中信银行
CHINA CITIC BANK

中 信 銀 行 股 份 有 限 公 司
China CITIC Bank Corporation Limited

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

(Stock Code: 998)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The board of directors (the "**Board of Directors**") of China CITIC Bank Corporation Limited (the "**Bank**") is pleased to announce the annual results of the Bank and its subsidiaries (the "**Group**") for the year ended 31 December 2023. This annual results announcement contains the annual report of the Bank for the year ended 31 December 2023, the contents of which were prepared in accordance with the applicable disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**"). The annual financial information of the Group for the year ended 31 December 2023 has been reviewed by KPMG in accordance with Hong Kong Review Standard. The annual results have also been reviewed by the Audit and Related Party Transactions Control Committee under the Board of Directors. This annual results announcement is published on the websites of the Bank (www.citicbank.com) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The annual report of the Bank for the year ended 31 December 2023 will be published and will also be available at the abovementioned websites in due course.

CLOSURE OF REGISTER OF MEMBERS

After being reviewed and adopted by the Board of Directors, the Profit Distribution Plan for 2023 is proposed to be submitted to the 2023 Annual General Meeting for deliberation. The plan proposes to pay a cash dividend of RMB3.56 per 10 shares (tax inclusive), and the total amount of dividends is RMB17.432 billion (tax inclusive) with reference to the total number of 48.967 billion A shares and H shares on the register as at 31 December 2023. As the A share convertible bonds of the Bank are in conversion period, it is planned that the Bank will maintain the total amount of dividends unchanged and adjust the dividends per share when there is a change in the Bank's total shares before the A share register date.

If the Bank's proposal for final dividend distribution is approved by the shareholders at the forthcoming 2023 Annual General Meeting, the Bank will engage Bank of China (Hong Kong) Trustees Ltd. as the receiving agent in Hong Kong for payment of the H-shares dividend. The final dividends will be distributed by the receiving agent to the H shareholders of the Bank as shown on the Bank's register of members on Tuesday, 2 July 2024. The Bank's register of members will be closed from Thursday, 27 June 2024 to Tuesday, 2 July 2024 (both dates inclusive). In order to qualify for receiving the final dividend proposed by the Bank, which is subject to the shareholders' approval at the forthcoming 2023 Annual General Meeting of the Bank, holders of H share of the Bank should ensure that all share transfer documents together with the relevant share certificates must be lodged with the Bank's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 26 June 2024. The Bank plans to distribute the 2023 annual dividends to H shareholders on Thursday, 18 July 2024. If there is any change to the expected dividend distribution date, the Bank will publish an announcement regarding such changes.

By order of the Board of Directors
China CITIC Bank Corporation Limited
FANG Heying
Chairman

Beijing, the PRC
21 March 2024

As at the date of this announcement, the executive directors of the Bank are Mr. Fang Heying (Chairman) and Mr. Liu Cheng (President); the non-executive directors are Mr. Cao Guoqiang, Ms. Huang Fang and Mr. Wang Yankang; and the independent non-executive directors are Mr. Liu Tsz Bun Bennett, Mr. Zhou Bowen, Mr. Wang Huacheng and Ms. Song Fangxiu.

CORPORATE PROFILE

China CITIC Bank was founded in 1987. It is one of the earliest emerging commercial banks established during China's reform and opening-up and also China's first commercial bank participating in financing at both domestic and international financial markets. As a keen contributor to China's economic development, the Bank is renowned at home and abroad for brushing numerous track records in the modern Chinese financial history. In April 2007, the Bank simultaneously listed its A and H shares at the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited.

Relying on the comprehensive resources of CITIC Group in terms of "Finance + Real Economy", the Bank, with the vision to become a bank with "Four Features"[1] and one of the world's first-class banks, upholds honesty and trustworthiness, pursuit of benefits through righteous means, steadiness and prudence, integrity and innovation, and legal compliance. Being customer-centric, the Bank worked to create a distinctive and differentiated model for financial services by implementing the "Five Leading"[2] strategy. For corporate customers, institutional customers and inter-bank market customers, the Bank offers integrated financial solutions in corporate banking business, international business, financial market business, institutional banking business, investment banking business, transaction banking business and custody business, etc. For individual customers, the Bank provides diversified financial products and services related to wealth management, private banking, personal credit, credit cards, pension finance and going abroad finance, etc. As such, the Bank satisfies the needs of corporate, institutional, inter-bank market and individual customers for comprehensive financial services on all fronts.

As at the end of reporting period, the Bank had 1,451 outlets in 153 large and medium-sized cities in China and 7 affiliates at home and abroad, namely CITIC International Financial Holdings Limited, CNCB (Hong Kong) Investment Co., Ltd., CITIC Financial Leasing Co., Ltd., CITIC Wealth Management Corporation Limited, CITIC aiBank Corporation Limited, JSC Altyn Bank and Zhejiang Lin'an CITIC Rural Bank Limited. CITIC Bank International Limited, a subsidiary of CITIC International Financial Holdings Limited, recorded 31 outlets and 2 business wealth management centers in Hong Kong SAR, Macao SAR, New York, Los Angeles, Singapore and the Chinese mainland. CNCB (Hong Kong) Investment Co., Ltd. had 3 subsidiaries in Hong Kong SAR and the Chinese mainland. CITIC Wealth Management Corporation Limited is the wholly-owned wealth management subsidiary of the Bank. CITIC aiBank Corporation Limited, a joint venture co-sponsored by the Bank and Baidu, is the first independent legal entity practicing direct banking in China. JSC Altyn Bank had 7 outlets and 1 private banking center in Kazakhstan.

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1 A bank with "Four Features": a responsible, unique and valuable provider of the best comprehensive financial services with a human touch.

2 "Five Leading": a leading wealth management bank, a leading comprehensive financing bank, a leading trading settlement bank, a leading forex service bank, and a leading digital bank.

With a firm grasp of the political and people-oriented nature of financial work, the Bank has remained committed to its financial positioning and responsibility under overall strategies of the Party and the country, and worked unswervingly to be a loyal practitioner of national strategies, a strong supporter of the real economy, and an active builder of China as a financial powerhouse. Thriving through more than 30 years of growth and expansion, the Bank has become a financial conglomerate with strong comprehensive strength and brand influence competitiveness, registering more than RMB9 trillion total assets and more than 65,000 employees. In 2023, *The Banker* magazine of the United Kingdom, rated the Bank the 20th on its list of the "Top 500 Banking Brands" and the 19th on its list of the "Top 1,000 World Banks" in terms of tier-one capital.

IMPORTANT NOTICE

The Board of Directors, the Board of Supervisors, directors, supervisors and senior management of the Bank guarantee that the information contained in the 2023 Annual Report does not include any false records, misleading statements or material omissions, and assume several and joint liabilities for its truthfulness, accuracy and completeness.

The Board of Directors of the Bank adopted the full text and summary of the Bank's 2023 Annual Report on 21 March 2024. Nine of the nine eligible directors attended the meeting with Director Cao Guoqiang, due to conflicting schedules, entrusting Chairman Fang Heying to attend and vote on his behalf as proxy. The supervisors and senior management of the Bank attended the meeting as non-voting delegates.

The 2023 annual financial reports prepared by the Bank in accordance with the PRC Accounting Standards and International Financial Reporting Standards (IFRS) were audited respectively by KPMG Huazhen LLP and KPMG in accordance with China Auditing Standards and Hong Kong Standards on Auditing respectively, with both firms producing an auditor's report with a standard unqualified audit opinion.

Mr. Fang Heying as Chairman and executive director of the Bank, Mr. Liu Cheng as executive director and President of the Bank, Mr. Wang Kang as Vice President and Chief Financial Officer of the Bank and Mr. Xue Fengqing as General Manager of the Finance and Accounting Department of the Bank hereby declare and guarantee the truthfulness, accuracy and completeness of the financial report contained in the Bank's 2023 Annual Report.

Profit Distribution Plan: Chapter 3 "Corporate Governance – 3.4 Profit and Dividend Distribution of Ordinary Shares" of this report discloses the Bank's Profit Distribution Plan for 2023 as reviewed and adopted by the Board of Directors and will be submitted to the 2023 Annual General Meeting for deliberation. The plan proposes to pay a cash dividend of RMB3.56 per 10 shares (tax inclusive), and the total amount of dividends is RMB17.432 billion (tax inclusive) with reference to the total of 48.967 billion A shares and H shares on the register as at 31 December 2023. As the A share convertible bonds of the Bank are in conversion period, it is planned that the Bank will maintain the total amount of dividends unchanged and adjust the dividends per share when there is a change in the Bank's total shares before the register date. The Bank will disclose in relevant announcements when there is such change. No scheme for transfer of capital reserve to share capital will be applied for the current year.

Cautionary note on forward-looking statements: Forward-looking statements such as future plans and development strategies contained in this report do not constitute substantive commitments of the Bank to its investors. Investors and relevant persons are kindly reminded to maintain adequate risk awareness of such statements and understand the differences between plans, forecasts and commitments.

Material risk reminder: During the reporting period, the Bank was not aware of any material risk that would adversely affect its future development strategies and business targets. The Bank has disclosed in this report the major risks it exposed to in its operation and management and the risk management and controls thereof. For relevant information thereof, please refer to related parts in Chapter 2 "Management Discussion and Analysis" of this report.

For the purpose of this report, numbers are expressed in Renminbi (RMB) unless otherwise specified. This report is prepared in both Chinese and English. Shall there be discrepancy between the two versions, the Chinese version shall prevail.

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DEFINITIONS

the reporting period	From 1 January 2023 to 31 December 2023
the Bank/the Company/China CITIC Bank/CITIC Bank/CNCB	China CITIC Bank Corporation Limited
the Group	China CITIC Bank Corporation Limited and its subsidiaries
NFRA	National Financial Regulatory Administration
Lin'an CITIC Rural Bank	Zhejiang Lin'an CITIC Rural Bank Limited
SSE	Shanghai Stock Exchange
SEHK	The Stock Exchange of Hong Kong Limited
Hong Kong Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Xinhu Zhongbao	Xinhu Zhongbao Co., Ltd.
CITIC Wealth Management	CITIC Wealth Management Corporation Limited
CNCB Investment	CNCB (Hong Kong) Investment Co., Ltd. (formerly known as China Investment and Finance Limited)
former CBIRC	former China Banking and Insurance Regulatory Commission
former CBRC	former China Banking Regulatory Commission
China Tobacco	China National Tobacco Corporation
CSRC	China Securities Regulatory Commission
CITIC aiBank	CITIC aiBank Corporation Limited
CITIC Limited	CITIC Limited (formerly known as CITIC Pacific Limited prior to renaming in August 2014)
CIAM	CITIC International Assets Management Limited
CIFH	CITIC International Financial Holdings Limited
CITIC Financial Holdings	China CITIC Financial Holdings Co., Ltd.

CITIC Financial Leasing	CITIC Financial Leasing Co., Ltd.
CITIC Group	CITIC Group Corporation Limited (formerly known as CITIC Group Corporation prior to restructuring in December 2011)
CITIC Pacific	CITIC Pacific Limited
CNCBI	CITIC Bank International Limited (formerly known as CITIC Ka Wah Bank Limited)
CITIC Corporation Limited	CITIC Corporation Limited (formerly known as CITIC Limited prior to renaming in August 2014)

(Note: The definitions are arranged in the alphabetic order of Mandarin Pin Yin)

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear shareholders,

The year 2023 was the first year for comprehensively implementing the guiding principles of the 20th National Congress of the CPC, and all the Chinese people, united as one under the leadership of the CPC Central Committee with Chairman Xi Jinping as the core, withstood the external pressure, overcome internal challenges, and achieved significant and decisive victory. The year 2023 also marked the final year for China CITIC Bank to complete the 2021-2023 development plan. More than 60,000 CITIC people made vigorous endeavor and forged ahead with strong commitment. We focused on seeking high-quality development, obtained solid progress, strived to improve our ranking in the sector, and realized a complete success in the past three years' development plan.

In the past three years, we have braved wind and rain. We pressed ahead step by step, reached new highs year by year, and made steady and high-quality progress in our operation and development. We raised our profitability, realized sound growth of net profit, and saw a steady increase in ROA and ROE. Both the balance and ratio of NPLs continued to decline, and allowance coverage ratio kept increasing. Our total assets exceeded RMB9 trillion, and deposits and loans both stood at more than RMB5 trillion. In recent years, we won increasingly favorable comments and high expectations from external. We rose to the 20th place in the Top 500 Global Banking Brands by the British magazine *The Banker*, and was rated among the leading corporate banks by major international credit rating agencies, with the growth in market value surpassing the sector.

On behalf of the Board of Directors, I wish to express my sincere appreciation to all our shareholders for your support and trust and to all walks of society for their care and support, and thank all of our employees for their great efforts and contributions. Behind our achievements is the fact that our concept of building a value bank is taking root, our resilience to challenge is enhancing, and our capacity and systemic reshaping is accumulating strengths. Facing changes in the world, times and history, we have written the answer sheet for the high-quality development of CITIC Bank with the business philosophy of preparing forward-looking and reasonable plans for rapid development.

We adhered to the principle of serving the country and benefiting the people, and devoted ourselves whole-heartedly to supporting the real economy. We kept in mind the country's most fundamental interests, and took on our responsibilities. Focusing on the five priorities of technology finance, green finance, inclusive finance, pension finance and digital finance, we were dedicated to playing our role as a propeller for economic development. We shouldered our responsibilities for serving the real economy, and the loans to key areas including green credit, strategic emerging industries, medium and long-term manufacturing, rural revitalization and inclusive finance all maintained a rapid growth, outpacing the average growth rate of the Bank's total loans. We went all out to support regional development. The total loans to national strategic key regions such as the Beijing-Tianjin-Hebei region, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, and Chengdu-Chongqing region accounted for nearly 70% of our corporate loans. It is incumbent upon us to safeguard the financial security. We proactively disposed local government debt risks, helped forestall and defuse risks in key areas, and supported the real economy with concrete actions. We spared no effort to serve the strategy of building China's strength in science and technology, and proactively worked out plans for new business patterns of enterprises with specialized, sophisticated techniques and unique, novel products. The balance of loans of our sci-tech innovation finance exceeded RMB400 billion, showing our full support for the self-independence of national technologies to scale a new height. We were fully devoted in the face of the emergence of the "silver economy", built a pension finance ecosystem, and explored pension finance scenarios. The year-on-year increase in the number of individual pension finance accounts exceeded 200%. We had our responsibilities in mind and paid attention to details while providing services, and facilitated people's lives through financial services with a human touch.

We adhered to reform and innovation and accelerated the improvement of core business capabilities. We promoted the reform and transformation by developing three major core capabilities of wealth management, asset management and comprehensive financing, so as to build strong business capabilities adaptable to the new development pattern. The scales of wealth management, asset management and comprehensive financing realized rapid growth in recent three years, the "nuclear fusion" effect began to take effect, and we have made progress in various fields of business development. The retail assets under management exceeded RMB4 trillion, the private banking assets under management stood at RMB1 trillion level, and the contribution of retail banking to operating income was up to 42%, an achievement we have ever made. Our all-round asset management business system was incentivized, the scale of wealth management sales stayed in the forefront of the industry, and we won a good reputation in the market for our value creation capability. The bond underwriting business remained its top position in the industry, and the scale of the entire-year investment in the capital market managed to grow against the headwinds. We launched the Tianyuan treasury system, the first self-developed treasury management system in the market, and have gained a reputation as the first choice to develop a treasury system. We led the industry by establishing a cross-market market making center, and the RMB forex market making volume exceeded USD2.6 trillion. Under the guidance of the action plan for developing core business capabilities, our business structure has been increasingly balanced and steady, and the endogenous growth momentum is gaining more steam. We promoted the stability of overall development through reforming core business capabilities, aimed at more new possibilities and achievements.

We persisted in development through science and technology and continuously enhanced the vitality of development. In the face of digitalization, we proactively implemented the forward-looking strategy of building the Bank's strength in science and technology, and invested unprecedently into technological development. In the past three years, our investment has totaled nearly RMB28.0 billion, with a compound growth rate of 17%, and our team of technology personnel grew to more than 5,600 people, maintaining a rapid growth rate. We took the lead in building independent and manageable core business systems in an all-around way, and all application servers and database servers of core business systems were replaced with China chips, realizing a shift from technology-support to technology-driven mode. We made plans for the Second Curve, followed the trend of the times to build a digital ecosystem, comprehensively promoted the development of "Digital CITIC", and established the data infrastructure featuring "one data lake and one database". Compared with three years ago, our data storage and computing capacity increased by six folds, and we became the only joint stock bank that has won the First Prize of FinTech granted by the PBOC twice in three years. Only through innovation, can we make progress, become stronger and achieve victories. The present CITIC Bank has already incorporated digitalization and technology application into the whole Bank's DNA for development. In the process of delivering the best experience and creating the highest value for customers, we have fostered differentiated competitiveness with new driving forces and strengths.

We stuck to bottom-line thinking and built a solid defense line for risk and internal control. The foundation of high-quality development is quality, and the key lies in risk control. In recent years, we have comprehensively advanced risk management reform, and continuously built a risk management system featuring "effective risk control and vigorous development promotion". We promoted the bank-wide risk management to be more specialized, intelligent and refined by restructuring the unified credit system, establishing a close-loop transmission system of risk appetite, advancing the integration of risk management into the reform, and other measures. We intensified efforts to control new risks and resolve old ones, vigorously promoted risk resolution in key areas, and strengthened management of problematic assets. We adhered to targeted governance, and made solid progress in the establishment of "five systems", i.e., compliance management system, rectification system, internal control evaluation system, extensive supervision system, and money laundering and sanctions risk control system, so as to provide a protective shield for high-quality development. After constant efforts, we have seen our actions in the building of risk control system are gradually taking effect, as evidenced by our successful transition from the stages of "addressing risks" and "making adjustment" to the period of "consolidating achievements" for further improvement. This further consolidated our foundation for high-quality development.

In the past, we rose to challenges despite difficulties, kept pace with the times, and achieved high-quality results with CITIC characteristics and CITIC value. In the future, the call of the times has become prominent. It is a glorious mission for us as a state-owned financial enterprise to strive to serve the real economy and pursue the five priorities of technology finance, green finance, inclusive finance, pension finance and digital finance. Though the changes on a scale unseen in a century are unfolding at an accelerated pace, we will remain true to our original aspiration, continue our journey ahead, and do our best to deliver satisfying results. We will proactively embrace the changes with a mindset of exploration. We will keep abreast of the changes of the times, closely follow the country's strategies, work toward the objective of building China's financial strength, and embark on a new journey of building a value bank.

The times calls for us to shoulder our great mission and pursue diversified value creation. At present, we are much closer to the realization of the Chinese Dream of national rejuvenation. On the new journey, we will shoulder our mission and responsibilities, stick to the fundamental purpose of serving the real economy, put people first, leverage financial services and CITIC's strengths, serve the country's most fundamental interests, and strive to develop into a modern bank with diversified value creation capabilities. **We will work to create sustainable value returns for shareholders,** keep to the path of connotative growth that is light in capital, asset and cost, and continuously improve our value creation capability. **We will strive for mutual benefit with customers.** Through continuous efforts to reshape the value of products and services, we will constantly increase financial supply, spare no effort to provide services for the development of new quality productive forces, and meet increasing financial needs of the people. **We will work to build a stage for employees to realize their full potential.** Putting into practice the people-oriented concept, we will unit those men in progression, inspire men of action and promote men with achievement, and continuously improve the sense of happiness and fulfillment of employees. **We will work to improve people's wellbeing and take on our corporate social responsibility for green development.** We will remain true to our original aspiration that finance should pursue moral integrity, promote the integrated development of environmental impact, social effect and economic returns while upholding the mission of delivering financial service for the benefit of the public, keep providing warm services, and bring benefits to society.

This is an era full of competition, and we will strive for unique value creation. More than 30 years of endeavors tell us that keeping pace with the times and reforming along with the changeable situations is the most profound insight into the times. There is no permanent protective shield for us. Only by closely following the trend of the times and constantly keeping upgrade to foster our unique advantages, can we remain invincible in the competitive market. On the new journey, based on our own characteristics and strengths, we will make clear our strategic positioning, further enhance our advantages, seek breakthroughs in new fields, and form distinctive and differentiated financial service models and business patterns. **We propose to build a leading wealth management bank.** Through upgrading business systems for all customers, products and channels, we strive to build three brands of asset management, private banking and consumer finance, so as to better help customers achieve cross-term asset allocation and smooth returns curve, and realize intergenerational wealth transfer. **We propose to build a leading comprehensive financing bank.** Leveraging CITIC Group's advantages in industry-finance collaboration and finance-finance cooperation, we will establish a new comprehensive financial service ecosystem to meet customers' various financing needs in a faster and professional way. **We propose to build a leading transaction settlement bank.** We will base ourselves on transaction settlement, the fundamental function of commercial banks, and customers' core needs, and aspire to develop into the first-inquired bank, first contact point, fundamental channel and service center for customers' transaction settlement. **We propose to build a leading foreign exchange service bank.** Earnestly following the national strategy of high-level opening up, we strive to establish a comprehensive cross-border financial service system covering "China and overseas, local and foreign currencies, offshore and onshore, investment banking and commercial banking", and reestablish the strength of global financial services for China CITIC Bank. **We propose to build a leading digital bank.** We will further bring into play our accumulated scientific and technological strengths, and gain more precise customer and industry insights, and provide smarter matching products and services, and higher-quality services and experience. We believe that these five proposals will create strategic propellers for us to forge overall competitive advantages, and will be vivid practices of our adherence to the customer-centered philosophy.

This is an era full of uncertainties, and we will strive for long-term value creation. The more complex the world is, the more we need to embrace simplicity and wisdom. We deeply feel the flare-ups of geopolitical conflicts, the intricate international financial market, and the restructure of the banking service ecosystem caused by the emergence ChatGPT and Sora… We have never seen so diversified variables and factors influencing the business of banks. This may bring challenges or opportunities, which is normal in the world undergoing profound changes unprecedented in a century. We are fully aware that the world's banking industry has undergone many ups and downs to develop time-honored renowned brands, while a large number of banks went bankruptcy. History tells us that stable healthy business operation is the irrefutable truth, the ultimate factor for bank competition is not speed, but resilience, and what banks pursue are not transient achievements, but cross-cyclical growth. In the face of so many uncertainties on the new journey, we will remain committed to risk management and control, a timeless theme for banks' business operation, safeguard the red line for compliance and make sure that no systemic financial risks arise, constantly consolidate the fundamentals for sound and stable asset quality, guarantee high-quality development through high-level risk control, and address uncertainties in the external environment with the certainty of upholding sustained development.

Today, we are striving to become a first-class bank in the world. We will shore up confidence, pool our wisdom, unite our staff, and unswervingly follow the path of financial development with Chinese characteristics, write a new chapter on our new journey to high-quality development, contribute to building China as a financial powerhouse and promoting the Chinese path to modernization.

Fang Heying
Chairman and executive director
21 March, 2024

PRESIDENT'S LETTER TO SHAREHOLDERS

Dear shareholders,

The new year has brought spring back to the Northern Hemisphere. Looking back at the year 2023, we are inspired to forge ahead by the magnificent developments of the times. In the face of the changing world, we adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and thoroughly implemented the guiding principles from the 20th National Congress of the Communist Party of China, the Central Financial Work Conference, and the Central Economic Work Conference. Meanwhile, we fulfilled regulatory requirements proactively, accomplished our mission down-to-earth, stimulated vitality through reform, bolstered confidence by working hard, and took solid and strong steps toward building ourselves as a bank of value.

In 2023, we planned carefully and worked hard to deliver, seeing steady progress in various business indicators. The net profit attributable to shareholders for the whole year was RMB67.016 billion, maintaining rapid growth, the ROA and ROE respectively reached 0.77% and 10.80%, operating efficiency steadily improved, and total assets exceeded RMB9 trillion, reaching a new height. What is even more noteworthy is that non-interest income achieved positive growth despite adversity, and our capital-light transition drive proved fruitful. Also, while the balance and ratio of non-performing loans continued to decline, the ratio of allowance for loan impairment losses continued to increase and our ability to offset risks was further enhanced. In addition, our customer base became more solid, our brand image more distinct, ratings given by financial institutions rose steadily, and our market value growth continued to outperform the market average. All these results would not have been possible without the support and trust from our shareholders, the care and assistance from all sectors of society and the dedication and contribution from all our employees, so I would like to express a heartfelt thanks to you all on behalf of the management team.

In 2023, we further demonstrated that it is our mission to serve China and its people. Political orientation and being people-centered are the starting points of all our work as we stay committed to our main responsibility and principal business as a commercial bank and spare no effort to support the real economy and serve the Chinese people. We actively integrated into the national strategies for regional development, increased effort to develop and supply more financial products for technological innovation, and channelled financial resources with precision to support China's drive to achieve greater independence and strength in science and technology. Focusing on areas vital to the carbon peaking and carbon neutrality goals, we built a green financial service system including green credit, green bonds, and carbon accounts to drive China's transition to a low-carbon society and contribute to ecological conservation. We thoroughly implemented the national decisions and plans for preventing and resolving local debt risks, including the regulatory policies of "Sixteen Financial Measures (金融十六條)", to ensure the delivery of pre-sold housing projects, stabilize people's livelihoods and defuse risks, thus supporting the real economy with concrete action. We actively explored a sustainable development path featuring inclusive value, which harmonizes social and economic benefits, and concentrated our efforts on addressing people's most urgent and biggest concerns, striving to benefit more people with financial services and benefiting wider groups with financial services. We continued to develop financial services for the elderly and worked hard to build a financial system that integrates industry and finance as well as health care and elderly care to ensure care and support for seniors. In 2023, our loans to key areas such as green credit, strategic emerging industries, the manufacturing industry for the medium and long terms, rural revitalization, and inclusive finance increased respectively by 37%, 25%, 28%, 15%, and 22%, far exceeding our average loan growth rate. History makes clear that **only by adapting to the trends of the times and always responding to the needs of China and its people can we maintain a steady stream of vitality as we pursue our own corporate development**.

We continued to gather momentum from inside and outside and further tapped into development momentum. We built on our strengths, made up for our weaknesses, and established new strengths, striving to strike a high-level balance in business development and have stronger resilience in surviving the cycle. Driven by wealth management, we made a big push to unblock the "wealth management – asset management – comprehensive financing" value cycle chain and generated wealth for society while cultivating our own capital-light development capabilities. After years of hard work, the seeds of core business capabilities we planted have sprouted, grown strong, and blossomed. Our business model is becoming lighter, and our capital is being used more efficiently. Our image as a "light bank" is becoming clearer. In 2023, we continued to implement the "Retail First Strategy", with retail assets under management and the credit scale respectively reaching RMB4.2 trillion and RMB2.2 trillion, continuously increasing their contribution to business value. At the same time, we accelerated the reshaping of our competitiveness, continued to enlarge the empowering role of "CITIC Synergy", comprehensively promoted our tiered customer operations, and developed a series of popular products with CITIC characteristics. We saw continuously rapid growth in technology finance, chain finance, and cross-border finance, among other types of business. We actively sought changes, continued to revamp our financial market business, built a customer-centric sales-trading-research system, and promoted the in-depth integrated operation of interbank customers. We efficiently leveraged the financial market business segment's role in generating profits and more, with its non-interest income growing constantly. We are pleased to see that **our retail, corporate, and financial market business segments are increasingly reinforcing each other in a solid manner and that the momentum for coordinated development is gathering at a faster pace**.

We continued to put customers first, winning the hearts of more people with our products and services. We are customer-centric not only in word but also in deed. We worked hard to improve our capabilities, promoted collaboration, and strove to provide services that surpass customer needs based on more accurate industry insights. We have been leading the industry in many financial service fields. We developed a special toolbox for enterprises with specialized, sophisticated techniques and unique, novel products, and the number of customers increased by more than 30%. Our products and services such as IPO Relay Loan, S&T Talent Loan, and personal credit loans for tech enterprises are well received by the market. We were the first Chinese bank to launch a proprietary treasury management system, "Tianyuan Treasury", and to provide professional consulting, system implementation, and product services for the treasury system of state-owned enterprises. The system has been adopted by more than 1,200 customers and become the top choice in the treasury system market. We launched the leading cross-market market-making trading center. Our foreign exchange market making, "Swap Connect" trading, "Northbound Connect" trading, and bill discounting remained firmly at the forefront of the market. With 25 years of professional experience in the field of going abroad finance, we provide full-cycle financial services for young people studying abroad. Our overseas customer base exceeded 10 million, setting up a service benchmark for overseas finance in the market. We firmly believe that **growing with our customers makes it easier for us to respond to market changes, and the smiles and affirmation of customers are an inexhaustible source of momentum driving us forward**.

This year, we persisted in consolidating our foundation of growth and strengthened our pillar of risk control. As an old Chinese saying goes, "He who wants a tree to grow must strengthen its roots." We have unremittingly promoted the risk compliance culture, and our steady, prudent, and rational business philosophy has been firmly rooted across the board. **We believe that prevention is better than trying to cure.** We continued to improve our risk management system, implemented new rules on capital management with high standards, improved our comprehensive risk management system, which can effectively control risks and strongly boost development, and reinforced our compliance management system with full horizontal and vertical coverage. **We strive to nip crises in the bud** and see to it that no risk or potential hazard escapes our attention. In terms of real estate, local government platforms, and large-risk customers, we screened and identified risks, formulated risk mitigation plans in a timely manner, made every effort to reduce risk costs, and continued to boost the development of safety cushions. **We explore intangible methods to protect us from risks.** Using big data, artificial intelligence, and other types of the latest technology, we strive to build a comprehensive intelligent risk management platform, continuously upgrade digital risk control tools, and comprehensively apply financial intelligent analysis, risk alert, and other tools in the credit-granting process so as to help improve the whole process of risk control. We are well aware that this is a protracted war in the increasingly complex market environment and that **all our efforts are aimed at not only responding to variables but also managing variables and not only handling risks but also running risks so that risk management can reduce value consumption and improve value creation.**

We have come a long way, and a new journey is unfolding ahead of us, calling on us to write a new chapter. As the world is undergoing profound changes amid turbulence, the global banking industry is struggling forward as uncertainty has become a constant and adapting to changes the theme of the times. As a result, commercial banks need to figure out how to properly handle the relationship between functionality and profit-making and between risk prevention and development, take into account long- and short-term business objectives, and accurately match demand and supply. We believe that **remaining true to our original aspiration, facing difficulties, grasping the greatest degree of certainty within the complex and varying state of the world, uncovering the optimal solution among many constraints, and finding the greatest common denominator within our multiple business objectives are the only ways we can better achieve high-quality development while meeting the increasingly diversified financial needs of social development and advancing to the forefront of world-class banks.**

The competition landscape is changing, but what remains constant is our unremitting effort to build ourselves into a bank of value with CITIC characteristics. The domestic economy is transitioning to a new triangular cycle consisting of science and technology, industry, and finance. The focus of industry competition is shifting more to excess value areas such as innovation services, and the development model featuring resource conservation and efficient output has become an inevitable choice for the banking industry to achieve high-quality growth. We focus on value creation, deepen value management, attach equal attention to business growth and capacity building, and coordinate and balance the speed and quality of development. Centering on the unique strengths of "CITIC Synergy", we continue to reshape the value of product and service capabilities and pursue endogenous development. We stay oriented to the market, continue to promote organizational reform, efficiently leverage the advantages of digital innovation to boost business development, accelerate the integration of digitalization, business, and technology, strive to build an agile bank, advance our "intelligent, light, and platform-based evolution", and continuously generate value for society, industry, and platforms. I am confident that with our management team's long-term strategic vision and efficient execution, China CITIC Bank will continue to accumulate momentum and make breakthroughs.

The market environment is changing, but what remains constant is our relentless pursuit of building a century-old brand. Security is an eternal theme in finance, and with the new state of the world, financial risks are becoming more complex, implicit, and contagious. The collapse of Silicon Valley Bank and Credit Suisse once again proved to us that only steady progress can take you far. In recent years, we have gained control over new risks while eliminating existing ones, transitioned from removing burdens to stabilizing quality, and strived to create a set of effective risk control systems, further consolidating the defence for operation and development. We will continue to follow the guidance of risk appetite. Based on internal risk control, we will do our best to ensure compliance and the prevention of any systemic risk, consolidate and improve the fundamentals of risk management, comprehensively strengthen our ability to actively manage risks, and continuously enhance the value contribution of internal risk control. We believe that if we remain true to our original aspiration, stay calm, keep looking forward, solve problems gradually and in an orderly manner, and build a solid foundation, we will forge ahead with great success.

Customer needs are constantly changing, but what remains constant is our dedication to protecting wealth and serving people. Since our inception 36 years ago, China CITIC Bank has always emphasized the importance of keeping pace with the times and staying people-centered. Our latest brand slogan, "The more we care, the more you gain," conveys our brand vision of safeguarding every value of every customer with financial needs. We use personalized and diversified wealth management services to meet our customers' expectations for better financial services at every stage of their lives. We shoulder the common mission of increasing social wealth, helping to transform the achievements of social and economic development while contributing to the steady growth of the wealth of society. Our slogan is a value that runs through the development history of our bank, and both the starting point and ultimate goal of our embrace of long-termism. It gives us the confidence to sustain growth through the cycle and will eventually allow us to reap value accumulated over time.

No matter how the world and times change, China CITIC Bank will always accompany with you and deliver beyond your expectations. Though we have bid farewell to 2023, we have not stopped working hard, for we are well aware that we must weather the storms and keep pioneering forward in order to continuously grow, and that we must forge ahead and innovate to win the future. As an old Chinese saying goes, "The knowledgeable initiate, and those who act gain understanding". We will continue to work with fortitude towards our established direction and goals and break new ground in the pursuit of high-quality development.

Liu Cheng
Executive director and President
21 March, 2024

CHAPTER 1 CORPORATE INTRODUCTION

1.1 Corporate Information

Registered Name in Chinese	中信銀行股份有限公司 (abbreviated as "中信銀行")
Registered Name in English	CHINA CITIC BANK CORPORATION LIMITED (abbreviated as "CNCB")
Legal Representative	Fang Heying
Authorized Representative	Fang Heying, Zhang Qing
Secretary to the Board of Directors	Zhang Qing
Joint Company Secretaries	Zhang Qing, Kam Mei Ha Wendy (FCG, HKFCG)
Securities Representative of the Company	Wang Junwei
Registered and Office Address[3]	6-30/F and 32-42/F, Building No. 1, 10 Guanghua Road, Chaoyang District, Beijing
Postal Code of the Registered and Office Address	100020
Official Website	www.citicbank.com
Telephone Number/Fax Number for Investors	+86-10-66638188/+86-10-65559255
Email Address for Investors	ir@citicbank.com
Customer Service and Complaint Telephone Number	95558
Principal Place of Business in Hong Kong	5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong
Media for Information Disclosure	*China Securities Journal* (www.cs.com.cn) *Shanghai Securities News* (www.cnstock.com) *Securities Times* (www.stcn.com)

3 The registered address of the Bank was changed from "Building C of Fuhua Building, No. 8 Chaoyangmen Beidajie, Dongcheng District, Beijing" to "No. 9 Chaoyangmen Beidajie, Dongcheng District, Beijing" in 2015 and to "6-30/F and 32-42/F, Building No. 1, 10 Guanghua Road, Chaoyang District, Beijing" in 2020.

Websites for Information Disclosure	Shanghai Stock Exchange (abbreviated as "SSE") website publishing A-share annual report: www.sse.com.cn The Stock Exchange of Hong Kong Limited (abbreviated as "SEHK") website publishing H-share annual report: www.hkexnews.hk
Place Where Annual Reports Are Kept	Office of the Board of Directors of CITIC Bank, Building No. 1, 10 Guanghua Road, Chaoyang District, Beijing
Legal Adviser as to PRC Laws	East & Concord Partners
Legal Adviser as to Hong Kong Laws	Clifford Chance LLP
Domestic Auditor	KPMG Huazhen LLP 8th Floor, Office Building Tower 2, Oriental Plaza East, No. 1 East Chang An Avenue, Beijing, China (Postal code: 100738)
Domestic Signing CPAs	Shi Jian and Ye Hongming
Overseas Auditor	KPMG 8th Floor, Prince's Building, No. 10 Chater Road, Central Hong Kong
China Overseas Signing CPA	Elise Wong (Wong Yuen Shan)
Sponsor 1 for Continuous Supervision and Guidance	CITIC Securities Co., Ltd.
Office Address and Telephone	23/F, CITIC Securities Mansion, No. 48 Liangmaqiao Road, Chaoyang District, Beijing +86-10-60838888
Signing Sponsor Representatives	Ma Xiaolong and Hu Yan
Duration of Continuous Supervision and Guidance	From 19 March 2019 to 31 December 2020 (Where the convertible bonds are not fully converted to shares upon expiry of the duration of continuous supervision and guidance, the duration shall be extended to the time of full conversion or redemption upon maturity, whichever is earlier)

Sponsor 2 for Continuous Supervision and Guidance	China International Capital Corporation Limited
Office Address and Telephone	27-28/F, China World Office 2, No. 1 Jianguomen Waidajie, Beijing +86-10-65051166
Signing Sponsor Representatives	Ai Yu and Zhou Yinbin[4]
Duration of Continuous Supervision and Guidance	From 19 March 2019 to 31 December 2020 (Where the convertible bonds are not fully converted to shares upon expiry of the duration of continuous supervision and guidance, the duration shall be extended to the time of full conversion or redemption upon maturity, whichever is earlier)
A-share Registrar	China Securities Depository and Clearing Corporation Limited Shanghai Branch 188 Yanggao South Road, China (Shanghai) Pilot Free Trade Zone
H-share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Listing Venue, Stock Name and Stock Code

A-share	Ordinary shares	Shanghai Stock Exchange	CNCB	601998
	Preference shares	Shanghai Stock Exchange	CITIC Excellent 1	360025
	Convertible corporate bonds	Shanghai Stock Exchange	CITIC Convertible Bonds	113021
H-share	Ordinary shares	The Stock Exchange of Hong Kong Limited	CITIC Bank	0998

Constituent Stock of Major Indexes	SSE A Share Index, SSE Composite Index, SSE 180 Index, Shanghai-Shenzhen 300 Index, CSI Bonus Index, CSI Bank Index, CSI 800 Index, Hang Seng China H-Financials Index, FTSE China A50 Index

4 For details of changes in sponsor representatives for continuous supervision and guidance, please refer to the *Announcement of China CITIC Bank Corporation Limited on Change of Sponsor Representatives for Continuous Supervision and Guidance* published on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on 21 February 2023.

Credit Ratings	Standard & Poor's: (1) Long-term issuer credit rating: BBB+; (2) Short-term rating: A-2; (3) Outlook: Positive. Moody's: (1) Deposit rating: Baa2/P-2; (2) Baseline credit assessment: ba2; (3) Outlook: Stable. Fitch Ratings: (1) Default rating: BBB+; (2) Viability rating: bb-; (3) Outlook: Stable. Dagong: (1) Issuer rating: AAA; (2) Outlook: Stable. CCX: (1) Issuer rating: AAA; (2) Outlook: Stable.

1.2 Contact Persons and Contact Details

	Secretary to the Board of Directors	**Securities Representative of the Company**
Name	Zhang Qing	Wang Junwei
Address	Building No. 1, 10 Guanghua Road, Chaoyang District, Beijing	Building No. 1, 10 Guanghua Road, Chaoyang District, Beijing
Telephone	+86-10-66638188	+86-10-66638188
Fax	+86-10-65559255	+86-10-65559255
Email Address	ir@citicbank.com	ir@citicbank.com

1.3 Honors and Awards

In January 2023, the Bank was granted the "Award for Market Influence – Core Dealer", "Award for Market Influence – Bond Market Dealer", "Award for Market Influence – Derivatives Market Dealer", "Award for Market Influence – Opening-up Participant", "Award for Market Innovation – X-Bargain", "Award for Market Innovation – X-Swap", "Award for Market Innovation – Derivatives Innovation", "Award for Market Innovation – Bond Strategy Trading" and "Award for Market Innovation – Cross-border Investment Innovation" in Interbank Local Currency Market by National Interbank Funding Center. The Bank was also named the "Excellent Financial Bond Issuer", "CCDC Member Business Development Quality Evaluation – Outstanding Contributor to Collateral Business" and "CCDC Member Business Development Quality Evaluation – Top 100 Proprietary Settlement" by China Central Depository & Clearing Co., Ltd. It was named "Excellence Award for Proprietary Clearing of Standard Bond Forward" by Shanghai Clearing House.

In February 2023, the Bank ranked 20th among the "Top 500 Banking Brands" published by *The Banker* magazine of the United Kingdom. It was named the "Excellent Comprehensive Business Institution", "Excellent Institution of Acceptance Business", "Excellent Institution of Discounting Business", "Excellent Institution of Settlement Business", "Excellent Service Institution of Commercial Paper Information Disclosure" and "Excellent Institution of Launching New Generation of Bill Trading System" by Shanghai Commercial Paper Exchange Corporation Ltd.

In March 2023, the Bank was granted "Award for Best RMB Foreign Exchange Spot Market Maker", "Award for Best RMB Foreign Exchange ESP Market Maker", "Award for Excellent Service Enterprise Exchange Rate Risk Management Member", "Award for Best Foreign Currency Pair Market Maker" and "Award for Best Technical Service Support Institution" by the China Foreign Exchange Trade System. It was named "Best Business Innovation Contributor", "Best Inquiry Market Maker" and "Best Inquiry Institution" by Shanghai Gold Exchange.

In April 2023, the Bank was granted as "Model Unit in Green Bank Ratings" by China Banking Association.

In May 2023, the Bank was awarded the "Award for Best Interactive with Minority Investors", "Outstanding IR Enterprise" and "Best New Media Operation Award" by p5w.net.

In June 2023, the Bank's outlet service was selected as the "Top 100 Model Unit for Excellent Services in Banking Industry" by China Banking Association. At the Digital China Innovation Contest ACIC 2023 held by cebnet.com.cn, the Bank's retail intelligent decision-making platform was awarded "Award for Glory", its open banking was awarded "Digital and Intelligent Platform – Gold Award of Digital Empowerment" and its all-channel integrated platform was awarded "Gold Award of Digital Marketing".

In July 2023, the Bank ranked 19th on the list of "Top 1,000 World Banks" by *The Banker* magazine of the United Kingdom in terms of tier-one capital, and was granted "Market Outlook Award – Fourth Place of Overall Award" and "Market Outlook Award – First Prize of Fund Foundation" by London Stock Exchange Group. The Bank was also named the "Excellent Northbound Market Maker" by Bond Connect Company Limited; and was granted "Excellent Case of Financial Innovation for Rural Revitalization" by JRJ.com.

In August 2023, the Bank was ranked as "Excellent" in the rural revitalization assessment by the PBOC and NFRA; and was named "Excellent Wealth Management Bank" by *21st Century Business Herald*. It was named as "Bank for Common Prosperity Contribution" by Tsinghua Financial Review, and obtained "2023 Ecosystem Brand Certification" from National Brand Project of Xinhua News Agency, Kantar Group and Caijing magazine.

In September 2023, the Bank was selected as "30 Pioneers of China ESG Listed Companies in Financial Sector" and was ranked 10th. At the 2023 China International Fair for Trade in Services, its "Happiness+" pension finance service system was selected as the practice case of "China Service". And it was titled as "Cross-border Financial Services Platform of the Year" by jiemian.com.

In October 2023, the Bank was granted "Benchmark Case Award for Digital Operation" by the Digital Economy Committee of China Information Industry Association.

In November 2023, the Bank was recognized as "Most Progressive Bank" and "Most Socially Responsible Bank" by stockstar.com and "National Excellent Case in Rural Revitalization" by xinhuanet.com and China Poverty Alleviation Publicity and Education Center. It was titled as "Responsible Enterprise of the Year" by *China Newsweek* of China News Service, and "Most Socially Responsible Listed Company" by National Business Daily. It was selected as "ESG Excellent Practice Case of Listed Company" by China Association for Public Companies. It was awarded the "Bank for Auto Financial Services of the Year" by *21st Century Business Herald* and "TOP 10 Aging Financial Service Provider of the Year" by YICAI.

In December 2023, the Bank's "Inclusive Finance Digital Innovation Ecosystem" was awarded the "First Prize for FinTech Development" by the PBOC. The Bank's "Tianyuan treasury system" was awarded the "Second Prize of FinTech Development" by the PBOC. The Bank was granted "Top 10 Participants of the Year" by the Payment and Clearing System User Committee of the PBOC, "National Advanced Organization of Internal Audit" by China Institute of Internal Audit, "Best Strategic Management Bank of the Year" by Financial Times, and "Outstanding High-quality Development Listed Company" by the Organizing Committee of China Securities Golden Bauhinia Award. It was named as "ESG Pioneer" by Securities Daily, "Best Listed Company in Investor Relations Management" by Securities Market Weekly, and "Top 100 Enterprises in China" in China Top 100 Listed Companies Forum. It was awarded the "Excellent Enterprise of Sustainable Development" and "Excellent Enterprise of Corporate Governance Responsibility" by SINA Finance, "ESG Investment Practice Award" by CLS.cn and "Excellent Case of Financial Support for Key Counties to Receive Assistance in Pursuing Rural Revitalization" by China Banking and Insurance News. It was granted "Ingenuity Brand" by people.cn and "Reputation Brand Enterprise of the Year" by China Times. It was also selected as the "Top 10 Bank List" in 2023 List of China New Financial Competitiveness by South Weekly Newspaper.

1.4 Financial Highlights

1.4.1 Operating Performance

Unit: RMB million

Item	2023	2022	Growth rate (%)	2021
Operating income	**205,570**	211,109	(2.62)	204,554
Profit before tax	**74,887**	73,416	2.00	65,517
Net profit attributable to the equity holders of the Bank	**67,016**	62,103	7.91	55,641
Net cash flow from/(used in) operating activities	**(918)**	195,066	(100.47)	(75,394)
Per share				
Basic earnings per share *(RMB)*	**1.27**	1.17	8.55	1.08
Diluted earnings per share *(RMB)*	**1.14**	1.06	7.55	0.98
Net cash flows from/(used in) operating activities per share *(RMB)*	**(0.02)**	3.99	(100.50)	(1.54)

Unit: RMB million

Item	2023 1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Operating income	51,252	54,633	50,062	49,623
Net profit attributable to the equity holders of the Bank	19,144	16,923	15,366	15,583
Net cash flows from/(used in) operating activities	(12,733)	(110,285)	118,557	3,543

1.4.2 Profitability Indicators

Item	2023	2022	Increase/(decrease) in percentage point	2021
Return on average assets (ROAA)(1)	**0.77%**	0.76%	0.01	0.72%
Return on average equity (ROAE, excluding non-controlling equity)(2)	**10.80%**	10.80%	–	10.73%
Cost-to-income ratio (excluding tax and surcharges)(3)	**32.61%**	30.66%	1.95	29.34%
Credit cost(4)	**0.93%**	1.12%	(0.19)	1.08%
Net interest spread(5)	**1.75%**	1.92%	(0.17)	1.99%
Net interest margin(6)	**1.78%**	1.97%	(0.19)	2.05%

Notes: (1) Return on average assets (ROAA) = net profit/the average of the balances of total assets at the beginning and the end of the period.

(2) Return on average equity (ROAE) = net profit attributable to the ordinary shareholders of the Bank/the average of beginning and ending total equity attributable to the ordinary shareholders of the Bank.

(3) Cost-to-income ratio = (operating expenses – tax and surcharges)/operating income.

(4) Credit cost = current-year accruals of allowance for impairment losses on loans and advances to customers/average balance of loans and advances to customers.

(5) Net interest spread = average yield on total interest-earning assets – average cost rate of total interest-bearing liabilities.

(6) Net interest margin = net interest income/average balance of total interest-earning assets.

1.4.3 Scale Indicators

Unit: RMB million

Item	**31 December 2023**	31 December 2022	Growth rate *(%)*	31 December 2021
Total assets	**9,052,484**	8,547,543	5.91	8,042,884
Total loans and advances to customers(1)	**5,498,344**	5,152,772	6.71	4,855,969
– Corporate loans	**2,697,150**	2,524,016	6.86	2,336,179
– Discounted bills	**517,348**	511,846	1.07	465,966
– Personal loans	**2,283,846**	2,116,910	7.89	2,053,824
Total liabilities	**8,317,809**	7,861,713	5.80	7,400,258
Total deposits from customers(1)	**5,398,183**	5,099,348	5.86	4,736,584
– Corporate demand deposits(2)	**2,187,273**	1,951,555	12.08	1,974,319
– Corporate time and call deposits	**1,745,094**	1,855,977	(5.97)	1,789,956
– Personal demand deposits	**340,432**	349,013	(2.46)	310,054
– Personal time and call deposits	**1,125,384**	942,803	19.37	662,255
Deposits from banks and non-bank financial institutions	**927,887**	1,143,776	(18.88)	1,174,763
Placements from banks and non-bank financial institutions	**86,327**	70,741	22.03	78,331
Total equity attributable to the equity holders of the Bank	**717,222**	665,418	7.79	626,303
Total equity attributable to the ordinary shareholders of the Bank	**602,281**	550,477	9.41	511,362
Net asset per share attributable to the ordinary shareholders of the Bank *(RMB)*	**12.30**	11.25	9.33	10.45

Notes: (1) As per the *Notice on Amending and Issuing the Formats of Financial Statements for Financial Enterprises for 2018* (Finance and Accounting [2018] No.36) issued by the Ministry of Finance (MOF), the interest of a financial instrument accrued according to the effective interest method should be included in the book balance of the corresponding financial instrument and reflected in relevant items of the balance sheet. The Group prepared the financial statements according to requirements in the above notice since 2018. For the convenience of analysis, "total loans and advances to customers" and "total deposits from customers" do not include relevant accrued interest.

(2) Corporate demand deposits included demand deposits from corporate customers and outward remittance and remittance payables of corporate customers.

1.4.4 Asset Quality Indicators

Item	**31 December 2023**	31 December 2022	Growth rate *(%)*	31 December 2021
NPL ratio[1]	**1.18%**	1.27%	(0.09)	1.39%
Allowance coverage ratio[2]	**207.59%**	201.19%	6.40	180.07%
Allowance for loan impairment losses to total loans[3]	**2.45%**	2.55%	(0.10)	2.50%

Notes: (1) NPL ratio = balance of NPLs/total loans and advances to customers.

(2) Allowance coverage ratio = balance of allowance for impairment losses on loans and advances to customers (excluding allowance for impairment losses on accrued interest)/balance of NPLs.

(3) The ratio of allowance for loan impairment losses to total loans = balance of allowance for impairment losses on loans and advances to customers (excluding allowance for impairment losses on accrued interest)/total loans and advances to customers.

1.4.5 Other Main Regulatory Indicators

Item *(note)*	**Regulatory value**	**31 December 2023**	31 December 2022	Increase/ (decrease) in percentage point	31 December 2021
Capital adequacy profile					
Core tier-one capital adequacy ratio	≥8.00%	**8.99%**	8.74%	0.25	8.85%
Tier-one capital adequacy ratio	≥9.00%	**10.75%**	10.63%	0.12	10.88%
Capital adequacy ratio	≥11.00%	**12.93%**	13.18%	(0.25)	13.53%
Leverage profile					
Leverage ratio	≥4.25%	**6.66%**	6.59%	0.07	6.78%
Liquidity risk profile					
Liquidity coverage ratio	≥100%	**167.48%**	168.03%	(0.55)	146.59%
Liquidity ratio					
Including: Local and foreign currencies	≥25%	**52.79%**	62.61%	(9.82)	59.09%
Renminbi	≥25%	**52.00%**	62.18%	(10.18)	59.99%
Foreign currencies	≥25%	**64.83%**	69.24%	(4.41)	58.98%

Notes: (1) The figures in the table were calculated in accordance with the regulatory consolidation standards of the Chinese banking industry.

(2) During the reporting period, the Group calculated and disclosed the capital adequacy ratio in accordance with the *Provisional Measures for Capital Management of Commercial Banks*. Starting from the first quarter of 2022, the Group incorporated JSC Altyn Bank into the scope of consolidated capital management (including capital adequacy ratio and leverage ratio indicators at all tiers).

1.4.6 Differences between IFRS and PRC Accounting Standards

There is no difference between the 2023 year-end net assets and the net profit of 2023 of the Group calculated according to the PRC Accounting Standards and those calculated as per the International Financial Reporting Standards (IFRS).

1.4.7 Five-Year Financial Summary

Unit: RMB million

Item	**2023**	2022	2021	2020	2019 (Restated)
Operating performance					
Operating income	**205,570**	211,109	204,554	195,399	187,881
Profit before tax	**74,887**	73,416	65,517	57,857	56,545
Net profit attributable to the equity holders of the Bank	**67,016**	62,103	55,641	48,980	48,015
Net cash flow from/(used in) operating activities	**(918)**	195,066	(75,394)	156,863	116,969
Per share					
Basic earnings per share *(RMB)*	**1.27**	1.17	1.08	0.94	0.95
Diluted earnings per share *(RMB)*	**1.14**	1.06	0.98	0.86	0.89
Net cash flow from/(used in) operating activities per share *(RMB)*	**(0.02)**	3.99	(1.54)	3.21	2.39
Scale indicators					
Total assets	**9,052,484**	8,547,543	8,042,884	7,511,161	6,750,433
Total loans and advances to customers	**5,498,344**	5,152,772	4,855,969	4,473,307	3,997,987
Total liabilities	**8,317,809**	7,861,713	7,400,258	6,951,123	6,217,909
Total deposits from customers	**5,398,183**	5,099,348	4,736,584	4,528,399	4,038,820
Total equity attributable to the equity holders of the Bank	**717,222**	665,418	626,303	544,573	517,311
Total equity attributable to the ordinary shareholders of the Bank	**602,281**	550,477	511,362	469,625	442,363
Net asset per share attributable to the ordinary shareholders of the Bank *(RMB)*	**12.30**	11.25	10.45	9.60	9.04

Item	**2023**	2022	2021	2020	2019 (Restated)
Profitability indicators					
Return on average assets (ROAA)	**0.77%**	0.76%	0.72%	0.69%	0.76%
Return on average equity (ROAE)	**10.80%**	10.80%	10.73%	10.08%	11.06%
Cost-to-income ratio (excluding tax and surcharges)	**32.61%**	30.66%	29.34%	26.73%	27.84%
Credit cost	**0.93%**	1.12%	1.08%	1.64%	1.79%
Net interest spread *(note)*	**1.75%**	1.92%	1.99%	2.18%	2.36%
Net interest margin *(note)*	**1.78%**	1.97%	2.05%	2.26%	2.45%
Asset quality indicators					
NPL ratio	**1.18%**	1.27%	1.39%	1.64%	1.65%
Allowance coverage ratio	**207.59%**	201.19%	180.07%	171.68%	175.25%
Allowance for loan impairment losses to total loans	**2.45%**	2.55%	2.50%	2.82%	2.90%
Capital adequacy ratios					
Core tier-one capital adequacy ratio	**8.99%**	8.74%	8.85%	8.74%	8.69%
Tier-one capital adequacy ratio	**10.75%**	10.63%	10.88%	10.18%	10.20%
Capital adequacy ratio	**12.93%**	13.18%	13.53%	13.01%	12.44%

Note: According to the *Notice on Strictly Implementing the Accounting Standards for Business Enterprises and Strengthening the 2020 Annual Report Related Work of Enterprises* jointly issued by the MOF, the State-owned Assets Supervision and Administration Commission, the former CBIRC and the CSRC, the Group reclassified the installment income of credit card-based consumption from fee income to interest income since 2020, and the indicators of net interest spread and net interest margin of 2019 were restated.

CHAPTER 2 MANAGEMENT DISCUSSION AND ANALYSIS

2.1 Industry Overview of the Company

2023 is the year of economic recovery after the transition in Covid-19 response efforts. China's economy weathered external pressure and overcame internal difficulties. The country deepened reform and opening-up across the board, enhanced macro regulation, and focused on expanding domestic demand, optimizing structure, boosting confidence and preventing and solving risks. Solid progress was made in high-quality development. After deducting price factors, China's GDP grew 5.2% year on year, with the consumption expenditure, gross capital formation, and net exports of goods and services each contributing 4.3, 1.5 and -0.6 percentage points to economic growth, and their respective share of economic growth contribution being 82.5%, 28.9% and -11.4%. The country also vigorously advanced reform and opening-up, consolidated the foundation of safe development, took strong and effective measures to ensure people's livelihood, and achieved solid progress on the journey toward building China into a modern socialist country in all respects.

Proactive fiscal policy was further promoted. Central government and local governments at all levels enhanced the role of fiscal policy in regulating national economy, optimized tax supporting policies and lightened the tax burden of operating bodies. The country made more efforts in regulating and using special bond funds and facilitated the implementation of a number of major projects. It strengthened investment guarantee in key areas, advanced high-quality development of manufacturing industry, and vigorously supported science and technology innovation. It promoted all-around rural revitalization and advanced regional collaborated development. It enhanced efforts to ensure people's livelihood, went all out to support flood prevention and disaster relief work and gave stronger support to education development. It supported the development of healthcare, improved social security and strengthened environmental protection. It worked to defuse existing debts and control new debts, and formulated a package to defuse debt risk for the solution of local government debts.

Prudent monetary policy was implemented in a targeted and forceful manner. In 2023, reserve requirement ratio was cut, and over RMB1 trillion medium- and long-term capital was released. Liquidity remained reasonable and sufficient, and the supply of money and credit was moderate and stable. Policy rate was cut, which led to the fall of LPR and other market interest rates. The central bank adjusted and optimized real estate credit policy, lowered down payment ratio and mortgage rate floor, refined criteria for second apartment, and guided commercial banks to orderly lower the mortgage rate of existing first apartment. It increased re-lending and rediscount limit for supporting agriculture and SMEs, and extended the application of six structural monetary policy tools including supporting tool for inclusive and micro and small loans. It strengthened targeted support for key sectors such as IT innovation, advanced manufacturing and green development. Foreign exchange market and the RMB exchange rate basically remained stable. Furthermore, the country promoted the high-level and two-way opening-up of the financial industry, took solid and prudent steps in advancing RMB internationalization and deepened reform and opening-up in foreign exchange sector. In addition, it intensified international financial cooperation in a pragmatic way and actively participated in international economic and financial governance.

Regulatory policies were implemented to support the sound development of the banking industry. In 2023, regulatory structure of the financial sector underwent significant reform and adjustment. The establishment of the NFRA marked an important step in regulatory institutional reform. It formulated the *Measures for the Risk Classification of Financial Assets of Commercial Bank* and the *Capital Rules for Commercial Banks*, promoted banks to authentically show their asset quality, and refined capital regulation rules. It strengthened supervision and statistics management of the banking sector, issued the *Implementation Measures for the Administrative Licensing Items Concerning Non-Banking Financial Institutions*, and reinforced supervision to other non-banking financial institutions. Focusing on businesses such as bank fixed asset loan, working capital loan, person loan and project financing, it issued "three measures and one guidelines", namely the *Administrative Measures for Fixed Asset Loans*, the *Administrative Measures for Working Capital Loans*, the *Administrative Measures for Personal Loans* and the *Guidelines on Project Financing Business*, thus promoting the standardized development of related businesses. It issued the *Notice on Policy on Adjusting and Optimizing Differentiated Housing Credit* and the *Notice on Matters Concerning the Reduction of Mortgage Rates on Existing First Homes*, ensuring the sound development of real estate market.

In 2023, the banking industry saw steady growth in total assets and profits, with stable asset quality and strong risk offsetting ability. As at the end of 2023, China's financial institutions in the banking industry had total assets of RMB417.3 trillion[5], an increase of 9.9% over the end of the previous year. Domestic and foreign currency annual net profits reached RMB2.4 trillion, an increase of 3.2% year on year. As at the end of 2023, non-performing loans (NPLs) of banking institutions stood at RMB3.95 trillion, with the NPL ratio being 1.62%. The provision coverage ratio posted 205.1%, remaining at a high level. The overall capital adequacy ratio of commercial banks was 15.1%.

2.2 Main Business of the Company

Relying on the comprehensive resources of CITIC Group in terms of "Finance + Real Economy", the Bank, with the vision to become a bank with "Four Features" and one of the world's first-class banks, upholds honesty and trustworthiness, pursuit of benefits through righteous means, steadiness and prudence, integrity and innovation, and legal compliance. Being customer-centric, the Bank worked to create a distinctive and differentiated model for financial services by implementing the "Five Leading" strategy. For corporate customers, institutional customers and inter-bank market customers, the Bank offers integrated financial solutions in corporate banking business, international business, financial markets business, institutional banking business, investment banking business, transaction banking business and custody business. For individual customers, the Bank provides diversified financial products and services related to wealth management, private banking, personal credit, credit cards, pension finance and going abroad finance, etc. As such, the Bank satisfies the needs of corporate, institutional, inter-bank market and individual customers for comprehensive financial services on all fronts. For details about the Bank's business during the reporting period, please refer to the section of "2.9 Business Overview" in this chapter.

[5] According to the data released by NTRA.

2.3 Core Competitiveness Analysis

Standardized and efficient corporate governance. The Bank made great headway in boosting the building of a modern enterprise with Chinese characteristics, and persisted to the two "Consistent Adherence"[6]. It has always adhered to standardized, science-based and effective management and constantly improved its corporate governance and business operation systems and mechanisms, forming an organizational structure characterized by efficient management and professional division of duties. With reference to the theory and practice of modern bank development and considering the requirements for Party building, the Bank set up a science-based corporate governance framework comprised of the Board of Directors, the Board of Supervisors, the general meeting of shareholders and the senior management, and integrated overall Party leadership into its corporate governance. According to the principle of separating the front, middle and back offices, the Bank established a matrix management model with the Head Office departments as the lines and the branches and sub-branches as the arrays. The governing bodies of the Bank such as the general meeting of shareholders, the Board of Directors, the Board of Supervisors and the senior management functioned according to rules and performed duties effectively.

Significant edges in synergy. Giving into full play the Group's advantages of "all financial licenses and wide coverage of industries" and following the development principle of "One CITIC, One Customer", the Bank delved into the six major areas of coordination, namely, finance and finance coordination, industry and finance coordination, think tank coordination, cross-section coordination, parent company and subsidiary coordination, cross-branch cooperation, built eight major service scenarios of coordinated services, i.e., technology finance, green finance, inclusive finance, pension finance, digital finance, government finance, capital markets and risk resolution, and hence provided customers with one-stop, customized, multi-scenario and full-lifecycle professional services, safeguarding the steady development of the real economy.

Vigorous explorations and innovations. As China's first commercial bank participating in financing at both domestic and international financial markets, the Bank is renowned at home and abroad for brushing numerous track records in the modern Chinese financial history. It has the genes of innovation and drives its development through innovation as well. The Bank has carried forward the CITIC style of exploration and innovation. It further boosted innovation in products and services, and gained unique competitive advantages in businesses such as investment banking, cross-border business, transaction banking, auto finance, wealth management, going abroad finance, pension finance, credit card, and forex market making.

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[6] Must adhere to the Party leadership over state-owned enterprises as a significant political principle and must adhere to the establishment of a modern enterprise system as the direction of the reform of state-owned enterprises.

Effective risk prevention and control. The Bank continued to improve the risk management system in which risks can be put under control and development can be boosted, and continuously improved the quality and efficiency of risk management. It strengthened comprehensive risk management, and effectively transmitted sound risk appetite. It pushed forward the combination of Five Policies[7] in depth, improved its capabilities in asset allocation and forward-looking research and analysis, invested resources in key areas and high-quality customers of national need and with promising markets, and continuously improved its credit structure. With consistent efforts in controlling new risks and resolving existing ones, the Bank enhanced the risk control capacity of all institutions, all products, all customers and all processes, and consolidated the upward trend of asset quality. It intensified efforts in the building of the smart risk control system, propelled the multi-level application of digital risk control tools, and made risk prevention and control more forward-looking and targeted.

All-around empowerment by financial technology. Adhering to technology empowerment and innovation as core driving force, the Bank comprehensively empowered business development and strove to be a top technology-driven bank. It continued to increase its investment in technology, make its products and services more competitive, drive the transformation of business and operation and create a data-driven development model. It became the first large and medium bank in China to launch the independently developed distributed core system, improving its comprehensive capabilities of empowering development through financial technology on all fronts. New technologies such as artificial intelligence, blockchain, Internet of Things and big data were gradually and in-depth applied in increasingly wider business fields to drive the development of the Bank.

Fostering corporate culture as a solid foundation for development. The Bank thoroughly implemented the guidelines of the Central Financial Work Conference and the National Work Conference on Communication and Culture, vigorously promoted the outstanding traditional Chinese culture, proactively promoted and put into practice the financial culture with Chinese characteristics, and promoted it to become the common value and the consciousness in action for all employees through guidance. It served the real economy with correct views of operation, performance and risks, promoted the development of technology finance, green finance, inclusive finance, pension finance and digital finance, provided sufficient guidance in values and thought for the vision of "becoming a responsible, caring, unique and valuable bank in an all-around way and ranking in the leading places among world-class banks".

Professional and brilliant talent team. The Bank firmly upheld the idea of "talents are the primary resource", continued to improve the talent work mechanism conducive to its strategy, development and transformation, and advocated the Bank's talent concept of "uniting those men in progression, inspiring men of action and promoting men with achievement". It further advanced the *14th Five-Year Plan for Talent Development of China CITIC Bank Corporation Limited*, and strengthened the allocation and training of talents in key areas and key sectors. It continued to build six talent teams through the collaboration between Head Office and branches, comprehensively implemented the "Sailing a Hundred Ships" talent project, and established "talent factory" empowered directly by the Head Office to market frontline. It built an initial digital capacity training system that aims at improving all employees' digital technology and digital skills, and continued to enhance the teams' purity, expertise and effectiveness.

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7 The "Five Policies" refer to industry research, credit policies, approval standards, marketing guidelines, and resource and evaluation policies.

Brand image deeply rooted among the people. The Bank has always been committed to following the CPC and national policies, put into practice the new development concepts, and built a high-quality financial brand, so as to develop into a "value bank worthy of trust for the future". During the reporting period, focusing on the brand premise "the more we care, the more you gain", the Bank established a three-tiered brand communication structure, and strengthened the systematic building for the brand. It issued the first annual brand communication scheme, developed a good brand communication plan, held the first "Trustworthy • New" high-quality development forum for the brand, and jointly launched a series of brand communication events such as the "Letter in the Spring" and the "China Open", which helped continuously enhance brand reputation and expand brand influence. During the reporting period, the brand value of China CITIC Bank moved forward on the world's top three brand rankings[8], reflecting the market's high recognition.

2.4 Overview of the Operating Results

In 2023, the Bank earnestly implemented the plans and decisions of the CPC Central Committee and the State Council as well as regulatory requirements, upheld the main objective of high-quality development, consistently implemented the "three development orientations" and "four business themes", and deepened the implementation of "342 Action Plan for Developing Core Business Capabilities". Going forward steady and surely, it further consolidated the upward development momentum to strive for further improved rankings among peers.

Stable results were achieved in profitability, and overall operating results advanced amid stability. During the reporting period, the Group realised RMB205.570 billion operating income, a decrease of 2.62% compared with the previous year. Specifically, net interest income registered RMB143.539 billion, down by 4.72% compared with last year; net non-interest income posted RMB62.031 billion, up by 2.60% compared with the previous year. The Group realized RMB67.016 billion of net profit attributable to the shareholders of the Bank, up by 7.91% over the previous year. Return on average assets (ROAA) stood at 0.77%, up by 0.01 percentage points compared with previous year; while return on average equity (ROAE) was 10.80%, the same as previous year.

Asset quality maintained the stable momentum of improvement, with risk resistance capabilities consolidated. As at the end of the reporting period, the NPL balance of the Group recorded RMB64.800 billion, a decrease of RMB413 million or 0.63% over the end of the previous year, corresponding to an NPL ratio of 1.18%, down by 0.09 percentage points over the end of the previous year. The Group's allowance coverage ratio stood at 207.59%, an increase of 6.40 percentage points over the end of the previous year.

[8] During the reporting period, the Bank ranked 20th in *The Banker/Brand Finance's* Top 500 Banking Brands ranking, up one place than the previous year; 92nd in BrandZ's Top 100 Chinese Brands, up dozens of places and regaining a place in the top 100 rankings; and 28th in Interbrand's 100 Best China Brands, up one place.

Business scale grew steadily, and the Bank served the real economy with enhanced quality and efficiency. As at the end of the reporting period, the Group recorded total assets of RMB9,052.484 billion, an increase of 5.91% over the end of the previous year; its total loans and advances to customers (excluding accrued interest) stood at RMB5,498.344 billion, a growth of 6.71% over the end of the previous year; and its total deposits from customers (excluding accrued interest) recorded RMB5,398.183 billion, marking a 5.86% increase from the end of last year. During the reporting period, the Group firmly implemented national macro policies, and extended targeted supports to key fields of the real economy, with loans granted to green industries, strategic emerging industries, medium- and long-term manufacturing, inclusive finance and agriculture-related areas growing faster than that of total loans.

2.5 Analysis of the Financial Statements

2.5.1 Income Statement Analysis

During the reporting period, the Group realized RMB67.016 billion net profit attributable to the equity holders of the Bank, up by 7.91% over last year. The table below sets out the changes in the main items of the Group's income statement during the reporting period.

Unit: RMB million

Item	**2023**	2022	Increase/ (decrease)	Growth rate (%)
Operating income	**205,570**	211,109	(5,539)	(2.62)
– Net interest income	**143,539**	150,647	(7,108)	(4.72)
– Net non-interest income	**62,031**	60,462	1,569	2.60
Operating expenses	**(69,214)**	(66,838)	(2,376)	3.55
Credit and other asset impairment losses	**(62,204)**	(71,404)	9,200	(12.88)
Profit before tax	**74,887**	73,416	1,471	2.00
Income tax	**(6,825)**	(10,466)	3,641	(34.79)
Profit for the year	**68,062**	62,950	5,112	8.12
Including: Net profit attributable to the equity holders of the Bank	**67,016**	62,103	4,913	7.91

2.5.1.1 Operating Income

During the reporting period, the Group realized operating income of RMB205.570 billion, down by 2.62% over last year, of which net interest income accounted for 69.8%, down by 1.6 percentage points from the previous year and net non-interest income accounted for 30.2%, up by 1.6 percentage points over the previous year.

Unit: %

Item	**2023**	2022
Net interest income	**69.8**	71.4
Net non-interest income	**30.2**	28.6
Total	**100.0**	100.0

2.5.1.2 Net Interest Income

During the reporting period, the Group realized RMB143.539 billion of net interest income, a decrease of RMB7.108 billion or 4.72% over the previous year. The table below sets out the average balances and average interest rates of the Group's interest-earning assets and interest-bearing liabilities, of which the average balances of assets and liabilities are average daily balances.

Unit: RMB million

Item	**2023** Average balance	**2023** Interest	**2023** Average yield/cost rate *(%)*	2022 Average balance	2022 Interest	2022 Average yield/cost rate *(%)*
Interest-earning assets						
Loans and advances to customers	**5,341,336**	**243,399**	**4.56**	4,979,084	239,656	4.81
Financial investments[1]	**1,898,824**	**56,938**	**3.00**	1,831,848	58,814	3.21
Deposits with central banks	**402,293**	**6,445**	**1.60**	406,712	6,100	1.50
Deposits and placements with, and loans to banks and non-bank financial institutions	**340,285**	**9,881**	**2.90**	345,851	7,947	2.30
Financial assets held under resale agreements	**63,975**	**1,029**	**1.61**	75,144	1,092	1.45
Subtotal	**8,046,713**	**317,692**	**3.95**	7,638,639	313,609	4.11
Interest-bearing liabilities						
Deposits from customers	**5,455,958**	**115,734**	**2.12**	4,999,113	102,997	2.06
Deposits and placements from banks and non-bank financial institutions	**1,138,344**	**24,845**	**2.18**	1,211,197	25,504	2.11
Debt securities issued	**953,129**	**24,996**	**2.62**	966,176	27,082	2.80
Borrowings from central banks	**163,969**	**4,281**	**2.61**	169,058	4,974	2.94
Financial assets sold under repurchase agreements	**176,567**	**3,762**	**2.13**	96,959	1,935	2.00
Others	**10,976**	**535**	**4.87**	10,573	470	4.45
Subtotal	**7,898,943**	**174,153**	**2.20**	7,453,076	162,962	2.19
Net interest income		**143,539**			150,647	
Net interest spread[2]			**1.75**			1.92
Net interest margin[3]			**1.78**			1.97

Notes: (1) Financial investments included financial investments measured at amortized cost and financial investments measured at fair value through other comprehensive income.

(2) Net interest spread = average yield of total interest-earning assets – average cost rate of total interest-bearing liabilities.

(3) Net interest margin = net interest income/average balance of total interest-earning assets.

The table below sets out the changes in the Group's net interest income resulting from changes in the scale and interest rate factors.

Unit: RMB million

Item	2023 compared with 2022 Scale factor	Interest rate factor	Total
Assets			
Loans and advances to customers	**17,424**	**(13,681)**	**3,743**
Financial investments	**2,150**	**(4,026)**	**(1,876)**
Deposits with central banks	**(66)**	**411**	**345**
Deposits and placements with, and loans to banks and non-bank financial institutions	**(128)**	**2,062**	**1,934**
Financial assets held under resale agreements	**(162)**	**99**	**(63)**
Changes in interest income	**19,218**	**(15,135)**	**4,083**
Liabilities			
Deposits from customers	**9,411**	**3,326**	**12,737**
Deposits and placements from banks and non-bank financial institutions	**(1,537)**	**878**	**(659)**
Debt certificates issued	**(365)**	**(1,721)**	**(2,086)**
Borrowings from central banks	**(150)**	**(543)**	**(693)**
Financial assets sold under repurchase agreements	**1,592**	**235**	**1,827**
Others	**18**	**47**	**65**
Changes in interest expense	**8,969**	**2,222**	**11,191**
Changes in net interest income	**10,249**	**(17,357)**	**(7,108)**

Net Interest Margin and Net Interest Spread

During the reporting period, the Group's net interest margin and net interest spread registered 1.78% and 1.75% respectively, representing a decrease of 0.19 percentage points and 0.17 percentage points over the previous year. The Group's yield of interest-earning assets was 3.95%, down by 0.16 percentage points over the previous year; the cost rate of interest-bearing liabilities was 2.20%, up by 0.01 percentage points over the previous year. In 2023, in the context of the narrowing net interest margin in the industry, the Group actively responded to the national policy orientation, served to support the real economy, and adjusted and optimized the structure. In terms of liabilities, the Group focused on improving the quality of liabilities, and effectively controlled the cost of liabilities. In terms of assets, the Group focused on national strategies, increased credit granting, improved the overall income, and strived to stabilize the interest margin.

2.5.1.3 *Interest Income*

During the reporting period, the Group realized an interest income of RMB317.692 billion, an increase of RMB4.083 billion or 1.30% over last year. The increase was mainly due to the growth in the size of interest-earning assets. The proportion of interest income from loans and advances to customers, interest income from financial investments, interest income from deposits with central banks, interest income from deposits and placements with and loans to banks and non-bank financial institutions, and interest income from financial assets held under resale agreements was 76.62%, 17.92%, 2.03%, 3.11% and 0.32%, respectively. Interest income from loans and advances to customers was the main component of interest income.

Interest Income from Loans and Advances to Customers

During the reporting period, the Group recorded RMB243.399 billion interest income from loans and advances to customers, a growth of RMB3.743 billion or 1.56% over the previous year, primarily because the average balance of loans and advances to customers increased by RMB362.252 billion which offset the impact of a decline of 0.25 percentage points in the average yield. Specifically, the average balance of corporate loans increased by RMB256.553 billion, and interest income went up by RMB9.968 billion; the average balance of personal loans increased by RMB103.341 billion, and interest income went down by RMB3.689 billion.

Classification by Maturity Structure

Unit: RMB million

	2023			2022		
Item	**Average balance**	**Interest income**	**Average yield *(%)***	Average balance	Interest income	Average yield *(%)*
Short-term loans	**1,849,517**	**86,420**	**4.67**	1,671,528	81,968	4.90
Medium to long-term loans	**3,491,819**	**156,979**	**4.50**	3,307,556	157,688	4.77
Total	**5,341,336**	**243,399**	**4.56**	4,979,084	239,656	4.81

Classification by Business

Unit: RMB million

	2023			2022		
Item	**Average balance**	**Interest income**	**Average yield *(%)***	Average balance	Interest income	Average yield *(%)*
Corporate loans	**2,691,014**	**119,125**	**4.43**	2,434,461	109,157	4.48
Personal loans	**2,186,707**	**116,749**	**5.34**	2,083,366	120,438	5.78
Discounted loans	**463,615**	**7,525**	**1.62**	461,257	10,061	2.18
Total	**5,341,336**	**243,399**	**4.56**	4,979,084	239,656	4.81

Interest Income from Financial Investments

During the reporting period, the Group's interest income from financial investments amounted to RMB56.938 billion, a decrease of RMB1.876 billion or 3.19% over the previous year, mainly attributable to a fall of 0.21 percentage points in the average yield of financial investments which offset the effects from an increase of RMB66.976 billion in the average balance.

Interest Income from Deposits with Central Banks

During the reporting period, the Group's interest income from deposits with central banks stood at RMB6.445 billion, an increase of RMB345 million or 5.66% over the previous year, mainly due to an increase in the average yield of deposits with overseas central banks by overseas subsidiaries of the Group.

Interest Income from Deposits and Placements with, and Loans to Banks and Non-bank Financial Institutions

During the reporting period, the Group's interest income from deposits and placements with, and loans to banks and non-bank financial institutions was RMB9.881 billion, an increase of RMB1.934 billion or 24.34% over the previous year, mainly due to an increase of 0.60 percentage points in the average yield which offset the effects from a drop of RMB5.566 billion in the average balance of deposits and placements with, and loans to banks and non-bank financial institutions.

Interest Income from Financial Assets Held under Resale Agreements

During the reporting period, the Group recorded RMB1.029 billion interest income from financial assets held under resale agreements, a decrease of RMB63 million or 5.77% over the previous year, mainly attributable to a decrease of RMB11.169 billion in the average balance which offset the effects from an increase of 0.16 percentage points in the average yield of financial assets held under resale agreements.

2.5.1.4 Interest expense

During the reporting period, the Group's interest expense was RMB174.153 billion, an increase of RMB11.191billion or 6.87% over the previous year. Interest expense increased primarily because of the growth in the size of interest-bearing liabilities and a slight increase in the cost rate of interest-bearing liabilities.

Interest Expense on Deposits from Customers

During the reporting period, the Group's interest expense on deposits from customers was RMB115.734 billion, an increase of RMB12.737 billion or 12.37% over the previous year, mainly due to RMB456.845 billion increase in the average balance of deposits from customers and an increase of average cost rate of 0.06 percentage points.

Unit: RMB million

Item	2023 Average balance	 Interest expense	 Average yield (%)	2022 Average balance	 Interest expense	 Average yield (%)
Corporate deposits						
Time and call deposits	**1,848,565**	**51,689**	**2.80**	1,905,617	52,132	2.74
Demand deposits	**2,202,740**	**31,406**	**1.43**	2,019,155	27,506	1.36
Subtotal	**4,051,305**	**83,095**	**2.05**	3,924,772	79,638	2.03
Personal deposits						
Time and call deposits	**1,079,370**	**31,651**	**2.93**	776,007	22,517	2.90
Demand deposits	**325,283**	**988**	**0.30**	298,334	842	0.28
Subtotal	**1,404,653**	**32,639**	**2.32**	1,074,341	23,359	2.17
Total	**5,455,958**	**115,734**	**2.12**	4,999,113	102,997	2.06

Interest Expense on Deposits and Placements from Banks and Non-Bank Financial Institutions

During the reporting period, the Group's interest expense on deposits and placements from banks and non-bank financial institutions amounted to RMB24.845 billion, a decrease of RMB659 million or 2.58% over the previous year, mainly due to a drop of RMB72.853 billion in the average balance of deposits and placements from banks and non-bank financial institutions, which offset the effects from a rise of 0.07 percentage points in the average cost rate.

Interest Expense on Debt Certificates Issued

During the reporting period, the Group's interest expense on debt certificates issued stood at RMB24.996 billion, a decrease of RMB2.086 billion or 7.70% over the previous year, primarily due to a decrease of RMB13.047 billion in the average balance of debt certificates issued and a drop of 0.18 percentage points in the average cost rate.

Interest Expense on Borrowings from Central Banks

During the reporting period, the Group's interest expense on borrowings from central banks reached RMB4.281 billion, a decrease of RMB693 million or 13.93% over the previous year, mainly due to a drop of RMB5.089 billion in the average balance and a decrease of of 0.33 percentage points in the average cost rate of borrowings from central banks.

Interest Expense on Financial Assets Sold under Repurchase Agreements

During the reporting period, the Group's interest expense on financial assets sold under repurchase agreements was RMB3.762 billion, an increase of RMB1.827 billion or 94.42% over the previous year, primarily due to an increase of RMB79.608 billion in the average balance and an increase of 0.13 percentage points in the average cost rate of financial assets sold under repurchase agreements.

Other Interest Expense

During the reporting period, the Group's other interest expenses stood at RMB535 million, an increase of RMB65 million over the previous year.

2.5.1.5 Net Non-interest Income

During the reporting period, the Group realized RMB62.031 billion of net non-interest income, an increase of RMB1.569 billion or 2.60% over the previous year. The proportion of non-interest rate income stood at 30.18%, a rise of 1.54 percentage points over the previous year.

Unit: RMB million

Item	**2023**	2022	Increase/ (decrease)	Growth *(%)*
Net fee and commission income	**32,383**	37,092	(4,709)	(12.70)
Net trading gain	**7,138**	4,881	2,257	46.24
Net gain from investment securities	**21,103**	17,771	3,332	18.75
Other net operating income	**1,407**	718	689	95.96
Total	**62,031**	60,462	1,569	2.60

2.5.1.6 Net Fee and Commission Income

During the reporting period, the Group realized net fee and commission income of RMB32.383 billion, a decrease of RMB4.709 billion or 12.70% over the previous year, which accounted for 15.75% of the operating net income, down by 1.82 percentage points over the previous year. Among these, bank card fees increased by RMB320 million or 1.94% over last year; agency fees increased by RMB163 million or 2.86% over the previous year; settlement and clearing fees increased by RMB118 million or 5.51% over the previous year; commission for custodian and other fiduciary business went down by RMB4.966 billion or 44.07% over the previous year; guarantee and consulting fees declined by RMB141 million or 2.63% over last year. Please refer to "Non-interest Income" in 2.6.4 of this chapter for analysis of reasons under changes in net fee and commission income.

Unit: RMB million

Item	**2023**	2022	Increase/ (decrease)	Growth *(%)*
Bank card fees	**16,800**	16,480	320	1.94
Commissions for custodian and other fiduciary business	**6,303**	11,269	(4,966)	(44.07)
Agency fees	**5,855**	5,692	163	2.86
Guarantee and consulting fees	**5,216**	5,357	(141)	(2.63)
Settlement and clearing fees	**2,261**	2,143	118	5.51
Other fees	**564**	110	454	412.73
Subtotal of fees and commissions	**36,999**	41,051	(4,052)	(9.87)
Fee and commission expense	**(4,616)**	(3,959)	(657)	16.60
Net fee and commission income	**32,383**	37,092	(4,709)	(12.70)

2.5.1.7 Net Trading Gain and Net Gain from Investment Securities

During the reporting period, the Group's net trading gain and net gain from investment securities registered a combined amount of RMB28.241 billion, an increase of RMB5.589 billion over the previous year, mainly because the Group leveraged on the transformation of its financial market business, optimized its asset structure and seized the opportunities arising from trading turnover to achieve an increase in income from securities investment.

2.5.1.8 Operating Expenses

During the reporting period, the Group incurred RMB69.214 billion operating expenses, an increase of RMB2.376 billion or 3.55% over the previous year. During the reporting period, the cost-to-income ratio (after deducting tax and surcharges) of the Group stood at 32.61%, up by 1.95 percentage points over the previous year.

Unit: RMB million

Item	**2023**	2022	Increase/ (decrease)	Growth *(%)*
Staff costs	**38,083**	38,082	1	0.00
Property and equipment expenses and amortization	**11,575**	10,328	1,247	12.07
Other general operating and administrative expenses	**17,371**	16,306	1,065	6.53
Subtotal	**67,029**	64,716	2,313	3.57
Tax and surcharges	**2,185**	2,122	63	2.97
Total	**69,214**	66,838	2,376	3.55
Cost-to-income ratio	**33.67%**	31.66%	Up 2.01 percentage points	
Cost-to-income ratio (after deducting tax and surcharges)	**32.61%**	30.66%	Up 1.95 percentage points	

2.5.1.9 Credit and Other Asset Impairment Losses

During the reporting period, the Group's accrued credit impairment losses and other asset impairment losses totaled RMB62.204 billion, a decrease of RMB9.200 billion or 12.88% over the previous year. Specifically, allowance for impairment losses on loans and advanced to customers was RMB49.840 billion, representing a decrease of RMB5.946 billion or 10.66% over previous year. Allowance for impairment losses for financial investments was RMB2.505 billion, up by RMB694 million or 38.32% over previous year. Please refer to the section of "Loan Quality Analysis" in 2.5.4 of this chapter for analysis of the Group's allowance for impairment losses on loans and advances to customers.

Unit: RMB million

Item	2023	2022	Increase/ (decrease)	Growth *(%)*
Loans and advances to customers	**49,840**	55,786	(5,946)	(10.66)
Financial investments	**2,505**	1,811	694	38.32
Interbank business *(Note)*	**57**	(45)	102	Negative in previous year
Other financial assets and accrued interest	**7,970**	5,220	2,750	52.68
Off-balance-sheet items	**1,554**	8,587	(7,033)	(81.90)
Repossessed assets	**278**	45	233	517.78
Total	**62,204**	71,404	(9,200)	(12.88)

Note: Including the impairment losses on deposits and placements with, and loans to banks and non-bank financial institutions, and financial assets held under resale agreements.

2.5.1.10 *Income Tax Expense*

During the reporting period, the Group's income tax expense was RMB6.825 billion, representing a decrease of RMB3.641 billion or 34.79% over the previous year. Effective tax rate during the reporting period stood at 9.11%, down by 5.15 percentage points over the previous year due to the increase in non-tax income and the decrease in non-tax deductible expenses.

Unit: RMB million

Item	2023	2022	Increase/ (decrease)	Growth *(%)*
Profit before tax	**74,887**	73,416	1,471	2.00
Income tax expense	**6,825**	10,466	(3,641)	(34.79)
Effective tax rate	**9.11%**	14.26%	Down by 5.15 percentage points	

2.5.2 Balance Sheet Analysis

2.5.2.1 *Assets*

As at the end of the reporting period, the Group recorded total assets of RMB9,052.484 billion, an increase of 5.91% from the end of the previous year, mainly because the Group increased its loans and advances to customers and financial investments.

Unit: RMB million

Item	31 December 2023 Balance	31 December 2023 Proportion (%)	31 December 2022 Balance	31 December 2022 Proportion (%)
Total loans and advances to customers	**5,498,344**	**60.7**	5,152,772	60.3
Accrued interest of loans and advances to customers	**19,948**	**0.2**	17,180	0.2
Less: Allowance for impairment losses on loans and advances to customers[1]	**(134,542)**	**(1.5)**	(130,985)	(1.5)
Net loans and advances to customers	**5,383,750**	**59.4**	5,038,967	59.0
Total financial investments	**2,599,876**	**28.7**	2,515,295	29.4
Accrued interest of financial investments	**19,335**	**0.2**	16,140	0.2
Less: Allowance for impairment losses on financial investments[2]	**(26,305)**	**(0.3)**	(28,566)	(0.3)
Net financial investments	**2,592,906**	**28.6**	2,502,869	29.3
Investment in associates and joint ventures	**6,945**	**0.1**	6,341	0.1
Cash and deposits with central banks	**416,442**	**4.6**	477,381	5.6
Deposits and placements with, and loans to banks and non-bank financial institutions	**318,817**	**3.5**	296,998	3.4
Financial assets held under resale agreements	**104,773**	**1.2**	13,730	0.1
Others[3]	**228,851**	**2.6**	211,257	2.5
Total	**9,052,484**	**100.0**	8,547,543	100.0

Notes: (1) Including allowances for impairment losses on loans and advances to customers measured at amortized cost and allowances for impairment losses on accrued interest of loans and advances to customers measured at amortized cost.

(2) Including allowances for impairment losses on financial investments measured at amortized cost and impairment losses on accrued interest of financial investments measured at amortized cost.

(3) Including precious metals, derivative financial assets, investment properties, properties and equipment, intangible assets, goodwill, use right assets, deferred income tax assets and other assets, etc.

Loans and Advances to Customers

As at the end of the reporting period, the Group recorded RMB5,498.344 billion total loans and advances to customers (excluding accrued interest), up by 6.71% over the end of the previous year. Net loans and advances to customers accounted for 59.4% of total assets, up by 0.4 percentage points over the end of the previous year. The balance of loans and advances to customers measured at amortized cost took up 89.5% of total loans and advances to customers. The table below sets out the classification of the Group's loans and advances to customers by measurement attribute.

Unit: RMB million

Item	**31 December 2023** Balance	**31 December 2023** Proportion (%)	31 December 2022 Balance	31 December 2022 Proportion (%)
Loans and advances to customer measured at amortized cost	**4,918,959**	**89.5**	4,585,898	89.0
Loans and advances to customer measured at fair value through other comprehensive income	**573,827**	**10.4**	562,993	10.9
Loans and advances to customer measured at fair value through profit or loss	**5,558**	**0.1**	3,881	0.1
Total loans and advances to customer	**5,498,344**	**100.0**	5,152,772	100.0

Please refer to the section of "Loan Quality Analysis" in 2.5.4 of this chapter for analysis of the Group's loans and advances to customers.

Financial Investments

As at the end of the reporting period, the Group recorded RMB2,599.876 billion total financial investments (excluding accrued interest), up by RMB84.581 billion or 3.36% over the end of the previous year, mainly because of the increase in the Group's investments in debt securities.

Classification of the Group's financial investments by product is set out in the table:

Unit: RMB million

Item	**31 December 2023** Balance	**31 December 2023** Proportion (%)	31 December 2022 Balance	31 December 2022 Proportion (%)
Investments in debt securities	**1,854,012**	**71.3**	1,745,891	69.4
Investment funds	**421,154**	**16.2**	431,958	17.2
Trust management plans	**204,840**	**7.9**	222,819	8.8
Directional asset management plan	**22,908**	**0.9**	39,628	1.6
Investment in wealth management products and through structured entities	**4,045**	**0.2**	1,516	0.1
Certificates of deposit and interbank certificates of deposit	**81,776**	**3.1**	60,468	2.4
Investment in equity instruments	**11,141**	**0.4**	13,015	0.5
Total financial investments	**2,599,876**	**100.0**	2,515,295	100.0

Classification of the Group's financial investments by measurement attribute is set out in the table below:

Unit: RMB million

Item	**31 December 2023** Balance	Proportion (%)	31 December 2022 Balance	Proportion (%)
Financial investments measured at fair value through profit or loss	**613,824**	**23.6**	557,594	22.2
Financial investments measured at amortized cost	**1,098,899**	**42.3**	1,153,634	45.8
Financial investments measured at fair value through other comprehensive income	**882,346**	**33.9**	798,939	31.8
Financial investments designated to be measured at fair value through other comprehensive income	**4,807**	**0.2**	5,128	0.2
Total financial investments	**2,599,876**	**100.0**	2,515,295	100.0

Investment in Debt Securities

As at the end of the reporting period, the Group registered RMB1,854.012 billion investments in debt securities, an increase of RMB108.121 billion or 6.19% over the end of the previous year, primarily because the increased investments in central government bonds and local bonds.

Classification of Debt Securities Investment by Issuers

Unit: RMB million

Item	**31 December 2023** Balance	Proportion (%)	31 December 2022 Balance	Proportion (%)
Banks and non-bank financial institutions	**222,656**	**12.0**	387,299	22.2
Government	**1,459,897**	**78.8**	1,155,492	66.2
Policy banks	**52,520**	**2.8**	81,210	4.6
Business entities	**115,016**	**6.2**	120,582	6.9
Public entities	**3,923**	**0.2**	1,308	0.1
Total	**1,854,012**	**100.0**	1,745,891	100.0

Breakdown of Significant Investments in Financial Debt Securities

The table below sets out the breakdown of top ten investments in financial debt securities held by the Group as at 31 December 2023:

Unit: RMB million

Name of debt securities	**Book value**	**Maturity date (DD/MM/YY)**	**Coupon rate** *(%)*	**Accrued impairment allowance**
2023 Policy Bank Debt Securities	5,396	07/09/2024	1.89	–
2021 Policy Bank Debt Securities	4,084	21/07/2024	2.78	–
2019 Policy Bank Debt Securities	3,718	02/07/2024	3.42	–
2019 Policy Bank Debt Securities	3,520	14/08/2024	3.24	–
2023 Policy Bank Debt Securities	3,504	04/09/2024	1.93	–
2020 Policy Bank Debt Securities	2,531	22/04/2025	2.25	–
2021 Policy Bank Debt Securities	2,141	08/01/2024	2.98	–
2023 Policy Bank Debt Securities	1,840	22/05/2033	2.82	–
2023 Policy Bank Debt Securities	1,771	06/07/2026	2.25	–
2023 Policy Bank Debt Securities	1,392	11/01/2028	2.73	–
Total	**29,897**			–

Note: The first phase impairment allowance accrued according to the expected credit loss measurement model is not included.

Investments in Associates and Joint Ventures

As at the end of the reporting period, the Group recorded RMB6.945 billion investments in associates and joint ventures, an increase of 9.53% over the end of the previous year. As at the end of the reporting period, the Group's balance of allowance for impairment losses on investment in associates and joint ventures was zero. For relevant details, please refer to Note 23 "Investment in Associates and Joint Ventures" to the financial report.

Unit: RMB million

Item	**31 December 2023**	31 December 2022
Investments in joint ventures	**6,572**	5,811
Investments in associates	**373**	530
Allowance for impairment losses	**–**	–
Net investments in associates and joint ventures	**6,945**	6,341

Derivatives

The table below sets out major categories and amounts of financial derivatives held by the Group as at the end of the reporting period. For relevant details, please refer to Note 19 "Derivative Financial Assets/Liabilities" to the financial report.

Unit: RMB million

Item	31 December 2023			31 December 2022		
	Nominal principal	**Fair value Assets**	**Fair value Liabilities**	Nominal principal	Fair value Assets	Fair value Liabilities
Interest rate derivatives	**3,633,349**	**14,656**	**14,360**	3,083,802	14,959	14,887
Currency derivatives	**3,071,039**	**29,872**	**26,748**	2,506,299	29,173	28,780
Other derivatives	**34,448**	**147**	**742**	35,553	251	598
Total	**6,738,836**	**44,675**	**41,850**	5,625,654	44,383	44,265

Repossessed Assets

As at the end of the reporting period, the Group recorded repossessed assets of RMB2.369 billion, and charged RMB1.138 billion allowances for impairment losses on repossessed assets. The book value stood at RMB1.231 billion.

Unit: RMB million

Item	**31 December 2023**	31 December 2022
Original value of repossessed assets	**2,369**	2,728
– Land, premises and buildings	**2,367**	2,722
– Others	**2**	6
Allowances for impairment losses on repossessed assets	**(1,138)**	(1,250)
– Land, premises and buildings	**(1,138)**	(1,250)
– Others	**–**	–
Total book value of repossessed assets	**1,231**	1,478

Changes in Impairment Allowances

Unit: RMB million

Item	31 December 2022	Accruals/ reversals during the current period	Write-offs/ transfer out during the current period	Others (1)	**31 December 2023**
Loans and advances to customers(2)	131,202	49,840	(60,054)	13,529	**134,517**
Financial investments(3)	31,245	2,505	(5,629)	86	**28,207**
Interbank business(4)	238	57	–	3	**298**
Other financial assets and accrued interests	7,349	7,970	(5,076)	826	**11,069**
Off-balance-sheet items	8,957	1,554	–	9	**10,520**
Subtotal of allowances for credit impairment	**178,991**	**61,926**	**(70,759)**	**14,453**	**184,611**
Repossessed assets	1,250	278	(395)	5	**1,138**
Subtotal of allowances for other asset impairments	**1,250**	**278**	**(395)**	**5**	**1,138**
Total	**180,241**	**62,204**	**(71,154)**	**14,458**	**185,749**

Notes: (1) Including recovery of write-offs and impacts of exchange rate changes.

(2) Including allowances for impairment losses on loans and advances to customers measured at amortized cost, and allowances for impairment losses on loans and advances to customers measured at fair value through other comprehensive income.

(3) Including allowances for impairment losses on financial investments measured at amortized cost and impairment losses on financial investments measured at fair value through other comprehensive income.

(4) Including allowance for impairment losses of deposits and placements with, and loans to banks and non-bank financial institutions and financial assets held under resale agreements.

2.5.2.2 Liabilities

As at the end of the reporting period, the Group recorded total liabilities of RMB8,317.809 billion, up by 5.80% from the end of the previous year, primarily due to the increase in deposits from customers and financial assets sold under repurchase agreements.

Unit: RMB million

Item	31 December 2023 Balance	31 December 2023 Proportion (%)	31 December 2022 Balance	31 December 2022 Proportion (%)
Borrowings from central banks	**273,226**	**3.3**	119,422	1.5
Deposits from customers	**5,467,657**	**65.7**	5,157,864	65.6
Deposits and placements from banks and non-bank financial institutions	**1,014,214**	**12.2**	1,214,517	15.4
Financial assets sold under repurchase agreements	**463,018**	**5.6**	256,194	3.3
Debt certificates issued	**965,981**	**11.6**	975,206	12.4
Others *(Note)*	**133,713**	**1.6**	138,510	1.8
Total	**8,317,809**	**100.0**	7,861,713	100.0

Note: Including financial liabilities measured at fair value through profit and loss, derivative financial liabilities, staff remunerations payable, tax and fee payables, estimated liabilities, lease liabilities, deferred income tax liabilities and other liabilities.

Deposits from Customers

As at the end of the reporting period, the Group's total deposits from customers (excluding accrued interest) were RMB5,398.183 billion, representing an increase of RMB298.835 billion or 5.86% over the end of the previous year; and deposits from customers accounted for 65.7% of total liabilities, an increase of 0.1 percentage points from the end of the previous year. The Group's balance of corporate deposits was RMB3,932.367 billion, representing an increase of RMB124.835 billion or 3.28% over the end of the previous year; and balance of personal deposits stood at RMB1,465.816 billion, representing an increase of RMB174.000 billion or 13.47% over the end of the previous year.

Unit: RMB million

Item	31 December 2023 Balance	31 December 2023 Proportion (%)	31 December 2022 Balance	31 December 2022 Proportion (%)
Corporate deposits				
Demand deposits	**2,187,273**	**40.0**	1,951,555	37.8
Time and call deposits	**1,745,094**	**31.9**	1,855,977	36.0
Subtotal	**3,932,367**	**71.9**	3,807,532	73.8
Personal deposits				
Demand deposits	**340,432**	**6.2**	349,013	6.8
Time and call deposits	**1,125,384**	**20.6**	942,803	18.3
Subtotal	**1,465,816**	**26.8**	1,291,816	25.1
Total deposits from customers	**5,398,183**	**98.7**	5,099,348	98.9
Accrued interest	**69,474**	**1.3**	58,516	1.1
Total	**5,467,657**	**100.0**	5,157,864	100.0

Breakdown of Deposits from Customers by Currency

Unit: RMB million

Item	**31 December 2023** Balance	**31 December 2023** Proportion (%)	31 December 2022 Balance	31 December 2022 Proportion (%)
Renminbi	**5,050,568**	**92.4**	4,721,203	91.5
Foreign currencies	**417,089**	**7.6**	436,661	8.5
Total	**5,467,657**	**100.0**	5,157,864	100.0

Breakdown of Deposits by Geographical Region

Unit: RMB million

Item	**31 December 2023** Balance	**31 December 2023** Proportion (%)	31 December 2022 Balance	31 December 2022 Proportion (%)
Head Office	**2,669**	**0.1**	2,857	0.1
Bohai Rim	**1,439,550**	**26.3**	1,320,402	25.6
Yangtze River Delta	**1,472,237**	**27.0**	1,393,987	27.0
Pearl River Delta and West Strait	**859,897**	**15.7**	828,772	16.1
Central China	**729,490**	**13.3**	689,136	13.4
Western China	**548,939**	**10.0**	515,272	10.0
Northeastern China	**115,673**	**2.1**	105,107	2.0
Overseas	**299,202**	**5.5**	302,331	5.8
Total	**5,467,657**	**100.0**	5,157,864	100.0

2.5.3 Shareholders' Equity

As at the end of the reporting period, the Group's shareholders' equity was RMB734.675 billion, an increase of 7.12% over the end of the previous year. The table below sets out the changes in shareholders' equity in the Group during the reporting period.

Unit: RMB million

	2023							
Item	**Share capital**	**Other equity instrument**	**Capital reserve**	**Other comprehensive income**	**Surplus reserve and general reserve**	**Retained earnings**	**Non-controlling interest**	**Total**
31 December 2022	48,935	118,076	59,216	(1,621)	155,307	285,505	20,412	685,830
i. Profit for the period	–	–	–	–	–	67,016	1,046	68,062
ii. Other comprehensive income	–	–	–	5,492	–	–	83	5,575
iii. Capital contributed or reduced by shareholders	32	(16)	188	–	–	–	(3,504)	(3,300)
iv. Profit allocation	–	–	–	–	10,812	(31,710)	(594)	(21,492)
v. Internal transfer of owner's equity	–	–	(4)	186	–	(192)	10	–
31 December 2023	**48,967**	**118,060**	**59,400**	**4,057**	**166,119**	**320,619**	**17,453**	**734,675**

2.5.4 Loan Quality Analysis

During the reporting period, both the NPL balance and NPL ratio of the Group declined, and the overall loan quality and allowance coverage ratio stayed sound. As at the end of the reporting period, the Group registered RMB5,498.344 billion total loans, up by RMB345.572 billion over the end of the previous year; an NPL balance of RMB64.800 billion, down by RMB413 million over the end of the previous year; and an NPL ratio of 1.18%, down by 0.09 percentage points over the end of the previous year.

Concentration of Loans by Product

As at the end of the reporting period, the Group's balance of corporate loans (excluding discounted bills) recorded RMB2,697.150 billion, an increase of RMB173.134 billion or 6.86% over the end of the previous year; and its balance of personal loans reached RMB2,283.846 billion, an increase of RMB166.936 billion or 7.89% over the end of the previous year. The balance of discounted bills increased by RMB5.502 billion or 1.07% over the end of last year to RMB517.348 billion. The Group's balance of corporate non-performing loans (excluding discounted bills) decreased by RMB6.450 billion over the end of the previous year, corresponding to a 0.35 percentage points decline in the NPL ratio over the end of the previous year. The Group's balance of personal non-performing loans increased by RMB5.934 billion over the end of the previous year, corresponding to a 0.18 percentage points increase in the NPL ratio over the end of the previous year. The NPL balance and NPL ratio of discounted bills increased by RMB103 million and 0.02 percentage points over the end of the previous year, respectively.

Unit: RMB million

Item	31 December 2023 Balance	Proportion (%)	NPL balance	NPL ratio (%)	31 December 2022 Balance	Proportion (%)	NPL balance	NPL ratio (%)
Corporate loans	**2,697,150**	**49.05**	**37,029**	**1.37**	2,524,016	48.99	43,479	1.72
Personal loans	**2,283,846**	**41.54**	**27,668**	**1.21**	2,116,910	41.08	21,734	1.03
Discounted bills	**517,348**	**9.41**	**103**	**0.02**	511,846	9.93	–	0.00
Total loans	**5,498,344**	**100.00**	**64,800**	**1.18**	5,152,772	100.00	65,213	1.27

Breakdown of Loans by Type of Guarantee

During the reporting period, the Group's loan guarantee structure remained stable. As at the end of the reporting period, the balance of the Group's unsecured and guaranteed loans was RMB2,509.828 billion, an increase of RMB406.365 billion over the end of the previous year, accounting for 45.64% of the Group's total loans, up by 4.82 percentage points from the end of the previous year; the balance of loans secured by collateral and pledge was RMB2,471.168 billion, a decrease of RMB66.295 billion over the end of the previous year, accounting for 44.95% of the Group's total loans, down by 4.3 percentage points from the end of the previous year.

Unit: RMB million

Type of Guarantee	31 December 2023 Balance	Proportion (%)	31 December 2022 Balance	Proportion (%)
Unsecured loans	**1,546,536**	**28.12**	1,384,754	26.87
Guaranteed loans	**963,292**	**17.52**	718,709	13.95
Loans secured by collateral	**2,057,869**	**37.43**	2,018,796	39.18
Pledge loans	**413,299**	**7.52**	518,667	10.07
Subtotal	**4,980,996**	**90.59**	4,640,926	90.07
Discounted bills	**517,348**	**9.41**	511,846	9.93
Total loans	**5,498,344**	**100.00**	5,152,772	100.00

Concentration of Loans by Geographic Region

As at the end of the reporting period, the Group's total loans stood at RMB5,498.344 billion, an increase of RMB345.572 billion or 6.71% over the prior year-end. Specifically, the balances of loans to the Yangtze River Delta, the Bohai Rim and Central China ranked the top three, recording RMB1,538.269 billion, RMB1,423.026 billion and RMB790.477 billion, and accounting for 27.97%, 25.88% and 14.38% of the Group's total, respectively. In terms of growth rate, Western China, Yangtze River Delta and Central China recorded the highest growth, reaching 11.84%, 11.33% and 8.25%, respectively. As for the distribution of NPLs, the Group's NPLs were mainly concentrated in the Bohai Rim, Western China and the Pearl River Delta and West Strait, with the combined NPL balance reaching RMB44.715 billion, accounting for 69.00% of the total. In terms of incremental NPLs, Western China registered the largest amount of RMB5.740 billion and its NPL ratio rose by 0.75 percentage points; Central China registered the second largest amount of incremental NPLs recording RMB1.079 billion incremental NPLs and a 0.07 percentage points rise in its NPL ratio.

Main reasons for the change in the regional distribution of NPLs are as follows: Firstly, there was still pressure in overcapacity industries in western areas and NPLs increased more in there regions due to relatively more risk exposures. Secondly, efforts on NPL disposal were intensified in the Bohai Rim, contributing to a remarkably decreased NPL balance.

Unit: RMB million

	31 December 2023				31 December 2022			
Item	**Balance**	**Proportion (%)**	**NPL balance**	**NPL ratio (%)**	Balance	Proportion (%)	NPL balance	NPL ratio (%)
Yangtze River Delta	**1,538,269**	**27.97**	**6,670**	**0.43**	1,381,673	26.81	8,692	0.63
Bohai Rim	**1,423,026**	**25.88**	**23,456**	**1.65**	1,400,562	27.19	27,541	1.97
Central China	**790,477**	**14.38**	**7,503**	**0.95**	730,240	14.17	6,424	0.88
Pearl River Delta and West Strait	**782,231**	**14.23**	**9,220**	**1.18**	731,224	14.19	11,333	1.55
Western China	**669,589**	**12.18**	**12,039**	**1.80**	598,729	11.62	6,299	1.05
Northeastern China	**85,037**	**1.55**	**1,436**	**1.69**	87,630	1.70	1,359	1.55
Overseas	**209,715**	**3.81**	**4,476**	**2.13**	222,714	4.32	3,565	1.60
Total loans	**5,498,344**	**100.00**	**64,800**	**1.18**	5,152,772	100.00	65,213	1.27

Note: Bohai Rim includes the Head Office.

Concentration of Corporate Loans by Sector

As at the end of the reporting period, rental and business services, and manufacturing were the top two sector borrowers of the Group's outstanding corporate loans, recording loan balances of RMB531.424 billion and RMB500.002 billion, respectively. The balance of loans granted to the manufacturing industry accounted for 18.54% of the total corporate loans, an increase of 1.92 percentage points comparing with the end of last year. The balance of loans granted to the real estate industry stood at RMB259.363 billion, accounting for 9.62% of the total, down by 1.36 percentage points from the end of previous year. In term of the increments, manufacturing, rental and business service, wholesale and retail, water, environment and public utilities management all recorded an increase of more than RMB20.0 billion (with increments of RMB80.495 billion, RMB40.123 billion, RMB36.020 billion and RMB21.171 billion respectively).

As at the end of the reporting period, the Group's NPLs were mainly concentrated in three sectors, i.e., manufacturing, real estate, and wholesale and retail, with their NPL balances collectively taking up 58.07% of the total corporate NPLs.

As at the end of the reporting period, the Group's balances of NPLs in the manufacturing sector increased by RMB6.052 billion over the end of previous year, and the NPL ratio went up by 1.02 percentage points, mainly because of multiple factors such as increased industrial competition, declined profitability, and increased risk exposure resulted from factors such as weak market demand in manufacturing. The balance of NPLs in the sectors of rental and business service, construction, and real estate dropped by RMB7.244 billion, RMB2.288 billion and RMB1.813 billion respectively over the end of the previous year, and the corresponding NPL ratio declined by 1.53 percentage points, 2.56 percentage points and 0.49 percentage points respectively.

Unit: RMB million

	31 December 2023				31 December 2022			
Item	**Balance**	**Proportion (%)**	**NPL balance**	**NPL ratio (%)**	Balance	Proportion (%)	NPL balance	NPL ratio (%)
Rental and business service	**531,424**	**19.70**	**3,345**	**0.63**	491,301	19.47	10,589	2.16
Manufacturing	**500,002**	**18.54**	**11,189**	**2.24**	419,507	16.62	5,137	1.22
Water, environment and public utilities management	**434,570**	**16.11**	**410**	**0.09**	413,399	16.38	122	0.03
Real estate	**259,363**	**9.62**	**6,729**	**2.59**	277,173	10.98	8,542	3.08
Wholesale and retail	**213,632**	**7.92**	**3,585**	**1.68**	177,612	7.04	4,769	2.69
Transportation, storage and postal service	**139,201**	**5.16**	**264**	**0.19**	149,891	5.94	852	0.57
Construction	**116,099**	**4.30**	**3,317**	**2.86**	103,335	4.09	5,605	5.42
Production and supply of electric power, gas and water	**96,190**	**3.57**	**701**	**0.73**	89,609	3.55	680	0.76
Financial industry	**78,756**	**2.92**	**51**	**0.06**	73,619	2.92	–	0.00
Information transmission, software and information technology services	**54,705**	**2.03**	**2,134**	**3.90**	46,343	1.84	1,913	4.13
Others	**273,208**	**10.13**	**5,304**	**1.94**	282,227	11.17	5,270	1.87
Total corporate loans	**2,697,150**	**100.00**	**37,029**	**1.37**	2,524,016	100.00	43,479	1.72

Concentration of Borrowers of Corporate Loans

The Group focused on concentration risk control over its corporate loan borrowers. During the reporting period, the Group complied with the applicable regulatory requirements on concentration of borrowers. Since a single borrower was defined by the Group as a specific legal entity, one borrower could be the related party of another borrower.

Major regulatory indicator	**Regulatory Standard**	**31 December 2023**	31 December 2022	31 December 2021
Percentage of loans to the largest single customer (%)(1)	**≤10**	**1.20**	1.19	1.23
Percentage of loans to the top 10 customers (%)(2)	**≤50**	**9.50**	9.84	10.15

Notes: (1) Percentage of loans to the largest single customer = balance of loans to the largest single customer/net capital.

(2) Percentage of loans to the top 10 customers = balance of loans to the top 10 customers/net capital.

Unit: RMB million

		31 December 2023		
	Industry	**Balance**	**Percentage in total loans** *(%)*	**Percentage in regulatory capital** *(%)*
Borrower A	Real estate	**10,400**	**0.19**	**1.20**
Borrower B	Transportation, storage and postal services	**9,668**	**0.18**	**1.11**
Borrower C	Real estate	**9,667**	**0.18**	**1.11**
Borrower D	Rental and business services	**9,574**	**0.17**	**1.10**
Borrower E	Real estate	**8,119**	**0.15**	**0.93**
Borrower F	Rental and business services	**7,977**	**0.15**	**0.92**
Borrower G	Transportation, storage and postal services	**7,784**	**0.14**	**0.89**
Borrower H	Water, environment and public utilities management	**6,570**	**0.12**	**0.76**
Borrower I	Rental and business services	**6,501**	**0.12**	**0.75**
Borrower J	Rental and business services	**6,365**	**0.12**	**0.73**
Total loans		**82,625**	**1.52**	**9.50**

As at the end of the reporting period, the total balance of corporate loans from the Group to the top 10 customers amounted to RMB82.625 billion, taking up 1.52% of its total loans and 9.50% of its net capital.

Loan Risk Classification

The Group measures and manages the quality of its credit assets pursuant to the *Measures on Financial Asset Risks of Commercial Banks* formulated by the former CBIRC and the PBOC.

During the reporting period, the Group established a complete risk classification management system and clarified the responsibilities of risk classification management in accordance with regulatory requirements. It formulated the *Management Measures for Risk Classification of Financial Assets of China CITIC Bank*, which clarifies the risk classification methods for various financial assets and the three-level procedures of "preliminary classification, identification and approval" according to financial assets category, counterparty type, product structure characteristics, historical defaults, etc. and taking into account the characteristics of the Bank's asset portfolios. It also adhered to the value concept of technology empowerment, continuously increased IT investment, and kept improving functions of the risk classification system. The Bank classifies loans into pass, special mention, substandard, doubtful and loss, with the latter three collectively referred to as non-performing loans.

Unit: RMB million

	31 December 2023		31 December 2022	
Item	**Balance**	**Proportion** *(%)*	Balance	Proportion *(%)*
Performing loans	**5,433,544**	**98.82**	5,087,559	98.73
Pass	**5,346,875**	**97.25**	5,003,190	97.10
Special mention	**86,669**	**1.57**	84,369	1.63
Non-performing loans	**64,800**	**1.18**	65,213	1.27
Substandard	**17,346**	**0.32**	36,540	0.71
Doubtful	**26,107**	**0.47**	21,469	0.42
Loss	**21,347**	**0.39**	7,204	0.14
Total loans	**5,498,344**	**100.00**	5,152,772	100.00

As at the end of the reporting period, the Group's balance of pass loans increased by RMB343.685 billion over the end of the previous year, and accounted for 97.25% of the total loans, representing an increase of 0.15 percentage points over the end of the previous year; and the balance of special mention loans increased by RMB2.300 billion, accounting for 1.57% of the total loans, down by 0.06 percentage points over the end of the previous year. The balance of the Group's NPLs recognized in accordance with the regulatory risk classification criteria stood at RMB64.800 billion, representing a drop of RMB413 million over the end of the previous year; and the NPL ratio stood at 1.18%, down by 0.09 percentage points over the end of the previous year.

During the reporting period, the economic situation at home and abroad was still severe. However, at the beginning of 2023, the Group had already made sufficient anticipation and preparation in response to the changing trends of loan quality. Through methods such as collection, transfer, restructuring, write-off and foreclosure as well as pertinent measures for risk prevention and resolution and intensified efforts in NPL disposal, the changes in NPLs were within the Group's expectation and under its control. As at the end of the reporting period, both of the NPL ratio and the ratio of problematic loans declined over the beginning of the year.

Migration of Loans

The table below sets out the migration of the Bank's loans across the five tiers during the reporting period.

Item	**31 December 2023**	31 December 2022	31 December 2021
Migration ratio of pass loans *(%)*	**2.18**	2.26	2.98
Migration ratio of special mention loans *(%)*	**36.70**	29.38	32.87
Migration ratio of substandard loans *(%)*	**83.18**	73.43	77.19
Migration ratio of doubtful loans *(%)*	**88.83**	78.75	58.93
Ratio of migration from performing loans to NPLs *(%)*	**1.63**	1.60	1.93

As at the end of the reporting period, the Bank's ratio of loan migration from performing loans to NPLs was 1.63%, an increase of 0.03 percentage points over the end of the previous year.

Loans Overdue

Unit: RMB million

Item	**31 December 2023**		31 December 2022	
	Balance	**Proportion *(%)***	Balance	Proportion *(%)*
Loans repayable on demand	**5,408,918**	**98.38**	5,070,583	98.40
Loans overdue [(1)]				
1-90 days	**40,756**	**0.74**	33,936	0.66
91-180 days	**15,109**	**0.27**	11,840	0.23
181 days or more	**33,561**	**0.61**	36,413	0.71
Subtotal	**89,426**	**1.62**	82,189	1.60
Total loans	**5,498,344**	**100.00**	5,152,772	100.00
Loans overdue for 91 days or more	**48,670**	**0.88**	48,253	0.94
Restructured loans [(2)]	**17,477**	**0.32**	12,511	0.24

Notes: (1) Loans overdue refer to loans with principal or interest overdue for one day or more.

(2) Restructured loans refer to loans the debtors of which were in financial difficulties and the contracts of which have been adjusted in the favor of the debtor so as to facilitate the loan repayment.

As at the end of the reporting period, the Group's balance of overdue loans recorded RMB89.426 billion, a rise of RMB7.237 billion over the end of the previous year, and the proportion of overdue loans in total loans went up by 0.02 percentage points over the end of the previous year. Of these overdue loans, 0.74% were short-term and/or temporary loans with a maturity of less than 90 days, an increase of 0.08 percentage points from the end of last year. The proportion of loans overdue for 91 days and more was 0.88%, a decrease of 0.06 percentage points from the end of last year.

The Group managed and controlled loan restructuring in a stringent and prudent manner. As at the end of the reporting period, the Group's restructured loans[9] stood at RMB17.477 billion.

Analysis of Allowance for Loan Impairment

The Group set aside adequate allowance for loan impairment losses based on expected credit loss as required by the PRC Accounting Standards and International Financial Reporting Standards (IFRS) in light of customer default rate, default loss rate and many other quantitative risk parameters as well as macro perspective adjustments.

Unit: RMB million

Item	**As at 31 December 2023**	As at 31 December 2022	As at 31 December 2021
Beginning balance	**131,202**	121,471	126,100
Accruals during the period [(1)]	**49,840**	55,786	50,228
Write-offs and transfer-out	**(60,054)**	(57,791)	(64,161)
Recovery of loans and advances written off in previous years	**13,670**	10,520	9,627
Others [(2)]	**(141)**	1,216	(323)
Ending balance	**134,517**	131,202	121,471

Notes: (1) Equal to the net loan impairment losses recognized as accruals for the Group in the consolidated income statement of the Group.

(2) Including foreign exchange rate changes and others.

As at the end of the reporting period, the Group's balance of allowance for loan impairment losses registered RMB134.517 billion, up by RMB3.315 billion over the end of the previous year. The Group's ratio of balance of allowance for loan impairment losses to NPL balance (i.e., allowance coverage ratio) and ratio of balance of allowance for loan impairment losses to total loans (i.e., allowance for loan impairment losses to total loans) stood at 207.59% and 2.45%, up by 6.40 percentage points and down by 0.10 percentage points over the end of the previous year, respectively.

9 During the reporting period, the Group calculated its restructured loans according to the *Measures on Asset Risk Classification of Commercial Banks*.

The reasons behind the changes of the Group's allowance is that the asset quality of the Group in 2023 improved steadily resulting in the drop of accrued allowance. At the same time, the Group's risk resilience further enhanced and its allowance coverage ratio increased year on year.

2.5.5 Major Off-Balance Sheet Items

As at the end of the reporting period, the Group's major off-balance sheet items included credit commitments, capital commitments and pledged assets. The detailed items and balances are set out in the table below.

Unit: RMB million

Item	**31 December 2023**	31 December 2022
Credit commitments		
– Bank acceptance bills	**867,523**	795,833
– Letters of guarantee	**237,359**	186,617
– Letters of credit	**256,351**	270,837
– Irrevocable loan commitments	**46,768**	57,961
– Credit card commitments	**779,947**	704,268
Subtotal	**2,187,948**	2,015,516
Capital commitments	**1,521**	2,011
Pledged assets	**838,102**	438,515
Total	**3,027,571**	2,456,042

2.5.6 Cash Flow Statement Analysis

Net Cash Outflows Generated from Operating Activities

The Group's net cash outflows used in operating activities registered RMB918 million, and the figure in the same period of last year was net cash inflows of RMB195.066 billion, primarily due to the increase in interbank outflows and increase in trading investments, deposits from customers, loans, and borrowings from central banks, and the overall cash flow was net outflows.

Net Cash Inflows Used in Investing Activities

The Group's net cash inflows generated from investing activities recorded RMB1.887 billion, and the figure in the same period of last year was net cash outflows of RMB115.873 billion, mainly due to the increase in the scale of investment and sale of redeemables, which was reflected overall as net cash inflows.

Net Cash Outflows Generated from Financing Activities

The Group's net cash outflows used in financing activities registered RMB63.102 billion, and the figure in the same period of last year was net cash outflows of RMB32.539 billion, primarily due to the increase in the issued and redeemed interbank certificates of deposit and debt securities, which was reflected overall as net cash outflows.

Unit: RMB million

Item	2023	Year-on-year increase *(%)*	Main reason
Net Cash Outflows Used in Operating Activities	**(918)**	(100.5)	
Including: Net cash outflows due to increase in interbank business *(Note)*	**(75,218)**	(162.7)	Increase in interbank outflows
Cash outflows due to increase in financial assets held for trading	**(79,755)**	(3,227.7)	Increase in the scale of investments held for trading
Cash inflows due to increase in deposits from customers	**286,207**	(15.8)	Less increment of deposits from customers
Cash outflows due to increase in loans and advances to customers	**(380,326)**	9.3	Increase in loans to customers
Cash inflows due to increase in borrowings from central banks	**152,670**	Negative in previous year	Increase in borrowings from central banks
Net Cash Inflows Generated from Investing Activities	**1,887**	Negative in previous year	
Including: Proceeds from redemption of investments	**2,768,331**	7.3	Increase in sale and redemption of financial investments
Payments on acquisition of investments	**(2,753,726)**	2.4	Increase in financial investments
Net Cash Outflows Used in Financing Activities	**(63,102)**	93.9	
Including: Proceeds from issuance of debt certificates	**1,096,139**	28.9	Increase in issuance of interbank deposit certificates and debt securities
Repayment for debt certificates	**(1,106,000)**	32.2	Increase in repayment of matured interbank deposit certificates and debt securities

Note: Including deposits and placements with, and loans to banks and non-bank financial institutions, financial assets held under resale agreements, deposits and placements from banks and non-bank financial institutions, and financial assets sold under repurchase agreements.

2.5.7 Capital Adequacy Ratio Analysis

The Group has established a comprehensive capital management system covering capital planning, capital allocation, capital evaluation, capital monitoring and capital analysis and management. During the reporting period, in light of changes in both internal and external situations, the Group continued to uphold the "capital light, asset light and cost light" development strategy. Following the concept of "capital constrains assets", the Bank established a linkage mechanism between capital planning and business arrangements, made reasonable plans for asset growth, actively promoted asset turnover and thus continuously optimized its asset structure. At the same time, guided by the concepts of "light development" and "value creation", and adhering to the framework of "limit management of regulatory capital" and "evaluation of economic capital", the Bank optimized the capital allocation model on all fronts, guided operating institutions to reasonably arrange asset structure under capital constraints, and thus improved the Group's capital adequacy ratio.

As at the end of the reporting period, as required by the *Provisional Measures for Capital Management of Commercial Banks* promulgated by the former CBRC in June 2012, the Group recorded the following capital adequacy profile: a capital adequacy ratio of 12.93%, a decrease of 0.25 percentage points from the end of the previous year; a 10.75% tier-one capital adequacy ratio, 0.12 percentage points higher than the end of the previous year; and a 8.99% core tier-one capital adequacy ratio, up by 0.25 percentage points from the end of the previous year, all meeting regulatory requirements.

In 2024, the Group will continue to carry out comprehensive capital management with the focus on capital under the guidance of "light development" and "value creation", and realize the balanced development of business growth, value return and capital consumption by strengthening capital management measures, so as to improve capital efficiency at all fronts.

Capital adequacy ratios

Unit: RMB million

Item	**31 December 2023**	31 December 2022	Increase (%)/ Change	31 December 2021
Net core tier-one capital	**605,156**	551,863	9.66	514,078
Net additional tier-one capital	**118,313**	119,614	(1.09)	117,961
Net tier-one capital	**723,469**	671,477	7.74	632,039
Net tier-two capital	**146,384**	160,610	(8.86)	153,772
Net capital	**869,853**	832,087	4.54	785,811
Of which:				
Minimum requirement on core tier-one capital	**336,386**	315,775	6.53	290,476
Minimum requirement on tier-one capital	**403,663**	378,930	6.53	348,572
Minimum requirement on capital	**538,217**	505,240	6.53	464,762
Requirement on reserve capital	**168,193**	157,888	6.53	145,238
Requirement on countercyclical capital	**–**	–	–	–
Requirement on additional capital	**33,639**	–	–	–
Risk-weighted assets	**6,727,713**	6,315,506	6.53	5,809,523
Core tier-one capital adequacy ratio	**8.99%**	8.74%	Up 0.25 percentage points	8.85%
Tier-one capital adequacy ratio	**10.75%**	10.63%	Up 0.12 percentage points	10.88%
Capital adequacy ratio	**12.93%**	13.18%	Down 0.25 percentage points	13.53%

Note: During the reporting period, the Group calculated and disclosed its capital adequacy ratios according to the *Provisional Measures for Capital Management of Commercial Banks.*

Leverage ratio

Unit: RMB million

Items	**31 December 2023**	31 December 2022	Increase (%)/ Change	31 December 2021
Leverage ratio	**6.66%**	6.59%	Up 0.07 percentage points	6.78%
Net tier-one capital	**723,469**	671,477	7.74	632,039
Adjusted balance of on-and off-balance sheet assets	**10,859,498**	10,193,191	6.54	9,322,716

Note: During the reporting period, the Group calculated and disclosed its leverage ratio in accordance with the provisions of the *Rules on Leverage Ratio of Commercial Banks (Revision)* (CBRC Decree [2015] No.1). For detailed information about leverage ratios, please refer to the column on investor relations at http://www.citicbank.com/about/investor/financialaffairs/gglzb/2023/.

2.5.8 Major Accounting Estimates and Assumptions

The preparation of the financial statements in conformity with the *International Financial Reporting Standards* (IFRS) required the Group to make certain accounting estimates and assumptions when applying its accounting policies to determine the amounts of assets, liabilities as well as profits and losses for the reporting period. The accounting estimates and assumptions made by the Group were based on its historical experience and other factors such as reasonable expectations of future events. The key assumptions involved in such estimates and the judgment on uncertainties were reviewed on an on-going basis. Such accounting estimates and assumptions made by the Group were all appropriately recognized during the current period of the concerned changes and will be recognized as such during the subsequent periods of any impacts resulting from such changes.

The basis for preparing the Group's financial statements was influenced by estimates and judgments in the following main aspects: expected credit loss measurement model, classification of financial assets, fair value measurement of financial instruments, the derecognition of financial assets, the control of structured entities, income tax and deferred income tax.

2.5.9 Major Financial Statements Items with More than 30% Changes

Unit: RMB million

Item	End of 2023/2023	Increase/ Decrease over previous year-end/year-on-year *(%)*	Main reason
Precious metals	**11,674**	95.1	Increase in physical precious metals held
Financial assets held under resale agreements	**104,773**	663.1	Increase in securities purchased under resale agreements
Borrowings from central banks	**273,226**	128.8	Increase in borrowings from central banks
Financial assets sold under repurchase agreements	**463,018**	80.7	Increase in securities sold under repurchase agreements
Tax and fee payables	**3,843**	(54.7)	Decrease in income tax payables
Other comprehensive income	**4,057**	Negative in previous year	Increase in the translation difference between the fair value of financial investment measured at fair value through other comprehensive income and foreign currency statements
Net trading gains	**7,138**	46.2	Increase in income from financial assets measured at fair value through profit or loss
Other asset impairment losses	**278**	517.8	Increase in charged impairment losses on repossessed assets
Income tax expense	**6,825**	(34.8)	Increase in income from non-taxable items and decrease in non-tax-deductible expenses

2.5.10 Segment Report

2.5.10.1 Segment Report

Major business segments of the Group include corporate banking, retail banking and financial markets business. The table below lists the operating results of the Group by business segment.

Unit: RMB million

Business Segment	2023 Segment operating income	2023 Proportion (%)	2023 Segment profit before tax	2023 Proportion (%)	2022 Segment operating income	2022 Proportion (%)	2022 Segment profit before tax	2022 Proportion (%)
Corporate banking	**91,557**	**44.5**	**41,902**	**55.9**	94,436	44.7	33,028	45.0
Retail banking	**86,425**	**42.1**	**15,935**	**21.3**	84,677	40.1	17,380	23.7
Financial markets business	**25,988**	**12.6**	**17,281**	**23.1**	30,312	14.4	23,336	31.8
Others and unallocated	**1,600**	**0.8**	**(231)**	**(0.3)**	1,684	0.8	(328)	(0.5)
Total	**205,570**	**100.0**	**74,887**	**100.0**	211,109	100.0	73,416	100.0

Unit: RMB million

Business Segment	End of 2023 Segment assets	End of 2023 Proportion (%)	End of 2022 Segment assets	End of 2022 Proportion (%)
Corporate banking	**2,822,064**	**31.3**	2,933,628	34.5
Retail banking	**2,249,644**	**25.0**	2,207,675	26.0
Financial markets business	**3,336,485**	**37.1**	2,713,155	32.0
Others and unallocated	**591,811**	**6.6**	638,074	7.5
Total	**9,000,004**	**100.0**	8,492,532	100.0

Note: Segment assets do not include deferred income tax assets.

2.5.10.2 Geographical Segments

The Group operates mainly in the Chinese mainland, with branches and sub-branches covering 31 provinces, autonomous regions and municipalities. London Branch officially commenced operation in 2019. The Hong Kong Branch was established during the reporting period. As for subsidiaries, CIFH and CNCB Investment were registered in Hong Kong, while Lin'an CITIC Rural Bank, CITIC Financial Leasing and CITIC Wealth Management were registered in the Chinese mainland. The table below lists the operating results of the Group by geographical segment.

Unit: RMB million

	End of 2023/2023				End of 2022/2022			
	Segment total assets		**Segment profit before tax**		Segment total assets		Segment profit before tax	
Geographical Segment	**Balance**	**Proportion (%)**	**Balance**	**Proportion (%)**	Balance	Proportion (%)	Balance	Proportion (%)
Head Office	**3,442,730**	**38.3**	**25,709**	**34.3**	3,391,987	39.9	28,065	38.2
Yangtze River Delta	**2,009,211**	**22.3**	**20,792**	**27.8**	1,883,859	22.2	15,433	21.0
Pearl River Delta and West Strait	**994,510**	**11.1**	**1,397**	**1.9**	989,734	11.7	5,059	6.9
Bohai Rim	**1,889,859**	**21.0**	**12,005**	**16.0**	1,853,384	21.8	9,953	13.6
Central China	**879,067**	**9.8**	**8,152**	**10.9**	830,699	9.8	8,947	12.2
Western China	**732,239**	**8.1**	**4,088**	**5.4**	671,733	7.9	3,026	4.1
Northeastern China	**126,449**	**1.4**	**226**	**0.3**	120,001	1.4	326	0.4
Overseas	**480,467**	**5.3**	**2,518**	**3.4**	452,843	5.3	2,607	3.6
Offset	**(1,554,528)**	**(17.3)**	**–**	**–**	(1,701,708)	(20.0)	–	–
Total	**9,000,004**	**100.0**	**74,887**	**100.0**	8,492,532	100.0	73,416	100.0

Note: Segment assets do not include deferred income tax assets.

2.6 Key Issues in Operations

2.6.1 Loan Extension

As at the end of the reporting period, the Bank's balance of general corporate loans was RMB2,479.642 billion, representing an increase of RMB180.246 billion or 7.84% from the end of the previous year. During the reporting period, following the guidance of national macro policy and aiming at serving the real economy, the Bank strengthened the organisation and investment of quality credit assets, scaled up supports in key fields and weak areas, and continued to improve structure in terms of region, industry and customer. The Bank persisted with balanced development of quantity and pricing. During the reporting period, it advanced collaborated development of quantity, pricing, quality, customer and efficiency, thus further enhancing its overall competitiveness. As at the end of the reporting period, the balance of inclusive loans reached RMB545.076 billion, an increase of 22.22% from the end of the previous year. The balance of loans for strategic emerging industries was RMB531.869 billion, an increase of 25.38% from the end of the previous year. The balance of medium and long-term loans for the manufacturing industry was RMB258.580 billion, an increase of 27.8% from the end of the previous year. The growth rates of these loans were all higher than the overall loan growth rate. During the reporting period, the interest rates of newly granted corporate loans decreased slightly.

As at the end of the reporting period, the balance of the Bank's personal loans (excluding credit cards) amounted to RMB1,710.901 billion, an increase of RMB157.358 billion or 10.13% over the end of the previous year. During the reporting period, the Bank strengthened the innovation of retail banking products and models, and continuously improved the financial service level for new citizens. It implemented China's real estate finance policies and facilitated the steady and healthy development of the real estate market. During the reporting period, the Bank granted new personal loans (excluding credit cards) totaling RMB855.302 billion, representing an increase of RMB146.483 billion from the same period of last year. Among them, personal housing mortgage loans, personal business loans and online credit loans all witnessed significant growth. In terms of pricing, affected by factors such as the downward adjustment of the Loan Prime Rate (LPR), interest rate adjustment in the housing mortgage market and intensified market competition for quality customers, the price of the Bank's newly granted personal loans further declined.

Looking forward to the future, centering on the guiding principle of Central Financial Work Conference and Central Economic Work Conference, the Bank will continue to implement a package of policies and continued policies, maintain reasonable, stable and more efficient credit supply, increasing the stability and sustainability of credit growth, and enhancing the quality and efficiency of serving the real economy.

2.6.2 Customer Deposits

As at the end of the reporting period, the Bank's balance of corporate deposits was RMB3,783.032 billion, representing an increase of RMB145.037 billion from the end of the previous year. During the reporting period, the average daily balance of corporate deposits was RMB3,895.113 billion, marking a year-on-year growth of RMB138.848 billion. The steady growth of the Bank's corporate deposits was mainly attributable to two reasons. The first was the relatively ample national liquidity and the increase in M2 growth rate this year, which provided a favorable external environment for deposit growth. Second, the Bank adjusted its organizational structure of its corporate finance sector at the beginning of the year, enhanced synergy between customer departments and product departments, and kept optimizing products and services, hence driving the rapid growth of corporate deposits. In terms of the deposit costs, during the reporting period, the cost rate of corporate deposits of the Bank was 1.98%, a decrease of 8 basis points from the previous year.

As at the end of the reporting period, the balance of the Bank's personal deposits amounted to RMB1,304.955 billion, an increase of RMB145.679 billion or 12.57% from the end of the previous year. During the reporting period, under the background that personal customers maintained their low risk appetite, the Bank relied on the development of "five-expertise"[10] accounts, and deepened its management of both new and existing customers to enhance personal settlement deposits. It optimized the purchase process for the full range of deposit products through online and offline channels, improving customer experience and achieving stable growth in personal deposits with lower costs. During the reporting period, the daily average balance of the Bank's personal deposits was RMB1,260.999 billion, a year-on-year increase of 31.87%. As at the end of the reporting period, the balance of the Bank's personal structured deposits was RMB73.484 billion, a decrease of RMB23.740 billion from the end of the previous year, and accounted for 5.63% of the Bank's total personal deposits, a decrease of 2.76 percentage points from the end of the previous year. In terms of deposit costs, the cost rate of personal deposits during the reporting period was 2.24%, a decrease of 4 basis points from the end of the previous year.

[10] "Five expertise" refers to settlement, investment, financing, activities and services.

2.6.3 Net Interest Margin

During the reporting period, net interest margin of the Group was 1.78%, a decrease of 0.19 percentage point from last year. Among them, due to the factors such as the continuous fast drop of LPR and weak real demand for credit, as well as the reduction of existing personal mortgage loans interest rate, the asset side income continued to decline at relatively fast pace. The costs of liability side were slightly improved. On the one hand, as market-oriented reform of deposit rate went deeper, the Group lowered its nominal deposit rate and product price, thus improving various deposit costs. On the other hand, the Group took continuous measures such as optimizing liability structure, improving liability quality and seizing market opportunities to strengthen liability cost management, and achieved good results.

Looking into 2024, asset price trend remains the main factor that affects net interest margin in banking industry, which will face more downward pressure. In recent years, the Group, while enhancing efforts in serving the real economy, focused on its own high-quality sustainable development. As a result, it outperformed the market in terms of net interest margin two years in a row. In the future, while continuing to increase the quality and efficiency of serving the real economy, the Group will take proper management measures in stabilizing net interest margin and improve the capability of serving the real economy. On the asset side, it will optimize credit structure, scale up resource investment in retail business, and support loan extension in core areas, promoting the steady growth of credit scale. On the liability side, it will uphold the development philosophy of "balancing quantity and pricing", cement liability foundation and accelerate the building of systems relating to small and medium-sized customers and settlement deposits, thus further driving down liability cost.

2.6.4 Non-interest Income

Facing the complex domestic and international situations and market environment, the Group focused on the "342 Action Plan for Developing Core Business Capabilities" to build three core capabilities in terms of wealth management, asset management and comprehensive financing, and actively promoted a shift towards capital-light transformation and development.

During the reporting period, the Group achieved net non-interest income of RMB62.031 billion, a year-on-year increase of RMB1.569 billion or 2.60%. Specifically, bank card fees were RMB16.800 billion, a year-on-year increase of RMB320 million or 1.94%. This was mainly due to the growth in credit card business income driven by efforts in meeting diverse customer needs. Agency fees registered RMB5.855 billion, a year-on-year increase of RMB163 million or 2.86%, mainly attributable to an increase in customers' risk aversion emotion and demand as well as the growth in fee and commission income from agency insurance business under the impact of market volatility. Commissions for custodian and other fiduciary business stood at RMB6.303 billion, a year-on-year decrease of RMB4.966 billion or 44.07%, mainly because of a drop in fees of wealth management business. Guarantee and consulting fees posted RMB5.216 billion, a year-on-year decrease of RMB141 million or 2.63%, primarily due to the impact of lower return from some projects of the wealth management subsidiary. Settlement and clearing fees reached RMB2.261 billion, a year-on-year increase of RMB118 million or 5.51%, mainly because income from businesses such as letters of credit increased.

During the reporting period, the Group achieved other non-interest income of RMB29.648 billion, a year-on-year increase of RMB6.278 billion or 26.86%. This increase was mainly attributed to the improved asset allocation structure, improved transaction turnover efficiency, and sound growth in investment return.

2.6.5 Asset Quality

Overview

During the reporting period, the economic situations in and outside China were complicated and changeable, and various unpredictable risks and challenges obviously surged. The Group firmly adhered to the mainline of high-quality development, faced challenges head-on, pursued progress while maintaining stability, firmly held the risk bottom line, and consolidated the positive trend of improving asset quality. The asset quality control was further enhanced. **It focused on** "**containing new**" to effectively prevent and control the emergence of new non-performing assets. It rigorously assessed credit criteria, stepped up efforts in improving the full-time approver system, and consistently improved review and approval standards. It enhanced control over regional and customer concentration and optimized the credit structure. Meanwhile, the Bank accelerated the building of a post-lending management system and enhanced the forward-looking risk identification and resolution capabilities. It focused on risk control in areas such as real estate and local government financing vehicle, and upheld the bottom line of no material risks. **It also focused its efforts on "disposing existing**" by eliminating legacy risks. It implemented four refined management requirements in terms of total amount, process, provisioning and disposal, managed key customers and projects through targeted strategies, took multiple measures to propel risk resolution, and continuously solidified the positive trend of asset quality.

As at the end of the reporting period, total loans of the Group stood at RMB5,498.344 billion, an increase of RMB345.572 billion from the end of the previous year. The asset quality improved stably overall, with both the balance and ratio of non-performing loans continuing to decrease. As at the end of the reporting period, the balance of non-performing loans stood at RMB64.800 billion, a decrease of RMB413 million from the end of the previous year. The non-performing loan ratio was 1.18%, a decrease of 0.09 percentage point from the end of the previous year. The amount of problematic loans increased, with the balance standing at RMB151.469 billion, an increase of RMB1.887 billion from the end of the previous year, while the problematic loan ratio standing at 2.75%, a decrease of 0.15 percentage point from the end of the previous year. The Bank's risk resistance capability continued to strengthen, with the ratio of balance of allowance for impairment losses on loans to the balance of non-performing loans (i.e., allowance coverage ratio) at 207.59%, an increase of 6.40 percentage points from the end of the previous year. The ratio of balance of allowance for impairment losses on loans to the balance of total loans (i.e., allowance for loan impairment losses to total loans) was 2.45%, a decrease of 0.10 percentage point from the end of the previous year, indicating adequate allowance.

Asset Quality in Key Areas

2.6.5.1 *Risk Control for Corporate Real Estate Loans*

The Bank steadfastly implemented the real estate control policies and regulatory requirements set by the CPC Central Committee and the State Council, and implemented an overall strategy of "improving quality, stabilizing existing quantity, and optimizing increment", ensuring a smooth and orderly operation of its real estate credit business.

The Bank maintained stable loan extension to real estate development. Upholding the principles of "working unswervingly both to consolidate and develop the public sector and to encourage, support and guide development of the non-public sector", the Bank treated state-owned and private real estate enterprises equally, and met reasonable financing demand of real estate enterprises. It increased support for projects encouraged by national policies such as urban affordable rental housing and long-term rental housing, and carried out financing business for urban village transformation projects with priority given to high quality ones. It prioritized the support to the main urban areas in first and second-tier cities with a net inflow of population, and areas with high property sales rate. **The Bank tailored housing credit policies based on local conditions.** It supported both essential and improvement housing demands and optimized financial services for new urban residents. **The Bank focused on resolving industry risks.** It made continuous efforts to ensure the delivery of housing projects, and implemented loan extensions and repayment rescheduling, etc. according to 16 measures put forward by the PBOC and the former CBIRC regarding the real estate sector. It reasonably controlled concentration to a single customer, prevented risks of large credit exposures, and continued implementing comprehensive limit management. It strengthened stratified and classified management of risk projects, actively took market-oriented measures to revitalize projects, and applied tailored policies to different customers for sound risk.

As at the end of the reporting period, the balance of the Group's corporate real estate-related financing that bore credit risk, including loans, bank acceptance drafts, letters of guarantee, bond investment and non-standard investments, stood at RMB345.238 billion, a decrease of RMB28.195 billion from the end of the previous year. Among these, the balance of corporate real estate loans was RMB259.363 billion, a decrease of RMB17.810 billion over the end of the previous year, accounting for 9.62% of the Group's total loans, down by 1.36 percentage point from the end of the previous year. The balance of the Group's corporate real estate financing through agency sale, wealth management product investments and others that do not bear credit risk was RMB49.406 billion, an increase of RMB1.044 billion from the end of the previous year. In addition, the balance of bond underwriting was RMB39.747 billion, a decrease of RMB13.199 billion from the end of the previous year. The Group adopted differentiated policies for real estate corporate customers and increased efforts in risk mitigation and disposal. As at the end of the reporting period, the Group's ratio of non-performing loans in real estate was 2.59%, a drop of 0.49 percentage point over the end of the previous year.

Going forward, the Bank will continue to implement real estate industry policies and regulatory requirements, and prudentially carry out real estate business. It will pay close attention to macro policies on real estate, strengthen market research and forward-looking judgments, and take timely actions to optimize internal management measures accordingly.

2.6.5.2 *Risk Control for Personal Housing Loans*

The Bank actively implemented national and regional policy requirements, met the reasonable housing needs of home buyers, and achieved steady development of its housing loan business. During the reporting period, the newly granted personal housing loans in first and second-tier cities[11] accounted for 79.11% of the Bank's total newly granted personal housing loans, an increase of 0.81 percentage point from previous year. As at the end of the reporting period, the balance of personal housing loans in first and second-tier cities accounted for 74.39% of the Bank's personal housing loans at the end of the reporting period, up by 0.39 percentage point from the end of the previous year.

As at the end of the reporting period, the balance of personal housing mortgage loans of the Bank reached RMB971.171 billion, an increase of RMB27.083 billion from the end of the previous year. The non-performing ratio of personal housing loans was 0.50%, an increase of 0.08 percentage point from the end of the previous year; the ratio of special-mention loans was 0.25%, a decrease of 0.03 percentage point. Due to the impact of sluggish real estate sales and slowing economic growth, the non-performing loan ratio increased compared to the end of the previous year, but the special-mention loan ratio dropped. Meanwhile, given that the Bank's average weighted mortgage ratio of personal housing loans maintained at around 39%, with sufficient and stable collateral, and the overall risk of personal housing loan business was manageable.

2.6.5.3 *Risk Management of Local Government Hidden Debts*

The Bank proactively implemented national requirements of defusing risks in local debts and cooperated with local governments in such area. In accordance with market-oriented and law-based principles, it worked to exit risky assets smoothly, thus promoting the high-quality development of its local government business. As at the end of reporting period, its balance of local government hidden debts stood at RMB209.871 billion (on-balance sheet loans), down by RMB31.477 billion from the prior year-end. Loans were mostly granted to infrastructure projects that bear on the economy of the country and the well-being of the people, which was beneficial to improving local investment and financing environment, and created positive externalities to local economic development. In terms of asset quality, NPL ratio was 0.037% and ratio of problematic loans was 1.05%, far lower than that of the Bank's corporate loans, respectively.

In 2024, the Bank will continue to take the strategy of "compliant operation, aggregate control, structural optimization and differentiated management". First, it will ensure that the operation is compliant. Second, it will strictly implement national policies and requirements in preventing and defusing hidden debt risks of local governments and ensure no new local government hidden debts increase. Third, it will actively optimize the structure of region, entity and product structure, and shift assets to high-quality regions and entities. Fourth, it will intensify the management of loan concentration, strengthen post-lending management and tightened credit risk control.

[11] Calculated based on first and second-tier cities where the Bank's tier-one branches located.

2.6.6 Disposal of Non-performing Assets

The Group continuously strengthened the targeted disposal of non-performing assets through comprehensive approaches of recovery, transfer, write-off and restructuring. During the reporting period, the Bank disposed of consolidated non-performing loans totaling RMB82.176 billion. Aiming to reduce losses, increase efficiency and create value, it consistently prioritized cash recovery, formulated science-based and reasonable disposal plans for non-performing assets, seized market opportunities, and hence enhanced disposal efficiency and benefits.

2.7 Strategic Planning

2.7.1 Implementation of Strategic Plans

The past three years were truly extraordinary for the Group in its development course. Escalated geopolitical tension and the Covid-19 pandemic unseen in a century all exerted impact beyond expectation on economy and society. Under the proper leadership of the Party committees of the Group and the Head Office, the Group maintained firm strategic resolve, promoted the implementation of development plan, and vigorously put in place the "342 Action Plan for Developing Core Business Capabilities". Staying committed to "three development orientations and four operation themes", it effectively addressed various challenges, made positive progress in strategic transformation, and markedly improved its operation performance, market position, comprehensive strength and brand image.

Over the past three years, new grounds were broken in strengthening the Bank's Party building, new achievements were made in serving the overall interests of the country, and new leap was achieved in improving its operation performance. Specifically, **the Group's quality and efficiency of serving the real economy were enhanced.** Firmly following the national policy of stabilizing economic foundation, the Bank actively implemented financial regulatory requirements, timely launched pragmatic measures, and channeled more resources to core areas and weak links essential to the economy such as green and strategic emerging industries, advanced manufacturing, inclusive finance for micro and small-sized enterprises, agriculture and private business. It resolutely implemented the decisions and plans of the CPC Central Committee of promoting pandemic prevention and control and accelerating social and economic development in a coordinated way, and helped market entities tide over difficulties through multiple measures. **The profitability was notably enhanced.** Over the past three years, RMB184.760 billion in net profit attributable to the Bank's shareholders was gained accumulatively with a double-digit compound growth rate. Its income structure was improved, with the proportion of net non-interest income increasing steadily. **The asset quality kept improving.** The balance and ratio of NPLs were declined for the third year in a row, and thus effectively stabilizing the foundation of asset quality. All kinds of key risk indicators reached the best level in recent years. **The assets scale grew steadily.** As at the end of the reporting period, the total assets exceeded RMB9 trillion with its deposits and loans both surpassing the milestone of RMB5 trillion and realized the coordinated development of efficiency, quality and scale.

2.7.2 Development Plan for 2024-2026

2024 is a key year for implementing the country's 14th Five-Year Plan (2021-2025). Following the guiding principles of Central Financial Work Conference and Central Economic Work Conference and based on the full analysis of internal and external circumstances, the Group formulated the *China CITIC Bank Development Plan for 2024-2026* (the "New Three-Year Plan").

The vision of the New Three-Year Plan is described as: building a responsible, valuable, unique and caring bank at the top of world-class banks. In terms of responsible, it strives to become a state-owned financial enterprise that keeps the country and the people in mind. In terms of valuable, it aims at becoming a modern bank that delivers great values. In terms of unique, it sets the goal to become an excellent bank group with unique competitiveness. In terms of caring, it works to become an outstanding corporate citizen that serves the people.

Upholding the guiding principles and development vision and based on its own conditions, the Group clearly defines its development strategies. It will put customers at first, work to meet customers' diversified financial needs, and aim at creating more value for customers. With these in mind, it will upgrade its financial service system in all aspects, improve integrated financial service capability, and build a featured and differentiated financial service mode. By generating more value to the country, society, shareholders and employees, it will unwavering build itself into a bank of value. For the purpose of creating a featured and differentiated financial service mode, the Group puts forward a "five-pronged leading" bank strategy, namely, the leading wealth management bank, the leading comprehensive financing bank, the leading trading settlement bank, the leading foreign exchange service bank and the leading digital bank. On this basis, it will further make clear its positioning in business, customer and region, laying out the overall plan for the high-quality development of the Group.

In implementing the strategic plan, the Group will firmly lead high-quality development with high-quality Party building, serve the real economy and people's livelihoods, and put customers at the core. It will remain committed to achieving stable operation and sustainable development, pursuing differentiated and featured development and pressing ahead with reform and innovation. It will conscientiously consider and plan its work in accordance with the national plan of establishing a new development pattern and put stress on five major sectors, namely technological finance, green finance, inclusive finance, pension finance and digital finance. It will continue to deepen reform and innovation, strengthen high-quality financial services, strive to realize the organic integration of development quality, structure, scale, speed, efficiency and safety, and unswervingly follow the path of financial development with Chinese characteristics.

2.8 Key Areas in Business Operation

2.8.1 Wealth Management

Upholding the "people-centric" philosophy, the Bank adhered to the customer-orientated and value-orientated approach, continuously built "new retail" with wealth management at its core, comprehensively deepened customer relationship to become customers' first choice of wealth management bank as an expert at "settlement, investment, financing, activities and services" (hereinafter referred to as "five expertise"), with the suitability for "all customers – all products – all channels" as the operation strategy, four links of "sector integration, bank-wide collaboration, intra-Group coordination and external connection" as the development path and two wings of "digitalization and ecologicalization" as the capability support. As at the end of the reporting period, the balance of retail assets under management (including assets measured at fair value)[12] of the Bank stood at RMB4.24 trillion, an increase of 8.32% over the end of last year.

The Bank practiced the "all customers, products and channels" management strategy, and enhanced its specialized and refined operational capabilities. In terms of customers, the Bank further improved its management system for all customers. For mass customers, it provided "accompanying" service through the collaboration of "remote + APP + AI". For wealthy and VIP customers, it established operation system and fully put in place stratified operation. For private banking customers, it refined lifecycle service system and continued to improve professional service capability. In addition, it further improved differentiated services for key customer groups, explored Generation Z young customer management, and comprehensively upgraded "Happiness +" aging financial service system. It held hundreds of events in the celebration of 25th anniversary for going abroad finance, and integrated quality resources of "Junior Trip" children's education service system in private banking, thus increasingly enhancing its branding efficiency. **In terms of products**, it fostered intelligent consulting service capability driven by investment and research as well as leading retail trading settlement capability, launched lifecycle wealth management services based on "three phases and four steps"[13]. It refined all-category product system, elevated its overall product allocation capabilities and took innovative ways to utilize balance sheet tools. It enriched and refined its product ecosystem featuring all strategies and all categories for private banking, and met high-net-worth customers' demands for all-category product allocation. For personal loan customers, it continued to optimize main product functions including mortgage of property and unsecured loan and debuted standardized loan products on online platforms. **In terms of channels,** the Bank improved all-channel collaborated marketing capability and service efficiency, and fostered digital management capability for all customers. Focusing on customer journey, it gained insight into customer demands through digital approach and provided them with suitable products and services. It launched Mobile Banking 10.0 and Mobile Card Space 10.0, releasing the capacity of online operation and remote channel at a faster pace, and upgraded offline outlet service system simultaneously.

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12 Including the retail customers' assets under management of the Bank's subsidiaries.

13 Three phases refer to Generation Z, Middle Age and Sliver Age, and four steps refer to balancing the books, preventing risks, planning pension and long-term investment.

The Bank implemented the "four links" strategy to unleash incremental capacity and improved comprehensive "five expertise" services with a customer-centric approach. It strengthened sector integration, crafted integrated management strategy for retail customers, linked service system for high-end customers of private banking and credit card center, and launched coordinated service plan for quality property customers. **It advanced bank-wide collaboration**, upgraded from private-corporate coordination to private-corporate integration and promoted "Cloud Enterprise Club". The interplay between retail banking and corporate banking played a remarkable role in customer acquisition. It launched corporate-retail banking integrated marketing for car loan and tobacco business loan, providing diversified financial services for retail and corporate customers. **It deepened intra-group coordination**, expanded synergy advantages through "industry linkage, internal-external collaboration and professional strength" and created synergistic pension service mode with CITIC characteristics. It supported CITIC Financial Holdings to optimize "CITIC Premier" and upgraded products more comprehensively in terms of fund classification, quantitative screening, qualitative evaluation, investment style, etc. **It intensified external connection** and mined eco-scenario value. Leveraging new economy and new consumption scenarios, it provided scenario-based product portfolio for strategic partners and "finance + non-finance" comprehensive services for retail customers.

The Bank continuously empowered operation management through "two wings" across the entire operational management process. It improved digital operation, upgraded M+ retail operation platform, established management platform of unified operation strategies, unveiled management and evaluation system for standardized products under agency sales in private banking, and carried out integrated operation for retail business covering "all customers, products and channels". It continued to build an integrated team of big data center and retail sector, and effectively enhanced operation and management capability that is agile, closed-loop and dynamic with business strategy as the lead and data strategy as the driver.

2.8.2 Asset Management

Asset management business of the Bank is the bridge and pivot in the value chain of its "wealth management – asset management – comprehensive financing". Relying on the advantage in financial license, ability in asset organization and investment management of CITIC Wealth Management, the Bank enhanced synergy across the Group and between parent and subsidiaries, so as to develop all-round asset management business with core competitiveness, full range of products, wide customer coverage and leading comprehensive strength.

The Bank's asset management business was carried out with "customer-centric" operation philosophy. With "prudence" as the brand core, the Bank built a "6+2" product system featuring currency, currency +, fixed income, fixed income +, hybrid and equity as well as project and shareholding, so as to meet the diversified investment needs of investors. The Bank also actively explored scenario-based businesses such as pension finance, wealth inheritance and discretionary entrustment to build full lifecycle wealth management service system. On the investment and research end, it continued to strengthen coordination, sorted out investment decision-making mechanisms, refined management on investment and research system, and further empowered wealth management business performance. On the sales end, it made more efforts to strengthen the building of a direct-sales system featuring "online marketing + offline promotion" and "institution + individual", as well as the building of "12+3+N" agency-sales channels, so as to further optimize the sales channel ecosystem. As at the end of the reporting period, the number of wealth management customers of the Bank exceeded the ten million mark to 14,064.9 thousand accumulatively, an increase of 4,783.9 thousand or 51.55% from the prior year-end. The Bank carried out agency sales business for wealth management products with a total of 127 cooperative agents culmulatively.

The Bank's wealth management business followed strictly national strategic guidance, and stayed committed to its original aspiration of serving the real economy. Giving priority for the quality and efficiency of the real economy, the Bank fully leveraged its strength of asset allocation platform and supported high-quality development of the real economy through its financial resources. **It continued to develop FinTech,** focused on promoting the virtuous circle among technologies, industries and finance, and scaled up support to technical innovation sectors such as new energy, new materials, new generation of IT and biomedicine. **It vigorously developed green economy,** and made active progress centering on green and sustainable ideas. Focusing on sectors including energy saving and carbon reduction, environmental protection, clean energy, ecological protection, restoration and utilization, and green upgrading of infrastructure, it continued to seize green investment opportunities supported by policies. **It actively served national pension finance strategy,** participated in the building of the pension insurance system with Chinese characteristics, reinforced related business guarantee mechanism, and built a one-stop comprehensive elderly care service system, so as to ensure customers' access to elderly care. **It doubled efforts in developing inclusive wealth management,** upheld an operation philosophy of prudent investment, stable style, steady income, and reliable consumer protection, and extended sales to customers in county, town and village level. At the same time, it innovated the new model of "charity + finance", issued "Caring for Children" charity wealth management products, and expanded the effective approach of promoting common prosperity through financial services.

The Bank adhered to a technology-driven approach in its asset management business and strengthened the integration of data, business and technology at the top level. It deepened agile development practices, enhanced technological independence, and made continuous efforts in promoting independent design and building of its four core systems of asset management, TA, risk control and direct sales. During the reporting period, it completed more than 460 business demands, connected data linkage in all areas such as products, sales, assets, accounting and investment and research, and continued to advance IT innovation-based transformation of core systems in accordance with stated goals.

As at the end of reporting period, the Bank's wealth management products (including entrusted wealth management) amounted to RMB1,728.406 billion, an increase of RMB151.329 billion, or 9.60% over the end of previous year-end. The increment of wealth management product ranked among the top in national wealth management institutions. Its product performance and market position were well recognized by the market. During the reporting period, it won 51 authoritative awards including "Golden Wealth Management" and "Golden Bull Award", and ranked among the top three in the industry in terms of market position in the rankings of comprehensive bank wealth management strength by PYSTANRD and CSI Golden Bull.

2.8.3 Comprehensive Financing

The Bank deeply understood customers diversified financing demands, made full play its existing advantages, and accelerated the building of comprehensive financing system. It comprehensive advanced "three-pronged integration"[14] project, and went all out to build itself into a provider of the best comprehensive financing services by leveraging CITIC Group's abound resources in both industry and finance as well as finance-finance cooperation. As at the end the reporting period, the balance of the Bank's comprehensive financing amounted to RMB13.15 trillion, up by 6.87% over the end of last year.

With the goal of serving the real economy as the starting point, the Bank, relying on stronger financing functions, better financing structure, lighter capital consumption and more competitive financing mode, provided comprehensive financing solutions covering all products, scenarios and channels for customers. It continued to strengthen the bond service mode of "underwriting–investment–transaction". As a result, the competitiveness of investment banking was further cemented, with financing scale totaling RMB1,510.750 billion, a record high in the same period of a year. The Bank remained as a leading bond underwriter in the market as for debt financing instrument, with the scale reaching RMB711.204 billion, ranking second in the market[15].

The Bank followed the national policy guidance closely and created comprehensive financing service with distinctive feature of "multiple scenarios", and its core business set sail at full speed. The Bank actively planned sci-tech innovation finance layout, set up sci-tech innovation finance centers in Head Office and key branches, and established a "1+12+200" service organizational system that links Head Office and branches for sci-tech innovation finance customers. The balance of sci-tech innovation finance loan exceeded RMB400 billion. And it leveraged synergistic strength of CITIC Group to formulate a lifecycle comprehensive financial service plan of "stock–bond–loan–insurance" for sci-tech innovation enterprises. Centering on the strategic guidance of high-level financial opening up, it proactively implemented policy requirements including the Belt and Road Initiative and free trade zone (port) construction. The foreign exchange collection and settlement via new business mode such as cross-border e-commerce and market procurement exceeded USD17.0 billion. It focused on the building of supply chain products, continued to consolidate "Chain Ecosystem" systematic strength, and provided a total of RMB1.5 trillion supply chain financing for 38 thousand enterprises. It dived deep into auto industry demands, established auto finance partnerships with 8,000 customers and granted nearly RMB580.0 billion financing, remaining as a market leader in auto finance. It deepened overall strategic cooperation with governments at all levels, obtained qualifications for over 700 key government service accounts, and provided more than 2,000 consulting services on the issuance of local government bonds with a full coverage. The number of the Bank's government and institutional customers reached 86.0 thousand. Moreover, the Bank vigorously expanded green bond issuance scenarios. Over the year, it underwrote 22 green bonds with the total amount exceeding RMB10 billion, including the first sustainability linked panda bond in the market.

In the future, the Bank will make continuous efforts to research market frontier, improve specialized and effective finance innovation capabilities, and accelerate the building of "CITIC Mode" comprehensive financing, and strive to become the best provider of the comprehensive financing solutions in the industry.

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14 It refers to the building of the "1+3" product system integration project, the "1+3" customer management integration project and the "1+3" management system integration project.

15 Ranking based on underwriting of debt-financing instruments released by Wind.

2.8.4 Business Synergy

Bearing synergistic cooperation in mind, the Bank fully unleashed the advantages of integrated collaboration. Upholding the synergy philosophy of "Altruism and Win-win Cooperation", the Bank gradually refined synergy mechanisms, strengthened synergistic brand, and unlocked synergistic value. Levering on Group's resources of finance-finance cooperation and industry-finance cooperation, it enriched synergistic ecosystem and increased the contribution of synergistic value with the focus on core areas such as enterprises with specialized, sophisticated techniques and unique, novel products, wealth management, green finance and risk mitigation. During the reporting period, the Bank's co-financing exceeded RMB2.1 trillion. The quality and efficiency of synergy-empowered business development were enhanced and the value of CITIC synergy brand was further demonstrated.

In resolute response to regional development strategies of the nation, the Bank promoted the development of four key areas, namely the Beijing-Tianjin-Hebei region, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, and Chengdu-Chongqing area, in a coordinated way, and encouraged branches in these areas to carry out synergistic collaboration in sectors such as advanced and intelligent manufacturing, sci-tech innovation and strategic emerging industry. It advanced the establishment of CITIC Group synergy platform linking Hong Kong and Macao, marking a key step in internationalizing its business synergy. It built a "financing + industry + intelligence" service system and strengthened finance and finance synergistic collaboration. It deepened cooperation with financial subsidiaries within CITIC Group such as CITIC Securities, China Securities, CITIC Trust, CITIC Prudential Life and CITIC AMC in sectors including bond underwriting, wealth management, annuity business and asset revitalization and the cooperation in many types of business reached a new high. It propelled industry and financing synergistic collaboration, and strengthened collaboration with non-financial subsidiaries within CITIC Group such as CITIC Pacific Properties, CITIC Press Corporation and CITIC Agriculture Limited in areas including advancing the development of new urbanization, developing a great country in terms of culture, and ensuring national food security with expanded synergistic service scenarios. It empowered the development of business operation in multiple dimensions, launched the *Comprehensive Plan on CITIC Synergistic Service for Local Economy* together with China International Economic Consultants. Furthermore, it cooperated with subsidiaries within CITIC Group to organize a series of events themed on synergistic empowerment, and implemented a batch of quality synergy projects, thus achieving new results in providing synergistic services for the real economy. It carried out themed research on key industries by leveraging the resources of think tank experts, held customer marketing activities, provided intelligent support in product and service innovation, and agilely responded to customers' demands.

In the future, the Bank will continue to serve the real economy, relentlessly adhere to "bank of value" philosophy and make a good start of the New Three-Year Plan. It will deepen group synergy with the focus on "finance and finance cooperation, industry and finance cooperation and think tank cooperation", consolidate inter-industry synergy centering on "parent company and subsidiary cooperation, section and section cooperation and branch and branch cooperation", and enhance the quality and efficiency of these six-pronged cooperation. It will amplify the synergistic multiplier effect, continuously expand the synergistic "circle of friends", strengthen the brand value of CITIC synergy, and further release the potential of high-quality development.

2.8.5 Digital CITIC

Adhering to a comprehensive technology-driven strategy, the Bank took enhancing and upgrading technological capability as the main task, focused on advancing digital transformation, and continued to forge superior digital foundation. It strived to create a smart, ecological and caring digital CITIC to empower high-quality growth across the Bank. During the reporting period, its inclusive finance digital innovation ecosystem was awarded the first prize of FinTech Development Awards by the PBOC, making it the only joint-stock bank that won the first prize two times over the past three years. Its relevant IT achievements won "Best International Blockchain Project", "Best Wealth and Asset Management Project in China" and "Best Web3.0 Metaverse Project in China" by *The Asian Banker*.

The Bank gave stress on fostering a future-oriented digital infrastructure and continued to forge core IT capability. It further cemented its cloud native technology base and launched technological middle offices framework plan 2.0. It completed the layout of four clouds (development and testing cloud, production cloud, subsidiary cloud and ecosystem cloud) and realized the wire lining and capacity expansion of "Single Cloud Multiple Cores". With such advantage, its computing power increased by nearly 3 times. It solved bottleneck technical problems in the valuation and pricing of derivatives in the financial market. It took the lead in completing minicomputer migration, and was the first bank that ensured the core business system is fully independent and controllable, which was selected as "2023 Top 10 Cases in Financial Informatization" by *Financial Computerizing*.

The Bank continued to improve data capabilities and strengthened IT innovation to unleashed the potential of data elements at a faster pace. Aiming at building an enterprise-level data governance system, it carried out standardized management on indicator data and overall data asset inventory, and accumulated over 60,000 data assets. Furthermore, it enriched "AI + BI" digital platforms and devices, launched one-stop BI platform for self-service data analysis – the intelligent and digital platform, which supports bank-wide data retrieval, statement generation, data dashboard and remote cockpit, significantly improving the quality and efficiency of data service. It continued to enhance product-oriented AI platform building capability. On average, CITIC Brain was invoked over 14.00 million times per day on average, an increase of 30% from the beginning of the year, thus providing comprehensive and intelligent solutions for the Bank. AaaS platform was unveiled, which enables lifecycle management of API covering R&D, testing, launching and monitoring. In total, over 600 data API were released, covering marketing, risk control, operation management and other key business scenarios. The Bank also established a software-hardware integrated CITIC big model platform, deployed an open-source big model carrying over 100 billion params, and explored to put into operation scenarios such as code generation and intelligent operation. Its metaverse payment platform completed the first real transaction in the industry. The Bank's platform-based inclusive credit service sandbox project was enrolled into innovative application case of the FinTech regulatory tools of the PBOC, becoming a demonstration of data sharing in the industry.

The Bank sped up digital transformation, and continued to activate new digital operation impetus. It deepened integration among industry, technology and data. Delivery scale of bank-wide business demands increased by more than 20% year on year, and the delivery period was shortened by nearly 15% year on year. **In terms of retail business digitalization,** its retail M+ platform launched supporting tools such as stratified customer management, concentrated personal loan management, stratified customer asset allocation and investment consulting services, and settled over RMB1 trillion product transaction via orders, thus strongly underpinning comprehensive customer management. The Bank built an advanced enterprise-level marketing center among peers, forming a multilateral and open marketing ecosystem with internal and external collaboration, supporting over 160,000 activities and reaching over 2 billion person-times. **In terms of corporate business digitalization,** it continued to promote the first self-developed Tianyuan treasury system in the industry, iterated and upgraded the standard version and rolled out the ecosystem version offering customers diversified treasury management solutions that are professional and customized, and built a one-stop and intelligent global treasury management system for central enterprises and large SOEs. It comprehensively improved whole-process online experience of auto finance with a replacement rate of automatic loan granting reaching 85%, reducing risk prewarning manual handling of frontline employees by 60%. The Bank took solid steps to propel digital transformation of inclusive finance, established "credit factory" and enhanced the quality and efficiency of product R&D by 8 times. Online products such as "Credit Guarantee" staggeringly reduced the period of issuing guarantee from 4 days to 10 minutes by using automatic credit verification, thus dramatically improving product efficiency and customer experience. **In terms of financial market business digitalization,** the Bank adhered to integrated business management for interbank customers. The new generation of "Interbank +" platform was equipped with three function pillars, namely "prime shop", "market-making trading cloud hall" and "intelligent and digital communication platform". The platform covered all types of interbank customers and had a total of over 2,700 contract customers. The Bank became the first in the industry to realize APP transactions, and the accumulative transaction volume exceeded RMB1.4 trillion, a year-on-year increase of over 90%. It established a cross-market intelligent transaction platform, and was the first among peers in realizing the automation of centralized transaction, thus significantly enhancing the automation and intelligence of quotation trading. It implemented quantitative strategy on precious metal transaction for the first time, and 95% foreign exchange spot market-making were conducted in an intelligent way, maintaining its market-maker position of "top three in the market" and "top one in joint-stock banks". **In terms of middle and back-office digitalization,** the Bank strengthened the capability building of digital risk control, established an AI-monitoring system for anti-money laundering (AML) clues, and enhanced the accuracy of AML risk supervision by more than 3 times. It realized the rapid and accurate locking of money laundering crime clues, reducing the time spent on frontline handling by more than 60%. It established a penetrated financial digitalization capability system covering "head office, branches and sub-branches", which increased the management decision-making efficiency by over 60% on the base of the "AI + BI" abnormal and attribution analysis. It built digital collaboration office ecology, independently developed the mobile office portal "CITIC Mobile" APP and launched near 200 application scenarios covering over 98% users of the Bank.

During the reporting period, the Bank invested RMB12.153 billion in information technology, an increase of 38.9% year on year, accounting for 5.90% of operating income. As at the end of the reporting period, the Group's technology personnel hit 5,626, up by 9.93% compared with the end of last year, accounting for 8.41% of total personnel.

2.9 Business Overview

2.9.1 Corporate Banking

During the reporting period, in face of the complex and changing internal and external situations, the Bank's corporate banking strictly implemented the decisions and plans of the nation. With high-quality sustainable development as the main task, it increased support to the real economy and actively promoted business transformation. The Bank's corporate banking business development maintained steady progress on the whole.

During the reporting period, the Bank's corporate banking business registered a net operating income of RMB85.663 billion, down by 4.02% over last year, accounting for 44.91% of the Bank's net operating income. Specifically, the net non-interest income from corporate banking totaled RMB12.832 billion, down by 4.67% over last year, accounting for 23.07% of the Bank's net non-interest income, down by 1.34 percentage points over last year.

2.9.1.1 *Customer Management*

The Bank remained true to its mission of serving the real economy, maintained the customer-centric approach, and promoted stratified and classified customer management. It fully leveraged major customers, further strengthened cooperation with governments at various levels, vigorously advanced the building of small and medium-sized customer groups, and improved both the quantity and quality of corporate customer groups. As at the end of the reporting period, the Bank recorded 1,157.6 thousand accounts of corporate customers, an increase of 120.3 thousand accounts over the end of last year. Among them, there were 286.5 thousand accounts of base corporate customers[16] and 159.2 thousand accounts of valid customers[17], up by 33.6 thousand and 18.8 thousand respectively from the end of the previous year.

Major Customers

The Bank set up the Major Customer Department, which commits to advance the in-depth management of major customer[18] management.

Leveraging the synergistic advantages of CITIC Group, the Bank prepared customer-specific plans for major customers, developed customized comprehensive financial solutions, implemented major project management, innovated new supply chain financial products, expanded chains and acquired customers centering on major customers, streamlined business process, expanded business authorization and allocated differentiated resources for each strategic customer. During the reporting period, the Bank established strategic cooperation a batch of customers, deepened comprehensive financing, wealth management and transaction settlement services for leading customers in key fields and industries such as new energy, high-end equipment manufacturing, automobile, construction and consumption, and provided high-quality and efficient financial services for small- and medium-sized enterprises on the industrial chains of major customers.

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16 Refers to corporate customers with daily average deposits of RMB100,000 and above.

17 Refers to corporate customers with daily average deposits of RMB500,000 and above.

18 Major customers consist mainly of leading industrial enterprises that serve as pillars of the economy, manufacturing champions, and high-market-value listed companies. Data for the reporting period and at the beginning of the period have been adjusted according to the changes in the scope of customers.

As at the end of the reporting period, the Bank's balance of loans to major customers stood at RMB951.105 billion, an increase of 2.29% over the end of the previous year. During the reporting period, the Bank's daily average balance of deposits from major customers stood at RMB1,555.976 billion, an increase of 2.91% year on year.

Government and Institutional Customers

The Bank is committed to providing government and institutional customers of different levels and types with quality financial services, and actively promoted the improvement of the digital government affairs system, working to build the brand of government financial services of CITIC Bank.

During the reporting period, the Bank comprehensively deepened strategic cooperation with governments at all levels, leveraged the synergetic advantage of the Group, intensively developed integrated financial services for customers in areas such as public finance, social security, housing, education and healthcare, and obtained over 700 key government service accounts of various types. The Bank played a positive role in practicing national strategies and advancing high-quality development. It helped address the concerns of governments with full-process services for local government bonds that covered key areas like industrial parks, social undertakings, infrastructure, renovation of old urban residential communities, government-subsidized housing projects and transport, provided consulting services for more than 2,000 local government bond issuance projects, and vigorously advanced the supporting project financing. The Bank energetically advanced the building of a service system for digital government affairs, focused on service scenarios for government affairs and people's livelihood, and further accelerated product upgrade and launch, with the number of payroll account surpassing 3 million which supports the implementation of the "retail first" strategy.

As at the end of the reporting period, the Bank recorded 86.0 thousand accounts of government and institutional customers[19], an increase of 9.3 thousand or 12.18% from the end of last year. During the reporting period, daily average deposits of government and institutional customers posted RMB1,344.205 billion.

Small and Medium-sized Customers

Upholding the development of small and medium-sized customer groups as the primary project, the Bank continued to enrich and improve the four toolboxes of "policies, services, products and cooperation", developed a management service system suitable for small and medium-sized customers, and achieved positive results in the services for small and medium-sized customers. During the reporting period, the Bank won awards including "Escorting Micro, Small and Medium-Sized Enterprises" from people.cn.

[19] Due to its need for management of corporate customers, the Bank reclassified the existing government and institutional customers and made corresponding regressive calculation of the beginning base figures.

During the reporting period, the Bank continued to strengthen diversified policy support, actively promoted the building of specialized operational teams, and provided credit policies, assessment and incentives, and other supporting measures. It continued to strengthen the support of digital services, optimized online service channels, built a precise marketing platform, and established an intelligent operation and management system. The Bank continued to enrich its featured product system, and launched services and products exclusive to small and medium-sized customers, such as "Quick Park Loan", "Lucky Number Express" and "CITIC Benefit + Wealth Management". It further improved the comprehensive synergy ecosystem, gave full play to the synergy advantages of CITIC Group in "finance + real economy", worked with subsidiaries of CITIC Group to build a collaborative ecosystem, carried out activities such as "100-Day Tour Visit to 10,000 Enterprise Partners", and provided lifecycle comprehensive services mainly for customer groups having new driving force.

As at the end of the reporting period, the number of small and medium-sized customers[20] of the Bank reached 275.9 thousand, an increase of 33.0 thousand compared with the end of last year. Among them, the number of enterprises with specialized, sophisticated techniques and unique, novel products[21] totaled 27,144, an increase of 6,548 from the end of last year. During the reporting period, the Bank recorded an average daily balance of deposits from small and medium-sized customers of RMB811.611 billion, an increase of RMB73.505 billion year on year.

2.9.1.2 *Businesses and Products*

Inclusive Finance Business

Inclusive Finance	**Special Column**
During the reporting period, the Bank resolutely implemented the decisions and plans of the CPC Central Committee and the State Council, improved the capability and level of financial services for micro and small-sized enterprises, and fully supported the development of micro and small-sized enterprises. The Bank was granted the first prize of the FinTech Development Award of the PBOC and the "Typical Cases of Inclusive Finance in China" by the China Banking Association, among others. **The Bank continuously strengthened top-level planning and guidance.** During the reporting period, the Bank's Board of Directors and Board of Supervisors reviewed the developments of and plans for inclusive finance; the senior management conducted special research on the development objectives, ideas and plans for inclusive finance; the Inclusive Finance & Rural Revitalization Leading Group and Working Group convened special meetings to advance the development of inclusive finance in a coordinated manner.	

20 Refers to corporate customers with daily average deposits between RMB100,000 and RMB50 million.

21 The statistical scope is determined according to the latest lists of enterprises with specialized, sophisticated techniques and unique, novel products at the national and provincial levels, and made corresponding regressive calculation of the beginning base figures.

The Bank continuously improved product and service capabilities. It fully leveraged the test field mechanism for the innovation of inclusive finance products, optimized the intelligent credit factory for product R&D, enriched and improved the featured product system of "CITIC Easy Loan". It refined online service channels, launched "*Xinzhihui*", a customer-oriented mini program, and boosted customer service efficiency and experience. It also stepped up the granting of loans such as medium and long-term as well as those for manufacturing sector to meet financial needs of key fields.

The Bank continuously beefed up policy and resource support. During the reporting period, the Bank continuously made inclusive finance indicators part of the comprehensive performance assessment of branches and maintained a weight of over 10%. Also, it provided special incentives, funds and subsidies, remained tolerant of risks, and implemented the policy of exempting those who fulfilled duties from accountability.

The Bank continuously strengthened risk compliance management. During the reporting period, the Bank developed the annual strategy for risk compliance management, improved the risk management system, promoted the iterative upgrade of the intelligent risk control platform, and continuously improved its risk compliance management capability.

As at the end of the reporting period, the balance of loans to micro and small-sized enterprises[22] was RMB1,465.257 billion, an increase of RMB217.058 billion over the prior year-end; the number of customers with outstanding loans was 300.3 thousand, an increase of 57.2 thousand over the prior year-end. The balance of inclusive loans to micro and small-sized enterprises[23] was RMB545.076 billion, up by RMB99.084 billion over the prior year-end, and the growth was 14.22 percentage points higher than the average growth of various loans; the number of customers with outstanding loans was 283.6 thousand, an increase of 53.6 thousand over the prior year-end. The comprehensive financing costs of micro and small-sized enterprises at the Bank, including loan interests fell slightly. Asset quality was kept at a relatively sound level, with the non-performing asset ratio lower than the average of total loans across the Bank.

Investment Banking

With investment banking business as an important pillar underpinning the practice of the strategy of best comprehensive financial services, the Bank implemented national strategies, further ramped up comprehensive financial support for key areas and weak links of real economy, including sci-tech innovation finance, green finance, strategic emerging industries and manufacturing, and served the transformation and development of its corporate business. Upholding the philosophy of "professionalism in empowerment and innovation for efficiency", the Bank vigorously promoted business transformation and innovation, and continued to consolidate the market position of its competitive business.

22 Refers to loans to small-sized enterprises, loans to micro-sized enterprises, and business loans to self-employed individuals and owners of micro and small-sized enterprises.

23 Refers to the loans to micro and small-sized enterprises and business loans to self-employed individuals and owners of micro and small-sized enterprises with a total credit of RMB10 million or below. According to the requirements specified in the *Notice on Further Promoting the High-quality Development of Financial Services for Micro and Small-Sized Enterprises in 2021* (YIN BAO JIAN BAN Fa [2021] No.49), as of 2021, the balance of inclusive loans to and the number of micro and small-sized enterprises do not involve the data about bill discounting and cash discounting.

During the reporting period, the Bank maintained the leading position as a lead underwriter of bonds, underwriting RMB711.204 billion of bonds in total, ranking second across the market[24]. The sci-tech finance business took off, with interim results achieved in systematic efforts related to organizational structure, product innovation, ecosystem building and risk control, and the balance of loans to sci-tech finance totaling RMB415.677 billion[25], up by 20.50% over the prior year-end. During the reporting period, investment banking saw over RMB140.0 billion of on-balance sheet financing, and the balance of M&A loans topped RMB100 billion for the first time. The Bank worked to create integrated financial service platforms for listed and to-be-listed companies, and focused on strategic emerging fields like new energies, semiconductors, new materials, bio-medicine and advanced manufacturing, providing more than RMB120.0 billion of funds through capital market business, and establishing in-depth cooperation with 1,011 listed companies. The Bank vigorously tapped into key scenarios like REITs, asset securitization, property rights transactions, and reconstruction and expansion projects, providing over RMB53.0 billion to finance the activation of existing assets. The Bank launched exclusive sci-tech finance product such as the bonus point card for the Yangtze River Delta region, personal unsecured loans for sci-tech enterprises, Listing Relay Loan and Torch Loan, vigorously promoted loan products for early-stage projects, and extended the financing service chain of investment banking.

During the reporting period, the Bank achieved business income of RMB8.302 billion and financing of RMB1,510.750 billion in its investment banking business, hitting a record high, and won the "2023 Gamma Award for Investment Banking as A Boutique Bank" by *Securities Times*, the "Best Bond Underwriter" by Wind Info and the "Leading Institution in the Bond Market" by China Central Depository & Clearing Co., Ltd.

Technology Finance	**Special Column**
The Bank thoroughly implemented the strategic plans of the CPC Central Committee for accelerating the building of China into a technological and financial powerhouse, continued to refine the systems and mechanisms for technology finance, and integrated technology finance into the strategic chain of major national technological programs. Centering on the "Four Orientations" of scientific and technological innovation, the Bank worked to develop new productive forces, with the focus on two special areas, i.e. key bottleneck technologies and quality small and medium-sized tech enterprises. As at the end of the reporting period, the Bank's balance of loans in sci-tech finance stood at RMB415.677 billion, an increase of 20.50% from the end of prior year. It served 27,144 enterprises with specialized, sophisticated techniques and unique, novel products, up by 6,548 from the end of prior year. **In terms of the organizational structure,** the Bank released the *Plan for Development of the Sci-Tech Innovation Finance Business*, making clear the overall development goal and positioning of sci-tech innovation finance. The Bank set up sci-tech innovation centers at the Head Office and 12 key branches, selected nearly 200 sub-branches as pioneers in sci-tech innovation finance, and built a professional team with more than 500 members.	

24 Ranking based on Wind Info data.
25 According to S70 sheet calculation method of NFRA.

In terms of capability building, the Bank developed the work guidelines for the sci-tech innovation financial centers at the Head Office and branches, pushing the team to shift the focus from project-oriented and product-driven development and to systemic building and customer management. The Bank sorted credit evaluation standards and risk evaluation logics for tech enterprises, and accelerated the establishment of simple, clear and effective evaluation standards for sci-tech innovation enterprises. During the reporting period, the Bank held 100 industrial research saloons and customer forums, inviting over 1,000 leaders in industrial segments to participate and reaching the consensus on industrial development, thus enhancing the capability of serving sci-tech innovation enterprises.

In terms of ecosystem building, the Bank continued to advance breakthroughs in the cooperation with government departments, exchanges, science parks, industrial capital, private funds and other institutions, signed strategic cooperation agreements with the Ministry of Industry and Information Technology and Shenzhen Stock Exchange, inked an agreement on data sharing with the Ministry of Science and Technology, and built high-quality customer acquisition channels for sci-tech finance. The Bank sorted enterprises with specialized, sophisticated techniques and unique, novel products, companies invested by famous institutions, and listed and to-be-listed companies for refined customer selection, and further advanced the precision marketing among and deep management of sci-tech customers.

In terms of product innovation, the Bank continued to optimize product toolkits, launching the point card-based approval model, Listing Relay Loan, Tech Talent Loan, and Tech Enterprise Personal Loan, etc. The Bank enriched featured service toolkits, providing equity financing through CITIC Equity Investment Alliance, offering sponsoring and underwriting services in collaboration with the brokerage institutions under CITIC Group, and delivering tax and legal consulting services jointly with external agencies, so as to provide all-around financial service to sci-tech customers.

Going ahead, the Bank will continue to refine systems and mechanisms, strengthen product innovation, remain committed to technology finance, and work to build the CITIC model for technology finance.

International Business

Centering on the strategic orientation of opening up the financial industry at a higher level, the Bank proactively acted upon the policies about the Belt and Road Initiative, free trade zone (port) construction and serving real economy with financial resources in its international business, and steadily drove forward business development.

During the reporting period, the Bank increased support for real economy. It sponsored the First Digital Finance Service Festival namely Fourth Micro and Small-Sized Customer Service Festival jointly with China Export & Credit Insurance Corporation, and signed the Joint Action Declaration on Digital Support for Micro, Small and Medium-Sized Foreign Trade Enterprises with the latter. In collaboration with All-China Federation of Industry and Commerce, the Bank released the *Work Plan Supporting the "Going Global" Move by Private Enterprises* and held a series of activities. It took an active part in the 133rd China Import and Export Fair (Canton Fair), and provided vigorous financing support for small and medium-sized foreign trade enterprises, promoting the Export E Loan, point cards for export-oriented enterprises and the credit insurance-based whitelist model, and expanding the coverage of services. It supported the development of new forms of foreign trade, collecting and settling USD17.156 billion foreign exchange for new business platforms related to cross-border e-commerce and market procurement.

During the reporting period, the Bank vigorously participated in the national forex management reform, and joined the pilot programs of the forex business reform as one of the first four banks in China. It backed the construction of free trade zones (ports), promoted the implementation of the 30 financial measures for Hengqin and Qianhai as well as the financial reform policy for the Hainan Free Trade Port, and explored innovation of cross-border businesses. It actively supported the enterprises under the Belt and Road Initiative to operate steadily and sustainably, and participated in the export credit projects with Indonesia, Laos, Bangladesh and Egypt, granting RMB4.523 billion of additional loans during the reporting period, up by 61.02% year on year. The Bank vigorously advanced the building of the cross-border treasury service system, and formed the innovative service matrix consisting of global cash management and cross-border fund pools, etc.

Transaction Banking Business

Taking transaction banking business as an important pillar for transforming its corporate banking services, the Bank vigorously developed transaction banking business, worked to build leading transaction settlement capability, and continued to promote the transaction banking ecosystem combining "chain ecosystem, finance ecosystem and e-ecosystem", providing customers with better and more innovative comprehensive digital and intelligent financial services.

In terms of the "chain ecosystem", the Bank consolidated its system-based advantages with the fund pool at the core, fully supported the incoming, outgoing and financing of next-generation electronic bills and the flexible split of bills, and launched the features of automatic including bills into the fund pool and the off-pool estimation system for future cash flows greatly improving the intelligence level. It assisted core enterprises build the supply chain platform, integrated supply chain financial service solutions, provided customers with integrated financial services characterized by the building of a supply chain platform, and built the supply chain ecosystem jointly with core customers. Based on scenarios, the Bank developed new products like Credit E Purchase Order Pool Financing and Credit E Sales Control Model, which met the demands of SMEs across supply chains for online financing, significantly improved the convenience of enterprises' financing, promoted financing across supply chains and effectively supported the development of real economy. During the reporting period, supply chain financing reached RMB1,527.377 billion in total, up by 18.10% year on year.

In terms of the "finance ecosystem", the Bank launched the "Tianyuan Treasury" service system in the market, and held release conferences in 27 cities like Shenzhen, Guangzhou, Shanghai and Hangzhou, which saw warm response from the market. At the 2023 Financial Street Forum, the Bank, in collaboration with SASAC Research Center and Xinhua News Agency, etc., successfully released the *White Paper on the Building of Treasury System at Central Enterprises*, which formed standardized guidelines and mature templates by summarizing solutions and business practice to help central enterprises build treasury systems. The Bank continued to upgrade the "Tianyuan Treasury" management system. During the reporting period, it added four business centers respectively for information, invoices, receivables and payables, and automotives, and set up 16 major business centers that included 106 main feature modules and over 1,300 feature points, further bolstering its leading advantage in the market. The Bank continued to improve the comprehensive settlement product system for transaction banking, further pushed forward the R&D and upgrade of key products for collection, pooling, custody and payment businesses, leveraged AI technologies to introduce the RPA Xiaotian Robot, and launched the "Supervision Assistant" direct connection model, UnionPay order payment and other new products, consistently improving the online settlement capabilities across scenarios.

In terms of the "e-ecosystem", being customer experience oriented, the Bank carried out special projects to improve corporate e-banking experience. Centering on the whole business journey of corporate online banking, it summarized ten major problems and advanced its rectification during the reporting period. The Bank continued to improve customer services across channels, advanced the development of "AI+ manual" customer service systems for online banking, mobile banking and online form filling, and further improved the quality and efficiency of customer response. The Bank initially built the online channel operation system, introduced diverse online channels with online banking at the core, realized large-scale and differentiated customer contact in batches, and implemented pilot projects at branches in Guangzhou, Shenzhen and Shanghai, with the new customer login rate and transaction rate improved significantly.

As at the end of the reporting period, the Bank recorded 1,094.4 thousand accounts of customers in transaction banking, a growth of 13.87% over the end of the previous year. During the reporting period, the Bank registered trade finance of RMB1,446.221 billion, up by 19.44% year on year; completed 215,244.5 thousand deals of transaction banking with a amount of RMB163.41 trillion, up by 7.50% and 6.89% year on year respectively. The Bank won the second prize for its "Tianyuan Treasury" digital and intelligent system in the appraisal for the 2022 FinTech Development Awards as recently publicized by the PBOC, and the "Best Treasury Management Bank" in the appraisal of 13rd Trustworthy Financial Service Providers for Trade & Economic Enterprises in China.

Auto Finance Business

During the reporting period, in its auto finance business, the Bank considered the auto supply chain as integrated body and provided more comprehensive and precise solutions based on industrial needs. As a leader in the auto finance industry, the Bank has always stayed true to its original aspiration of supporting the real economy through financial means and synchronized its development with China's auto industry.

In terms of customer management, the Bank persisted to supporting the automobile distribution market through the traditional inventory financing model, and reached cooperation with over 8,000 auto dealers as at the end of the reporting period, hitting a new high. Built on its advantages in traditional business, the Bank has actively embraced the new energy trend in recent years, provided credit support and treasury management services for the entities across the industrial chain of new energy vehicles, and established extensive partnership with mainstream new energy vehicle brands at home. Meanwhile, it expanded the coverage of the financing business for used cars among auto dealers and dealer groups, and provided financing for individual auto dealers in the used car trading market, to promote the prosperity of the used car market through the used car finance business.

In terms of product upgrade, aligned with the personalized demands of auto dealers, the Bank independently developed the "pool financing" model for auto finance, upgraded the financing products for new cars, and launched the corporate account overdraft product for auto finance to help auto dealers activate assets, lower financing costs, accelerate the flow of funds, empower micro, small and medium-sized enterprises through financial services, and promote auto consumption.

In terms of experience improvement, the Bank helped the auto dealers who used inventory financing obtain vehicle type approvals in advance, revised the clauses about the insurance for financed vehicles, put more of the business process online, and further refined the business handling process, to continuously improve customer satisfaction.

As at the end of the reporting period, the Bank's auto finance business recorded 8,023 customers[26], up by 15.57% year on year. During the reporting period, loans of RMB576.686 billion were granted, representing a year-on-year growth of 12.70%. The overdue advance ratio stood at 0.09%, indicating sound asset quality. The Bank was honored the "Best Bank for Auto Financial Services" in the appraisal for "China Auto Golden Engine Awards" organized by 21st Century Business Herald for the 10th consecutive year; its auto finance innovation practice was included into the "2023 Excellent Cases of Green Finance Innovation" by *The Chinese Banker*.

[26] The scope of auto finance customers was adjusted as the auto dealer customers that cooperated with the Bank on auto finance and had outstanding financing amounts at the end of the reporting period, and the base figure at the beginning of the period has been regressively calculated accordingly.

Asset Custody Business

Holding fast to the philosophy of "value-added custody", the Bank deepened business coordination within the Group, intensified the move of bringing assets generated from internal resources under custody, and spared no efforts in the development of the asset management business. Also, it deepened customer management, strengthened the improvement of service capability, and sped up technology empowerment to boost customer experience. The Bank further promoted asset management businesses such as mutual fund, pension and cross-border fund custody. As at the end of the reporting period, the mutual funds under the Bank's custody amounted to RMB2.17 trillion, up by RMB207.781 billion over the prior year-end, ranking No.1 in terms of the increment among joint stock banks[27] and covering profit concession funds, publicly offered REITs, hybrid valuation funds, equity funds, FOFs, and bond funds etc. The Bank maintained steady growth in its pension custody business, and was also qualified as a custodian of occupational annuities for central and state government agencies, public institutions and in 32 provinces, autonomous regions and municipalities directly under the State Council. As at the end of the reporting period, corporate annuities under custody totaled RMB159.222 billion, the second largest among joint-stock commercial banks[28]; QDII funds under custody amounted to RMB178.341 billion. During the reporting period, the Bank reported an increase of RMB22.877 billion in the funds entrusted under the Southbound Bond Connect program, maintaining its leading position among the three custodian and clearing banks.

Upholding the philosophy of "putting customers at the center, making data the cornerstone, inspiring digital intelligence and developing the value-added custody business", the Bank continued to drive the digital transformation of the custody business, and worked to create a multi-tiered custody service system that features unified management, intelligent operation, considerate services and innovation for added values through technological empowerment.

During the reporting period, the Bank recorded RMB3.517 billion of income from custody business, up by RMB6 million year on year, a positive growth despite market downturn. As at the end of the reporting period, the Bank's custodian assets surpassed the RMB14 trillion mark for the first time to RMB14.68 trillion, an increase of RMB1,308.024 billion over the prior year-end. During the reporting period, the average daily balance of deposits driven by custody business was RMB279.721 billion, of which the average daily balance of general corporate deposits on the custody accounts was RMB104.271 billion. The Bank was awarded the "Best Joint-stock Custodian Bank in China" for its asset custody business by *The Asian Banker in* 2023.

Wealth Management for Corporate Customers

Committed to "building a leading wealth management bank for corporate customers", the Bank worked to establish an "all-round, specialized, leading and integrated" wealth management service system with customers at the center, and spared no effort to boost the sustainable development of corporate wealth management business.

27 According to the number of China Banking Association.
28 According to the ranking based on the latest data as at the end of the third quarter of 2023 released by the Ministry of Human Resources and Social Security.

During the reporting period, the Bank kept strengthening the connections with leading external institutions, further enriched the ecosystem of corporate wealth management products which covered those of different strategies and terms, and continued to provide customers with diversified and personalized value-added wealth management services. The Bank strengthened the synergy within CITIC Group, and deepened cooperation with the leading financial subsidiaries of CITIC Group. During the reporting period, the Bank launched several region themed products, such as "Zhejiang Common Prosperity and Common Innovation", "Chengdu-Chongqing Index" and "Beautiful Jiangsu", all featured asset management products issued jointly with China Securities and CITIC Wealth Management, contributing to the development of local economy. Also, the Bank vigorously issued the "Xinhui+" wealth management products exclusive to small and medium-sized customers, with the win-win result of both serving small and medium-sized corporate customers and driving the light capital-oriented transformation across the Bank.

As at the end of the reporting period, the size of corporate wealth management was RMB181.406 billion, in which coordinated agency sales registered RMB34.246 billion. During the reporting period, the Bank served more than 20,000 customers in total, further enhancing its influence as a corporate wealth management brand.

2.9.1.3 Risk Management

The Bank followed the "customer-centric" philosophy in its corporate banking business. Pursuing the theme of boosting high-quality development and striving towards the overall goal of "better structure, distinctive characteristics, consolidated foundation and enhanced earnings", it actively served the real economy, enhanced the capability of comprehensive customer management, improved the unified credit system of the Group, focused on strengthening customer limit management, prevented credit concentration risk, and hence achieved high-quality development of its corporate banking business.

In terms of customers, following the overall principle of "strict admission and in-depth exploration", the Bank explored the all-round value of strategic customers. It conducted in-depth management on its key institutional customers, and continued to enhance the brand image of government financial services. It also actively expanded the medium, small and micro enterprise customers centering on core channels.

In terms of regions, the Bank implemented the objectives of regional coordinated development strategy, promoted the high-quality development along the Belt and Road, coordinated the development of the western, northeastern, central and eastern sectors with the coordinated development of the Beijing-Tianjin-Hebei region, the development of the Guangdong-Hong Kong-Macao Greater Bay Area and the integrated development in the Yangtze River Delta as the lead, the development of the Yangtze Economic Belt and protection and high-quality development in the Yellow River basin as the support, and major agricultural production areas and important ecological function areas as the guarantee, to accelerate the formation of a regional economic picture of complementary and high-quality development.

In terms of industries, following national policies, the Bank continued to provide financial services to the real economy, actively adapted to the new direction and seized new business areas. It continued to increase credit support for green finance, strategic emerging industries, high-tech industries, rural revitalization and manufacturing. It actively provided financial services for infrastructure construction, real estate, energy supply and other areas. Focusing on new economy and new business patterns, the Bank intensified efforts in expanding customers from new energy chain, high-tech chain, and enterprises with specialized, sophisticated techniques and unique, novel products.

In terms of businesses, the Bank improved integrated financing services, consolidated the foundation of traditional business and enhanced innovation capability, to meet customer demands to the greatest extent. It endeavored to build a "value inclusive" system, further advanced the high-quality development of the inclusive business, and offered credit support for private enterprises and micro and small-sized enterprises. It seized the opportunity arising from the construction of pilot zones for sci-tech innovation finance, and improved the service system for sci-tech innovation finance. It ramped up support for industrial chains and supply chains, and made every effort to build a financial service system for supply chains. It gave play to its capital-light advantages in international business, and helped create greater values through settlement, trading, financing and intelligence services. It sped up business development in the capital market, and worked to build a new model to serve the real economy.

As at the end of the reporting period, the Bank's balance of corporate loans (excluding discounted bills) posted RMB2,479.642 billion, an increase of RMB180.246 billion over the end of the previous year; and its NPL ratio was 1.29%, down by 0.42 percentage point over the end of last year. The Bank's corporate loan asset quality remained overall stable.

2.9.2 Retail Banking

Closely followed market development trends and adhering to the operation logic of retail banking, the Bank sharpened its digital insight into customers, enlarged the customer base, strengthened customer relations, and provided customers with comprehensive "financial and non-financial" services as an expert at "settlement, investment, financing, activities and services (hereinafter referred to as "five expertise"). It intensified collaboration across channels to serve customers, continued to refine the precise match for all customers, all products and all channels, and further boosted customer experience.

During the reporting period, the Bank's retail banking business registered net operating income of RMB83.562 billion, up by 1.46% year on year, representing 43.81% of its net operating income. Net non-interest income from retail banking recorded RMB23.645 billion, up by 1.30% year on year, accounting for 42.51% of the Bank's net non-interest income, up by 0.18 percentage points from last year.

2.9.2.1 Customer Management

The Bank continued to enhance its customer acquisition and management capabilities, enhanced retail customer management system and achieved constant growth in the number of retail customers.

In terms of stratified management of customers, the Bank implemented the stratified management of retail customers to realize value improvement from ordinary basic customers, wealthy customers, VIP customers to private banking customers relying on all-channel advantages with professional capabilities in stratified services. As at the end of the reporting period, the Bank recorded 137 million accounts of retail customers, a growth of 7.47% over the end of the previous year.

For ordinary basic customers, the Bank leveraged digital means to further improve services for mass customers, providing efficient and highly accessible customer services through online channels like mobile banking, remote assistant and AI outbound calls. For wealthy and VIP customers, the Bank further advanced the data-driven refined customer management, centering marketing around its "five expertise" and advanced integrated online and offline services. As at the end of the reporting period, the number of the Bank's wealthy and VIP customers reached 4,287.4 thousand, an increase of 7.88% compared with the end of last year.

For private banking customers, the Bank upheld the customer-oriented approach, further deepened its services based on "five expertise", continuously upgraded the capability of providing and allocating assets, continuously enriched the scenarios of customer acquisition across the ecosystem and improve the professionalism of its service team. As a result, its private banking brand gathered momentum of development, with the professional capability of its private banking team constantly improved and the operating efficiency further released. As at the end of the reporting period, the number of private banking customers[29] reached 74.0 thousand, an increase of 10.64% over the end of the previous year. During the reporting period, the monthly average daily balance of AUM of the private banking customers reached RMB1,031.270 billion, up by 8.37% year on year.

In terms of grouped management of customers, the Bank provided professional, distinctive, differentiated, comprehensive financial and non-financial services to key customer groups such as pension customers, going abroad customers, and Generation Z customers, continuously improving customer satisfaction.

For pension customers, the Bank provided lifecycle elderly care planning services, advocating "a healthy balance sheet" for young people, "a scientific pension account book" for middle-aged people, and "a happy later life" for senior people. Meanwhile, the Bank further enriched elderly care planning services. During the reporting period, it upgraded the "Happiness +" elderly care account book into the 2.0 version, enabled display of all assets for elderly care and estimation of funds available after retirement, and created a one-stop elderly care planning platform for senior customers. The Bank launched the "Elderly Care Map", to facilitate the search of information about nearby elderly care institutions, medical institutions, senior colleges, and partner merchants. The Bank strengthened services for senior customers, and, in collaboration with China Research Center on Aging, compiled and released the *Investigation Report on the Protection of Senior Financial Consumers' Rights*, the first of its kind in China.

[29] Customers with monthly average daily balance of AUM of more than RMB6 million.

For the going abroad finance customers, the Bank upheld the philosophy of "lifecycle accompanying service", kept pooling quality resources for scenarios across the ecosystem, and expanded the boundary of going abroad finance services, delivering customers with professional, distinctive, differentiated, all-round and one-stop service solutions. During the reporting period, the Bank held the press release of the "25th Anniversary of the CITIC Going Abroad Finance" themed "CITIC Bank Empowers Your Dream Over Time", gave in-depth analysis of the core problems facing the people going abroad for study, business or consumption leveraging its expertise on going abroad finance services built over the last 25 years, and created a service system for all scenarios of going abroad finance based on customer demands. The Bank unveiled the *2023 Blue Paper on Studying Abroad*, which interpreted the latest trends about studying abroad, and provided detailed information about the whole studying abroad planning chain. Targeting families pursuing international education, the Bank collaborated with the Cultural and Education Section of British Embassy and TOEFL ETS, and launched official activities like education exhibitions, before-travelling meetings and micro TOEFL sessions to support children's education. As at the end of the reporting period, the number of the Bank's going abroad customers reached 11,048.2 thousand, an increase of 14.99% compared with the end of last year.

For Generation Z customers, in active response to the country's strategy on youth work for the new era, the Bank deepened research on the financial services for young people, and further improved the financial and non-financial service systems for young customers. Based on its insight into the demands of young customers, the Bank continued to advance the R&D of youth-oriented products based on its "five expertise" and the innovation of relevant benefits, and completed the building of a management and service system for young customers. During the reporting period, the "Yanka" products developed to cater for youth demand for consumption acquired 1,914.0 thousand customers, up by 68.10% year on year; the "52-Week Money Saving Program" launched to meet youth demand for wealth management helped young people save money easily. To ease the tension on cash flows for young workers, the Bank launched the "i Card" product, providing young professionals with exclusive credit policies and youth-oriented services including fitness, workplace courses and audio and video platform membership. As at the end of the reporting period, the Bank served more than 32.00 million young customers.

2.9.2.2 *Businesses and Products*

Wealth Management Business

In active response to external changes, the Bank, adhering to the customer-oriented and value-oriented approach, closely aligned with customer demands, strengthened customer relationships, provided customers with desirable experience and returns, and raised its profile as a caring bank.

In terms of retail wealth management, the Bank continued to speed up the transformation towards net asset value (NAV) business, strengthened the investment research-driven approach and professional capability building, expanded the partnership with leading institutions, and provided customers with selected products. As at the end of the reporting period, the balance of retail wealth management products increased by 6.11% over the the end of previous year to RMB1.26 trillion, of which the products of other wealth management companies the Bank sold as an agent amounted to more than RMB200 billion, up by 67.86% over the the end of previous year.

In terms of agency fund sale, the Bank seized opportunities when market valuation was relatively low, optimized the structure of customer asset allocation, and pressed ahead with the deployment of "Golden Seed" equity funds. During the reporting period, the Bank launched 21 customized "Golden Seed" equity funds, with the funds raised totaling more than RMB10 billion and several products leading among similar products during the same period in terms of the IPO size. The efficiency of online fund operation was greatly improved. Besides, the Bank fully upgraded the scenarios of fund channels in mobile banking APP, and optimized customer experience. The MAU[30] related to fund channels increased by 45.79% year on year.

In terms of agency insurance, the Bank remained committed to customer orientation. In response to the regulatory requirements on "returning to the founding mission", the Bank stuck to value-oriented transformation, and continuously optimized its business structure. During the reporting period, the sales of products providing long-term protection represented 50.73% of the total, indicating a business structure better than the market level.

In terms of deposit products, the Bank continued to optimize the purchase process of deposit products across electronic channels including mobile banking, personal online banking to boost customer experience. Also, the Bank provided a range of deposit product options based on customer contact scenarios such as payroll, elderly care and going abroad as well as differentiated demands. Meanwhile, it improved comprehensive services for payment and settlement scenarios, accelerated the building of consumer payment scenarios, advanced the upgrade of product features targeting payroll, fees payment and performance guarantee scenarios, and accumulated settlement deposits. As at the end of the reporting period, personal deposits across the Bank recorded RMB1,304.955 billion, an increase of RMB145.679 billion or 12.57% year on year.

Digital Finance	**Special Column**
The Bank resolutely implemented the strategic plans on digitalization of the CPC Central Committee, State Council and regulators, aligned with the goal of building a world-class enterprise, centered on its action plan on digital transformation, adhered to the problem-oriented and goal-oriented approach, and continued to drive the digital building of the retail business. Upholding the philosophy of "benefiting the public through intelligence", the Bank remained committed to the development path of "AI + finance", and focused on the upgrade of the retail business towards data, ecosystem, personalization and intelligence, realizing effective services for all customers.	

[30] The number of users accessing pages related to fund channels.

In terms of data, the Bank built three core platforms, i.e. label factory, business opportunity system, and behavior analysis platform, and gained deep insight into customers relying on big data and AI technologies. During the reporting period, the Bank accumulated more than 3,000 labels, triggered an average of 10 million business opportunities on a daily basis, and connected to over 140 thousand behavior points, effectively supporting customers in accessing proper products and services at proper time and via proper channels.

In terms of the ecosystem, the Bank persisted to building the ecosystem by combining "Going Global" and "Bringing in" initiatives, and worked to create an industry-leading platform characterized by coordinated operation across all channels. As at the end of the reporting period, it brought in 31 external financial institutions and more than 1.84 million followed fans. Based on the open platform "*Xing Fu Hao*", the Bank, in collaboration with key financial institutions, provided long-term interactive investment education activities to users, raised users' understanding of financial knowledge, and established an investment education and service system. The Bank launched a brand-new lending channel and pooled differentiated credit products based on customer demand, to build a high-quality consumer finance ecosystem that covers all customers products and channels, and delivers one-stop extreme user experience. During the reporting period, the Bank granted loans totaling RMB170.513 billion through the lending channel, including RMB164.004 billion in CITIC Instant Loan, RMB2.399 billion in credit card installment loans.

In terms of personalization, the Bank established the intelligent marketing and automated operation capacity facing over 100 million customers to meet their personalized demands for financial services. During the reporting period, 2,296 strategies were deployed across channels, providing diversified contents and services, including fine matched products, activities, information and caring services, for 944 million person times.

In terms of intelligence, during the reporting period, the Bank launched the digital wealth adviser service, which covered wealth management and fund businesses, and provided customers and frontline wealth managers with intelligent advisory services across the process of wealth investment. Since its launch, the wealth adviser had completed 890 thousand advisory interactions, with the overall satisfaction rate exceeding 95%. The Bank realized intelligent distribution of information, providing customers with targeted wealth information services. Moreover, it upgraded the intelligent recommendation feature, which has been applied to all sections of mobile banking and aims to create brand-new personalized online experience to based on customer demands.

Going forward, the Bank will press ahead with the digital transformation of retail banking, work to build a retail operation system featuring AI generation, unified management, automated deployment and intelligent interaction, and continuously improve the comprehensive operation capability with customers at the center.

Personal Loan Business

Adhering to the concept of "Value Personal Loan" and the role of personal loans as the "ballast stone" of the Bank's asset business, the Bank promoted the balanced development of three key products, namely, personal housing loans, personal business loans and personal unsecured loans in an balanced manner, to support the development of the real economy and private economy and boost consumption upgrading.

In terms of personal housing loans, the Bank implemented the country's policies on real estate regulation, better supported people's needs for essential and improvement-oriented housing, and promoted the building of a new model for real estate development. During the reporting period, housing mortgage loans across the Bank increased by RMB27.083 billion year on year. **In terms of personal business loans,** the Bank continued to optimize product policies and supporting functions, further improved the share of inclusive financial business, expanded the coverage of beneficiaries, and made the services more accessible and convenient. Over the year, the balance of personal inclusive loans increased by RMB86.6 billion (based on the statistics of PBOC). **In terms of personal consumer loans,** upholding the development principles of "independently-developed scenarios, risk control and products", the Bank remained focused on acquiring quality customers for consumer loans, strengthened the management of existing customers, and tapped further into consumption finance scenarios like automobile and house purchase. It maintained the proactive and prudent marketing strategy, gave full play to the role of financing in driving consumption, and contributed to the recovery of consumer demand. During the reporting period, the Bank carried out several activities where it offered discounts on consumer loan rates, promoted the release of consumer demand, and distributed over 10 million interest coupons, benefiting more than 600,000 customers.

As at the end of the reporting period, the balance of personal loans (excluding credit cards) of the Bank was RMB1,710.901 billion, an increase of RMB157.358 billion or 10.13% over the end of the previous year.

Credit Card Business

The Bank's credit card business thoroughly implemented the "retail first" strategy, gave full play to the positive role of credit cards in national initiatives of "expanding domestic demand, promoting consumption and benefiting people's livelihood", and adhered to the customer-oriented and value-oriented approach. It pressed ahead with ecosystem-wide operation, sped up digital transformation, built the differentiated advantages of services, led innovation in green finance, and practiced the brand premise of "the more we care, the more you gain", comprehensively advancing high-quality and sustainable development.

During the reporting period, the bank's credit card business was further integrated into the retail business, and built a high-quality customer acquisition system that combines sub-centers, branches and online channels, with branches gaining record momentum in customer acquisition and the number of customers acquired across all channels leading the industry. The Bank upheld boundless and open ecosystem-wide operation, collaborated with leading platforms on ecosystem business, enriched its co-branded products issuing co-branded card with leading enterprises such as Meituan and Metro, further enriched and improved its co-branded product system, and upgraded the "99365"[31] brand campaign, and established a distinctive merchant ecosystem centering on public consumption scenarios like restaurants, stores and supermarkets, and gas stations, covering more than 180,000 stores nationwide and driving RMB885.465 billion in consumption of merchants focused on people's livelihood. The Bank increased presence in cross-border consumption scenarios, and launched campaigns like "Global Consumption Season" and "Cash Rebate for Overseas Transactions". Centering on customer demands for capital, the Bank continued to enrich the consumer finance product matrix, with the size of consumer installment loans constantly expanded. The Bank stepped up technological innovation and digital transformation, built the matrix of business strategies with customers at the center, and realized data-driven omnichannel operation and quantitative operation. It also built the corporate WeChat platform for customer management, and created an intelligent customer contact ecosystem.

The Bank thoroughly implemented the country's carbon peaking and carbon neutrality strategy, took an active part in the building of the carbon account standards for the banking industry, saw the number of members of the "Lv Xin Hui" low-carbon ecosystem platform expanding to 23, and launched the "carbon account connectivity system", the first of its kind in the industry, jointly with China UnionPay. As at the end of the reporting period, "CITIC Carbon Account", launched in 2022, saw its user number exceeding 8 million and emissions reduced accumulatively reaching more than 10,000 tons, and was honored the "2023 Typical ESG Green Finance Case in the Banking Industry".

As at the end of the reporting period, the Bank issued cumulatively 115.5206 million credit cards, an increase of 8.37% over the end of the previous year, and recorded RMB520.691 billion balance of credit card loans, an increase of RMB10.224 billion from the end of last year. During the reporting period, the Bank's credit card transaction volume stood at RMB2,715.995 billion, a decrease of 2.73% year on year; it realized RMB59.421 billion income from credit card business, a decrease of 0.67% year on year.

Private Banking Business

Implementing the "new retail" strategy, the Bank put customer first and led through its professionalism. Based on the institutional building of private banking, with focuses on customers, products, teams, services and digitalization, it boosted the professional operation of private banking in an all-round way.

[31] Refers to "RMB9 Movie Ticket Privilege", "RMB0.09 Exchange Privilege" and "Wonderful 365".

The Bank continuously improved the private banking customer services based on "five expertise", and further enhanced its capability in customer management. It built the integrated service system on "five expertise" at both domestic and overseas institutions to cover the diverse demands of high-net-worth customers including investment, settlement and credit, integrated and upgraded the "Yaozuan Companion Plan", a stratified service brand, deepened the lifecycle management of private banking customers, and upgraded the strategy for managing private banking customers, further improving the stability and comprehensive contribution of existing customers.

Driven by the four links of "sector integration, bank-wide collaboration, intra-Group coordination and external connection", the Bank focused on target customer group management, and continuously improved the customer acquisition system based on diverse scenarios. The "Cloud Enterprise Club" was further advanced, with customer acquisition scenarios constantly enriched and corporate and retail business cooperation comprehensively advanced, delivering 78% year on year growth in private banking customer acquisition. The "Youth Travel", a service system for children education under going aboard business, continued to be upgraded, boosting capacity through campaigns and creating value through brand building. The coordination between debit and credit cards became a key means of linking private banking and credit card high end service system, and realized two-way conversion and integrated management of customers. "Cross-Border Linkage" introduced the mechanism of connecting onshore and offshore services, aiming to create new engine for acquiring private banking customers.

Led by investment research, the Bank built core competitiveness and constantly optimized the asset allocation structure of private banking customers. Led by its investment research team, it delivered lifecycle services for the selection and sales of first-line products from a closed-loop perspective that covers the macro market, major asset categories, strategies and products. It further enriched the standardized product strategies for private banking, and improved the supply of quantitative, multi-strategy and derivative products, to meet the demands of customers with different risk appetite for asset allocation. It continued to innovate and upgrade featured single products for the private banking business, and earned wide market recognition for fully entrusted customized products, with the size of business exceeding RMB85.0 billion as at the end of the reporting period. The family trust business launched the trust business model of multi-assets including equity and stocks suitable for entrepreneur customers, with the size of business totaling RMB66.5 billion as at the end of the reporting period.

The Bank continued to strengthen the team building for private banking, with the professional capability of frontline employees gradually improved. It worked to build the three teams for private banking (private banking customer managers, investment advisors and product managers), completing additional staffing for the investment advisor team and establishing the expert team of "CITIC Advisory" during the reporting period. Meanwhile, the Bank further improved the service for and output from ultra-high net worth customers through "visits and promotion" and consolidated the training system for private banking empowerment to improve the capability of standardized and specialized service. The Bank carried out activities like the "Capacity Leap" competition and the special tutoring campaign themed "10,000-Mile Tour for Asset Allocation", further empowering frontline teams and forging the comprehensive capacity of the private banking team.

The Bank continued to enrich the brand rights and service system, and sped up the rollout of private banking centers. It further built the customer growth promotion system through non-financial services, refined the rights and activity mechanism, and improved customer experience. The Bank raised its private banking brand that advocates "the more we care, the more you gain", built a variety of customer contact scenarios through campaigns themed "Private Party", "CITIC Tower Open House" and "CITIC Wealth Management Open House", etc., and created a business chain activity system that integrates online and offline channels. The Bank deepened the integration between private banking teams and diamond teams, and explored the extension of the "win-back + product" financial services. The Bank sped up the establishment of private banking centers, with 17 centers newly approved over the year and 89 centers approved in total, achieving full coverage of private banking services in key regions and cities across the country.

The Bank constantly advanced the digital transformation of private banking, and saw initial results from technical empowerment. During the reporting period, it completed the building of an information platform cluster that covers all areas and processes of the private banking business. The Bank unveiled mobile banking 10.0 "Private Banking Premium" version, providing private banking customers with online experience leading the industry. It also launched the system for quantitative evaluation of standardized products sold via private banking on an agency basis, for the quantitative selection of premium products in the whole market. Meanwhile, it used big data model to explore ways to establish a customized, stratified and classified service system covering asset allocation and non-financial services, building the all channel marketing system of private banking business.

Ageing Finance Business

Pension Finance	**Special Column**

The Bank is one of the first commercial banks in China to launch exclusive services for senior customers, and a strategic partner of China National Committee on Ageing. During the reporting period, the Bank actively implemented the national strategy in response to aging population, upheld the guiding principles of the Central Financial Work Conference, and practiced national elderly care policies. It urged efforts in serving the elderly care industry, deepened lifecycle pension finance services, and initiated the pension finance wealth management.

Giving priority to the pension finance service system. The Bank continuously strengthened its pension finance service system supported by "six supports"[32], namely, "one account, one account book, one set of products, one set of services, one team and one platform". During the reporting period, the Bank deepened its collaborative cooperation with CITIC Group's subsidiaries, and relying on CITIC Group's full range of financial licenses regarding pension finance, constantly enhanced the building of the pension finance planner team. It held six "Xinjian" customer-oriented meetings on elderly care planning strategies, hosted forums on pension finance, and released the *Report on Development of Resident Pension and Wealth Management in China* for two consecutive years.

[32] Refers to a personal pension fund account used in multiple channels and scenarios, an account book that is clear, manageable, and well invested, a set of comprehensive and high-quality pension finance products, a set of elderly care services covering wealth management, health, privileges, education, heritage, and entertainment, a team of certified and excellent "pension finance planners", and a forward-looking and specialized pension finance office platform launched by CITIC Financial Holdings.

Upgrading finance planning concept. Based on insights into the era of longevity and population aging, the Bank proposed "Being the CFO of Your Own Life", and pioneered the four-step finance planning method of "balance of income and expenses, risk prevention, elderly care planning, and asset appreciation". By doing so, the Bank upgraded its asset allocation methodologies and adopted them in customer managers' workflow.

Sticking to sci-tech innovation. The Bank continuously optimized and upgraded the pension finance instruments. It innovated "a healthy balance sheet", which guided young people to balance income and expenditure and save the "first bucket of gold" for elderly care through the mobile banking app; upgraded "a reasonable elderly care account book", the first in the industry to achieve total assets management and one-stop elderly care planning; and enriched the "Happiness + Club" functions to create "a happy life for the elderly in twilight years". Also, the Bank reasonably planed and ensured pension costs, added the elderly care map function online, and continued to facilitate elderly care services.

As at the end of the reporting period, the Bank has 927.1 thousand personal pension accounts, up by 206.48% compared to the end of the previous year, and a total of 3,097.8 thousand users of elderly care account books. The pension finance service of the Bank was awarded "Demonstration Service Case of 2023 CIFTIS (national level)". The Bank has garnered increasing market recognition for "Quality Elderly Care at CITIC".

In the future, the Bank will continue its efforts in pension wealth management, elderly care policy support, and elderly care services to comprehensively meet residents' financial and non-financial needs and build a closed loop of pension finance service concerning "wealth management", "health", "medical care", and "longevity", in a bid to provide caring pension finance services for the high "lifestyle retirement" of residents in the era longevity.

Payroll Service Business

During the reporting period, the Bank strategically pushed forward payroll service. It deepened coordination between retail and corporate banking, strengthened performance assessment and input of human resources, expanded the coverage of payroll services by customer groups, and focused on the enterprises that increased employees and payroll. Starting from the needs of enterprises and employees, the Bank integrated its competitive resources in corporate and retail banking businesses, and created one-stop payroll service solutions for enterprises. For enterprises, it continued to build "Easy Salary", an open payroll service platform, upgraded employee management applications, such as "Intelligent Payslips", and "One-Click Tax Declaration", and developed an essential toolkit for the digital transformation of the human resources and finance departments in enterprises. During the reporting period, it provided payroll services for 27.6 thousand more enterprises. Targeting individuals, the Bank launched "CITIC Salary Card", a special payroll card product, as well as benefits and wealth management products exclusive to customers of payroll services, continuously delivering caring customer services.

2.9.2.3 Risk Management

During the reporting period, in accordance with the strategic goal of "expanding retail banking business and continuously unleashing value contribution", the Bank increased personal loan extension, improved service quality, and continuously enhanced refined risk management with the goal of preventing and defusing risks and supporting business development in its retail banking business.

Risk Management of Personal Loans

Relying on the new personal loan system, the Bank fully leveraged its advantage of integrated technology, and kept improving the digital risk control system that covers the processes before, during and after lending, to build a new momentum for the development of the personal loan business.

In the pre-lending process, the Bank continued to enhance channel management, and established a lifecycle closed-loop channel management system that features standards-based access, process management and orderly exit. While adhering to unified and standardized access strategies for personal loans, it offered differentiated policies to some regions, and conducted time and dynamic adjustment. **In the lending process,** the Bank focused on the building of digital risk control capability to empower the high-quality development of business. It improved the risk monitoring system, continued to refine the closed-loop mechanism of developing, monitoring, analyzing and upgrading models and strategies, strengthened process monitoring and quick upgrade, and continuously enhanced anti-fraud efficiency. Relying on new systems, it realized online deployment of the rules for offline risk control, and constantly improved capabilities in independent decision-making and assistance to manual decision-making of the system. It also maximized the scale effects of the centralized review and approval platform at the Head Office level, and worked to make the business process more intensive, standard and intelligent. **In the post-lending process,** relying on building the functions of the new personal loan system, the Bank continued to refine the new personal loan warning and management system that integrates and automates customer management, and realized the connected and closed-loop management of various modules for post-lending examination and risk warning, etc.

As at the end of the reporting period, the Bank's non-performing balance of personal loans (excluding credit card loans) recorded RMB14.315 billion, an increase of RMB3.211 billion from the end of the previous year. The NPL ratio was 0.84%, up by 0.13 percentage points from the end of the previous year. The overall quality of personal loan assets remained reasonable.

Risk Management of Credit Card Business

The Bank adhered to the whole-process risk management concept for its credit card business, continued to strengthen the risk management system and improve credit card business management. During the reporting period, the Bank relied on new technology to enhance data mining and risk identification capabilities, and continuously iterated risk models to enhance the identification of customer risks. It constantly optimized customer and asset structures, and improved the targeted credit granting capability based on the customer segmentation system. In order to reinforce control over fund use and fraud risk prevention, the Bank promoted the joint prevention and control of gambling and fraud operations, and effectively identified and resolved credit card risks to promote the healthy development of credit card business. Greater efforts were made to dispose of non-performing assets (NPA) with a focus on the recovery of substantial NPAs, thus improving the results of NPA disposal.

As at the end of the reporting period, the Bank recorded RMB13.198 billion in the balance of non-performing credit card loans, an increase of RMB2.678 billion from the end of the previous year. The NPL ratio was 2.53%, up by 0.47 percentage points from the end of the previous year. The overall quality of credit card assets remained stable.

2.9.3 Financial Market Business

Since the start of 2023, in face of the complex and changing economic and financial environment at home and abroad, the Bank's financial market segment, closely following national policies and effectively fulfilling its mission of serving real economy with financial services, has upheld the core philosophy of "giving further play to its role with greater efforts", aimed for professional, large-scale and intensive operation, and centered on integrated and in-depth management of interbank customers. It stayed committed to five directions, i.e. "deepening integration, improving capability, ensuring risk control, enlarging the scale, and boosting profitability", improved its structural capability and expanded systematic advantages through building a business system that integrates sales service, investment and transaction and risk control research ("S-T-R"), to serve more customers and create greater value.

During the reporting period, the Bank's financial market business recorded a net operating income of RMB21.668 billion, a decrease of 14.63% year on year, accounting for 11.36% of the Bank's net operating income. Non-interest net income from financial market business recorded RMB18.846 billion, an increase of 2.07% year on year, accounting for 33.89% of the Bank's net non-interest income, up by 0.41 percentage points from last year.

2.9.3.1 Customer Management

During the reporting period, with the "342 Action Plan for Developing Core Business Capabilities" as the main line in operation, the Bank followed the general guidelines that put equal emphasis on "development, reform and construction", further pushed the integrated management of interbank customers, remained led by stratified and classified management, and kept creating greater value for customers. Based on the "S-T-R" model, the Bank tapped further into the blue ocean of institutional customers. Centering on five major areas of urban and rural commercial banking, securities, funds, elements and insurance, the Bank developed business models featuring combined operation, chain marketing and cross traffic diversion, to constantly boost the operating efficiency in different industries. Comprehensively leveraging digital operation tools, such as CITIC "Interbank+", peer CRM and MPP, the Bank forged differentiated competitive advantages in key industries and regions through the "going to the countryside and primary-level institutions" initiative.

During the reporting period, the Bank pooled quality products and services within the Group, empowered the building of the "Interbank+" online channel, expanded market shares, and constantly empowered the integrated management of interbank customers. The number of quality interbank customers steadily increased. As at the end of the reporting period, the "Interbank+" platform recorded 2,840 accounts, an increase of 175 accounts over the the end of previous year. During the reporting period, the daily average balance of interbank deposits was RMB784.804 billion.

2.9.3.2 *Businesses and Products*

Financial Interbank Business

During the reporting period, the financial interbank business of the Bank made a great effort to overcome headwind such as the continued drop of asset returns and growing uncertainties in the market. While strictly controlling market risk, it optimized the investment strategy, strengthened liability and cost control, and upgraded the customer management system, with business development trending steadily upward.

During the reporting period, the Bank's bill business performed the financial task assigned by the nation to support inclusive, green and strategic emerging industries, manufacturing and key sectors of real economy, with the volume of bill discounting business reaching RMB1,547.128 billion serving 16,777 accounts of corporate customers, of which 11,687 or 69.66% were micro and small enterprises. Bill rediscounting recorded a daily average balance of RMB73.21 billion, representing a year-on-year increase of 29.40%, and continuously channeling low-cost funds to the real economy. As at the end of the reporting period, the balance of the Bank's bill assets amounted to RMB516.785 billion, up by 0.91% from the end of previous year.

During the reporting period, CITIC "Interbank+" platform upheld the operating philosophy of "One CITIC, One Customer", and integrated resources in cooperation with the financial subsidiaries of CITIC Group. Focusing on the demand of financial institutions for wealth management, market-making transactions, and intelligent services, it vigorously deployed the financial market businesses featuring "floor + over-the-counter" trading and "domestic + overseas" operations, and developed three major features, i.e. "Premium Product Store", "Cloud-based Interbank Market Trading Hall" and "Intelligent and Digital Communication Platform". Centering on renewal and upgrade, customer experience and first-line customer services, it completed fast upgrade of features, and gradually formed three value chains respectively of wealth management, asset management and comprehensive financing. During the reporting period, the "Interbank+" platform recorded an online business volume of RMB1.82 trillion, up by RMB0.75 trillion or 69.48% year on year.

Forex Business

The Bank's forex business committed to serve the real economy, supported the transmission and implementation of regulatory policies, actively fulfilled its responsibilities as a market maker and the lead bank of the expert group for interbank forex trading regulation, promoted the high-quality development of the forex market, and helped enterprises manage exchange rate risk. During the reporting period, the Bank continuously provided the liquidity of quoted transactions to the interbank forex market. Its market making volume recorded USD2.61 trillion, increasing by 16.00% year on year, and staying ahead in the market. Unswervingly following regulatory orientations, it stepped up market publicity and training, and guided customers to establish the exchange rate risk neutrality concept. It continued to strengthen capability building in supporting the real economy in exchange risk management, enriched the hedge product system both online and offline, provided professional and comprehensive butler-like forex services, and helped enterprises, particularly micro, small and medium-sized enterprises improve the overall capability of managing exchange rate risk. It served the high-level opening-up of the financial industry, and offered cross-border institutional investors with solution packages that cover forex services. It took an active part in the self-discipline initiatives in China's forex market, and supported the progress in various work including self-discipline management, market regulation and international exchanges.

Bond Business

The Bank's bond business focused on the main business line of serving the real economy financially, targeted providing customers with integrated financing services, and actively carried out bond investment transactions with proprietary funds. During the reporting period, the Bank earnestly performed its duty as a central government bond underwriter, vigorously supported the issuance of central government bonds in primary markets, helped maintain the benchmark rate curve of central government bonds, and remained No.1 among joint-stock banks for two consecutive years in terms of the comprehensive underwriting performance. The Bank stepped up investment in local government bonds, helped local governments mitigate debt risk, and served the development of real economy. Leveraging its professionalism in investment transactions, it increased investment in debentures, unlocked the momentum of collaboration, satisfied the demands of corporate customers for integrated financing services, empowered the integrated management of interbank customers, and boosted both efficiency and benefits. Centering on its capital-light strategic transition, the Bank continued to optimize the asset structure, strengthened refined management, achieved notable results in seizing cross-market investment opportunities, tapping relative values and flexibly arranging exposures, and steadily advanced the returns on bond investment. The Bank actively fulfilled its responsibilities as a core market maker in the interbank bond market, continued to carry out bilateral and requested market marking quotations, and actively offered the market pricing benchmark and liquidity support, ranking among the No.1 market makers by several indicators. During the reporting period, the Bank became one of the first market makers under the Northbound Bond Connect program, the first bond basket market makers, the first interest rate option market makers, and the first market makers for NCD standard interest rate swap, with both market influence and brand image constantly improved. As for the market making business, the Bank actively implemented the interconnectivity mechanism in the bond market, and made greater efforts to facilitate services for overseas institutional investors, staying ahead in the market in terms of the Bond Connect and bond settlement agency businesses, and continuously contributing to the high-quality opening-up of the bond market.

Monetary Market Business

During the reporting period, the Bank's monetary market business aggressively conducted bond repurchase in both local and foreign currencies, interbank lending and interbank certificates of deposit issue, constantly enriched financing channels, and actively met the short-term financing needs of small and medium-sized commercial banks, non-banking financial institutions as well as other trading entities. It proactively participated in the innovation and building of trading mechanisms, and further cemented its position as a core trader in the market. During the reporting period, the Bank recorded a trading volume of RMB28.08 trillion in the RMB money market, roughly same as last year; the issuance of RMB interbank certificates of deposit reached RMB977.270 billion, up by 28.14% year on year. The trading volume in the foreign currency money market totaled USD307.772 billion accumulatively, up by 20.22% year on year; the issuance of interbank certificates of deposit in foreign currencies amounted to USD900 million, up by 100.00% year on year.

Precious Metal Business

Regarding the precious metal business, the Bank, aiming to serve the real economy, vigorously supported the demands of all qualified enterprises across the precious metal industry chain, kept enriching business models, provided customers with professional leasing, value reservation and warehouse receipt transaction services, and achieved steady growth in the volume of trading with customers. The Bank conducted in-depth analysis of market trends, constantly diversified trading strategies, closely followed policy and regulatory orientations, actively performed its duty as a gold importer, and further bolstered its position as a gold inquiry market maker. During the reporting period, the Bank was honored by Shanghai Futures Exchange the title of "Excellent Trader", and ranked among the first gold inquiry market makers by market making size at Shanghai Gold Exchange.

Asset Management Business

For the information about the asset management business the Bank carried out during the reporting period, please refer to the column about asset management as part of the "2.8 Key Areas in Business Operation" in this chapter.

2.9.3.3 *Risk Management*

Risk Management of Financial Market Business

Focusing on both business development and risk control needs, the Bank tightened the list-based management across the process of unsecured bond investment in pre-investment access and post-investment monitoring. It refined the process of credit review and approval for unsecured corporate bonds, and made credit review and approval more independent and standardized. The Bank prudently carried out bond investment, analyzed market trends in a forward-looking manner, optimized the framework for investment, aligned investment strategies with the allocation of major asset categories and integrated customer management, and drove the positive interaction between bond investment and circulation. It made quality enterprises across industries the key credit investment targets of domestic currency bond investment, and the bonds issued by quality Chinese issuers overseas the key credit investment targets of foreign currency bond investment. During the reporting period, the credit qualification for bond investment was generally sound.

Risk Management of Asset Management Business

During the reporting period, the Bank further optimized the risk monitoring indicators at the product end, and continuously improved the comprehensive risk management system for wealth management business. **In terms of business,** through the development of a compliance inspection mechanism, regular operational risk self-assessment, re-inspection of work process, streamlining of job responsibilities and online monitoring of public opinions, the Bank established an effective internal control mechanism, keep reasonable control of compliance risk, operational risk and reputational risk, and prevented damages caused by such risks to the Bank's interest. **In terms of products,** the Bank reasonably controlled liquidity risk in the course of product operation and improved its capabilities in response to liquidity risk through stress test and assessment, analysis of product and asset structures and establishment of an emergency response mechanism for liquidity risk. It realized systematic rigid control over all types of risk limits through the ex ante and interim monitoring of risk limits. It also improved the risk evaluation standards for wealth management products, and enhanced investor appropriateness management to ensure that the operation of wealth management products is in line with the requirements in the product manual. **In terms of assets,** the Bank placed importance on market risk and credit risk. On the one hand, it closely monitored changes in market and product net value, and used relevant tools such as scenario analysis for effective market risk management. On the other hand, it strengthened lifecycle asset management and maintained reasonable control of credit risk through ex ante investigation, interim review and ex post inspection. Based on effective pre-judgment of asset-related risks, the Bank issued alerts on the impact of relevant risks on the net value of wealth management products.

2.9.4 Distribution Channels

2.9.4.1 Retail Online Channels

China CITIC Bank APP

During the reporting period, the Bank launched China CITIC Bank APP 10.0, with the home pages of five channels, i.e. "Home, Wealth, Borrow, Membership, My", and core basic scenarios drastically revised, and fully upgraded customer experience through more accessible and intelligent services of higher quality. Centering its value premise, it developed two major tools for asset allocation, including the "healthy balance sheet" and "Happiness + pension account book", as well as the AI-enabled digital wealth management advisor that is professional and available 7*24, helped users enjoy specialized wealth management advisory services online, expanded wealth management services, delivered low-threshold, highly accessible and caring wealth management services, and thereby realized inclusive finance. During the reporting period, China CITIC Bank APP recorded 16.2701 million online monthly active accounts (MAUs), up by 5.44% year on year; the total number of customers granted loans through the Lending Channel reached 1,736.1 thousand, and the loans granted totaled RMB170.513 billion.

Credit Card Mobile Card Space APP

During the reporting period, the Bank upgraded Mobile Card Space APP10.0. Oriented by "core card services", the Bank refined user service scenarios of the APP, expanded the consumption ecosystem, and built an intelligent platform that integrates finance and life, comprehensively improving its caring service. As at the end of the reporting period, the Mobile Card Space APP recorded 19.8758 million online monthly active accounts.

Remote Customer Service

The Bank boosted the capacity of its digital and remote customer services operation. It established an enterprise-level platform that integrates inbound and outbound calls, refined and strengthened the "Iron Triangle" model for the remote management of the wealth of wealthy customers, and unlocked the capacity of remote services through professional operation. As a result, the overall customer contact volume grew significantly. During the reporting period, the Bank's outbound call service covered 16.7510 million customers, up by 56.88% year on year.

Enterprise WeChat Account

The Bank worked to build its enterprise WeChat Account into an interpersonal service channel with a human touch. During the reporting period, the number of its enterprise WeChat Account followers exceeded 10 million to 11.6652 million, and the customer satisfaction was above 95%.

Open Banking

The Bank advanced the development of open banking and the scenario-based ecosystem. Through standardized, modular and light docking solutions (including but not limited to API, SDK, H5 and WeChat Mini Program), it embedded financial/non-financial services into third-party cooperation scenarios and introduced third-party services to promote the rapid output of retail banking, inclusive finance, corporate banking and other characteristic products and services, and the efficient introduction of external resources from cooperative platforms. During the reporting period, the Bank jointly developed more than 17,000 scenarios such as account, wealth, payment and bill payment with industries through standardized product components, serving more than 55.88 million person-times and recording more than RMB511.3 billion in cumulative transactions. It cooperated with partners to further develop an open wealth ecosystem, and introduced several fund companies, wealth management subsidiaries and insurance companies to the open wealth platform "Xing Fu Hao", which provided full-process intelligent wealth management and companion service to more than 508 million person-times.

2.9.4.2 *Corporate online channels*

During the reporting period, the Bank's corporate online channel remained focused on customers, further built the capacity of infrastructures for the full journey including contract signing, customer use and aftersales services, refined the online contract signing process for products, launched the Ukey-free validation and login mode, and supported domestic UnionTech UOS and Mac operating systems. It stepped up the innovation of products that integrate business, finance and tax, such as CITIC E Card, e-CNY, Business Travel Platform, Invoice Express, and products related to corporate customer benefits, and comprehensively improved the integrated financial services that are open, connected, refined, and intelligent across corporate online channels. As at the end of the reporting period, the Bank recorded 1,094.4 thousand customers across corporate online channels, up by 13.87% over the end of last year, and covering 93.79% of the total. During the reporting period, 215 million transactions involving RMB163.41 trillion were enabled through corporate online channels, up by 7.50% and 6.89% respectively year on year.

2.9.4.3. *Physical outlets*

As at the end of the reporting period, the Bank had 1,451 outlets in 153 medium-sized and large cities in the Chinese mainland, including 37 tier-one branches (directly managed by the Head Office), 125 tier-two branches, and 1,289 sub-branches (including 32 community/micro and small sub-branches), plus 1,529 self-service banks (including onsite and offsite self-service banks), 4,482 self-service terminals and 9,131 smart teller machines (including 2,871 vertical ones). As such, the Bank has developed a diversified outlet pattern that consists of comprehensive outlets, boutique outlets, community/micro and small outlets and off-bank self-service outlets. With its outlets basically covering all medium-sized and large cities in China, the Bank shifted its focus of domestic outlet establishment to layout optimization and profit improvement. Allocation of resources for outlet construction favored developed cities and regions such as Beijing, Shanghai, Guangzhou, Shenzhen, Hangzhou and Nanjing. At the same time, as an active response to the national 14th Five-Year Plan, the Bank implemented national strategies such as the Belt and Road Initiative, rural revitalization, regional economic development, etc., and supported the economic development of key areas such as the free trade zones, ports, special economic zones, new areas, high-tech areas and demonstration zones of common prosperity.

In terms of the layout of overseas outlets, the Bank set up London Branch in the UK, Hong Kong Branch in Hong Kong SAR and Sydney Representative Office in Australia. CNCBI, an affiliate of the Bank, had 31 outlets and 2 business wealth management centers in Hong Kong SAR, Macao SAR, New York, Los Angeles, Singapore and the Chinese mainland. CNCB Investment had 3 subsidiaries in Hong Kong and the Chinese mainland. JSC Altyn Bank had 7 outlets and 1 private banking center in Kazakhstan. During the reporting period, in line with its strategic development plan, the Bank moved forward to improve the management frameworks for human resources, businesses, systems, authorization and performance evaluation of overseas affiliates, guided the overseas affiliates in compliant and prudent operation, and steadily promoted internal preparations for the upgrading of Sydney Representative Office.

2.9.5 Overseas Branches

2.9.5.1 London Branch

London Branch, the Bank's first overseas branch directly managed by the Head Office, opened for business on 21 June 2019. It is engaged deposits and loans such as bilateral lending, syndicated lending, trade finance and cross-border M&A finance, financial market businesses such as agency spot foreign exchange trading, money market transactions, derivative transactions, offshore RMB trading, bond repurchase and investment in and issuance of bonds and certificates of deposits, as well as financial services such as cross-border RMB payment settlement.

During the reporting period, based on the macroeconomy and international geopolitical situations, London Branch strengthened risk control and compliance management, deepened the collaboration between domestic and overseas operations, gave full play to its functions as the financing center in EMEA, and expanded cooperation with its overseas subsidiaries in one-stop comprehensive services. It further sought for market opportunities resulted from the fluctuations of macro-economy, and stayed active in the money market and forex market. It undertook the forex transactions of the Head Office during European trading sessions, provided customers with efficient and convenient forex trading services throughout the day, actively performed its duties as an interbank forex market maker, and offered the market continuous two-way quotations. During the reporting period, London Branch recorded a trading volume of USD46.501 billion[33] in total, a proprietary forex trading volume of USD38.466 billion as an agent of the Head Office, and a night trading size of USD12.532 billion in the interbank forex market.

As at the end of the period, London Branch reported total assets of USD3.199 billion. During the reporting period, London Branch registered an operating income of USD28.1484 million, and a net profit of USD16.0228 million.

2.9.5.2 Hong Kong Branch

On 8 June 2023, the Bank's Hong Kong Branch was officially granted the license for operation, marking a major step towards the Bank's internationalization. As at the end of the reporting period, the preparations for opening of Hong Kong Branch were underway as scheduled.

2.9.6 Subsidiaries and Joint Ventures

2.9.6.1 CIFH

CIFH was incorporated in Hong Kong in 1924. It was acquired by CITIC Group in June 1986 and restructured to become an investment holdings company after its acquisition of the then Hong Kong Chinese Bank Limited in 2002. It is now a wholly-owned subsidiary of the Bank, with an issued share capital of HKD7.503 billion. CIFH is the main platform for the Bank to conduct its overseas businesses. Its business scope includes commercial banking and non-banking financial services. CIFH conducts its commercial banking business mainly via its holding subsidiary CNCBI (in which CIFH holds a 75% equity interest), and conducts its non-banking financial business primarily via CIAM (in which CIFH holds a 46% equity interest).

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[33] Including bonds, foreign exchange, interest rate swaps, money market borrowing and issuance of interbank certificates of deposit.

As at the end of the reporting period, CIFH had 2,674 employees and no retired employees at the company's expense. It recorded HKD471.149 billion in total assets and HKD58.330 billion in net assets, up by 4.33% and down by 2.06% from the end of the previous year, respectively. During the reporting period, it realized net profit of HKD2.535 billion, up by 13.32% year on year.

CNCBI: CNCBI is a whole-license commercial bank in Hong Kong SAR. Vigorously leveraging its advantages, it helped the Bank continuously improve global business network, boost global service capacity and diversify channels of income. During the reporting period, CNCBI actively integrated itself into the CITIC ecosystem, pursued value creation and asset-light development, and developed signature products and services such as syndicated loans, Chinese USD bonds, offshore RMB trading and bancassurance, constantly enlarging the customer base and enhancing service capacity. **Its green finance business expanded fast.** During the reporting period, sustainability-linked loans grew by 11.9% year on year. Among the offshore bonds of Chinese enterprises whose underwriting and issuance it participated in, green and sustainability-linked bonds accounted for 29% of the total amount, 7 percentage points higher year on year. CNCBI was named the "Outstanding Green and Sustainable Loan Structure Advisor (Oil & Gas Industry)" in the appraisal for "Hong Kong Green and Sustainable Finance Awards 2023" launched by Hong Kong Quality Assurance Agency, and won the ESG Award of the Year in the appraisal for "Chinese USD Bond Issuers of the Year" held by Dealing Matrix International (DMI). **It vigorously practiced the collaboration strategy,** launched the overseas platform for collaboration and the collaboration mechanism as well, and led the establishment of CITIC Group Coordination Committee Hong Kong and Macao Branch, the first overseas collaboration platform, as the chairman organization, creating a new situation for overseas collaboration work. **Collaboration on retail banking produced notable results.** The overseas service centers of private banking played a bigger role, driving the double-digit growth in the number of high-net-worth individual customers. The Private Banking Center of Singapore Branch and the Insurance Center of Macao Branch were successively opened, and a multi-tiered collaboration platform that covers diverse fields took initial shape. **FinTech transformation yielded results.** During the reporting period, the corporate online banking (COB2.0) was put into operation in Hong Kong and Singapore; the trading feature of the inMotion mobile banking was enhanced; FX Go, its treasury and global market mobile APP, was officially launched; its electronic channels saw continued improvements of customer acquisition capability.

As at the end of the reporting period, CNCBI recorded an issued share capital of HKD18.404 billion, and posted total assets of HKD467.669 billion and net assets of HKD53.516 billion, up by 4.12% and down by 2.15% from the end of last year, respectively. During the reporting period, CNCBI realized operating income of HKD10.000 billion and net profit of HKD2.587 billion, up by 18.16% and 14.81% year on year, respectively.

CIAM: CIAM is a cross-border asset management company, and is mainly engaged in private equity investment and asset management. During the reporting period, upholding the strategy of "controlling risks, increasing income, reducing costs and streamlining tiers", CIAM strengthened the management of projects and platform companies, exited in an orderly manner, and increased the recovery of debt projects. In addition, CIAM continued to strengthen expense management and control, promoted organizational optimization, continuously improved operation efficiency, reduced operation costs and improved income.

2.9.6.2 *CNCB Investment*

CNCB Investment is an overseas wholly-controlled subsidiary of the Bank established in Hong Kong in 1984 with a registered capital of HKD1.871 billion. The business scope of CNCB Investment covers lending (it holds a Hong Kong money lender license), investment (mainly including debt securities investment, fund investment, stock investment and long-term equity investment, etc.), and overseas licensed investment banking business and domestic equity investment fund management business via its own subsidiaries.

As the overseas investment banking platform of the Bank, CNCB Investment aspires to develop itself into "an overseas investment bank serving the parent bank and featuring strong empowerment, capital-light development and outstanding performance". It further improved the licensed investment banking business system and capability building, strengthened comprehensive risk management, and constantly enhanced its branding, having become one of the mainstream Chinese investment banks in Hong Kong SAR. During the reporting period, CNCB Investment continuously advanced the building of its marketing service system, improved product chain and business strategies, moved forward to improve the license business system capabilities of overseas investment banking, and accelerated the development of an cross border asset management center. The bond underwriting business increased significantly, despite the market downturn, implementing 185 projects for the reporting period, 1.29 times of the same period of the previous year. The scale of active asset management business continued to expand, with increasingly diverse product services and steady progress in key channel and customer development. Its business performance was recognized by the market. In terms of bond underwriting, for the first time, it ranked sixth among the top 10 Chinese USD bond underwriters, a record ranking in the history, with its market influence significantly enhanced.

As at the end of the reporting period, CNCB Investment registered total assets equivalent to RMB35.021 billion, up by 10.62% over the end of last year, net assets attributable to parent company equivalent to RMB5.121 billion, up by 7.27% over the end of last year, and assets under proactive management equivalent to RMB28.7 billion, an increase of 33.4% over the end of last year. During the reporting period, due to the fluctuations in capital market and asset prices, CNCB Investment realized net profit attributable to parent company equivalent to RMB10 million.

2.9.6.3 *CITIC Financial Leasing*

Wholly owned by the Bank, CITIC Financial Leasing was incorporated in April 2015 with a registered capital of RMB4.0 billion. Its business scope covers financial leasing, transfer and receipt of financial lease assets, investment in fixed-income securities, and resales and handling of leased properties.

During the reporting period, CITIC Financial Leasing actively practiced the philosophy of "finance for the people", and closely followed regulatory policy guidelines. Identifying the entry points to serve the real economy, it highlighted the characteristics of its financial leasing business, planned for strategic transformation in advance, and boosted both the capacity and quality of serving the transformation and upgrade of traditional industries, strategic emerging industries and advanced manufacturing. In 2023, it hit new records in terms of the amount, returns and quality of business since its establishment, taking a solid step towards high-quality development.

During the reporting period, CITIC Financial Leasing upheld the strategy of "developing leasing of both large-sized assets and small-sized assets and stabilizing leasing of medium-sized assets", and continued to optimize its business structure. In terms of the leasing of large-sized assets, it improved collaboration with central enterprises, state-owned ship-making enterprises as well as aviation and shipping companies, and enlarged its market shares in mainstream segments like ship and aircraft leasing. In terms of the leasing of small-sized assets, it focused on inclusive leasing businesses related to PV and passenger vehicles, etc. As at the end of the reporting period, it recorded RMB3.049 billion in the balance of retail business, served more than 20,000 rural households with PV products, and provided financial support for the whole industrial chain of passenger vehicles. By expanding the retail leasing business, it contributed CITIC strength to rural revitalization and common prosperity. In terms of the leasing of medium-sized assets, it upheld the aim of serving the real economy, and enhanced support for key areas like green and environmental protection, strategic emerging industries and manufacturing. As at the end of the reporting period, the balance of the green leasing business in the broad sense, which covers new energy vehicle and new energy ship projects, was RMB27.950 billion, representing 57.81% of the total; the balance of assets leased to strategic emerging projects was RMB27.257 billion, comprising 56.38% of the total; the balance of assets leased to manufacturing enterprises was RMB8.322 billion, accounting for 15.12% of the total. Meanwhile, CITIC Financial Leasing vigorously drove the innovation and development of the enterprises with specialized, sophisticated techniques and unique, novel products and the upgrade and transformation of traditional manufacturing. As at the end of the reporting period, the balance of assets leased to enterprises with specialized, sophisticated techniques and unique, novel products was RMB2.774 billion.

As at the end of the reporting period, CITIC Financial Leasing recorded total assets of RMB60.383 billion, up by 18.91% over the end of last year, and net assets of RMB8.128 billion, up by 11.50% from the end of the previous year. During the reporting period, CITIC Financial Leasing realized net operating income of RMB1.784 billion, a decrease of 1.68% year on year, and net profit of RMB838 million, an increase of 18.31% year on year. The company recorded return on equity (ROE) of 10.87%, and return on assets (ROA) of 1.51%.

2.9.6.4 CITIC Wealth Management

CITIC Wealth Management was incorporated in Shanghai on 1 July 2020 with a registered capital of RMB5.0 billion. As a wholly-owned subsidiary of the Bank, CITIC Wealth Management mainly engages in the issuance of wealth management products, investment and management of investor assets under custody and financial advisory and consulting.

For details of asset management business during the reporting period, please refer to relevant content on asset management under "2.8 Key Areas in Business Operation" in this chapter.

As at the end of the reporting period, CITIC Wealth Management had 453 employees and no retired employees at the company's expense. It registered total assets of RMB12.292 billion and net assets of RMB11.711 billion. During the reporting period, it recorded net operating income of RMB3.480 billion, and net profit of RMB2.255 billion, down by 2.05% and up by 10.11% over the same period of last year, respectively. It registered the return on equity (ROE) of 21.31% and debt asset ratio of 4.72%.

2.9.6.5 *CITIC aiBank*

CITIC aiBank is the first direct bank with independent legal person status in China jointly established by the Bank and Fujian Baidu Borui Network Technology Co., Ltd., and was officially opened for business on 18 November 2017. The Bank holds 65.70% of its shares.

During the reporting period, CITIC aiBank consistently standardized and improved the corporate governance mechanism, advanced the integration between Party leadership and corporate governance, accomplished its second three-year strategic plan with quality results, and became one of the banks with over RMB100 billion of assets. CITIC aiBank resolutely implemented the decision and plans of the CPC Central Committee, and took a combination of measures to serve the high-quality development of real economy. It launched 12 measures to support economic recovery and expand consumption, and granted over RMB180 billion of loans in consumption finance, with users characterized as new rural residents making up more than half of the total. It fully supported agriculture-related industries in building stronger cores and chains, drove the development of the enterprises with specialized, sophisticated techniques and unique, novel products, and served 165.3 thousand inclusive micro and small-sized users, 2.69 times that at the beginning of the year. It innovatively launched the government-guarantee entrepreneurship guarantee loans, and saw "Jing Lv Tong II" maintaining the biggest share in Beijing's market for three years in a row.

CITIC aiBank commits to provide more extensive, accessible and considerate inclusive financial services through leading financial technologies and digital and intelligent expertise. During the reporting period, CITIC aiBank pioneered the AI-driven 3D digital banking space named "Zero Space", launched the first 3D digital person livestream platform in the industry, unveiled the hotline 956186, and upgraded the caring edition of mobile banking APP. It advanced the pilot application of data integration across legal person financial institutions, opened up a safe and compliance path for data integration, and achieved a breakthrough in the exploration into data flows across institutions. It launched the industry's first-ever digital maturity evaluation model for commercial banks, empowered the digital transformation of the banking industry, and led the new trends of digital and intelligent development.

As at the end of the reporting period, CITIC aiBank recorded total assets of RMB112.511 billion, up by 16.08% over the end of last year, and total liabilities of RMB104.177 billion, up by 16.42% over the end of last year. During the reporting period, it realized net operating income of RMB4.534 billion, up by 14.27% over the previous year, and net profit of RMB855 million, a year-on-year increase of RMB30.25%. Its ROA and ROE stood at 0.82% and 10.84%, respectively. CITIC aiBank received a long-term AAA rating for entity credit for the fifth consecutive year, and ranked among KPMG's Top 50 China Financial Technology Enterprises for six years in a row.

2.9.6.6 *JSC Altyn Bank*

JSC Altyn Bank was formerly an affiliate of HSBC established in Kazakhstan in 1998. In November 2014, it was wholly acquired by the Halyk Savings Bank of Kazakhstan, the largest commercial bank in the country. In April 2018, the Bank completed the acquisition of a majority stake in JSC Altyn Bank. At present, the Bank holds 50.1% of shares in JSC Altyn Bank.

During the reporting period, JSC Altyn Bank resolutely implemented national strategies, participated in the Belt and Road Initiative with high-quality efforts, and took an active part in the initiative of "Building a New Kazakhstan". It made intensive efforts to tap into local markets, stepped up technological input and product innovation, increased cross-border operation synergy, and adhered to compliant operation achieving satisfactory operating results. During the reporting period, JSC Altyn Bank climbed to a new stage by realizing the net profit of RMB500 million. It stuck to creating value for shareholders. Following the first profit distribution in 2021, JSC Altyn Bank distributed cash dividends for the second time in May 2023, maintaining a relatively high rate of return. Due to sound financial performance, international rating agency Fitch Ratings raised JSC Altyn Bank's long-term issuer default rating from BBB- to BBB, with a stable outlook.

As at the end of the reporting period, JSC Altyn Bank recorded share capital of 7.050 billion tenge[34], total assets of 888.697 billion tenge, and net assets of 117.975 billion tenge. During the reporting period, it realized net operating income of 59.023 billion tenge, net profit of 34.004 billion tenge, and its ROA and ROE stood at 3.67% and 32.86%, respectively.

2.9.6.7 *Lin'an CITIC Rural Bank*

Lin'an CITIC Rural Bank, located in Lin'an District, Hangzhou, Zhejiang Province, officially started operation on 9 January 2012. It has a registered capital of RMB200 million, with the Bank holding 51% of its equity interest. Lin'an CITIC Rural Bank is mainly engaged in general commercial banking business.

During the reporting period, Lin'an CITIC Rural Bank focused on its main duties and businesses, and made the optimization of positioning measures[35] a priority of the year. It lowered the proportion of margin deposits and the ratio of bills to loans and reduced large loans while expanding the customer base of small loans. As at the end of the reporting period, the proportion of margin deposits, the ratio of bills to loans, average loan per household and the proportion of loans above RMB5 million met regulatory requirements, and the proportion of loans below RMB1 million further improved.

Lin'an CITIC Rural Bank actively supported the real economy, implemented inclusive finance and rural revitalization strategies, and increased financing for individual businesses. As at the end of the reporting period, the balance of loans granted to micro and small enterprises was RMB1.455 billion, and the loans granted to farmers stood at RMB998 million, altogether accounting for 90.66% of total loans. It granted loans to 2,180 individual businesses and micro and small enterprise owners, an increase of 53 over the beginning of the year.

As at the end of the reporting period, Lin'an CITIC Rural Bank recorded RMB2.330 billion total assets and RMB425 million net assets, a decrease of 2.31% and an increase of 5.26% over the end of last year, respectively. Its capital adequacy ratio stood at 26.32%, allowance coverage ratio was 367.26%, and the ratio of allowance for impairment of loans to total loans recorded 4.57%. It realized a net profit of RMB33 million for the reporting period.

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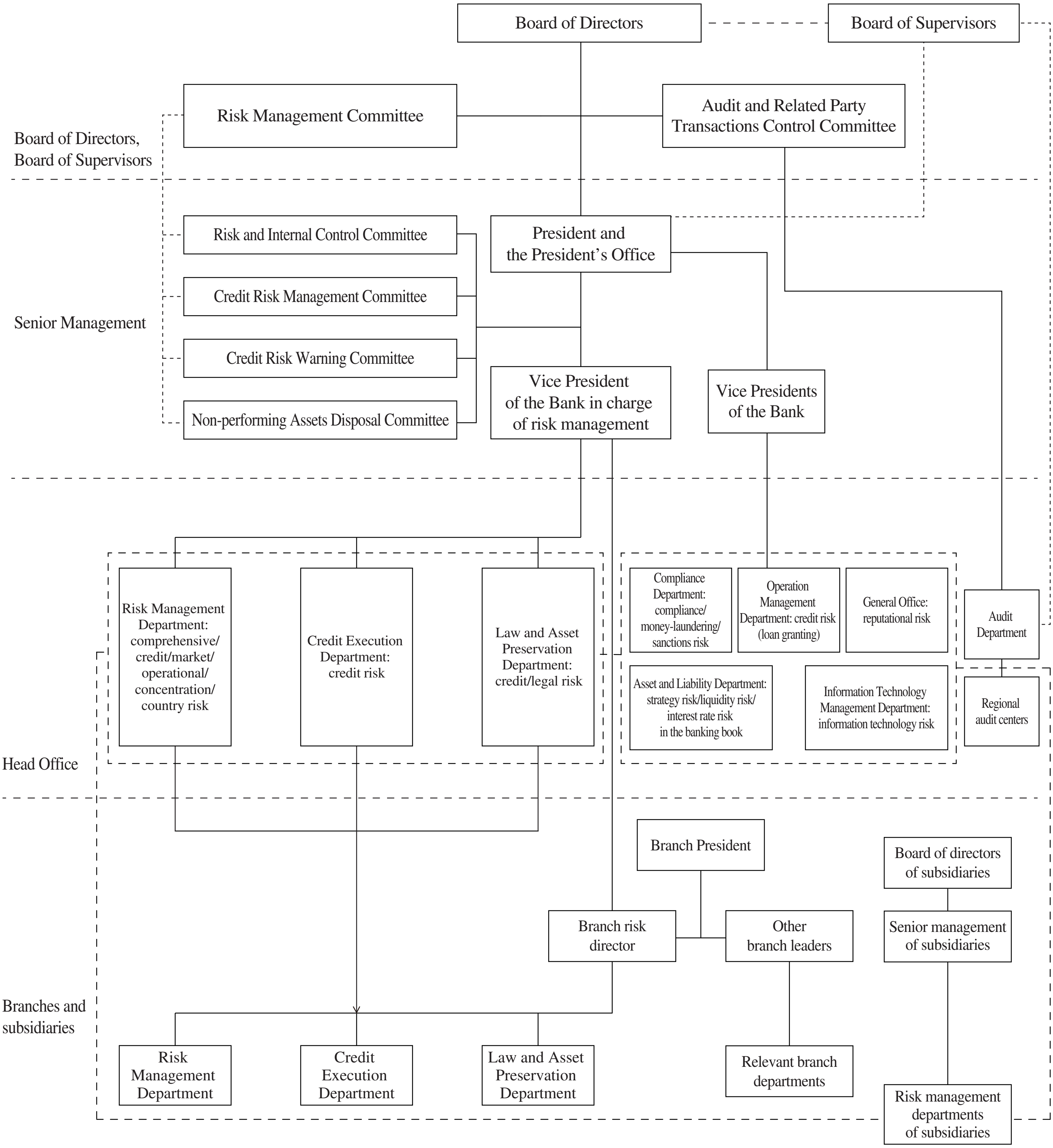
[34] The rate on 31 December 2023 of tenge against Renminbi was 1: 0.015583194.

[35] For the rural bank, the positioning measures related to the support for rural households and small businesses mainly include: the proportion of loans above RMB5 million doesn't exceed 10%; the proportion of loans below RMB1 million exceeds 60%; the average loan per household shall be below RMB500,000, and shall be improved year by year in case of failure; the proportion of margin deposits is no higher than 10%; the ratio of bills to loans is no higher than 15%.

2.10 Risk Management

2.10.1 Risk Management Structure



2.10.2 Risk Management System and Techniques

During the reporting period, the Bank resolutely implemented the decisions and plans of the CPC Central Committee, combined serving the real economy with grasping business opportunities, and realized high-quality development in serving the economic and social transformation and development. It solidly promoted the "the combination of Five Policies", focused on key industries and areas of national strategy, conducted specialized industry research, improved supporting mechanisms, and optimized the credit structure. It continued to improve the comprehensive risk management system, effectively transmitted prudential risk preference, and constantly advanced the risk compliance culture. It improved unified credit management system, and strengthened regional and customer concentration control. It promoted the implementation of integrated credit approval, management and inspection, improved the building of a full-time approver system, and strengthened post-lending and risk mitigation management to improve the quality and efficiency of risk control throughout the process. The Bank exercised stricter control over the quality of all assets, took solid steps to manage near maturity credit in key areas and monitor key accounts by level and category, and classified assets strictly. It pushed forward risk projects defusing, and increased efforts in cash recovery, stabilizing quality while seeking economic benefits from troubled assets. It strengthened the building of professional risk management teams, and improved the risk management capabilities of the Bank.

The Bank strengthened the overall planning for digital risk control, continued to improve the research and development capability of digital risk control technology through the application of big data and artificial intelligence technologies. During the reporting period, the Bank continued to promote the underlying data governance and consolidate the foundation of digital risk control. It continued to build a smart platform for comprehensive risk management to achieve the integrated management of credit, market and operational risks. It continued to optimize digital risk control tools, push forward the application of financial intelligent analysis, risk warning and other tools in the credit extension process of pre-lending approval, post-lending management, risk early warning, collection management and problem assets disposal, empowering business development of the Head Office and branches.

The Bank strictly implemented the *Administrative Measures for Large Exposures of Commercial Banks* of the former CBIRC and other relevant provisions, actively carried out large exposure management under the comprehensive risk management framework, and consolidated the policy foundation. It optimized the management information system, pushed ahead with the data integration of subsidiaries, and carried out statistical monitoring and regulatory reporting in an orderly manner. During the reporting period, the Bank strictly implemented the customer identification and classification standards for large exposures, and met regulatory requirements for limits in terms of all indicators of large exposure management.

2.10.3 Credit Risk Management

Credit risk refers to the risk of a bank incurring losses in its business due to the failure of its borrowers or transaction counterparties to fulfill the obligations specified in relevant agreements or contracts. The Bank's credit risk mainly comes from various credit businesses, including but not limited to loans (factoring included), guarantee, acceptance, loan commitments and other on-and off-balance sheet credit businesses, bond investment of banking book, derivatives trading and security financing, structured finance and other businesses. Under the overall objective of maintaining stable asset quality and increasing the proportion of high-quality customers and guided by the principle of serving the real economy and preventing risks, the Bank continuously optimized its credit structure, enhanced comprehensive financial service capabilities, strengthened the whole-process credit management, prevented systemic risks, and kept credit risks within a tolerable range. For details on the credit risk management of various businesses of the Bank during the reporting period, please refer to "2.9 Business Overview" of this chapter. For details of the Bank's risk exposures after the mitigation of credit risk asset portfolio and measurement of credit risk capital, please refer to the *2023 Capital Adequacy Ratio Information Disclosure Report of China CITIC Bank Corporation Limited* issued by the Bank.

During the reporting period, in order to actively adapt to market developments and changes in the policy environment, the Bank took various measures to improve the capability, quality and effectiveness of post-lending management, thereby realizing continuous value creation.

Actively advancing the post-lending management system development, the Bank defined 2023 as the year of strict post-lending management, and solidly promoted the optimization and upgrading of post-lending management organization, policy, process, technology and culture. It organized and carried out stratified and classified risk monitoring, strengthened risk investigation in key areas, dynamically optimized early warning strategies and rules, and effectively enhanced early warning management targeting group customers.

Continuing to improve risk mitigation management capability, the Bank took the implementation of the new *Capital Rules for Commercial Banks* as an opportunity, and strengthened the building of a risk mitigation management system, including improving policies and rules, optimizing collateral system, strengthening valuation management, carrying out monitoring and early warning, strengthening team building, and focusing on training and assessment, so as to continuously improve the refined risk mitigation management.

2.10.4 Market Risk Management

Market risk refers to the risk of on- and off-balance sheet businesses of a bank incurring losses due to unfavorable changes in market prices (including interest rate, exchange rate, stock price and commodity price). The main market risk confronting the Bank includes interest rate risk and exchange rate risk. The Bank has established a market risk management policy system covering market risk identification, measurement, monitoring, control and reporting. By closely monitoring market risks, strictly implementing risk limit management, timely conducting risk measurement and reporting and other market risk control measures, the Bank has controlled its market risk within a reasonable and acceptable range. The target of market risk management of the Bank is to control market risk within the reasonable range and maximize risk-adjusted returns based on its risk appetite.

During the reporting period, the Bank optimized the market risk management policy system, consolidated the data foundation of the market risk measurement system, and made sufficient preparations for the implementation of the standards approaches for market risk under the new rules on capital management. It made active response to market volatilities in interest rates and foreign exchange, etc., continued to conduct risk investigation and monitoring, and effectively prevented and responded to market risks. It optimized the tiered management of market risk limits, hence strongly supporting business development based on controllable risks. For details of market risk capital measurement, please refer to Note 54(b) to the financial report of this report. For details of interest rate gap, foreign exchange exposure and sensitivity analysis, please refer to Note 54(b) to the financial report of this report.

2.10.4.1 *Interest Rate Risk Management*

Interest rate risk in the trading book

The Bank established a complete risk limit system for the interest rate risk in the trading book, set limits such as value at risk, interest rate sensitivity and market value loss according to features of different products, and regularly assessed the interest rate risk in the trading book through stress testing and other tools, so as to control the interest rate risk in the trading book within its risk preference.

The Bank's interest rate risk in the trading book is mainly affected by changes in yields of the domestic bond market. During the reporting period, the domestic bond market yields overall went downwards amid fluctuations. The Bank closely tracked market changes, strengthened market research and judgment, effectively carried out risk monitoring and warning, and prudently controlled the interest rate risk exposure in the trading book.

Interest rate risk in the banking book

Interest rate risk in the banking book is defined as the risk of loss in the overall earnings and economic value of the banking book arising from adverse movements in interest rate, maturity structure and other factors. It consists of gap risk, benchmark risk and option risk. The Bank manages its interest rate risk in the banking book with the overall objective of observing its prudent risk preference principle and ensuring that overall exposures are controllable and within the Bank's risk tolerance range. Relying on effective comprehensive risk management, the Bank established a sound management system for interest rate risk in the banking book, including a multi-level risk management structure, risk management strategies and processes, risk identification, measurement, monitoring, control and mitigation systems, internal control and audit policies, information management systems, risk reporting and information disclosure mechanism, etc.

During the reporting period, the Bank closely followed changes in monetary policies and fiscal policies, strengthened the analysis and prediction of the trend of market interest rate and the simulation and analysis of customer behavior changes, and took forward-looking measures for proper response. It applied gap analysis, sensitivity analysis, stress testing and other methods to monitor the risk exposure level and changes from multiple dimensions such as re-pricing gap, duration, net interest income fluctuation (△NII) and economic value of entity fluctuation (△EVE). It also flexibly employed price guidance, duration management, scale management and other management tools to ensure the overall stability of the Bank's interest rate risk exposures in the banking book. With the combined effect of the above management measures, the Bank's management indicators for interest rate risk in the banking book fluctuated within the risk tolerance range of the Bank during the reporting period.

2.10.4.2 Exchange Rate Risk Management

Exchange rate risk refers to the risk of on- and off-balance sheet businesses of a bank incurring losses due to unfavorable changes in exchange rates. The Bank mainly measures the magnitude of exchange rate risk through foreign exchange exposure analysis. Its foreign exchange exposure mainly comes from the foreign exchange position formed through foreign exchange transactions and from foreign currency capital and foreign currency profits. The Bank manages exchange rate risk by reasonably matching Renminbi and foreign currency denominated assets with liabilities denominated in the same currencies and by making appropriate use of derivative financial instruments. For foreign exchange exposures of bank-wide assets and liabilities as well as foreign exchange exposures formed in foreign exchange settlement and sale, foreign exchange trading and other transactions, the Bank sets exposure limits to control its exchange rate risk at an acceptable level.

The exchange rate risk of the Bank was mainly subject to impact of changes in the Renminbi exchange rate against the US dollar. During the reporting period, the Bank continuously improved the measurement and management of foreign exchange exposures, formulated and improved the exchange rate risk management rules, strictly controlled the foreign exchange risk exposures of relevant businesses, and intensified routine risk monitoring, forewarning and reporting, controlling the exchange rate risk within the acceptable range.

2.10.5 Liquidity Risk Management

Liquidity risk refers to the risk that a bank is unable to obtain adequate capital in a timely manner and at reasonable cost to repay matured debts, perform other payment obligations or meet other capital needs for normal business. The Bank's liquidity risk management aims to effectively identify, measure, monitor and control the liquidity risk at the legal person level and the Group level by establishing a science-based and sound system for liquidity risk management, and ensure that the liquidity demand can be met at a reasonable cost in a timely manner on the premise of compliance with regulatory requirements.

The Bank has set up a robust governance structure for liquidity risk management, which clearly lays out the division of duties among the Board of Directors, the Board of Supervisors and the senior management and subordinate specialized committees and the relevant management departments of the Bank, and explicitly defines the strategies, policies and procedures on liquidity risk management. The Board of Directors assumes the ultimate responsibility for liquidity risk management of the Bank, and shall review and approve the liquidity risk appetite, liquidity risk management strategy, important policies and procedures, etc. The Board of Supervisors is responsible for supervising and evaluating the performance of the Board of Directors and the senior management in liquidity risk management, and reporting to the general meeting of shareholders. The senior management shall take charge of specific management of liquidity risk, keep abreast of major changes in liquidity risk and regularly report to the Board of Directors. The Asset and Liability Committee of the Head Office shall perform part of responsibilities of the senior management under the latter's authorization. As the leading department for liquidity risk management of the Bank, the Asset and Liability Department of the Head Office is responsible for formulating policies and procedures for liquidity risk management, measuring, monitoring and analyzing liquidity risk and other specific management work. The Audit Department of the Head Office is responsible for auditing, supervising and evaluating the Bank's liquidity risk management.

The Bank maintains a prudent liquidity risk level, implements a prudent, coordinated liquidity risk management strategy, and effectively identifies, measures, monitors and controls liquidity risk through gap management, stress testing, emergency drills and qualified premium liquid assets management. The Bank has put in place a unified liquidity risk management framework. The Head Office is responsible for formulating liquidity risk management policies and strategies of the Group and its legal-person institutions, and for managing liquidity risk at the legal-person institution level in a centralized manner. All domestic and overseas affiliates of the Group are responsible for developing and implementing their own strategies and procedures for liquidity risk management pursuant to the requirements of competent regulators and within the Group's master policy framework on liquidity risk management.

During the reporting period, in the face of the complex economic environment, the central bank adopted a prudent and targeted monetary policy, paid attention to cross-cycle and counter-cyclical adjustment, and cut the reserve requirement ratio (RRR) twice to maintain reasonably ample liquidity. It cut the policy rate twice and drove down market interest rate. It gave full play to the role of structural instruments of monetary policy, and increased financial support to key areas and weak links. The liquidity of the money market was reasonable and abundant, while the interest rate of the money market generally fluctuated around the policy rate.

The Bank constantly enhanced liquidity risk management, increased the foresight and proactiveness of liquidity management and kept optimizing the coordinated management of assets and liabilities. Adhering to stabilizing and increasing deposits, it stepped up efforts in improving the total amount and structure of fund sources and utilization, and maintained a dynamic balance between liquidity and efficiency. It also enhanced liquidity risk measurement and monitoring, kept practicing liquidity risk limit management, and continuously worked to make liquidity risk meet regulatory requirements. Moreover, the Bank strengthened management of premium liquid asset, and continued to promote the pledge projects for credit assets rated by the central bank. It reinforced proactive management of liabilities and maintained a reasonable and proactive liability structure so as to ensure the smooth channels and diversified sources of financing. In addition, the Bank continued to promote the issuance of financial bonds to replenish and stabilize the sources of liabilities. It paid attention to emergency liquidity management, and carried out emergency drills regularly. It also properly conducted daily liquidity management, strengthened market analysis and forecast, and made forward-looking fund arrangements to improve the efficiency of fund utilization while ensuring liquidity safety of the Bank. During the reporting period, the Bank reasonably set stress scenarios and conducted liquidity risk stress tests on a quarterly basis, comprehensively taking into account major factors and external environmental factors that may trigger liquidity risk. Under the mild, medium and severe scenarios, the Bank's minimum survival periods all exceeded the 30-day limit specified by the regulator.

As at the end of the reporting period, the Group's liquidity indicators continued to meet regulatory requirements. The liquidity coverage ratio was 167.48%, 67.48 percentage points higher than the minimum regulatory requirement, indicating that the Group had an adequate reserve of premium liquid assets and strong capacity to withstand the short-term liquidity risk, which is set out as below:

Unit: RMB million

Item	**31 December 2023**	31 December 2022	31 December 2021
Liquidity coverage ratio	**167.48%**	168.03%	146.59%
Qualified premium liquid assets	**923,158**	1,087,933	929,568
Net cash outflow in the coming 30 days	**551,189**	647,452	634,132

Note: The Group disclosed relevant information on its liquidity coverage ratio in accordance with the *Rules on Disclosure of Liquidity Coverage Ratio of Commercial Banks* (CBRC Decree [2015] No.52).

The net stable funding ratio was 108.29%, 8.29 percentage points higher than the minimum regulatory requirement, indicating that the available stable funding sources for the Group could support the needs of sustainable business development, which is set out as below:

Unit: RMB million

Item	**31 December 2023**	30 September 2023	30 June 2023
Net stable funding ratio	**108.29%**	105.86%	108.58%
Available stable funding	**5,081,306**	4,992,992	5,115,822
Required stable funding	**4,692,338**	4,716,434	4,711,714

Note: The Group disclosed relevant information on its net stable funding ratio in accordance with the *Rules on Disclosure of Net Stable Funding Ratio of Commercial Banks* (CBIRC Decree [2019] No.11).

For relevant information about the Group's liquidity gaps as at the end of the reporting period, please refer to Note 54(c) to the financial report of this report.

2.10.6 Liability Quality Management

Liability quality management refers to the management activities of banks with respect to the source, structure and cost of liabilities to ensure the safety, liquidity and profitability of their operations in line with their business strategies, risk appetite and overall business characteristics. The target of liability quality management of the Bank is to effectively measure, monitor and control the quality of liabilities by establishing a science-based and complete liability quality management system, and ensure the quality of liabilities in terms of six aspects, namely, the stability of liability sources, the diversity of liability structure, the appropriateness of liability cost, the reasonable match between liabilities and assets, the initiative in obtaining liabilities, and the authenticity of liability items (the "Six Elements") in compliance with regulatory requirements. The Bank's liability quality management system is commensurate with the size and complexity of its liabilities, and its organizational structure consists of a decision-making level and an executive level. Specifically, the decision-making level includes the Board of Directors who bears ultimate responsibility for the liability quality management and the senior management who implements the liability quality management, while the executive level refers to relevant departments of the Head Office and branches. Focusing on the Six Elements, the Bank specified the goals and process of liability quality management and built a corresponding limit and indicator system covering key regulatory indicators of liability quality management.

During the reporting period, the Bank attached great importance to liability quality management and treated it as the basis for improving the ability to serve the real economy. In light of the internal and external environment as well as the Bank's business development plan, the Bank continued to strengthen the monitoring, analysis and management of changes in the size and structure of liabilities, adhered to the control of liability costs, focused on improving the balanced development of volume, price, quality and customers, and created long-term competitive advantages in liability costs. During the reporting period, the Bank's regulatory indicators of liability quality management remained within the regulatory requirements and the Bank maintained high-quality liabilities.

2.10.7 Operational Risk Management

Operational risk refers to the risk of losses resulting from deficient internal procedures, employees and information technology systems and external incidents. It includes legal risk but excludes strategic risk and reputational risk. The target of operational risk management of the Bank is to enhance its risk control capability and reduce operational risk losses, promote process optimization and improve service efficiency, ensure business continuity and continuous operation, and reduce capital consumption and improve return to shareholders.

During the reporting period, the Bank continued to strengthen its operational risk control and intensified the daily management of operational risk. It enhanced the risk inspection in business links prone to operational risks carried out operational risk and control assessment of main business processes, and optimized the key risk indicator system. It also established a long-effect loss data collection mechanism, strengthened loss data clue investigation and historical loss data governance, and collected loss data in a more comprehensive and accurate manner. It strengthened the operational risk system building of consolidated subsidiaries, and implemented new standardized approaches for the operational risk capital measurement. It upgraded functions of its operational risk management system. Moreover, it made further endeavors to establish a robust risk management system for its outsourcing business, re-examined and revised the outsourcing catalog, strengthened the daily management and risk assessment of outsourcing affairs, and organized outsourcing audits and comprehensive re-inspection and investigation, thus effectively standardizing the risk management of cooperation with third parties. It also re-examined its business continuity management system, strengthened the identification of important businesses, improved emergency plans, enhanced plan drills, arranged disaster recovery resources, strengthened natural disaster management, continued to improve emergency response capabilities, and conducted assessment of information technology risks. During the reporting period, the operational risk management system of the Bank operated stably, placing operational risk under control in the overall sense.

2.10.8 Information Technology Risk Management

Information technology risk refers to the operational, legal and reputational risks caused by natural disasters, human factors, technical loopholes and management defects in the application of information technology by commercial banks. Information technology risk management is incorporated into the Bank's comprehensive risk management system and is an important part of comprehensive risk management. With the core concept of "adhering to the bottom line, strengthening awareness, focusing on execution, proactive management and creating value", the Bank is committed to creating an information technology risk culture system covering "all employees, all aspects and full process".

The Bank has established an organizational structure featuring "three lines of defense" consisting of the "one department and three centers" of information technology, risk management department, compliance department, audit department and other relevant departments. The Bank continued to improve the information technology risk management policy system, strengthened the identification, assessment, measurement, monitoring and control of information technology risk, promoted the safe, sustainable and stable operation of information systems, and continuously improved the application level of information technology, thus enhancing its core competitiveness and sustainability.

During the reporting period, the Bank did not have any major information technology risk events, and the information systems operated well, placing information technology risk under control in the overall sense.

2.10.9 Reputational Risk Management

Reputational risk mainly refers to the risk that damages the Bank's brand value, adversely affects its normal operation and even affects market and social stability due to negative opinion of the Bank by stakeholders, the public and the media resulted from the Bank's behaviors, employees' behaviors or external events.

During the reporting period, adhering to the basic principles of "forward-looking, matching, full coverage and effectiveness" in reputational risk management, the Bank strengthened ex ante assessment, identification of potential risks and source management of reputational risk, regularly inspected reputational risk management and potential risks, properly prepared contingency plans, forestalled and defused risks. In the process of reputational risk disposal, the Bank made quick and coordinated responses, handled reputational events efficiently, actively responded to media and public concerns, and repaired damaged reputation and social image in a timely manner. The Bank continued to strengthen the normalization of reputational risk management, carried out multi-level and differentiated reputational risk training and drills, and strengthened the capabilities of functional departments and branches for prevention and control of reputational risk. The Bank accumulated reputational capital, strengthened brand building, and focused on promoting its brand image of "the more we care, the more you gain".

2.10.10 Country Risk Management

Country risk refers to the risk of losses to the business or assets of the Bank in a country or region or other losses of the Bank caused by the inability or refusal of the debtor in the country or region to repay the Bank's debts due to economic, political and social changes and events in that country or region.

The Bank formulated sound country risk management policies and procedures so as to effectively identify, measure, monitor and control country risk. It identified and measured country risk in cross-border credit extension, investment and off-balance sheet businesses, conducted regular country risk assessment and ratings in countries (regions) where business has been conducted or planned to be conducted, set appropriate country risk limits, and regularly monitored and rationally controlled country risk exposures. During the reporting period, the Bank revised and improved country risk management rules, refined the country risk rating methods, continuously assessed and monitored country risk, reviewed and adjusted country risk ratings and limits in a timely manner, carried out stress tests on country risk, and controlled country risk at an acceptable level.

2.10.11 *Compliance Risk Management*

Compliance risk refers to the risk of legal sanctions, regulatory penalties, significant financial losses or reputational losses due to not complying with laws, regulations, and guidelines. Compliance risk management is a core risk management activity of the Bank, with the Board of Directors being the decision-making body for significant compliance matters and ultimately responsible for the compliance of operating activities of the Bank.

During the reporting period, the Bank strictly implemented regulatory policies and requirements, targeted the goal of "risk prevention as foundation and equal importance attached to compliance" in management transition, and continued to improve the compliance risk governance mechanism and management process. It fully implemented regulatory policies, completed the internalization of new regulatory rules such as new rules on capital management in a timely manner, compiled the 10 issues of the *Compliance Policy Express*, and effectively strengthened policy transmission. The Bank fully supported the NFRA to complete follow-up rectification evaluation of shadow banking and cross-financial business, and promptly rectified any problems discovered. It intensified efforts in identification and assessment of and response to compliance risk of new products, new businesses, as well as major projects, and supported business innovations within the framework of compliance. It launched an intensive campaign to implement regulatory policies and address frequently-occurring risks in key areas, and further consolidated the basis of compliant operation. The Board of Directors regularly deliberated the internal control compliance report, guided and advanced the development of risk compliance culture in a coordinated way, further enhanced all employees' compliance value recognition featuring "upholding fundamental principles and focusing on the behaviors of oneself", and reinforced the concept of compliant operation.

2.10.12 *Anti-Money Laundering (AML)*

The Bank deeply practiced the "risk-based" AML management philosophy, continuously strengthened the AML internal control management and money laundering risk management, and comprehensively enhanced AML management in accordance with the *Law of the People's Republic of China on Anti-Money Laundering,* the *Measures for the Administration of Anti-Money Laundering and Counter Terrorist Financing by Banking Financial Institutions* and the *Guidelines for Risk Management Regarding Money Laundering and Terrorist Financing in Corporate Financial Institutions (Trial)*, as well as other laws and regulations regarding AML.

The Board of Directors, the Board of Supervisors and the senior management earnestly performed the Bank's legal person AML responsibilities, adhered to the guidance of Party building, adopted an appropriate political perspective, made overall plans on AML work, and continued to promote transition to risk-oriented management. Under the comprehensive risk management system, the Bank set up "three lines of defense" for joint prevention and control, so that the Head Office, branches and sub-branches perform respective duties for AML, jointly advance the rectification of problems at the root and enhance targeted and precise management.

During the reporting period, the Bank actively implemented AML laws, regulations and regulatory policy requirements from the top down, kept optimizing the AML internal control rules, and revised and issued the *Rules for the AML Work Leading Group of the Head Office*. The Bank continued to conduct AML review of "policies, products and systems", and took pre-emptive actions to guard against AML risks. It optimized the AML authorization management mechanism, strengthened AML supervisory management of its subsidiaries, and carried out special AML screening in three key areas to block loopholes. The Bank comprehensively implemented the integrated operating model for rating, due diligence and management of retail customers, and further promoted the work for reducing the burden and increasing the efficiency of AML. It continued to optimize suspicious transaction monitoring models, and established a system for monitoring abnormalities. It also upgraded and optimized 337 functions of 12 categories in the AML information system, and reconstructed the monitoring base of the AML list. It improved the AML supervision and inspection system, and reinforced training of talent teams. The Bank strengthened AML training for directors, supervisors, senior management members and employees at all levels for over 1,200 times, and organized 2 AML compliance campaigns on regulatory hotspots to fulfill its AML obligations as a commercial bank.

2.11 Material Investments, Material Acquisitions, Material Sales of Assets and Equity

Except for the day-to-day businesses such as transfer of credit assets that were involved in its normal business operation, there was no other material investments, acquisitions, sales of assets and equity that took place in the reporting period.

2.12 Outlook

In 2024, it is expected that the Chinese economy will continue to recover and improve. Despite challenges such as insufficient effective demand, overcapacity in some industries, weak social expectations, relatively large amount of potential risks, and increasing uncertainties in the external environment, favorable conditions for development in China outweigh unfavorable factors. The basic trend of economic recovery and long-term improvement remains unchanged. The prudent monetary policy will remain flexible and moderate, precise and effective, continuing to create a favorable monetary and financial environment for steady growth of the real economy. In 2024, the spillover effect of monetary policies in developed economies will decrease and the monetary policy cycles of China and the United States will converge, objectively favoring the space of maneuver for China's monetary policy expansion. The proactive fiscal policy will be strengthened appropriately to improve quality and efficiency. Various policy instruments such as special bonds, government bonds, tax incentives, fiscal subsidies, fiscal discount, and financing guarantees will be used to moderately increase the scale of fiscal expenditure and promote sustained economic recovery and improvement. With the coordination of fiscal, monetary, employment, industry, regional, technology, and environmental policies, and the incorporation of non-economic policies in the macro policy orientation consistency assessment, the foundation for sustained economic growth is expected to be further consolidated, providing a sound external environment for the development of the Bank.

The year 2024 marks the 75th anniversary of the founding of the PRC and will be a crucial year for China to implement its 14th Five-year Plan. The Bank will always bear in mind the country's most fundamental interests, firmly implement national strategies, continue to boost the development of technology finance, green finance, inclusive finance, pension finance, and digital finance, and contribute to building China into a country strong in finance. It will focus on high-quality development, accelerate capital-light transformation, optimize customer structure, strengthen customer group development, and maintain stable asset quality. It will focus on the economic momentum and vitality, deepen the reform of the organizational system, press ahead with the reform of human resources mechanism, and improve technology and digital empowerment. Furthermore, the Bank will focus on the "Safe CITIC Bank" project, improve internal risk control and management, and improve the ability to resist and cope with various risks. With an expected asset growth rate of around 6% for 2024, the Bank aims to maintain steady growth of overall operation, stable and improving asset quality and constant high-quality development. Forward-looking statements such as future plans and development strategies involved in the above forecasts do not constitute substantive commitments of the Bank to investors. Investors and related parties should have sufficient awareness of risks in this regard, and understand the differences between plans, forecasts and commitments.

2.13 Information about Structured Entities

For relevant information about structured entities beyond the scope of the Bank's consolidated financial statements, please refer to Note 58 to the financial report of this report.

2.14 Other Information Disclosed as per Regulatory Requirements

Information disclosure of systematically important banks

In September 2023, the PBOC and NFRA released the list of systemically important banks in China for 2023, with the Bank in the second group, same as that for the previous year. According to the requirements of the *Measures for Assessment of Systemically Important Banks*, the Bank is required to disclose various assessment indicators of systemic importance for the previous accounting year through public channels after being selected. The following are the evaluation indicators of the Group for 2023.

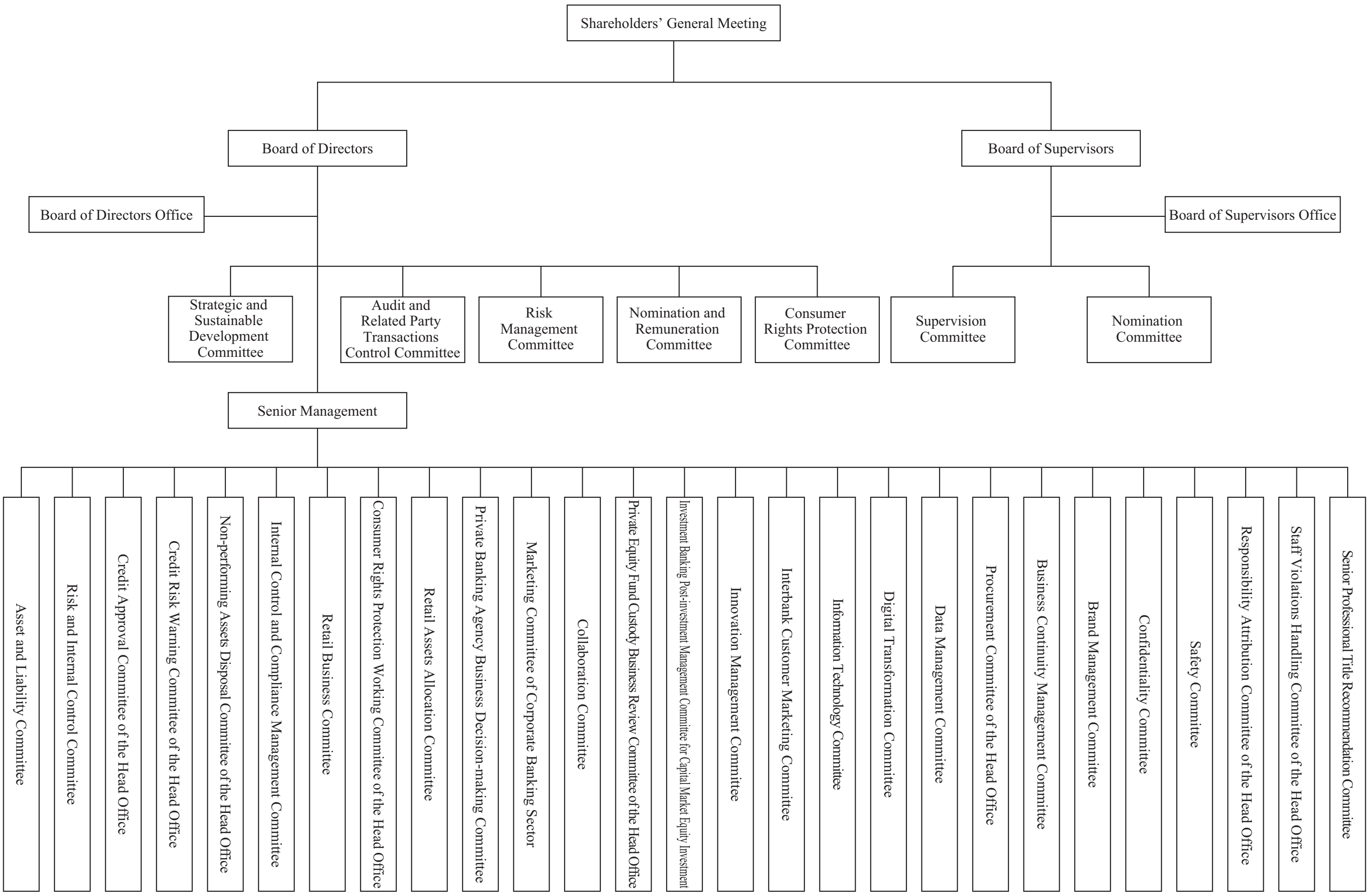
Unit: RMB million

Tier 1 indicators	Tier 2 indicators	As at 31 December 2022
Size	Balance of on and off-balance sheet assets after adjustments	10,193,191.09
Interconnectedness	Intra-financial system assets	1,550,029.77
	Intra-financial system liabilities	1,992,134.32
	Securities outstanding and other financing tools	634,206.29
Substitutability	Total payments through payment system or as a correspondent for other banks	282,308,328.67
	Assets under custody	13,370,334.28
	Agency and underwriting activity	2,503,119.81
	Number of corporate customers	1,154,773
	Number of personal customers	211,491,842
	Number of domestic business organizations	1,435
Complexity	Derivatives	5,709,281.91
	Securities measured at fair value	565,780.73
	Assets of non-bank subsidiaries	491,333.90
	Wealth management business	89,945.92
	Total wealth management products issued by the wealth management subsidiary	1,487,130.74
	Cross-jurisdictional claims and liabilities	788,577.36

Note: The above indicators are calculated in accordance with the calculation method of the *Measures for the Assessment of Systemically Important Banks* (CBIRC Decree [2020], No.289), which are partly different from the indicators in the *2022 Annual Report* and for assessment of global systematic importance.

CHAPTER 3 CORPORATE GOVERNANCE

3.1 Corporate Governance Structure



3.2 Overall Profile of Corporate Governance

The Bank is committed to promoting its high-quality development with high-quality corporate governance. During the reporting period, the Bank earnestly implemented the state's decisions and plans as well as regulatory requirements, integrated the strengthening of the Party leadership into all aspects of corporate governance, and continuously improved its corporate governance system, mechanism and performance, thereby accelerating the enhancement of its corporate governance efficiency. The Board of Directors, the Board of Supervisors and the senior management of the Bank operated according to rules and performed their functions and responsibilities, thus ensuring the smooth coordination as well as checks and balances between governance bodies. The channels for the directors and supervisors to perform their duties were further broadened, the methods for them to perform their duties were improved, and their capabilities of performing duties were further enhanced. Furthermore, the Bank attached great importance to and effectively gave play to the supervision, check and balance role of independent directors and external supervisors and fully safeguarded their legal rights.

The Board of Directors continued to strengthen its self-improvement, voluntarily accepted the supervision of the Board of Supervisors and other parties, and leveraged on its role in strategic guidance to fully support the development of the real economy and reinforce the duty performance regarding risk prevention. Following the national strategies closely, the Bank continued to increase financial support for green credit, strategic emerging industries, medium and long-term manufacturing, private enterprises, rural revitalization, inclusive small and micro enterprises and other key areas, and provided high-quality financial services for the development of the real economy. It improved the whole-journey strategic management system, and solidly facilitated the implementation of strategic goals according to the development plan for 2021-2023 and the "342 Action Plan for Developing Core Business Capabilities" of the Bank. Focusing on value creation, it deepened value operation, further improved wealth management, asset management and comprehensive financing, the three core business capabilities, and actively promoted the light-capital transformation and development, and the comprehensive upgrading of the Bank's financial technology empowerment, thereby making the business structure more coordinated and stable. In face of the complex external environment, the Board of Directors adhered to the prudent risk management concept and strengthened the comprehensive risk management system to continuously improve the internal control and compliance management.

In accordance with the guiding ideology of "fulfilling the functions of the Board of Supervisors" and relevant laws, regulations, regulatory requirements and the provisions in the Bank's Articles of Association, the Board of Supervisors, focusing on the Bank's development plans and central tasks and based on the Bank's legal position, responsibilities and obligations, continuously improved the top-level design and the supervision mechanism, strengthened the supervision in key areas, and carried out in-depth supervision and evaluation of duty performance, thus strengthening the supervision capacity. Through the comprehensive sorting and refinement of legal supervision items, the Bank continued to strengthen its governance system and capacity, and comprehensively performed its supervision responsibilities, hence ensuring targeted and focused supervision. In doing so, it actively increased the quality and effectiveness of supervision, and effectively protected the interests of the Bank, its shareholders, employees as well as the society.

During the reporting period, the Bank arranged the directors, supervisors and the board secretary to participate in training organized by external organizations such as the SSE and the CSRC Beijing Bureau, recording 45 person-times participation. The Bank also carried out surveys of 17 person-times at its affiliates and subsidiaries, further improving its survey quality and effectiveness.

There was no significant difference between the set-up and operation of the Bank's corporate governance bodies and the relevant requirements of the *PRC Company Law*, the NFRA, the CSRC and the SEHK; neither were there major corporate governance issues that the regulatory authorities requested to resolve but remained outstanding.

Earlier, the Bank conducted self-inspection according to its actual situations in strict accordance with the *Announcement on Launching Special Actions on Governance of Listed Companies* (CSRC Announcement [2020] No. 69) issued by the CSRC, and submitted the results of self-inspection on time. As at the end of the reporting period, the concurrent positions of relevant senior management members of the Bank were rectified.

3.3 Explanations on Independence from the Controlling Shareholder and de Facto Controller

The controlling shareholder and de facto controller of the Bank conduct a series of measures in accordance with the relevant regulatory requirements to ensure that the Bank maintains its independence in terms of assets, personnel, finance, institutional set-up and business.

In terms of assets, the Bank has the ownership of or right to use land, properties, trademarks, domain names and other intellectual property relating to its business operations, and none of its controlling shareholder and de facto controller or their related parties occupied or controlled the Bank's assets.

In terms of personnel, no senior management member of the Bank held any administrative position other than director or supervisor in the controlling shareholder.

In terms of finance, the Bank has an independent finance and accounting department, has established an independent finance and accounting system as well as financial management policies, makes independent financial decisions, sets up independent accounts in accordance with laws, and does not share accounts with controlling shareholder and de facto controller. Its controlling shareholder and de facto controller follow the same procedures and lawful requirements for opening accounts with the Bank as those for third parties, and their accounts are independent from the Bank's funds and accounts.

In terms of institutional set-up, the Bank has established the shareholders general meeting, the Board of Directors and the Board of Supervisors, and set up business departments and management departments based on its own needs in operation and management. The Bank independently exercises the functions and powers of operation and management, and has no mixed organization with the controlling shareholder and de facto controller.

In terms of business, the Bank has a complete business system and the ability of independent operation to directly deal with the market, and independently engages in businesses within the approved business scope, without interference or control by its controlling shareholder or de facto controller. The completeness or independence of the Bank's operational autonomy is not adversely affected by the related relationship with the controlling shareholder or de facto controller. During the reporting period, the controlling shareholder, de facto controller of the Bank and other entities controlled by them did not engage in the same or similar business as that of the Bank.

3.4 Profit and Dividend Distribution of Ordinary Shares

To give investors reasonable return on investment and develop the stable expectation of investment returns, relevant provisions of the Articles of Association of the Bank lay down explicit dividend policy of ordinary shares including the basis, principles, intervals, methods and conditions of profit distribution for ordinary shares, highlight cash distribution as the Bank's preferred distribution method, require that the minimum cash distribution proportion should be no less than 10% of the net profit attributable to equity holders of the Bank except for special circumstances and that the amendment of profit distribution policy shall be valid after being brought in writing by the Board of Directors, reviewed and approved by the independent directors, as well as approved by special resolution in the shareholders general meeting whilst shareholders are offered an online voting platform for participation in voting for the proposals on distribution plans. Through compliant and transparent procedures as well as comprehensive decision-making process, the profit distribution policy of the Bank states definite criteria and proportion for profit distribution which fully protects legitimate rights and interests of its small and medium investors, and meets the provisions set forth in the Articles of Association of the Bank.

The Bank has not distributed profit through transfer of capital reserve to share capital since its IPO. Cash dividend distribution of ordinary shares of the Bank in the past three years is set out in the table below.

Unit: RMB million

Year for which dividends were distributed	Cash dividends every ten shares (RMB yuan) (pre-tax)	Total amount of cash dividends (pre-tax)	Net profit Attributable to ordinary shareholders of the Bank as indicated in consolidated statements	Distribution ratio *(Note)*
2020	2.540	12,429	45,970	27.04%
2021	3.020	14,778	52,631	28.08%
2022	3.290	16,110	57,315	28.11%

Note: Distribution ratio is the ratio of the total amount of cash dividends for the current period to the net profit attributable to ordinary shareholders of the Bank on the consolidated financial statements.

After-tax profit as shown in the Bank's 2023 audited financial statements prepared in accordance with the PRC Accounting Standards and IFRS were both RMB62.651 billion.

The Bank appropriated 10% of its after-tax profit as shown on the financial statements prepared in accordance with the PRC Accounting Standards to the statutory surplus reserve, with the accrual thereof recording RMB6.265 billion, and appropriated RMB4.235 billion to general reserve, namely 1.5% of the balance of risk assets as at the end of the reporting period.

In comprehensive consideration of factors such as financial and capital position, the Bank plans to pay cash dividends to all ordinary shareholders as shown on the Bank's register on the register date. Based on the total number of shares as at the register date, the cash dividends for A shares and H shares on the register will be RMB3.56 per 10 shares (tax-inclusive). With reference to the total of 48.967 billion A shares and H shares on the register as at 31 December 2023, the total cash dividends of 2023 for ordinary shareholders will be RMB17.432 billion (tax inclusive), accounting for 28.01% of the consolidated net profit attributable to ordinary shareholders of the Bank of the year 2023.

As the A share convertible bonds of the Bank are in conversion period, it is planned that the Bank will maintain the total amount of dividends unchanged and adjust the dividends per share when there is a change in the Bank's total shares before the register date. The Bank will disclose in relevant announcements when there is such change. These dividends shall be denominated and declared in Renminbi, and shall be paid to A shareholders in Renminbi and to H shareholders in Hong Kong dollar. The dividends to be paid in Hong Kong dollar shall be calculated in accordance with the average benchmark exchange rate of Renminbi to Hong Kong dollar as released by the PBOC one week preceding the convening of the 2023 Annual General Meeting (inclusive of the date of the general meeting). No scheme for transfer of capital reserve to share capital will be applied for the current year. Retained undistributed profit after dividend payment shall be carried forward to the next financial year and continue to be used to replenish the Bank's capital so as to maintain reasonable capital adequacy ratio. The Bank recorded a 10.80% return on weighted average equity attributable to its ordinary shareholders in 2023 and is expected to maintain a certain level of return and contribution in 2024.

This ordinary share profit distribution plan ("the Plan") complies with relevant provisions of the Articles of Association of the Bank and follows clear criteria and proportions of dividend payment. After sufficient discussion and consideration at the meeting of the Strategic and Sustainable Development Committee under the Board of Directors of the Bank, the Plan was submitted for deliberation at the meetings of the Board of Directors and the Board of Supervisors convened on 21 March 2024 and approved thereafter. And it shall be submitted to the 2023 Annual General Meeting for approval. It is expected that the Bank will pay the 2023 final dividends to its ordinary shareholders within two months after adoption of the Plan by the general meeting. Relevant decision-making procedures and mechanisms of the Plan are complete. The Bank proposed to pay the 2023 final dividends to H shareholders on 18 July 2024. Should there be any change thereof, the Bank will publish a separate announcement for disclosure. The record date and specific method of dividend payment to A shareholders shall be announced separately by the Bank.

The Bank's independent non-executive directors have performed their due responsibilities in the decision-making process of the Plan and expressed their independent opinion on the Plan as follows: The Bank's Profit Distribution Plan for 2023 is in compliance with relevant rules and requirements on annual profit distribution in laws, regulations and normative documents, consistent with the reality of the Bank, the need to safeguard the long-term healthy development of the Bank and has taken the overall interests of both the Bank and its shareholders, especially minority shareholders into consideration. We hereby endorse the Plan and agree to have the Plan submitted to the Annual General Meeting of the Bank for approval.

When the Plan is submitted to the 2023 Annual General Meeting for approval, the Bank will, as required by relevant regulatory requirements, offer investors online voting facilities and disclose voting results in accordance with the shareholding percentages of the voting A shareholders. The shareholding percentages are placed in the three ranges of below 1%, 1-5%, and above 5%. The shareholders with less than 1% shareholding will be further classified into the two categories of above and below RMB500,000 market value of shareholdings, and their voting results shall be further disclosed accordingly. Small and medium investors have opportunities to fully express their opinions and appeals, and the compilation and implementation of this Plan fully protects their legitimate rights and interests.

For details of the profit distribution plan of ordinary shares of the Bank, please refer to relevant announcement published on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on the disclosure date of this report.

3.5 Shareholders General Meeting

3.5.1 Shareholders General Meeting and Shareholders' Rights

Responsibilities of the shareholders general meeting

The shareholders general meeting is the Bank's organ of power. It is responsible for making decisions on the Bank's business guiding principles and investment plans; deliberating and approving the Bank's annual financial budget plans, final accounts plans, profit distribution plans and loss remedy plans; deliberating and approving the use of financing proceeds for other than set purposes; electing and replacing directors as well as shareholder representative supervisors and external supervisors, and deciding on the remunerations of directors and supervisors; deliberating and approving work reports of the Board of Directors and the Board of Supervisors; producing resolutions on the Bank's plan for increase or decrease of registered capital; producing resolutions on the Bank's plans for merger, division, dissolution, liquidation or change in the corporate form of the Bank, issue of debt securities or other valuable securities for the purpose of capital replenishment of the Bank as well as the listing thereof, and repurchase of the Bank's ordinary shares; amending the Bank's Articles of Association; engaging and dismissing accounting firms and deciding on their remunerations or the ways to determine their remunerations; deliberating proposals put forward by shareholders who individually or collectively hold more than 3% of the voting shares of the Bank; deliberating matters involving major investments, purchase or disposal of major assets within one year that exceed 10% of the audited net asset value of the Bank for the latest reporting period; deliberating share incentive plans; deciding on or authorizing the Board of Directors to decide on matters relating to the issued preference shares of the Bank, including but not limited to determining whether to repurchase, convert preference shares or pay dividends; deliberating related party transactions that shall be reviewed and approved by the general meeting pursuant to relevant laws, administrative regulations, rules and the securities regulatory rules of the places where the Bank's shares are listed; and deliberating other matters that shall be decided by the shareholders general meeting in accordance with relevant laws, administrative regulations, ministerial rules, requirements of the securities regulators at the places where the Bank's shares are listed and relevant provisions of the Articles of Association of the Bank.

Annual general meeting

The annual general meeting of the Bank provides an effective communication platform between the shareholders and the Board of Directors. For the convening of a general meeting, the Bank shall issue a written notice 45 days prior to the date of the meeting, informing all shareholders on record who are entitled to attend the meeting of the matters to be approved as well as the date and venue of the meeting. Shareholders who intend to attend the meeting shall send their written reply slips to the Bank 20 days before the date of the meeting. Directors, supervisors and the board secretary of the Bank shall attend the annual general meeting, while President and other senior management members of the Bank shall be present at the annual general meeting as non-voting attendees. Directors, supervisors and senior management members of the Bank shall make explanations regarding inquiries and suggestions raised by shareholders at the meeting. Domestic and overseas auditors engaged by the Bank shall also attend the annual general meeting as non-voting delegates and answer questions in relation to external audit, audit reports and their contents, accounting policies and independence of auditors.

Unless otherwise provided for or arranged, shareholders of the Bank may vote by poll at the annual general meeting according to domestic and overseas securities regulatory rules. Details of the voting procedure shall be explained to the shareholders at the beginning of the meeting to ensure shareholders' familiarity with such procedures.

Extraordinary general meeting

In accordance with the Articles of Association of the Bank, extraordinary general meetings may be convened when proposed by more than 50% of the independent directors, all external supervisors, the Board of Directors or the Board of Supervisors, or upon written request of shareholders that individually or collectively hold more than 10% of the Bank's voting shares (actual numbers of shares shall be calculated as per the shareholdings of the requesting shareholders on the date when such a written request is made). The Board of Directors, the Board of Supervisors and ordinary shareholders (including preference shareholders with restored voting rights) that individually or collectively hold more than 3% of the Bank's shares are entitled to present to the Bank their proposals for the general meeting.

Submitting proposals to the general meeting

Ordinary shareholders (including preference shareholders with restored voting rights) that individually or collectively hold more than 3% of the Bank's shares may produce their ad hoc proposals and submit them in writing to the convener of the general meeting 10 days prior to the date of the meeting. Within 2 days after the receipt of such proposals, the convener shall issue supplementary notices for the general meeting to announce the contents of the ad hoc proposals and submit such proposals to the general meeting for approval.

Convening of extraordinary meetings of the Board of Directors

Extraordinary meetings of the Board of Directors may be convened when proposed by shareholders that represent more than 10% of the voting rights. The Chairman of the Board of Directors shall convene and preside over an extraordinary board meeting within 10 days as of the receipt of the proposal made by the shareholders that represent more than 10% of the voting rights.

Making inquiries to the Board of Directors

To make inquiries to the Board of Directors, shareholders may contact the Board of Directors or the Bank via email to ir@citicbank.com or via other contacts as provided on the Bank's website. The Bank has published all of its announcements, press releases and useful company information on its website to improve its information transparency.

3.5.2 Convening of General Meetings

During the reporting period, the Bank convened 1 annual general meeting, 2 extraordinary general meetings, 2 A shareholders class meetings and 2 H shareholders class meetings, where 15 proposals were adopted after deliberation. These meetings were all convened in compliance with the procedures specified in the Articles of Association of the Bank. Relevant resolutions of the general meetings and class meetings were disclosed by the Bank on the websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com).

On 12 April 2023, the Bank held the first extraordinary general meeting of 2023, the first A shareholders class meeting of 2023 and the first H shareholders class meeting of 2023 in Beijing. The then Chairman and non-executive director of the Bank Mr. Zhu Hexin presided over the meetings. Some directors, all supervisors and the board secretary attended extraordinary general meeting and A shareholders and H shareholders class meetings, and some senior management members were present at the meetings as non-voting attendees. The extraordinary general meeting reviewed and adopted two proposals, namely the proposal regarding the demonstration and analysis report on the issuance of rights shares to existing shareholders of A shares and the proposal regarding the authorization to the Board of Directors and its authorized person(s) to deal with relevant matters in relation to the Rights Issue. The above-mentioned two proposals were also reviewed and approved at the first A shareholders class meeting of 2023 and the first H shareholders class meeting of 2023.

On 21 June 2023, the Bank held the annual general meeting of 2022, the second A shareholders class meeting of 2023 and the second H shareholders class meeting of 2023 in Beijing. The then Vice Chairman of the Bank Mr. Fang Heying presided over the meetings. Other directors, some supervisors and the board secretary attended the general meetings and A and H shareholders class meetings, and some senior management members were present at the meetings as non-voting attendees. The annual general reviewed and adopted 12 proposals namely the 2022 Annual Report, 2022 final accounts, 2022 profit distribution plan, 2023 financial budget plan, special report of related party transactions for 2022, application of adjustment and increase of the caps of continuing related party transactions, report of the Board of Directors for 2022, report of the Board of Supervisors for 2022, report of the use of proceeds from the previous issuance, extension of the effective period of the resolutions in relation to the Rights Issue, election of Ms. Song Fangxiu as an independent non-executive director for the 6th Session of the Board of Directors, engagement of accounting firms and their fees for 2023. Among the proposals, the proposal on extension of the effective period of the resolutions in relation to the Rights Issue was also reviewed and approved at the second A shareholders class meeting of 2023 and the second H shareholders class meeting of 2023.

On 28 December 2023, the Bank held the 2nd extraordinary general meeting of 2023 in Beijing. The Chairman of the Bank Mr. Fang Heying presided over the meeting. Other directors, some supervisors and the board secretary attended the meeting, and some senior management members were present at the meeting as non-voting attendees. The meeting reviewed and adopted the proposal regarding the application of the caps of continuing related party transactions.

3.6 Board of Directors

3.6.1 Composition and Responsibilities of the Board of Directors

The Board of Directors is the decision-making body of the Bank. As at the disclosure date of this report, the 6th Session of the Board of Directors comprised 9 members. Pursuant to the Articles of Association of the Bank, the principal responsibilities of the Board of Directors include the following: to convene the general meeting and make work reports to the meeting; to implement the resolutions adopted by the general meeting; to determine the development strategies, business plans and investment proposals of the Bank; to prepare the annual financial budget and final accounts of the Bank; to prepare the profit distribution plans and loss remedy plans of the Bank; to determine the plans for major investment, major assets acquisition and disposal and other major matters of the Bank in accordance with the Articles of Association and within the scope of authorization of the general meeting; to prepare proposals for the amendments to the Bank's Articles of Association; to appoint or dismiss the President of the Bank and the board secretary and to determine matters relating to their remuneration, rewards and punishment; according to the nomination of the President, to appoint or dismiss the Vice President, Business Directors and other senior management members who shall be appointed by the Board according to regulatory requirements, and to determine matters relating to their remuneration, rewards and punishment; to review and establish the basic management rules and internal management structure of the Bank, etc. The Board of Directors should seek advice from the Bank's Party Committee prior to making decisions on major issues of the Bank.

The Board of Directors of the Bank has completed self-assessment of the effectiveness of the design and operation of its internal control. Please refer to "3.27 Internal Control Assessment" in this chapter for details.

3.6.1.1 Members of the Board of Directors

Members of the Board of Directors of the Bank as of the disclosure date of this report are listed as follows:

Name	Position	Gender	Date of birth	Term of office	Year-beginning shareholding	Year-end shareholding	Pre-tax payable remuneration earned from the Bank during the reporting period (RMB10 thousand)	Whether receiving remuneration from the Bank's related party (parties)
Fang Heying	Chairman, Executive Director	Male	Jun. 1966	Sep. 2018-Jun. 2024	915,000	915,000	–	Yes
Cao Guoqiang	Non-executive Director	Male	Dec. 1964	Sep. 2018-Jun. 2024	0	0	–	Yes
Liu Cheng	Executive Director, President	Male	Dec. 1967	Mar. 2022-Jun. 2024	624,000	624,000	235.25	No
Huang Fang	Non-executive Director	Female	May 1973	Nov. 2016-Jun. 2024	0	0	–	Yes
Wang Yankang	Non-executive Director	Male	Mar. 1971	Apr. 2021-Jun. 2024	0	0	–	Yes
Liu Tsz Bun Bennett	Independent Non-executive Director	Male	Dec. 1962	Jun. 2022-Jun. 2024	0	0	29.86	No
Zhou Bowen	Independent Non-executive Director	Male	Oct. 1976	Aug. 2023-Jun. 2024	0	0	9.00	No
Wang Huacheng	Independent Non-executive Director	Male	Jan. 1963	Oct. 2023-Jun. 2024	0	0	6.97	No
Song Fangxiu	Independent Non-executive Director	Female	Apr. 1976	Oct. 2023-Jun. 2024	0	0	5.19	No
Non-incumbent Directors								
Zhu Hexin	Chairman, Non-executive Director	Male	Mar. 1968	Jun. 2021-Apr. 2023	0	0	–	Yes
Guo Danghuai	Executive Director, Vice President	Male	May 1964	Sep. 2019-Oct. 2023	636,000	1,176,000	182.53	No
He Cao	Independent Non-executive Director	Male	Sep. 1955	Jun. 2016-Aug. 2023	0	0	20.00	No
Chen Lihua	Independent Non-executive Director	Female	Sep. 1962	Jun. 2016-Oct. 2023	0	0	21.45	No
Qian Jun	Independent Non-executive Director	Male	Jul. 1970	Dec. 2016-Oct. 2023	0	0	25.25	No

Notes: (1) The commencement of the terms of office of the re-elected/re-engaged directors listed above is the time of their respective initial appointment/engagement.

(2) The final remunerations of the directors who receive remunerations from the Bank are still undergoing confirmation, and the remaining amounts will be disclosed upon completion of the confirmation process.

(3) The non-executive directors (not including independent non-executive directors) receive no remuneration for director from the Bank.

(4) Changes in shareholdings of directors, supervisors and senior management members of the Bank during the reporting period listed in Chapter 3 of this report were all attributed to share purchase in the secondary market. All of them held the Bank's ordinary H shares, except that Mr. Wang Kang held 16,800 ordinary A shares and 1,800,000 ordinary H shares of the Bank.

As at the end of the reporting period, none of the incumbent directors or resigned directors during the reporting period was subject to penalties imposed by the securities regulatory authorities in the past three years.

The Board of Directors developed the *Policy on Diversity of Board Members*, and the Bank believes that the diversity of the Board members helps improve the operation quality of the Bank and is the key factor for the Bank to achieve its strategic objectives, maintain its competitive advantages and realize sustainable development. In designing the composition of its Board of Directors, the Bank will consider the diversity of Board members from various aspects, including but not limited to talent, skills, expertise, industry and professional experience, cultural and educational background, gender, age and race. The Nomination and Remuneration Committee supervises the implementation of the *Policy on Diversity of Board Members* every year. The current session of the Board of Directors consists of 9 members, including 2 executive directors, 3 non-executive directors and 4 independent non-executive directors, covering different gender, age, cultural and educational backgrounds and professional experiences. Two of the directors are female, accounting for 22% of the total. All of these make the Bank meet the requirement of diversity. In the future, the Bank will fully consider the composition of candidates for directors in the selection of directors in accordance with the requirements of the board diversity policy, and further enhance the diversity of Board members.

3.6.1.2 Positions Held by Directors at Shareholders

Name	Shareholder	Position	Term of office
Fang Heying	CITIC Group Corporation Limited	Deputy General Manager	Since Dec. 2020
		Party committee member	Since Nov. 2020
	CITIC Limited	Deputy General Manager	Since Dec. 2020
		Member of the Executive Committee	
	CITIC Corporation Limited	Deputy General Manager	Since Dec. 2020
Cao Guoqiang	CITIC Financial Holdings	Director	Since May 2023
		General Manager (in charge of finance)	Since May 2023
Huang Fang	Zhejiang Xinhu Group Co., Ltd.	Director	Since Aug. 2013
		Vice President	Since Jul. 2011
Wang Yankang	State Tobacco Monopoly Administration	Chief of State-owned Assets Management Division of the Financial Management and Supervision Department (Audit Department)	Since August 2016

3.6.1.3 Positions Held by Directors at Organizations Other Than Shareholders

Name	Employer	Position
Fang Heying	CITIC International Financial Holdings Limited	Director
	CITIC Bank International Limited	Director
Liu Cheng	CITIC International Financial Holdings Limited	Director
	CITIC Bank International Limited	Director
	CNCB (Hong Kong) Investment Co., Ltd.	Director
	Asian Financial Cooperation Association (AFCA)	Director
Liu Tsz Bun Bennett	Hong Kong Business Accountants Association	Honorary Consultant
	Shenzhen WeBank Co., Ltd.	Independent Non-executive Director
	Ping An Life Insurance Company of China, Ltd.	Independent Non-executive Director
	China Vanke Co., Ltd.	Independent Non-executive Director
Zhou Bowen	Tsinghua University	Long-tenured professor at the Department of Electronic Engineering
		Professor of Huiyan Symposium
Wang Huacheng	Renmin University of China	Professor at the Department of Finance of Renmin Business School
	China National MPAcc Education Steering Committee	Deputy Director
	Accounting Society of China	Vice Chairman
	Cost Research Society of China	Vice Chairman
	Tsinghua Tongfang Co., Ltd.	Independent Director
	Wanhua Chemical Group Co., Ltd.	Independent Director
	Beijing Capital International Airport Company Limited	Independent Director
Song Fangxiu	Peking University	Deputy Secretary of the Party Committee of the School of Economics, Professor at the Department of Finance
		Director of China Center for Financial and Investment Research

3.6.1.3 Resumes of Directors

Mr. Fang Heying Chinese Nationality

Secretary of the Party committee, Chairman and executive director of the Bank. Mr. Fang has served as deputy general manager of CITIC Group Corporation Limited, deputy general manager and member of the executive committee of CITIC Limited, and deputy general manager of CITIC Corporation Limited since December 2020, and as a Party committee member of CITIC Group Corporation Limited since November 2020. Mr. Fang is concurrently a director of CITIC International Financial Holdings Limited and CITIC Bank International Limited. Mr. Fang served as President of the Bank from March 2019 to April 2023. Prior to that, Mr. Fang was president of the Bank's Suzhou Branch, president of the Bank's Hangzhou Branch, and head of the Bank's financial markets business, vice president and Chief Financial Officer of the Bank. Before that, he was a teacher at Zhejiang Banking School, assistant general manager of the credit department of the experimental urban credit cooperative of Zhejiang Banking School. Mr. Fang has more than 30 years of experience in the Chinese banking industry. He graduated from Hunan College of Finance and Economics (currently Hunan University) and attained with a master's degree in business administration for senior management member from Peking University. He is a senior economist.

Mr. Cao Guoqiang Chinese Nationality

Non-executive director of the Bank. Mr. Cao has served as director and general manager (in charge of finance) of CITIC Financial Holdings since May 2023. Mr. Cao used to be a deputy chief staff member and deputy section chief of the planning and treasury division of the PBOC Shaanxi branch; assistant general manager, deputy general manager and general manager of the planning and treasury department at the Head Office of China Merchants Bank (CMB); general manager of the Budget and Finance Department of the Head Office, assistant president, vice president and chairman of the Board of Supervisors of the Bank; general manager of the Finance Department of CITIC Group Corporation Limited; and chief financial officer of CITIC Limited. Mr. Cao has over 30 years' experience in the Chinese banking industry. He graduated from Hunan College of Finance and Economics (currently Hunan University) with a bachelor's degree in monetary banking and obtained his master's degree in monetary banking from Shaanxi College of Finance and Economics (currently Xi'an Jiaotong University). He is a senior economist.

Mr. Liu Cheng Chinese Nationality

Deputy Secretary of the Party Committee, executive director and President of the Bank. Mr. Liu is concurrently a director of CITIC International Financial Holdings Limited, CITIC Bank International Limited, CNCB (Hong Kong) Investment Co., Ltd. and Asian Financial Cooperation Association (AFCA). He served as Chairman of the Board of Supervisors of the Bank from April 2018 to November 2021, and Executive Vice President of the Bank from January 2022 to August 2023. He used to be a teacher at the Finance Department of the Central College of Finance and Economics (now Central University of Finance and Economics), and had been working in the National Development and Reform Commission and the General Office of the State Council. Mr. Liu has rich experience in development, reform, fiscal policy and finance. He graduated from the Finance Department of the Central College of Finance and Economics, and the School of Finance of Renmin University of China. He obtained a bachelor's degree, a master's degree and a doctoral degree in economics and is a research fellow.

Ms. Huang Fang Chinese Nationality

Non-executive director of the Bank. Ms. Huang has served as a director of Zhejiang Xinhu Group Co., Ltd. since August 2013, and vice president of Zhejiang Xinhu Group Co., Ltd. since July 2011. Previously, Ms. Huang worked at Agricultural Bank of China (ABC) where she successively served as deputy general manager of the international business department at the Zhejiang Provincial Branch business department, deputy general manager (presiding) of Hangzhou Baojiao sub-branch, deputy general manager of the corporate banking unit at the Zhejiang Provincial Branch business department, deputy general manager (presiding) and general manager of the personal finance unit at the Zhejiang Provincial Branch business department; and was vice president and chief financial officer of Xinhu Holdings Limited, a director of Xinhu Zhongbao Co., Ltd., and chief financial officer of Zhejiang Xinhu Group Co., Ltd. Ms. Huang graduated from Zhejiang University with a bachelor's degree in law. She is an intermediate economist.

Mr. Wang Yankang Chinese Nationality

Non-executive director of the Bank. Mr. Wang has served as chief of State-owned Assets Management Division of the Financial Management and Supervision Department (Audit Department) of the State Tobacco Monopoly Administration since August 2016. Previously, he worked at the Financial Management and Supervision Department (Audit Department) of the State Tobacco Monopoly Administration where he successively served as cadre, deputy chief staff member, and chief staff member of the Audit Division; deputy chief of the First Audit Division; deputy chief of the State-owned Assets Management Division; and consultant and deputy chief of the State-owned Assets Management Division. He was once temporarily appointed as the deputy county chief of Yunxi County, Hubei Province. Prior to that, Mr. Wang worked at the Finance Department of Tsinghua University and was assigned by the National Audit Office to the Audit Bureau of the State Tobacco Monopoly Administration. Mr. Wang graduated from Renmin University of China with a bachelor's degree in accounting, and obtained a master's degree in accounting from Beijing Technology and Business University. He is a senior accountant.

Mr. Liu Tsz Bun Bennett Chinese Nationality (Hong Kong)

Independent non-executive director of the Bank. Mr. Liu is now an honorary consultant of the Hong Kong Business Accountants Association, and an independent director of Shenzhen WeBank Co., Ltd., Ping An Insurance (Group) Company of China, Ltd. and China Vanke Co., Ltd. He used to be an accounting consulting expert of the Ministry of Finance of China and a Hong Kong member of the 14th session of Tianjin Municipal Committee of the Chinese People's Political Consultative Conference. Mr. Liu had served as a managing partner of audit of KPMG Huazhen LLP China, a managing partner of audit of KPMG Asia Pacific, a chairman of KPMG China and a senior advisor of KPMG Hong Kong. Mr. Liu graduated from the London School of Economics and Political Science with a bachelor's degree in economics. He has the chartered accountant qualification in England and Wales as well as the Hong Kong Institute of Certified Public Accountants senior fellowship.

Mr. Zhou Bowen　American Nationality

Independent non-executive director of the Bank. Mr. Zhou is an IEEE Fellow/CAAI Fellow, and has been a long-tenured professor at the Department of Electronic Engineering and a professor of Huiyan Symposium of Tsinghua University since May 2022. Previously, he was the President of the Basic Research Institute of Artificial Intelligence at IBM's headquarters in New York, USA, Chief Scientist of IBM Watson, and IBM Distinguished Engineer from March 2003 to September 2017; Vice President and Senior Vice President of JD.com, Inc., Chairman of Technology Committee of JD.com, Inc., President of JD Cloud & AI, and President of JD AI Research Institute from September 2017 to November 2021; Director of Kingdee International Software Group Co. Ltd. from March 2020 to December 2021; and he founded Beijing Xianyuan Technology Co., Ltd. in December 2021. Graduated from the University of Colorado with a doctorate degree in electronic and computer engineering, Mr. Zhou has been engaged in AI basic theory and cutting-edge technology research for more than 20 years. He has long-time academic research experience in the new generation of information technology represented by artificial intelligence, and accumulated an abundance of hands-on experience in the field of Internet.

Mr. Wang Huacheng　Chinese Nationality

Independent non-executive director of the Bank. He currently serves as a professor and supervisor of PhD students in the Department of Finance of Renmin Business School. He is one of the first batch of outstanding scholars (Post-A professor) appointed by Renmin University of China, a state-level famous teacher, the deputy director of the China National MPAcc Education Steering Committee, Vice Chairman of Accounting Society of China, Vice Chairman of Cost Research Society of China, and an independent director of Tsinghua Tongfang Co., Ltd., Wanhua Chemical Group Co., Ltd. and Beijing Capital International Airport Company Limited. The positions he previously held include Deputy Director of Accounting Department and Deputy Dean of the Business School at Renmin University of China as well as an independent director of many companies such as Huatai Securities Co., Ltd., E Fund Management Co., Ltd., China Railway Construction Corporation Limited, BOE Technology Group Co., Ltd., Hua Xia Bank Co., Ltd., China Great Wall Securities Co., Ltd., etc. Graduated from Renmin University of China with a doctorate degree in management (majoring in accounting), Mr. Wang has abundant research achievements and extensive experience in fiscal, accounting, and financial fields.

Ms. Song Fangxiu　Chinese Nationality

Independent non-executive director of the Bank. She is currently deputy secretary of the Party Committee of the School of Economics, professor and doctoral supervisor at the Department of Finance and director of the China Center for Financial and Investment Research, Peking University. Ms. Song has been teaching at the School of Economics, Peking University since 2003. She once worked as lecturer, associate professor, Party Committee member of the School of Economics, deputy director of the Department of Finance and assistant to the dean of the School of Economics. From 2006 to 2007, Ms. Song was a visiting scholar at the University of Minnesota. Ms. Song graduated from the Department of Finance of the School of Economics, Peking University with a doctoral degree. Her research focuses on monetary theories and policies, international finance and asset pricing. She once published more than 50 academic papers on key journals of economics, books such as *Asset Allocation Mechanisms and Interest Rate Liberalization in China's Transition*

Economy and *Comparison of Currency Internationalization Between China and the United States* and a number of translations. She hosted three provincial or ministerial level research subjects in the National Social Science Fund Project and the Beijing Philosophy and Social Science Project and participated in a number of national and provincial level research subjects.

3.6.1.4 Appointment, Resignation and Dismissal of Directors

On 16 November 2022, the 2nd Extraordinary General Meeting of 2022 of the Bank elected Mr. Zhou Bowen and Mr. Wang Huacheng as independent non-executive directors of the 6th Session of the Board of Directors of the Bank. On 31 August and 7 October 2023, upon approval by the NFRA, Mr. Zhou Bowen and Mr. Wang Huacheng officially assumed as independent non-executive directors of the Bank, respectively. Working as the Bank's independent non-executive directors for six years, Mr. He Cao and Ms. Chen Lihua ceased to serve as independent non-executive directors and relevant positions at the special committees under the Board of Directors on 31 August 2023 and 7 October 2023, respectively.

On 17 April 2023, due to work arrangements, Mr. Zhu Hexin resigned from the positions of Chairman, non-executive director and chairman and member of the Strategic and Sustainable Development Committee of the Board of Directors of the Bank, which took effect on 17 April 2023. On the same day, the Board of Directors elected Mr. Fang Heying, Secretary of the Party Committee, Vice Chairman and director of the Bank, as Chairman of the 6th Session of the Board of Directors of the Bank, who took office as of the date when his qualification for Chairman was approved by China's banking regulatory authority. The Board of Directors agreed to appoint Mr. Fang Heying to perform the duties of Chairman of the Bank on behalf for a period from the effective date of Mr. Zhu Hexin's resignation to the date when Mr. Fang Heying officially assumed as Chairman of the Bank. On 3 August 2023, Mr. Fang Heying's qualification for Chairman of the Bank was approved by the NFRA, and he officially assumed as Chairman of the Bank.

On 21 June 2023, the 2022 Annual General Meeting of the Bank elected Ms. Song Fangxiu as an independent non-executive director of the 6th Session of the Board of Directors of the Bank. Upon approval by the NFRA, Ms. Song Fangxiu officially assumed as independent non-executive director of the Bank on 25 October 2023. As Ms. Song Fangxiu has assumed as an independent non-executive director of the Bank, Mr. Qian Jun, having worked as the Bank's independent non-executive director for six years, ceased to serve as the Bank's independent non-executive director and relevant positions at the special committees under the Board of Directors on 25 October 2023.

On 25 October 2023, Mr. Guo Danghuai submitted his resignation to the Board of Directors of the Bank and resigned as executive director of the Bank and member of the Risk Management Committee of the Board of Directors of the Bank due to retirement, and his resignation took effect on 25 October 2023.

3.6.2 Information on Work of the Board of Directors

During the reporting period, the 6th session of Board of Directors convened 14 meetings (including 12 on-site meetings and 2 meetings via written resolutions)[36]. At the meetings, the Board of Directors deliberated and adopted 102 proposals, including the *2022 Annual Report of China CITIC Bank Corporation Limited, 2022 Profit Distribution Plan of China CITIC Bank Corporation Limited, 2023 Business Plan of China CITIC Bank Corporation Limited, 2023 Financial Budget Plan of China CITIC Bank Corporation Limited, 2022 Sustainable Development Report of China CITIC Bank Corporation Limited, 2023 Audit Plan of China CITIC Bank Corporation Limited, Report for the First Quarter of 2023 of China CITIC Bank Corporation Limited, 2023 Interim Report of China CITIC Bank Corporation Limited, Report for the Third Quarter of 2023 of China CITIC Bank Corporation Limited*, nomination of Ms. Song Fangxiu as candidate for independent non-executive directors of the 6th Session of the Board of Directors of China CITIC Bank Corporation Limited, and formulation of the *Measures for Capital Management of China CITIC Bank Corporation Limited* ect. In addition, the Board of Directors listened to 45 presentations respectively regarding the reports on operating results of the Bank in 2022 and each quarter of 2023, reports on comprehensive risk management in 2022 and each quarter of 2023, reports on internal control & compliance and anti-money laundering in 2022 and the first half year of 2023, report on consumer rights protection in 2022 and the first half of 2023, report on outsourcing risk assessment in 2022, report on development of inclusive finance, innovations of the Bank in 2022, regulatory circular and rectification in 2022, report on audit work and rectification in 2023, etc. In accordance with regulatory requirements and the Articles of Association of the Bank, relevant significant events were all submitted to the on-site Board meetings for deliberation. Matters requiring passing by written resolutions and eligible for the same as per laws, regulations and the Articles of Association of the Bank were deliberated and passed by written resolutions.

The resolutions of the Board have been published on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank(www.citicbank.com).

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[36] During the reporting period, the Board of Directors held meetings on 11 January, 17 February, 23 February, 22 March, 23 March, 31 March, 17 April, 28 April, 21 June, 24 August, 26 October, 8 November, 15 December and 28 December respectively.

The attendance records of the directors of the Bank at the Board meetings in the reporting period are set out in the table below:

Directors	In-person attendance/ number of meetings during his or her tenure	Attendance by proxy/ number of meetings during his or her tenure	Attendance of general meetings/number of meetings during his or her tenure
Fang Heying	14/14	0/14	4/7
Cao Guoqiang	13/14	1/14	7/7
Liu Cheng	13/14	1/14	7/7
Huang Fang	14/14	0/14	7/7
Wang Yankang	13/14	1/14	7/7
Liu Tsz Bun Bennett	14/14	0/14	7/7
Zhou Bowen	4/4	0/4	1/1
Wang Huacheng	3/4	1/4	1/1
Song Fangxiu	4/4	0/4	1/1
Non-incumbent Directors			
Zhu Hexin	6/6	0/6	3/3
Guo Danghuai	10/10	0/10	6/6
He Cao	10/10	0/10	6/6
Chen Lihua	10/10	0/10	6/6
Qian Jun	9/10	1/10	6/6

During the reporting period, none of the Bank's directors raised any objection to the resolutions of the Board of Directors or its special committees of the Bank. During the meetings and the periods when the meetings were not in session, directors of the Bank put forward numbers of advice and suggestions, which were all adopted or responded to by the Bank.

The Nomination and Remuneration Committee under the Bank's Board of Directors examined the qualifications of the nominated directors in terms of their independence, expertise, experience and competence, to ensure the Board of Directors to work efficiently and make scientific decisions. Comprising more than one-third of the members of the Board of Directors, the Bank's independent non-executive directors have no business or financial interest in the Bank or its subsidiaries, nor assume any management positions in the Bank, ensuring their independence.

3.6.3 Special Committees under the Board of Directors

There are 5 special committees under the Board of Directors, namely the Strategic and Sustainable Development Committee, the Audit and Related Party Transactions Control Committee, the Risk Management Committee, the Nomination and Remuneration Committee and the Consumer Rights Protection Committee.

3.6.3.1 *Strategic and Sustainable Development Committee*

As at the end of the reporting period, the Strategic and Sustainable Development Committee of the Board of Directors of the Bank comprised 4 directors, with the Chairman Mr. Fang Heying as committee chairman, and non-executive director Mr. Cao Guoqiang, executive director Mr. Liu Cheng and independent non-executive director Mr. Zhou Bowen as committee members. Its principal responsibilities include: to study the Bank's operation and management targets, long-term development strategies, and special strategic development plans respectively regarding human resources, information technology development and other areas, and make recommendations thereon to the Board of Directors; to study proposals on major cooperation, investment, financing, and merger and acquisition, and make recommendations thereon to the Board of Directors; to supervise and examine the implementation of annual business plans and investment proposals as authorized by the Board of Directors; and to coordinate and promote the ESG system building, review the ESG-related work reports, and press ahead with the implementation of other ESG-related work as required by regulatory authorities.

During the reporting period, the Strategic and Sustainable Development Committee convened 8 meetings[37] in total. At the meetings, it deliberated and adopted 19 proposals, including the 2022 profit distribution plan, 2023 business plan, report on equity management of substantial shareholder and major shareholders in 2022, 2023 work plan of the Strategic and Sustainable Development Committee of the Board of Directors, adjustment of the chairman of the Strategic and Sustainable Development Committee of the 6th Session of the Board of Directors, dividend distribution plan for preference shares of China CITIC Bank for 2023, and formulation of the environmental, social and governance (ESG) management measures and work plan of China CITIC Bank, etc. In addition, it listened to 4 presentations regarding the evaluation report on plan implementation in 2022 and the development of inclusive finance etc., and put forward suggestions on the implementation of strategic planning, inclusive finance, capital management and ESG management, among others.

The attendance records of the Strategic and Sustainable Development Committee members at the committee meetings during the reporting period are set out in the table below:

Members	**In-person attendance/ number of meetings during his or her tenure**	**Attendance by proxy/ number of meetings during his or her tenure**
Fang Heying	8/8	0/8
Cao Guoqiang	7/8	1/8
Liu Cheng	7/8	1/8
Zhou Bowen	2/2	0/2
Non-incumbent Members		
Zhu Hexin	4/4	0/4
Qian Jun	6/6	0/6

37 During the reporting period, the Strategic and Sustainable Development Committee held meetings on 17 February, 23 February, 22 March, 23 March, 28 April, 24 August, 26 October and 28 December.

3.6.3.2 Audit and Related Party Transactions Control Committee

As at the end of the reporting period, the Audit and Related Party Transactions Control Committee of the Board of Directors of the Bank comprised 3 directors, with independent non-executive director Mr. Liu Tsz Bun Bennett as chairman, and independent non-executive directors Mr. Wang Huacheng and Ms. Song Fangxiu as members. The principal responsibilities of the committee include the following: to inspect the risk profile and compliance status, accounting policies and practices, financial reporting procedures and financial position of the Bank; to review the Bank's regulations on financial monitoring, internal control and risk management; and to study the regulations on related party transactions, make recommendations thereon to the Board of Directors, and supervise the implementation of such regulations.

During the reporting period, the Audit and Related Party Transactions Control Committee convened 11 meetings[38] in total, where it deliberated and adopted 26 proposals including the *2022 Annual Report, Report for the First Quarter of 2023, 2023 Interim Report, Report for the Third Quarter of 2023*, special report of related party transactions for 2022, report on internal control assessment in 2022, granting of credit limit to related enterprises, 2023 work plan of the Audit and Related Party Transactions Control Committee of the Board of Directors, engagement of accounting firms for 2023 and relevant fees ect. It also listened to 8 presentations regarding the reports on operating results of the Bank in 2022, the first quarter, the half year and the third quarter of 2023, reports on internal control & compliance and anti-money laundering in 2022 and the first half year of 2023, etc., and put forward suggestions on internal control compliance, related party transactions management, etc., proactively performing its role in supervision.

The attendance records of the Audit and Related Party Transactions Control Committee members at the committee meetings during the reporting period are set out in the table below:

Members	**In-person attendance/ number of meetings during his or her tenure**	**Attendance by proxy/ number of meetings during his or her tenure**
Liu Tsz Bun Bennett	11/11	0/11
Wang Huacheng	5/5	0/5
Song Fangxiu	4/4	0/4
Non-incumbent Members		
Wang Yankang	5/5	0/5
He Cao	6/6	0/6
Chen Lihua	6/6	0/6
Qian Jun	5/7	2/7

[38] During the reporting period, the Audit and Related Party Transactions Control Committee held meetings on 10 January, 15 February, 21 March, 27 April, 20 June, 22 August, 24 October, 7 November, 27 November, 27 December and 29 December.

During the preparation and audit of the Bank's 2023 Annual Report, the Audit and Related Party Transactions Control Committee reviewed the audit time frame and progress schedule of the external auditors and checked on and supervised external auditors' work by means of listening to presentations and arranging symposiums. The committee reviewed the Bank's financial statements twice. In addition, the committee carried out multiple rounds of adequate communication with the CPAs responsible for the annual audit. The Audit and Related Party Transactions Control Committee convened a meeting on 19 March 2024, and was of the opinion that the financial statements of the Bank gave a true, accurate and fair view of the overall situation of the Bank. The Audit and Related Party Transaction Control Committee reviewed the external auditor's summary report on annual audit and comprehensively and objectively assessed the performance and professionalism of the annual audit assignment.

3.6.3.3 Risk Management Committee

As at the end of the reporting period, the Risk Management Committee of the Board of Directors of the Bank comprised 3 directors, with executive directors Mr. Liu Cheng as chairman, and independent non-executive directors Mr. Liu Tsz Bun Bennett and Mr. Wang Huacheng as members. The principal responsibilities of the committee include the following: to supervise the senior management's controls of credit risk, liquidity risk, market risk, interest rate risk in the banking book, operational risk, compliance risk, money laundering risk, reputational risk, etc.; to evaluate risk preference, credit policy, policies on management of liquidity risk, market risk, interest rate risk in the banking book, operational risk, compliance risk, money laundering risk and reputational risk, lawfulness and compliance of business operation, fraud prevention management, risk management profile and risk tolerance of the Bank on a regular basis, and to advise the Board of Directors on how to improve risk management and internal control of the Bank; to review the proposals on risk management submitted to the Board of Directors for review according to the Bank's overall strategies, and make recommendations thereon to the Board of Directors.

During the reporting period, the Risk Management Committee convened 7 meetings[39]. At the meetings, it deliberated and adopted 39 proposals, including the *2022 Report on Assessment of Internal Capital Adequacy*, the *2022 Report on Management of Capital Adequacy Ratios*, the *2022 Report on Capital Adequacy Ratio Information Disclosure*, the *2023 Interim Report on Capital Adequacy Ratio Information Disclosure*, matters relating to the implementation of allowance for accrued credit risk losses and the expected credit loss model in the 2022 annual financial report and the 2023 interim financial report, the 2023 Work Plan of the Risk Management Committee of the Board of Directors, the 2023 Risk Preference Statement, the adjustment of chairman of the Risk Management Committee of the 6th Session of the Board of Directors, formulation of the *Measures for Capital Management of China CITIC Bank Corporation Limited*, and matters relating to application materials for the implementation of advanced approaches for capital measurement of China CITIC Bank. It also listened to 25 presentations regarding the reports on comprehensive risk management in 2022 and the first quarter, the first half and the third quarter of 2023, the work report on disposal of non-performing assets in 2022 and the work report on reputational risk management in 2022, etc. and put forward suggestions on strengthening the research and analysis of risk profile, enhancing concentration risk management, and improving the risk management of overseas institutions, etc.

[39] During the reporting period, the Risk Management Committee held meetings on 21 March, 24 April, 20 June, 22 August, 24 October, 15 December and 27 December.

The attendance records of the Risk Management Committee members at the committee meetings during the reporting period are set out in the table below:

Members	**In-person attendance/ number of meetings during his or her tenure**	**Attendance by proxy/ number of meetings during his or her tenure**
Liu Cheng	6/7	1/7
Liu Tsz Bun Bennett	7/7	0/7
Wang Huacheng	3/3	0/3
Non-incumbent Members		
Fang Heying	2/2	0/2
Guo Danghuai	4/5	1/5
He Cao	4/4	0/4
Qian Jun	3/5	2/5

3.6.3.4 Nomination and Remuneration Committee

As at the end of the reporting period, the Nomination and Remuneration Committee of the Board of Directors of the Bank comprised 4 directors, with independent non-executive director Mr. Wang Huacheng as chairman, and independent non-executive directors Mr. Liu Tsz Bun Bennett, Mr. Zhou Bowen and Ms. Song Fangxiu as members. The principal responsibilities of the Nomination and Remuneration Committee are the following: to assist the Board of Directors in formulating the procedures and standards for selecting and appointing board directors and senior management members; to advise the Board of Directors on independent director candidates; to deliberate the remuneration management rules and policies of the Bank; to formulate the performance evaluation methods and remuneration schemes for directors and senior management members, and to make recommendations on the remuneration schemes to the Board of Directors and supervise the implementation of such schemes.

During the reporting period, the Nomination and Remuneration Committee convened 6 meetings.[40] At the meetings, it deliberated and adopted 12 proposals, including the Report of the Board of Directors on the Duty Performance of Directors in 2022, nomination of Ms. Song Fangxiu as an independent non-executive director of the 6th Session of the Board of Directors of China CITIC Bank Corporation Limited, appointment of Mr. Liu Cheng as President of China CITIC Bank Corporation Limited, appointment of additional members of the Strategic and Sustainable Development Committee, the Risk Management Committee and the Consumer Rights Protection Committee of the 6th Session of the Board of Directors, adjustment of the composition of the Nomination and Remuneration Committee and the Audit and Related Party Transactions Control Committee of the 6th Session of the Board of Directors, and performance assessment and remuneration distribution plan for senior management members for 2022, etc. and put forward suggestions on remuneration management.

40 During the reporting period, the Nomination and Remuneration Committee held meetings on 10 January, 21 March, 29 March, 17 April, 20 June and 27 December.

The Bank developed the *Policy on Diversity of Board Members*, pursuant to which the Nomination and Remuneration Committee of the Board of Directors takes account of objective conditions when reviewing candidates for directors and making advice to the Board of Directors, properly considering the benefits of diversity in all aspects of Board members, and comprehensively weighing talent, skills, expertise, experience, cultural and educational background of Board members. At any given time, the Nomination and Remuneration Committee may recommend the Board of Directors to improve its diversity in one or multiple aspects, so as to maintain an appropriate and balanced composition of the Board of Directors and adapt to the business development of the Bank.

The attendance records of the Nomination and Remunerations Committee members at the committee meetings during the reporting period are set out in the table below:

Members	**In-person attendance/ number of meetings during his or her tenure**	**Attendance by proxy/ number of meetings during his or her tenure**
Wang Huacheng	1/1	0/1
Liu Tsz Bun Bennett	6/6	0/6
Zhou Bowen	1/1	0/1
Song Fangxiu	1/1	0/1
Non-incumbent Members		
Huang Fang	5/5	0/5
Chen Lihua	5/5	0/5
Qian Jun	4/5	1/5

During the reporting period, the Nomination and Remuneration Committee studied and reviewed the remuneration scheme for the Bank's senior management, and supervised its implementation. The committee is of the view that the senior management of the Bank performed its fiduciary duties and due diligence, resolutely implemented the plans and decisions of the CPC Central Committee and the central government as well as regulators' requirements, pursued development amid transformation, maintained stable progress in operating results, and achieved sound development in 2023, within its scope of mandate as specified in relevant laws and regulations and the Bank's Articles of Association, and as guided and authorized by the Board of Directors and supervised by the Board of Supervisors. Upon review, the committee held that the remunerations for directors, supervisors and senior management members as disclosed by the Bank were consistent with relevant remuneration policies and schemes and in compliance with applicable information disclosure standards required for listed issuers by domestic and overseas regulators. The committee confirmed that the Bank did not have any share incentive scheme, employee stock ownership plan or other employee incentive measures in effect as at the end of the reporting period.

During the reporting period, the Nomination and Remuneration Committee performed the nomination procedure for directors and senior management members in line with its rules of procedures, including: reviewing the qualifications of the nominated candidates for directors and senior management members in terms of their independence, expertise, experiences and capabilities; reviewing the structure, size and composition of the Board of Directors (including skills, knowledge and experience) at least on an annual basis; and making recommendations on any proposed changes regarding the Board of Directors commensurate with the Bank's development strategy.

3.6.3.5 Consumer Rights Protection Committee

As at the end of the reporting period, the Consumer Rights Protection Committee of the Board of Directors of the Bank comprised 5 directors, with non-executive director Ms. Huang Fang as chairperson, and non-executive director Mr. Wang Yankang and independent non-executive directors Mr. Liu Tsz Bun Bennett, Mr. Zhou Bowen and Ms. Song Fangxiu as members. The principal responsibilities of the committee include the following: to formulate the Bank's strategies, policies and objectives on consumer rights protection work; to urge the senior management to effectively implement and practice relevant work of consumer rights protection; and to supervise and assess the Bank's consumer rights protection work regarding its comprehensiveness, timeliness and effectiveness as well as the duty performance of the senior management.

During the reporting period, the Consumer Rights Protection Committee convened 2 meetings[41]. At the meetings, it deliberated and adopted one proposal on the 2023 Work Plan of the Consumer Rights Protection Committee under the Board of Directors, listened to 3 presentations regarding the report on consumer rights protection work in 2022 and the first half of 2023, and the summary report on the *Management Measures for Consumer Protection of Banking and Insurance Institutions*, and put forward suggestions on strengthening compliant management, enhancing the consumer protection capabilities of branches, etc.

The attendance records of the Consumer Rights Protection Committee members at the committee meetings during the reporting period are set out in the table below:

Members	**In-person attendance/ number of meetings during his or her tenure**	**Attendance by proxy/ number of meetings during his or her tenure**
Huang Fang	2/2	0/2
Wang Yankang	2/2	0/2
Liu Tsz Bun Bennett	1/1	0/1
Zhou Bowen[42]	0/0	0/0
Song Fangxiu	0/0	0/0
Non-incumbent Members		
He Cao	2/2	0/2
Chen Lihua	2/2	0/2

3.6.4 Independence of Independent Non-Executive Directors and Their Performance of Duties

The independent non-executive directors of the Bank had no business or financial interests in the Bank or its subsidiaries, nor did they assume any managerial positions in the Bank. Therefore, their independence was well assured. The Bank has received annual confirmation from each independent non-executive director confirming his/her independence and recognized his/her independence as such.

41 During the reporting period, the Consumer Rights Protection Committee held meetings on 21 March and 22 August.

42 No meeting of the Consumer Rights Protection Committee has been held since Director Zhou Bowen and Director Song Fangxiu took office as a member of the Consumer Rights Protection Committee on 31 August 2023 and 25 October 2023 respectively.

The Nomination and Remuneration Committee of the Board of Directors reviews the implementation and effectiveness of relevant mechanisms every year. After considering the following factors, the Nomination and Remuneration Committee considered that the Bank maintained an effective mechanism to ensure the Board of Directors can obtain independent opinions and comments:

- The Board of Directors had four independent non-executive directors, accounting for more than one third of members of the Board of Directors. The chairmen of the Audit and Related Party Transactions Control Committee and the Nomination and Remuneration Committee of the Board of Directors are all independent non-executive directors, and all of their members are independent non-executive directors. Two thirds of members of the Risk Management Committee of the Board of Directors are independent non-executive directors.

- When reviewing the qualifications of proposed independent non-executive directors, the Nomination and Remuneration Committee of the Board of Directors shall fully consider their independence.

- The Chairman held an annual meeting with all independent non-executive directors without the presence of other directors, and listened to their independent opinions on the Bank's corporate governance and operation management.

- In daily work, the Bank provided effective channels for independent non-executive directors to know about the Bank's operation, and organized business departments to fully communicate with independent non-executive directors according to the latter's reasonable requirements.

The independent non-executive directors of the Bank effectively performed their duties by attending the general meetings as well as meetings of the Board of Directors and its special committees, reviewing reference information submitted by the management and actively expressing their opinions. They also enhanced their understanding of the business development of the Bank and its affiliates by multiple means including field surveys and symposiums. During the reporting period, each of the independent non-executive directors of the Bank worked not less than 15 business days at the Bank.

The independent non-executive directors of the Bank highly valued the continuous enhancement of their own capacity for performance of duties. Prior to each board meeting, they communicated with the management for better understanding of relevant presentations and proposals. They also participated in various training sessions organized by the regulators and listened to reports on relevant policies of the Bank to understand regulatory trends and requirements, deepen their understanding of regulatory policies, and improve their capacity for performance of duties.

According to the *Regulations of China CITIC Bank Corporation Limited on the Work of the Independent Directors in relation to the Annual Report*, the independent non-executive directors of the Bank communicated with the auditors and fully performed their role of independent supervision. During the reporting period, the independent non-executive directors did not raise any objections to the proposals of either the Board of Directors or its special committees.

The independent non-executive directors of the Bank put forward relevant comments and suggestions regarding the Bank's operation and management, business development, strategic planning, profit distribution, remunerations of senior management members, risk management and related party transactions. The Bank attached great importance to such inputs and implemented them in the light of its actual situations. For information regarding the attendance of the independent non-executive directors at general meetings and the Board meetings during the reporting period, please refer to "3.5.2 Convening of General Meetings" and "3.6.2 Information on Work of the Board of Directors" in this chapter, respectively.

3.6.5 Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Bank has adopted the *Model Code for Securities Transactions by Directors of Listed Issuers* (the "Model Code") as set out in Appendix C3 (former Appendix 10) to the Hong Kong Listing Rules and has complied with Rules 13.67 and 19A.07B of the Hong Kong Listing Rules to regulate the securities transactions of its directors and supervisors. All the directors and supervisors were consulted specifically for this matter, and all of them confirmed that they had strictly complied with the relevant provisions of the Model Code throughout the reporting period.

3.6.6 Responsibility Statement of the Directors on the Financial Report

The following statement, which sets out the responsibility of the directors to the financial report, should be read in conjunction with, but distinguished in understanding from, the review opinions as set out in the auditor's report contained in this annual report.

The directors acknowledge that they are responsible for preparing the financial report of the Bank that gives a true view of the operating results of the Bank for each financial year. The directors are not aware of any events or conditions that could have material adverse impact on the Bank's operation as a going concern.

3.6.7 The Board of Directors' Deliberation of the Sustainable Development Report

The Board of Directors deliberated the *2023 Sustainable Development Report of China CITIC Bank* as a separate proposal and had no objections to the content of the report.

3.7 Board of Supervisors

3.7.1 Composition and Responsibilities of the Board of Supervisors

The Board of Supervisors is the supervisory body of the Bank accountable to the general meeting. The principal responsibilities of the Board of Supervisors of the Bank include the following: to supervise and inspect the strategic planning, financial activities, business decision-making, internal control, risk management, remuneration management, etc. of the Bank; to guide and supervise the internal control of the Bank; and to supervise the duty performance and due diligence of the Board of Directors, the senior management and its members; among others.

3.7.1.1. *Members of the Board of Supervisors*

Members of the Board of Supervisors of the Bank as of the disclosure date of this report are listed as follows:

Name	Position	Gender	Date of birth	Term of office	Year-beginning shareholding	Year-end shareholding	Pre-tax payable remuneration earned from the Bank during the reporting period (RMB10 thousand)	Whether receiving remuneration from the Bank's related party (parties)
Wei Guobin	External Supervisor	Male	Mar. 1959	May 2020-Jun. 2024	0	0	26.00	No
Sun Qixiang	External Supervisor	Female	Sep. 1956	Jun. 2021-Jun. 2024	0	0	26.00	No
Liu Guoling	External Supervisor	Male	Jan. 1960	Jun. 2021-Jun. 2024	0	0	26.00	No
Li Rong	Shareholder Representative Supervisor	Female	Apr. 1968	Jan. 2021-Jun. 2024	364,000	364,000	155.27	No
Cheng Pusheng	Employee Representative Supervisor	Male	Feb. 1968	Mar. 2022-Jun. 2024	354,000	354,000	155.27	No
Zeng Yufang	Employee Representative Supervisor	Female	Dec. 1970	Sep. 2017-Jun. 2024	188,000	188,000	126.33	No
Non-incumbent Supervisors								
Chen Panwu	Employee Representative Supervisor	Male	Jan. 1964	Sep. 2017-Jan. 2024	334,000	334,000	199.28	No

Notes: (1) The commencement of the terms of office of the re-elected/re-engaged supervisors listed above is the time of their respective initial appointment/engagement.

(2) The final remuneration of the supervisors who received remuneration from the Bank are being confirmed, and the remaining part will be disclosed after confirmation.

(3) The shareholder representative supervisor receives no remuneration for supervisor from the Bank.

(4) On 13 January 2024, Mr. Chen Panwu resigned from employee representative supervisor and member of the Nomination Committee of the Board of Supervisors of the Bank due to the reason of retirement

As at the end of the reporting period, none of the supervisors, whether incumbent or non-incumbent during the reporting period, was subject to penalties imposed by the securities regulatory authorities in the past three years.

3.7.1.2 *Positions Held by Supervisors at Organizations Other Than Shareholders*

Name	Employer	Position
Wei Guobin	Bank of Hengshui Co., Ltd.	External Supervisor
Sun Qixiang	Peking University	Professor of School of Economics
	C.V. Starr	C.V. Starr Professor
	International Insurance Society	Member of Board of Directors
	China Taiping Insurance Group Ltd.	Independent Director

Note: Supervisors of the Bank held on positions or concurrent posts in the Bank's shareholders.

3.7.1.3 Resumes of Supervisors

Mr. Wei Guobin Chinese Nationality

External supervisor of the Bank. Mr. Wei is concurrently an external supervisor of Bank of Hengshui Co., Ltd. He served as a board director of BOC Hong Kong Investment Co., Ltd. and chairman of the board of supervisors of Zhongyi Shanyuan (Beijing) Technology Co., Ltd. Prior to that, he worked at Bank of China Limited and served successively as assistant president and vice president of Hebei Branch, president of Shanxi Branch, general manager of the Personal Banking Department of the Head Office, and president of Hunan Branch. Mr. Wei graduated from Hebei Banking School with a degree in finance and he is a senior economist.

Ms. Sun Qixiang Chinese Nationality

External supervisor of the Bank. Ms. Sun is now a professor and Ph.D tutor of School of Economics, Peking University. Ms. Sun also holds many other prestigious titles, which include the C.V. Starr Professor, the chief expert of the projects sponsored by the National Social Science Fund of China, and the expert receiving Special Government Allowances from the State Council. Ms. Sun concurrently serves as member of the U.S.-based International Insurance Society (IIS) Board and independent director of China Taiping Insurance Group Ltd. Previously, she was a dean of the School of Economics of Peking University, chairperson of the Asia-Pacific Risk and Insurance Association, visiting professor at Harvard University, and independent director of AVIC Industry-Finance Holdings Co., Ltd., Bank of China Investment Management Co., Ltd. and China Development Bank Securities Co., Ltd. Ms. Sun graduated from the School of Economics of Peking University with a doctorate degree in economics.

Mr. Liu Guoling Chinese Nationality

External supervisor of the Bank. Mr. Liu used to work at Agricultural Bank of China (ABC). The positions Mr. Liu ever held at ABC include deputy general manager of the Credit Management Department at the Head Office, vice president of ABC Guangxi Branch, deputy general manager of the Sannong Credit Department at the Head Office, deputy general manager of the Credit Management Department at the Head Office, and head of the Specialized Inspection Team at the Head Office. Mr. Liu graduated from Renmin University of China, with a bachelor's degree of economics majoring in statistics and he is a senior economist.

Ms. Li Rong Chinese Nationality

Shareholder representative supervisor of the Bank. Ms. Li is currently the general manager of the Compliance Department of the Bank. Previously, she served as general manager of Retail Banking Department, assistant president and vice president of the Bank's Chongqing Branch, and general manager of the Interbank Business Department of the Bank. Prior to that, Ms. Li worked at the Chongqing Branch of China Merchants Bank Co., Ltd., serving successively as deputy director of the General Office, general manager of the Personal Banking Department, general manager of the Business Department, general manager of the Retail Banking Department, etc. Ms. Li graduated from Chongqing University with a master's degree of business administration. She is a senior economist.

Mr. Cheng Pusheng Chinese Nationality

Employee representative supervisor of the Bank. Mr. Cheng is now the general manager of the Audit Department of the Bank. Previously, Mr. Cheng was assistant general manager and deputy general manager of the Budget and Finance Department, general manager of the Centralized Purchasing Center, general manager of the Audit Department, and employee representative supervisor of the Bank, president of Taiyuan Branch of the Bank. Mr. Cheng graduated from Shaanxi University of Finance and Economics (now Xi'an Jiaotong University) with a master's degree in economics, and is a senior economist.

Ms. Zeng Yufang Chinese Nationality

Employee representative supervisor of the Bank. Ms. Zeng serves as vice president of the Bank's Guangzhou Branch. Earlier, she was deputy general manager and general manager of the accounting department of the Bank's Shenzhen Branch, and assistant president and vice president of the branch. Prior to that, she was assistant chief of the finance and accounting division of State Development Bank Shenzhen Branch. Ms. Zeng graduated from East-West University of the U.S. with a master's degree in business administration.

3.7.1.4 Appointment and Dismission of Supervisors

On 13 January 2024, Mr. Chen Panwu resigned from employee representative supervisor and member of the Nomination Committee of the Board of Supervisors of the Bank due to retirement. Mr. Chen Panwu's resignation took effect on 13 January 2024.

3.7.2 Information on Work of the Board of Supervisors

During the reporting period, the Board of Supervisors convened 15 meetings (13 onsite meetings and 2 meetings via written resolutions). Centering on the Bank's central tasks, it strengthened the supervision of financial activities, risk management, internal control, duty performance, etc. At the meetings, the Board of Supervisors deliberated and approved 22 proposals, including those respectively regarding the Bank's periodic reports, profit distribution plan, internal control assessment report, sustainable development report, work report and work plan of the Board of Supervisors, dividend distribution plan for preference shares and annual assessment report on the performance of duties. It also listened to 77 presentations respectively regarding the Bank's circular on relevant policies that touch on corporate governance, report on implementation of comments and suggestions of the Board of Supervisors, plan implementation assessment report, report on operating results, report on comprehensive risk management, report on internal control and compliance, rectification of regulatory issues, consumer rights protection, audit plan, report on anti-money laundering work, and report on inclusive finance work, so as to gain an in-depth understanding of the Bank's operation and management status and actively perform its supervision responsibilities. The Board of Supervisors mainly performs its supervisory function through holding meetings. Based on comments and recommendations of supervisors, the Board of Supervisors issued 5 *Supervision Work Letters* in the year to relevant business units for research and feedback, and submitted them to the Board of Directors and the senior management, which helped further improve the whole process and closed-loop supervision mechanism for meetings, raised the quality and efficiency of the meetings of the Board of Supervisors, and enhanced the interaction of bodies involved in corporate governance. In addition, members of the Board of Supervisors attended shareholders' general meetings, attended meetings of the Board of Directors, meetings of the special committees of the Board of Directors and meetings of the senior management as non-voting delegates and reviewed various documents and materials submitted by the senior management to ensure adequate supervision over the decision-making process of the Bank's significant events.

During the reporting period, the Board of Supervisors actively and innovatively explored new working methods, broadened the channels for duty performance, deepened the supervision influence, and promoted the transformation towards "proactive and dynamic supervision". After collective study of the Board of Supervisors, it issued two *Supervision Reminder Letters* concerning consumer protection and information technology to the Board of Directors and the senior management. By doing so, the Board of Supervisors reminded the Board of Directors and senior management of trendy and emerging issues and provided pertinent and constructive suggestions. Centering on China's economic and financial policies and regulatory requirements, the Board of Supervisors made plans and selected survey topics in a scientific way, continuously optimized the survey mode, strengthened the transformation of survey value, conducted surveys on the theme of "supporting the real economy through financial services" throughout the year in six branches in Central China, South China and Northeast China, etc. It put forward systematic and pertinent opinions and suggestions for reference of the Board of Directors and the senior management, thereby facilitating the Bank's high-quality development.

The attendance records of the members of the Board of Supervisors at the meetings during the reporting period are set out in the table below.

Members	**In-person attendance/ number of meetings during his or her tenure**	**Attendance by proxy/ number of meetings during his or her tenure**
Wei Guobin	15/15	0/15
Sun Qixiang	13/15	2/15
Liu Guoling	15/15	0/15
Li Rong	13/15	2/15
Cheng Pusheng	15/15	0/15
Zeng Yufang	14/15	1/15
Non-incumbent Supervisor		
Chen Panwu	14/15	1/15

3.7.3 Special Committees under the Board of Supervisors

The Supervision Committee and the Nomination Committee are the special committees set up under the Board of Supervisors.

Supervision Committee

As at the end of the reporting period, the Supervision Committee of the Bank's Board of Supervisors comprised 3 supervisors, with Mr. Wei Guobin as chairman, and Mr. Liu Guoling and Ms. Zeng Yufang as members. The principal responsibilities of the committee include the following: to supervise the Board of Directors in the establishment of prudent business concepts and value propositions and the formulation of development strategies commensurate with actual situations of the Bank, and to carry out supervisory inspections of the Bank's operational decisions, financial activities, risk management, internal control, etc.

During the reporting period, the Supervision Committee under the Board of Supervisors convened 4 meetings which deliberated and adopted 10 proposals including those respectively regarding the Bank's periodic reports, profit distribution plan, sustainable development report, internal control assessment report, engagement of the accounting firm for 2023 and their fees, etc.

The attendance records of the Supervision Committee members at the committee meetings during the reporting period are set out in the table below:

Members	**In-person attendance/ number of meetings during his or her tenure**	**Attendance by proxy/ number of meetings during his or her tenure**
Wei Guobin	4/4	0/4
Liu Guoling	4/4	0/4
Zeng Yufang	4/4	0/4

Nomination Committee

As at the end of the reporting period, the Nomination Committee of the Bank's Board of Supervisors comprised 4 supervisors, with Ms. Sun Qixiang as chairperson, and Mr. Liu Guoling, Ms. Li Rong and Mr. Chen Panwu as members. The principal responsibilities of the committee include the following: to study standards and procedures on selecting and appointing supervisors, and to carry out preliminary review of the qualifications and competence for office of supervisors elected by general meetings and put forward corresponding recommendations. The employee representative supervisors of the Bank are democratically elected or dismissed by employees of the Bank.

During the reporting period, the Nomination Committee of the Board of Supervisors convened 3 meetings which listened to 2 reports on the performance appraisal and remuneration distribution plan for senior management members for 2021 and 2022, and deliberated and adopted 3 proposals including the assessment report on duty performance of the Board of Directors, the Board of Supervisors, the senior management and its members by the Board of Supervisors.

The attendance records of the Nomination Committee members at the committee meetings during the reporting period are set out in the table below:

Members	In-person attendance/ number of meetings during his or her tenure	Attendance by proxy/ number of meetings during his or her tenure
Sun Qixiang	3/3	0/3
Liu Guoling	3/3	0/3
Li Rong	2/3	1/3
Non-incumbent Member		
Chen Panwu	3/3	0/3

3.7.4 Work Performance of External Supervisors

During their decision-making and supervision, the 3 external supervisors of the Bank were free from the influence of substantial shareholders and senior management members as well as other entities and individuals that had a stake in the Bank. They paid attention to safeguard the legitimate rights and interests of small and medium shareholders and other stakeholders, and were able to perform their supervisory duties independently. During the reporting period, the external supervisors of the Bank attended the meetings of the Board of Supervisors, meetings of the Board of Directors and its special committees as non-voting delegates and participated in the thematic surveys of the Board of Supervisors to learn about the operation and management of the Bank. Through studying proposals and special reports, they could make independent, professional and objective judgments on matters of the Bank, and actively expressed comments and suggestions, thus improving the quality and efficiency of the supervision carried out by the Board of Supervisors. During the reporting period, the external supervisors of the Bank invested sufficient time and energy to perform their duties, as they all performed their supervisory function at the Bank for more than 15 business days, which complied with regulatory provisions.

3.7.5 Independent Opinions of the Board of Supervisors on Relevant Matters

3.7.5.1 Compliance of Business Operation

The Bank conducted its business according to relevant laws, and its decision-making process complies with relevant requirements of laws, regulations and the Bank's Articles of Association. Neither breach of laws, regulations or the Bank's Articles of Association nor behavior that would impair the interests of the Bank and shareholders were identified on part of the directors or senior management members in their duty performing.

3.7.5.2 Truthfulness of the Financial Report

The compilation and review process of the financial report was compliant with laws, regulations and regulatory provisions and no misrepresentation, distortion or material misstatements were identified in the report.

3.7.5.3 Acquisition or Disposal of Assets

The Board of Supervisors was not aware of any acquisition or disposal of assets by the Bank that might constitute insider trading, impair shareholder rights and interests or result in loss of the Bank's assets.

3.7.5.4 Related Party Transactions

The Board of Supervisors was not aware of any related party transactions that might impair the interests of the Bank and its shareholders.

3.7.5.5 Implementation of Resolutions Adopted at the General Meetings

The Board of Supervisors had no objections to the reports and proposals that the Board of Directors submitted to the general meetings for approval in 2023. The Board of Supervisors supervised the implementation of the resolutions adopted at the general meetings and held that the Board of Directors diligently implemented the relevant resolutions of the general meetings.

3.7.5.6 Internal Control

The Board of Supervisors deliberated and approved the *2023 Internal Control Assessment Report of China CITIC Bank Corporation Limited*.

3.7.5.7 Performance of Social Responsibilities

The Board of Supervisors deliberated and approved the *2023 Sustainable Development Report of China CITIC Bank Corporation Limited*.

3.7.5.8 Profit Distribution Plan

The Board of Supervisors deliberated and approved the *2023 Profit Distribution Plan of China CITIC Bank Corporation Limited*, and was of the opinion that the profit distribution plan was in compliance with laws, regulations and the Articles of Association. It was in line with interests of all shareholders and conducive to the long-term development of the Bank.

3.7.5.9 Implementation of the Regulations on Management of Information Disclosure

The Bank performed its information disclosure obligations in strict accordance with relevant regulatory requirements, earnestly implemented various regulations on the management of information disclosure matters, and disclosed information in a timely and fair manner. The information disclosed during the reporting period was truthful, accurate and complete.

Except for the above disclosed matters, the Board of Supervisors had no objections to other supervisory issues during the reporting period.

3.8 Senior Management

3.8.1 Composition and Responsibilities of the Senior Management

The senior management is accountable to the Board of Directors and subject to the supervision of the Board of Supervisors. There is a strict division of duties and separation of power between the Bank's senior management and the Board of Directors. Pursuant to the Articles of Association and as authorized by the Board of Directors, the senior management carefully carries out operation and management activities and implements the resolutions of the general meeting and the Board meetings. The Board of Directors evaluates the performance of the senior management members, the results of which shall be used as the basis for determining remunerations and other incentive arrangements for the senior management members. The senior management should timely, accurately and completely report the Bank's operation and management and provide relevant materials as required by the Board of Directors or the Board of Supervisors. As at the disclosure date of this report, the senior management consist of 9 members.

3.8.1.1 Members of the Senior Management

Members of the senior management of the Bank as at the disclosure date of this report are listed as follows:

Name	Position	Gender	Year and month of birth	Term of office	Year-beginning shareholding	Year-end shareholding	Pre-tax payable remuneration earned from the Bank during the reporting period (RMB10 thousand)	Whether receiving remuneration from the Bank's related party (parties)
Liu Cheng	Executive director, President	Male	Dec. 1967	Since Jan. 2022	624,000	624,000	235.25	No
Wang Kang	Vice President, Chief Financial Officer	Male	Jun. 1972	Since Jan. 2022	16,800	1,816,800	223.25	No
Hu Gang	Vice President, Chief Risk Officer	Male	Mar. 1967	Since May 2017	666,000	1,585,000	222.83	No
Xie Zhibin	Vice President	Male	May 1969	Since Jun. 2019	353,000	353,000	223.25	No
Xiao Huan	Secretary of the Committee for Disciplinary Inspection	Male	Jul. 1972	Since Dec. 2019	651,000	651,000	210.65	No
Lü Tiangui	Vice President	Male	Oct. 1972	Since Aug. 2018	550,000	550,000	222.83	No
Lu Jingen	Business Director	Male	Jun. 1969	Since Aug. 2018	553,000	553,000	187.13	No
Zhang Qing	Board Secretary	Female	Aug. 1968	Since Jul. 2019	550,000	550,000	187.13	No
Liu Honghua	Business Director	Male	May 1964	Since Aug. 2019	540,000	540,000	183.29	No
Non-incumbent senior management members								
Fang Heying	President	Male	Jun. 1966	Nov. 2014-Apr. 2023	915,000	915,000	–	Yes
Guo Danghuai	Executive Director, Vice President	Male	May 1964	Nov. 2014-Oct. 2023	636,000	1,176,000	182.53	No

Notes: (1) The commencement of the terms of office of the re-elected/re-engaged senior management members listed above is the time of their respective initial appointment/engagement.

(2) The final remunerations of members of the senior management who received remuneration from the Bank are still undergoing confirmation, and the remaining amounts will be disclosed upon completion of the confirmation process.

As at the end of the reporting period, none of the senior management members, whether incumbent or non-incumbent during the reporting period, was subject to penalties imposed by the securities regulatory authorities in the past three years.

3.8.1.2 Positions Held by Senior Management Members at Organizations Other Than Shareholders

Name	Employer	Position
Liu Cheng	CITIC International Financial Holdings Limited	Director
	CITIC Bank International Limited	Director
	CNCB (Hong Kong) Investment Co., Ltd.	Director
	Asian Financial Cooperation Association	Director
Wang Kang	CNCB (Hong Kong) Investment Co., Ltd.	Director
Hu Gang	CITIC Bank International Limited	Director
Lü Tiangui	CITIC aiBank Corporation Limited	Chairman
	JSC Altyn Bank	Director
	China UnionPay Co., Ltd.	Director
Liu Honghua	CITIC Financial Leasing Co., Ltd.	Secretary of the Party Committee, Chairman

Note: Senior management members of the Bank held no positions or concurrent posts in the Bank's shareholders.

3.8.1.3 Resumes of Senior Management Members

Mr. Liu Cheng Chinese Nationality

Deputy Secretary of the Party Committee, executive director and President of the Bank. Please refer to "3.6.1 Composition and Responsibilities of the Board of Directors" in this chapter for Mr. Liu's resume.

Mr. Wang Kang Chinese Nationality

Party Committee member, Vice President and Chief Financial Officer of the Bank. Mr. Wang concurrently serves as director of CNCB (Hong Kong) Investment Co., Ltd. He was general manager of the Budget and Finance Department of the Bank, president of Wuxi Branch, general manager of the Asset and Liability Department of the Head Office, Board Secretary and president of Hangzhou Branch of the Bank, director of the Board of Directors Office of CITIC Group Corporation Limited, and joint company secretary of CITIC Limited. Mr. Wang has over 20 years' experience in the Chinese banking industry. He graduated from Nanjing Agricultural University, Central University of Finance and Economics and Cheung Kong Graduate School of Business with a bachelor's degree in engineering, a master's degree in economics and an EMBA respectively. He is a senior economist.

Mr. Hu Gang　Chinese Nationality

Party Committee member, Vice President and Chief Risk Officer of the Bank. Mr. Hu concurrently serves as a director of CITIC Bank International Limited. He used to be deputy head of the preparatory team for the establishment of the Bank's Changsha Branch, Party committee member and vice president of Changsha Branch; Party committee member, vice president, secretary of Party committee and president of the Bank's Chongqing Branch; secretary of Party committee and president of the Bank's Shanghai Branch; Chief Risk Officer and head of the wholesale business of the Bank. Prior to that, he successively worked for the Political Department of Hunan Provincial Procuratorate, and served as deputy section chief at the Personnel Department of Hunan Provincial Party Committee Office, Assistant General Manager and General Manager of Beihaixiang Properties Development Company, vice chairman of the company's affiliated Hongdu Enterprise Company (both affiliated to Hunan Zhongli Industrial Group Co., Ltd.) and chairman of Changsha Xiangcai Urban Credit Cooperative in Hunan Province. Mr. Hu graduated from Hunan University with a doctoral degree in economics. He has over 20 years of experience in the Chinese banking industry and is a senior economist.

Mr. Xie Zhibin　Chinese Nationality

Party Committee member and Vice President of the Bank. Previously, he was a Party Committee member and assistant general manager of China Export Credit Insurance Corporation (during which he temporarily worked as a standing member of the Party Committee and Deputy Mayor of Hohhot City in Inner Mongolia Autonomous Region), and Party Committee member and Secretary of the Committee for Disciplinary Inspection of China Everbright Group Co., Ltd. Prior to that, Mr. Xie served as assistant general manager, deputy general manager and general manager of the human resources department (assistant director, deputy director and director of the organization department under the Party Committee) of China Export Credit Insurance Corporation, Party committee secretary of the company's Shenzhen branch, and person in charge, Party committee secretary and general manager of the company's Hebei provincial branch. Mr. Xie graduated from Renmin University of China with a doctorate degree in economics. He is a senior economist.

Mr. Xiao Huan　Chinese Nationality

Party Committee member and Secretary of the Committee for Disciplinary Inspection of the Bank. Mr. Xiao once worked at CITIC Group, and served as head of the Organization Division of the Organization Department (Human Resources and Education Department) of the Party Committee of CITIC Group; deputy chief and chief of the Organization Division and assistant director of the Party Affairs Department of CITIC Group; deputy secretary of the Committee for Disciplinary Inspection and general manager of Department for Disciplinary Inspection and Supervision of the Bank; director of the Party Affairs Department and executive deputy secretary of Party committee directly under CITIC Group. Prior to that, he was a teacher at the Moral Education Office of PLA Medical College and an officer at the Political Department of Beijing Military Medical College. Mr. Xiao graduated from PLA Nanjing Institute of Political Sciences with a bachelor's degree in law.

Mr. Lü Tiangui　Chinese Nationality

Party Committee member and Vice President of the Bank. Mr. Lü also serves as the chairman of CITIC aiBank Corporation Limited and a board director of JSC Altyn Bank, and concurrently acts as a board director of China UnionPay Co., Ltd. Previously, Mr. Lü served as president of the Credit Card Center, general manager of the Retail Banking Department and Private Banking Department, and Business Director of the Bank. Earlier, he was deputy chief officer of the risk management division at Jilin Branch of Bank of China Limited. Mr. Lü has 30 years' practicing experience in the Chinese banking industry. Mr. Lü graduated from Sichuan University with a master's degree in business administration. He holds qualifications such as senior accountant, Certificated Internal Auditor (CIA) and PRC Certified Public Accountant (CPA).

Mr. Lu Jingen　Chinese Nationality

Business Director of the Bank. Mr. Lu previously served as the deputy chief of the corporate credit division, president of the Olympic Village sub-branch, president of the CITIC International Building sub-branch, and Party committee member and assistant general manager of the Business Department of the Head Office of the Bank (currently Beijing Branch); assistant general manager (presiding) of the corporate banking department of the Bank, the secretary of Party committee and president of Kunming Branch, Changsha Branch and Nanjing Branch of the Bank, and general manager of the Corporate Banking Department (Rural Revitalization Department) of the Bank. Mr. Lu has near 30 years' experience in the Chinese banking industry. He received his master's degree in economics from Renmin University of China, EMBA degree from Peking University and doctorate degree in management from Central South University. He is a senior economist.

Ms. Zhang Qing　Chinese Nationality

Board Secretary and Company Secretary of the Bank. Ms. Zhang concurrently serves as the general manager of the Risk Management Department of the Bank. Prior to that, Ms. Zhang served as assistant general manager, deputy general manager (presiding), and general manager of the Credit Management and Approval Department of the Bank's Xi'an branch, Party committee member, assistant president, and vice president of the branch, general manager of the Credit Management Department of the Bank, head of the Organizing Department of the Party Committee and general manager of the Human Resources Management Department of the Bank, and a board director of CITIC Financial Leasing and CNCB (Hong Kong) Investment Limited. Prior to that, she worked at the Shaanxi branch of Industrial and Commercial Bank of China, successively working on the accounting, planning, credit management in the sub-branch and project review in the branch. She has 30 years' professional experience in the Chinese banking industry. She graduated from Shaanxi Institute of Mechanical Engineering (now Xi'an University of Technology) with a master's degree in engineering. Ms. Zhang is a senior economist.

Mr. Liu Honghua　Chinese Nationality

Business Director of the Bank. Mr. Liu is concurrently secretary of the Party committee and chairman of CITIC Financial Leasing Co., Ltd. He once worked for the Business Department of the Head Office of the Bank (currently Beijing Branch), and held various positions including president of the Bank's Fuhua sub-branch, general manager of the Corporate Business Department, Party committee member assistant general manager, and deputy general manager of the Business Department of the Head Office. He also served as secretary of Party committee and president of Taiyuan Branch of the Bank, general manager of the Asset Custody Department and the Corporate Banking Department of the Bank, and secretary of Party committee and president of the Bank's Beijing Branch. Prior to that, Mr. Liu worked at China International Trust Investment Company, and successively served as assistant manager, deputy manager and manager of the Business Department II, assistant manager of China Leasing Co., Ltd. and manager, deputy general manager of the Administrative Management Division at China Leasing Co., Ltd. He has more than 20 years of experience in the Chinese banking industry. He graduated from Peking University with a degree of executive master of business administration for senior managers. He is a senior economist.

3.8.1.4 Appointment and Dismissal of Senior Management Members

On 17 April 2023, the Board of Directors of the Bank received the resignation from Mr. Fang Heying. Due to work arrangements, Mr. Fang Heying ceased to be President of the Bank from 17 April 2023.

On 17 April 2023, the Board of Directors of the Bank reviewed and approved relevant proposal, approving the appointment of Mr. Liu Cheng as President of the Bank. Mr. Liu would take office on the date when his qualification for President was approved by China's banking regulator. The Board of Directors agreed to designate Mr. Liu Cheng to perform the duties of President of the Bank on behalf for a period from the effective date of Mr. Fang Heying's resignation from President of the Bank to the date when Mr. Liu Cheng's qualification for President of the Bank was approved by China's banking regulator. On 3 August 2023, Mr. Liu Cheng's qualification for President of the Bank was approved by the NAFR, and he officially assumed as President of the Bank.

On 25 October 2023, the Board of Directors of the Bank received the resignation from Mr. Guo Danghuai. Due to retirement, Mr. Guo Danghuai resigned from the position of Vice President of the Bank, which took effect from 25 October 2023.

3.8.2 Establishment and Implementation of Performance Evaluation and Incentive Mechanisms for Senior Management Members

The Bank kept improving its mechanism for annual performance evaluation and incentive of the senior management members. During the reporting period, the Bank assessed the attainment of business targets and the duty performance of the senior management members, and the results of the annual performance evaluation are closely linked to the senior management members' remunerations.

The Board of Supervisors of the Bank conducted routine supervision over the duty performance of senior management members and conducted annual performance evaluation on senior management members with reference to duty performance reports, duty performance interviews and score lists, according to the *Measures on the Duty Performance Evaluation of Board of Supervisors on Directors, Supervisors and Senior Management Members of China CITIC Bank Corporation Limited* and the *Detailed Rules on Performance Evaluation of Board of Supervisors on Senior Management Members of China CITIC Bank Corporation Limited,* and reported to the general meeting and regulators.

3.9 Remunerations of Directors, Supervisors and Senior Management Members

The Bank formulated remuneration rules for directors and supervisors, and clarified the remuneration standards for directors and supervisors, which were implemented upon consideration and approval by the general meeting. It also established the deferred payment and recourse deduction mechanism for performance-based remuneration, which applies to senior management members as well as directors and supervisors receiving performance-based remuneration from the Bank. Remuneration of directors of the Bank shall be drawn up by the Nomination and Remuneration Committee of the Board of Directors, and approved by the general meeting after being passed by the Board of Directors. Remuneration of supervisors shall be drawn up by the Nomination Committee of the Board of Supervisors, and approved by the general meeting after being passed by the Board of Supervisors. The remuneration of senior management shall be drawn up by the Nomination and Remuneration Committee of the Board of Directors and submitted to the Board of Directors for approval. The directors, supervisors and senior management members shall not participate in the process of determining their own remuneration. Independent non-executive directors shall give objective, impartial and independent opinions on the remuneration of directors and senior management members. Supervisors attend the meetings of the Board of Directors and the Nomination and Remuneration Committee of the Board of Directors as non-voting delegates, and supervise the scientificity and rationality of the remuneration plan for directors and senior management.

The Bank offers remunerations to directors, supervisors and senior management members who are at the same time the employees of the Bank corresponding to their positions, and the remunerations include salary, bonus, subsidy, employee welfare and social insurance contributions, housing provident fund and enterprise annuity. The remuneration of independent directors and external supervisors consists of three parts, which are basic remuneration, floating remuneration and allowance, and shall be decided according to the *Proposal regarding the Director Allowance Policy of the Sixth Session of the Board of Directors and the Proposal regarding the Supervisor Allowance Policy of the Sixth Session of the Board of Supervisors* approved at 2020 Annual General Meeting. The Bank does not pay any salary or allowance to any other directors or supervisors. Please refer to the *Circular of the Annual General Meeting of 2020 of China CITIC Bank Corporation Limited* on 4 June 2021, published by the Bank on the websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) for policies on allowance for independent non-executive directors and external supervisors of the Bank.

Pursuant to relevant PRC laws and regulations, the Bank has joined various mandatory contribution retirement schemes as set out in PRC laws and regulations for all employees (including the executive directors, supervisors and senior management members that are also employees of the Bank). Actual pre-tax remunerations paid to the directors, supervisors and senior management members (both incumbent and non-incumbent) who received remunerations from the Bank were in the amount of RMB29.1001 million for the reporting period. As at the end of the reporting period, the Bank had not provided any share incentives to directors, supervisors or senior management members.

3.10 Interests of Directors and Supervisors in Material Contracts, Transactions or Arrangements

During the reporting period, neither the Bank, its holding companies, any of its subsidiaries nor fellow subsidiaries entered into any material contract, transaction or arrangement in relation to the business of the Bank in which any director, supervisor or entity related to directors or supervisors had material interests, whether directly or indirectly.

3.11 Service Contracts of Directors and Supervisors

None of the directors or supervisors of the Bank concluded with the Bank or any of the Bank's subsidiaries any service contract that may not be terminated within one year as of the entry into effect of the contract or that may only be terminated with the payment of other compensations in addition to the mandatory compensations.

3.12 Relationships among Directors, Supervisors and Senior Management Members

There was no material financial, business, family or other relationship among directors, supervisors or senior management members of the Bank.

3.13 Interests of Directors in Businesses Competing with the Bank

None of the directors of the Bank had any interest in businesses that directly or indirectly competed or may compete with the Bank.

3.14 Liability Insurance for Directors, Supervisors and Senior Management Members

In 2023, the Bank bought liability insurance for all of its directors, supervisors and senior management members. In 2023, no director, supervisor or senior management member of the Bank has been benefited by any permitted indemnity provisions that had been or were in force.

3.15 Chairman and President

The Bank set separated positions of its Chairman and President. As at the disclosure date of this report, Mr. Fang Heying was Chairman and executive director of the Bank, responsible for presiding over the general meeting, convening and presiding over meetings of the Board of Directors and examining the implementation of board resolutions and other relevant matters. Mr. Liu Cheng was the executive director and President of the Bank, performing the duties including implementing board resolutions and presiding over the Bank's business operation and management and other relevant matters. The division of duties between the Chairman and President of the Bank was clearly defined and in compliance with the *Hong Kong Listing Rules*.

3.16 Amendments to the Articles of Association

In May 2022, pursuant to laws, regulations and regulatory requirements and in light of the actual conditions of the Bank, the Bank improved Party building requirements, standardized the management of share repurchase and investment & financing matters, and further improved articles on the management of substantial shareholders, rights and obligations of shareholders, powers, duties and convening of the shareholders general meeting, responsibilities of governance bodies, composition and rules of procedures of the Board of Directors and the Board of Supervisors, and related party transactions in the Articles of Association. The proposal for the amendments to the Articles of Association was considered and approved at the Annual General Meeting of 2021, the First A Shareholders Class Meeting of 2022 and the First H Shareholders Class Meeting of 2022 held on 23 June 2022 and is to be approved by the NFRA. Please refer to the relevant announcements published by the Bank on the websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) for relevant details about the amendments to the Articles of Association.

During the reporting period, there was no material changes in the Bank's Articles of Association.

3.17 Implementation of Share Incentive Scheme, Employee Stock Ownership Plan or Other Employee Incentive Measures during the Reporting Period

The Bank did not have any share incentive scheme, employee stock ownership plan or other employee incentive measures in effect as at the end of the reporting period.

3.18 Company Secretaries as per the Hong Kong Listing Rules

As at the disclosure date of this report, the Bank engaged, externally, Ms. Kam Mei Ha Wendy (FCG, HKFCG) as the joint company secretary of the Bank as per the *Hong Kong Listing Rules*; and the main contact person of Ms. Kam Mei Ha Wendy within the Bank was Ms. Zhang Qing, the board secretary and the joint company secretary of the Bank. The contact information of Ms. Zhang Qing is Tel: +86-10-66638188, Fax: +86-10-65559255.

3.19 Independent Non-Executive Directors' Statement on Undertakings Made by CITIC Group and CIFH under the Non-Competition Deed

CITIC Group had transferred its 70.32% equity interest in CIFH to the Bank on 23 October 2009, thus releasing CIFH from all obligations under the *Non-Competition Deed*.

The independent non-executive directors of the Bank came to a conclusion on the non-competition undertakings of CITIC Group, holding that CITIC Group honored its non-competition undertakings during the reporting period. CITIC Group produced a statement on the performance of its non-competition undertakings under the *Non-Competition Deed* it entered into with the Bank on 13 March 2007.

3.20 Development and Review of Corporate Governance Policies and Practices

The Board of Directors of the Bank attached great importance to the establishment and improvement of internal rules and regulations on corporate governance. During the reporting period, in light of its own real situations and relevant regulatory requirements, the Bank revised its corporate management policies including the *Working Rules for Independent Directors of China CITIC Bank Corporation Limited*, the *Detailed Working Rules for Board Secretary of China CITIC Bank Corporation Limited*, the *Management Measures for Corporate Governance Assessment of Affiliates of China CITIC Bank Corporation Limited* and the *Management Measures for Related Party Transactions of China CITIC Bank Corporation Limited*. By doing so, the Board of Directors continued to optimize the corporate governance mechanism of the Bank, improved the mechanism for the duty performance of independent directors and the board secretary, consolidated the corporate governance mechanism of the parent bank for its domestic and overseas subsidiaries, and improved the mechanism for related party transactions management, providing strong support for the Bank to strengthen science-based corporate governance, and ensuring the long-term and steady development of affiliates and the compliance and effective advancement of related party transactions.

The Board of Supervisors of the Bank continued to strengthen the top-level design, optimized the workflow for agenda item management of meetings of the Board of Supervisors, and defined key supervisory responsibilities. Based on laws, regulations, regulatory requirements and the Bank's reality, the Bank sorted and detailed statutory supervisory duties, revised the *Supervisory Duty List for the Board of Supervisors of China CITIC Bank Corporation Limited* and issued it across the Bank. The list increased, detailed and clarified the supervisory responsibilities of the Board of Supervisors in six major areas, covering 48 duties, an increase of nearly 15% from last year, so as to urge all departments of the Head Offices, all branches and subsidiaries to raise the awareness of actively supporting the work of the Board of Supervisors and make supervision more comprehensive and pertinent. In line with the latest regulatory policies and requirements, the Bank revised the *Rules of Procedures of the Supervision Committee of the Board of Supervisors of China CITIC Bank Corporation Limited* and the *Rules of Procedures of the Nomination Committee under the Board of Supervisors of China CITIC Bank Corporation Limited*, improved the responsibilities of the special committees, optimized the compositions of the special committees, and adjusted the review and approval procedures for relevant appointments. The above revisions were deliberated and adopted at the 34th meeting of the 6th Session of the Board of Supervisors of the Bank and issued for implementation.

3.21 Review and Supervision of Training and Continuing Professional Development of Directors, Supervisors and Senior Management Members

The Board of Directors kept urging the directors and senior management members to participate in relevant training for better professional development in general and for them to enhance comprehensive quality and competence for performance of duties in particular. During the reporting period, the Board of Directors and the Board of Supervisors organized the directors and the supervisors to participate in relevant training in accordance with the applicable requirements of the CSRC, Hong Kong Securities and Futures Commission, SEHK and NFRA, achieving very good training results.

The table below sets out the participation of the Bank's directors, supervisors, and board secretary in the reporting period in the trainings provided by relevant institutions:

Name	Title	Trainer	Training Model	Training Duration (day)
Fang Heying	Chairman, Executive Director	CSRC Beijing Bureau China CITIC Bank	Online training Centralized lecture	1.5
Liu Cheng	Executive Director, President	CSRC Beijing Bureau China CITIC Bank	Online training Centralized lecture	1.5
Huang Fang	Non-executive Director	China CITIC Bank	Centralized lecture	0.5
Wang Yankang	Non-executive Director	CSRC Beijing Bureau China CITIC Bank	Online training Centralized lecture	1.5
Liu Tsz Bun Bennett	Independent Non-executive Director	SSE China CITIC Bank	Online training Centralized lecture	5
Zhou Bowen	Independent Non-executive Director	SSE	Online training	2
Wang Huacheng	Independent Non-executive Director	SSE	Centralized lecture	2
Song Fangxiu	Independent Non-executive Director	SSE CSRC Beijing Bureau	Online training Centralized lecture	4.5
Guo Danghuai	Then Executive Director and Vice President	CSRC Beijing Bureau China CITIC Bank	Online training Centralized lecture	1.5
He Cao	Then Independent Non-executive Director	China CITIC Bank	Centralized lecture	0.5
Chen Lihua	Then Independent Non-executive Director	China CITIC Bank	Centralized lecture	0.5
Qian Jun	Then Independent Non-executive Director	China CITIC Bank	Centralized lecture	0.5
Wei Guobin	External Supervisor	CSRC Beijing Bureau China CITIC Bank	Online training Centralized lecture	1.5
Sun Qixiang	External Supervisor	CSRC Beijing Bureau China CITIC Bank	Online training Centralized lecture	1.5
Liu Guoling	External Supervisor	CSRC Beijing Bureau China CITIC Bank	Online training Centralized lecture	1.5
Li Rong	Shareholder Representative Supervisor	CSRC Beijing Bureau China CITIC Bank	Online training Centralized lecture	1.5
Cheng Pusheng	Employee Representative Supervisor	CSRC Beijing Bureau China CITIC Bank	Online training Centralized lecture	1.5
Chen Panwu	The then Employee Representative Supervisor	CSRC Beijing Bureau China CITIC Bank	Online training Centralized lecture	1.5
Zeng Yufang	Employee Representative Supervisor	CSRC Beijing Bureau China CITIC Bank	Online training Centralized lecture	1.5
Zhang Qing	Board Secretary	SSE China CITIC Bank	Online training Centralized lecture	2.5

Ms. Zhang Qing, the board secretary and company secretary of the Bank, participated in relevant professional training sessions organized by the regulators and other relevant organizations, had completed more than 15 training hours during the reporting period, compliant with relevant regulatory requirements of SEHK.

As per relevant regulatory requirements, the Bank compiled the *References Letters for Directors and Supervisors* on both regular and non-regular basis to help the directors and supervisors gain a comprehensive understanding of the business momentum, strategy implementation, risk control, internal control and compliance of the Bank. The directors of the Bank reviewed the reports and other written materials provided to them regarding the latest developments in the banking industry in general and the Bank's business in particular as well as relevant legal and regulatory requirements. Below is a summary of the directors' continuing professional development during the reporting period:

Name	**Training on business, directors' duties and corporate governance**	**Monthly updates and other written materials on latest developments in the Bank's business operation and the banking industry as well as relevant legal and regulatory requirements**
Fang Heying *(Chairman, Executive director)*	✓	✓
Cao Guoqiang *(Non-executive director)*	✓	✓
Liu Cheng *(Executive director, President)*	✓	✓
Huang Fang *(Non-executive director)*	✓	✓
Wang Yankang *(Non-executive director)*	✓	✓
Liu Tsz Bun Bennett *(Independent non-executive director)*	✓	✓
Zhou Bowen *(Independent non-executive director)*	✓	✓
Wang Huacheng *(Independent non-executive director)*	✓	✓
Song Fangxiu *(Independent non-executive director)*	✓	✓
Zhu Hexin *(then Chairman and Non-executive director)*	✓	✓
Guo Danghuai *(then Executive director and Vice President)*	✓	✓
He Cao *(then Independent non-executive director)*	✓	✓
Chen Lihua *(then Independent non-executive director)*	✓	✓
Qian Jun *(then Independent non-executive director)*	✓	✓

3.22 Compliance with the Corporate Governance Code under the Hong Kong Listing Rules

The Bank was in compliance with all code provisions as well as best practices of the *Corporate Governance Code* set out in Appendix C1 (former Appendix 14) to the *Hong Kong Listing Rules* throughout the year ended 31 December 2023.

3.23 Corporate Culture Development

In accordance with the idea of "applying theories in routine operations", centering on the requirements of "honesty and trustworthiness, pursuit of benefits through righteous means, steadiness and prudence, integrity and innovation, and legal compliance", the Bank actively cultivated and practiced the financial culture with Chinese characteristics throughout the Bank, vigorously promoted fine traditional Chinese culture, and provided cultural nourishment and spiritual power for the Bank to implement the "Five Leading" strategy and strive to be in the forefront of world-class banks. The Bank followed the working principle of "leading by model case top down and comprehensive integration", cultivated positive cultural atmosphere by strengthening cultural top-level design, improving organizational mechanism, continuously carrying out cultural publicity, creating examples and models and other cultural fostering and management work, and provided strong spiritual support for the development of the Bank.

3.24 Investor Relations

Attaching great importance to communication with investors, the Bank continued to improve its investor relations management and strove to create more value for investors. In the face of the complicated and volatile external environment, the Bank always adhered to an investor-orientated principle, took multiple measures to continuously enhance the depth and breadth of communication with investors, and actively conveyed to the market the Bank's initiatives and achievements in promoting high-quality development. During the reporting period, the Bank ranked the forefront of the domestic banking industry in terms of the increase of A+H market value. It abided by relevant requirements of the "Shareholders Communication Policy" of the Hong Kong Stock Exchange, and solicited shareholders' opinions and suggestions through investor mailbox and hotline, SSE e-interactive platform and other channels. It released announcements before the release of annual and interim results, publicly solicited issues of concern to investors, thus strengthened exchanges with shareholders, and protected their right to know. The shareholders communication policy was effective.

During the reporting period, the Bank held its 2022 annual results and 2023 interim results release conferences via online video live and onsite meeting for the first time, livestreaming the whole event through its APP and several other online platforms. After the conferences, the Bank publicized Q&A records and video playback in time for the investors who were unable to attend the conferences to learn about the Bank's operation and management updates in time. In addition, the Bank held the third-quarter results presentation in the form of "online text interaction", with a reply rate of 100% for investors' questions. After publicizing regular results, the Bank took the initiative to "go out", and the senior management led a team to launch results roadshows with institutional investors in places like Beijing, Shanghai, Shenzhen and Hong Kong, actively introducing the Bank's operational performance and development strategies to the market. In doing so, it showcased the Bank's operation achievements in stabilizing interest spread, stabilizing quality, expanding fee-based business income and expanding customers, as well as its development potential in wealth management, asset management and comprehensive financing, and thus continuously enhancing investors' recognition of the Bank's values.

During the reporting period, the Bank held more than 100 investor exchanges by holding road shows, receiving investor research and participating in securities companies' strategy meetings. The Bank recorded the above-mentioned investor reception and communication activities according to relevant regulatory requirements, and properly kept relevant documents. Moreover, for effectively protecting the rights and interests of minority investors, the Bank has arranged personnel to actively communicate with small and medium investors through responding to the SSE e-interactive platform and answering questions from investor via hotline and email, so as to convey the investment value of the Bank to investors who follow the Bank's development.

Pursuant to Rule 2.07A of Hong Kong Listing Rules, under the expansion of paperless listing regime and electronic dissemination of corporate communications that came into effect on 31 December 2023, the Bank has adopted electronic dissemination of corporate communications. Both English and Chinese versions of all future Corporate Communications will be available electronically on the official websites of the Bank (www.citicbank.com) and HKEXnews (www.hkexnews.hk) in place of printed copies. Please refer to the notification letters disclosed by the Bank on the official websites of HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on 23 February 2024 for relevant information.

3.25 Information Disclosure and Management of Insider Information

During the reporting period, strictly following the principles of truthfulness, accuracy, completeness, timeliness and fairness, abiding by laws and regulations, and considering the information needs of investors, the Bank published over 400 periodic reports, extraordinary announcements and other documents at the SSE and the SEHK, totaling more than 4 million words. Meanwhile, in light of hotspot issues on the capital market, the Bank kept improving the framework and contents of its periodic reports, demonstrated the effectiveness of its strategy implementation and differentiated competitive advantages from multiple perspectives, and provided investors with timely, sufficient and effective information to effectively protect investors' right to know. The Bank kept improving its management mechanism for inside information, and properly registered inside information and insiders at critical time points, so as to prevent the risks of inside information divulgence and insider trading. During the reporting period, the Bank was not aware of any circumstance where any insider traded the Bank's shares by virtue of inside information.

3.26 Management of Related Party Transactions

During the reporting period, the Bank continued to attach great importance to the management of related party transactions, improved the management mechanism for related party transactions, optimized its rules and mechanism for such management, enhanced internal control management, review and approval, advanced the IT application and intelligent development for related party transactions, and raised the management quality and efficiency for related party transactions. The Bank also promoted the creation of synergistic value and shareholder value under the premise of compliance, and effectively safeguarded the interests of the Bank and its shareholders.

The Bank upheld its management system that featured decision making by the Board of Directors, supervision by the Board of Supervisors, execution by the senior management, and division of duties among business units. The Bank effectively performed its obligations of reviewing and disclosing related party transactions, submitted all material related party transactions to the Audit and Related Party Transactions Control Committee for review and to the Board of Directors for deliberation, and disclosed such transactions and filed them with the NFRA for record, in strict compliance with relevant requirements on the management of related party transactions. All the members of the Audit and Related Party Transactions Control Committee under the Board of Directors were independent non-executive directors. It carried out preliminary review of material related party transactions and expressed independent opinions thereabout on behalf of small and medium shareholders to ensure that such transactions were made pursuant to internal approval procedures and in a fair manner on terms no more favorable than those granted by the Bank to independent third parties and in the overall interests of the Bank and all of its shareholders.

During the reporting period, considering policy changes and regulatory requirements, the Bank pressed ahead with the system and mechanism reform regarding related party transactions, continuously improved the IT application and intelligence of related party transactions management, and ensured the compliance and orderly conduct of related party transactions. The Bank improved the management rules for related party transactions, issued the *Management Measures for Related Party Transactions of China CITIC Bank Corporation Limited*, the *Implementation Rules for Related Parties Management*, the *Implementation Rules for Management of Related Party Transactions Data* and relevant notices on their implementation, formulated the latest standards for identification of related parties, specified the scope of related legal persons and natural persons of the Bank, as well as the calculation criteria, management procedures and working requirements for various related party transactions, and unified approval requirements for the pricing of related party transactions. The Bank strengthened the awareness of compliance of related party transactions, and carried out training on related party transaction management by category based on revisions to rules for related party transactions and according to the management responsibilities and characteristics of different institutions. According to regulatory requirements and the needs of related party transactions management of the Bank, the Bank carried out self-inspection and special audits on compliance of related party transactions, and improved the day-to-day management of related party transactions. It optimized the caps of related party transactions, and upward adjusted the caps of credit extension continuing related party transactions and adding the cap for deposit continuing related party transactions in 2023 under the SSE standards according to the actual business needs after being reviewed and approved by the Board of Directors and the general meeting of the Bank, applied for caps on continuing related party transactions for 2024-2026, and signed relevant business framework agreements and unified transaction agreements with CITIC Group. In addition, the Bank accelerated the development of its related party transactions management system. The bank upgraded the related party transaction management system in the light of new rules, launched functions of measurements of material related party transactions and automatic acquisition of information on related natural persons, promoted information interaction between business systems and related party transaction systems, and laid a solid foundation for the effective identification of related party transactions in business systems.

3.27 Internal Control Assessment

The purpose of the Bank's internal control is to reasonably ensure the lawfulness and compliance of business and management, safety of assets, and truthfulness and completeness of financial reports and other relevant information, improve business efficiency and effectiveness, and promote the realization of the development strategy. The Board of Directors authorized the internal audit function to self-assess the effectiveness of the internal control design and operation of the Bank in accordance with relevant requirements such as the *Basic Standards for Enterprise Internal Control*, *Guidelines for Assessment of Enterprise Internal Control* and *Guidelines for Internal Control of Commercial Banks*, and in combination with the Bank's rules and assessment measures on internal control. The internal audit function produced the *2023 Internal Control Assessment Report of China CITIC Bank Corporation Limited* ("the *Internal Control Assessment Report*"), holding that the Bank's internal control was valid as at 31 December 2023 (record date). In the course of the self-assessment, the Bank was not aware of any material defects in its internal control. The Board of Supervisors of the Bank reviewed the *Internal Control Assessment Report* and had no objections to the content of the report.

Please refer to the relevant announcements published on the websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on the disclosure date of this report for the *Internal Control Assessment Report* (including the statements of the Board of Directors and the Board of Supervisors on their respective responsibilities in relation to internal control).

3.28 Development and Implementation of Internal Control Policies

During the reporting period, the Bank continued to press ahead with the building of "five systems"[43] for internal control and compliance. Focusing on key business areas, the Bank strengthened the governance of key links and processes, and searched deeply to repair internal control problems, and hence consolidated the foundation for internal control management across the Bank.

The Bank improved the internal control management mechanism. It formulated the implementation plan for strengthening internal control management, coordinated the compilation of the directory of internal control management risk points of key businesses, and continued to build a multi-level internal control management system with clear responsibilities, effective control and powerful supervision. It further promoted policy governance, organized the whole bank to find source problems of policies, revised and improved the rules and regulations of the Head Office, and optimized the functions of relevant systems, thereby improving the effectiveness of policies. The Bank carried out regular policy re-inspection to continuously improve the practical, efficient and concise policy system. It standardized the management of authorization and the exercise of powers. In line with the overall requirements, i.e. varying authorization with persons, places, quality and customers, the Bank exercised refined management over the contents of authorization, scope of authority and requirements on the exercise of authority, continuously supervised and inspected the delegation of authority and implementation of authorization across the Bank. It completed special evaluations such as inclusive e-loan and unified credit granting of parent and subsidiary companies, and clarified the control requirements and responsibilities of key nodes.

[43] The "five systems" for internal control compliance are the rectification system, compliance management system, internal control evaluation system, extensive supervision system and money laundering and sanctions prevention and control system.

The Bank strengthened case prevention and behavior system management. At the top level, it formulated several measures to strengthen employee behavior management and prevent case risks, guidance on behavior management of outsourcing personnel, guidelines on inspection of important fields of tier-2 branches and other measures and requirements to strengthen bank-wide management, and clarified the supervision and management responsibilities and supervision focus of business, risk, audit, discipline inspection and other departments. The Bank convened case risk prevention and control work conferences, consolidated the management responsibilities of institutions at all levels, and promoted the establishment of a behavior risk monitoring mechanism around key businesses, thereby integrating the management of employee behavior and case prevention.

The Bank deepened the building of compliance culture. It followed the requirements imposed by the Group for the "Year for Compliance Culture Cultivation", and planned for the annual "compliance season" activities with the theme of "senior management taking the lead, management as driving force, employees as basis". It clarified 16 tasks of senior management taking the lead, actions across business lines, in-depth investigation and special campaigns, focused on the implementation of regulatory policies, governance of repeated problems, and other fields to carry out the "Four Investigation and Four Governance" program, thus further strengthening the compliance responsibility of officials and employees at all levels. It carried out publicity and education activities such as case warning, compliance lectures and "compliance face to face", organized more than 59,000 employees to complete the annual compliance exam, and conducted multi-level compliance training, thereby comprehensively enhancing the employees' awareness of compliance operation and risk prevention and control, and strengthening the concept of compliance operation.

3.29 Internal Audit

The Bank established an independent and vertical system for internal audit, with the internal audit departments carrying out work under direct leadership of the Board of Directors, responsible and reporting to the Board of Directors. The Board of Directors is responsible for the independence and effectiveness of internal audit and provides necessary protection for internal audit to be carried out independently and objectively. The Bank's internal audit departments consist of the Head Office's Audit Department and eight regional audit centers under its direct management, which perform the duty of audit and supervision and are independent from business operation, risk management, and internal control and compliance.

During the reporting period, the Bank, guided by the *Five-Year Plan for the Development of Audit Work (2021-2025)* and aligning its internal audit with a focus on development strategy and central tasks, steadily promoted audits focusing on quality, technology, talent and reform, accelerated the digital transformation of its audit function, and actively promoted continuous auditing. Through auditing, it coordinated the disclosure of problems and supervised the rectification work. The Bank continued to consolidate the foundation of audit management, strengthened the cultivation of a specialized audit talent, carried out research-based audits, guided audit practice with research findings, and continuously improved the audit value, quality and efficiency. During the reporting period, the Audit Department of the Bank was awarded the title of "National Advanced Internal Audit Collective 2020-2022" by China Institute of Internal Audit.

During the reporting period, in accordance with the principle of risk orientation, the Bank took the initiative to adapt to changes in the external business environment and the needs of internal risk management. It continued to strengthen the supervision over key institutions, key areas and key posts, and focused on the implementation of national policies and regulatory attention, corporate governance and strategy implementation, and internal control compliance of key links. It further strengthened the overall management of projects, rationally and dynamically allocated resources, and promoted the "joint prevention and control" of the three lines of defense. During the reporting period, the Bank carried out special audits on corporate credit granting, real estate financing, non-performing asset disposal, implementation of the expected credit loss approaches, the implementation of the new capital accord, consumer protection and information technology, and paid timely attention to risk changes amid complex operating environment through continuous audits, hence promoting the high-quality and sustainable development across the Bank.

3.30 External Audit of Internal Control

During the reporting period, the Bank engaged KPMG Huazhen LLP to audit the effectiveness of its internal control over financial reporting as at 31 December 2023 in accordance with the relevant requirements of the *Guidelines on Audit of Enterprise Internal Control* and the practicing standards for PRC certified public accountants. Based on the audit findings, KPMG Huazhen LLP presented to the Bank its audit report on internal control. For details thereof, please refer to the relevant announcement published by the Bank on the websites of SSE (http://www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on the disclosure date of the report.

In its audit opinion on internal control over financial reporting of the Bank, KPMG Huazhen LLP was of the view that the Bank maintained effective internal control over financial reporting in all material aspects in accordance with the *Basic Standards for Enterprise Internal Control* and relevant regulations as at 31 December 2023.

3.31 Auditors and Their Remunerations

With regard to the auditors engaged by the Bank for the reporting period and their remunerations, please refer to Chapter 5 "Report of the Board of Directors – 5.7 Engagement of Auditors" of this report for details thereof.

KPMG was the overseas auditor engaged by the Bank. Its statement of reporting obligation in respect of the consolidated financial statements is set out in Chapter 9 "Independent Auditor's Report and Financial Statements" of this report.

3.32 Responsibility Statement of the Board of Directors on Risk Management, Internal Control and Compliance Management

The Board of Directors bears the ultimate responsibility for the Bank's risk management, internal control and compliance management and is responsible for reviewing the effectiveness of the regulations thereon. Considering that the abovementioned risk management and internal control systems are designed to manage rather than eliminate the risk of failing to achieve business objectives, the Board of Directors can only provide reasonable instead of absolute assurance that the above-mentioned systems and internal control can prevent any material misstatement or loss. For details on the Bank's risk management, please refer to Chapter 2 "Management Discussion and Analysis – 2.10 Risk Management" of this report.

3.33 Management and Control over Subsidiaries

During the reporting period, in accordance with relevant regulatory requirements, the Bank continued to improve the management system and mechanism for subsidiaries, established a subsidiary management system integrating investment, management and services on the basis of the needs of subsidiaries for independent and differentiated development and established a matrix-like consolidated management framework covering all elements like corporate governance, comprehensive risk management and business synergy. According to the *Measures for Consolidated Management of China CITIC Bank Corporation Limited* as well as supporting management rules as the policy basis for consolidated management, the Bank set up a cross-functional working group headed by the senior management, established a mechanism for regular communication between the parent company and subsidiaries, carried out checklist-based management and pushed ahead with key work. In accordance with relevant regulatory requirements, the Bank developed the guidelines for subsidiary management after in-depth survey and pressed ahead with its implementation, optimized and redeveloped the process of subsidiary management, and improved the quality and effectiveness of subsidiary governance in an all-round way by focusing on key authorization, key personnel, key matters and key procedures. During the reporting period, the Bank overfulfilled the special task of "delayering and downsizing", took measures for optimization and developed a clearer and flat equity framework of subsidiaries. It focused more on primary duties and businesses, arranged resource allocation in a science-based manner, and improved the capabilities for penetration management. As at the end of the reporting period, the Bank has initially built an intelligent consolidated management platform system covering "all institutions, all elements, all processes and all aspects" to technically empower digital and information-based management of subsidiaries and enhance the efficiency of decision making. No new subsidiaries were purchased during the reporting period.

3.34 Information on Staff and Affiliates

3.34.1 Number and Mix of Employees, Number of Retirees and Affiliates

As at the end of the reporting period, the Group had 66,891 employees, including 66,057 under labor contracts with the Group and 834 dispatched to the Group or hired with letters of engagement by the Group, of which 13,809 served as managerial function, 48,880 as business function and 4,202 as supporting function, accounting for 20.64%, 73.08% and 6.28% respectively. 18,248 employees, 27.28% of the total, held post-graduate degrees or above; 43,649 employees, 65.25% of the total, held bachelor's degrees; and 4,994 employees, 7.47% of the total, held junior diplomas and qualifications below junior diploma level. The Group bore fees for 2,839 retirees.

The regional distribution of the Group's employees was as follows: 18,058 in the Bohai Rim Region, 13,155 in the Yangtze River Delta Region, 13,502 in the Pearl River Delta and West Strait Region, 8,404 in the Central China, 8,619 in the Western China, 2,495 in the Northeast China, and 2,658 in overseas area.

The Group attached a great importance to the diversity of its employees, and as at the end of the reporting period, male and female employees (senior management included) accounted for 45.78% and 54.22% of the total respectively. The Bank is of the view that the diversity at the level of employees (senior management included) had been achieved. There is currently no other plan or measurable objective regarding gender diversity.

The Bank's Affiliates List (subsidiaries not included)

Division of region	Name of the affiliate	Business address/Postal code	Number of outlets	Total assets (RMB million)
Headquarters	Head Office	Address: 6-30/F and 32-42/F, Building No.1, 10 Guanghua Road, Chaoyang District, Beijing Postal Code: 100020	1	2,987,867
	Credit Card Center	Address: CITIC Bank Building, No. 121 Fuhua 1st Road, Futian Street, Futian District, Shenzhen, Guangdong Province Postal Code: 518048	1	508,861
Bohai Rim	Beijing Branch	Address: Building C, 1/F Building D, 1/F Building E and Room A 1/F Building F of Fuhua Building, No. 8 Chaoyangmen North Street, Dongcheng District, Beijing Postal Code: 100027	80	1,254,418
	Tianjin Branch	Address: A5 No. 162 Zhangzizhong Road, Heping District, Tianjin Postal Code: 300020	37	110,673
	Shijiazhuang Branch	Address: CITIC Tower, No. 10, Ziqiang Road, Qiaoxi District, Shijiazhuang, Hebei Province Postal Code: 050000	64	140,852
	Jinan Branch	Address: CITIC Plaza, No. 150, Luoyuan Street, Jinan, Shandong Province Postal Code: 250002	49	138,616
	Qingdao Branch	Address: No. 22, Hong Kong Middle Road, Qingdao, Shandong Province Postal Code: 266071	53	141,611
	Dalian Branch	Address: No. 29, Renmin Road, Zhongshan District, Dalian, Liaoning Province Postal Code: 116001	24	54,956
Yangtze River Delta	Shanghai Branch	Address: B1, Room 102-109 1/F, 201-2 2/F, 302-4 3/F, 9-15/F, No. 112 & 138 Expo Road, Pudong New Area, Shanghai Postal Code: 200126	58	532,284
	Nanjing Branch	Address: CITIC Tower, No. 348, Zhongshan Road, Nanjing, Jiangsu Province Postal Code: 210008	86	520,354
	Suzhou Branch	Address: West Building, Business Center, Financial Harbor, No. 266 East Suzhou Avenue, Suzhou Industrial Park, Suzhou, Jiangsu Province Postal Code: 215028	29	205,357
	Hangzhou Branch	Address: No. 9 Jiefang East Road, Shangcheng District, Hangzhou, Zhejiang Province Postal Code: 310016	97	625,516
	Ningbo Branch	Address: CITIC Tower, No. 36, Zhenming Road, Haishu District, Ningbo, Zhejiang Province Postal Code: 315010	29	121,094

Division of region	Name of the affiliate	Business address/Postal code	Number of outlets	Total assets (RMB million)
Pearl River Delta and West Strait	Fuzhou Branch	Address: Hengli Financial Center, No. 6, Guanfengting Street, Gulou District, Fuzhou, Fujian Province Postal Code: 350000	54	109,848
	Xiamen Branch	Address: 334-101, 201, 301, 401, Hubin South Road, Siming District, Xiamen, Fujian Province Postal Code: 361000	16	32,668
	Guangzhou Branch	Address: CITIC Plaza, No. 233, Tianhe North Road, Guangzhou, Guangdong Province Postal Code: 510613	103	440,358
	Shenzhen Branch	Address: 5-10/F, North Tower, Phase II Time Square, No. 8 Third Central Road, Futian District, Shenzhen, Guangdong Province Postal Code: 518048	55	399,608
	Haikou Branch	Address: Banshan Garden, No. 1 Jinmao Middle Road, Longhua District, Haikou, Hainan Province Postal Code: 570125	11	19,774
Central China	Hefei Branch	Address: No. 396, Huizhou Avenue, Baohe District, Hefei, Anhui Province Postal Code: 230001	41	136,370
	Zhengzhou Branch	Address: CITIC Bank Building, No. 1 Business Inner Ring Road, Zhengdong New District, Zhengzhou, Henan Province Postal Code: 450000	87	243,966
	Wuhan Branch	Address: CITIC Tower, No. 747 Jianshe Avenue, Hankou, Wuhan, Hubei Province Postal Code: 430000	49	207,857
	Changsha Branch	Address: No. 1500 Third Section of Xiangjiang North Road, Kaifu District, Changsha, Hunan Province Postal Code: 410011	41	130,150
	Nanchang Branch	Address: Building D3, Lvdi Central Plaza, No. 998, Hongguzhong Avenue, Honggutan District, Nanchang, Jiangxi Province Postal Code: 330038	21	97,967
	Taiyuan Branch	Address: 1-17/F, Building 31, No. 65 Pingyang Road, Xiaodian District, Taiyuan, Shanxi Province Postal Code: 030006	30	69,208

Division of region	Name of the affiliate	Business address/Postal code	Number of outlets	Total assets (RMB million)
Western China	Chongqing Branch	Address: No. 5 Jiangbeicheng West Avenue, Jiangbei District, Chongqing Postal Code: 400021	33	147,212
	Nanning Branch	Address: No. 36-1, Shuangyong Road, Qingxiu District, Nanning, Guangxi Zhuang Autonomous Region Postal Code: 530021	19	56,601
	Guiyang Branch	Address: North Second Tower, BL Zone, Guizhou Financial City, Changling North Road, Guanshanhu District, Guiyang, Guizhou Province Postal Code: 550081	15	34,880
	Hohhot Branch	Address: CITIC Tower, Ruyihe Avenue, Ruyi Development Area, Hohhot, Inner Mongolia Autonomous Region Postal Code: 010010	30	45,332
	Yinchuan Branch	Address: No. 160 Beijing Middle Road, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region Postal Code: 750002	8	18,242
	Xining Branch	Address: Building 2, Shengshida Financial Center, Wenyuan Road No.1, Chengxi District, Xining, Qinghai Province Postal Code: 810008	9	16,046
	Xi'an Branch	Address: No. 1, Middle Section of Zhuque Road, Xi'an, Shaanxi Province Postal Code: 710061	39	96,410
	Chengdu Branch	Address: La Defense Tower, No. 1480 North Section of Tianfu Avenue, High-Tech Zone, Chengdu, Sichuan Province Postal Code: 610042	43	184,663
	Urumqi Branch	Address: CITIC Bank Tower, No. 165, Xinhua North Road, Urumqi, Xinjiang Uygur Autonomous Region Postal Code: 830002	12	28,367
	Kunming Branch	Address: Fulin Square, Baoshan Street, Wuhua District, Kunming, Yunnan Province Postal Code: 650021	30	79,668
	Lanzhou Branch	Address: No. 9 Minzhu West Road, Chengguan District, Lanzhou, Gansu Province Postal Code: 730000	13	23,480
	Lhasa Branch	Address: No. 22 Jiangsu Road, Lhasa, Tibet Autonomous Region Postal Code: 850000	2	8,247

Division of region	Name of the affiliate	Business address/Postal code	Number of outlets	Total assets (RMB million)
Northeastern China	Harbin Branch	Address: CITIC Tower, No. 236, Hongqi Avenue, Nangang District, Harbin, Heilongjiang Province Postal Code: 150000	18	32,796
	Changchun Branch	Address: No. 718, Jiangong South Road, Chaoyang District, Changchun, Jilin Province Postal Code: 130000	21	40,858
	Shenyang Branch	Address: No. 336, Daxi Road, Shenhe District, Shenyang, Liaoning Province Postal Code: 110014	45	54,088
Overseas	London Branch	5th Floor, 99 Gresham Street, London, EC2V 7NG, UK	1	22,705
	Hong Kong Branch	80 FL. International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong	1	–
	Sydney Representative Office	Level 27, Gateway, 1 Macquarie Place, Sydney, NSW 2000, Australia	1	–

Notes: (1) The Credit Card Center mentioned in the above table had 77 sub-centers.

(2) The "total assets" in the above chart did not deduct the offset balance between affiliates.

3.34.2 Human Resources Management

The Bank always adheres to the concept that talent is the first resource, unswervingly implements the strategy of "turning talent into strengths", and implemented the talent allocation mechanism with value as the core and overall planning for quantity, quality, structure and efficiency. It improved the strategic layout for talents, systematically carried out various talent team cultivation projects suitable for the development of the Bank, and strengthened the introduction, selection and training of strategic talents, key talents and basic talents. The Bank kept improving its capabilities of systematic development of talent teams and laid a firmer foundation for talent development. It finished bank-wide talent review, and set up a layered and classified competence system facilitating more comprehensive talent assessment, more targeted talent identification and more effective talent cultivation. The Bank continued to accelerate the development of the digital and intelligent talent management platform, and enabled talent management to be more refined and scientific.

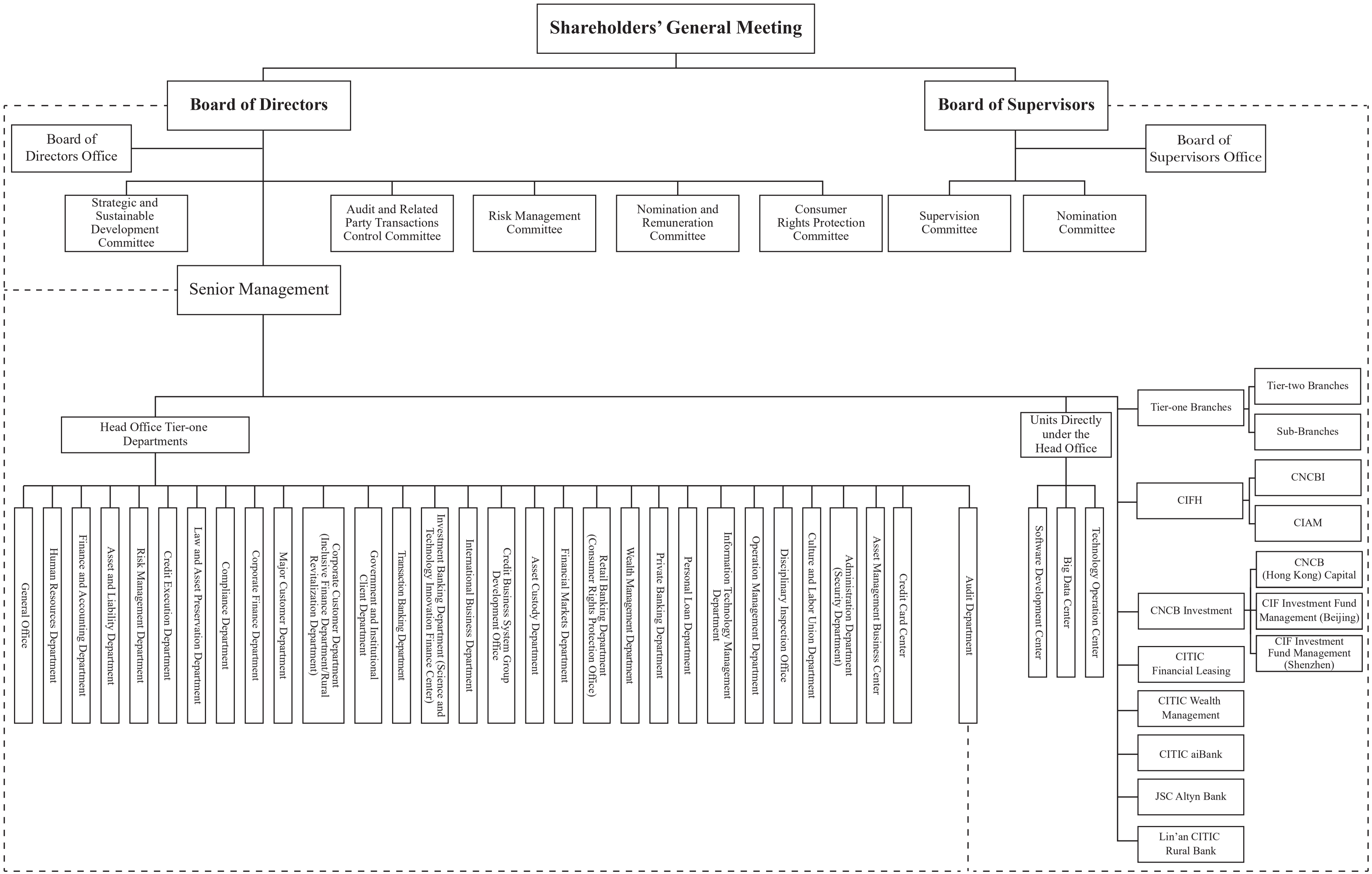
The Bank adhered to a remuneration concept featuring position value, performance contribution and competence demonstration. It constantly optimized the remuneration distribution mechanism with value creation at the core, kept improving the structure for internal income distribution, channeled more remuneration resources to front office and basic-level employees, and gave full play to the positive incentive role of remuneration, so as to continuously drive the strategic development of the Bank and implement various regulatory requirements.

Employee renumeration of the Bank consists of basic remuneration and performance-based remuneration, with the former determined by employees' job responsibilities and abilities in duty performance, and the latter linked to the Bank's overall operating results and employees' personal performance and duty performance abilities. The Bank established the policy of delayed payment of performance-based remuneration for middle and senior-level officials and employees in key positions, and a system for the clawback of performance-based remuneration paid to relevant persons in charge violating rules or disciplines or with abnormal risk exposures within their responsibilities based on the decisions on accountability. It continued to improve the wage and welfare for its employees. In addition to providing all employees with five insurance schemes and one housing provident fund, the Bank also established enterprise annuity and supplementary medical insurance for contract employees, and provided maternity leave and maternity allowance for female employees.

3.34.3 Human Resources Training and Development

The Bank carried out training centering on its strategies and need for business development, and held 4,050 training sessions during the reporting period, recording 796.7 thousand person-times participation. Serving the strategy of digital transformation, the Bank built a digital competence training system with the characteristics of China CITIC Bank starting from the three aspects of awareness, capacity and talents, launched "digital action" digital thinking learning activities for all employees, and carried out digital skills training related to Python programing fundamentals, data analysis and agile project management, continuously enhancing the digital quality and digital technology capabilities of all employees. Serving business development, on customer group management, product rollout, risk management, compliance and internal control, the Bank carried out training on policies, business and product empowerment, and kept enhancing the professional competency of the staff. Serving employee growth, the Bank constantly improved the professional training system of all levels and types of personnel, stepped up efforts in developing courses on practical methods and experience extraction, regularly carried out post qualification certification training and examination covering employees of all professional and technical sequence, systematically enhancing employees' abilities of duty performance. Meanwhile, it kept pressing ahead with the face-to-face "pre-service and on-the-job" training for management personnel, intensified the training on management ability and expertise corresponding to post responsibilities, and kept improving the employees' capabilities for promoting high-quality development of the Bank. Thanks to its outstanding performance in talent training, the Bank was honored by the Training magazine awards including "Excellent Enterprise in Talent Development", "Brand Learning Program" and "Selected Training Course".

3.34.4 Organizational Chart



CHAPTER 4 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

The Bank attaches great importance to the mutual sustainable development along with all stakeholders. It fully integrates the sustainable development concept into its strategy and culture, continuously improves the sustainable development management system, and is committed to becoming a green bank, humanistic bank, caring bank, honest bank, value bank and brand bank.

During the reporting period, the Bank constantly improved the ESG management capabilities, strengthened policy system building, gave full play to the role of the Board of Directors in strategic leading, and formulated the *Measures for Environmental, Social and Governance (ESG) Management of China CITIC Bank* and the *Work Plan for ESG Management of China CITIC Bank*, focusing on key areas like green finance, green operation, consumer right protection, public welfare, care for employees, and compliant operation, specifying the ESG objectives and measures over the next three years, and systematically advancing the management of key ESG issues. The Bank established and improved the ESG management system, further refined the organizational structure for ESG management across the Bank, identified the persons in charge of ESG management at the Head Office, branches and subsidiaries, and formed a bank-wide ESG management work group consisting of more than 150 members, coordinating and facilitating the ESG efforts across the Bank. The Bank pushed forward work related to the "carbon peaking and carbon neutrality", sorted historical environmental data, and started to develop the "carbon peaking and carbon neutrality" goals and roadmap in the light of the reality of the Bank.

The Bank actively held dialogues and exchanges with both domestic and foreign institutions in terms of social and environmental responsibilities, vigorously advanced the exchanges and cooperation with various sides, carefully learned from advanced ESG management concepts and beneficial practices, and continuously improved its sustainability capabilities. During the reporting period, it focused on participating in the exchanges and cooperation in climate-related areas, and attended the inaugural meeting of the Climate Investment and Financing Alliance, the Climate Action Roundtable Meeting held by the World Economic Forum, and the Beijing International Sustainability Conference where it was rated among the first "Partnership for Early Awareness of Sustainability-Disclosure Today".

During the reporting period, the Bank completed the compilation and disclosure of its first TCFD report under the Task Force on Climate-Related Financial Disclosure (TCFD) recommendation framework, which systematically showcased the Bank's active efforts and important achievements in facilitating the green and low-carbon transition of society and economy, protecting the natural ecosystem and promoting common prosperity under its well operating corporate governance system.

For further information about the Bank's ESG, please refer to the *2023 Sustainable Development Report of China CITIC Bank Corporation Limited* published by the Bank on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on the publication date of this report.

4.1 Environment Information

Closely following the country's strategic directions, the Bank worked to practice the philosophy about green development, actively tackled challenges from climate changes, constantly refined the systems and mechanisms related to green finance, vigorously developed green finance businesses like green credit and green bonds, proactively explored green finance product innovation, and continuously improved the integrated services of green finance. The Bank continued to advance green and low-carbon operation, set green objectives and tracked how they were implemented, striving to build itself into a green bank. During the reporting period, there was no administrative punishment imposed to the Bank due to environmental issues.

4.1.1 Green Finance

The Bank has initially established a three-tiered organizational system for the development of green finance. At the level of strategic decision-making, the Strategic and Sustainable Development Committee under the Board of Directors is responsible for reviewing green finance strategies and objectives, and supervising and assessing the Bank's implementation of green finance. At the level of senior management, the steering group for green finance was established, consisting of two work groups and four business promotion teams. The steering group for green finance is responsible for coordinating the development of green finance across the Bank, developing strategies and objectives for the green finance business, and guiding the implementation of green finance. At the level of execution, an organizational structure featuring collaboration between the Head Office, branches and sub-branches was initially established. Specifically, the Major Customer Department at the Head Office set up the Green Finance Division to be responsible for advancing specific businesses; leaders at branches are persons leading the development of green finance and green finance work positions were created for the implementation of green finance business.

Green Finance	**Special Column**
Aiming to become a globally leading green and sustainable bank, the Bank proactively incorporated the concept of green and sustainable development into its strategic decision-making, operation and management, vigorously drove green development and low-carbon transformation, and created the comprehensive service system for green finance, contributing to the society-wide efforts to cut carbon emissions, lower energy consumption, reduce pollution and increase green areas. **In terms of institutional building**, the Bank set up a special body to facilitate the green finance business across the Bank in a coordinated manner. Its Huzhou Branch was named as a demonstration institution for green finance, serving as an example of innovation for the development of green finance across the Bank. During the reporting period, the steering group for green finance held a bank-wide meeting, reviewing the developments of green finance at the Bank, and formulated the *Plan for Green Finance Development of China CITIC Bank (2024-2026)*, to comprehensively advance the strategic implementation of green finance business from a strategic and overall perspective.	

In terms of resources allocation, the Bank vigorously supported the areas and industries that meet the trends of green development, such as clean energies and new energy vehicles, and provided preferential policies. It stepped up the application of carbon-reduction supporting tools, bolstered the financing demands of projects in key industries like PV and wind power, and allocated special credit resources to provide the enterprises reducing carbon emissions with financing services. Remaining guided by assessment, the Bank included green finance into the assessment indicator system, and offered incentives for better performers.

In terms of featured services, the Bank unveiled the plan for featured green finance services, focused on green industries, green customers, green products and green services, kept expanding the ecosystem of green finance, and promoted the sustainable development of green enterprises, green industries and green ecosystem. Based on customer demands in the scenarios of green development and the characteristics of green industries, the Bank fully leveraged the synergic advantages of CITIC Group in finance and finance cooperation, industry and finance cooperation, and finance and intelligence cooperation, and worked to build the "1+N+N" product and service system for green finance.

In terms of innovative products, the Bank continued to enrich the contents of green finance, and developed the corporate carbon accounts based on CITIC carbon accounts to provide integrated solutions for the low-carbon transformation of customers. The Bank created new products including ESG-linked loans and ESG-linked green syndicated loans, seized the opportunities in the carbon market, and launched the CCER pledged loans.

In terms of internal control management, the Bank continued to improve the orientations for credit policies, grasped the opportunities in green finance and transition finance businesses, proactively optimized the areas where credit is granted, and strengthened risk identification, evaluation and management of high-carbon assets. It developed the marketing guidelines for key industries like energy storage, wind electricity, PV and new energy vehicles, and tailored financial solutions and marketing strategies accordingly. It revised the statistical system for green finance, and further tightened the statistical management of green finance, to ensure green finance data to be accurate, true and complete. The Bank further strengthened the building of its talent team, helping them improve professional abilities through learning.

Going ahead, the Bank will continue to implement the strategic orientations about "carbon peaking and carbon neutrality" and sustainable development, continuously improve the overall layout of green finance business and strengthen resource allocation, strengthen resource allocation, and increase the proportion of green finance according to the requirements of the Central Financial Work Conference, so as to provide financing support for the green transformation and low-carbon development of enterprises.

Green performance indicators

(1) Green credit

During the reporting period, the Bank strictly followed the requirements of the national goals of "peak carbon emissions" and "carbon neutrality", formulated green finance credit policies, clarified its green finance business orientation, proactively supported credit granting abreast with green development trends, and continuously raised the proportion of green business. As at the end of the reporting period, the balance of green credit was RMB459.022 billion[44], representing an increase of 37.40% compared with the end of the previous year, a growth rate exceeding that of other credits of the Bank.

(2) Innovative green financial products and services

The Bank made unremitting efforts in innovative green products and services, increased support to green finance, and endeavored to boost green economic development.

In terms of green bonds, the Bank focused on green bond issuance, underwriting, investment and market-making, and promoted the green transition of the economy and society on all fronts with its bond business.

- During the reporting period, the Bank issued two tranches of green financial bonds totaling RMB20 billion in China's interbank bond market, with the funds raised investing in green projects related to environmental protection, clean energy and green upgrade of infrastructures.

- During the reporting period, the Bank further underwrote 22 green bonds, with a total amount of RMB10.310 billion, RMB1.550 billion of which were carbon neutralization bonds and RMB1.050 billion of which were sustainability linked bonds. The Bank underwrote the first sustainability linked panda bond in the market.

- The Bank provided strong support for the development of green economy. As at the end of the reporting period, outstanding green bonds in RMB were RMB16.867 billion, increasing by 57.99% over the prior year-end, covering green asset-backed securities, green financial bonds, green corporate bonds, green short-term financing bonds and green government bonds.

- As a core market maker in the interbank bond market, the Bank vigorously engaged in the bilateral and requested quotes for bonds such as green bonds, sustainability bonds, providing the market with green bond pricing benchmark and liquidity support. During the reporting period, the turnover of green bonds amounted to RMB43.127 billion, up by 8.74% year on year.

As a bond market maker, the Bank stayed active in the frontline of the interbank bond market, becoming one of the first quotation institutions for innovative bond portfolio products. During the reporting period, it launched the "CITIC Bank Green Credit Bond Basket", as well as the "High-Grade Green Bond Basket under Common Ground Taxonomy" jointly with the China Foreign Exchange Trade System (CFETS), meeting investors' diverse demand for investment and improving the efficiency of bond allocation and trading.

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[44] According to the statistic of PBOC.

In terms of green leasing, CITIC Financial Leasing closely followed its strategic positioning as a green leasing company as always, and vigorously supported financing for green industries including clean energy, energy conservation and environment protection, and green traffic. During the reporting period, it registered RMB15.730 billion in green financial leasing. As at the end of the reporting period, the balance of the green financial leasing business amounted to RMB27.950 billion, accounting for 57.81% of the total financial leasing balance.

In terms of green consumption, the Bank further stepped up financial support for green consumption, and promoted the upgrade of green consumption across society. In active response to the country's call for increasing support for new energy vehicles, the Bank continued to strengthen resources support and service innovation for new energy vehicles. During the reporting period, the Bank granted RMB8.687 billion in loans for new energy vehicles.

In addition to above mentioned fields, the Bank pooled competitive expertise in asset management, and vigorously conducted green finance product agency sale, registering agency sale of RMB173 millions of ESG, green and low-carbon development and environmental conservation, and social responsibility thematic funds during the reporting period. Giving full play to its professional capability in product design, the Bank issued 191 structured deposit products linked to green financial bonds and raised RMB108.385 billion of funds in total, effectively boosting the trading activity in the green bond market. Also, relying on the carbon trading license and consulting advantages of CIAM Carbon Assets Management Ltd., the Bank provided customers with green consulting services including the compilation of green loan emission evaluation report, carbon emissions/footprints accounting, carbon peaking and carbon neutrality planning, green technology application and popularization, carbon asset valuation and development domestic and overseas carbon trade deal making.

4.1.2 Green Operation

In accordance with the country's energy conservation and environmental protection laws and regulations, including the *Environmental Protection Law of the People's Republic of China*, the *Law on Energy Conservation of the People's Republic of China*, the *Water Law of the People's Republic of China*, and the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste*, the Bank formulated the *Guiding Opinions on Green Office of China CITIC Bank*, setting green operation objectives, actively advancing green operation practice, and constantly managing its environmental footprint in four aspects including energy, water use, paper consumption and waste, with a view to minimize resource consumption and pollutant discharge.

In terms of energy management, the Bank took a range of energy saving measures to reduce carbon emissions from operating activities. **In terms of the use of official vehicles**, the Bank implemented allocation and procurement standards for official vehicles, and gave priority to new energy vehicles in fleet renewal to control gasoline consumption from displacement. **In terms of the use of natural gas**, the natural gas valves were closed in time to reduce natural gas consumption, and at the same time, natural gas pipelines were checked on a regular basis and problems were solved timely. **In terms of the use of the lighting system**, the Bank preferably selected energy-saving lamps and electric appliances, and kept lighting facilities off in idle offices and meeting rooms. **In terms of the use of the air conditioning system**, the Bank's headquarters are set at a suitable temperature, with the ventilation volume automatically adjusted in different periods, and the air conditioning is kept off on Saturdays, Sundays and statutory holidays.

In terms of water resource management, the Bank refined the management of water resources. It proactively promoted water-saving appliances, stepped up the maintenance of equipment, used water dispensers in tea rooms and regularly replaced filter. Employees were reminded to turn off faucets after use, avoiding waste of water resources.

In terms of paper management, the Bank pursued paperless office and encouraged email instead of printing and copying. The mode is defaulted as “double-sided printing” on computers, and the paper weight in the headquarters was reduced from 80g to 70g. The Bank established an electronic bidding procurement and contract fulfillment system to realize online management of the whole process of bidding procurement and contract fulfillment.

In terms of waste management, the Bank adopted sound and reasonable methods to ensure proper treatment and disposal of different types of waste.

4.1.3 Green Outlets and Data Centers

Upholding the philosophy of low-carbon and green development, the Bank paid greater attention to environmental protection, health, comfort, security and compliance in outlet relocation, reconstruction, and decoration design and material use. As at the end of the reporting period, the Bank has built and put into operation two green outlets, including Yangshan Green Sub-branch in Xinyang and Anji Green Sub-branch in Huzhou; its first carbon neutral outlet (Deqing Sub-branch in Huzhou) was under construction.

The Bank’s established data centers, including Beijing Active-Active Production Center and Hefei Remote Center were running in leased machine facilities. In 2024, Shunyi Mapo Data Center, the Bank’s first self-built machine facility, will be put into trial operation. Green and environmental protection requirements were fully considered in its preliminary design and construction stages, with the PUE design value as 1.33.

4.2 Social Responsibility Information

The Group took solid steps to fulfill its social responsibilities. In response to the national strategic plans for rural revitalization, it boosted rural revitalization through financial services. It constantly promoted the targeted financial assistance, consolidated the achievements of poverty alleviation, tried to protect customers rights and interests, enhanced the popularization and education of financial knowledge, focused on the data and privacy security, and reinforced the control of the security operation.

4.2.1 Rural Revitalization

During the reporting period, the Bank conscientiously implemented the strategic plans of the CPC Central Committee and the State Council for rural revitalization, and strictly observed regulatory policies and requirements. It developed the “1+5+N” integrated service solution[45] for rural revitalization, built differentiated competitive advantages, and won awards including the “National Rural Revitalization Excellent Case of the Year” and the “Rural Revitalization Innovation Case of 2023”.

[45] “1+5+N” refers to 1 distinctive development strategy that combines industry and finance cooperation and finance and finance cooperation, 5 special actions respectively aimed to make farmers strong, flourish and rich, and protect and benefit farmers, and N innovative products including High-Standard Farmland Construction Loan, Forestry Right Mortgage Loan, and rural revitalization themed cards.

During the reporting period, the Bank worked to enhance institutional support, held special meetings of inclusive finance and rural revitalization steering group and working group for the comprehensive advance of rural revitalization business. It established four county-level sub-branches including Longyou Sub-branch in Quzhou. It stepped up product and service innovation, launched featured credit products like "Grain Farmer Loan", promoted the "common prosperity and common innovation" characteristic wealth management products and released Zhejiang Common Prosperity Medium and High Grade Debenture Index. It stepped up loan support for major agricultural and rural infrastructure projects, new-type agricultural operation entities, and other key areas. It focused on strengthening policy and resources support, enhanced management of performance assessment, allocated special marketing funds and provided corresponding compensation incentives.

As at the end of the reporting period, the balance of the Bank's agriculture-related loans stood at RMB560.446 billion, up by RMB73.516 billion or 15.10% compared to the beginning of the year, faster than the growth rate of all loans. The Bank had 56.7 thousand accounts of agriculture-related customers, up by 8.4 thousand accounts compared to the beginning of the year. Among them, the balance of individual agriculture-related loans was RMB40.821 billion, an increase of RMB5.696 billion or 16.22% from the beginning of the year; the balance of agriculture-related inclusive loans was RMB41.239 billion, an increase of RMB8.173 billion from the beginning of the year, registering a growth rate of 24.72%, 16.72 percentage points higher than the growth rate of all loans; loans granted to key areas such as agriculture, forestry, animal husbandry and fishery, rural infrastructure, key areas of food production and new-type agricultural operation entities all recorded good growth.

Precision Assistance with Financial Services

During the reporting period, the Bank performed its responsibilities as a state-owned financial institution, followed the requirements of shaking off no responsibilities, policies, assistance and regulations even when poverty has been shaken off, maintained supporting policies and efforts stable, and effectively consolidated and expanded achievements made in the fight against poverty alleviation.

During the reporting period, the Bank increased support for credit granting, focused on key areas such as industrial assistance, employment assistance and the industrial development in areas lifted out of poverty, strengthened industry-driven credit support, extended micro credit for the people shaking off poverty, and tilted credit resources to targeted counties. The Bank scaled up product service support, continued to optimize online service channels, and promoted online supply chain financial services. It innovated localized credit products and provided comprehensive financial services such as special bond issuance. It enhanced policy and resource support, strengthened performance assessment management, and allocated special subsidies. Furthermore, the Bank specified requirements for risk tolerance, and implemented due diligence liability exemption policies.

As at the end of the reporting period, the Bank's balance of loans for precision poverty alleviation with financial services stood at RMB36.982 billion, a rise of RMB4.149 billion from the end of last year. The number of customers with outstanding loans was 1.0249 million. During the reporting period, the risk interest rate of loans newly granted was basically balanced.

Poverty Alleviation with Donations

During the reporting period, with the focus on four aspects of paired assistance, assistance through education, charity and consumption during the reporting period, the Bank continued to carry out paired poverty alleviation in Xietongmen County of Tibet, Aksu City and Payzawat County of Xinjiang, Dangchang County of Gansu Province, Pingbian County of Yunnan Province and Qianjiang District of Chongqing as well as projects of poverty alleviation through education in 19 provinces, cities and autonomous regions across China. Under the organization of local governments, 23 branches of the Bank continuously supported 57 villages which have shaken off poverty to consolidate poverty alleviation achievements and pursue rural revitalization. As at the end of 2023, the Bank dispatched a total of 73 full-time and part-time officials (including 24 officials serving as the first secretary residing at villages and 3 officials residing at counties/districts) to 41 villages and 3 counties (districts).

Unit: RMB10,000

Item	Numbers and Progress
Overview	
Invested funds	1,173.51
Inputs by major category	
Paired Assistance	
Including: Types of Assistance	Rural industries, infrastructure, education, culture, ecological revitalization, consolidation of poverty alleviation results and others
Number of Assistance Projects (unit)	80
Invested Amount	565.57
Assistance through Education	
Including: Amount of Financial Assistance for Students in Difficulty	344.09
Number of Students Assisted (person)	4,860
Charity	
Including: Types of Implemented Projects	Urban and rural social welfare activities, health care, sanitation, disaster relief, etc.
Number of Projects (unit)	135
Amount of Donations of Charity Projects	513.62
Assistance through Consumption	
Including: Amount of Agricultural Products Procured from Less Developed Areas	5,299.93

4.2.2 Consumer Rights Protection

Upholding the "people-centered" development philosophy, the Bank put customers in the first place when providing financial services, strictly carried out relevant regulatory requirements, constantly improved the quality and efficiency of consumer rights protection, and committed itself to providing caring financial services for consumers. During the reporting period, the Bank was rated A in the 2022 consumer rights protection assessment of the People's Bank of China.

During the reporting period, the Bank strictly complied with the *Administrative Measures for Consumer Rights Protection of Banking and Insurance Institutions*, fully implemented and promoted the new measures, and made relentless efforts to mechanism and system development for consumer rights protection. The Bank included the consumer rights protection as a "major decision-making matter" in the list of "three priorities and one major" items of China CITIC Bank, and relevant work reports were submitted to the Party Committee and the Board of Directors for decision-making. During the reporting period, the Party Committee, the Consumer Rights Protection Working Committee, the Board of Directors and the Board of Supervisors listened to special work reports on consumer rights protection, and strengthened the top-level guidance on consumer rights protection on all fronts. At the same time, the Bank further improved the consumer rights and interests protection rule system featuring "1+14+2" (1 basic system, 14 specified systems and 2 rules of procedures). During the reporting period, it revised and issued the *Management Measures for Consumer Protection of China CITIC Bank*, the *Management Measures for Protection of Consumer Financial Information of China CITIC Bank*, the *Measures for Consumer Protection on the Review of New Products and New Services of China CITIC Bank*, the *Rule of Procedure for Consumer Rights Protection Working Committee of China CITIC Bank*, the *Management Measures for Rapid Compensation of Financial Consumer Complaints of China CITIC Bank* and other policies.

During the reporting period, the Bank took an active part in the centralized education and publicity campaigns organized by regulators, including the "3.15 Consumer Rights Protection Education and Publicity Week", "Illegal Fundraising Prevention Publicity Month", "Financial Knowledge Popularization", and "2023 Financial Consumer Protection Education and Publicity Month". On a cumulative basis, it carried out 12,570 activities, reaching 239 million consumers, and saw over 33.3231 million clicks of its original articles. The Bank set up education and publicity sections in various outlets, and vigorously carried out publicity activities in rural areas, communities, campuses, enterprises and business circles, effectively reminding consumers of financial risks and publicizing financial knowledge. It also encouraged branches to keep carrying out regular activities to publicize financial knowledge at outlets based on local conditions. The Bank actively advanced online publicity, posting 64 picture and text messages, cartoons and videos for the education and publicity purpose during the reporting period, some of which were shared and pushed by the National Anti-Fraud Center and universities for the elderly.

During the reporting period, the Bank received a total of 23,305 regulatory referrals for complaints, down by 2.33% year on year, mainly involving businesses such as credit cards, personal loans and debit card account management with a proportion of 71.17%, 15.21% and 7.05% respectively. In terms of geographical distribution, the complaints were mainly concentrated in Guangdong[46], Jiangsu and Zhejiang, accounting for 74.89%, 1.82% and 1.64%, respectively.

[46] As the Credit Card Center of the Bank is located in Shenzhen, the complaints of credit card business have been included in Guangdong Province.

4.2.3 Privacy and Data Security

The Bank attached great importance to privacy protection and data security. During the reporting period, the Bank comprehensively protected customer information and data security in terms of information system security, data security protection, access control, customer information and privacy protection, and security training.

In terms of information system security, the Bank strictly implemented the requirements for synchronous planning, construction and application of data security protection and information system development, and specified data security protection measures for the information system at request raising, design, development, testing and launch stages in its internal R&D security policy, to ensure data security protection throughout the full process of information system development.

In terms of data security protection, the Bank established a layered data security policy system and technical protection system in accordance with laws and regulations, regulatory requirements and industrial standards and in consideration of internal needs for security management. During the reporting period, aligned with new regulatory rules, the Bank further improved internal rules for data security management, developed and promoted tiered data protection strategies by category, conducted security level grading for customer information and data, made clear the requirements for differentiated data protection. Through data encryption and masking, user authority control, and security auditing, it enhanced the capability to protect the full lifecycle security of customer information and data.

In terms of access control, the Bank restricted users' data access or data storage medium in strict accordance with the principle of "the minimum scope". It standardized user authority approval process and authorized data access according to the principle of "necessary due to work reason". It established the mechanism for account management and recycle to prevent the risk of extended data usage.

In terms of customer information and privacy protection, the Bank formulated and promulgated the *Privacy Policy of the Electronic Banking of China CITIC Bank Corporation Limited*, in strict accordance with which it collected, stored and used customers' personal information and pledged to adopt corresponding security measures according to law to protect customers' personal information. During the reporting period, the Bank improved the privacy policy based on the update of regulatory requirements and business adjustment, explicitly provided users' right to control personal information, including the access to and correction, update and deletion of personal information and the change of the scope of authorization, and made clear application scenarios and operation methods, to effectively protect customers' right to personal information.

In terms of security education and training, to raise personnel's awareness of information security protection during the reporting period, the Bank organized information security training, publicity and education towards to the public, employees across the Bank and internal technical departments. For the public, it launched publicity activities, to strengthen customers' awareness of cyber frauds and protecting personal information. For employees across the Bank, it carried out compliance warning education and training about customer information protection through online courses, case publicity, etc to boost the overall awareness of security among employees. For employees at technical departments, it held training about security skills, fostering and improving the professional abilities of the employees in security posts in terms of management and techniques, etc.

4.3 Governance Information

The Bank's sustainable development was comprehensively supervised and guided by the Board of Directors. The Strategic and Sustainable Development Committee of the Board of Directors is responsible for coordinating the building of the Bank's ESG system, reviewing ESG-related reports, and advancing other ESG-related work pursuant to regulatory requirements.

During the reporting period, the Board of Directors and its special committees reviewed and approved the *Management Measures for Environmental, Social And Governance Work of China CITIC Bank*, the *Plan for Environmental, Social And Governance Work of China CITIC Bank*, the *Comprehensive Risk Management Policy of China CITIC Bank*, the *2022 Sustainable Development Report*, the *2022 Annual Report* and the *2023 Interim Report* (the annual report and interim report cover ESG-related contents such as green finance, inclusive finance, rural revitalization, human capital development and information security) etc. They also listened to reports concerning the development of inclusive finance, consumer rights protection in 2022 and half year of 2023 and others, earnestly fulfilled the responsibilities of the Board of Directors in the fields of ESG, and constantly enhanced the ESG management capabilities of the Bank.

During the reporting period, with respect to risk assessment relating to social and environmental responsibilities, the Bank's management submitted to the Board of Directors the regular comprehensive risk management reports, the *Report on Information Technology Risk Management in 2022*, the *Report on Reputational Risk Management in 2022*, the *Outsourcing Risk Assessment Report for 2022*, the Report on Internal Control Compliance and Anti-money Laundering for 2022 and Half Year of 2023 and other reports, involving reputational risk, money laundering risk, supplier risk, protection of consumers' financial information and other ESG-related risks. The Board of Directors listened to the reports and discussed relevant contents. It affirmed that the Bank's risk control ability and the effectiveness of consumer protection had been significantly improved, and required the Bank to make continued efforts in risk anticipation and to deepen the risk compliance management.

The Bank's Board of Supervisors highly valued ESG-related work. During the reporting period, the Board of Supervisors further sorted out and refined the statutory supervision matters, formed the *Supervisory List of the Board of Supervisors of China CITIC Bank (Version 5.0, 2023)*, and carried out supervision in areas such as strategy, finance and equity, internal control compliance, risk management, performance evaluation and information disclosure, including internal control and compliance, related party transactions, anti-money laundering, consumer protection, performance evaluation of directors, supervisors and senior management members, social responsibility and other key ESG issues. During the reporting period, the Board of Supervisors reviewed the Bank's *2022 Annual Report*, the *2022 Annual Sustainable Development Report* and the *2023 Interim Report*, attended all Board meetings throughout the year as non-voting delegates, paid special attention to the performance of the Board of Directors and senior management in servicing and supporting real economy, consumer protection, information technology governance and other aspects, and put forward targeted opinions and suggestions.

For details of corporate governance, please refer to Chapter 3 of this report.

CHAPTER 5 REPORT OF THE BOARD OF DIRECTORS

5.1 Principal Business

The Bank is engaged in commercial banking and related financial services.

5.2 Material Litigations and Arbitrations

During the reporting period, the Group had no material litigations or arbitrations.

The Group was involved in several litigation and arbitration cases in its ordinary and usual course of business. Most of these litigations and arbitrations were initiated by the Group for loan recovery, and there were also litigations and arbitrations resulting from disputes with customers. As at the end of the reporting period, there were 134 outstanding litigation and arbitration cases (regardless of the disputed amounts) in the Group's ordinary and usual course of business where the Group acted as defendant/respondent with an aggregate disputed amount of RMB1.166 billion. The Group is of the view that the above-mentioned litigations or arbitrations have no significant adverse impacts on either its financial position or its operating results.

5.3 Appropriation of Funds by the Controlling Shareholder and Other Related Parties

There was no appropriation of the Bank's funds by either the controlling shareholder or other related parties. KPMG Huazhen LLP has issued the *Special Report on Fund Appropriation by the Controlling Shareholder and Other Related Parties of China CITIC Bank Corporation Limited* with regard to appropriation of the Bank's funds by its controlling shareholder and other related parties in 2023. Please refer to the relevant announcements the Bank disclosed on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on the disclosure date of this report for relevant information.

5.4 Material Related Party Transactions

The Bank identified related parties and conducted related party transactions in accordance with the regulatory rules and guidelines of regulators such as the NFRA, SSE and SEHK as well as accounting standards. When engaging in transactions with related parties during its ordinary and usual course of business, the Bank executed the transactions according to general business principles with terms no more favorable than those available to independent third parties, which served the overall interests of the Bank and its shareholders. For statistical details of the related party transactions, please refer to Note 57 to the financial statements contained in this report, of which the transactions constituting connected transactions as per Chapter 14A of the *Hong Kong Listing Rules* all complied with the disclosure requirements of Chapter 14A of the *Hong Kong Listing Rules*. Except what has been disclosed under this sector, other related party transactions constitute no connected transactions as per Chapter 14A of *Hong Kong Listing Rules*.

According to regulatory rules of the NFRA, the Bank submitted all material related party transactions with related parties to the Audit and Related Party Transactions Control Committee of the Board of Directors for preliminary review, and then presented them to the Board of Directors for deliberation and made disclosure, and filed them with the NFRA for record. According to regulatory rules of the SSE and the SEHK, the Bank strictly controlled related party transactions where businesses with applied annual caps of related party transactions were conducted within the caps; for the businesses without applied annual caps of related party transactions, the Bank properly managed and monitored and once the review or disclosure requirements were triggered, timely performed review or disclosure procedures according to the regulatory requirements. According to rules of the Ministry of Finance, the Bank accurately disclosed related party transactions information in the notes to the financial statements. On the quarterly basis of reporting credit extension and non-credit extension related party transactions to the Audit and Related Party Transactions Control Committee of the Board of Directors, the Bank submitted data to the related party transactions regulation system in accordance with the requirements of the NFRA. During the reporting period, each of the Board of Directors and the Audit and Related Party Transactions Control Committee held eight meetings concerning related party transactions, and approved 12 proposals regarding material related party transactions[47], caps for routine related party transactions (unified transaction agreement), and annual report on related party transactions, etc. The Bank published 34 interim announcements on related party transactions in SSE and SEHK, and disclosed 41 announcements related to material related party transactions and unified transaction agreements and 3 announcements on general related party transactions on its official website, which met regulatory requirements.

5.4.1 Related Party Transactions Involving Disposal and Acquisition of Assets or Equity

During the reporting period, the Group was not engaged in any material related party transactions involving the disposal or acquisition of assets or equity under the *rules of the SSE*.

5.4.2 Credit Extension Continuing Related Party Transactions

With approval from the 32nd meeting of the 5th Session of the Board of Directors convened on 27 August 2020, the Bank applied to the SSE for the respective annual caps on credit extension from 2021 to 2023 for related party transactions with Xinhu Zhongbao and its associates, and with China Tobacco and its associates. With approval from the 2nd Extraordinary General Meeting of 2020 convened on 30 October 2020, the Bank applied to the SSE for the respective annual caps on credit extension from 2021 to 2023 for related party transactions with CITIC Group and its associates, and with related parties which the Bank's related natural persons invested in/worked for. Based on business development needs and upon review and approval at the 2022 Annual General Meeting held on 21 June 2023, the Bank applied to the SSE for increasing the cap of credit extension related party transaction with CITIC Group and its associates in 2023. Subject to the regulatory requirements applicable to the Bank, the 2023 annual caps on credit extension for related party transactions with the aforementioned parties under the SSE regulatory criteria are listed as follows:

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47 The Bank formally implemented the *Administrative Measures for Related Party Transactions of Banking and Insurance Institutions* on 1 March 2023, and adjusted the calculation method of amount of credit extension related party transactions from credit line to agreement amount. During the reporting period, among the 16 material credit extension related party transactions reviewed by the Board of Directors, 10 were reviewed and approved by the Board of Directors on 17 February 2023, with a total credit line of RMB19.198 billion. The remaining six transactions were reviewed and approved by the Board of Directors of the Bank on 23 March, 28 April, 21 June, 24 August and 28 December 2023 respectively, with a total agreement amount of RMB3,141.66 billion. The Board of Directors of the Bank reviewed two material non-credit extension related party transactions with total amount of RMB151.5 billion.

Unit: RMB100 million

<table>
<tr><th colspan="2">Counterparty</th><th>Business type</th><th>Basis of calculation</th><th>Annual cap in 2023</th></tr>
<tr><td colspan="2">CITIC Group and its associates</td><td rowspan="5">Credit extension transactions</td><td rowspan="5">Credit line</td><td>3,200</td></tr>
<tr><td colspan="2">Xinhu Zhongbao and its associates</td><td>200</td></tr>
<tr><td colspan="2">China Tobacco and its associates</td><td>200</td></tr>
<tr><td rowspan="2">Related parties where the Bank's related natural persons invested in/worked for</td><td>Ping An Insurance (Group) Company of China, Ltd.</td><td>100</td></tr>
<tr><td>Cinda Securities Co., Ltd.</td><td>20</td></tr>
</table>

In addition, as per relevant NFRA requirements, the balance of the Bank's credit extension to a single related party shall not exceed 10% of the Bank's net capital of the preceding quarter end, the total balance of the Bank's credit extension to its group customer which the single related legal person or non-legal person organization belongs to shall not exceed 15% of the Bank's net capital of the preceding quarter end, and the balances of credit extension to all related parties shall not exceed 50% of the Bank's net capital of the preceding quarter end.

The Bank attached great importance to the day-to-day monitoring and management of related party credit extension transactions and ensured lawfulness and compliance of such transactions by enhancing relevant measures such as more intensive process-based management, strict risk review and enhanced post-lending management of related credit extension. As at the end of the reporting period, the balance of credit that the Group extended to all related enterprises under the SSE regulatory criteria amounted to RMB127.912 billion, including RMB121.163 billion to CITIC Group and its associates, RMB6.249 billion to Xinhu Zhongbao and its associates and zero to China Tobacco and its associates; and RMB500 million[48] to related parties which the Bank's related natural persons invested in/worked for. Under the NFRA regulatory criteria in the banking industry, the total balance of credit that the Group extended to all related enterprises amounted to RMB143.880 billion, including RMB82.481 billion, RMB20.653 billion and RMB0.204 billion to enterprises within CITIC Group, Xinhu Zhongbao and China Tobacco, respectively, and RMB40.542 billion to other related parties. Such credit extensions to related enterprises were of good quality in general, with 2 being special mention loans (RMB1.029 billion), 1 being substandard loan (RMB118 million), 2 being suspicious loans (RMB218 million) and 2 being loss loans (RMB1.259 billion), and all others being performing loans. As such, these credit extension transactions exerted no material impact on the normal operation of the Group in terms of transaction volume, structure and quality. The credit extension businesses conducted between the Group and the aforementioned related parties were conducted on normal commercial terms within the caps and were executed with terms no more favorable than those available to independent third parties.

48 Since 31 January 2023, Ping An Insurance (Group) Company of China, Ltd. no longer constituted a related party of the Bank. As of 31 January 2023, the balance of credit to Ping An Insurance (Group) Company of China, Ltd. was zero.

The Bank stringently followed the SSE and NFRA requirements on review and disclosure procedures. As at the end of the reporting period, there was no fund exchange, appropriation or other situations as set forth in the *Regulatory Guidelines for Listed Companies No. 8 – Regulatory Requirements for Fund Transactions and External Guarantees of Listed Companies* (CSRC Announcement [2022] No.26). The related loans that the Group extended to CITIC Group and its associates, Xinhu Zhongbao and its associates, China Tobacco and its associates, and the related parties which the Bank's related natural persons invested in/worked for have no material adverse impact on the operating results or financial position of the Group.

5.4.3 Non-Credit Extension Continuing Related Party Transactions

With approval from the 32nd meeting of the 5th Session of the Board of Directors convened on 27 August 2020 and the 2nd Extraordinary General Meeting of 2020 convened on 30 October 2020, the Bank applied to the SSE and the SEHK for the annual caps on the seven main categories of non-credit extension continuing related party transactions with CITIC Group and its associates for 2021-2023, and has entered into relevant continuing related party transactions framework agreements. With review and approval from the 8th meeting of the 6th Session of the Board of Directors convened on 24 December 2021, the Bank revised the annual caps on continuing related party transactions under asset custody services for 2021-2023 with CITIC Group and its associates and entered into the new *Framework Agreement on Asset Custody Services* with CITIC Group. Based on business development needs and upon review and approval at the 2022 Annual General Meeting held on 21 June 2023, the Bank applied to the SSE for increasing the caps of deposit business related party transactions with CITIC Group and its associates in 2023. The non-credit extension transactions between the Group and the aforementioned related parties followed normal commercial principles and were executed with terms no more favorable than those available to independent third parties.

The Group carried out continuing related party transactions with CITIC Group and its associates according to the applicable provisions of Chapter 14A of the *Hong Kong Listing Rules* and Chapter 10 of the *Rules Governing the Listing of Stocks on the Shanghai Stock Exchange*. Particulars of continuing related party transactions with CITIC Group and its associates during the reporting period are described as follows:

5.4.3.1 Third-Party Escrow Services

Third-party escrow services between the Group and CITIC Group and its associates shall be delivered on terms no more favorable than those available to independent third parties. The service fees payable to the Group by CITIC Group and its associates shall be determined on the basis of relevant market price and subject to periodic reviews. The principal terms of the Third-Party Escrow Service Framework Agreement are set out as follows: (1) to provide third-party escrow services in connection with the transaction settlement funds of the customers of different securities companies; (2) the services to be provided under the agreement include but are not limited to funds payment, funds transfer, payment of interest and other settlement-related matters; (3) the service recipient shall, and will procure its associates to, pay service fees to the service provider (if applicable); and (4) the third- party escrow services to be provided under the agreement shall be made on terms no more favorable than those comparable terms available to independent third parties.

During the reporting period, related party transactions on third-party escrow services between the Group and CITIC Group and its associates are as follows:

Unit: RMB100 million

Counterparty	Business type	Basis of calculation	Annual cap in 2023	Transaction amount in 2023
CITIC Group and its associates	Third-Party Escrow Services	Service fee income/ expense	3	0.29

As at the end of the reporting period, none of related party transactions on third-party escrow services between the Group and CITIC Group and its associates exceeded the Bank's corresponding approved annual cap.

5.4.3.2 Asset Custody Services

Asset custody services, account management services and third-party regulatory services provided between the Group and CITIC Group and its associates shall be delivered on terms no more favorable than those available to independent third parties. The service fees payable to each other shall be determined on the basis of relevant market price and the categories of assets or funds under custody, subject to periodic review. The principal terms of the Asset Custody Service Framework Agreement are set out as follows: (1) to provide asset custody services and account management services in connection with financial assets or funds, including but not limited to, assets under management by fund companies (including securities investment funds), assets under management by securities companies, assets under management by trust companies, wealth management products of commercial banks, assets under management by insurance companies, private funds, enterprise annuities, QDII, QFII, social insurance funds, welfare plans, asset custody services and account management services for funds of third-party transactions and etc.; (2) to conduct third-party supervising services, the service recipient shall pay the service fees; (3) the service recipient shall, and will procure its associates to, pay service fees to the service provider; and (4) the asset custody, account management and third-party regulatory services to be provided under the agreement shall be made on terms no more favorable than those available for comparable independent third parties.

During the reporting period, related party transactions on asset custody services between the Group and CITIC Group and its associates are as follows:

Unit: RMB100 million

Counterparty	Business type	Basis of calculation	Annual cap in 2023	Transaction amount in 2023
CITIC Group and its associates	Asset Custody Services	Service fee income/ expense	28	19.13

As at the end of the reporting period, none of related party transactions on asset custody services between the Group and CITIC Group and its associates exceeded the Bank's corresponding approved annual cap.

5.4.3.3 Financial Consulting and Asset Management Services

The financial consulting and asset management services provided between the Group and CITIC Group and its associates shall have no fixed prices or rates. The price and rate applicable to a particular service may be calculated on the basis of the scale, rate and duration of the service, and shall be determined on the principle that the terms are no more favorable than those available to any independent third party. The principal terms of the Financial Consulting Service and Asset Management Service Framework Agreement are set out as follows: (1) services conducted include but are not limited to bond underwriting, financing and financial consulting services, financial products agency sales, asset securitization underwriting, entrusted loans services, underwriting of investment and financing projects, consulting services, and management of factoring receivables, collection of receivables and guarantee for bad loans, etc.; (2) the service recipient shall, and will procure its associates to pay service fees for the services (if applicable); and (3) the financial consulting and asset management services to be provided under the agreement shall be made on terms no more favorable than those comparable terms applicable to independent third parties.

During the reporting period, related party transactions on financial consulting and asset management services between the Group and CITIC Group and its associates are as follows:

Unit: RMB100 million

Counterparty	Business type	Basis of calculation	Annual cap in 2023	Transaction amount in 2023
CITIC Group and its associates	Financial Consulting and Asset Management Services	Service fee income/ expense	50	4.54

As at the end of the reporting period, none of related party transactions on financial consulting and asset management services between the Group and CITIC Group and its associates exceeded the Bank's corresponding approved annual cap.

5.4.3.4 *Capital Transactions*

The Group and CITIC Group and its associates shall conduct capital transactions in their ordinary and usual course of business according to applicable general market practices and on normal commercial terms. The prices and rates applicable to such transactions shall be the prevailing market prices with reference to the rates generally applicable to independent third parties for similar transactions. Specifically, for foreign exchange and precious metals transactions, precious metals leasing, money market transactions, bond transactions and other business, the two parties shall price their transactions according to publicly available market prices; for agency settlement of bonds business, the two parties shall decide the rates thereof according to prevailing industrial regulations; and for financial derivatives, transaction prices shall be decided in accordance with factors such as the level of market activity of the underlying products, available open market quotes and the Bank's requirements relating to the management of various risks. The principal terms of the Capital Transactions Framework Agreement are set out as follows: transactions covered, including but not limited to foreign currency and precious metals transactions, precious metals leasing, money market transactions, bond transactions, agency settlement of bonds and financial derivatives transactions.

During the reporting period, related party capital transactions between the Group and CITIC Group and its associates are as follows:

Unit: RMB100 million

Counterparty	**Business type**	**Basis of calculation**	**Annual cap in 2023**	**Transaction amount in 2023**
CITIC Group and its associates	Capital Transactions	Gains and losses of transactions	24	3.00
		Fair value recorded as assets	22	5.56
		Fair value recorded as liabilities	500	4.50

As at the end of the reporting period, none of related party capital transactions between the Group and CITIC Group and its associates exceeded the Bank's corresponding approved annual cap.

5.4.3.5 *Comprehensive Services*

The Group and CITIC Group and its associates shall apply prevailing market prices or applicable rates of independent third-party transactions to comprehensive services between them and shall determine the price and rate of a particular type of service through fair and reciprocal negotiations and according to applicable market price and rate. The principal terms of the Comprehensive Service Framework Agreement are set out as follows: (1) services conducted include but are not limited to medical insurance and enterprise annuity, merchandise service procurement (including conference hosting services), outsourcing services, value-added services (including bank card customers' credit point services), advertising services, technology services and property leasing; (2) both parties of the agreement shall provide the services prescribed in the agreement; (3) the service recipient shall pay service fees to the service provider for its service; and (4) the comprehensive services to be provided under the agreement shall be made on terms no more favorable than those applicable to comparable terms applicable to independent third parties.

During the reporting period, related party transactions on comprehensive services between the Group and CITIC Group and its associates are as follows:

Unit: RMB100 million

Counterparty	Business type	Basis of calculation	Annual cap in 2023	Transaction amount in 2023
CITIC Group and its associates	Comprehensive Services	Service fee income/ expense	70	45.57

As at the end of the reporting period, none of related party transactions on comprehensive services between the Group and CITIC Group and its associates exceeded the Bank's corresponding approved annual cap.

5.4.3.6 Asset Transfer

Asset transfer transactions between the Group and CITIC Group and its associates shall be made on terms no more favorable than those available to independent third parties. The transfer prices payable by the transferee shall be determined according to the following principles: (1) for transfer of general assets, as per regulatory requirements, credit assets shall be transferred on the principle of entirety. When transferring a credit asset to the transferee, the transferor shall use the loan principal as the transaction price, make a parity transfer without discount or premium, and prioritize the consideration of post-transfer obligations to be performed by the transferor and the transferee in addition to the market supply and demand; (2) for transfer of assets in asset securitization (with exclusion of the asset transfer to the Group by related parties), the Group shall use the loan principal as the transaction price when transferring a credit asset to a related party. Except for securitization of non-performing assets, the Bank shall make parity transfers in general. In terms of the issuance interest rate of the asset-backed securities, the prioritized asset-backed securities' issuance interest rate (with exclusion of the sections held by the originating institutions) shall be determined by the approach of single spread (Netherland Style) bidding through the bidding system of China Central Depository & Clearing Co., Ltd., or book building, and the secondary asset-backed securities (with exclusion of the sections held by the originating institutions) shall be determined by the number of tenders or by the book building approach; and (3) when there is no statutory government-prescribed transfer price available at present for a particular asset transfer, once such statutory price is available in the future, the concerned asset transfer shall be priced with reference to the government prescribed price. The principal terms of the Asset Transfer Framework Agreement are set out as follows: (1) to buy or sell the interests in credit loan or other related assets (including but not limited to, to sell corporate and retail credit loan assets, and inter-bank creditor's rights directly or through asset management plan, asset securitization, factoring or other forms); (2) the asset transfer to be provided under the agreement shall be made on terms no more favorable than those comparable terms applicable to independent third parties; (3) the agreement shall specify the management rights of the credit loan and other related assets; and (4) undertake confidentiality obligations in respect of the asset transfer.

During the reporting period, related party transactions on asset transfer between the Group and CITIC Group and its associates are as follows:

Unit: RMB100 million

Counterparty	Business type	Basis of calculation	Annual cap in 2023	Transaction amount in 2023
CITIC Group and its associates	Asset Transfer	Transaction amount	1,900	608.98

As at the end of the reporting period, none of related party transactions on asset transfer between the Group and CITIC Group and its associates exceeded the Bank's corresponding approved annual cap.

5.4.3.7 Wealth Management and Investment Services

General market practice and normal commercial terms shall be applied in the ordinary and usual course of business between the Group and CITIC Group and its associates'. The Group provides CITIC Group and its associates with wealth management and investment services including non-principal-protected wealth management services and agency services, and investment with wealth management funds or proprietary funds, while CITIC Group and its associates provide the Group with intermediary services of wealth management, such as trust services and management services. The transactions between the two parties shall be made through fair negotiations, determined in accordance with normal commercial terms and conducted on terms no more favorable than those available to independent third parties, in line with the categories and scopes of wealth management services, and with real- time adjustments made according to changes in market prices. The principal terms of the Wealth Management and Investment Service Framework Agreement are set out as follows: (1) the Group shall provide wealth management and investment services, including non-principal-protected wealth management services and agency services, investment with wealth management funds or proprietary funds, while the related party shall provide the Group with wealth management intermediary services, such as trust services and management services; (2) the related party shall pay service fees to the Bank with respect to the wealth management and investment services provided by the Group, while the Group shall also pay service fees to the related party with respect to the wealth management intermediary services; and (3) the wealth management and investment services to be provided under the agreement shall be made on terms no more favorable than those comparable terms applicable to independent third parties.

During the reporting period, related party transactions on wealth management and investment services between the Group and CITIC Group and its associates are as follows:

Unit: RMB100 million

Counterparty	Business type		Basis of calculation	Annual cap in 2023	Transaction amount in 2023
CITIC Group and its associates	Non-Principal-Protected Wealth Management Services and Agency Services		Service fee expense/income	85	39.88
	Investment with Wealth Management Funds or Proprietary Funds	Fund Operation	Period-end balance of investment funds	2,400	948.72
		Intermediary Cooperation	Bank investment return and fee expense/income	45	15.00

As at the end of the reporting period, none of related party transactions on wealth management and investment services between the Group and CITIC Group and its associates exceeded the corresponding approved annual cap.

5.4.3.8 Deposit Business

The Group absorbed deposits from CITIC Group and its associates with market-based pricing and general commercial principles and based on terms no more favorable than those available for similar transactions with non-related parties. The principal terms of the Deposit Business Framework Agreement are set out as follows: (1) the Group shall provide deposit services to CITIC Group and its associates, including but not limited to corporate deposits, i.e. agreement deposit, agreement savings, call deposit, time deposit (including CDs) and structured deposit; interbank deposits, i.e. interbank time deposits, etc.; (2) both parties to the agreement shall carry out business under the agreement; (3) deposits takers shall pay interest specified on deposits to depositors; and (4) the deposit business to be conducted under the agreement shall follow general commercial principles and be executed with terms no more favorable than those available to independent third parties.

During the reporting period, related party transactions on deposit business between the Group and CITIC Group and its associates are as follows:

Unit: RMB100 million

Counterparty	Business type	Basis of calculation	Annual cap in 2023	Transaction amount in 2023
CITIC Group and its associates	Deposit	Interest payment	10	8.87

Except above non-credit extension continuing related party transactions with CITIC Group and its associates, during the reporting period, non-credit extension related party transactions conducted between the Group and other substantial shareholders and their associates were conducted on normal commercial terms and on terms no more favorable than those terms available to independent third parties, specifically:

Unit: RMB100 million

Counterparty	**Business type**	**Basis of calculation**	**Annual cap in 2023**
Xinhu Zhongbao and its associates	Asset Custody Services	Service fee income/expense	0.05
	Financial Consulting and Asset Management Services	Service fee income/expense	0.03
	Asset Transfer	Transaction amount	7.26
	Investment with Wealth Management Funds or Proprietary Funds	Period-end balance of investment funds	18.15
	Capital Transactions	Gains and losses of transactions	0.74
	Comprehensive Services	Service fee income/expense	0.07
	Deposit Business	Interest paid	0.58
China Tobacco and its associates	Third-Party Escrow Services	Service fee income/expense	0.00001
	Asset Custody Services	Service fee income/expense	0.0003
	Financial Consulting and Asset Management Services	Service fee income/expense	0.0001
	Asset Transfer	Transaction amount	0.20
	Non-Principal-Protected Wealth Management Services and Agency Services	Service fee income/expense	0.01
	Investment with Wealth Management Funds or Proprietary Funds	Period-end balance of investment funds	0.002
	Capital Transactions	Gains and losses of transactions	0.39
	Comprehensive Services	Service fee income/expense	0.08
	Deposit Business	Interest paid	12.38

5.4.4 One-off Connected Transactions

During the reporting period, the Group did not have any one-off connected transaction under the *Hong Kong Listing Rules*.

5.4.5 Related Party Transactions in Joint External Investment

During the reporting period, the Group did not have any material related party transaction arising from joint external investment with its related parties under the *rules of the SSE*.

5.4.6 Debt and Guarantee Related Party Transactions

For details of debt and guarantee related party transactions between the Group and its related parties, please refer to Note 57(b) to the financial statements of this report.

5.4.7 Related Party Transactions with Related Finance Companies

5.4.7.1 Deposit Business

During the reporting period, the Group had no deposit with CITIC Finance, and the changes in deposits of CITIC Finance with the Group are as follows:

Unit: RMB100 million

Company	Daily Upper Limit for Deposit	Range of Deposit Rate	Opening Balance	Deposited Amount in 2023	Withdrawn Amount in 2023	Closing Balance
CITIC Finance	None	0-3.05%	69.75	712.07	734.52	47.30

5.4.7.2 Loan Business

During the reporting period, the loans granted by the Group to CITIC Finance and the loans granted by CITIC Finance to the Group were zero.

5.4.7.3 Credit Business

During the reporting period, the Group granted a total credit line of RMB12.0 billion to CITIC Finance, with a credit balance of zero as at the end of the reporting period. During the reporting period, CITIC Finance granted a total credit line of RMB24.5 billion to the Group, with a credit balance of RMB4.73 billion as at the end of the reporting period.

5.4.7.4 *Other Financial Business*

During the reporting period, the Group handled RMB84,867.8 thousand re-discounting of commercial drafts for CITIC Finance, and charged total fees of RMB379.3 thousand on various settlement services provided.

5.4.8 Transaction Balances and Risk Exposures of Related Natural Persons

For details of the transaction balances and risk exposures relating to the transactions between the Bank and its related natural persons, please refer to Note 57(c) to the financial statements of this report.

5.4.9 Confirmation by Independent Non-Executive Directors and the Auditor

Upon review of the various continuing connected transactions under the *Hong Kong Listing Rules* made in the reporting period, the independent non-executive directors of the Bank confirmed that these transactions:

(1) were entered into during the Group's ordinary and usual course of business;

(2) followed normal commercial terms; and

(3) abided by the terms and conditions of the concerned transaction contracts that were fair, reasonable and consistent with the overall interests of the Bank's shareholders.

The auditor obtained the list of continuing connected transactions from the Bank's management. After completing relevant work in accordance with *Hong Kong Standard on Assurance Engagements 3000 (amended) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information"* issued by Hong Kong Institute of Certified Public Accountants and the *Practice Note 740 (amended)"Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules"*, the auditor did not find any of the following issues regarding the disclosed continuing connected transactions of the Bank:

(1) not approved by the Board of Directors of the Bank;

(2) pricing of connected transactions involving the provision of goods or services not compliant with the Group's pricing policy in all material aspects;

(3) execution of connected transactions not compliant with the terms and conditions of the concerned connected transaction agreements in all material aspects; and

(4) aggregate value of various continuing connected transactions exceeding their respective annual caps disclosed in the announcements dated 27 August 2020, 30 October 2020 and 24 December 2021.

The Board of Directors has confirmed the receipt of confirmation from the auditor on matters required by Rule 14A.56 under the *Hong Kong Listing Rules*.

5.5 Material Contracts and Their Performance

5.5.1 Material Custody, Contracting or Lease

During the reporting period, the Bank did not have any material custody, contracting or leasing of assets of other companies that took place during the reporting period or that took place in previous periods and need to be disclosed; neither did other companies hold material custody of, contract or lease material assets of the Bank.

5.5.2 Material Guarantees

Guarantee business is one of the regular off-balance sheet items of the Bank. Except for the financial guarantee business that is within its approved business scope, during the reporting period, the Bank did not have any other material guarantee that needs to be disclosed.

5.5.3 Entrusted Wealth Management

During the reporting period, the Bank did not have any entrusted wealth management transactions beyond its normal scope of business.

5.5.4 Other Material Contracts

During the reporting period, the Bank did not sign any other material contracts beyond its normal scope of business.

5.6 Undertakings by the Company and Its Relevant Stakeholders

According to relevant CSRC regulations, the Bank proposed remedial measures regarding the dilution of immediate returns that may arise from the non-public offering of preference shares, the public issuance of A-share convertible corporate bonds and their listings, and rights issue to existing shareholders. These measures include: strengthening capital planning and management to ensure capital adequacy and stability; reinforcing asset restructuring to improve capital allocation efficiency; enhancing operational efficiency and reducing operating costs; improving the internal capital adequacy assessment process for better capital management; strengthening capital stress test and improving capital emergency response plans; ensuring the standardized and effective use of proceeds in respect of rights issue to existing shareholders; and enhancing management capability and reasonably controlling costs and expenses. At the same time, the directors and senior management members of the Bank also gave undertakings to effectively execute the remedial measures. Please refer to the Bank's announcements published on the websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on 24 March 2016, 4 April 2018 and 30 April 2022, respectively. During the reporting period, the Bank was not aware of any violation of the above-mentioned undertakings.

On 22 June 2022, CITIC Financial Holdings issued the *Undertaking of CITIC Financial Holdings to Subscribe for All the Offered A Rights Shares to be Issued by China CITIC Bank Corporation Limited*, and made commitments on subscribing for all the A rights shares offered to itself. Please refer to the Bank's *Announcement on Undertaking Given by the Controlling Shareholder to Subscribe for All the Offered A Rights Shares* published on the websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on 23 June 2022.

According to the *Report on Acquisition of China CITIC Bank Corporation Limited*, CITIC Financial Holdings made a commitment on continuously maintaining independent operation of the listed company, avoiding horizontal competition and standardizing related party transactions. For details, please refer to the announcements published on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on 8 November 2022. During the reporting period, the Bank did not identify any violation of the aforesaid commitments.

During the reporting period, all of the continuing commitments made by the de facto controller of the Bank and other parties that had given undertakings were properly fulfilled, and the Bank was not aware of any other undertakings that were performed during the reporting period or overdue undertakings not yet performed as at the end of the reporting period by its de facto controller, shareholders, related parties, acquirers and the Bank itself or other parties that had given undertakings.

5.7 Engagement of Auditors

After completion of the audit for 2022, PricewaterhouseCoopers Zhong Tian LLP ("PwC Zhong Tian") and PricewaterhouseCoopers ("PwC") had provided audit services for the Bank for eight years, reaching the maximum term of consecutive engagement as specified by the Ministry of Finance. Therefore, the Bank shall change auditors in 2023. The annual general meeting of the Bank reviewed and approved the *Proposal regarding the Engagement of Accounting Firms and Their Fees for the Year 2023* on 21 June 2023, and agreed to engage KPMG Huazhen LLP as its domestic auditor for 2023 and KPMG as its international auditor for 2023. For details, please refer to the *Announcement on Proposed Change of Auditors* and the *Announcement on Resolutions of the Annual General Meeting of 2022, the Second A Shareholders Class Meeting of 2023 and the Second H Shareholders Class Meeting of 2023 of China CITIC Bank Corporation Limited* published on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on 29 April 2023 and 22 June 2023, respectively.

Currently, KPMG Huazhen LLP and KPMG have provided auditing services to the Group and the Bank for 1 consecutive year. Shi Jian and Ye Hongming are the signing CPAs for the auditor's report for the 2023 financial statements of the Group and the Bank prepared in accordance with the PRC Accounting Standards. And each of them has consecutively provided 1 year' audit service for the Group and the Bank, respectively. Elise Wong (Wong Yuen Shan) is the signing CPA for the auditor's report regarding the 2023 financial statements of the Group and the Bank prepared in accordance with the IFRS, and she has consecutively provided 1 year's audit service for the Group and the Bank.

The audit fees for 2023 were determined through public bidding based on the scope of the Bank's auditing and the estimated workload of the accounting firm. The Group's fees for audit services was equivalent to about RMB15.81 million, including RMB7.19 million for the auditing of the Bank (of which, RMB0.6 million was for auditing the internal control) in total to KPMG Huazhen LLP who audited its 2023 financial report prepared in accordance with the PRC Accounting Standards and the effectiveness of internal control on financial report as at 31 December 2023 and to KPMG who audited its 2023 financial report prepared in accordance with the IFRS. The statements of KPMG Huazhen LLP and KPMG regarding their responsibilities pertaining to the financial reports are set out in the auditor's reports contained in the A-share and H-share annual reports, respectively.

Except for the above-mentioned audit fees, in this year the fees for non-audit services provided by KPMG Huazhen LLP and KPMG to the Group is approximately RMB3.43 million (including professional services rendered for asset securitization, assurance of sustainable development report etc.), of which the non-audit fee for the Bank was RMB2.10 million. KPMG Huazhen LLP and KPMG confirmed that these services will not compromise their audit independence.

5.8 Use of Funds Raised

All proceeds raised by the Bank were used to replenish the capital of the Bank and improve the capital adequacy ratios and risk resilience of the Bank in accordance with the purposes disclosed in relevant documents including the prospectuses for the IPO and the rights issue.

5.9 Penalties Imposed on the Company and its Directors, Supervisors, Senior Management Members, Controlling Shareholder and De Facto Controller

To the best of the Bank's knowledge, during the reporting period, the Bank was not investigated for any suspected crimes according to law, and none of its controlling shareholder, de facto controller, directors, supervisors and senior management members was suspected of committing crimes or was subject to compulsory measures according to law; the Bank or its controlling shareholder, de facto controller, directors, supervisors or senior management members were not subject to criminal punishment, investigation by CSRC for suspected violation of laws and regulations or administrative punishment by CSRC, administrative and regulatory measures by CSRC, disciplinary punishment by the stock exchange, or material administrative punishment by other competent authorities; none of the Bank's directors, supervisors or senior management members was detained by the discipline inspection and supervision organs for suspected serious disciplinary violations or duty-related crimes, or subject to compulsory measures by other competent authorities for suspected violation of laws and regulations, which affected their duty performance.

5.10 Integrity of the Company and Its Relevant Stakeholders

During the reporting period, neither the Bank nor its controlling shareholder or its de facto controller was involved in failure to execute valid court documents or failure to repay matured debts of considerable amounts.

5.11 Reserves

For details on changes in the reserves of the Bank as at the end of the reporting period, please refer to Notes 43-46 to the financial statements contained in this report.

5.12 Properties

For details of the changes in the Bank's properties as at the end of the reporting period, please refer to Note 26 to the financial statements contained in this report.

5.13 Post Balance Sheet Events

As at the end of the reporting period, there was no material post balance sheet events if the Bank that shall be disclosed.

5.14 Management Contracts

During the reporting period, the Bank did not enter into any contracts for the administration and management of its overall business or major businesses.

5.15 Distributable Reserves

For details on distributable reserves of the Bank, please refer to "Financial Statements – Consolidated Statement on Changes in Shareholders' Interests" contained in this report.

5.16 Donations

The Group pays back to society with enthusiasm in strict accordance with the *Charity Law of the People's Republic of China* and other applicable laws and regulations, tilting its donations to areas in the greatest need of help. During the reporting period, the Group made donations of RMB11.7351 million, which were mainly used for the implementation of central and local pointed poverty alleviation, consolidation of poverty alleviation achievement and rural revitalization as well as the charity aid to the vulnerable groups in urban and rural regions. During the reporting period, the Group recorded employee donation of RMB2.85 million, and a social contribution value per share of RMB6.24.

5.17 Fixed Assets

For details on changes in the Bank's fixed assets as at the end of the reporting period, please refer to Note 26 to the financial statements contained in this report.

5.18 Retirement and Benefits

The Bank paid contributions to the basic old-age pension schemes for its employees pursuant to relevant national laws, regulations and policies. The amounts of basic pension contributions were determined by national standard and ratio. In addition, the Bank established enterprise annuity plans of which the contribution is calculated according to a certain percentage of employee salary.

For details on retirement benefits that the Bank provided for its employees, please refer to Note 36(b) to the financial statements contained in this report.

5.19 Share Capital and Public Float

For details on changes in the Bank's share capital during the reporting period, please refer to Note 41 to the financial statements contained in this report. Pursuant to publicly available information, the Board of Directors of the Bank was of the view that the Bank had sufficient public float as at the disclosure date of this report.

5.20 Purchase, Sale or Redemption of Shares

During the reporting period, neither the Bank nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Bank.

5.21 Pre-emptive Rights

None of PRC laws, administrative regulations and ministerial rules, and the Articles of Association of the Bank contain any mandatory provisions on pre-emptive rights for purchase of shares of listed companies. According to its Articles of Association, the Bank may increase its registered capital by way of public offering or private offering of ordinary shares, rights issue to the existing ordinary shareholders, bonus shares issuance to the existing shareholders, transfer of capital reserve to share capital, conversion of preference shares to ordinary shares or other means permitted by laws and administrative regulations or as approved by relevant authorities authorized by the State Council.

5.22 Issuance of Shares

For relevant information about the Bank's issuance of shares during the reporting period, please refer to Chapter 6 "Changes in Ordinary Shares and Information on Ordinary Shareholders" and Chapter 7 "Preference Shares" of this report.

5.23 Issuance of Debentures

For information about the Bank's issuance of debentures during the reporting period, please refer to Chapter 6 "Changes in Ordinary Shares and Information on Ordinary Shareholders" of this report.

5.24 Equity Linked Agreements

Save as disclosed in Chapter 7 "Preference Shares" and Chapter 8 "Convertible Corporate Bonds" of this report, there is no newly entered or existing equity linked agreement of the Bank during the reporting period.

5.25 Right of Directors and Supervisors to Acquire Shares or Debentures

During the reporting period, none of the directors and supervisors or their respective associates were granted by the Bank or its subsidiaries the right to acquire shares or debentures of the Bank or any other corporate groups; neither did any of the directors or supervisors exercise any of such rights.

5.26 Equity Interest of Substantial Shareholders

Please refer to Chapter 6 "Changes in Ordinary Shares and Information on Ordinary Shareholders – 6.4 Interests and Short Positions Held by Substantial Ordinary Shareholders and Other Persons" of this report for detailed information.

5.27 Tax Matters

A Shareholders

For individual investor shareholders, the *Notice on Issues Relating to the Implementation of the Differentiated Individual Income Tax Policy on Dividends Obtained from Listed Companies* (Finance and Taxation [2012] No. 85), and the *Notice on Issues Relating to the Differentiated Individual Income Tax Policy on Dividends Obtained from Listed Companies* (Finance and Taxation [2015] No. 101), both issued jointly by the Ministry of Finance, the State Administration of Taxation and CSRC provide that, for shares of listed companies that an individual investor obtains from public offering and/or the secondary market, if the duration of shareholding is less than 1 month (inclusive), the full amount of his or her dividend income shall be calculated as taxable income; if the duration of shareholding is between 1 month and 1 year (inclusive), 50% of the dividend income shall be calculated as taxable income for the time being; and if the duration of shareholding lasts more than 1 year, the dividend income shall be exempted from individual income tax for the time being. All the above-mentioned dividend income shall be taxed at a uniformly applicable tax rate of 20%.

For securities investment funds that are shareholders of listed companies, the computation and payment of dividend income tax shall be made in accordance with the aforementioned *Notice on Issues Relating to the Differentiated Individual Income Tax Policy on Dividends Obtained from Listed Companies* (Finance and Taxation [2015] No. 101) and *Notice on Issues Relating to the Implementation of the Differentiated Individual Income Tax Policy on Dividends Obtained from Listed Companies* (Finance and Taxation [2012] No. 85).

Resident enterprise shareholders (including institutional investors) shall pay income tax on their cash dividends on their own accord pursuant to relevant taxation requirements of the nation.

For Qualified Foreign Institutional Investors (QFII), listed companies are required to withhold and pay enterprise income tax at the rate of 10% pursuant to the *Notice of the State Administration of Taxation Concerning the Relevant Issues on the Withholding and Payment of Enterprise Income Tax Relating to the Payment of Dividends, Bonuses and Interests by PRC Resident Enterprises to QFIIs* (SAT Letter [2009] No. 47). Where the dividend paid to a QFII is entitled to relevant treatments under a tax agreement (arrangement), the QFII may apply to the competent tax authority for such treatment. The latter shall implement the treatment as stipulated in the tax agreement after verifying the validity of the application. Where a tax refund is involved, the QFII shall promptly submit a tax refund application to the competent tax authority on its own accord after receiving the dividend.

H Shareholders

For overseas residents that are individual shareholders of listed companies, the *Notice of the State Administration of Taxation on Issues Concerning Individual Income Tax Collection and Management after the Repeal of SAT Document* [1993] No. 045 (SAT Letter [2011] No. 348) provides that, dividends received by such overseas residents for their personal holding of shares issued by domestic non-foreign-invested enterprises in Hong Kong shall be subject to the payment of individual income tax under the "interest, dividend and bonus income" item, and that such individual income tax shall be withheld and paid by the withholding agents according to relevant laws at a tax rate of 10%. Where overseas residents that are individual holders of shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax treaties signed between their countries of residence and China or the tax arrangements made between the Chinese mainland and Hong Kong (Macau) SAR, the tax rate for dividends under the relevant tax treaties and tax arrangements is 10% in general. For the purpose of simplifying tax administration, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, upon payment of dividends, generally withhold individual income tax at the rate of 10%, without the need to file an application. If the tax rate for dividends is not equal to 10%, the following provisions shall apply: (1) for residents of countries that have signed lower than 10% tax rate treaties, the withholding agents may file on their behalf applications for the relevant agreed preferential tax treatments, under which circumstances the over-withheld tax amounts will be refunded upon approval by the competent tax authorities; (2) for residents of countries that have signed higher than 10% but lower than 20% tax rate treaties, the withholding agents shall withhold individual income tax at the agreed tax rate effective at the time of dividend payment, without the need to file an application; and (3) for residents of countries without tax treaties or under other situations, the withholding agents shall withhold individual income tax at 20% upon payment of dividends.

For non-resident enterprises that are shareholders of listed companies, the *Notice of the State Administration of Taxation on the Issues Concerning Withholding Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to H Shareholders that Are Nonresident Overseas Enterprises* (SAT Letter [2008] No. 897) provides that, a PRC resident enterprise, when paying dividends for 2008 and subsequent years to H shareholders that are non-resident overseas enterprises, shall withhold and pay the enterprise income tax at a uniform rate of 10%.

Tax matters in relation to the Shanghai-Hong Kong Stock Connect shall be handled according to the provisions of the *Notice on Relevant Taxation Policies in Connection with the Pilot Shanghai-Hong Kong Stock Connect Mechanism* (Finance and Taxation [2014] No. 81) issued by the Ministry of Finance, the State Administration of Taxation and the CSRC.

Preference shareholders

Individual income tax payment in relation to dividends obtained by individual preference shareholders shall be performed according to related national taxation regulations.

Resident enterprises (including institutional investors) shall perform their tax payment obligations on their own accord according to related national taxation regulations.

Shareholders of the Bank shall be taxed and/or access tax credits, reliefs and exemptions in accordance with the aforementioned regulations.

5.28 Events Relating to Bankruptcy and/or Restructuring

During the reporting period, the Bank did not incur any event relating to bankruptcy and/or restructuring.

5.29 Changes to Accounting Policies and Accounting Estimates or Correction of Significant Accounting Errors

During the reporting period, the Bank had no changes in accounting policies or accounting estimates or correction of material accounting errors.

5.30 Business Review

For details of the Group's business profile, major risks and uncertainties in 2023 and outlook for 2024, please refer to Chapter 2 "Management Discussion and Analysis" of this report.

5.31 Audit Committee

The Audit and Related Party Transactions Control Committee under the Board of Directors of the Bank has reviewed and approved the 2023 annual results of the Bank and the Group and their audited 2023 annual financial statements prepared in accordance with the IFRSs.

5.32 Relations with Employees, Suppliers and Customers

For the relations between the Group and its employees, suppliers and customers, please refer to Chapter 3 "Corporate Governance – 3.34.2 Human Resources Management", Chapter 3 "Corporate Governance – 3.24 Investor Relations" and Chapter 4 "Environmental, Social and Governance (ESG) – 4.2.2 Consumer Rights Protection" of this report.

5.33 Major Customers

In 2023, the total interest income and other operating income of the top five customers of the Group did not exceed 30% of the Group's interest income and other operating income.

5.34 Other Significant Events

5.34.1 Rights Issue to Existing Shareholders

The Bank plans to issue rights shares to its existing shareholders. Please refer to "6.2.1 Equity Financing" of this report for details thereof.

5.34.2 *Futures and Derivatives Transactions for the Purpose of Hedging*

During the reporting period, the Bank further improved non-trading exchange rate risk management, formulated and issued the *Management Measures for Exchange Rate Risk Management of China CITIC Bank (Version 1.0, 2023)*, and hedged the principal and return of the Bank's equity investment in JSC Altyn Bank to prevent the risk of substantial depreciation of tenge against RMB through forward, swap, NDF and other foreign exchange derivative product portfolios. The Bank's foreign exchange hedging business follows the principles of legality, prudence, security and effectiveness, aims at avoiding and preventing exchange rate risk, and strictly complies with relevant regulatory requirements. During the reporting period, the Bank adhered to the risk-neutral concept and conducted hedging transactions on the principal and income of the investment through rolling investment, realizing full hedging of the principal and income of the investment as at the end of the reporting period.

Other significant matters disclosed by the Bank in accordance with laws, regulations and regulatory requirements during the reporting period were disclosed as interim reports on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com).

CHAPTER 6 CHANGES IN ORDINARY SHARES AND INFORMATION ON ORDINARY SHAREHOLDERS

6.1 Changes in Ordinary Shares

6.1.1 Table on Changes in Shareholdings

Unit: share

	31 December 2022		Changes (+, –)					31 December 2023	
	Number of shares held	Percentage (%)	New issue	Bonus issue	Capital reserve converted to shares	Convertible bonds converted to share	Subtotal	Number of shares held	Percentage (%)
Shares subject to restrictions on sale:									
1. Shares held by the state	–	–	–	–	–	–	–	–	–
2. Shares held by state-owned legal persons	–	–	–	–	–	–	–	–	–
3. Shares held by other domestic investors	–	–	–	–	–	–	–	–	–
Including: Shares held by domestic non-state-owned legal persons	–	–	–	–	–	–	–	–	–
Shares held by domestic natural persons	–	–	–	–	–	–	–	–	–
4. Foreign-held shares	–	–	–	–	–	–	–	–	–
Including: Shares held by overseas legal persons	–	–	–	–	–	–	–	–	–
Shares held by overseas natural persons	–	–	–	–	–	–	–	–	–
Shares not subject to restrictions on sale:	**48,934,843,657**	**100.00**	–	–	–	**+32,022,297**	**+32,022,297**	**48,966,865,954**	**100.00**
1. Renminbi denominated ordinary shares	34,052,680,680	69.59	–	–	–	+32,022,297	+32,022,297	34,084,702,977	69.61
2. Domestically-listed foreign shares									
3. Overseas-listed foreign shares	14,882,162,977	30.41	–	–	–	–	–	14,882,162,977	30.39
4. Others									
Total shares	**48,934,843,657**	**100.00**	–	–	–	**+32,022,297**	**+32,022,297**	**48,966,865,954**	**100.00**

6.1.2 Shares Subject to Restrictions on Sale

During the reporting period, none of the Bank's shareholders held shares subject to restrictions on sale.

6.2 Issuance and Listing of Securities

6.2.1 Equity Financing

The Bank planned to issue rights shares to existing shareholders (hereinafter referred to as the "Rights Issue"), and the proceeds raised from the Rights Issue are expected to be not more than RMB40.0 billion (inclusive). All the proceeds raised from the Rights Issue, after deduction of relevant expenses relating to the issuance, will be used for the replenishment of the Bank's core tier-one capital, so as to increase its capital adequacy ratio, support its sustainable and healthy business development in the future, and enhance its capital strength and competitiveness. The Bank obtained the approval from the former CBIRC on the Rights Issue Plan in October 2022, and the Rights Issue application was accepted by the SSE on 3 March 2023. The Rights Issue Plan may only be implemented after obtaining the approval of the SSE, the decision of consent to registration by CSRC and other necessary approvals in relation to the Rights Issue. The Bank held the Annual General Meeting of 2022, the Second A Shareholders Class Meeting of 2023 and the Second H Shareholders Class Meeting of 2023 on 21 June 2023, which reviewed and approved the proposal regarding the extension of the effective period for the resolutions passed in relation to the Rights Issue. Please refer to the relevant announcements dated 28 October 2022, 6 March 2023 and 22 June 2023 published on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) for details thereof.

During the reporting period, the Bank did not issue new shares.

6.2.2 Issuance and Redemption of Bonds

Issuance of Bonds

Pursuant to the *Affirmative Decision of Administrative License* (PBOC Decision [2023] No. 32) from the People's Bank of China, the Bank was approved for the issuance of financial bonds, and the newly increased balance of financial bonds in 2023 shall not exceed RMB110.0 billion. According to the *Approval of National Financial Regulatory Administration on the Issuance of Capital Instruments by China CITIC Bank Corporation Limited* (NFRA Reply [2023] No. 467), the Bank was approved to issue capital instruments of up to RMB120 billion.

The 2023 Green Financial Bonds of China CITIC Bank Corporation Limited (Tranche 1) were book-built on 23 March 2023 and its issuance was completed in the national interbank bond market on 27 March 2023. The size of the issuance of the three-year fixed-rate green bonds was RMB10.0 billion and the coupon rate was 2.79%. The proceeds from the issuance were used for green industrial projects specified in the *Projects Supported by Green Bonds (2021)* pursuant to applicable laws and upon approval by regulators. The 2023 Financial Bonds of China CITIC Bank Corporation Limited (Tranche 1) were book-built on 11 April 2023 and its issuance was completed in the national interbank bond market on 13 April 2023. The size of the issuance of the three-year fixed-rate financial bonds was RMB30.0 billion and the coupon rate was 2.77%. The proceeds from the issuance were used to optimize the structure of medium and long-term assets and liabilities, increase stable sources of medium and long-term liabilities and support the development of medium and long-term asset business. The 2023 Green Financial Bonds of China CITIC Bank Corporation Limited (Tranche 2) were book-built on 12 May 2023 and its issuance was completed in the national interbank bond market on 16 May 2023. The size of the issuance of the three-year fixed-rate green bonds was RMB10.0 billion and the coupon rate was 2.68%. The proceeds from the issuance were used for green industrial projects specified in the *Projects Supported by Green Bonds (2021)* pursuant to applicable laws and upon approval by regulators.

The 2023 Tier-2 Capital Bonds of China CITIC Bank Corporation Limited were book-built on 15 December 2023 and its issuance was completed in the national interbank bond market on 19 December 2023, with the issuance size of RMB30.0 billion. Specifically, Type 1 of the 2023 Tier-2 Capital Bonds is 10-year fixed-rate bonds, with the issuer's conditional redemption right at the end of the fifth year, and the issuance size was RMB21.5 billion with a coupon rate of 3.19%. Type 2 of the 2023 Tier-2 Capital Bonds is 15-year fixed-rate bonds, with the issuer's conditional redemption right at the end of the tenth year, and the issuance size was RMB8.5 billion with a coupon rate of 3.25%. The proceeds from the issuance were used to replenish the Bank's tier-2 capital, optimize capital structure and promote sound business development pursuant to applicable laws and upon approval by regulators.

Please refer to the relevant announcements published on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) for details of the issuance of the above financial bonds on 28 March 2023, 14 April 2023, 17 May 2023 and 20 December 2023, respectively.

Redemption of Bonds

On 13 September 2023, the Bank redeemed in full amount of the RMB30.0 billion 10-year fixed-rate Tier 2 capital bonds issued on 13 September 2018 in the national interbank bond market (with issuer's right of conditional redemption at the end of the fifth year after issuance).

On 22 October 2023, the Bank redeemed in full amount of the RMB20.0 billion 10-year fixed-rate Tier 2 capital bonds issued on 22 October 2018 in the national interbank bond market (with issuer's right of conditional redemption at the end of the fifth year after issuance).

Please refer to the relevant announcements published on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on 14 September 2023 and 24 October 2023 respectively for details of the redemption of the above bonds.

Please refer to Note 38 to the financial report for details of other outstanding bonds issued by the Bank and its subsidiaries.

6.2.3 Issuance of Convertible Bonds

Please refer to Chapter 8 "Convertible Corporate Bonds" of this report for the issuance and the conversion of convertible bonds of the Bank during the reporting period.

6.2.4 Internal Employee Shares

There were no internal employee shares issued by the Bank.

6.3 Information on Ordinary Shareholders

6.3.1 Total Number of Shareholders

As at the end of the reporting period, the Bank had 136,473 accounts of ordinary shareholders in total, including 109,939 accounts of A shareholders and 26,534 accounts of registered H shareholders, and no preference shareholders with restored voting right.

As at the close of the month preceding the disclosure date of this report (i.e., 29 February 2024), the Bank recorded 128,719 accounts of ordinary shareholders in total, including 102,302 accounts of A shareholders and 26,417 accounts of registered H shareholders, and no preference shareholders with restored voting right.

6.3.2 Information on the Top 10 Shareholders (as at the end of the reporting period)

Unit: share

No.	Name of shareholder	Nature of shareholder	Class of shares	Total number of shares held	Shareholding percentage (%)	Number of shares subject to restrictions on sale	Increase or decrease in shareholding during the reporting period	Shares pledged, marked or frozen
1	CITIC Financial Holdings	State-owned legal person	A share, H share	31,406,992,773	64.14	0	+31,406,992,773	0
2	Hong Kong Securities Clearing Company Nominees Limited	Overseas legal person	H share	12,135,887,556	24.78	0	+582,183,959	Unknown
3	China National Tobacco Corporation	State-owned legal person	A share	2,147,469,539	4.39	0	0	0
4	China Securities Finance Corporation Limited	State-owned legal person	A share	1,018,941,677	2.08	0	0	0
5	Central Huijin Asset Management Ltd.	State-owned legal person	A share	267,137,050	0.55	0	0	0
6	Hong Kong Securities Clearing Company Limited	Overseas legal person	A share	179,348,768	0.37	0	+3,322,904	0
7	China Construction Bank Corporation	State-owned legal person	H share	168,599,268	0.34	0	0	0
8	China Merchants Bank Co., Ltd. – SSE Dividend Traded Open-ended Index Securities Investment Fund	Other	A share	60,372,524	0.12	0	+5,632,784	0
9	Hebei Construction & Investment Group Co., Ltd.	State-owned legal person	A share	31,034,400	0.06	0	+31,034,400	0
10	China Poly Group Corporation Limited	State-owned legal person	A share	27,216,400	0.06	0	0	0

Notes: (1) All shares held by the above-mentioned shareholders were shares not subject to restrictions on sale of the Bank.

(2) The shareholdings of A shareholders and H shareholders in the table above were calculated based on the Bank's share registers respectively maintained with China Securities Depository and Clearing Corporation Limited Shanghai Branch and Computershare Hong Kong Investor Services Limited.

(3) Hong Kong Securities Clearing Company Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited. The total number of shares held by Hong Kong Securities Clearing Company Nominees Limited is the aggregate number of H shares it held in its capacity as nominee on behalf of all institutional and individual investors registered with the company as at the end of the reporting period. Hong Kong Securities Clearing Company Limited is an institution that is designated by others to hold shares, including the Shanghai Stock Connect shares held by Hong Kong and overseas investors, on behalf of others in its capacity as nominee shareholder.

(4) CITIC Financial Holdings is a wholly-owned subsidiary of CITIC Corporation Limited. CITIC Corporation Limited is a wholly-owned subsidiary of CITIC Limited. As at the end of the reporting period, CITIC Limited and its subsidiaries (including CITIC Corporation Limited and CITIC Financial Holdings) together owned 32,284,227,773 shares of the Bank, accounting for 65.93% of the Bank's total shares, including 28,938,928,294 A shares and 3,345,299,479 H shares. CITIC Financial Holdings directly owned 31,406,992,773 shares of the Bank, accounting for 64.14% of the Bank's total shares, including 28,938,928,294 A shares and 2,468,064,479 H shares.

(5) Summit Idea Limited confirmed that, as at the end of the reporting period, it held via Hong Kong Securities Clearing Company Nominees Limited 2,292,579,000 H shares of the Bank, accounting for 4.682% of the Bank's total shares. Summit Idea Limited is a wholly-owned affiliate of Xinhu Zhongbao. In addition to the aforementioned stake, Hong Kong Xinhu Investment Co., Ltd., a wholly-owned subsidiary of Xinhu Zhongbao, also owned 153,686,000 H shares of the Bank via Hong Kong Securities Clearing Company Nominees Limited, taking up 0.314% of the Bank's total shares.

(6) Note on related party relations or concerted actions between ordinary shareholders listed in the above table: Hong Kong Securities Clearing Company Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited. According to the *Report for the Third Quarter of 2023 of China Construction Bank Corporation* and the *Announcement on Increase in Shareholding by Controlling Shareholder of China Construction Bank Corporation*, as at 11 October 2023, Central Huijin Investment Ltd. and its wholly-owned subsidiary Central Huijin Asset Management Ltd. together owned 57.32% equity of China Construction Bank Corporation. Except for these, the Bank was not aware of any related party relations or concerted actions between the shareholders listed in the above table.

(7) None of the top 10 shareholders of the Bank participated in refinancing security lending.

(8) As far as the Bank was aware, as at the end of the reporting period, the shareholders listed in the above table neither delegated or abstained from their voting right, nor were delegated with the voting right of any other party.

6.3.3 The Changes on the Top 10 Shareholders (as at the end of the reporting period)

Unit: share

Name of shareholder	Added/exited during the reporting period	The number of lent and unreturned shares in refinancing account as at the end of the reporting period		The number of lent and unreturned shares in common share account, credit account and refinancing account as at the end of the reporting period	
		Number	Proportion	Number	Proportion
CITIC Financial Holdings	Added	0	0	31,406,992,773	64.14
Hebei Construction & Investment Group Co., Ltd.	Added	0	0	31,034,400	0.06
China Poly Group Corporation Limited	Added	0	0	27,216,400	0.06
CITIC Corporation Limited	Exited	0	0	581,736,000	1.19
Hebei Jiantou Xiong'an Construction and Development Co., Ltd.	Exited	0	0	0	0
National Social Security Fund Portfolio 110	Exited	0	0	0	0

6.4 Interests and Short Positions Held by Substantial Ordinary Shareholders and Other Persons

The table below sets out the interests and short positions in the shares of the Bank held by substantial shareholders and other persons (except the directors, supervisors and chief executives of the Bank defined according to the Hong Kong Listing Rules) as recorded in the register that the Bank maintained pursuant to Section 336 of the *Securities and Futures Ordinance* and as far as the Bank was aware as at the end of the reporting period.

Name	Class of shares	Identity	Number of shares held	Shareholding percentage of the issued share capital of the same class (%)	Shareholding percentage of the total issued share capital (%)
CITIC Financial Holdings	H share	Beneficiary owner	2,468,064,479(L)	16.58	5.04
	A share		33,264,829,933(L)	97.59	67.93
CITIC Corporation Limited	H share	Beneficiary owner	581,736,000(L)	3.91	1.19
	H share	Interest of controlled corporations	2,478,377,479(L)	16.65	5.06
	A share		33,264,829,933(L)	97.59	67.93
CITIC Limited	H share	Interest of controlled corporations	3,345,299,479(L)	22.48	6.83
	A share		33,264,829,933(L)	97.59	67.93
CITIC Polaris Limited	H share	Interest of controlled corporations	3,345,299,479(L)	22.48	6.83
	A share		33,264,829,933(L)	97.59	67.93
CITIC Glory Limited	H share	Interest of controlled corporations	3,345,299,479(L)	22.48	6.83
	A share		33,264,829,933(L)	97.59	67.93
CITIC Group	H share	Interest of controlled corporations	3,345,299,479(L)	22.48	6.83
	A share		33,264,829,933(L)	97.59	67.93
Summit Idea Limited	H share	Beneficiary owner	2,292,579,000(L)	15.41	4.682
Total Partner Global Limited	H share	Interest of controlled corporations	2,292,579,000(L)	15.41	4.682
Hong Kong Xinhu Investment Co., Ltd.	H share	Beneficiary owner	153,686,000(L)	1.03	0.314
		Interest of controlled corporations	2,292,579,000(L)	15.41	4.682
Xinhu Zhongbao Co., Ltd.	H share	Interest of controlled corporations	2,446,265,000(L)	16.44	4.996
Zhejiang Xinhu Group Co., Ltd.	H share	Interest of controlled corporations	2,446,265,000(L)	16.44	4.996
Zhejiang Hengxingli Holding Group Co., Ltd.	H share	Interest of controlled corporations	2,446,265,000(L)	16.44	4.996
Ningbo Jiayuan Industrial Development Co., Ltd.	H share	Interest of controlled corporations	2,446,265,000(L)	16.44	4.996
Huang Wei	H share	Interest of controlled corporations	2,446,265,000(L)	16.44	4.996
Li Ping	H share	Interest of controlled corporations	2,446,265,000(L)	16.44	4.996
UBS SDIC Fund Management Co., Ltd.	H share	Investment Manager	1,379,630,577(L)	9.27	2.82

Notes: (1) (L) — long position, (S) — short position

(2) The above disclosure is made mainly on the basis of the information released on the HKEXnews (www.hkexnews.hk).

(3) According to Section 336 of the *Securities and Futures Ordinance*, if certain conditions are met, shareholders of the Bank shall submit the interest disclosure form. When there is a change to the number of shares of the Bank held by shareholders, unless certain conditions are met, related shareholders need not to notify the Bank and SEHK. Therefore, the latest number of shares held by shareholders at the Bank may differ from those already submitted to SEHK.

Except for the aforementioned disclosures, as at the end of the reporting period, the Bank was not aware of any person (except the directors, supervisors and chief executives of the Bank as defined according to the Hong Kong Listing Rules) held any interests and short positions in the shares of the Bank or underlying shares that shall be recorded in the register that the Bank maintained pursuant to Section 336 of the *Securities and Futures Ordinance*.

6.5 Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Bank or Associated Corporations Held by Its Directors, Supervisors and Senior Management Members

Please refer to "3.6.1.1 Members of the Board of Directors", "3.7.1.1 Members of the Board of Supervisors" and "3.8.1.1 Members of the Senior Management" under Chapter 3 of this report for the holding of shares of the Bank by its directors, supervisors or senior management members as at the end of the reporting period. None of the Bank's incumbent or former directors resigned during the reporting period, supervisors or senior management members held any share options or restrictive shares of the Bank.

The table below sets out the interests in the shares of the Bank held by directors, supervisors and chief executives of the Bank as at the end of the reporting period as recorded in the register required to be kept under Section 352 of the *Securities and Futures Ordinance* and as far as the Bank is aware:

Name	Position	Class of shares	Identity	Number of shares held	Shareholding percentage of the issued shares of the same class (%)	Shareholding percentage of the total issued ordinary shares (%)
Fang Heying	Chairman, Executive Director	H share	Beneficiary owner	915,000 (L)	0.0061	0.0019
Liu Cheng	Executive Director, President	H share	Beneficiary owner	624,000 (L)	0.0042	0.0013
Li Rong	Shareholder Representative Supervisor	H share	Beneficiary owner	364,000 (L)	0.0024	0.0007
Cheng Pusheng	Employee Representative Supervisor	H share	Beneficiary owner	354,000 (L)	0.0024	0.0007
Chen Panwu	Employee Representative Supervisor	H share	Beneficiary owner	334,000 (L)	0.0022	0.0007
Zeng Yufang	Employee Representative Supervisor	H share	Beneficiary owner	188,000 (L)	0.0013	0.0004

Notes: (1) (L) – long position, (S) – short position.

(2) The above disclosure is made mainly on the basis of the information released on the SEHK (www.hkexnews.hk).

(3) Mr. Chen Panwu resigned from the position of Employee Representative Supervisor from 13 January 2024.

6.6 Controlling Shareholder and De Facto Controller of the Bank

6.6.1 Prole of the Controlling Shareholder and De Facto Controller

As at the end of the reporting period, CITIC Financial Holdings was the controlling shareholder of the Bank; CITIC Corporation Limited was the single direct controlling shareholder of CITIC Financial Holdings; CITIC Limited was the single direct controlling shareholder of CITIC Corporation Limited; CITIC Group was the controlling shareholder of CITIC Limited and the de facto controller of the Bank.

CITIC Group was founded in 1979 by Mr. Rong Yiren with the support of Mr. Deng Xiaoping. Since its incorporation, CITIC Group has been a pilot unit for national economic reform and an important window for China's opening up to the world. With fruitful explorations and innovation in many areas, CITIC Group has built itself a robust image and reputation both domestically and abroad. At present, CITIC Group has developed into a large state-owned multinational conglomerate with both financial and non-financial businesses. Its financial business covers a full range of services including banking, securities, trust, insurance, fund and asset management; and its non-financial business includes real estate, engineering contracting, energy and resources, infrastructure construction, machinery manufacturing and information industry, demonstrating strong competitive advantages and great momentum of growth.

In December 2011, with approval from the State Council, and in alignment with its wholly-owned subsidiary Beijing CITIC Enterprise Management Co., Ltd., CITIC Group contributed the majority of its existing net operating assets to establish CITIC Corporation Limited (named "CITIC Limited" when first established). In particular, CITIC Group held 99.9% equity interest in CITIC Limited, and Beijing CITIC Enterprise Management Co., Ltd. held 0.1%. CITIC Group as a whole was restructured into a wholly state-owned company. To complete the aforementioned capital contribution, CITIC Group transferred its entire equity in the Bank to CITIC Corporation Limited as capital contribution. As a result, CITIC Corporation Limited held 28,938,929,004 shares in the Bank both directly and indirectly, accounting for 61.85% of the Bank's total share capital. The above-mentioned share transfer was approved by the State Council, the Ministry of Finance (MOF), former CBRC, the CSRC and the Hong Kong Monetary Authority. In February 2013, the relevant formalities for the share transfer were officially completed with approvals from the SSE and China Securities Depositary and Clearing Corporation Limited Shanghai Branch. On 26 December 2018, the MOF and the Ministry of Human Resources and Social Security (MOHRSS) decided to transfer MOF's 10% equity in CITIC Group to the National Council for Social Security Fund in a lump sum. According to relevant regulations, the National Council for Social Security Fund, as a financial investor, is entitled to the equity income and other relevant rights and interests corresponding to the state-owned equity transferred, and does not intervene the daily production, operation and management of the enterprise. The transfer does not change the original state-owned asset management mechanism of CITIC Group, and relevant procedures are in progress.

In October 2013, BBVA transferred to CITIC Limited the 2,386,153,679 H shares it held in the Bank, accounting for approximately 5.10% of the total share capital of the Bank, after which CITIC Limited increased its shareholding in the Bank to 66.95%.

In August 2014, CITIC Group injected its main business assets entirely into its Hong Kong listed subsidiary, CITIC Pacific, and renamed it CITIC Limited. The former CITIC Limited was renamed CITIC Corporation Limited. CITIC Limited held 100% equity interest in CITIC Corporation Limited.

In September 2014, CITIC Corporation Limited purchased an additional 81,910,800 H shares of the Bank via agreement transfer, after which, CITIC Corporation Limited held a total of 31,406,992,773 A shares and H shares of the Bank, accounting for approximately 67.13% of the Bank's total share capital.

In January 2016, the Bank completed its private offering of 2,147,469,539 A shares to China Tobacco, upon which time the Bank's total share capital increased to 48,934,796,573 shares and the proportion of shares owned by CITIC Corporation Limited went down to 64.18%.

In January 2016, CITIC Limited notified the Bank that it planned to increase its shareholding in the Bank by 21 January 2017 when appropriate, provided that the accumulative percentage of such incremental equity holding did not exceed 5% of the Bank's total issued share capital. As at 21 January 2017, the implementation of the plan to increase shareholding in the Bank was completed. CITIC Limited and its subsidiaries (including CITIC Corporation Limited) held 32,284,227,773 shares of the Bank in aggregate, of which they held 28,938,928,294 A shares and 3,345,299,479 H shares, representing 65.97% of the total issued shares of the Bank.

In April 2023, the share transfer registration was completed for the transfer for nil consideration of 28,938,928,294 A shares and 2,468,064,479 H shares from CITIC Corporation Limited to CITIC Financial Holdings. Upon the completion of the above-mentioned share transfer registration, CITIC Corporation Limited still holds a total of 581,736,000 H shares of the Bank, representing 1.19% of the total issued shares of the Bank, and CITIC Financial Holdings directly holds a total of 31,406,992,773 shares of the Bank, representing 64.18% of the total issued shares of the Bank. CITIC Financial Holdings replaced CITIC Corporation Limited and became the controlling shareholder of the Bank. CITIC Group remains as the de facto controller of the Bank.

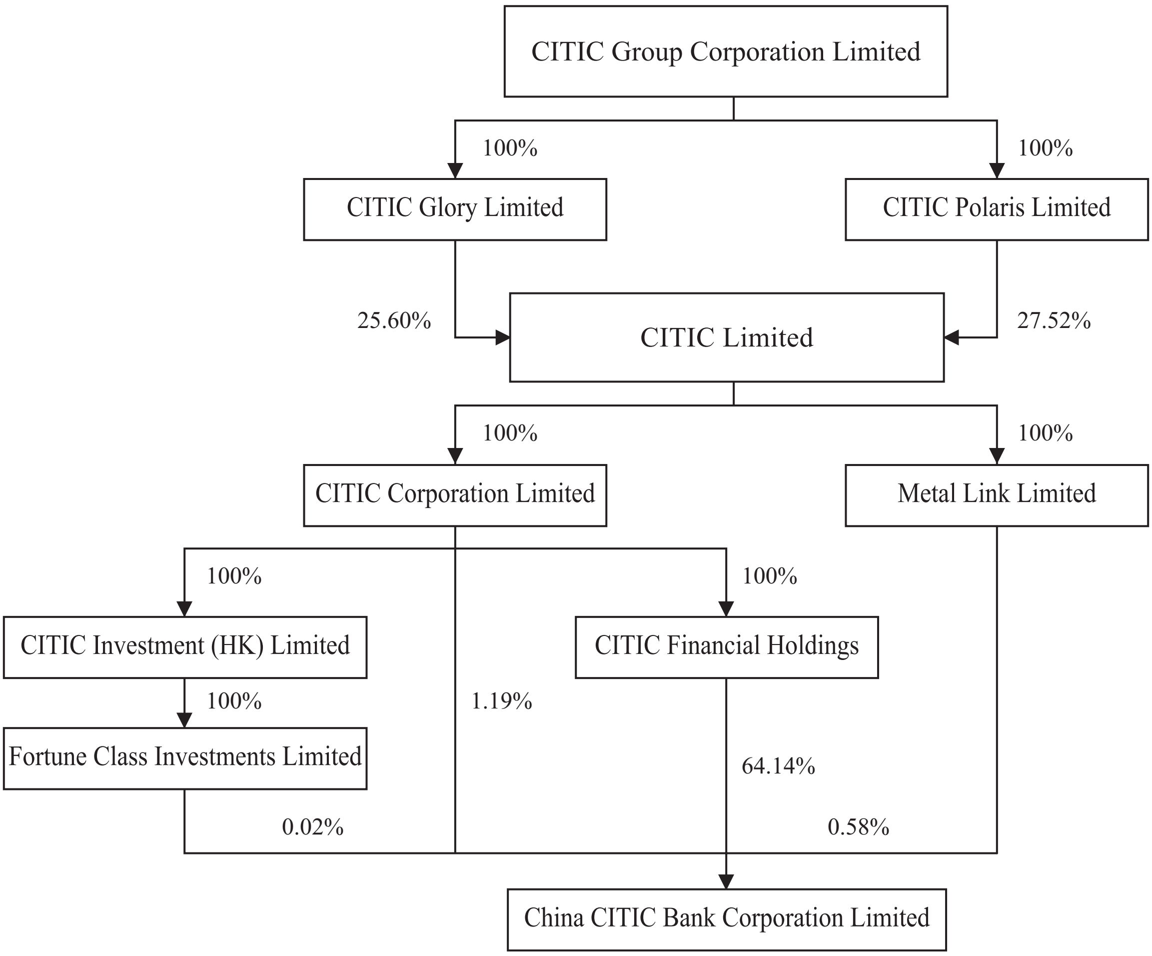
As at the end of the reporting period, CITIC Group had a registered capital of RMB205,311,476,359.03, and its legal representative was Mr. Xi Guohua. Its business scope covered: investment in and management of domestic and overseas financial enterprises and related industries including banking, securities, insurance, trust, asset management, futures, leases, funds and credit cards; investment businesses in energy, transportation infrastructure, mining, forestry resources development and raw materials industry, machinery manufacturing, real estate development, information infrastructure, basic telecommunications and value-added telecom services, environmental protection, pharmaceuticals, biological engineering and new materials, aviation, transportation, warehousing, hotels, tourism, domestic and international trade, commerce, education, publication, media, culture and sports, domestic and overseas engineering design, construction, contracting and sub-contracting, and industrial investment; asset management; capital operation; project tendering, exploration, design, construction, supervision, contracting and subcontracting and consulting services; external allocation of required workers to overseas projects compatible with its strength, scale and business performance; import and export; and information services business (only restricted to internet information services which excludes information search and inquiry service, information community service, instant information interaction service and information protection and processing service). (The market entity shall discretionarily choose its business projects and conduct its business activities according to the law; conduct business items that may only be conducted with approval according to the law as per approval of competent authorities; and may not engage in business activities of projects that are prohibited or restricted by the national and municipal industrial policies).

As at the end of the reporting period, CITIC Financial Holdings had a registered capital of RMB33,800,000,000; and Mr. Xi Guohua was its legal representative. Its business scope covered: 1. General projects: management of enterprise headquarters (The market entity shall independently carry out operating activities according to law based on its business license in addition to projects subject to approval according to law); 2. Licensed projects: financial holding company business. (The market entity shall conduct business items that may only be conducted with approval according to law as per approval of competent authorities; it may not engage in business activities of projects that are prohibited or restricted by the national and municipal industrial policies.)

As at the end of the reporting period, CITIC Limited and its subsidiaries (including CITIC Financial Holdings) held 32,284,227,773 shares of the Bank in aggregate, representing 65.93% of the total issued shares of the Bank, including 28,938,928,294 A shares and 3,345,299,479 H shares. CITIC Financial Holdings directly owned 31,406,992,773 shares in the Bank, accounting for 64.14%[49] of the total share capital of the Bank, including 28,938,928,294 A shares and 2,468,064,479 H shares.

6.6.2 The Ownership Structure Between the Bank, its Controlling Shareholder and its De Facto Controller

As at the end of the reporting period, the ownership structure between the Bank, its controlling shareholder and its de facto controller was as follows[50]:



49 There was no change in the aggregate number of shares held by CITIC Limited and its subsidiaries (including CITIC Financial Holdings) in the Bank during the reporting period. The change in shareholding proportion was due to the increase in the total share capital of the Bank after the conversion of some convertible bonds issued by the Bank to share capital during the reporting period.

50 CITIC Glory Limited and CITIC Polaris Limited are both wholly-owned subsidiaries of CITIC Group. CITIC Financial Holdings directly owned 64.14% of the total share capital of the Bank, in addition to which, CITIC Limited also held part of the Bank's equity along with its wholly-owned subsidiaries and CITIC Corporation Limited's wholly-owned subsidiaries.

In accordance with relevant requirements of the *Provisional Measures for Equity Management of Commercial Banks*, as at the end of the reporting period, the controlling shareholder, de facto controller, persons acting in concert and ultimate beneficiary of CITIC Financial Holdings are as follows:

Name of shareholder	Controlling shareholder	De facto controller	Persons acting in concert	Ultimate beneficiary
CITIC Financial Holdings	CITIC Corporation Limited	CITIC Group	CITIC Corporation Limited, Fortune Class Investments Limited, Metal Link Limited	CITIC Group

6.6.3 Equity Interests in Other Major Domestic and Overseas Listed Companies Held by the Company's Controlling Shareholder and De Facto Controller

CITIC Financial Holdings is the Bank's controlling shareholder. As at the end of the reporting period, CITIC Financial Holdings held in total 2,850,881,212 shares (2,299,650,108 A shares and 551,231,104 H shares) in CITIC Securities Co., Ltd. (600030.SH, 06030.HK, referred to as "CITIC Securities" hereinafter) accounting for 19.24% of the total equity issued by CITIC Securities. Except what has been disclosed above, CITIC Financial Holdings had no shareholding, controlling or not, in any other domestic or overseas listed company.

Equity interests in other major domestic and overseas listed companies held or controlled by CITIC Group and CITIC Limited (as at the end of the reporting period)

Name of shareholder	Name of listed company	Place of listing	Stock code	Shareholding percentage (%)
CITIC Polaris Limited 27.52% CITIC Glory Limited 25.60%	CITIC Limited	Hong Kong	00267.HK	53.12%
CITIC Corporation Limited 60.49% CITIC Investment Holdings Limited 4.52% CITIC Automobile Limited 2.26%	CITIC Heavy Industries Co., Ltd.	Shanghai	601608.SH	67.27%
CITIC Offshore Helicopter Limited 30.18% CITIC Investment Holdings Limited 8.45% CITIC Guoan Co., Ltd 0.08%	CITIC Offshore Helicopter Corporation Limited	Shenzhen	000099.SZ	38.71%
CITIC Pacific (China) Investment Limited 4.26% Hubei Xinye Steel Co., Ltd. 4.53% CITIC Pacific Special Steel Investment Co., Ltd. 75.05%	CITIC Pacific Special Steel Group Co., Ltd.	Shenzhen	000708.SZ	83.85%
CITIC Metal Group Co., Ltd. 89.71% CITIC Yulian (Beijing) Enterprise Management Consulting Co., Ltd. 0.06%	CITIC Metal Co., Ltd.	Shanghai	601061.SH	89.77%
CITIC Corporation Limited 62.70% CITIC Investment Holdings Limited 10.80%	CITIC Press Corporation	Shenzhen	300788.SZ	73.50%
CITIC Guoan Co., Ltd. 36.44%	CITIC Guoan Information Industry Co., Ltd.	Shenzhen	000839.SZ	36.44%
CITIC Guoan Industry Group Co., Ltd. 44.93%	CITIC Niya Wine Co., Ltd.	Shanghai	600084.SH	44.93%

Name of shareholder	Name of listed company	Place of listing	Stock code	Shareholding percentage (%)
Nanjing Nangang Iron & Steel United Co., Ltd. 57.13% Nanjing Iron & Steel United Co., Ltd. 1.97%	Nanjing Iron & Steel Co., Ltd.	Shanghai	600282.SH	59.10%
Keentech Group Ltd 49.57% CITIC Australia Pty Limited 9.55% Fortune Class Investments Limited 0.38%	CITIC Resources Holdings Limited	Hong Kong	01205.HK	59.50%
Richtone Enterprises Inc. 3.64% Ease Action Investments Corp. 33.56% Silver Log Holdings Ltd 16.52% Cuixin Holdings Corporation Limited 3.83%	CITIC Telecom International Holdings Limited	Hong Kong	01883.HK	57.55%
CITIC Industrial Investment Group Co., Ltd. 0.82% CITIC Agriculture Limited 16.54%	Yuan Longping High-tech Agriculture Co., Ltd.	Shenzhen	000998.SZ	17.36%
Complete Noble Investments Limited 10.01%	China Overseas Land & Investment Limited	Hong Kong	00688.HK	10.01%
Easy Flow Investments Limited 25.28%	Frontier Services Group Limited	Hong Kong	00500.HK	25.28%
CITIC Metal Africa Investments Limited 24.81%	Ivanhoe Mines Ltd.	Toronto	IVN.TSX IVPAF.OTCQX	24.81%
CITIC Resources Australia Pty Limited 9.61% CITIC Australia Pty Limited 1.37% Bestbuy Overseas Co., Ltd. 7.94%	Alumina Limited	Sydney	AWC.ASX AWC.OTC	18.92%
CITIC Group Corporation Limited 26.46%	China CITIC Financial Asset Management Co., Ltd.	Hong Kong	02799.HK	26.46%

Notes: (1) Due to rounding, the total shareholding percentage of CITIC Limited and CITIC Corporation Limited over CITIC Pacific Special Steel Group Co., Ltd. is slightly different from the sum of the shareholding percentage of CITIC Pacific Special Steel Group Co., Ltd.'s direct-holding companies.

(2) The shareholding percentages listed in the table were those of the direct shareholders.

(3) China Huarong Asset Management Co., Ltd. has published relevant announcement on SEHK on 26 January 2024 stating that it had formally changed its name into China CITIC Financial Asset Management Co., Ltd. on 25 January 2024.

6.7 Change of Controlling Shareholder

On 28 April 2023, the Bank was notified by CITIC Financial Holdings that the share transfer registration was completed for the transfer with nil consideration of 28,938,928,294 A shares and 2,468,064,479 H shares from CITIC Corporation Limited to CITIC Financial Holdings on 27 April 2023 and 26 April 2023 respectively. CITIC Financial Holdings replaced CITIC Corporation Limited and became the controlling shareholder of the Bank. CITIC Group remains unchanged as the de facto controller of the Bank. Please refer to the *Announcement on Completion of Registration for the Gratuitous Transfer of Shares and Change in Controlling Shareholder of the Bank* published on the websites of SSE (www.sse. com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on 29 April 2023 for detailed information thereof.

6.8 Information on Other Substantial Shareholders

Pursuant to the relevant provisions of the *Provisional Measures for the Management of Equity in Commercial Banks*, in addition to CITIC Financial Holdings, the substantial shareholders of the Bank also include Summit Idea Limited and China Tobacco. As at the end of the reporting period, among members of the Board of Directors of the Bank, one non-executive director was recommended by Summit Idea Limited and one non-executive director was recommended by China Tobacco.

Summit Idea Limited is a company incorporated in British Virgin Islands. As at the end of the reporting period, it held via Hong Kong Securities Clearing Company Nominees Limited 2,292,579,000 H shares of the Bank, accounting for 4.682% of the Bank's total shares, with 1,123,363,710 H shares of the Bank pledged as collateral. Summit Idea Limited is a wholly-owned subsidiary of Xinhu Zhongbao. In addition to the aforementioned stake, Hong Kong Xinhu Investment Co., Ltd., a wholly-owned subsidiary of Xinhu Zhongbao, owned 153,686,000 H shares of the Bank via Hong Kong Securities Clearing Company Nominees Limited, taking up 0.314% of the Bank's total shares. Xinhu Zhongbao (600208.SH) was listed on the Shanghai Stock Exchange in 1999 with its principal business being real estate and investment. As at 30 September 2023, Xinhu Zhongbao recorded a registered capital of RMB8.5 billion, total assets of RMB125.2 billion and net assets of RMB43.5 billion.

China Tobacco is a mega state-owned enterprise established with approval from the State Council. As at the end of the reporting period, China Tobacco held 2,147,469,539 A shares of the Bank, accounting for 4.39% of the Bank's total shares, without pledge of the Bank's equity as collateral. China Tobacco is an enterprise owned by the whole people with a registered capital of RMB57.0 billion. Its legal representative is Zhang Jianmin. The main business scope of China Tobacco includes the production, operation and import and export of tobacco monopoly products, as well as management and operation of state-owned assets.

In accordance with relevant requirements of the *Provisional Measures for Equity Management of Commercial Banks*, as at the end of the reporting period, the above substantial shareholders and their controlling shareholders, de facto controllers, persons acting in concert and ultimate beneficiaries are as follows:

Name of shareholder	Controlling shareholder	De facto controller	Person acting in concert	Ultimate beneficiary
Summit Idea Limited	Total Partner Global Limited	Huang Wei	Hong Kong Xinhu Investment Co., Ltd.	Huang Wei
China Tobacco	State Council	State Council	None	State Council

6.9 Other Legal-Person Shareholders Holding 10% or More of the Bank's Shares

As at the end of the reporting period, there were no other legal-person shareholders that held more than 10% (inclusive) of the Bank's shares except CITIC Financial Holdings.

6.10 Share Repurchase

There was no share repurchase during the reporting period.

CHAPTER 7 PREFERENCE SHARES

7.1 Issuance and Listing of Preference Shares

After obtaining the *Reply of China Banking Regulatory Commission on Approving China CITIC Bank's Private Offering of Preference Shares and Amendment to the Articles of Association* (CBRC Reply [2015] No. 540) from former CBRC and the *Reply on Approving China CITIC Bank's Private Offering of Preference Shares* (CSRC License [2016] No. 1971) from CSRC, the Bank made the non-public offering of 350 million onshore preference shares at RMB100 par value per share on 21 October 2016. These shares were issued at par at 3.80% initial coupon rate and with no maturity date. These 350 million preference shares, referred to as "CITIC Excellent 1" with the preference share stock code of 360025, had been listed on the Shanghai Stock Exchange's Comprehensive Business Platform on 21 November 2016.

Please refer to the relevant announcements published on the websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on 10 November 2016 and 16 November 2016 for detailed information thereof.

For three years till the end of the reporting period, the Bank did not issue any preference share.

7.2 Number of Preference Shareholders and Their Shareholdings

As at the end of the reporting period and the close of the month preceding the disclosure date of this report (i.e., 29 February 2024), the Bank recorded 38 of preference shareholders ("CITIC Excellent 1", preference share stock code: 360025). Information on the top 10 preference shareholders at the end of the reporting period is set out in the table below:

Unit: shares

No.	Name of shareholder (full name)	Nature of shareholder	Changes in shareholding in the reporting period (+, -)	Number of shares held at the end of the period	Shareholding percentage (%)	Class of shares held	Number of shares subject to restrictions on sale	Shares pledged or frozen	
								Status	Quantity
1	China Mobile Communications Group Co., Ltd.	State-owned legal person	–	43,860,000	12.53	Onshore preference shares	–	–	–
2	China Life Insurance Company Limited – Dividend – Individual Dividend – 005L – FH002 Shanghai	Other	–	38,430,000	10.98	Onshore preference shares	–	–	–
3	China Life Insurance Company Limited – Traditional – Ordinary Insurance Products – 005L – CT001 Shanghai	Other	–	38,400,000	10.97	Onshore preference shares	–	–	–
4	Ping An Life Insurance Company of China, Ltd. – Universal – Individual Universal Insurance	Other	–	30,700,000	8.77	Onshore preference shares	–	–	–

No.	Name of shareholder (full name)	Nature of shareholder	Changes in shareholding in the reporting period (+, -)	Number of shares held at the end of the period	Shareholding percentage (%)	Class of shares held	Number of shares subject to restrictions on sale	Shares pledged or frozen	
								Status	Quantity
5	Ping An Life Insurance Company of China, Ltd. – Dividend – Dividends for Individual Insurance	Other	–	30,700,000	8.77	Onshore preference shares	–	–	–
6	AVIC Trust Co., Ltd. – AVIC Trust · Tianji Win-Win No. 2 Securities Investment Collective Capital Trust Plan	Other	+10,000,000	21,930,000	6.27	Onshore preference shares	–	–	–
7	Ping An Property & Casualty Insurance Company of China, Ltd. – Traditional – Ordinary Insurance Products	Other	+17,100,000	19,290,000	5.51	Onshore preference shares	–	–	–
8	China Resources SZITIC Trust Co., Ltd. – CR Trust · Yuanqi No. 80 Collective Capital Trust Plan	Other	+14,875,000	14,875,000	4.25	Onshore preference shares	–	–	–
9	Hwabao Trust Co., Ltd. – Hwabao Trust – Baofu Investment No. 1 Collective Capital Trust Plan	Other	–	11,650,000	3.33	Onshore preference shares	–	–	–
10	Bosera Funds – ICBC –Bosera – ICBC – Flexible Allocation No. 5 Specific Multi-Client Asset Management Plan	Other	–	10,300,000	2.94	Onshore preference shares	–	–	–

Notes:

(1) The shareholdings of the preference shareholders were calculated based on the information contained in the preference-share register of the Bank.

(2) Note on related party relations or concerted actions of the above preference shareholders: Based on publicly available information, the Bank came to the preliminary conclusion that there was related party relation between China Life Insurance Company Limited – Dividend – Individual Dividend – 005L – FH002 Shanghai and China Life Insurance Company Limited – Traditional – Ordinary Insurance Products – 005L – CT001 Shanghai, and among Ping An Life Insurance Company of China, Ltd. – Universal – Individual Universal Insurance, Ping An Life Insurance Company of China, Ltd. – Dividend – Dividends for Individual Insurance and Ping An Property & Casualty Insurance Company of China, Ltd. – Traditional – Ordinary Insurance Products. Except for these, the Bank was not aware of any other related party relation or concerted action between the above-mentioned preference shareholders or between the above-mentioned preference shareholders and the top 10 ordinary shareholders.

(3) "Shareholding percentage" means the percentage of preference shares held by preference shareholders in the total number of issued preference shares.

7.3 Dividend Distribution for Preference Shares

7.3.1 Policy on Dividend Distribution of Preference Shares

A nominal dividend rate subject to phase-specific adjustment shall be applied to the Bank's preference shares. Every five years since the payment date of the subscribed shares constitutes an interest-bearing period and the same nominal dividend rate shall be applied to the whole period. The nominal dividend rate for the first interest-bearing period was set at 3.80% by book finding. Cash dividends shall be paid for the above-mentioned preference shares on an annual basis, with the interest-bearing principal calculated as the total par value of the issued ongoing preference shares and the interest bearing date being the payment date of the subscribed shares (i.e., 26 October 2016). Dividends on the above preference shares shall not be cumulative, i.e., the shortage from a full-amount dividend payout in the current year will not be accumulated to the next interest-bearing year. Except for access to the dividends agreed upon in accordance with the issuance plan, the above-mentioned preference shareholders shall not participate in the distribution of residual profits together with the ordinary shareholders.

Since 26 October 2021, the benchmark interest rate of "CITIC Excellent 1" was 2.78%, with a fixed premium of 1.30%, and the nominal dividend rate recorded 4.08% for the second interest-bearing period. Please refer to the relevant announcements published on the websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on 27 October 2021 for detailed information thereof.

7.3.2 Payment of Dividends on Preference Shares During the Reporting Period

Pursuant to the resolutions and authorization of the general meeting, the Bank adopted the 2023 Plan on Payment of Dividends on Preference Shares at the Board meeting convened on 24 August 2023, approving the payment of preference share dividends accrued between 26 October 2022 and 25 October 2023 on 26 October 2023. On 26 October 2023, the Bank paid dividends on the preference shares to all the shareholders of "CITIC Excellent 1" registered with China Securities Depository and Clearing Corporation Limited Shanghai Branch at the close of SSE trading on 25 October 2023, according to relevant distribution conditions and procedures. The Bank paid out a preference share dividend of RMB4.08 per share (tax inclusive), which was calculated at the nominal dividend rate 4.08% of "CITIC Excellent 1", with total dividend payment for preference shares amounting to RMB1.428 billion (tax inclusive).

For details on the payment of dividends on preference shares, please refer to the Bank's announcements on the websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on 18 October 2023.

7.4 Redemption or Conversion of Preference Shares

No preference share of the Bank was redeemed or converted during the reporting period.

7.5 Restoration of Voting Right of Preference Shares

During the reporting period, there was no restoration for the voting right of preference shares.

7.6 Accounting Policies for Preference Shares and the Underlying Reasons

According to the relevant accounting standards promulgated by the Ministry of Finance (MOF), namely, *Accounting Standards for Enterprises No. 22 – Recognition and Measurement of Financial Instruments and Accounting Standards for Enterprises No. 37 – Presentation of Financial Instruments*, and pursuant to the principal terms of the preference share issuance, the above-mentioned preference shares are eligible to be classified as equity instrument. Hence, the preference shares are accounted as equity instrument.

CHAPTER 8 CONVERTIBLE CORPORATE BONDS

8.1 Overview

On 4 March 2019, the Bank completed the issuance of 40 million board lots of A-share convertible corporate bonds (hereinafter referred to as "A-share convertible bonds"), with each issued at the face value of RMB100 at par, raising total proceeds of RMB40 billion, which came to net proceeds of RMB39.9156402 billion after the deduction of the issuance costs. These A-share convertible bonds, referred to as "CITIC Convertible Bonds" with the code of 113021, were listed and traded on the Shanghai Stock Exchange on 19 March 2019. All proceeds from the issuance of A-share convertible bonds have been used for operation to support business development, and will be used to replenish the Bank's core tier-one capital after the conversion to shares according to relevant regulations. The maturity of A-share convertible bonds is six years from the date of issuance, i.e., from 4 March 2019 to 3 March 2025, and the value date is the first day of issuance, i.e., 4 March 2019. The coupon rate is 0.3% for the first year, 0.8% for the second year, 1.5% for the third year, 2.3% for the fourth year, 3.2% for the fifth year and 4.0% for the sixth year.

Please refer to the relevant announcements published on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on 8 March 2019 and 15 March 2019 respectively for details thereof.

8.2 A-share Convertible Bondholders and Guarantors during the Reporting Period

Information of the top 10 A-share convertible bondholders as at the end of the reporting period is set out in the table below:

Unit: RMB Yuan

A-share convertible bondholders at the period end (accounts)	9,244
Guarantors of A-share convertible bonds of the Bank	None

Name of top ten A-share convertible bondholders	**Nominal value of bonds held at the end of the period**	**Percentage of bonds held *(%)***
CITIC Financial Holdings	26,388,000,000	66.31
China National Tobacco Corporation	2,521,129,000	6.34
Special account for collateralized bond repurchase in the securities depository and clearing system (Industrial and Commercial Bank of China Limited)	1,758,062,000	4.42
Special account for collateralized bond repurchase in the securities depository and clearing system (Bank of China Limited)	1,198,603,000	3.01
Special account for collateralized bond repurchase in the securities depository and clearing system (China Construction Bank Corporation)	980,247,000	2.46
Special account for collateralized bond repurchase in the securities depository and clearing system (China Merchants Bank Co., Ltd.)	609,272,000	1.53
Special account for collateralized bond repurchase in the securities depository and clearing system (Agricultural Bank of China Limited)	402,271,000	1.01
Special account for collateralized bond repurchase in the securities depository and clearing system (Bank of Communications Co., Ltd.)	377,502,000	0.95
New China Life Insurance Co., Ltd. – Traditional – Ordinary Insurance Products – 018L – CT001 Shanghai	248,187,000	0.62
China Merchants Bank Co., Ltd. – Bosera CSI Convertible Bonds and Exchangeable Bonds Trading Open-ended Index Fund	232,797,000	0.59

8.3 Changes in A-share Convertible Bonds

For the A-share convertible bonds issued by the Bank, the conversion period commenced from the first trading day after six months since the completion of the issuance of the convertible bonds to the convertible bond maturity date, i.e., from 11 September 2019 and will expire on 3 March 2025. As at the end of the reporting period, CITIC Convertible Bonds amounted to a total of RMB206,239,000 have been converted to A-share ordinary shares of the Bank, with the total number of converted shares reaching 32,069,381, which accounted for 0.065535% of the total ordinary shares issued by the Bank before the conversion of CITIC Convertible Bonds. During the reporting period, CITIC Convertible Bonds amounted to a total of RMB205,904,000 have been converted to A-share ordinary shares of the Bank, with the number of converted shares reaching 32,022,297.

8.4 Previous Adjustments of Conversion Prices

On 20 July 2023, the Bank distributed cash dividends on ordinary shares (A share) for the year 2022. According to the related articles of the *Prospectus on the Public Issuance of the A Share Convertible Corporate Bonds of China CITIC Bank Corporation Limited* as well as other applicable laws and regulations, after the issuance of A-share convertible bonds of the Bank, the Bank will accordingly adjust the conversion price of the A-share convertible bonds in case that changes take place to the Bank's shares due to the distribution of stock dividends, transfer of share capital, issuance of new shares, or rights issue (excluding the share capital increase due to the conversion of convertible bonds issued this time) and the distribution of cash dividends of the Bank. Therefore, after this profit distribution, the conversion price of CITIC Convertible Bonds was adjusted from RMB6.43 per share to RMB6.10 per share since 20 July 2023 (the ex-dividend date). Previous adjustments to conversion prices are set out in the table below:

Unit: RMB Yuan/share

Date of adjustment to conversion prices	Conversion price after adjustment	Disclosure date	Media of disclosure	Reasons for adjustment to conversion prices
22 July 2019	7.22	15 July 2019	*China Securities Journal, Shanghai Securities News, Securities Times, website of SSE,* website of the Bank	The implementation of profit distribution for ordinary shares (A share) for 2018
15 July 2020	6.98	8 July 2020	*China Securities Journal, Shanghai Securities News, Securities Times, website of SSE,* website of the Bank	The implementation of profit distribution for ordinary shares (A share) for 2019

Date of adjustment to conversion prices	Conversion price after adjustment	Disclosure date	Media of disclosure	Reasons for adjustment to conversion prices
29 July 2021	6.73	22 July 2021	*China Securities Journal, Shanghai Securities News, Securities Times, website of SSE,* website of the Bank	The implementation of profit distribution for ordinary shares (A share) for 2020
28 July 2022	6.43	21 July 2022	*China Securities Journal, Shanghai Securities News, Securities Times, website of SSE,* website of the Bank	The implementation of profit distribution for ordinary shares (A share) for 2021
20 July 2023	6.10	13 July 2023	*China Securities Journal, Shanghai Securities News, Securities Times, website of SSE,* website of the Bank	The implementation of profit distribution for ordinary shares (A share) for 2022
The latest conversion price at the disclosure date of this report				6.10

8.5 The Bank's Outstanding Debts, Creditworthiness and Availability of Cash for Repayment of Debts in Future Years

In accordance with the applicable provisions in the *Administrative Measures for the Issuance and Trading of Corporate Bonds* of CSRC and relevant regulations, the Bank entrusted the credit rating agency Dagong Global Credit Rating Co., Ltd. (hereinafter referred to as "Dagong Global") to track the credit standing of the CITIC Convertible Bonds the Bank issued in March 2019. Dagong Global issued the *Tracking Rating Report on China CITIC Bank Corporation Limited as the Issuer and its Publicly Offered A-share Convertible Corporate Bonds (2023)* which stated the rating results that: maintaining the Bank's long-term credit rating at AAA with a stable outlook and the credit rating of CITIC Convertible Bonds at AAA. The Bank maintained stability in all aspects of operation, as exemplified by its reasonable asset structure, liabilities without obvious changes, and robust credit position. In future years, income from normal operations, cash inflows, and realization of current assets will constitute the principal cash sources for the Bank's debt repayments.

China CITIC Bank Corporation Limited

(Incorporated in the People's Republic of China with Limited Liability)

Annual Financial Information

For year ended 31 December 2023

(Prepared under International Financial Reporting Standards)

Independent Auditor's Report
To the Board of Directors of China CITIC Bank Corporation Limited

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

Opinion

We have audited the consolidated financial statements of China CITIC Bank Corporation Limited (the "Bank") and its subsidiaries (the "Group") set out on pages 1 to 165, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including significant accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the People's Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matters

Measurement of expected credit losses for loans and advances to customers and financial assets at amortised costs	
See Note 4(c), Note 5(i), Note 21 and Note 22 to the consolidated financial statements.	
The Key Audit Matter	How the matter was addressed in our audit
As at 31 December 2023, the gross balance of loans and advances to customers and accrued interest included for the purpose of expected credit loss assessment in the Group’s consolidated statement of financial position, amounted to RMB 5,512,734 million, for which management recognized an impairment allowance of RMB 135,198 million; the gross balance of financial assets at amortised costs and accrued interest included for the purpose of expected credit loss assessment amounted to RMB 1,111,903 million, for which management recognized an impairment allowance of RMB 26,305million. The Group uses an expected credit loss (“ECL”) model to measure the loss allowance for loans and advances to customers and financial assets at amortised costs in accordance with International Financial Reporting Standard 9, Financial instruments. The determination of ECL allowance of loans and advances to customers and financial assets at amortised costs is subject to the application of a number of key parameters and assumptions, including the credit risk staging, probability of default, loss given default, exposures at default and discount rate, adjustments for forward-looking information and other adjustment factors. Extensive management judgment is involved in the selection of those parameters and the application of the assumptions.	Our audit procedures to assess ECL for loans and advances to customers and financial assets at amortised costs included the following: • With the assistance of KPMG’s IT audit specialists, understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the approval, recording and monitoring of loans and advances to customers and financial assets at amortised costs, the credit risk staging process and the measurement of ECL for loans and advances to customers and financial assets at amortised costs. • With the assistance of KPMG’s financial risk specialists, assessing the appropriateness of the ECL model in determining the loss allowance of loans and advances to customers and financial assets at amortised costs and the appropriateness of the key parameters and assumptions in the model, which included credit risk staging, probability of default, loss given default, exposure at default, adjustments for forward-looking information and other adjustments, and assessing the appropriateness of related key management judgement.

Key Audit Matters

Measurement of expected credit losses for loans and advances to customers and financial assets at amortised costs (continued)	
See Note 4(c), Note 5(i), Note 21 and Note 22 to the consolidated financial statements.	
The Key Audit Matter	How the matter was addressed in our audit
The amount of impairment of the loans and advances to customers and financial assets at amortised costs is significant, and the measurement has a high degree of estimation uncertainty. The measurement of ECL applied significant management judgments and assumptions, and involved significant inherent risk. In view of these reasons, we identified this as a key audit matter.	• Assessing the completeness and accuracy of key data used in the ECL model. We compared the total balance of the loans and advances to customers and financial assets at amortised costs used by management to assess the ECL allowance with the general ledger to check the completeness of the data. We also selected samples to compare information of individual loan and advance to customers and financial assets at amortised costs with the underlying agreements and other related documentation. In addition, we checked the accuracy of key external data used by management by comparing them with public sources. • For key parameters used in the ECL model which were derived from system generated internal data, assessing the accuracy of input data by comparing the input data with original documents on a sample basis. In addition, we involved KPMG's IT audit specialists to assess the accuracy of the loans and advances' overdue information on a sample basis.

Key Audit Matters

Measurement of expected credit losses for loans and advances to customers and financial investments (continued)	
See Note 4(c), Note 5(i), Note 21 and Note 22 to the consolidated financial statements.	
The Key Audit Matter	How the matter was addressed in our audit
	• Evaluating the reasonableness of management's assessment on whether the credit risk of the loans and advances customers and financial assets at amortised costs have, or have not, increased significantly since initial recognition and whether the loans and advances to customers and financial assets at amortised costs are credit-impaired by selecting risk-based samples. We analyzed the portfolio by industry sector to select samples in industries more vulnerable to the current economic situation with reference to other borrowers with potential credit risk. For selected samples, we checked loans and advances to customers and financial assets at amortised costs overdue information, making enquiries of the credit managers about the borrowers' business operations, checking borrowers' financial information and researching market information about borrowers' businesses, to check the credit risk status of the borrower, and the reasonableness of credit risk stage. • For corporate loans and advances and financial assets at amortised costs that are credit-impaired, we selected samples to evaluate the forecasted future cash flows prepared by the Group based on financial information of borrowers and guarantors, collateral valuations, other available information and possible future factors together with discount rates in supporting the computation of loss allowance.

Independent Auditor's Report
To the Board of Directors of China CITIC Bank Corporation Limited (continued)

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

Key Audit Matters

Measurement of expected credit losses for loans and advances to customers and financial investments (continued)	
See Note 4(c), Note 5(i), Note 21 and Note 22 to the consolidated financial statements.	
The Key Audit Matter	How the matter was addressed in our audit
	• Based on our procedures performed, we selected samples and assessed the accuracy of calculation for loans and advances to customers and financial assets at amortised costs' credit losses by using the ECL model. • Performing retrospective review of ECL model components and significant assumptions to assess whether the results indicate possible management bias on loss estimation. • Assessing the reasonableness of the disclosures in the financial statements in relation to ECL for loans and advances to customers and financial assets at amortised costs against prevailing accounting standards.

Independent Auditor's Report
To the Board of Directors of China CITIC Bank Corporation Limited (continued)

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

Key Audit Matters

<table>
<tr><td colspan="2">Consolidation of Structured Entities – Non-principal Guaranteed Wealth Management Products</td></tr>
<tr><td colspan="2">See Note 4(a), Note 5(v) and Note 58 to the consolidated financial statements.</td></tr>
<tr><td>The Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>As at 31 December 2023, all of non-principal guaranteed wealth management products ("WMPs") issued and managed by the Group are structured entities that are not included in the scope of consolidation.

In determining whether the Group retains any partial interests in a structured entity for non-principal guaranteed WMPs or should consolidate it, management is required to consider the power it possesses, its exposure to variable returns, and its ability to use its power to affect returns. These factors are not purely quantitative and need to be considered collectively in the overall substance of the transactions.

We have identified this as a key audit matter due to the material balance and significant management judgements were involved in assessing the consolidation of the structured entities for non-principal guaranteed WMPs.</td><td>Our audit procedures related to consolidation of structured entities for non-principal guaranteed WMPs included the following:
• understanding and assessing the design, implementation, and operating effectiveness of key internal controls of financial reporting over measurement of interests in and consolidation of structured entities for non-principal guaranteed WMPs.
• selecting samples of structured entities for non-principal guaranteed WMPs and performing the following procedures:
- inspecting the related contracts, internal establishment documents and information disclosed to the investors to understand the purpose of the establishment of the structured entity for non-principal guaranteed WMPs and the involvement the Group has with the structured entity for non-principal guaranteed WMPs and to assess management's judgement over whether the Group can exercise power over the structured entity for non-principal guaranteed WMPs;</td></tr>
</table>

Key Audit Matters

Consolidation of Structured Entities – Non-principal Guaranteed Wealth Management Products(continued)	
See Note 4(a), Note 5(v) and Note 58 to the consolidated financial statements.	
The Key Audit Matter	How the matter was addressed in our audit
	- performed independent analysis and tests on the variable returns from the structured entities for non-principal guaranteed WMPs, including but not limited to commission income and asset management fees earned, gain from investments, retention of residual income, and, if any, liquidity, and other support provided to the structured entities for non-principal guaranteed WMPs, to assess management's judgement as to the exposure, or rights, to variable returns from the Group's involvement in such an entity; - inspecting management's analysis of the structured entity for non-principal guaranteed WMPs, including qualitative analysis and the calculation of the magnitude and variability associated with the Group's economic interests in the structured entity for non-principal guaranteed WMPs, to assess management's judgement over the Group's ability to affect its variable returns from the structured entity for non-principal guaranteed WMPs; - assessing management's judgement over whether the structured entity for non-principal guaranteed WMPs should be consolidated or not. • assessing the reasonableness of the disclosures in the financial statements in relation to the measurement of interests in and consolidation of structured entities for non-principal guaranteed WMPs against prevailing accounting standards.

Information other than the consolidated financial statements and auditor's report thereon

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

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

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

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

Responsibilities of the directors for the consolidated financial statements

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

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

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

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

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

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

Independent Auditor’s Report
To the Board of Directors of China CITIC Bank Corporation Limited (continued)

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Independent Auditor’s Report
To the Board of Directors of China CITIC Bank Corporation Limited (continued)

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Wong Yuen Shan.

Certified Public Accountants

8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong

21 March 2024

Consolidated Annual Statement of Profit or Loss and Other Comprehensive Income For the year ended 31 December 2023

(Amounts in millions of Renminbi unless otherwise stated)

	Notes	*Years ended 31 December* 2023	2022
Interest income		317,692	313,609
Interest expense		(174,153)	(162,962)
Net interest income	6	143,539	150,647
Fee and commission income		36,999	41,051
Fee and commission expense		(4,616)	(3,959)
Net fee and commission income	7	32,383	37,092
Net trading gain	8	7,138	4,881
Net gain from investment securities	9	21,103	17,771
Other operating income		1,407	718
Operating income		205,570	211,109
Operating expenses	10	(69,214)	(66,838)
Operating profit before impairment		136,356	144,271
Credit impairment losses	11	(61,926)	(71,359)
Impairment losses on other assets	12	(278)	(45)
Revaluation losses on investment properties		(1)	(74)
Share of profit of associates and joint ventures		736	623
Profit before tax		74,887	73,416
Income tax expense	13	(6,825)	(10,466)
Profit for the year		68,062	62,950
Net profit attributable to:			
Equity holders of the Bank		67,016	62,103
Non-controlling interests		1,046	847

Consolidated Annual Statement of Profit or Loss and Other Comprehensive Income For the year ended 31 December 2023 (continued)

(Amounts in millions of Renminbi unless otherwise stated)

	Notes	*Years ended 31 December* *2023*	*2022*
Profit for the year		68,062	62,950
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss (net of tax):			
- Fair value changes on financial investments designated at fair value through other comprehensive income		(144)	237
Items that may be reclassified subsequently to profit or loss (net of tax):			
- Other comprehensive income transferable to profit or loss under equity method		39	(28)
- Fair value changes on financial assets at fair value through other comprehensive income		4,989	(8,191)
- Impairment allowance on financial assets at fair value through other comprehensive income		(512)	145
- Exchange difference on translation of financial statements		1,198	4,132
- Others		5	4
Other comprehensive income, net of tax	14	5,575	(3,701)
Total comprehensive income for the year		73,637	59,249
Total comprehensive income attribute to:			
Equity holders of the Bank		72,508	58,681
Non-controlling interests		1,129	568
Earnings per share attributable to the ordinary shareholders of the Bank			
Basic earnings per share (RMB)	15	1.27	1.17
Diluted earnings per share (RMB)	15	1.14	1.06

The accompanying notes form an integral part of these consolidated annual financial statements.

Consolidated Annual Statement of Financial Position
As at 31 December 2023

(Amounts in millions of Renminbi unless otherwise stated)

	Notes	*31 December 2023*	*31 December 2022*
Assets			
Cash and balances with central banks	16	416,442	477,381
Deposits with banks and non-bank financial institutions	17	81,075	78,834
Precious metals		11,674	5,985
Placements with and loans to banks and non-bank financial institutions	18	237,742	218,164
Derivative financial assets	19	44,675	44,383
Financial assets held under resale agreements	20	104,773	13,730
Loans and advances to customers	21	5,383,750	5,038,967
Financial investments	22		
- at fair value through profit or loss		613,824	557,594
- at amortised cost		1,085,598	1,135,452
- at fair value through other comprehensive income		888,677	804,695
- designated at fair value through other comprehensive income		4,807	5,128
Investments in associates and joint ventures	23	6,945	6,341
Investment properties	25	528	516
Property, plant and equipment	26	38,309	34,430
Right-of-use assets	27	10,643	10,824
Intangible assets		4,595	3,715
Goodwill	28	926	903
Deferred tax assets	29	52,480	55,011
Other assets	30	65,021	55,490
Total assets		9,052,484	8,547,543

Consolidated Annual Statement of Financial Position
As at 31 December 2023 (continued)

(Amounts in millions of Renminbi unless otherwise stated)

	Notes	*31 December 2023*	*31 December 2022*
Liabilities			
Borrowings from central banks		273,226	119,422
Deposits from banks and non-bank financial institutions	32	927,887	1,143,776
Placements from banks and non-bank financial institutions	33	86,327	70,741
Financial liabilities at fair value through profit or loss		1,588	1,546
Derivative financial liabilities	19	41,850	44,265
Financial assets sold under repurchase agreements	34	463,018	256,194
Deposits from customers	35	5,467,657	5,157,864
Accrued staff costs	36	22,420	21,905
Taxes payable	37	3,843	8,487
Debt securities issued	38	965,981	975,206
Lease liabilities	27	10,245	10,272
Provisions	39	10,846	9,736
Deferred tax liabilities	29	1	3
Other liabilities	40	42,920	42,296
Total liabilities		8,317,809	7,861,713

Consolidated Annual Statement of Financial Position
As at 31 December 2023 (continued)

(Amounts in millions of Renminbi unless otherwise stated)

	Notes	31 December 2023	31 December 2022
Equity			
Share capital	41	48,967	48,935
Other equity instruments	42	118,060	118,076
Capital reserve	43	59,400	59,216
Other comprehensive income	44	4,057	(1,621)
Surplus reserve	45	60,992	54,727
General reserve	46	105,127	100,580
Retained earnings	47	320,619	285,505
Total equity attributable to equity holders of the Bank		717,222	665,418
Non-controlling interests	48	17,453	20,412
Total equity		734,675	685,830
Total liabilities and equity		9,052,484	8,547,543

The accompanying notes form an integral part of these consolidated annual financial statements.

Approved and recognized for issue by the board of directors on 21 March 2024.

Fang Heying Chairman Executive Director	Liu Cheng Executive Director President	
Wang Kang Vice President Chief Financial Officer	Xue Fengqing Head of the Finance and Accounting Department	Company stamp

Consolidated Annual Statement of Changes in Equity
For the year ended 31 December 2023
(Amounts in millions of Renminbi unless otherwise stated)

		Equity attributable to equity holders of the Bank							Non-controlling interests		
	Notes	*Share capital*	*Other equity instruments*	*Capital reserve*	*Other comprehensive income*	*Surplus reserve*	*General reserve*	*Retained earnings*	*Ordinary shareholders in subsidiaries*	*Other equity instruments holders*	*Total equity*
As at 1 January 2023		48,935	118,076	59,216	(1,621)	54,727	100,580	285,505	9,220	11,192	685,830
(i) Net profit		-	-	-	-	-	-	67,016	458	588	68,062
(ii) Other comprehensive income		-	-	-	5,492	-	-	-	83	-	5,575
Total comprehensive income		-	-	-	5,492	-	-	67,016	541	588	73,637
(iii) Investor capital											
- Conversion of convertible corporate bonds to equity		32	(16)	192	-	-	-	-	-	-	208
- Reduction of capital by other equity instruments holders		-	-	(4)	-	-	-	-	-	(3,502)	(3,506)
- Reduction of capital by Non-controlling interests				-					(2)	-	(2)
(iv) Profit appropriations											
- Appropriations to surplus reserve	46	-	-	-	-	6,265	-	(6,265)	-	-	-
- Appropriations to general reserve	47	-	-	-	-	-	4,547	(4,547)	-	-	-
- Dividend distribution to ordinary shareholders of the Bank		-	-	-	-	-	-	(16,110)	-	-	(16,110)
- Dividend distribution to non-controlling interests	47/48	-	-	-	-	-	-	-	(6)	-	(6)
- Dividend distribution to preference shareholders		-	-	-	-	-	-	(1,428)	-	-	(1,428)
- Interest paid to holders of perpetual bonds		-	-	-	-	-	-	(3,360)	-	(588)	(3,948)
(v) Transfers within the owners' equity											
- Other comprehensive income transferred to retained earnings		-	-	-	186	-	-	(186)	-	-	-
- Reduction of capital by Non-controlling interests		-	-	(4)	-	-	-	(6)	10	-	-
As at 31 December 2023		48,967	118,060	59,400	4,057	60,992	105,127	320,619	9,763	7,690	734,675

Consolidated Annual Statement of Changes in Equity (continued)
For year ended 31 December 2022
(Amounts in millions of Renminbi unless otherwise stated)

		Equity attributable to equity holders of the Bank							Non-controlling interests		
	Notes	*Share capital*	*Other equity instruments*	*Capital reserve*	*Other comprehensive income*	*Surplus reserve*	*General reserve*	*Retained earnings*	*Ordinary shareholders in subsidiaries*	*Other equity instruments holders*	*Total equity*
As at 1 January 2022		48,935	118,076	59,216	1,644	48,937	95,490	254,005	9,121	7,202	642,626
(i) Net profit		-	-	-	-	-	-	62,103	384	463	62,950
(ii) Other comprehensive income		-	-	-	(3,422)	-	-	-	(279)	-	(3,701)
Total comprehensive income		-	-	-	(3,422)	-	-	62,103	105	463	59,249
(iii) Investor capital											
- Issuance of perpetual bonds		-	-	-	-	-	-	-	-	3,990	3,990
(iv) Profit appropriations											
- Appropriations to surplus reserve	45	-	-	-	-	5,790	-	(5,790)	-	-	-
- Appropriations to general reserve	46	-	-	-	-	-	5,090	(5,090)	-	-	-
- Dividend distribution to ordinary shareholders of the Bank		-	-	-	-	-	-	(14,778)	-	-	(14,778)
- Dividend distribution to non-controlling interests		-	-	-	-	-	-	-	(6)	-	(6)
- Dividend distribution to preference shareholders		-	-	-	-	-	-	(1,428)	-	-	(1,428)
- Interest paid to holders of perpetual bonds		-	-	-	-	-	-	(3,360)	-	(463)	(3,823)
(v) Transfers within the owners' equity											
- Other comprehensive income transferred to retained earnings		-	-	-	157	-	-	(157)	-	-	-
As at 31 December 2022		48,935	118,076	59,216	(1,621)	54,727	100,580	285,505	9,220	11,192	685,830

The accompanying notes form an integral part of these consolidated annual financial statements.

Consolidated Annual Statement of Cash Flows
For the year ended 31 December 2023
(Amounts in millions of Renminbi unless otherwise stated)

	Years ended 31 December	
	2023	*2022*
Operating activities		
Profit before tax	74,887	73,416
Adjustments for:		
- revaluation gains on investments, derivatives and investment properties	(521)	(964)
- investment gains	(19,843)	(14,287)
- net gain on disposal of property, plant and equipment, intangible assets and other assets	(9)	32
- unrealised foreign exchange (gains) / losses	(3,013)	52
- credit impairment losses	61,926	71,359
- impairment losses on other assets	278	45
- depreciation and amortisation	4,868	4,110
- interest expense on debt securities issued	24,996	27,082
- dividend income from equity investment	(169)	(102)
- depreciation of right-of-use assets and interest expense on lease liabilities	3,710	3,731
- income tax paid	(13,523)	(18,043)
Subtotal	133,587	146,431

Consolidated Annual Statement of Cash Flows
For the year ended 31 December 2023 (continued)
(Amounts in millions of Renminbi unless otherwise stated)

	Years ended 31 December	
	2023	*2022*
Changes in operating assets and liabilities:		
Decrease/(Increase) in balances with central banks	8,361	(3,363)
Decrease in deposits with banks and non-bank financial institutions	1,760	8,921
Decrease/(Increase) in placements with and loans to banks and non-bank financial institutions	6,115	(85,386)
(Increase)/Decrease in financial assets held under resale agreements	(90,988)	77,922
Increase in loans and advances to customers	(380,326)	(347,961)
(Increase)/Decrease at fair value through the profit or loss in financial assets	(79,755)	2,550
Increase/(Decrease) in borrowings from central banks	152,670	(69,087)
Decrease in deposits from banks and non-bank financial institutions	(215,881)	(30,317)
Increase/(Decrease) in placements from banks and non-bank financial institutions	17,387	(8,820)
Increase/(Decrease) in financial liabilities at fair value through profit or loss	5	(680)
Increase in financial assets sold under repurchase agreements	206,389	157,583
Increase in deposits from customers	286,207	340,067
Increase in other operating assets	(46,723)	(17,411)
(Decrease)/Increase in other operating liabilities	274	24,617
Subtotal	(134,505)	48,635
Net cash flows (used in)/from operating activities	(918)	195,066

Consolidated Annual Statement of Cash Flows
For the year ended 31 December 2023 (continued)
(Amounts in millions of Renminbi unless otherwise stated)

	Notes	*Years ended 31 December* 2023	2022
Investing activities			
Proceeds from disposal and redemption of investments		2,768,331	2,580,725
Proceeds from disposal of property, plant and equipment, land use rights, and other assets		83	127
Cash received from equity investment income		653	507
Cash received from disposal of associates		70	39
Payments on acquisition of investments		(2,753,726)	(2,690,472)
Payments on acquisition of property, plant and equipment, land use rights and other assets		(13,524)	(6,799)
Net cash flows from / (used in) investing activities		1,887	(115,873)
Financing activities			
Cash received from issuing other equity instruments		-	3,990
Cash received from debt securities issued		1,096,139	850,086
Cash paid for redemption of other equity instruments		(3,516)	-
Cash paid for redemption of debt securities issued		(1,106,000)	(836,677)
Interest paid on debt securities issued		(24,724)	(26,513)
Cash paid for dividends		(21,492)	(20,035)
Cash paid in connection with other financing activities		(3,509)	(3,390)
Net cash flows used in financing activities		(63,102)	(32,539)

Consolidated Annual Statement of Cash Flows
For the year ended 31 December 2023 (continued)
(Amounts in millions of Renminbi unless otherwise stated)

	Notes	*Years ended 31 December* *2023*	*2022*
Net decrease in cash and cash equivalents		(62,133)	46,654
Cash and cash equivalents as at 1 January		307,871	252,818
Effect of exchange rate changes on cash and cash equivalents		3,264	8,399
Cash and cash equivalents as at 31 December	49	249,002	307,871
Cash flows from operating activities include:			
Interest received		318,778	320,205
Interest paid		(136,150)	(131,295)

The accompanying notes form an integral part of these consolidated annual financial statements.

Notes to the Consolidated Annual Financial Statements For the year ended 31 December 2023

(Amounts in millions of Renminbi unless otherwise stated)

1 Corporate information

China CITIC Bank Corporation Limited (the "Bank" or "CNCB") is a joint stock company incorporated in the People's Republic of China (the "PRC" or "Mainland China") on 31 December 2006. Headquartered in Beijing, the Bank's registered office is located at 6-30F and 32-42F No.10 Guanghua Road, Chaoyang District, Beijing, China. The Bank listed its A shares and H shares on the Shanghai Stock Exchange and the Main Board of The Stock Exchange of Hong Kong Limited, respectively on 27 April 2007.

The Bank operates under financial services certificate No. B0006H111000001 issued by the National Financial Regulatory Administration (the former "China Banking and Insurance Regulatory Commission",the former "CBIRC"), and unified social credit code No. 91110000101690725E issued by the State Administration of Industry and Commerce of the PRC.

The principal activities of the Bank and its subsidiaries (collectively the "Group") are the provision of corporate and personal banking services, conducting treasury business, the provision of asset management, financial leasing and other non-banking financial services.

As at 31 December 2023, the Group mainly operates in Mainland China with branches covering 31 provinces, autonomous regions and municipalities, and overseas. In addition, the Bank's subsidiaries have operations in Mainland China, the Hong Kong Special Administrative Region of PRC ("Hong Kong"), the Macau Special Administrative Region of the PRC ("Macau") and other overseas countries and regions.

For the purpose of these consolidated annual financial statements, Mainland China refers to the PRC excluding Hong Kong, Macau and Taiwan. Overseas refers to countries and regions other than Mainland China.

The consolidated annual financial statements were approved by the Board of Directors of the Bank on 21 March 2024.

2 Basis of preparation

These consolidated financial statements have been prepared on a going concern basis. The consolidated financial statements for the year ended 31 December 2023 comprise the Bank and its subsidiaries, associates and joint ventures.

(a) Accounting year

The accounting year of the Group is from 1 January to 31 December.

(b) Functional currency and presentation currency

The functional currency of the Bank is Renminbi (“RMB”). The functional currencies of overseas subsidiaries are determined in accordance with the primary economic environment in which they operate, and are translated into Renminbi for the preparation of the consolidated financial statements according to Note 4 (b)(ii). The consolidated financial statements of the Group are presented in Renminbi and, unless otherwise stated, expressed in millions of Renminbi.

3 Principal accounting policies

These consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”), and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and at fair value through other comprehensive income, and investment properties, which are carried at fair value.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(a) Standards and amendments effective in 2023 relevant to and adopted by the Group

In the current reporting period, the Group has adopted the following International Financial Reporting Standards (“IFRSs”) and amendments issued by the International Accounting Standards Board (“IASB”), that are mandatorily effective for the current reporting period.

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 1, Presentation of financial statements and IFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: International tax reform – Pillar Two model rules*

The adoption of these standards and amendments do not have significant impacts on the consolidated financial statements of the Group. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(b) Standards and amendments relevant to the Group that are not yet effective and have not been adopted before their effective dates in 2023

Effective date	New accounting standards or amendments
1 January 2024	Non-current Liabilities with Covenants-Amendments to IAS 1 and Classification of Liabilities as Current or Non-current-Amendments to IAS 1
1 January 2024	Lease Liability in a Sale and Leaseback-Amendments to IFRS 16
1 January 2024	Supplier Finance Arrangements-Amendments to IAS 7 and IFRS 7
1 January 2025	Lack of Exchangeability-Amendments to IAS 21
Available for optional adoption/effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture(Amendments to IFRS 10 and IAS 28)

4 Summary of significant accounting policies

(a) Consolidated financial statements

(i) Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets and liabilities assumed are measured based on their carrying amounts in the financial statements of the acquiree at the combination date. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total face value of shares issued) is adjusted against share premium in the capital reserve with any excess adjusted against retained earnings. The issuance costs of equity or debt securities as a part of the consideration for the acquisition are included in the carrying amounts of these equity or debt securities upon initial recognition. Other acquisition-related costs are expensed when incurred. The combination date is the date on which one combining enterprise obtains control of other combining enterprises.

(ii) Business combinations not involving entities under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties before the business combination. Where (i) the aggregate of the acquisition date fair value of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (ii) the acquirer's interest in the acquisition date fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill (Note 4 (k)). If (i) is less than (ii), the difference is recognized in the consolidated statement of profit or loss for the current period. The issuance costs of equity or debt securities as a part of the consideration for the acquisition are included in the carrying amounts of these equity or debt securities upon initial recognition. Other acquisition-related costs are expensed as incurred. Any difference between the fair value and the carrying amount of the assets transferred as consideration is recognized in the consolidated statement of profit or loss. The acquiree's identifiable asset, liabilities and contingent liabilities, if the recognition criteria are met, are recognized by the Group at their acquisition date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

For a business combination not involving enterprises under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its fair value at the acquisition date. The difference between the fair value and the carrying amount is recognized as investment income for the current period; the amount recognized in other comprehensive income relating to the previously-held equity interest in the acquire will be reclassified to profit or loss.

(iii) Consolidated financial statements

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Bank and its subsidiaries, as well as structured entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Bank has power, only substantive rights (held by the Bank and other parties) are considered. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling interest is presented separately in the consolidated statement of financial position within owners' equity. Profit or loss and total comprehensive income attributable to non-controlling equity holders are presented separately in the consolidated statement of profit or loss and other comprehensive income.

When the amount of loss for the current period attributable to the non-controlling interest of a subsidiary exceeds the non-controlling interest's portion of the opening balance of equity holders' equity of the subsidiary, the excess is allocated against the non-controlling interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Bank, the Bank makes necessary adjustments to the financial statements of the subsidiary based on the Bank's own accounting period or accounting policies. Intra-group balances, transactions and cash flows, and any recognized profits arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated only limited to the extent that this is no evidence of impairment.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the consolidated financial statements as if the combination had occurred at the date the ultimate controlling party first obtained control. Therefore, the opening balances and the comparative figures of the consolidated financial statements are restated.

Where a subsidiary was acquired during the reporting period, through a business combination not involving enterprises under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

The difference between the costs of long-term investments newly acquired by the Bank by acquiring minority interests and the fair value of the Bank's share of the net identifiable assets of its subsidiaries calculated based on the increased shareholding, and the difference between the proceeds the Bank obtained from partial disposal of its equity investments in its subsidiaries without ceasing control over the subsidiaries and its share of the net assets of the subsidiaries that corresponds to the disposed longterm equity investments, shall both be recognized as adjustments to reduce the capital reserve (share premium) of the consolidated statement of financial position, and if the capital reserve (share premium) is not sufficient to cover the reductions, the excess is charged to the retained earnings.

When the Group loses control of a subsidiary due to the disposal of a portion of an equity investment,the Group derecognized assets, liabilities, non-controlling interests and other related items in equity holders' equity in relation to that subsidiary. The remaining equity investment is remeasured at its fair value at the date when control is lost. Any gains or losses therefore incurred are recognized as investment income for the current period when the control is lost.

If there is a difference between the accounting entity of the Group and the accounting entity of the Bank or a subsidiary on measuring the same transaction, the transaction will be adjusted from the perspective of the Group.

(b) Foreign currency translations

(i) Translation of foreign currency transactions

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated into Renminbi by applying the spot exchange rates at the dates of the transaction. Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the reporting date. The resulting exchange differences are recognized in the consolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated to Renminbi using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in a foreign currency are translated using the foreign exchange rate at the date the fair value is determined. The differences arising from the translation of financial assets at fair value through other comprehensive income is recognized in other comprehensive income. Changes in the fair value of monetary assets denominated in foreign currency classified as financial assets at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the monetary assets and other changes in the carrying amount. Translation differences related to changes in the amortised cost are recognized in the consolidated statement of profit or loss, and other changes in the carrying amount are recognized in other comprehensive income. The translation differences resulting from other monetary assets and liabilities are recognized in the consolidated statement of profit or loss.

(ii) Translation of financial statements denominated in foreign currency

Financial statements denominated in foreign currency are translated into Renminbi for the preparation of consolidated financial statements. The assets and liabilities in the financial statements denominated in foreign currency are translated into Renminbi at the spot exchange rates prevailing at the reporting date. The equity items, except for “retained earnings”, are translated to Renminbi at the spot exchange rates at the dates on which such items arose. Income and expenses are translated at exchange rates at the date of the transactions, or a rate that approximates the exchange rates of the date of the transaction.
The resulting exchange differences are recognized in other comprehensive income.

Upon disposal of a foreign operation, the cumulative amount of the translation differences recognized in equity holders’ equity which relates to that foreign operation is transferred to profit or loss in the period in which the disposal occurs.

The effect of exchange rate changes on cash and cash equivalents held or due in a foreign currency are reported in the statement of cash flows.

(c) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset.

(i) Initial recognition and classification of financial instruments

Financial assets

Financial assets are classified on the basis of the Group's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets:

- Fair value through profit or loss ("FVPL");
- Fair value through other comprehensive income ("FVOCI"); or
- Amortised cost

The business model adopted by the Group for managing its financial assets refers to how the Group manages its financial assets in order to generate cash flows. The business model determines whether the cash flows from the financial assets managed by the Group come from the collection of contractual cash flows, sale of financial assets or a combination of the two methods. In determining the business model for a group of financial assets, the Group considers various factors, including: past experience in collecting cash flows from this group of assets; how to assess the performance of this group of asset and report it to key management personnel; how to assess and manage risks are; and how to compensate people responsible for managing these assets, among others.

The contractual cash flow characteristics of financial assets refer to contractual terms as agreed in the financial instrument contracts that reflect the economic characteristics of the financial assets, i. e., the contractual cash flows arising at a specified date from the financial assets at amortised cost or FVOCI are solely payments of principal and interest on the principal amount outstanding. Of which, the principal is the fair value of the financial asset at initial recognition, and the amount of the principal may change over the life of the financial asset, if, e. g., there are repayments of principal; and the interest includes consideration for the time value of money, and credit risk, other basic lending risks and costs associated with holding the financial asset for a particular period of time.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The classification requirements for debt instruments and equity instruments are described below:

Debt Instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective. Classification and subsequent measurement of debt instruments depend on: i) the Group's business model for managing the asset; and ii) the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cashflows where those cash flows represent solely payments of principal and interest ("SPPI"), and that are not designated at FVPL, are measured at amortised cost.

- Fair value through other comprehensive income: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at FVOCI.

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. The Group may also irrevocably designate financial assets at fair value through profit or loss if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting the liabilities. A financial instrument is an equity instrument if, and only if, both conditions i) and ii) below are met:

i) The financial instrument includes no contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; and

ii) If the financial instrument will or may be settled in the Group's own equity instruments, it is a non-derivative instrument that includes no contractual obligations for the Group to deliver a variable number of its own equity instruments; or a derivative that will be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Equity investments of the Group are measured at FVPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than trading. After designation, the fair value change is recognized in the other comprehensive income and it is not allowed to subsequently reclassify to profit or loss (including upon disposal). Impairment loss and reversal of impairment is not presented separately in the financial statements and is included in the fair value change. Dividend income as the return from investments is recognized by the Group when the right to receive is formed.

Financial liabilities

The Group's financial liabilities are classified into financial liabilities at FVPL and other financial liabilities carried at amortised cost on initial recognition. Financial liabilities at FVPL is applied to derivatives, financial liabilities held for trading and financial liabilities designated as such at initial recognition.

The Group may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss when doing so results in more relevant information, because either:

i) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

ii) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the Group's key management personnel.

(ii) Measurement of financial assets

Initial measurement

At initial recognition, the Group measures a financial asset or financial liability at its fair value. For a financial asset or financial liability at fair value through profit or loss, transaction costs are directly recognized in profit or loss. For other financial asset or liability, transaction costs are recognized in the initial measurement.

Subsequent measurement

Subsequent measurement of financial instruments depends on the categories:

Financial assets and financial liabilities measured at amortised cost

The amortised cost is the amount at which the financial asset is measured at initial recognition: i) minus the principal; ii) plus or minus the cumulative recognized using the effective interest method of any difference between that initial amount and maturity amount; iii) for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses ('ECL') and includes transaction costs,premiums or discounts and fees and points paid or received that are integral to the effective interest rate. For purchased or originated credit-impaired ('POCI') financial assets - assets that are credit-impaired at initial recognition - the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of this gross carrying amount and incorporates the impact of ECL in estimated future cash flows.

Interest income is calculated by applying the effective interest rate to the carrying amount of a financial asset, except for:

i) a POCI financial asset, whose interest income is calculated, since initial recognition, by applying the credit-adjusted effective interest rate to its amortised cost; and

ii) a financial asset that is not a POCI financial asset but has subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to its amortised cost. If, in a subsequent period, the financial asset improves its quality so that it is no longer credit-impaired and the improvement in credit quality can be related objectively to a certain event occurring after the application of the above-mentioned rule, then the interest income can again be calculated by applying the effective interest rate to its gross carrying amount. Interest income from these financial assets is included in 'interest income' using the effective interest rate method.

For floating-rate financial assets and floating-rate financial liabilities, periodic re-estimation of cash flows to reflect the movements in the market rates of interest alters the effective interest rate. If a floatingrate financial asset or a floating rate financial liability is recognized initially at an amount equal to the principal receivable or payable on maturity, re-estimating the future interest payments normally has no significant effect on the carrying amount of the asset or the liability.

If the Group revises its estimates of payments or receipts, the difference between the gross carrying amount of the financial asset or amortised cost of a financial liability calculated from revised estimated contractual cash flows and the present value of the estimated future contractual cash flows that are discounted at the financial instrument's original effective interest rate should be recognized in profit or loss.

Financial assets at fair value through other comprehensive income

Debt instruments

Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses on the instrument's amortised cost which are recognized in profit or loss.

When the financial assets is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in 'Net investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Equity instruments

Where an investment in an equity investment not held for trading is designated as a financial asset measured at fair value through other comprehensive income, the fair value changes of the financial asset is derecognized in the other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from other comprehensive income to retained earnings. The dividends on the investment are recognized in profit or loss only when the Group's right to receive payment of the dividends is established.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are stated at fair value and a gain or loss on the financial assets that is measured at fair value should be recognized in profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are measured at fair value with all gains or losses recognized in the profit or loss of the current period, except for financial liabilities designated as at fair value through profit or loss, where gains or losses on the financial liabilities are treated as follows:

- changes in fair value of such financial liabilities due to changes in the Group's own credit risk are recognized in other comprehensive income; and
- other changes in fair value of such financial liabilities are recognized in profit or loss of the current period.

(iii) Impairment of financial assets

The Group assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost and FVOCI and with exposure arising from loan commitments, financial guarantee contracts and lease receivables.

ECL is the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, i. e. all cash shortfalls, discounted at the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets).

The Group measures 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.

Detailed information about ECL is set out in note 54 (a).

The Group applies the impairment requirements for the recognition and measurement of a loss allowance for debt instruments that are measured at fair value through other comprehensive income. The loss allowance is recognised in other comprehensive income and the impairment loss is recognized in profit or loss, and it should not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

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 reporting date that the credit risk on the financial instruments has increased significantly since initial recognition is no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date and the amount of ECL reversal is recognized in profit or loss.

At the reporting date, the Group only recognized the cumulative changes in lifetime ECL since initial recognition as a loss allowance for POCI financial assets. At each reporting date, the Group recognized in profit or loss the amount of the changes in lifetime ECL as an impairment gain or loss.

(iv) Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.

- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognizes the original financial asset and recognizes a ‘new’ asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognized in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets).

(v) Derivatives and hedges

Derivatives are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Certain derivatives are embedded in hybrid contracts, such as the conversion option in a convertible bond. If the hybrid contract contains a host that is a financial asset, then the Group assesses the entire contract as described in the financial assets section above for classification and measurement purposes. Otherwise, the embedded derivatives are treated as separate derivatives when:

- Their economic characteristics and risks are not closely related to those of the host contract;
- A separate instrument with the same terms would meet the definition of a derivative; and
- The hybrid contract is not measured at fair value through profit or loss.

These embedded derivatives are separately accounted for at fair value, with changes in fair value recognized in the statement of profit or loss unless the Group chooses to designate the hybrid contracts at fair value through profit or loss.

The method of recognizing the resulting fair value gain or loss depends on whether the derivative is designated and qualifies as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of the fair value of recognized assets or liabilities or firm commitments for fair value hedges.

The Group documents, at the inception of the hedge, the relationship between hedged items and hedging instruments, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of profit or loss, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity and recorded as net interest income.

(vi) Derecognition of financial assets

Financial assets

The Group derecognizes a financial asset only when (1) the contractual rights to the cash flows from the asset expire, or (2) when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, or (3) when it transfers the financial asset and gives up the control of the transferred assets though the Group neither transfers nor retains substantially all the risks and rewards of ownership.

Where a transfer of a financial asset in its entirety meets the criteria for de-recognition, the difference between the two amounts below is recognized in the consolidated statement of profit and loss:

- the carrying amount of the financial asset transferred;
- the sum of the consideration received from the transfer and the cumulative gain or loss that has been recognized directly in equity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognize the asset to the extent of its continuing involvement and recognized an associated liability.

Financial liabilities

Financial liabilities are derecognized when the related obligation is discharged, is cancelled or expires. An agreement between the Group and an existing lender to exchange the original financial liability with a new financial liability with substantially different terms, or a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the consolidated statement of profit and loss.

(vii) Securitization

As part of its operations, the Group securitizes financial assets, generally through the sale of these assets to structured entities which issue securities to investors. Upon sale of financial assets that qualify for de-recognition, the relevant financial assets are de-recognized in their entirety and a new financial asset or liability is recognized regarding the interest in the unconsolidated recognized vehicles that the Group acquired. Upon sale of financial assets that do not qualify for de-recognition, the relevant financial assets are not derecognized, and the consideration paid by third parties are recorded as a financial liability. Upon sale of financial assets that are partially qualified for de-recognition, where the Group has not retained control, it derecognized these financial assets and recognized separately as assets or liabilities any rights and obligations created or retained in the transfer. Otherwise the Group continues to recognize these financial assets to the extent of its continuing involvement in the financial assets.

(viii) Sales of assets on condition of repurchase

De-recognition of financial assets sold on condition of repurchase is determined by the economic substance of the transaction. If a financial asset is sold under an agreement to repurchase the same or substantially the same asset at a fixed price or at the sale price plus a reasonable return, the Group will not derecognize the asset. If a financial asset is sold together with an option to repurchase the financial asset at its fair value at the time of repurchase (in case of transferor sells such financial asset), the Group will derecognize the financial asset.

(ix) Presentation of financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the consolidated statement of financial position and are not offset. However, financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position only if the Group has a legally enforceable right to set off the recognized amounts and the transactions are intended to be settled on a net basis, or by recognizing the asset and settling the liability simultaneously.

(x) Financial assets held under resale and financial assets sold under repurchase agreements

Financial assets held under resale agreements are transactions which the Group acquires financial assets which will be resold at a predetermined price in the future date under resale agreements. Financial assets sold under repurchase agreements are transactions which the Group sells financial assets which will be repurchased at a predetermined price in the future date under repurchase agreements.

Cash advanced or received is recognized as amounts held under resale and repurchase agreements on the consolidated statement of financial position. Assets held under resale agreements are recorded in memorandum accounts as off-balance sheet items. Assets sold under repurchase agreements continue to be recognized in the consolidated statement of financial position.

The difference between the resale and repurchase consideration, and that between the purchase and sale consideration, should be expired over the period of the respective transaction using the effective interest method and are included in interest expense and interest income, respectively.

(xi) Equity instruments

The consideration received from the issuance of equity instruments net of transaction costs is recognized in equity. Consideration and transaction costs paid by the Bank for repurchasing self-issued equity instruments are deducted from equity holders' equity.

(d) Precious metals

Precious metals comprise gold and other precious metals. Precious metals that are not related to the Group's precious metals trading activities are initially measured at acquisition cost and subsequently measured at the lower of cost and net realizable value. Precious metals acquired by the Group for trading purposes and precious metals leasing are initially measured at fair value and subsequent changes in fair value are recorded in the consolidated statement of profit or loss.

(e) Interests in subsidiaries

In the Bank's consolidated statement of financial position, interests in subsidiaries are accounted for using the cost less impairment losses (see Note 4 (m)). Cost includes direct attributable costs of investment. Dividends declared by subsidiaries are recognized in investment income.

Determination of investment cost

For long-term equity investments acquired through a business combination: involving enterprises under common control, the investment cost shall be the absorbing party's share of the carrying amount of owners' equity of the party being absorbed at the combination date; for long-term equity investment acquired through a business combination involving enterprises not under common control, the investment cost shall be the combination cost.

For long-term equity investments acquired not through a business combination: for long-term equity investment acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

(f) Interests in associates and joint ventures

An associate is an entity over which the Group has significant influence. A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

When acquiring associates and joint ventures, the Group recognizes as initial investment cost in the principle which: for the investments obtained by making payment in cash, the Group recognizes the purchase cost which is actually paid as initial investment costs; for the investments obtained by equity securities, the Group recognizes the fair value of the equity securities issued as initial investment cost.

An investment in an associate or a joint venture is accounted for using the equity method, unless the investment is classified as held for sale.

The Group adopts the following accounting treatments when using the equity method:

- Where the initial investment cost of an associate or joint venture exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognized at the initial investment cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognized at the investor's share of the fair value of the investee's identifiable net assets, and the difference is charged to profit or loss.

- After the acquisition of the investment, the Group recognizes its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by that amount attributable to the Group. Changes in the Group's share of the investee's owners' equity, other than those arising from the investee's profit or loss, other comprehensive income or profit distribution, is recognized in the Group's equity, and the carrying amount of the investment is adjusted accordingly.

- The Group recognizes its share of investee's profits or losses, other comprehensive income and other changes in equity holders' equity after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interests in the associates or joint ventures. When an entity in the Group transacts with the Group's associate, profits and losses resulting from the transaction are recognized in the Group's consolidated financial statements only to the extent of the interest in the associate that are not related to the Group. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

- The Group discontinues recognition of its share of net losses of investees after the carrying amount of investment in the associates and joint ventures and any long-term interest that in substance forms part of the Group's net interest in the associates and joint ventures are reduced to zero, except to the extent that the Group has an obligation to assume additional losses. Additional loss is recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate. Where profits are subsequently made by the associates and joint ventures, the Group resumes the recognition of its share of those profits only after its share of the profits equals the share of losses not recognized.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but does not have control or joint control over those policies.

The Group makes provisions for impairment of interests in associates and joint ventures in accordance with the principles described in Note 4 (m).

(g) Property, plant and equipment

Property, plant and equipment is asset held by the Group for the conduct of business and is expected to be used for more than one year. Construction-in-progress, an item of property, represents property under construction and is transferred to property when ready for its intended use.

(i) Cost

Property, plant and equipment is stated at cost upon initial recognition. Costs of a purchased property, plant and equipment comprise purchase price, related taxes, and any directly attributable expenditures for bringing the asset to working condition for its intended use. Costs of the self-constructed property, plant and equipment comprise construction materials, direct labor costs and those expenditures necessarily incurred for bringing the asset to working condition for its intended use.

Subsequent to initial recognition, property, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Subsequent costs

The Group recognized in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognized in the consolidated statement of profit or loss as an expense when incurred.

(iii) Depreciation

Depreciation is calculated to write off the cost, less residual value if applicable, of property, plant and equipment and is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives are as follows:

	Estimated usefullives	Estimatedresidual value	Depreciation rate
Buildings	30-35 years	0%~5%	2.71%-3.17%
Computer equipment and others	3-10 years	0%~5%	9.50%-31.67%

No depreciation is provided in respect of construction in progress.

The residual value and useful lives of assets are reviewed, and adjusted if appropriate, as of each reporting date.

(iv) Impairment

Impairment losses on property, plant and equipment are accounted for in accordance with the accounting policies as set out in Note 4 (m).

(v) Disposal and retirement

Gains or losses arising from the disposal or retirement of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss on the date of disposal or retirement.

(h) Lease

A lease is a contract under which the lessor conveys to the lessee the right to use an asset for a period of time in exchange for consideration.

The Group as the lessee

The Group recognises the right-of-use assets on the commencement date of the lease term and recognises the lease liability at the present value of the lease payments that have not been paid yet. Each lease payment is allocated between the liability and interest expense. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The lease payments include fixed payments and payments to be made in the event that it is reasonably determined that the purchase option will be exercised or the lease option is terminated. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used.

The Group's right-of-use assets include leased buildings, land use right, equipment, vehicles and others. The rightof- use assets are initially measured at cost, which includes the initial measurement of the lease liability, the lease payments paid on or before the lease commencement date, and the initial direct costs, less any lease incentives received. If the Group can reasonably expect to obtain the ownership of the leased asset at the expiration of the lease term, it is depreciated over the remaining useful life of the leased asset on a straight-line basis; if it is not possible to reasonably determine whether the ownership of the leased asset can be obtained at the expiration of the lease term, it is depreciated over the shorter period of the lease term and the remaining useful life of the leased assets on a straight-line basis. When the recoverable amount is lower than the carrying amount of an right-of-use asset, the Group writes down the carrying amount to the recoverable amount.

For short-term leases with a lease term of no more than 12 months and leases of assets with low values when new, the Group chooses not to recognise the right-of-use assets and lease liabilities. Instead, it recognises in each period the relevant rental payments in profit or loss or relevant asset costs on a straight-line basis over the lease term.

Land use rights are amortised on a straight-line basis over the respective periods of grant. When the costs attributable to the land use rights cannot be reliably measured and separated from that of the building at inception, the costs are included in the cost of buildings and recorded in property, plant and equipment.

Impairment loss on land use rights is accounted for in accordance with the accounting policies as set out in Note 4 (m).
The Group as the lessor

A lease is classified as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

(i) Finance leases

Where the Group is a lessor under finance leases, an amount representing the sum of the minimum lease receipts and unguaranteed residual value, net of initial direct costs, all discounted at the implicit lease rate (the “net lease investment”), is included in “loans and advances to customers” on consolidated statement of financial position as a finance lease receivable. At the commencement of the lease term, the Group recognises the aggregate of the minimum lease receipts determined at the inception of a lease and the initial direct costs as finance lease receivable. The difference between the net lease investment and the aggregate of their present value is recognised as unearned finance income which is included in “loans and advances to customers” as well. Unrecognised finance income under finance leases is amortised using the effective interest rate method over the lease term. Hire purchase contracts having the characteristics of finance leases are accounted for in the same manner as finance leases.

Impairment losses are accounted in accordance with the accounting policies as set out in Note 4 (c)(iii).

(ii) Operating leases

Where the Group leases out assets under operating leases, the assets are included in the consolidated statement of financial position according to their nature and, where applicable, are depreciated in accordance with the Group’s depreciation policies, as set out in Note 4 (g) except where the asset is classified as an investment property. Impairment losses are accounted in accordance with the accounting policies as set out in Note 4 (m). Revenue arising from operating leases is recognised in accordance with the Group’s revenue recognition policies, as set out in Note 4 (t)(iv).

(iii) Intangible assets

Intangible assets are initially recognized at cost. The cost less estimated net residual values (if any) of the intangible assets is amortised on a straight-line basis over their useful lives, and charged to profit or loss. Impaired intangible assets are amortised net of accumulated impairment losses.

Impairment loss on intangible assets is accounted for in accordance with the accounting policies as set out in Note 4 (m). Impaired intangible assets are amortised net of accumulated impairment losses.

Intangible assets which are not yet available for use should be estimated at least at each financial yearend, even if there was no indication that the assets were impaired.

(j) Investment properties

Investment properties are land and/or buildings which are owned and/or held under a leasehold interest to earn rental income and/or for capital appreciation.

The Group's investment properties are accounted for using the fair value model for subsequent measurement when either of the following conditions is met:

- There is an active property market in the location in which the investment property is situated;
- The Group can obtain the market price and other relevant information regarding the same type of or similar properties from the property market, so as to reasonably estimate the fair value of the investment property.

Investment properties are stated at fair value in the consolidated statement of financial position. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognized in the consolidated statement of profit or loss.

When there is a change in use of properties from owner-occupation to earn rentals or for capital appreciation, the investment property transferring from property, plant and equipment or intangible assets is measured at fair value on the date of transfer. On the transferred date of property, plant and equipment or intangible assets, if the fair value of investment property is lower than the carrying amount of property, the difference is recognized in profit or loss, otherwise in the other comprehensive income.

When an investment property is sold, transferred, retired or damaged, the Group recognized the amount of any proceeds on disposal, net of the carrying amount and related expenses, in the consolidated statement of profit and loss.

(k) Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of the acquiree's identifiable net assets. Goodwill is not amortised. Goodwill arising from a business combination is allocated to each cash-generating unit ("CGU") or a group of CGUs, that is expected to benefit from the synergies of the combination. The Group performs impairment test on goodwill annually.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable net assets over the cost of a business combination is recognized immediately in the consolidated statement of profit or loss.

On disposal of the related CGU or a group of CGUs, any attributable amount of the purchased goodwill net of allowance for impairment losses, if any, is included in the calculation of the profit or loss on disposal.

Impairment loss on goodwill is accounted in accordance with the accounting policies as set out in Note 4 (m).

(l) Repossessed assets

In the recovery of impaired loans and advances, the Group may take possession of assets held as collateral through court proceedings or voluntary delivery of possession by the borrowers. Where it is intended to achieve an orderly realization of the impaired assets and the Group is no longer seeking repayment from the borrower, repossessed assets are reported in "other assets".

When the Group seizes assets to compensate for the losses of loans and advances and interest receivables, the repossessed assets are initially recognized at fair value and any taxes that are directly attributable to the assets, and other expenses incurred for collecting the repossessed assets.

When the fair value less costs to sell is lower than a repossessed asset's carrying amount, an impairment loss is recognized in the consolidated statement of profit or loss. Repossessed assets are recognized at the carrying value, net of allowance for impairment losses.

The repossessed assets are disposed after acquisition and cannot be used without authorisation. The repossessed assets that are transferred to own use are treated as newly purchased property, plant and equipment.

Any gain or loss arising from the disposal of the repossessed assets is included in the consolidated statement of profit or loss in the period in which the item is disposed.

(m) Allowance for impairment of non-financial assets

(i) Impairment of non-financial assets other than goodwill

At the end of each reporting period, the Group assesses whether there is any indication that a nonfinancial asset other than goodwill such as investments in associates and joint ventures, property, plant and equipment, investment properties, intangible assets and other assets may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset.

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 considers all relevant factors in estimating the present value of future cash flows, such as the expected future cash flows, the useful life and the discount rate.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognized as an impairment loss in the consolidated statement of profit or loss.

(ii) Impairment of goodwill

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the CGU or the group of CGUs that is expected to benefit from the synergies of the combination.

A CGU is the smallest identifiable group of assets that generates cash inflows that is largely independent of the cash flows from other assets or groups of assets.

The CGU or the group of CGUs to which goodwill has been allocated is tested for impairment by the Group annually, or whenever there is an indication that the CGU or the group of CGUs are impaired, by comparing the carrying amount of the CGU or the group of CGUs, including the goodwill, with the recoverable amount of the CGU or the group of CGUs. The recoverable amount of the CGU or the group of CGUs are the estimated future cash flows, which are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU or the group of CGUs with allocated goodwill.

At the time of impairment testing of a CGU or a group of the CGUs to which goodwill has been allocated, there may be an indication of an impairment of an asset within the CGU containing the goodwill. In such circumstances, the Group tests the asset for impairment first, and recognized any impairment loss for that asset before testing for impairment on the CGU or group of the CGUs containing the goodwill. Similarly, there may be an indication of an impairment of a CGU within a group of the CGUs containing the goodwill. In such circumstances, the Group tests the CGU for impairment first, and recognized any impairment loss for that CGU, before testing for impairment the group of CGUs to which the goodwill is allocated.

For a CGU or a group of CGUs, the amount of impairment loss firstly reduces the carrying amount of any goodwill allocated to the CGU or the group of CGUs, and then reduces the carrying amount of other assets (other than goodwill) within the CGU or the group of CGUs, pro rata on the basis of the carrying amount of each asset. The carrying amount of an asset should not be reduced below the highest of its fair value less costs of disposal (if measurable); its value in use (if determinable) and zero. An impairment loss in respect of goodwill is not reversed.

(n) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i. e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique (Note 56).

(o) Employee benefits

(i) Employee salaries

During the accounting period when an employee has rendered service to the Group, the Group recognizes the undiscounted amount of short-term employee benefits as a liability and as an expense, unless another IFRS requires or permits the inclusion of the benefits in the cost of an asset. Short-term employee benefits include wages, bonuses, labor union expenses and employee education expenses, social insurance such as medical insurance, work-related injury insurance and maternity insurance, as well as housing provident funds, which are all calculated based on the regulated benchmark and ratio.

(ii) Post-employment benefits: Defined contribution plans

Pursuant to the relevant laws and regulations in the PRC, the Group participates in a defined contribution basic pension insurance in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension contributions are charged to profit or loss when the related services are rendered by the employees.

In addition to the statutory provision plan, the Bank's employees have joined its annuity scheme (the"scheme") which was established by the CITIC Group Corporation ("CITIC Group") in accordance with policies regarding the state-owned enterprise annuity policy. The Bank has made annuity contributions in proportion to its employees' gross salaries which are expensed in the consolidated statement of profit or loss when the contributions are made.

The Group operates a defined contribution provident fund and a Mandatory Provident Fund scheme for Hong Kong staff. Contributions are charged to profit or loss as and when the contribution fall due.

(iii) Post-employment benefits: Defined benefit plans

The defined benefit plans of the Group are supplementary retirement benefits provided to the domestic employees.

The Group adopts the projected unit credit actuarial cost method, using unbiased and mutually compatible actuarial assumptions to estimate the demographic and financial variables, to measure the obligation associated in the defined benefits plan. The discounted present value of the defined benefit obligation is recognized as the liabilities of the defined benefit plans.

The Group recognizes the obligation of defined benefit plans in the accounting period in which the employees render the related services. Past-service costs are recognized immediately in the consolidated statement of profit or loss. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated statement of profit or loss. Re-measurement arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

(p) Government grants

Government grants are transfers of monetary assets or non-monetary assets from the government to the Group at no consideration except for any capital contribution from the government as an investor in the Group. Special funds such as investment grants allocated by the government, if clearly defined in official documents as part of “capital reserve” are dealt with as capital contributions, and not regarded as government grants.

Government grants are recognized when there is reasonable assurance that the grants will be received and that the Group will comply with the conditions attaching to the grants. Government grants are measured at the amount received or will be received when recognized as monetary assets. Government grants are measured at fair value when recognized as non-monetary assets.

The grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. The grants related to income are government grants other than those related to assets. A government grant related to an asset is recognized initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset. A grant that compensates the Group for expenses to be incurred in the subsequent periods is recognized initially as deferred income and recognized in the consolidated statement of profit or loss in the same periods in which the expenses are recognized. A grant that compensates the Group for expenses incurred is recognized in the consolidated statement of profit or loss immediately. The Group uses the same statement method for similar government grants.

For the policy loans with favourable interest rates, the Group records the loans at the actual amounts and calculates the interests by loan principals and the favourable interest rates. The interest subsidies directly received from government are recorded as a reduction of interest expenses.

(q) Financial guarantee contracts and loan commitments

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, in accordance with the terms of a debt instrument.

Financial guarantees are initially recognized at fair value on the date the guarantee was given. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of guarantee fees, and the best estimate of the expected credit loss provision required to settle the guarantee. Any increase in the liability relating to guarantees is taken to the consolidated statement of profit and loss.

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.

For loan commitments and financial guarantee contracts, the loss allowance is recognized 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 recognized together with the loss allowance for the loan. To the extent that the combined ECL exceed the gross carrying amount of the loan, the ECL are recognized as a provision.

(r) Provisions and contingent liabilities

A provision is recognized in the consolidated statement of financial position when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The Group recognizes the loss allowance of financial guaranteecontracts measured by ECL as a provision.

A contingent liability is (a) a possible obligation that arises from past events and whose existence can only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or (b) a present obligation that arises from past events and it is not probable that an outflow of economic benefits is required to settle the obligation; or the amount of the obligation cannot bemeasured reliably. Such liability is disclosed as contingent liabilities under Note 50.

(s) Fiduciary activities

The Group acts in a fiduciary capacity as a custodian, trustee, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are excluded from the consolidated financial statements as the risks and rewards of the assets reside with the customers.

Entrusted lending is the business where the Group enters into entrusted loan agreements with customers, whereby the customers provide funding (the "entrusted funds") to the Group, and the Group grants loans to third parties (the "entrusted loans") at the instruction of the customers. As the Group does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, entrusted loans and funds are recorded as offbalance sheet items at their principal amounts and no impairment assessments are made for these entrusted loans.

(t) Income recognition

Revenue is the gross inflow of economic benefit arising in the course of the Group's ordinary activities when those inflows result in increases in equity, other than increases relating to contributions from owners. Revenue is recognized when the controls of related products or services is obtained and satisfy the other conditions for different type of revenues as below.

(i) Interest income

Interest income of financial assets is calculated using the effective interest method and included in the profit and loss.

The accounting policies about interest income of financial assets measured at amortised cost refer to note 4 (c)(ii).

(ii) Fee and commission income

Fee and commission income is recognized when the Group fulfills its performance obligation, either over time or at a point in time when a customer obtains control of the service. Origination or commitment fees received by the Group which result in the creation or acquisition of a financial asset are deferred and recognized as an adjustment to the effective interest rate. If the commitment expires without the Group making a loan or anticipating will not, the fee is recognized as revenue on expiry.

(iii) Dividend income

Dividend income is recognized in the consolidated statement of profit or loss on the date when the Group's right to receive payment is established.

(iv) Rental income from operating lease

Rental income received under operating leases is recognized as other operating income in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognized in the consolidated statement of profit or loss as an integral part of the aggregate net lease payments receivable.

(v) Finance income from finance lease and hire purchase contract

Finance income implicit in finance lease and hire purchase payments is recognized as interest income over the period of the leases so as to produce an approximately constant periodic rate of return on the outstanding net investment in the leases for each accounting period.

(u) Income tax

Current tax and deferred tax are recognized in the consolidated statement of profit or loss except to the extent that they relate to a business combination or items recognized directly in equity (including other comprehensive income).

Current income tax is the expected tax payables on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payables in respect of previous periods. Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences also arise from unused tax losses and unused tax credits. Deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be recognized.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be recognized.

At the reporting date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is recognized or the liability is settled according to the requirements of tax laws. The Group also considers the probability of realization and the settlement of deferred tax assets and deferred tax liabilities in the calculation.

Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and meet the additional conditions that deferred tax assets and liabilities relate to income taxes levied by the same authority on the same taxable entity.

(v) Cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturity of three months or less at acquisition.

(w) Profit distribution

Proposed dividends for ordinary shares which are declared and approved after the end of each reporting period are not recognized as a liability in the consolidated statement of financial position and are instead disclosed as a subsequent event after the end of each reporting period in the notes to the consolidated financial statements. Dividends payable are recognized as liabilities in the period in which they are approved.

As authorized by the shareholders' annual general meeting, the Board of Directors has the sole discretion to declare and distribute dividends on preference shares. Preference shares dividend distribution is recognized as a liability in the consolidated financial statements in the period in which the dividends are approved.

(x) Related parties

If the Group has the power, directly or indirectly, to control, jointly control or exercise significant influence over another party, or vice versa, or where the Group and one or more parties are subject to common control, jointly control from another party, they are considered to be related parties. Related parties may be individuals or enterprises.

(y) Operating segments

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenues and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Group. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision-maker for the purposes of allocating resources and assessing performance. The Group considers the business from different perspectives including products and services and geographic areas. The operating segments that meet the specified criteria have been aggregated, and the operating segments that meet quantitative thresholds have been reported separately.

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 consolidated financial statements.

5 Critical accounting estimates and judgements

Preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and associated key assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets of debt instruments and off balance sheet credit assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit recognition (e. g. the likelihood of ustomers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques
used in measuring ECL is further detailed in note 54 (a).

A number of significant judgements are also required in applying the accounting equirements for measuring ECL, such as:

- Segmentation of portfolio sharing similar credit risk characteristics for the purposes of measuring ECL;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Criteria for determining whether or not there was a significant increase in credit risk, or a default or
- impairment loss was incurred;
- Economic indicators for forward-looking measurement, and the application of economic scenarios and
- weightings;
- Management overlay for asset portfolios whose non-linear risk characteristics cannot be adequately reflected
- through impairment models; and
- Discounted cash flows model is applicable to assets related to corporate client in stage 3.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in note 54 (a).

(ii) Classification of financial assets

The critical judgments the Group has in determining the classification of financial assets include analysis of business models and characteristics of contractual cash flows.

The Group determines the business model for managing financial assets at the level of financial asset portfolio. The factors considered include evaluation and reporting of financial asset performance to key management personnel, risks affecting the performance of financial assets and their management methods, and related business management personnel. The way to get paid, etc.

When assessing whether the contractual cash flow of financial assets is consistent with the basic lending arrangement, the Group has the following main judgments: whether the principal may be subject to change in the duration or amount of money due to prepayments during the duration; whether interests is only included currency time value, credit risk, other basic borrowing risks, and considerations for costs and profits; whether the amount paid in advance reflect only the outstanding principal and interest on the outstanding principal, as well as reasonable compensation for early termination of the contract.

(iii) Fair value of financial instruments

For financial instruments without active market, the Group determines fair values using valuation techniques which include discounted cash flow models, as well as other types of valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and foreign currency exchange rates. Where discounted cash flow techniques are used, estimated cash flows are based on management's best estimates and the discount rate used is a market rate at the end of each reporting period applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on observable market data at the end of each reporting period. However, where market data are not available, management needs to make estimates on such unobservable market inputs based on assumptions. Changes in assumptions about these factors could affect the estimated fair value of financial instruments.

(iv) De-recognition of financial assets

In its normal course of business, the Group transfers financial assets through various types of transactions including regular way sales and transfers, securitization, financial assets sold under repurchase agreements and etc., the Group applies significant judgement in assessing whether it has transferred these financial assets which qualify for a full or partial de-recognition.

Where the Group enters into structured transactions by which it transferred financial asset to structured entities, the Group analyses whether the substance of the relationship between the Group and these structured entities indicates that it controls these structured entities to determine whether the Group needs to consolidate these structured entities. This will determine whether the following de-recognition analysis should be conducted at the consolidated level or at the entity level from which the financial assets was transferred.

The Group analyses the contractual rights and obligations in connection with such transfers to determine whether the de-recognition criteria are met based on the following considerations:

- whether it has transferred the rights to receive contractual cash flows from the financial assets or the transfer qualified for the "pass through" of those cash flows to independent third parties;
- the extent to which the associated risks and rewards of ownership of the financial assets are transferred by using appropriate models. Significant judgment is applied in the Group's assessment with regard to the parameters and assumptions applied in the models, estimated cash flows before and after the transfers, the discount rates used based on current market interest rates, variability factors considered and the allocation of weightings in different scenarios;
- where the Group neither retains nor transfers substantially all of the risks and rewards associated with their ownership, the Group analyses whether the Group has relinquished its controls over these financial assets, and if the Group has continuing involvement in these transferred financial assets.

(v) Consolidation of structured entities

The Group makes significant judgment to assess whether or not to consolidate structured entities. When performing this assessment, the Group:

- assesses its contractual rights and obligations in light of the transaction structures, and evaluates the Group's power over the structured entities;
- performs independent analyses and tests on the variable returns from the structured entities, including but not limited to commission income and asset management fees earned, retention of residual income, and, if any, liquidity and other support provided to the structured entities; and;
- assesses its ability to exercise its power to influence the variable returns assessed whether the Group acts as a principal or an agent through analysis of the scope of the Group's decision-making authority, remuneration entitled, other interests the Group holds, and the rights held by other parties.

(vi) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. There are certain transactions and activities for which the ultimate tax determination is uncertain during the ordinary course of business. The Group carefully evaluates the tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognized for temporary deductible differences. As those deferred tax assets can only be recognized to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be recognized, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

6 Net interest income

	Years ended 31 December *2023*	*2022*
Interest income arising from (Note (i)):		
Deposits with central banks	6,445	6,100
Deposits with banks and non-bank financial institutions	1,756	1,569
Placements with and loans to banks and non-bank financial institutions	8,125	6,378
Financial assets held under resale agreements	1,029	1,092
Loans and advances to customers		
- corporate loans	126,650	119,218
- personal loans	116,749	120,438
Financial investments		
- at amortised cost	36,759	40,207
- at fair value through other comprehensive income	20,117	18,580
Others	62	27
Subtotal	317,692	313,609
Interest expense arising from:		
Borrowings from central banks	(4,281)	(4,974)
Deposits from banks and non-bank financial institutions	(22,479)	(23,818)
Placements from banks and non-bank financial institutions	(2,366)	(1,686)
Financial assets sold under repurchase agreements	(3,762)	(1,935)
Deposits from customers	(115,734)	(102,997)
Debt securities issued	(24,996)	(27,082)
Lease liabilities	(454)	(442)
Others	(81)	(28)
Subtotal	(174,153)	(162,962)
Net interest income	143,539	150,647

Note:

(i) Interest income includes interest income accrued on credit-impaired financial assets of RMB715 million for the year ended 31 December 2023 (2022: RMB462 million).

7 Net fee and commission income

	Years ended 31 December	
	2023	*2022*
Fee and commission income:		
Bank card fees	16,800	16,480
Commission for custodian business and other fiduciary	6,303	11,269
Agency fees and commission (Note (i))	5,855	5,692
Guarantee and advisory fees	5,216	5,357
Settlement and clearance fees	2,261	2,143
Others	564	110
Total	36,999	41,051
Fee and commission expense	(4,616)	(3,959)
Net fee and commission income	32,383	37,092

Note:

(i) Agency fees and commission represent fees earned from selling bonds, investment funds and insurance products, and provision of entrusted lending activities.

8 Net trading gain

	Years ended 31 December	
	2023	*2022*
Debt securities and certificates of interbank deposit	4,110	2,022
Foreign currencies	4,046	(1,909)
Derivatives and related exposures	(1,018)	4,768
Total	7,138	4,881

9 Net gain from investment securities

	Years ended 31 December	
	2023	*2022*
Financial investments		
- at fair value through profit or loss	14,794	12,728
- at amortised cost	3,806	360
- at fair value through other comprehensive income	(130)	(278)
- Investments in financial assets designated at fair value through other comprehensive income	14	41
Revaluation gain on transfer out of equity at disposal	763	2,846
Net gain from bills rediscounting	916	1,197
Proceeds from the resale of forfaiting	549	836
Others	391	41
Total	21,103	17,771

10 Operating expenses

	Years ended 31 December	
	2023	*2022*
Staff costs		
- salaries and bonuses	28,100	28,102
- welfare expenses	1,318	1,352
- social insurance	1,565	2,027
- housing fund	1,982	1,758
- labor union expenses and employee education expenses	786	888
- post-employment benefits – defined contribution plans	3,990	3,579
- post-employment benefits – defined benefit plans	-	1
- other benefits	342	375
Subtotal	38,083	38,082
Property and equipment related expenses		
- depreciation of right-of-use assets	3,256	3,289
- depreciation of property, plant and equipment	2,915	2,558
- rent and property management expenses	1,107	991
- maintenance	1,334	1,072
- amortisation expenses	1,953	1,552
- electronic equipment operating expenses	520	422
- others	490	444
Subtotal	11,575	10,328
Tax and surcharges	2,185	2,122
Other general operating and administrative expenses	17,371	16,306
Total	69,214	66,838

Notes:

(i) Included in other general operating and administrative expenses were audit fees of RMB16 million for the year ended 31 December 2023 (2022: RMB19 million) and non-audit fees of RMB3 million for the year ended 31 December 2023 (2022: RMB7 million).

(a) Individuals with highest emoluments

For the year ended 31 December 2023, of the X individuals with the highest emoluments in the Group, there was no director (2022: Nil) and no supervisor (2022: Nil). The aggregate of the emoluments before individual income tax in respect of the five (2022: five) highest paid individuals of the Group were as follows:

	Years ended 31 December	
	2023	*2022*
	RMB'000	*RMB'000*
Basic salaries, housing allowances, other allowances and benefits in kind	21,163	20,683
Discretionary bonuses	21,856	19,058
Contribution to pension scheme	1,217	979
Total	44,236	40,720

The emoluments before individual income tax of the five individuals of the Group with the highest emoluments are within the following bands:

	Years ended 31 December	
	2023	*2022*
RMB5,000,001 – RMB10,000,000	5	4
RMB10,000,001 – RMB15,000,000	-	1

No inducement fee and compensation for loss of office was paid to the five highest paid individuals for the year ended 31 December 2023 (2022: Nil).

11 Credit impairment losses

	Years ended 31 December 2023	2022
Credit impairment losses		
Impairment reversal of deposits with banks and non-bank financial institutions	(43)	(48)
Impairment losses of placements with and loans to banks and non-bank financial institutions	1	50
Impairment losses / (reversals) of financial assets held under resale agreements	99	(47)
Impairment losses of loans and advances to customers	49,840	55,786
Impairment losses of financial investments		
- at amortised cost	2,282	1,542
- at fair value through other comprehensive income	223	269
Impairment losses of other financial assets and accrued interest	7,970	5,220
Impairment losses of off-balance sheet items	1,554	8,587
Total	61,926	71,359

12 Impairment losses on other assets

	Years ended 31 December 2023	2022
Impairment losses of other assets-repossessed assets	278	45

13 Income tax

(a) *Recognized in the consolidated annual statement of profit and loss and other comprehensive income*

	Note	Years ended 31 December 2023	2022
Current tax			
- Mainland China		5,493	16,032
- Hong Kong		182	57
- Overseas		161	32
Deferred tax	29(c)	989	(5,655)
Income tax		6,825	10,466

13 Income tax (continued)

Mainland China and Hong Kong income tax have been provided at the rate of 25% and 16.5% respectively. Overseas tax has been provided at the rates of taxation prevailing in the regions in which the Group operates respectively.

(b) Reconciliation between income tax expense and accounting profit

	Years ended 31 December	
	2023	*2022*
Profit before tax	74,887	73,416
Income tax calculated at PRC statutory tax rate	18,722	18,354
Effect of different tax rates in other regions	(226)	(213)
Tax effect of non-deductible expenses	1,424	3,456
Tax effect of non-taxable income		
- interest income arising from PRC government bonds and local government bonds	(7,767)	(7,121)
- dividend income from investment funds	(3,900)	(2,680)
- others	(1,428)	(1,330)
Income tax	6,825	10,466

14 Other comprehensive income, net of tax

	Years ended 31 December	
	2023	*2022*
Items that will not be reclassified subsequently to profit or loss		
Changes in defined benefit plan liabilities		
- net changes during the year before tax	-	-
Fair value changes on financial asset designated at fair value through other comprehensive income, net of tax		
- net changes during the year before tax	(128)	345
- income tax	(16)	(108)
Subtotal	(144)	237
Items that may be reclassified subsequently to profit or loss		
Other comprehensive income transferable to profit or loss under equity method		
- net changes during the year	39	(28)
Fair value changes on financial assets at fair value through other comprehensive income, net of tax (Note (i))		
- net changes during the year before tax	7,051	(7,530)
- net amount transferred to profit or loss	(734)	(2,862)
- Income tax	(1,328)	2,201
Credit impairment allowance on financial assets at fair value through other comprehensive income (Note (ii))		
- net changes during the year	(674)	167
- Income tax	162	(22)
Others		
- net changes during the year before tax	5	4
Exchange differences on translation of financial statements	1,198	4,132
Subtotal	5,719	(3,938)
Other comprehensive income, net of tax	5,575	(3,701)

Notes:

(i) Fair value changes on financial assets at fair value through other comprehensive income include those of financial investments and loans and advances to customers at fair value through other comprehensive income.

14 Other comprehensive income, net of tax (continued)

(ii) Credit impairment allowance include financial investments and loans and advances to customers at fair value through other comprehensive income.

15 Earnings per share

Earnings per share information for the years ended 31 December 2023 and 2022 is computed by dividing the profit for the year attributable to ordinary shareholders of the Bank by the weighted average number of shares in issue during the year.

The Bank issued non-cumulative preference shares in 2016 under the terms and conditions as detailed in Note 42 (i). The Bank declared and paid cash dividends of RMB1,428 million of non-cumulative preference shares for the year of 2022 (2022: 1,428 million).

The Bank issued RMB40 billion write-down undated capital bonds (the "Bonds") in 2019, and the Bank issued RMB40 billion write-down undated capital bonds (the "Bonds") in 2021, with terms and conditions disclosed in detail in Note 42(ii) under perpetual Bonds. The Bank declared and paid RMB3,360 million in interests on the perpetual bonds in 2023.

The conversion feature of preference shares is considered to fall within contingently issuable ordinary shares. The triggering events of conversion did not occur as at 31 December 2023, therefore the conversion feature of preference shares has no effect on the basic and diluted earnings per share calculation.

The diluted earnings per share are calculated on the assumption that all the Bank's convertible corporate bonds had been converted into ordinary shares at the beginning of the year, by dividing the net profit for the year attributable to ordinary shareholders of the Bank after adjustments for the interest expenses of convertible corporate bonds for the year, by the adjusted weighted average number of outstanding ordinary shares for the year.

	Years ended 31 December	
	2023	*2022*
Profit for the year attributable to equity holders of the Bank	67,016	62,103
Less: Equity attributable to holders of other equity instruments of the Bank	4,788	4,788
Profit for the year attributable to ordinary shareholders of the Bank	62,228	57,315
Weighted average number of shares (in million shares)	48,954	48,935
Basic earnings per share (in RMB)	1.27	1.17
Diluted earnings per share (in RMB)	1.14	1.06

16 Cash and balances with central banks

	Notes	*31 December 2023*	*31 December 2022*
Cash		4,467	5,532
Balances with central banks			
- statutory deposit reserve funds	(i)	356,042	365,362
- surplus deposit reserve funds	(ii)	52,473	104,315
- fiscal deposits	(iii)	356	298
- foreign exchange reserve	(iv)	2,926	1,693
Accrued interest		178	181
Total		416,442	477,381

Notes:

(i) The Group places statutory deposit reserve funds with the People's Bank of China ("PBOC") and overseas central banks where it has operations. The statutory deposit reserve funds are not available for use in the Group's daily business.

As at 31 December 2023, the statutory deposit reserve funds placed with the PBOC was calculated at 7% (31 December 2022: 7.5%) of eligible Renminbi deposits for domestic branches of the Bank and at 7 % (31 December 2022: 7.5%) of eligible Renminbi deposits from overseas financial institutions. The Bank was also required to deposit an amount equivalent to 4 % (31 December 2022: 6%) of its foreign currency deposits from domestic branch customers as statutory deposit reserve funds.

The statutory RMB deposit reserve rates applicable to Zhejiang Lin'an CITIC Rural Bank Corporation Limited ("Lin'an Rural Bank"), a subsidiary of the Group, was at 5% (31 December 2022: 5%).

The amounts of statutory deposit reserves funds placed with the central banks of overseas countries are determined by respective jurisdictions. The statutory deposit reserve funds are interest bearing except for the foreign currency reserve funds deposits placed with the PBOC.

(ii) The surplus deposit reserve funds are maintained with the PBOC for the purposes of clearing

(iii) Fiscal deposits placed with the PBOC are not available for use in the Group's daily operations, and are non-interest bearing (except for regulations provided by the local People's Bank).

(iv) The foreign exchange reserve is maintained with the PBOC in accordance with the related notice issued by the PBOC. The reserve is provided as of 20% of customer-driven foreign exchange forward transactions volume on a monthly basis. Such foreign exchange reserve is non-interest bearing and will be repayable in 12 months according to the Notice.

17 Deposits with banks and non-bank financial institutions

(a) Analysed by types and locations of counterparties

	Note	*31 December 2023*	*31 December 2022*
In Mainland China			
- banks		52,508	49,930
- non-bank financial institutions		6,946	6,734
Subtotal		59,454	56,664
Outside Mainland China			
- banks		20,390	18,836
- non-bank financial institutions		839	2,995
Subtotal		21,229	21,831
Accrued interest		448	437
Gross balance		81,131	78,932
Less: Allowances for impairment losses	31	(56)	(98)
Net balance		81,075	78,834

(b) Analysed by remaining maturity

	Note	*31 December 2023*	*31 December 2022*
Demand deposits (Note (i))		42,383	36,373
Time deposits with remaining maturity			
- within one month		3,800	4,883
- between one month and one year		34,500	37,239
Subtotal		80,683	78,495
Accrued interest		448	437
Gross balance		81,131	78,932
Less: Allowances for impairment losses	31	(56)	(98)
Net balance		81,075	78,834

Note:

(i) As at 31 December 2023, within the demand deposits there were pledged deposits of RMB9.11 million (as at 31 December 2022: RMB555 million). These deposits were mainly maintenance margins with a regulatory body.

18 Placements with and loans to banks and non-bank financial institutions

(a) Analysed by types and locations of counterparties

	Note	*31 December 2023*	*31 December 2022*
In Mainland China			
- banks (Note (i))		23,450	15,215
- non-bank financial institutions		148,150	160,739
Subtotal		171,600	175,954
Outside Mainland China			
- banks		64,997	41,302
Subtotal		64,997	41,302
Accrued interest		1,288	1,048
Gross balance		237,885	218,304
Less: Allowances for impairment losses	31	(143)	(140)
Net balance		237,742	218,164

Note:

(i) The leased gold between Banks is included in the Placements with and loans to banks and non-bank financial institutions, measured at fair value through profit or loss. As at 31 December 2023, the carrying amount of leased gold was RMB7,320 million (as at 31 December 2022: RMB8,739 million)

(b) Analysed by remaining maturity

	Note	*31 December 2023*	*31 December 2022*
Within one month		70,820	43,800
Between one month and one year		164,277	131,706
Over one year		1,500	41,750
Accrued interest		1,288	1,048
Gross balance		237,885	218,304
Less: Allowances for impairment losses	31	(143)	(140)
Net balance		237,742	218,164

19 Derivatives

Derivatives include forward, swap and option transactions undertaken by the Group in foreign exchange, interest rate, and precious metals derivatives related to trading, asset and liability management and customer-initiated transactions. The Group, through the operations of its branch network, acts as an intermediary for a wide range of customers for structuring deals to offer risk management solutions to match individual customer needs. These positions are actively managed through hedging transactions with external parties to ensure the Group's net exposures are within acceptable risk levels. The Group also uses these derivatives for proprietary trading purposes and to manage its own asset and liability and structural positions. Derivatives are held for trading. Derivatives classified as held for trading are for trading and customer-initiated transactions purpose, and those for risk management purposes do not meet the criteria for hedge accounting.

The contractual/notional amounts of derivatives provide a basis for comparison with fair values of derivatives recognized on the consolidated statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair values of the derivatives and, therefore, do not indicate the Group's exposure to credit or market risks.

	31 December 2023			*31 December 2022*		
	Nominal amount	*Assets*	*Liabilities*	*Nominal amount*	*Assets*	*Liabilities*
Hedging instruments						
- interest rate derivatives	716	23	-	600	9	-
Non-Hedging instruments						
- interest rate derivatives	3,632,633	14,633	14,360	3,083,202	14,950	14,887
- currency derivatives	3,071,039	29,872	26,748	2,506,299	29,173	28,780
- precious metal derivatives	34,448	147	742	35,523	250	598
- credit derivatives	-	-	-	30	1	-
Total	6,738,836	44,675	41,850	5,625,654	44,383	44,265

(a) *Nominal amount analysed by remaining maturity*

	31 December 2023	*31 December 2022*
Within three months	2,606,918	2,257,129
Between three months and one year	2,594,719	1,910,625
Between one year and five years	1,500,503	1,425,950
Over five years	36,696	31,950
Total	6,738,836	5,625,654

(b) *Credit risk weighted amounts*

The credit risk weighted amount has been computed in accordance with "Regulation Governing Capital of Commercial Banks (provisional)" promulgated by the former CBIRC in the year of 2012, and depends on the status of the counterparties and the maturity characteristics of the instruments, including those customer-driven back-to-back transactions. As at 31 December 2023, the total amount of credit risk weighted amount for counterparty was RMB28,225 million (31 December 2022: RMB24,579 million).

20 Financial assets held under resale agreements

(a) Analysed by types and locations of counterparties

	Note	31 December 2023	31 December 2022
In Mainland China			
- banks		51,038	11,100
- non-bank financial institutions		51,124	848
Subtotal		102,162	11,948
Outside Mainland China			
- banks		2,197	149
- non-bank financial institutions		478	1,628
Subtotal		2,675	1,777
Accrued interest		35	5
Gross balance		104,872	13,730
Less: Allowance for impairment losses	31	(99)	-
Net balance		104,773	13,730

(b) Analysed by types of collateral

	Note	31 December 2023	31 December 2022
Debt securities		103,338	13,725
Discounted bills		1,499	-
Subtotal		104,837	13,725
Accrued interest		35	5
Gross balance		104,872	13,730
Less: Allowance for impairment losses	31	(99)	-
Net balance		104,773	13,730

20 Financial assets held under resale agreements (continued)

(c) Analysed by remaining maturity

	Note	*31 December 2023*	*31 December 2022*
Within one month		103,887	13,403
Between one month and one year		950	322
Accrued interest		35	5
Gross balance		104,872	13,730
Less: Allowance for impairment losses	31	(99)	-
Net balance		104,773	13,730

21 Loans and advances to customers

(a) Analysed by nature

	Note	*31 December 2023*	*31 December 2022*
Loans and advances to customers at amortised cost			
Corporate loans and advances			
- loans		2,586,610	2,418,718
- discounted bills		1,684	3,704
- finance lease receivables		46,819	46,566
Subtotal		2,635,113	2,468,988
Personal loans and advances			
- residential mortgages		1,003,321	975,807
- credit cards		521,260	511,101
- business loans		459,113	378,819
- personal consumption		298,561	250,813
- finance lease receivables		1,591	370
Subtotal		2,283,846	2,116,910
Accrued interest		19,948	17,180
Gross balance		4,938,907	4,603,078
Less: Allowances impairment losses on loans	31		
- principal		(133,861)	(130,573)
- interest		(681)	(412)
Loans and advances to customers at amortised cost, net		4,804,365	4,472,093
Loans and advances to customers at fair value through other comprehensive income			
- loans		58,163	54,851
- discounted bills		515,664	508,142
Carrying amount of loans and advances at fair value through other comprehensive income		573,827	562,993
- fair value changes through other comprehensive income		(98)	(547)
Loans and advances to customers at fair value through profit or loss			
- loans		5,558	3,881
Total		5,383,750	5,038,967
Allowances for impairment losses on loans and advances to customers at fair value through other comprehensive income	31	(656)	(629)

21 Loans and advances to customers (continued)

(b) Analysed by assessment method of allowance for impairment losses

	31 December 2023			
	Stage one	*Stage two*	*Stage three (Note (i))*	*Total*
Gross loans and advances to customers at amortised costs	4,755,900	96,023	67,036	4,918,959
Accrued interest	19,039	411	498	19,948
Less: Allowance for impairment losses	(62,976)	(27,105)	(44,461)	(134,542)
Carrying amount of loans and advances to customers measured at amortised cost	4,711,963	69,329	23,073	4,804,365
Carrying amount of loans and advances to customers at fair value through other comprehensive income	573,370	345	112	573,827
Total	5,285,333	69,674	23,185	5,378,192
Allowance for impairment losses on loans and advances to customers at fair value through other comprehensive income	(586)	-	(70)	(656)

	31 December 2022			
	Stage one	*Stage two*	*Stage three (Note (i))*	*Total*
Gross loans and advances to customers at amortised costs	4,422,344	88,606	74,948	4,585,898
Accrued interest	14,342	2,125	713	17,180
Less: Allowance for impairment losses	(60,204)	(22,497)	(48,284)	(130,985)
Carrying amount of loans and advances to customers measured at amortised cost	4,376,482	68,234	27,377	4,472,093
Carrying amount of loans and advances to customers at fair value through other comprehensive income	562,118	720	155	562,993
Total	4,938,600	68,954	27,532	5,035,086
Allowance for impairment losses on loans and advances to customers at fair value through other comprehensive income	(523)	(27)	(79)	(629)

21 Loans and advances to customers (continued)

Note:

(i) Stage 3 loans are loans and advances to customers that have incurred credit impairment.

	31 December 2023	*31 December 2022*
Secured portion	33,606	43,044
Unsecured portion	33,542	32,059
Gross balance	67,148	75,103
Allowance for impairment losses	(44,531)	(48,363)

As at 31 December 2023, the maximum exposure covered by pledge and collateral held on secured portion is RMB33,438 million (as at 31 December 2022: RMB42,470 million).

The fair value of collateral was estimated by management based on the latest revaluation including available external valuation, if any, adjusted by taking into account the current realisation experience as well as market situation.

(c) Overdue loans analysed by overdue period

	31 December 2023				
	Overdue within three months	*Overdue between three months and one year*	*Overdue between one year and three years*	*Overdue over three years*	*Total*
Unsecured loans	19,859	11,806	2,089	246	34,000
Guaranteed loans	1,544	4,243	2,600	1,018	9,405
Loans with pledged assets					
- loans secured by collateral	15,564	11,757	10,249	1,054	38,624
- pledged loans	3,789	1,084	2,387	137	7,397
Total	40,756	28,890	17,325	2,455	89,426

	31 December 2022				
	Overdue within three months	*Overdue between three months and one year*	*Overdue between one year and three years*	*Overdue over three years*	*Total*
Unsecured loans	17,083	9,242	1,695	280	28,300
Guaranteed loans	1,800	1,926	2,215	1,990	7,931
Loans with pledged assets					
- loans secured by collateral	12,302	11,924	7,091	2,337	33,654
- pledged loans	2,751	6,601	2,189	763	12,304
Total	33,936	29,693	13,190	5,370	82,189

21 Loans and advances to customers (continued)

Overdue loans represent loans of which the principal or interest are overdue one day or more.

(d) Finance lease receivables

Finance lease receivables are attributable to the Group's subsidiaries, CITIC Financial Leasing Limited ("CFLL") and CITIC International Finance Holdings Limited ("CIFH"), include net investment in machines and equipment leased to customers under finance lease and hire purchase contracts which have the characteristics of finance leases. The remaining period of these contracts range from 1 to 25 years. The total finance lease receivables under finance lease and hire purchase contracts and their present values are as follows:

	31 December 2023	*31 December 2022*
Within one year (including one year)	15,008	14,247
One year to two years (including two years)	12,638	10,568
Two years to three years (including three years)	6,647	7,503
Over three years	14,117	14,618
Gross balance	48,410	46,936
Less: Allowance for impairment losses		
- stage one	(798)	(960)
- stage two	(691)	(499)
- stage three	(365)	(419)
Net balance	46,556	45,058

22 Financial investments

(a) *Analysed by types*

	Note	31 December 2023	31 December 2022
Financial assets at fair value through profit or loss			
Investment funds		421,154	431,958
Debt securities		106,501	80,690
Certificates of deposit		75,790	35,543
Equity instruments		6,334	7,887
Wealth management products		4,045	1,516
Net balance		613,824	557,594
Financial assets at amortised cost			
Debt securities		870,087	887,763
Trust investment plans		204,840	222,819
Investment management products managed by securities companies		22,908	39,628
Certificates of deposit and interbank certificates of deposit		1,064	3,424
Subtotal		1,098,899	1,153,634
Accrued interest		13,004	10,384
Less: Allowance for impairment losses	31	(26,305)	(28,566)
- principles		(26,239)	(28,528)
- accrued interest		(66)	(38)
Net balance		1,085,598	1,135,452

22 Financial investments (continued)

	Note	*31 December 2023*	*31 December 2022*
Financial assets at fair value through other comprehensive income (Note (i))			
Debt securities		877,424	777,438
Certificates of deposit		4,922	21,501
Subtotal		882,346	798,939
Accrued interest		6,331	5,756
Net balance		888,677	804,695
Allowances for impairment losses on financial investments at fair value through other comprehensive income	31	(1,968)	(2,717)
Financial assets designated at fair value through other comprehensive income (Note (i))		4,807	5,128
Total		2,592,906	2,502,869

Notes:

(i) Financial investments at fair value through other comprehensive income:

		31 December 2023		
	Note	*Equity instruments*	*Debt securities instruments*	*Total*
Costs/Amortised cost		5,421	882,343	887,764
Accumulated fair value change in other comprehensive income		(614)	3	(611)
Fair value		4,807	882,346	887,153
Allowance for impairment losses	31	-	(1,968)	(1,968)

		31 December 2022		
	Note	*Equity instruments*	*Debt securities instruments*	*Total*
Costs/Amortised cost		5,783	804,867	810,650
Accumulated fair value change in other comprehensive income		(655)	(5,928)	(6,583)
Fair value		5,128	798,939	804,067
Allowance for impairment losses	31		(2,717)	(2,717)

22 Financial investments (continued)

(b) Analysed by location of counterparties

	Note	*31 December 2023*	*31 December 2022*
In Chinese Mainland			
- governments		1,379,382	1,097,552
- policy banks		52,960	88,726
- banks and non-bank financial institutions		906,935	1,097,864
- corporates		90,512	99,992
Subtotal		2,429,789	2,384,134
Outside Chinese Mainland			
- governments		80,515	57,946
- banks and non-bank financial institutions		41,467	32,736
- corporates		44,182	39,171
- public entities		3,923	1,308
Subtotal		170,087	131,161
Accrued interest		19,335	16,140
Total		2,619,211	2,531,435
Less: Impairment allowance for financial assets at amortised cost	31	(26,305)	(28,566)
Net balance		2,592,906	2,502,869
Listed in Hong Kong		43,247	50,959
Listed outside Hong Kong		2,210,432	2,074,660
Unlisted		339,227	377,250
Total		2,592,906	2,502,869

Bonds traded in China's inter-bank bond market are listed outside Hong Kong.

22 Financial investments (continued)

(c) Analysed by assessment method of allowance for impairment losses

	31 December 2023			
	Stage one	*Stage two*	*Stage three*	*Total*
Financial assets at amortised costs	1,046,006	5,447	47,446	1,098,899
Accrued interest	12,455	488	61	13,004
Less: Allowance for impairment losses	(2,676)	(1,361)	(22,268)	(26,305)
Net balance	1,055,785	4,574	25,239	1,085,598
Financial assets at fair value through other comprehensive income	880,873	503	970	882,346
Accrued interest	6,292	-	39	6,331
Net balance	887,165	503	1,009	888,677
Total carrying amount of financial assets affected by credit risk	1,942,950	5,077	26,248	1,974,275
Allowance for impairment losses of other debt instruments included in other comprehensive income	(1,289)	(219)	(460)	(1,968)

	31 December 2022			
	Stage one	*Stage two*	*Stage three*	*Total*
Financial assets at amortised costs	1,094,231	4,958	54,445	1,153,634
Accrued interest	10,227	138	19	10,384
Less: Allowance for impairment losses	(2,483)	(1,387)	(24,696)	(28,566)
Net balance	1,101,975	3,709	29,768	1,135,452
Financial assets at fair value through other comprehensive income	797,850	136	953	798,939
Accrued interest	5,733	-	23	5,756
Net balance	803,583	136	976	804,695
Total carrying amount of financial assets affected by credit risk	1,905,558	3,845	30,744	1,940,147
Allowance for impairment losses of other debt instruments included in other comprehensive income	(1,416)	(98)	(1,203)	(2,717)

23 Investments in associates and joint ventures

	Note	31 December 2023	31 December 2022
Investments in joint ventures	(a)	6,572	5,811
Investments in associates	(b)	373	530
Total		6,945	6,341

(a) Investment in joint ventures

The details of the joint ventures as at 31 December 2023 were as follows:

Name of company	*Form of business structure*	*Place of incorporation*	*Effective percentage of shares*	*Principal activities*	*Nominal value of issued shares*
CITIC aiBank Corporation Limited ("CITIC aiBank")(Note (i))	Corporation	Beijing	65.7%	Financial services	RMB5.634 billion
JSC Altyn Bank (Note (ii))	Corporation	Kazakhstan	50.1%	Financial services	KZT7.05 billion

Notes:

(i) According to the articles of association of CITIC aiBank, major activities of CITIC aiBank must be decided after the unanimous consent of the Bank and Fujian Baidu Borui Network Technology Co., Ltd..

(ii) According to the Articles of Association of JSC Altyn Bank, decisions regarding all major activities of JSC Altyn Bank shall be subject to the joint approval of the Bank and the other shareholder, the JSC Halyk Bank of Kazakhstan.

Financial statements of the joint ventures are as follow:

	As at or for the year ended 2023				
Name of Company	*Total assets*	*Total liabilities*	*Total net assets*	*Operating income*	*Net gain*
CITIC aiBank	112,511	104,177	8,334	4,534	855
JSC Altyn Bank	13,849	12,010	1,839	900	519

	As at or for the year ended 2022				
Name of Company	*Total assets*	*Total liabilities*	*Total net assets*	*Operating income*	*Net gain*
CITIC aiBank	96,922	89,487	7,435	3,968	656
JSC Altyn Bank	14,621	13,204	1,417	684	359

23 Investments in associates and joint ventures (continued)

Movement of the Group's interests in the joint ventures:

	Year ended 31 December 2023	*Year ended 31 December 2022*
Initial investment cost	5,265	5,265
As at 1 January	5,811	5,220
Dividend received	(110)	-
Other changes in equity	40	(20)
Share of net gain/(loss) of the joint ventures for the year	827	611
Exchange difference	4	-
As at 31 December	6,572	5,811

(b) Investment in associates

The Group holds its investment in associates through subsidiaries and details of the associates as at 31 December 2023 was as follows:

Name of Company	*Form of business structure*	*Place of incorporation*	*Effective percentage of shares and voting right held by the Group*	*Principal activities*	*Nominal value of issued shares*
CITIC International Assets Management Limited ("CIAM")	Corporation	Hong Kong	46%	Investment holding and assets management	HKD2,218 million
Tianjin Leasing Assets Trading Center Co Ltd ("Tianjin Leasing Asset Trading Center") (Note (i))	Corporation	Tianjin	20%	Services and investment	RMB500 million

Note:

(i) According to the announcement of Tianjin Local Financial Regulatory Commission, Binhai (Tianjin) Financial Assets Exchange Company Limited changed its name to Tianjin Leasing Asset Trading Center and the industrial registration was completed on 6 April 2022.

23 Investments in associates and joint ventures (continued)

Financial statements of the associates are as follow:

	As at or for the year ended 2023				
Name of Company	*Total assets*	*Total liabilities*	*Total net assets*	*Operating income*	*Net gain*
CIAM	633	46	587	(68)	(161)
Tianjin Leasing Asset Trading Center	552	34	518	45	(10)

	As at or for the year ended 2022				
Name of Company	*Total assets*	*Total liabilities*	*Total net assets*	*Operating income*	*Net (loss)/income*
CIAM	916	59	857	(12)	(6)
Tianjin Leasing Asset Trading Center	563	38	525	189	70

Movement of the Group's interests in associates:

	Year ended 31 December 2023	*Year ended 31 December 2022*
Initial investment cost	1,058	1,129
As at 1 January	530	533
Changes in investment in associates	(71)	(39)
Share of net loss of associates for the year	(91)	12
Other changes in equity	(1)	(8)
Exchange difference	6	32
As at 31 December	373	530

24 Investments in subsidiaries

	Notes	*31 December 2023*	*31 December 2022*
Investment in subsidiaries			
- CIFH	(i)	16,570	16,570
- CNCB (Hong Kong) Investment Limited ("CNCB Investment")	(ii)	1,577	1,577
- Lin'an Rural Bank	(iii)	102	102
- CFLL	(iv)	4,000	4,000
- CITIC Wealth Management CO., LTD. ("CITIC Wealth")	(v)	5,000	5,000
Total		27,249	27,249

24 Investments in subsidiaries (continued)

Major subsidiaries of the Group as at 31 December 2023 are as follows:

Name of company	*Principal place of business*	*Place of incorporation*	*Particulars of the issued and paid up capital*	*Principal activities*	*% of ownership directly held by the Bank*	*The Group's effective interest*
CIFH (Note (i))	Hong Kong	Hong Kong	HKD7,503 million	Commercial banking and other financial services	100%	100%
CNCB Investment (Note (ii))	Hong Kong	Hong Kong	HKD1,871 million	Investment and lending services	100%	100%
Lin'an Rural Bank (Note (iii))	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	RMB200 million	Commercial banking	51%	51%
CFLL (Note (iv))	Tianjin	Tianjin	RMB4,000 million	Financial lease operations	100%	100%
CITIC Wealth (Note (v))	Shanghai	Shanghai	RMB5,000 million	Wealth management	100%	100%

Notes:

(i) CIFH is an investment holding company registered and headquartered in Hong Kong. Its business scope through its subsidiaries covers commercial banking and other financial services. The Bank holds 100% shareholding in CIFH. CIFH holds 75% shareholding in CITIC Bank International Limited ("CBI").

(ii) CNCB (Hong Kong) Investment Limited (CNCB Investment), founded in Hong Kong in 1984, formerly China Investment and Finance Limited, incorporated and operating in Hong Kong, holds a money lending licence issued by the Hong Kong Monetary Authority; and also the No.1, 4, 6 and 9 licenses from Hong Kong Securities Regulatory Commission through its wholly owned subsidiary CNCB (Hong Kong) Capital Limited. The business scope of CNCB Investment includes investment banking, capital market investment, lending and other related services.In March 2023, CNCB Investment repurchased and cancelled its 0.95% equity held by CBI. Since the completion date of the transaction, The Bank holds 100% of its shares and voting rights.

(iii) Lin'an Rural Bank was founded in Zhejiang Province of Mainland China in 2011 with a registered capital of RMB200 million. Its principal activities are commercial banking and related businesses. The Bank holds 51% of Lin'an Rural Bank's shares and voting rights.

(iv) The Bank established CFLL in 2015 with a registered capital of RMB4 billion. Its principal business activity is financial leasing. The Bank holds 100% of its shares and voting rights.

(v) CITIC Wealth was established in 2020 with a registered capital of RMB5 billion. Its principal business operation is wealth management. The Bank holds 100% of its shares and voting rights.

25 Investment properties

	Year ended 31 December 2023	*Year ended 31 December 2022*
Fair value as at 1 January	516	547
Change in fair value	(1)	(74)
Exchange difference	13	43
Fair value as at 31 December	528	516

Investment properties of the Group are buildings held by subsidiaries and mainly located in Hong Kong and leased to third parties through operating leases. There are active real estate markets where the investment properties are located and the Group is able to obtain market price and related information of similar properties, and therefore makes estimation about the fair value of the investment properties as at 31 December 2023.

All investment properties of the Group were revalued at 31 December 2023 by an independent firm of surveyors on an open market value basis. The fair value is in line with the definition of "IFRS13 – Fair value measurement". The revaluation surplus has been recognized in the profit or loss for the current year.

The investment properties of the Group are categorised into Level 3.

26 Property, plant and equipment

	Buildings	*Construction in progress*	*Computer equipment and others*	*Total*
Cost or deemed cost:				
As at 1 January 2023	33,939	2,930	14,512	51,381
Additions	87	217	6,576	6,880
Disposals	(3)	-	(606)	(609)
Exchange differences	13	-	23	36
As at 31 December 2023	34,036	3,147	20,505	57,688
Accumulated depreciation:				
As at 1 January 2023	(8,336)	-	(8,615)	(16,951)
Depreciation charges	(1,056)	-	(1,859)	(2,915)
Disposals	2	-	512	514
Exchange differences	(8)	-	(19)	(27)
As at 31 December 2023	(9,398)	-	(9,981)	(19,379)
Net carrying value:				
As at 1 January 2023	25,603	2,930	5,897	34,430
As at 31 December 2023 (Note (i))	24,638	3,147	10,524	38,309

26 Property, plant and equipment (continued)

	Buildings	*Construction in progress*	*Computer equipment and others*	*Total*
Cost or deemed cost:				
As at 1 January 2022	33,639	2,546	14,117	50,302
Additions	322	384	2,193	2,899
Disposals	(61)	-	(1,873)	(1,934)
Exchange differences	39	-	75	114
As at 31 December 2022	33,939	2,930	14,512	51,381
Accumulated depreciation:				
As at 1 January 2022	(7,306)	-	(8,812)	(16,118)
Depreciation charges	(1,043)	-	(1,515)	(2,558)
Disposals	36	-	1,778	1,814
Exchange differences	(23)	-	(66)	(89)
As at 31 December 2022	(8,336)	-	(8,615)	(16,951)
Net carrying value:				
As at 1 January 2022	26,333	2,546	5,305	34,184
As at 31 December 2022 (Note (i))	25,603	2,930	5,897	34,430

Note:

(i) As at 31 December 2023, the registration of certain buildings acquired has not been completed, and the net book value of such buildings was approximately RMB10,735 million (as at 31 December 2022: RMB11,058 million). The Group believes the incomplete registration does not affect the rights of the Group as the legal successor to these buildings.

27 Right-of-use assets

	Buildings	Land use right	Equipment	Vehicles and others	Total
Cost or deemed cost:					
As at 1 January 2023	19,236	1,221	83	58	20,598
Additions	3,088		2	21	3,111
Disposals	(2,232)		(13)	(6)	(2,251)
Exchange differences	40		-	-	40
As at 31 December 2023	20,132	1,221	72	73	21,498
Accumulated depreciation:					
As at 1 January 2023	(9,315)	(359)	(68)	(32)	(9,774)
Accrual	(3,200)	(30)	(13)	(13)	(3,256)
Disposals	2,181		11	5	2,197
Exchange differences	(22)		-	-	(22)
As at 31 December 2023	(10,356)	(389)	(70)	(40)	(10,855)
Net carrying value:					
As at 1 January 2023	9,921	862	15	26	10,824
As at 31 December 2023	9,776	832	2	33	10,643

	Buildings	Land use right	Equipment	Vehicles and others	Total
Cost or deemed cost:					
As at 1 January 2022	17,145	1,221	92	53	18,511
Additions	3,533	-	2	8	3,543
Disposals	(1,514)	-	(11)	(3)	(1,528)
Exchange differences	72	-	-	-	72
As at 31 December 2022	19,236	1,221	83	58	20,598
Accumulated depreciation:					
As at 1 January 2022	(7,464)	(328)	(57)	(24)	(7,873)
Accrual	(3,229)	(30)	(19)	(11)	(3,289)
Disposals	1,409	(1)	8	3	1,419
Exchange differences	(31)	-	-	-	(31)
As at 31 December 2022	(9,315)	(359)	(68)	(32)	(9,774)
Net carrying value:					
As at 1 January 2022	9,681	893	35	29	10,638
As at 31 December 2022	9,921	862	15	26	10,824

As at 31 December 2023, the balance of the Group’s lease liabilities amounted to RMB10,245million (31 December 2022: RMB10,272 million), including RMB2,944million of lease liabilities that will mature within a year (31 December 2022: RMB5,701 million).

As at 31 December 2023, lease payments relating to lease contracts signed but to be executed amounted to RMB27 million (31 December 2022: RMB68 million).

For the year ended 31 December 2023, the lease expense of short-term leases with a lease term of no more than 12 months and leases of assets with low values amounted to RMB209 million (for the year ended 31 December 2022: RMB167 million).

28 Goodwill

	Year ended 31 December 2023	Year ended 31 December 2022
As at 1 January	903	833
Exchange difference	23	70
As at 31 December	926	903

Based on the result of impairment test, no impairment losses on goodwill were recognized as at 31 December 2023 (31 December 2022: Nil).

29 Deferred tax assets/(liabilities)

	31 December 2023	31 December 2022
Deferred tax assets	52,480	55,011
Deferred tax liabilities	(1)	(3)
Net	52,479	55,008

(a) Analysed by nature and jurisdiction

	31 December 2023		*31 December 2022*	
	Deductible/ (taxable) temporary differences	*Deferred tax assets/ (liabilities)*	*Deductible/ (taxable) temporary differences*	*Deferred tax assets/ (liabilities)*
Deferred tax assets				
- allowance for impairment losses	198,150	49,423	203,539	50,766
- fair value adjustments	(9,859)	(2,539)	64	16
- employee retirement benefits and salaries payable	17,576	4,394	11,685	2,924
- others	4,665	1,202	5,095	1,305
Subtotal	210,532	52,480	220,383	55,011
Deferred tax liabilities				
- fair value adjustments	(5)	(1)	(5)	(1)
- others	(2)	-	(14)	(2)
Subtotal	(7)	(1)	(19)	(3)
Total	210,525	52,479	220,364	55,008

(b) Offsetting of deferred tax assets and deferred tax liabilities

As at 31 December 2023, the deferred tax assets/liabilities offset by the Group were RMB5,442 million (31 December 2022: RMB3,131 million).

29 Deferred tax assets/(liabilities) (continued)

(c) Movement of deferred tax

	Allowance for impairment losses	*Fair value adjustments*	*Employee retirement benefits and accrued staff cost*	*Others*	*Total deferred tax*
As at 1 January 2023	50,766	15	2,924	1,303	55,008
Recognized in profit or loss	(1,350)	(1,010)	1,470	(99)	(989)
Recognized in other comprehensive income	-	(1,551)	-	-	(1,551)
Exchange differences	7	6	-	(2)	11
As at 31 December 2023	49,423	(2,540)	4,394	1,202	52,479
As at 1 January 2022	45,076	(1,890)	2,552	1,159	46,897
Recognized in profit or loss	5,661	(528)	405	117	5,655
Recognized in other comprehensive income	8	2,407	(33)	33	2,415
Exchange differences	21	26	-	(6)	41
As at 31 December 2022	50,766	15	2,924	1,303	55,008

30 Other assets

	Notes	*31 December 2023*	*31 December 2022*
Advanced payments and settlement accounts		12,794	11,286
Fee and commission receivables		6,478	9,861
Assets with continuing involvement		11,654	11,114
Precious metal leasing		8,525	5,101
Interest receivables	(i)	5,899	4,488
Repossessed assets	(ii)	1,231	1,478
Prepayments for properties and equipment		3,820	2,125
Leasehold improvements		938	801
Prepaid rent		19	12
Others	(iii)	13,663	9,224
Total		65,021	55,490

Notes:

(i) Interest receivable

Interest receivable represents interest on financial instruments due and receivable but not yet received as at the balance sheet date and is stated net of corresponding impairment allowances. The impairment allowance on the Group's interest receivable is RMB6,633 million (as at 31 December 2022: RMB5,415 million).

30 Other assets (continued)

(ii) Repossessed assets

	31 December 2023	*31 December 2022*
Premises	2,367	2,722
Others	2	6
Gross balance	2,369	2,728
Less: Allowance for impairment losses	(1,138)	(1,250)
Net balance	1,231	1,478

As at 31 December 2023, the Group intended to dispose all the repossessed assets and had no plan to transfer the repossessed assets for own use (as at 31 December 2022: Nil).

(iii) Others

Others include other receivables, prepaid income tax, deferred expense, etc.

31 Movements of allowance for impairment losses

		Year ended 31 December 2023				
	Notes	*As at 1 January*	*Charge/ (Reversal) for the year*	*Write-offs /transfer out*	*Others Notes (i)*	*As at 31 December*
Allowance for credit impairment losses						
Deposits with bank and non-bank financial institutions	17	98	(43)	-	1	56
Placements with and loans to banks and non-bank financial institutions	18	140	1	-	2	143
Financial assets held under resale agreements	20	-	99	-	-	99
Loans and advances to customers	21	131,202	49,840	(60,054)	13,529	134,517
Financial investments						
- at amortised cost	22	28,528	2,282	(4,620)	49	26,239
- at fair value through other comprehensive income	22	2,717	223	(1,009)	37	1,968
Other financial assets and accrued interest		7,349	7,970	(5,076)	826	11,069
Off balance sheet credit assets	39	8,957	1,554	-	9	10,520
Subtotal		178,991	61,926	(70,759)	14,453	184,611
Allowance for impairment losses on other assets						
Other assets - repossessed assets		1,250	278	(395)	5	1,138
Subtotal		1,250	278	(395)	5	1,138

31 Movements of allowance for impairment losses (continued)

		Year ended 31 December 2022				
	Notes	As at 1 January	(Reversal)/ charge for the year	Write-offs/ transfer out	Others Notes (i)	As at 31 December
Allowance for credit impairment losses						
Deposits with bank and non-bank financial institutions	17	145	(48)	-	1	98
Placements with and loans to banks and non-bank financial institutions	18	89	50	-	1	140
Financial assets held under resale agreements	20	47	(47)	-	-	-
Loans and advances to customers	21	121,471	55,786	(57,791)	11,736	131,202
Financial investments						
- at amortised cost	22	26,624	1,542	(1,530)	1,892	28,528
- at fair value through other comprehensive income	22	2,387	269	(28)	89	2,717
Other financial assets and accrued interest		5,134	5,220	(4,352)	1,347	7,349
Off balance sheet credit assets	39	11,428	8,587	(11,112)	54	8,957
Subtotal		167,325	71,359	(74,813)	15,120	178,991
Allowance for impairment losses on other assets						
Other assets - repossessed assets		1,286	45	(119)	38	1,250
Subtotal		1,286	45	(119)	38	1,250

The impairment losses of accrued interest of the financial instruments in this table and its changes are included in "Other financial assets and accrued interest".

Notes:

(i) Others include recovery of loans written off, and effect of exchange differences during the year.

32 Deposits from banks and non-bank financial institutions

Analysed by types and locations of counterparties

	31 December 2023	31 December 2022
In Mainland China		
- banks	265,621	310,409
- non-bank financial institutions	648,556	822,110
Subtotal	914,177	1,132,519
Outside Mainland China		
- banks	9,692	7,085
- non-bank financial institutions	260	70
Subtotal	9,952	7,155
Accrued interest	3,758	4,102
Total	927,887	1,143,776

33 Placements from banks and non-bank financial institutions

Analysed by types and locations of counterparties

	31 December 2023	31 December 2022
In Mainland China		
- banks	64,848	51,186
Subtotal	64,848	51,186
Outside Mainland China		
- banks	21,264	18,684
- non-bank financial institutions	50	709
Subtotal	21,314	19,393
Accrued interest	165	162
Total	86,327	70,741

34 Financial assets sold under repurchase agreements

(a) Analysed by type and location of counterparties

	31 December 2023	*31 December 2022*
In Mainland China		
- PBOC	391,152	217,858
- Banks	51,190	33,779
Subtotal	442,342	251,637
Outside Mainland China		
- Banks	19,790	4,427
- Non-bank financial institutions	693	55
Subtotal	20,483	4,482
Accrued interest	193	75
Total	463,018	256,194

(b) Analysed by type of collateral

	31 December 2023	*31 December 2022*
Debt securities	369,613	186,765
Discounted bills	93,212	69,354
Accrued interest	193	75
Total	463,018	256,194

The Group did not derecognize financial assets transferred as collateral in connection with financial assets sold under repurchase agreements. As at 31 December 2023, no legal title of the collateral has been transferred to counterparties. The above information of collateral is included in the Note 51.

35 Deposits from customers

Analysed by nature

	31 December 2023	31 December 2022
Demand deposits		
- corporate customers	2,168,251	1,937,135
- personal customers	340,432	349,013
Subtotal	2,508,683	2,286,148
Time and call deposits		
- corporate customers	1,745,094	1,855,977
- personal customers	1,125,384	942,803
Subtotal	2,870,478	2,798,780
Outward remittance and remittance payables	19,022	14,420
Accrued interest	69,474	58,516
Total	5,467,657	5,157,864

Guarantee deposits included in above deposits:

	31 December 2023	31 December 2022
Bank acceptances	407,634	348,926
Guarantees	21,005	17,091
Letters of credit	23,736	25,132
Others	38,651	55,709
Total	491,026	446,858

36 Accrued staff costs

		Year ended 31 December 2023			
	Notes	*As at 1 January*	*Additions during the year*	*Reductions during the year*	*As at 31 December*
Salaries and bonuses		20,643	28,100	(27,505)	21,238
Social insurance		15	1,565	(1,570)	10
Welfare expenses		4	1,318	(1,319)	3
Housing fund		10	1,982	(1,985)	7
Labor union expenses and employee education expenses		988	786	(822)	952
Post-employment benefits - defined contribution plans	(a)	18	3,990	(3,990)	18
Post-employment benefits - defined benefit plans	(b)	18	-	(1)	17
Other benefits		209	342	(376)	175
Total		21,905	38,083	(37,568)	22,420

		Year ended 31 December 2022			
	Notes	*As at 1 January*	*Additions during the year*	*Reductions during the year*	*As at 31 December*
Salaries and bonuses		18,248	28,102	(25,707)	20,643
Social insurance		9	2,027	(2,021)	15
Welfare expenses		4	1,352	(1,352)	4
Housing fund		7	1,758	(1,755)	10
labor union expenses and employee education expenses		750	888	(650)	988
Post-employment benefits - defined contribution plans	(a)	19	3,579	(3,580)	18
Post-employment benefits - defined benefit plans	(b)	18	1	(1)	18
Other benefits		198	375	(364)	209
Total		19,253	38,082	(35,430)	21,905

(a) Post-employment benefits - defined contribution plans

Post-employment benefits defined contribution plans include contributions to statutory retirement plan. Pursuant to the relevant laws and regulations in the PRC governing labor and social security, the Group has joined statutory retirement plan for the employees as set out by city and provincial governments. The Group is required to make contributions based on defined ratios of the salaries, bonuses and certain allowance of the employees to the statutory retirement plan under the administration of the government.

In addition to the above statutory retirement plan, the Bank's qualified employees have joined a defined contribution retirement scheme (the "Scheme") which was established by the Group and managed by CITIC Group. For year ended 31 December 2023, the Bank has made annuity contributions at 7% (31 December 2022: 7%) of its employees' gross wages. For year ended 31 December 2023, the Bank made annuity contribution amounted to RMB1,690 million (year ended 31 December 2022: RMB1,544 million).

36 Accrued staff costs (continued)

The Group operates a defined contribution provident fund and a Mandatory Provident Fund scheme for Hong Kong staff. Contributions are charged to profit or loss when the contribution fall due.

(b) Post-employment benefits - defined benefit plans

The Group offers supplementary retirement benefits for certain of its qualified employees in Mainland China. Retired employees are eligible to join this supplementary retirement plan. The amount that is recognized as at reporting date presents the discounted value of future obligation.

The present value of the Group's supplementary retirement plan obligations on the date of balance sheet is calculated through projected unit credit method and computed by a qualified professional actuary firm Towers Watson Consulting (Shenzhen) Ltd. Beijing Branch.

The primary assumptions used by the actuary are as follows

	31 December 2023	31 December 2022
Discount rate	2.50%	2.75%
Annual withdrawal rate	5.00%	5.00%
Normal retirement age	Male: 60 years old	Female: 55 years old
Annual increase rate of social average wage and salary for current active employees	5.00%	5.00%
Mortality rate	Determined by the China Life Insurance Mortality Table	

In 2022 and 2023, the change amount of supplementary retirement benefits scheme liabilities incurred by the actuarial assumptions variations illustrated above was immaterial.

Except for the aforementioned contributions, the Group has no other material obligation for payment of retirement benefits.

(c) The salaries, bonuses, allowances and subsidies, retirement benefits and other social insurance payable to employees are paid in accordance with relevant laws and regulations within time limit stipulated by the Group.

37 Taxes payable

	31 December 2023	*31 December 2022*
Income tax	368	4,415
VAT and surcharges	3,448	4,060
Others	27	12
Total	3,843	8,487

38 Debt securities issued

	Notes	*31 December 2023*	*31 December 2022*
Long-term debt securities issued	(a)	138,311	116,344
Subordinated bonds issued:			
- by the Bank	(b)	69,995	89,987
- by CBI	(c)	7,086	3,444
Certificates of deposit issued	(d)	1,418	1,035
Certificates of interbank deposit issued	(e)	705,273	720,431
Convertible corporate bonds	(f)	39,794	39,977
Accrued interest		4,104	3,988
Total		965,981	975,206

(a) Long-term debt securities issued by the Group as at 31 December 2023:

Bond Type	*Issue Date*	*Maturity Date*	*Annual Interest Rate*	*31 December 2023 Nominal Value* RMB	*31 December 2022 Nominal Value* RMB
Fixed rate bond	18 March 2020	18 March 2023	2.750%	-	30,000
Fixed rate bond	10 June 2021	10 June 2024	3.190%	20,000	20,000
Fixed rate bond	2 February 2021	2 February 2024	0.875%	1,418	1,381
Fixed rate bond	2 February 2021	2 February 2026	1.250%	2,482	2,417
Fixed rate bond	17 November 2021	17 November 2024	1.750%	3,546	3,453
Fixed rate bond	28 April 2022	28 April 2025	2.800%	30,000	30,000
Fixed rate bond	5 August 2022	5 August 2025	2.500%	30,000	30,000
Fixed rate bond	13 April 2023	13 April 2026	2.770%	30,000	-
Fixed rate bond	27 March 2023	27 March 2026	2.790%	10,000	-
Fixed rate bond	16 May 2023	16 May 2026	2.680%	10,000	-
Fixed rate bond	26 April 2023	26 April 2024	3.900%	1,800	-
Total nominal value				139,246	117,251
Less: Unamortised issuance cost				(20)	(24)
Less: offset				(915)	(883)
Carrying value				138,311	116,344

(b) The carrying value of the Bank's subordinated bonds issued:

	Notes	*31 December 2023*	*31 December 2022*
Subordinated fixed rate bonds maturing:			
- in September 2028	(i)	-	29,993
- in October 2028	(ii)	-	20,000
- in August 2030	(iii)	39,995	39,994
- in Deecmber 2033	(iv)	21,500	-
- in December 2038	(v)	8,500	-
Total		69,995	89,987

38 Debt securities issued (continued)

Notes:

(i) The Bank issued fixed-rate subordinated bonds on 13 September 2018 with a coupon rate of 4.96% per annum. The Bank redeemed the bonds on 13 September 2023.

(ii) The Bank issued fixed-rate subordinated bonds on 22 October 2018 with a coupon rate of 4.80% per annum. The Bank redeemed the bonds on 22 October 2023.

(iii) The Bank issued fixed-rate subordinated bonds on 14 August 2020 with a coupon rate of 3.87% per annum. The Bank has the option to redeem the bonds on 14 August 2025. If the Bank does not exercise this option, the coupon rate will remain 3.87% per annum for the next five years.

(iv) The Bank issued fixed-rate subordinated bonds on 19 Deecmber 2023 with a coupon rate of 3.19% per annum. The Bank has the option to redeem the bonds on 19 Deecmber 2028. If the Bank does not exercise this option, the coupon rate will remain 3.19% per annum for the next five years.

(v) The Bank issued fixed-rate subordinated bonds on 19 Deecmber 2023 with a coupon rate of 3.25% per annum. The Bank has the option to redeem the bonds on 19 Deecmber 2033. If the Bank does not exercise this option, the coupon rate will remain 3.25% per annum for the next five years.

(c) The carrying value of CBI's subordinated bonds issued:

	Notes	*31 December 2023*	*31 December 2022*
Subordinated fixed rate notes maturing:			
- in February 2029	(i)	3,543	3,444
- in December 2033		3,543	-
Total		7,086	3,444

Notes:

(i) CBI issued USD 500 million subordinated notes at a coupon rate of 4.625% per annum on 28 February 2019. CBI has an option to redeem these notes on each coupon payment date on and after 28 February 2024. If CBI does not exercise the redemption option, the coupon rate per annum will be the 5-year US treasury bond rate on 28 February 2024, plus 2.25%. The notes are listed on the Hong Kong Stock Exchange.

(ii) CBI issued USD 500 million subordinated notes at a coupon rate of 6.00% per annum on 5 December 2023. CBI has an option to redeem these notes on each coupon payment date on and after 5 December 2028. If CBI does not exercise the redemption option, the coupon rate per annum will be the 5-year US treasury bond rate on 5 December 2028, plus 1.65%. The notes are listed on the Hong Kong Stock Exchange.

38 Debt securities issued (continued)

(d) These certificates of deposit were issued by CBI with interest rate ranging from 5.85% to 5.90% per annum.

(e) As at 31 December 2023, the Bank's outstanding large transferable certificates of interbank deposits amounted to RMB705,273 million (31 December 2022: RMB720,431 million), with reference yields ranging from 2.16% to 2.75% per annum (31 December 2022: 1.65% to 2.68%). Their original expiry terms range from one months to one year.

(f) As approved by the relevant regulatory authorities in China, the Bank made a public offering of RMB40 billion A-shares convertible corporate bonds on 4 March 2019. The convertible corporate bonds have a term of six years from 4 March 2019 to 3 March 2025, at coupon rates of 0.3% for the first year, 0.8% for the second year, 1.5% for the third year, 2.3% for the fourth year, 3.2% for the fifth year and 4.0% for the sixth year. The conversion of these convertible corporate bonds begins on the first trading day (11 September 2019) after six months upon the completion date of the offering, until the maturity date (3 March 2025).

38 Debt securities issued (continued)

In accordance with formulas set out in the prospectus of the convertible corporate bonds, the initial conversion price of the convertible corporate bonds is RMB7.45 per share, and the price of the convertible corporate bonds will be adjusted to reflect the dilutive impact of cash dividends and increase in paid-in capital under specified circumstances. On 20 July 2023, the conversion price of the convertible corporate bonds has been adjusted to RMB6.10 per share. During the conversion period (from 4 March 2019 to 3 March 2025), if the closing price of the Bank's A shares is lower than 80% of the current conversion price for at least 15 trading days in any 30 consecutive trading days, the Board of Directors of the Bank has the right to propose to lower the conversion price and submit the proposal to the shareholders' meeting for deliberation.

These convertible corporate bonds are subject to conditional redemptions. During their conversion period, if the closing prices of the Bank's A-shares are no less than 130% (inclusive) of the current conversion price for at least 15 trading days in 30 consecutive trading days, the Bank has the right to redeem all or part of the outstanding convertible corporate bonds at their par value plus the current accrued interest, upon approval of the relevant regulatory authorities (if required). In addition, when the total amount of the outstanding convertible corporate bonds is less than RMB30 million, the Bank has the right to redeem all outstanding convertible corporate bonds at their par value plus the current accrued interest.

As at 31 December 2023, convertible corporate bonds of RMB206,236 million were converted to 32,068,891 A shares.

	Note	*Liability*	*Equity*	*Total*
Issued nominal value of convertible corporate bonds		36,859	3,141	40,000
Direct issuance expenses		(74)	(6)	(80)
Balance at the issuance date		36,785	3,135	39,920
Accumulated amortisation as at 1 January 2023		3,192	-	3,192
Accumulated conversion amount as at 1 January 2023		-	-	-
Balance as at 1 January 2023		39,977	3,135	43,112
Amortisation during this year		23	-	23
Conversion amount during this year		(206)	(16)	(222)
Balance as at 31 December 2023		39,794	3,119	42,913

39 Provisions

	31 December 2023	*31 December 2022*
Allowance for impairment losses on off balance sheet items	10,520	8,957
Litigation provisions	326	779
Total	10,846	9,736

The movement of off-balance sheet allowance for impairment losses is included in the Note 31.

39 Provisions (continued)

Movement of provisions:

	Year ended 31 December 2023	*Year ended 31 December 2022*
As at 1 January	779	499
Accruals	8	280
Payment	(461)	-
As at 31 December	326	779

40 Other liabilities

	31 December 2023	*31 December 2022*
Settlement and clearing accounts	12,795	13,134
Continuing involvement liabilities	11,654	11,114
Advances and deferred expenses	3,839	4,391
Payment and collection accounts	4,702	4,500
Leasing deposits	514	521
Accrued expenses	329	841
Others	9,087	7,795
Total	42,920	42,296

41 Share capital

	31 December 2023 and 2022	
	Number of shares (millions)	*Nominal Value*
Ordinary shares		
Registered, issued and fully paid :		
A-Share	34,085	34,053
H-Share	14,882	14,882
Total	48,967	48,935

41 Share capital (continued)

	Note	*Year ended 31 December 2023*	*Year ended 31 December 2022*
As at 1 January		48,935	48,935
Convertible bond settlement	(i)	32	-
As at 31 December		48,967	48,935

Note:

(i) For the year ended 31 December 2023, convertible corporate bonds of RMB205,904,000 were converted to 32,022,297 A-shares (In 2022, convertible corporate bonds of RMB8,000 were converted to 1,188 A-shares).

42 Other equity instruments

	31 December 2023	*31 December 2022*
Preference shares (Note (i))	34,955	34,955
Perpetual bonds (Note (ii))	79,986	79,986
Equity of convertible corporate bonds (Note 38(f))	3,119	3,135
Total	118,060	118,076

(i) Preference shares

Financial instruments in issue	*Dividend rate*	*Issued price (RMB)*	*Issued number of shares (RMB millions)*	*Issued nominal value (RMB millions)*	*Maturity Date*	*Conversions*
Preference shares	3.80% per annum for the first five years after issuance, and re-priced every five years	100	350	35,000	No maturity date	No conversion during the year

35,000 million preference shares of RMB100 each were issued in October 2016, with a dividend rate of 3.80% per annum for the first five years from issuance, to no more than 200 qualified investors, pursuant to the approval by its ordinary shareholders' meeting and relevant regulatory authorities.

The carrying amount of preference shares, net of direct issuance expenses, was RMB34,955 million. All the proceeds received is used to replenish Other Tier-One capital in order to increase the Bank's Tier-One capital adequacy ratio (Note 55). Dividends are non-cumulative and where payable are paid annually. Dividend rate will be re-priced every five years thereafter with reference to the five-year PRC treasury bonds yield plus a fixed premium of 1.30%.

42 Other equity instruments (continued)

As authorised by the ordinary shareholders' Annual General Meeting, the Board of Directors has the sole discretion to declare and distribute dividends on preference shares. The Bank shall not distribute any dividends to its ordinary shareholders before it declares such dividends to preference shareholders for the relevant period. The distribution of preference shares dividend is at the Bank's discretion and is non-cumulative. Preference shareholders are not entitled to participate in the distribution of retained profits except for the dividends stated above.

The Bank has redemption option when specified conditions as stipulated in the offering documents of preference shares are met, subject to regulatory approval, whereas preference shareholders have no right to require the Bank to redeem the preference shares.

Upon occurrence of the triggering events as stipulated in paragraph 2(3) of the Guidance of the China Banking Regulatory Commission on Commercial Banks' Innovation on Capital Instruments (CBRC No.56 [2012]) and subject to regulatory approval, preference shares shall be mandatorily converted into ordinary A shares of the Bank at the conversion price of RMB7.07 per share, partially or entirely. The conversion price of the preference shares will be adjusted where certain events occur including bonus issues, rights issue, capitalisation of reserves and new issuances of ordinary shares below market price, subject to terms and formulae provided for in the offering documents, to maintain the relative interests between preference shareholders and ordinary shareholders.

These preference shares are classified as equity instruments and presented as equity in the consolidated annual statement of financial position; and are qualified as Additional Tier-One capital Instruments in accordance with the former CBIRC requirements.

(ii) Perpetual bonds

The Bank issued RMB40 billion write-down undated capital bonds (the "Bonds") in the domestic interbank bond market on 11 December 2019. On 26 April 2021, the Bank issued RMB40 billion write-down undated capital bonds (the "Bonds") in the domestic interbank bond market. The denomination of these Bonds is RMB100 each, and the annual coupon rate of the Bonds for the first 5 years is 4.20%, resetting every 5 years.

The duration of these 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 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; 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 its discretion utilize the proceeds from the cancelled distribution to meet other obligations of maturing debts. But the Bank shall not distribute profits to ordinary shareholders until the resumption of full interest payment.

42 Other equity instruments (continued)

These perpetual bonds are classified as equity instruments, and presented as equity in the consolidated statement of financial position; and are qualified as Additional Tier-One Capital Instruments in accordance with the former CBIRC requirements.

Interests attributable to equity instruments' holder:

	31 December 2023	*31 December 2022*
Total equity attributable to equity holders of the Bank	717,222	665,418
Equity attributable to ordinary equity holders of the Bank	599,162	547,342
Equity attributable to other equity instruments holders of the Bank	118,060	118,076
- Dividend distribution for the year	4,788	4,788
Total equity attributable to non-controlling interests	17,453	20,412
Equity attribute to non-controlling interests of ordinary shares	9,763	9,220
Equity attributable to non-controlling interests of other equity instruments	7,690	11,192

During the year ended 31 December 2023, RMB1,428 million was paid to preference shareholders (2022: RMB1,428 million), RMB 3,360 million was paid to holders of perpetual bonds (2022: RMB3,360 million).

43 Capital reserves

	31 December 2023	*31 December 2022*
Share premium	59,083	58,896
Other reserves	317	320
Total	59,400	59,216

44 Other comprehensive income

Other comprehensive income comprises items that will not be reclassified subsequently to profit or loss, such as net changes on the measurement of defined benefit plans (Note 36) and fair value changes on financial investments designated at fair value through other comprehensive income, and items that may be reclassified subsequently to profit or loss, such as fair value changes on financial assets at fair value through other comprehensive income, credit impairment allowance on financial assets at fair value through other comprehensive income and exchange differences on translation.

45 Surplus reserve

	Year ended 31 December 2023	*Year ended 31 December 2022*
As at 1 January	54,727	48,937
Appropriations	6,265	5,790
As at 31 December	60,992	54,727

Under the relevant PRC Laws, the Bank and the Bank's subsidiaries in Mainland China are required to appropriate 10% of its profit for the year, as determined under regulations issued by the regulatory bodies of the PRC, to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. After making the appropriation to the statutory surplus reserve, the Bank may also appropriate its profit for the year to the discretionary surplus reserve upon approval by ordinary shareholders at the Annual General Meeting. The Bank makes its appropriation on an annual basis.

Subject to the approval of ordinary shareholders, statutory surplus reserves may be used for replenishing accumulated losses, if any, and may be converted into share capital, provided that the balance of statutory surplus reserve after such capitalisation is not less than 25% of the registered capital before the process.

46 General reserve

	Year ended 31 December 2023	*Year ended 31 December 2022*
As at 1 January	100,580	95,490
Appropriations	4,547	5,090
As at 31 December	105,127	100,580

Pursuant to relevant Ministry of Finance ("MOF") notices, the Bank and the Group's banking subsidiaries in Mainland China are required to set aside a general reserve to cover potential losses against their assets. The Bank and the Group make its appropriation on an annual basis.

CITIC Wealth shall draw operational risk reserves on a monthly basis according to the Administrative Measures for Financial Subsidiaries of Commercial Banks. CNCBI Macau shall draw down its regulatory reserves on a monthly basis according to the requirements of the Monetary Authority of Macau, China CITIC Bank International shall draw operational risk reserves according to the requirements of the Administrative Measures for Financial Subsidiaries of General reserve. During the year ended 31 December 2023, a total of RMB3,152 million of corresponding risk provisions was drawn.

47 Profit appropriations and retained earnings

(a) Profit appropriations and distributions other than dividends declared during the year

	Note	*Year ended 31 December 2023*	*Year ended 31 December 2022*
Appropriations to			
- surplus reserve	45	6,265	5,790
- general reserve	46	4,547	5,090
As at 31 December		10,812	10,880

The Bank appropriated RMB6,265 million to statutory surplus reserve fund for the year of 2023, and appropriated RMB4,234 million to general reserve. The Group's subsidiary, Lin'an rural bank, made appropriations to general reserve in accordance with relevant regulatory requirements.

(b) In accordance with the resolution approved in the Annual General Meeting of the Bank on 21 June 2023, a total amount of approximately RMB16,110 million (RMB3.29 per 10 shares) were distributed in the form of cash dividend to the ordinary shareholders on 20 July 2023.

(c) On 21 March 2024, the Board of Directors proposed a cash dividend of RMB3.56 per 10 shares in respect of the year 2023. Subject to the approval of the ordinary shareholders at the Annual General Meeting, approximately RMB17,432 million will be payable to those on the register of ordinary shareholders as at the relevant record date. This proposal is a non-adjusting event after the reporting period and has not been recognized as liability as at 31 December 2023.

(d) On 26 April 2021, the Bank issued RMB40 billion write-down undated capital bonds in the domestic interbank bond market. The Bank paid RMB1,680 million in interest at a coupon rate of 4.20% to investors of perpetual bonds on 26 April 2023.

(e) In accordance with the resolution approved in the Board of Directors Meeting of the Bank on 25 August 2023, a total amount of approximately RMB1,428million (calculated by the Bank using the agreed dividend rate of 4.08% with RMB4.08 per share) were distributed in the form of cash dividend to the preference shareholders on 26 October 2023.

(f) As at 31 December 2023, the retained earnings included the statutory surplus reserves of certain subsidiaries of RMB1,167 million (31 December 2022: RMB846 million). Such statutory surplus reserves cannot be distributed.

48 Non-controlling interests

As at 31 December 2023, non-controlling interests included ordinary shares held by non-controlling interest in subsidiaries and other equity instrument holders' interests. Other equity instrument holders' interest amounted to RMB7,690 million (31 December 2022: RMB11,192 million) representing other equity instruments issued by CBI on 29 July 2021 and 22 April 2022, an entity ultimately controlled by the Group. Such instruments are perpetual non-cumulative subordinated additional Tier-One capital securities (the "Capital Securities").

Financial instruments in issue	*Issue Date*	*Nominal Value*	*First Call Date*	*Coupon Rate*	*Payment Frequency*
Capital Securities	29 July 2021	USD 600 million	29 July 2026	3.25% per annum for the first five years after issuance, and re-priced every five years to a rate equivalent to the five-year US Treasury rate plus 2.53% per annum	Semi-annually
Capital Securities	22 April 2022	USD 600 million	22 April 2027	4.80% per annum for the first five years after issuance, and re-priced every five years to a rate equivalent to the five-year US Treasury rate plus 2.104% per annum	Semi-annually

CBI may, at its sole discretion, elect to cancel any payment of coupon, in whole or in part, or redeem Capital Securities in whole on the first call date and any subsequent coupon distribution date , where the holders of these Capital Securities have no right to require CBI to redeem. These Capital Securities listed above are classified as other equity instruments.

A distribution of RMB588 million was paid to the holders of the Capital Securities mentioned above during the year ended 31 December 2023 (During the year ended 31 December 2022: RMB463 million).

49 Notes to consolidated annual statement of cash flows

Cash and cash equivalents

	Year ended 31 December *2023*	*2022*
Cash	4,467	5,532
Cash equivalents		
- Surplus deposit reserve funds	52,473	104,315
- Deposits with banks and non-bank financial institutions due within three months when acquired	41,673	36,024
- Placements with and loans to banks and non-bank financial institutions due within three months when acquired	59,707	36,219
- Investment securities due within three months when acquired	90,682	125,781
Subtotal	244,535	302,339
Total	249,002	307,871

50 Commitments and contingent liabilities

(a) Credit commitments

The Group's credit commitments take the form of loan commitments, credit card commitments, financial guarantees, letters of credit and acceptances.

Loan commitments and credit card commitments represent the undrawn amount of approved loans with signed contracts and credit card limits. Financial guarantees and letters of credit represent guarantees provided by the Group to guarantee the performance of customers to third parties. Bank acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects the majority acceptances to be settled simultaneously with the reimbursement from the customers.

50 Commitments and contingent liabilities (continued)

The contractual amounts of credit commitments by categories are set out below. The amounts disclosed in respect of loan commitments and credit card commitments assume that amounts are fully drawn down. The amounts of guarantees, letters of credit and acceptances represent the maximum potential loss that would be recognized at the reporting date if counterparties failed to perform as contracted.

	31 December 2023	*31 December 2022*
Contractual amount		
Loan commitments		
- with an original maturity within one year	13,995	16,319
- with an original maturity of one year or above	32,773	41,642
Subtotal	46,768	57,961
Bank acceptances	867,523	795,833
Credit card commitments	779,947	704,268
Letters of guarantee issued	237,359	186,617
Letters of credit issued	256,351	270,837
Total	2,187,948	2,015,516

(b) Credit commitments analysed by credit risk weighted amount

	31 December 2023	*31 December 2022*
Credit risk weighted amount of credit commitments	602,231	541,153

The credit risk weighted amount refers to the amount as computed in accordance with the rules set out by the former CBIRC and depends on the status of counterparties and the maturity characteristics. The risk weighting used range from 0% to 150%.

(c) Capital commitments

(i) The Group had the following authorised capital commitments in respect of property, plant and equipment at the reporting date:

	31 December 2023	*31 December 2022*
For the purchase of property and equipment		
- contracted for	1,521	2,011

50 Commitments and contingent liabilities (continued)

(d) Outstanding contingencies including litigation and disputes

The Group has assessed and has made provisions for any probable outflow of economic benefits in relation to commitments and contingent liabilities at the reporting date in accordance with its accounting policies including litigation and disputes.

As at 31 December 2023, the Group was involved in certain pending litigation as defendant with gross claims of RMB1,166 million (as at 31 December 2022: RMB577 million). Such contingencies, including litigation and disputes, are not expected to have material impact on the financial position and operations of the Bank (Note 39).

(e) Bonds redemption obligations

As an underwriting agent of PRC treasury bonds, the Group has the responsibility to buy back those bonds sold by it should the holders decide to early redeem the bonds held. The redemption price for the bonds at any time before their maturity dates is based on the nominal value plus any interest unpaid and accrued up to the redemption date. Accrued interest payables to the bond holders are calculated in accordance with relevant rules of the MOF and the PBOC. The redemption price may be different from the fair value of similar instruments traded at the redemption date.

The redemption obligations below represent the nominal value of treasury bonds underwritten and sold by the Group, but not yet matured at the reporting date:

	31 December 2023	*31 December 2022*
Redemption commitment for PRC treasury bonds	2,735	2,904

The original maturities of these bonds vary from one to five years. Management of the Group expects the amount of redemption before maturity dates of these bonds will not be material. The MOF will not provide funding for the early redemption of these bonds on a back-to-back basis, but will settle the principal and interest upon maturity.

(f) Underwriting obligations

As at 31 December 2023 and 2022, the Group did not have unfulfilled commitment in respect of securities underwriting business.

51 Collateral

(a) Assets pledged

(i) The carrying amount of financial assets pledged as collateral in the Group's ordinary course of businesses, including repurchase agreements and borrowings from central banks, are disclosed as below:

	31 December 2023	*31 December 2022*
Debt securities	744,648	368,653
Discounted bills	93,454	69,593
Others	-	269
Total	838,102	438,515

As at 31 December 2023 and 2022, the Group's liabilities related to the above collateral were due within 12 months from the effective dates of these agreements and title of these collateral was not transferred to counterparties.

(ii) In addition, as at 31 December 2023, the Group pledged deposits with banks and other financial institutions with carrying amount totalling RMB911 million (31 December 2022: RMB542 million) as collateral for derivative transactions and guarantee funds to exchanges. Title of these pledged assets was not transferred to counterparties.

(b) Collateral accepted

The Group received debt securities and bills as collateral for financial assets held under resale agreements as set out in Note 20. Under the terms of these agreements, the Group could not resell or re-pledge certain parts of these collateral unless in the event of default by the counterparties. As at 31 December 2023, the Group held no collateral that can be resold or re-pledged (31 December 2022: Nil). During the year ended 31 December 2023, the Group did not resell or re-pledge any of these collateral (year ended 31 December 2022: Nil).

52 Transactions on behalf of customers

(a) Entrusted lending business

The Group provides entrusted lending business services to corporations and individuals, as well as entrusted provident housing fund mortgage business services. All entrusted loans are made under the instruction or at the direction of these corporations, individuals or provident housing fund centre and are funded by entrusted funds from them.

For entrusted assets and liabilities and entrusted provident housing fund mortgage business, the Group does not expose to credit risk in relation to these transactions, but acts as an agent to hold and manage these assets and liabilities at the instruction of the entrusting parties and receives fee income for the services provided.

Entrusted assets are not assets of the Group and are not recognized on the consolidated statement of financial position. Income received and receivable for providing these services is included in the consolidated statement of profit or loss as fee income.

52 Transactions on behalf of customers (continued)

At the reporting date, the entrusted assets and liabilities were as follows:

	31 December 2023	*31 December 2022*
Entrusted loans	425,026	305,416
Entrusted funds	425,028	305,417

(b) Wealth management services

As at 31 December 2023, the amount of total assets invested by these non-principal guaranteed wealth management products issued by the Group was disclosed in Note 58(b).

The funds raised by non-principal guaranteed wealth management products from investors are invested in various investments, including debt securities and money market instruments, credit assets and other debt instruments, equity instruments etc. Credit risk, crisk and interest rate risk associated with these products are borne by the customers. The Group only earns commission which represents the charges on customers in relation to the provision of custodian, sale and management services. Income is recognized in the annual consolidated statement of profit or loss as commission income. The Group has entered into placements transactions at market interest rates with the wealth management products vehicles (Note 58 (b)).

As at 31 December 2023, the total investment of non-principal guaranteed wealth management products managed by the Group that was not included in the Group's consolidated financial statements was disclosed in Note 58(b).

53 Segment reporting

Measurement of segment assets and liabilities, and segment income and expenses are based on the Group's accounting policies.

Internal charges and transfer pricing of transactions between segments are determined for management purpose and have been reflected in the performance of each segment. Net interest income and expenses arising from internal charges and transfer pricing adjustments are referred to as "Internal net interest income/expenses". Interest income and expenses earned from third parties are referred to as "External net interest income/expenses".

Segment income, expense, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment assets and liabilities do not include deferred tax assets and liabilities. Segment income, expenses, assets, and liabilities are determined before intra-group balances, and intra-group transactions are eliminated as part of the consolidation process. Segment capital expenditure is the total costs incurred during the year to acquire assets (including both tangible assets and intangible assets) whose estimated useful lives are over one year.

53 Segment reporting (continued)

(a) Business segments

The Group has the following main business segments for management purpose:

Corporate banking

This segment represents the provision of a range of financial products and services to corporations, government agencies and non-financial institutions, as well as conducts investment banking businesses and international businesses. The products and services include corporate loans, deposit taking activities, agency services, remittance and settlement services and guarantee services.

Personal banking

This segment represents the provision of a range of financial products and services to individual customers. The products and services comprise loans, deposit services, securities agency services, remittance and settlement services and guarantee services.

Treasury business

This segment conducts capital markets operations, inter-bank operations, which, specifically, includes inter-bank money market transactions, repurchase transactions, and investments and trading in debt instruments. Furthermore, treasury business segment also carries out derivatives and forex trading both for the Group and for customers.

53 Segment reporting (continued)

Others and unallocated

Others comprise components of the Group that are not attributable to any of the above segments, along with certain assets, liabilities, income or expenses of the Head Office that could not be allocated on a reasonable basis. This segment also manages the Group's liquidity position.

	Year ended 31 December 2023				
	Corporate Banking	*Personal Banking*	*Treasury Business*	*Others and Unallocated*	*Total*
External net interest income/(expense)	44,798	87,014	40,396	(28,669)	143,539
Internal net interest income/(expense)	32,960	(25,165)	(37,720)	29,925	-
Net interest income	77,758	61,849	2,676	1,256	143,539
Net fee and commission income/(expense)	11,440	20,463	5,949	(5,469)	32,383
Other net income /(expense) (Note (i))	2,359	4,113	17,363	5,813	29,648
Operating income	91,557	86,425	25,988	1,600	205,570
Operating expenses					
- depreciation and amortisation	(2,514)	(2,024)	(2,725)	(978)	(8,241)
- others	(25,154)	(31,499)	(2,577)	(1,743)	(60,973)
Credit impairment losses	(21,709)	(36,967)	(3,405)	155	(61,926)
Impairment losses on other assets	(278)	-	-	-	(278)
Revaluation loss on investment properties	-	-	-	(1)	(1)
Share of profits of associates and joint ventures	-	-	-	736	736
Profit before tax	41,902	15,935	17,281	(231)	74,887
Income tax					(6,825)
Profit for the year					68,062
Capital expenditure	1,804	1,509	2,198	861	6,372

	31 December 2023				
	Corporate Banking	*Personal Banking*	*Treasury Business*	*Others and Unallocated*	*Total*
Segment assets	2,822,064	2,249,644	3,336,485	584,866	8,993,059
Interest in associates and joint ventures	-	-	-	6,945	6,945
Deferred tax assets					52,480
Total asset					9,052,484
Segment liabilities	3,968,855	1,553,644	1,136,712	1,658,597	8,317,808
Deferred tax liabilities					1
Total liabilities					8,317,809
Off-balance sheet credit commitments	1,407,233	780,715	-	-	2,187,948

53 Segment reporting (continued)

	Year ended 31 December 2022				
	Corporate Banking	*Personal Banking*	*Treasury Operations*	*Others and Unallocated*	*Total*
External net interest income/(expense)	41,133	102,227	37,443	(30,156)	150,647
Internal net interest income/(expense)	39,377	(41,619)	(29,454)	31,696	-
Net interest income	80,510	60,608	7,989	1,540	150,647
Net fee and commission income/(expense)	10,813	22,787	3,120	372	37,092
Other net income /(expense) (Note (i))	3,113	1,282	19,203	(228)	23,370
Operating income	94,436	84,677	30,312	1,684	211,109
Operating expenses					
- depreciation and amortisation	(2,091)	(1,376)	(2,124)	(1,729)	(7,320)
- others	(24,688)	(30,486)	(3,543)	(801)	(59,518)
Credit impairment losses	(34,550)	(35,435)	(1,323)	(51)	(71,359)
Impairment losses on other assets	(79)	-	-	34	(45)
Revaluation loss on investment properties	-	-	-	(74)	(74)
Share of profits of associates and joint ventures	-	-	14	609	623
Profit before tax	33,028	17,380	23,336	(328)	73,416
Income tax					(10,466)
Profit for the year					62,950
Capital expenditure	1,544	995	1,645	1,137	5,321

	31 December 2022				
	Corporate Banking	*Personal Banking*	*Treasury Operations*	*Others and Unallocated*	*Total*
Segment assets	2,933,628	2,207,675	2,713,020	631,868	8,486,191
Interest in associates and joint ventures	-	-	135	6,206	6,341
Deferred tax assets					55,011
Total asset					8,547,543
Segment liabilities	3,881,053	1,357,988	1,065,610	1,557,059	7,861,710
Deferred tax liabilities					3
Total liabilities					7,861,713
Off-balance sheet credit commitments	1,311,248	704,268	-	-	2,015,516

Note:

(i) Other net income consists of net trading gain, net gain from investment securities, net hedging gain and other operating income.

53 Segment reporting (continued)

(b) Geographical segments

The Group operates principally in Mainland China with branches located in 31 provinces, autonomous regions and municipalities. The Bank's principal subsidiaries, CNCB Investment and CIFH are registered and operating in Hong Kong. The other subsidiaries, Lin'an Rural Bank, CITIC Wealth and CFLL are registered and operating in Mainland China.

In presenting information by geographical segments, operating income is allocated based on the location of the branches that generated the revenue. Segment assets and capital expenditure are allocated based on the geographical location of the underlying assets.

Geographical segments, as defined for management reporting purposes, are as follows:

- "Yangtze River Delta" refers to the following areas where Tier-One branches of the Group are located: Shanghai, Nanjing, Suzhou, Hangzhou and Ningbo, as well as Lin'an Rural Bank and CITIC Wealth;

- "Pearl River Delta and West Strait" refers to the following areas where Tier-One branches of the Group are located: Guangzhou, Shenzhen, Dongguan, Fuzhou, Xiamen, and Haikou;

- "Bohai Rim" refers to the following areas where Tier-One branches of the Group are located: Beijing, Tianjin, Dalian, Qingdao, Shijiazhuang, Jinan and CFLL;

- "Central" region refers to the following areas where Tier-One branches of the Group are located: Hefei, Zhengzhou, Wuhan, Changsha, Taiyuan and Nanchang;

- "Western" region refers to the following areas where Tier-One branches of the Group are located: Chengdu, Chongqing, Xi'an, Kunming, Nanning, Hohhot, Urumqi, Guiyang, Lanzhou, Xining, Yinchuan and Lhasa;

- "North-eastern" region refers to the following areas where Tier-One branches of the Group is located: Shenyang, Changchun and Harbin;

- "Head Office" refers to the headquarters of the Bank and the Credit Card Center; and

- "Overseas" includes all the operations of London branch, HongKong branch, CNCB Investment, CIFH and its subsidiaries.

53 Segment reporting (continued)

	Year ended 31 December 2023									
	Yangtze River Delta	*Pearl River Delta and West Strait*	*Bohai Rim*	*Central*	*Western*	*Northeastern*	*Head Office*	*Overseas*	*Elimination*	*Total*
External net interest income	29,405	10,713	(5,496)	20,028	16,992	1,159	63,807	6,931	-	143,539
Internal net interest (expense)/income	3,609	931	25,902	(1,712)	(3,901)	461	(25,321)	31	-	-
Net interest income	33,014	11,644	20,406	18,316	13,091	1,620	38,486	6,962	-	143,539
Net fee and commission income	5,185	1,674	3,092	1,406	942	154	18,610	1,320	-	32,383
Other net income /(expense) (Note (i))	1,804	599	722	184	270	40	25,795	234	-	29,648
Operating income	40,003	13,917	24,220	19,906	14,303	1,814	82,891	8,516	-	205,570
Operating expense										
- depreciation and amortisation	(988)	(798)	(1,119)	(653)	(744)	(195)	(3,164)	(580)	-	(8,241)
- others	(9,677)	(5,200)	(7,207)	(5,935)	(5,023)	(1,059)	(23,295)	(3,577)	-	(60,973)
Credit impairment losses	(8,481)	(6,500)	(3,855)	(5,122)	(4,337)	(332)	(30,723)	(2,576)	-	(61,926)
Impairment losses on other assets	(65)	(22)	(34)	(44)	(111)	(2)	-	-	-	(278)
Revaluation loss on investment properties	-	-	-	-	-	-	-	(1)	-	(1)
Share of gains/(loss) of associates and joint ventures	-	-	-	-	-	-	-	736	-	736
Profit before tax	20,792	1,397	12,005	8,152	4,088	226	25,709	2,518	-	74,887
Income tax										(6,825)
Profit for the year										68,062
Capital expenditure	395	247	238	205	222	34	4,624	407	-	6,372

53 Segment reporting (continued)

	31 December 2023									
	Yangtze River Delta	*Pearl River Delta and West Strait*	*Bohai Rim*	*Central*	*Western*	*Northeastern*	*Head Office*	*Overseas*	*Elimination*	*Total*
Segment assets	2,009,211	994,510	1,889,859	879,067	732,239	126,449	3,436,157	480,095	(1,554,528)	8,993,059
Interest in associates and joint ventures	-	-	-	-	-	-	6,573	372	-	6,945
Deferred tax assets										52,480
Total assets										9,052,484
Segment liabilities	1,995,433	1,041,109	1,884,262	854,890	733,286	132,996	2,817,827	412,405	(1,554,400)	8,317,808
Deferred tax liabilities										1
Total liabilities										8,317,809
Off-balance sheet credit commitments	395,730	255,105	254,314	281,328	175,195	21,048	770,572	34,656	-	2,187,948

53 Segment reporting (continued)

	Year ended 31 December 2022									
	Yangtze River Delta	*Pearl River Delta and West Strait*	*Bohai Rim*	*Central*	*Western*	*Northeastern*	*Head Office*	*Overseas*	*Elimination*	*Total*
External net interest income	34,446	19,339	(78)	22,603	19,931	2,167	45,993	6,246	-	150,647
Internal net interest (expense)/income	(4,641)	(4,477)	20,783	(5,504)	(7,672)	(245)	1,714	42	-	-
Net interest income	29,805	14,862	20,705	17,099	12,259	1,922	47,707	6,288	-	150,647
Net fee and commission income	5,812	1,737	3,298	1,640	1,119	178	22,028	1,280	-	37,092
Other net income (Note (i))	1,858	577	879	475	239	51	18,603	688	-	23,370
Operating income	37,475	17,176	24,882	19,214	13,617	2,151	88,338	8,256	-	211,109
Operating expense										
- depreciation and amortisation	(947)	(786)	(899)	(654)	(733)	(202)	(2,486)	(613)	-	(7,320)
- others	(10,190)	(6,365)	(8,089)	(5,614)	(5,650)	(1,128)	(19,184)	(3,298)	-	(59,518)
Credit impairment losses	(10,905)	(4,966)	(5,942)	(3,987)	(4,140)	(495)	(39,214)	(1,710)	-	(71,359)
Impairment (losses)/gains on other assets	-	-	1	(12)	(68)	-	-	34	-	(45)
Revaluation loss on investment properties	-	-	-	-	-	-	-	(74)	-	(74)
Share of gains/(loss) of associates and joint ventures	-	-	-	-	-	-	611	12	-	623
Profit before tax	15,433	5,059	9,953	8,947	3,026	326	28,065	2,607	-	73,416
Income tax										(10,466)
Profit for the year										62,950
Capital expenditure	570	246	152	225	219	43	3,626	240	-	5,321

53 Segment reporting (continued)

	31 December 2022									
	Yangtze River Delta	*Pearl River Delta and West Strait*	*Bohai Rim*	*Central*	*Western*	*North eastern*	*Head Office*	*Overseas*	*Elimination*	*Total*
Segment assets	1,883,859	989,734	1,853,384	830,699	671,733	120,001	3,386,176	452,313	(1,701,708)	8,486,191
Interest in associates and joint ventures	-	-	-	-	-	-	5,811	530	-	6,341
Deferred tax assets										55,011
Total assets										8,547,543
Segment liabilities	1,650,156	777,003	1,440,598	759,105	610,456	111,866	3,827,767	392,380	(1,707,621)	7,861,710
Deferred tax liabilities										3
Total liabilities										7,861,713
Off-balance sheet credit commitments	357,706	252,497	223,088	270,915	163,125	19,830	694,944	33,411	-	2,015,516

Note:

(i) Other net income consists of net trading gain, net gain from investment securities, net hedging gain and other operating income.

54 Financial risk management

This section presents information about the Group's exposure to and its management and control of risks, in particular the primary risks associated with its use of financial instruments:

- **Credit risk** Credit risk represents the potential loss that may arise from the failure of a customer or counterparty to meet its contractual obligations or commitments to the Group.
- **Market risk** Market risk arises from unfavorable changes in market prices (interest rate, exchange rate, stock price or commodity price) that lead to a loss of on-balance sheet or off-balance sheet business in the Group.
- **Liquidity risk** Liquidity risk arises when the Group, in meeting the demand of liabilities due and other payment obligations as well as the needs of business expansion, is unable to sufficiently, timely or cost-effectively acquire funds.
- **Operational risk** Operational risk arises from inappropriate or problematic internal procedures, personnel, IT systems, or external events, such risk includes legal risk, but excluding strategic risk and reputational risk.

The Group has established policies and procedures to identify and analyse these risks, to set appropriate risk limits and controls, and to constantly monitor the risks and limits by means of reliable and up-to-date management information systems. The Group regularly modifies and enhances its risk management policies and systems to reflect changes in markets, products and best practice risk management processes. Internal auditors also perform regular audits to ensure compliance with relevant policies and procedures.

(a) Credit risk

Credit risk management

Credit risk refers to the risk of loss caused by default of debtor or counterparty. Credit risk also occurs when the Group makes unauthorized or inappropriate loans and advances to customers, financial commitments or investments. The credit risk exposures of the Group mainly arise from the Group's loans and advances to customers, bonds, interbank business,receivables, lease receivables, other debt investments, and other on-balance sheet assets, and also off-balance sheet items. , such as credit commitments.

The Group has standardized management on the entire credit business process including loan application and its investigation, approval and granting of loan, and monitoring of non-performing loans. Through strictly standardized credit business process, strengthening the whole process management of pre-lending investigation, credit rating and credit granting, examination and approval, loan review and post-lending monitoring, improving risk mitigating impact of collateral, accelerating the collection and disposal of non-performing loans, and promoting the upgrading and transformation of credit management system, the credit risk management of the Group has been comprehensively improved.

54 Financial risk management (continued)

The Group writes off financial asset when it cannot reasonably expect to recover all or part of the asset. Signs indicating that the recoverable amount cannot be reasonably expected to recover include: (1) the enforcement has been terminated, and (2) the Group's recovery method is to confiscate and dispose of the collateral, but the expected value of the collateral cannot cover the entire principal and interest.

In addition to the credit risk caused by credit assets, the Group manages the credit risk for treasury businesses through prudently selecting peers and other financial institutions with comparable credit levels as counterparties, balancing credit risk with returns on investment, comprehensively considering internal and external credit rating information, granting credit hierarchy, and using credit management system to review and adjust credit commitments on a timely basis, etc. In addition, the Group provides off-balance sheet commitment and guarantee businesses to customers, so it is possible for the Group to make payment on behalf of the customer in case of customer's default and bear risks similar to the loan. Therefore, the Group applies similar risk control procedures and policies to such business to reduce the credit risk.

Measurement of expected credit losses ("ECL")

The Group adopts the "expected credit loss model" on its debt instruments which are classified as financial assets measured at amortised cost and at fair value through other comprehensive income and off-balance sheet credit assets in accordance with the provisions of IFRS 9.

For financial assets that are included in the measurement of expected credit losses, the Group evaluates whether the credit risks of related financial assets have increased significantly since the initial recognition. The impairment model is used to measure their allowances for impairment losses respectively to recognize expected credit losses and their movements:

Stage 1: Financial assets with no significant increase in credit risk since initial recognition will be classified as "Stage 1" and the Group continuously monitors their credit risk. The loss allowance of financial assets in Stage 1 is measured based on the expected credit losses in the next 12 months, which represent the proportion of the lifetime expected credit losses that may arise from possible default events in the next 12 months.

Stage 2: If there is a significant increase in credit risk from initial recognition but not has been credit-impaired, the Group transfers the related financial assets to Stage 2, but does not consider them as credit-impaired instruments. The expected credit losses of financial assets in Stage 2 are measured based on the lifetime expected credit losses.

Stage 3: If a financial asset has been credit-impaired, it will be moved to Stage 3. The expected credit losses of financial assets in Stage 3 are measured based on the lifetime expected credit losses.

Purchased or originated credit-impaired financial assets refers to financial assets that are credit-impaired at initial recognition. Allowance for impairment losses on these assets are the lifetime expected credit losses.

54 Financial risk management (continued)

The Group measures ECLs of financial assets through testing models including the risk parameters model and discounted cash flows model. The risk parameters model method is applicable to the financial assets in Stages 1 and 2. Both the risk parameter model and discounted cash flows model are applicable to the Stage 3 financial assets.

The discounted cash flow model is used to calculate the impairment allowance for an asset based on the regular forecasts of the future cash flows of the asset. At each measurement date, the Group makes forecasts of the future cash inflows of the asset in different periods and in different scenarios, applies probability weightings to obtain the weighted averages of the future cash flows, applies appropriate discount rates to the weighted averages and adds these discounted weighted averages to obtain the present value of the future cash inflows.

The risk parameter model has two main components: 1) the assessment methods under, the Internal Rating-Based (IRB) approach for key parameters, such as probability of default (PD) and loss given default (LGD); and 2) the forward-looking adjustment model for multi-scenario forecasts based on the key parameters. The expected credit losses of financial assets are assessed individually by measuring PDs, LGDs and forward-looking adjustments. The key judgments involved and assumptions adopted by the Group in assessing expected credit losses are as follows:

(1) Grouping of risks

According to the nature of the businesses, the Group mainly divides its financial assets into three major categories, i. e., corporate assets, personal loans and credit card assets according to the asset categories, and further divides them into risk groups in light of their credit risk characteristics, including the industries in which the customers operate, product type and staging assessments.

(2) Significant increase in credit risk

On each balance sheet date, the Group evaluates whether the credit risk of the relevant financial instruments has increased significantly since the initial recognition. When one or more quantitative or qualitative threshold, or pre-set upper limit are triggered, the credit risk of financial instruments would be considered as having increased significantly.

By setting quantitative and qualitative criteria, the Group determines whether the credit risk of financial instruments has increased significantly since initial recognition. The criteria mainly include days past due, the absolute level and relative level of default probability changes, changes in credit risk classification and other circumstances indicating significant changes in credit risk.

In accordance with the policies of the central government and regulatory authorities and in light of its credit management needs, the Group makes prudential assessments of the repayment ability of borrowers who apply for loan extensions, To eligible borrowers provides a number of relief options, including deferred repayment of interest and adjustment of repayment schedules., and at the same time, the Group makes individual and collective assessments to assess whether there has been a significant increase in the credit risk of these borrowers.

54 Financial risk management (continued)

(3) Definition of credit-impaired assets

When credit impairment occurred, the Group defines that the financial asset is in default. In general, a financial asset that is overdue for more than 90 days is considered to be in default.

When one or more events that significant adversely affect the expected future cash flow of a financial asset occurs, the financial asset becomes a credit-impaired financial asset. Evidence of credit-impaired financial assets includes the following observable information:

- The issuer or borrower is in significant financial difficulties;
- The borrower is in breach of financial covenant(s) such as default or overdue in repayment of interests or principal etc.;
- The creditor gives the debtor concession that would not be offered otherwise, considering for economic or contractual reasons relating to the debtor's financial difficulties;
- It is becoming probably that the borrower will enter bankruptcy or other financial restructuring;
- An active market for that financial asset has disappeared because of financial difficulties from issuer or borrower;
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

(4) Inputs for measurement of expected credit losses

The expected credit loss is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred or whether an asset is considered to be credit-impaired. Related definitions are as follows:

- The probability of default ("PD") represents the likelihood of a borrower defaulting on its financial obligations, either over the next 12 months or over the remaining lifetime of the obligation.
- Loss given default ("LGD") represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim, and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default and is calculated on a 12-month or lifetime basis.
- Exposure at default ("EAD") is based on the amounts that the Group expects to be owned at the time of default, over the next 12 months or over the remaining lifetime of the obligation.

54 Financial risk management (continued)

The Group regularly monitors and reviews the assumptions related to the calculation of ECL, including the PDs for various maturities and the changes in the values of collateral over time.

The Group classifies exposures with similar risk characteristics into groups and collectively estimates their risk parameters, including PDs, LGDs, and EADs. In the first half of 2023, based on data accumulation, the Group optimized and updated the relevant models and parameters. The Group has obtained sufficient information to ensure its statistical reliability.The Group makes allowances for its expected credit losses based on on-going assessment of and follow-up on changes in its customers and their financial assets on an individual basis.

(5) Forward-looking information

The assessment of significant increases in credit risk and the calculation of expected credit losses both involve forward-looking information. Based on historical analysis , the Group has identified the key economic variables impacting expected credit losses for various risk groups.

These economic variables have different impacts on the probabilities of default and the losses given default of different risk groups. The Group makes, forecasts of these economic indicators at least semi-annually. In this process, the Group also resorts to expert judgment, and applies expert judgment to determine the impact of these economic variables on the probabilities of and the losses given default..

In addition to the neutral economic scenario, the Group determines the possible scenarios and their weightings by a combination of statistical analysis and expert judgment. The Group measures expected credit losses as either a probability weighted 12 months expected credit losses (Stage 1) or a probability weight lifetime expected credit losses (Stage 2 and Stage 3). These probability-weighted expected credit losses are determined by running each scenario through the relevant expected credit losses model and multiplying it by the appropriate scenario weighting.

Macroeconomic scenario and weighting information

The Group has performed historical analysis and identified the key economic variables impacting credit risk and ECL for each portfolio. Based on comprehensive considerations of internal and external dataexpert forecasts, and the best estimate of future, outcomes, the Group makes regular forecasts of the macro indicators in three macro-economic scenarios, i. e., the positive, neutral, and negative scenarios, to determine the coefficients for forward-looking adjustments. Neutral is defined as the most likely to happen in the future, as compared to other scenarios. Positive scenario and negative scenario represent the likely scenario that is better off or worse off as compared to the neutral scenario.

The Group reassessed and updated the key economic indicators affecting ECLs and their estimates during the reporting period based on the latest historical data. The economic indicators currently applied in the neutral scenario, including consumer price index, narrow money supply and per capita disposable income of urban residents, etc., are basically consistent with the forecasts of research institutions.

54 Financial risk management (continued)

Considered different macroeconomic scenarios and the key macroeconomic scenario assumptions uesd in estimating ECL are set out below:

Variables	*Range*
Consumer Price Index	0.21%~1.54%
Industrial Added Value	2.57%~5.93%
Per capita Disposable Income of Urban Residents	3.71%~7.14%

Currently, the weighting of neutral scenario is equal to the sum of the weightings of other scenarios. Following this assessment, the Group measures ECL as a weighted average probability of ECL in the next 12-month under the three scenarios for Stage 1 financial instruments; and a weighted average probability of lifetime ECL for Stage 2 and 3 financial instruments.

(6) Sensitivity information and management overlay

Changes to the inputs and forward-looking information used in ECL measurement will affect the assessment of significant increase in credit risk and the measurement expected of credit losses.

As at 31 December 2023, assuming a 10% increase in the weighting of the optimistic scenario and a 10% decrease in the weighting of the neutral scenario, the Group's credit impairment losses would be reduced by no more than 5% of the current credit impairment losses; assuming a 10% increase in the weighting of the optimistic scenario and a 10% decrease in the weighting of the neutral scenario, the Group's credit impairment losseswould increase by no more than 5% of the current credit impairment losses.

As at 31 December 2023, assuming an overall increase or decrease of 5%in the macroeconomic factors , the change to the impairment loss allowances for the main credit assets of the Group and the Bank would not exceed 10% of the current impairment loss allowances of the Group and the Bank, and an assumption of a 5% decrease in all macroeconomic factors would result in an increase of no more than 10% of the current impairment loss allowances

For risks in specific areas the impacts of deferred principal also considered and applied management overlays to increase the impairment provisions to furtherboostits risk mitigation capacity, and the subsequent increase in the impairment loss allowances didnot exceed 5% of the current impairment loss allowances

Allowance for impairment losses of performing loans and advances to customers consists of ECLs for Stage 1 and Stage 2 assets, which represent 12 months ECL and lifetime ECL respectively. Loans and advances to customers in Stage 1 transfer to Stage 2 when there is a significant increase in credit risk. The following table presents the estimated impact if the ECLs of all performing loans and advances to customers are measured based on 12 months ECL, assuming all other risk factors remain the same.

54 Financial risk management (continued)

	31 December 2023	*31 December 2022*
Performing loans and advances to customers		
Allowance of impairment losses assuming performing loans and advances to customers are in Stage 1	86,425	78,523
Impact of stage transfers	3,569	4,316
Current allowance for impairment losses	89,994	82,839

(i) Maximum credit risk exposure

The maximum exposure to credit risk at the reporting date without taking into consideration of any collateral held or other credit enhancement is represented by the net balance of each type of financial assets in the consolidated annual statement of financial position after deducting any allowance for impairment losses. A summary of the maximum exposure is as follows:

	31 December 2023				
	Stage 1	*Stage 2*	*Stage 3*	*Not applicable*	*Total*
Balances with central banks	411,975	-	-	-	411,975
Deposits with bank and non-bank financial institutions	81,075	-	-	-	81,075
Placements with and loans to banks and non-bank financial institutions	230,422	-	-	7,320	237,742
Derivative financial assets	-	-	-	44,675	44,675
Financial assets held under resale agreements	104,773	-	-	-	104,773
Loans and advances to customers	5,285,333	69,674	23,185	5,558	5,383,750
Financial investments					
- at fair value through profit or loss	-	-	-	613,824	613,824
- at amortised cost	1,055,785	4,574	25,239	-	1,085,598
- at fair value through other comprehensive income	887,165	503	1,009	-	888,677
- designated at fair value through other comprehensive income	-	-	-	4,807	4,807
Other financial assets	18,604	9,815	756	-	29,175
Subtotal	8,075,132	84,566	50,189	676,184	8,886,071
Credit commitments	2,186,860	1,032	56	-	2,187,948
Maximum credit risk exposure	10,261,992	85,598	50,245	676,184	11,074,019

54 Financial risk management (continued)

	31 December 2022				
	Stage 1	*Stage 2*	*Stage 3*	*Not applicable*	*Total*
Balances with central banks	471,849	-	-	-	471,849
Deposits with bank and non-bank financial institutions	78,834	-	-	-	78,834
Placements with and loans to banks and non-bank financial institutions	209,425	-	-	8,739	218,164
Derivative financial assets	-	-	-	44,383	44,383
Financial assets held under resale agreements	13,730	-	-	-	13,730
Loans and advances to customers (Notes (i))	4,938,600	68,954	27,532	3,881	5,038,967
Financial investments					
- at fair value through profit or loss	-	-	-	557,594	557,594
- at amortised cost	1,101,975	3,709	29,768	-	1,135,452
- at fair value through other comprehensive income	803,583	136	976	-	804,695
- designated at fair value through other comprehensive income	-	-	-	5,128	5,128
Other financial assets	11,513	4,484	1,303	-	17,300
Subtotal	7,629,509	77,283	59,579	619,725	8,386,096
Credit commitments	2,014,016	1,245	255	-	2,015,516
Maximum credit risk exposure	9,643,525	78,528	59,834	619,725	10,401,612

According to the quality of assets, the Group classified the credit rating of the financial assets as risk level 1, risk level 2, risk level 3 and default. “Risk level 1” refers to customers who have competitive advantages among local peers with good foundations, outstanding operation results, strong operational and financial strength, and/or good corporate governance structure. “Risk level 2” refers to customers who are in the middle tier among local peers with fair foundations, fair operation results, fair operational and financial strength, and/or fair corporate governance structure. “Risk level 3” refers to customers who are in the lower tier among local peers, with weak foundations, poor operation results, poor operational and financial strength, and/or deficiency in corporate governance structure. The definition of “Default” is same as the definition of credit impaired. The credit rating is used for internal risk management.

54 Financial risk management (continued)

The following table provides an analysis of loans and advances to customers and financial investments that are included in the ECL assessment according to the credit risk level. The book value of the following financial assets is the Group's maximum exposure to credit risk for these assets.

	31 December 2023						
	Risk level 1	*Risk level 2*	*Risk level 3*	*Default*	*Subtotal*	*Allowance for impairment losses*	*Net balance*
Loans and advances to customers (Note (i))							
Stage 1	3,989,361	1,198,860	160,088	-	5,348,309	(62,976)	5,285,333
Stage 2	2,663	14,094	80,022	-	96,779	(27,105)	69,674
Stage 3	-	-	-	67,646	67,646	(44,461)	23,185
Financial investments at amortised cost							
Stage 1	1,020,411	37,356	694	-	1,058,461	(2,676)	1,055,785
Stage 2	-	-	5,935	-	5,935	(1,361)	4,574
Stage 3 (Note (ii))	-	-	-	47,507	47,507	(22,268)	25,239
Financial investments at fair value through other comprehensive income							
Stage 1	885,937	1,228	-	-	887,165	(1,289)	887,165
Stage 2	-	503	-	-	503	(219)	503
Stage 3	-	-	-	1,009	1,009	(460)	1,009
Maximum credit risk exposure	5,898,372	1,252,041	246,739	116,162	7,513,314	(162,815)	7,352,467

54 Financial risk management (continued)

	31 December 2022						
	Risk level 1	*Risk level 2*	*Risk level 3*	*Default*	*Subtotal*	*Allowance for impairment losses*	*Net balance*
Loans and advances to customers (Note (i))							
Stage 1	3,893,401	992,389	113,014	-	4,998,804	(60,204)	4,938,600
Stage 2	1,398	18,111	71,942	-	91,451	(22,497)	68,954
Stage 3	-	-	-	75,816	75,816	(48,284)	27,532
Financial investments at amortised cost							
Stage 1	745,762	356,012	2,684	-	1,104,458	(2,483)	1,101,975
Stage 2	-	-	5,096	-	5,096	(1,387)	3,709
Stage 3(Note (ii))	-	-	-	54,464	54,464	(24,696)	29,768
Financial investments at fair value through other comprehensive income							
Stage 1	412,730	390,853	-	-	803,583	(1,416)	803,583
Stage 2	-	136	-	-	136	(98)	136
Stage 3	-	-	-	976	976	(1,203)	976
Maximum credit risk exposure	5,053,291	1,757,501	192,736	131,256	7,134,784	(162,268)	6,975,233

Notes:

(i) Loans and advances to customers include loans and advances to customers measured at fair value through other comprehensive income, and its corresponding impairment are not included in the “Allowance for impairment losses” as shown in the table.

(ii) Claims in Stage 3 mainly represent investment management products and trust investment plans (Note 54(a)(viii)).

54 Financial risk management (continued)

(ii) Measurement of expected credit losses

The following table shows the movement in carrying value of loans and advances to customers in current reporting period:

	Year ended 31 December 2023		
	Stage 1	*Stage 2*	*Stage 3*
As at 1 January 2023	4,998,804	91,451	75,816
Movements			
Net transfers out from Stage 1	(104,735)	-	-
Net transfers into Stage 2	-	26,544	-
Net transfers into Stage 3	-	-	78,191
Net transactions incurred during the year (Note(i))	443,018	(20,657)	(26,433)
Write-off	-	-	(60,054)
Others (Note (ii))	11,222	(559)	126
As at 31 December 2023	5,348,309	96,779	67,646

	Year ended 31 December 2022		
	Stage 1	*Stage 2*	*Stage 3*
As at 1 January 2022	4,708,658	85,046	75,329
Movements			
Net transfers out from Stage 1	(109,279)	-	-
Net transfers into Stage 2	-	28,507	-
Net transfers into Stage 3	-	-	80,772
Net transactions incurred during the year (Note(i))	380,470	(23,863)	(23,508)
Write-off	-	-	(57,791)
Others (Note (ii))	18,955	1,761	1,014
As at 31 December 2022	4,998,804	91,451	75,816

54 Financial risk management (continued)

The following table shows the movement in carrying value of financial investment in current reporting period:

	Year ended 31 December 2023		
	Stage 1	*Stage 2*	*Stage 3*
As at 1 January 2023	1,908,041	5,232	55,440
Movements			
Net transfers out from Stage 1	(5,334)	-	-
Net transfers into Stage 2	-	3,460	-
Net transfers into Stage 3	-	-	1,874
Net transactions incurred during the year (Note(i))	38,725	(2,366)	(3,020)
Write-off	-	-	(5,629)
Others (Note (ii))	4,194	112	(149)
As at 31 December 2023	1,945,626	6,438	48,516

	Year ended 31 December 2022		
	Stage 1	*Stage 2*	*Stage 3*
As at 1 January 2022	1,780,877	16,208	51,728
Movements			
Net transfers out from Stage 1	(3,525)	-	-
Net transfers into Stage 2	-	(7,376)	-
Net transfers into Stage 3	-	-	10,901
Net transactions incurred during the year (Note(i))	121,588	(3,412)	(5,634)
Write-off	-	-	(1,558)
Others (Note (ii))	9,101	(188)	3
As at 31 December 2022	1,908,041	5,232	55,440

Notes:

(i) Net transactions during the year mainly include changes in carrying amount due to purchase, origination, or derecognition (excluding write-offs).

(ii) Others include changes in accrued interest receivables and effect of exchange differences during the year.

54 Financial risk management (continued)

The following table shows the movement in allowance for impairment of loans and advances to customers in current reporting period:

	Year ended 31 December 2023		
	Stage 1	*Stage 2*	*Stage 3*
As at 1 January 2023	60,727	22,524	48,363
Movements (Note(i))			
Net transfers out from Stage 1	(3,045)	-	-
Net transfers into Stage 2	-	9,082	-
Net transfers into Stage 3	-	-	34,778
Net transactions incurred during the year (Note(ii))	6,982	(3,989)	(6,742)
Changes in parameters for the year (Note (iii))	(1,171)	(149)	14,094
Write-off	-	-	(60,054)
Others (Note (iv))	69	(363)	14,092
As at 31 December 2023	63,562	27,105	44,531

	Year ended 31 December 2022		
	Stage 1	*Stage 2*	*Stage 3*
As at 1 January 2022	51,215	21,686	48,805
Movements (Note(i))			
Net transfers out from Stage 1	(2,776)	-	-
Net transfers into Stage 2	-	3,011	-
Net transfers into Stage 3	-	-	33,661
Net transactions incurred during the year (Note(ii))	5,338	(4,560)	(14,373)
Changes in parameters for the year (Note (iii))	7,408	498	27,579
Write-off	-	-	(57,791)
Others (Note (iv))	(458)	1,889	10,482
As at 31 December 2022	60,727	22,524	48,363

54 Financial risk management (continued)

The following table shows the movement in allowance for impairment of financial investment in current reporting period:

	Year ended 31 December 2023		
	Stage 1	*Stage 2*	*Stage 3*
As at 1 January 2023	3,899	1,485	25,899
Movements (Note(i))			
Net transfers out from Stage 1	(177)	-	-
Net transfers into Stage 2	-	650	-
Net transfers into Stage 3	-	-	893
Net transactions incurred during the year (Note(ii))	232	119	2,373
Changes in parameters for the year (Note (iii))	5	(676)	(810)
Write-off	-	-	(5,629)
Others (Note (iv))	6	2	2
As at 30 June 2023	3,965	1,580	22,728

	Year ended 31 December 2022		
	Stage 1	*Stage 2*	*Stage 3*
As at 1 January 2022	5,197	4,234	19,683
Movements (Note(i))			
Net transfers out from Stage 1	(209)	-	-
Net transfers into Stage 2	-	(2,184)	-
Net transfers into Stage 3	-	-	6,436
Net transactions incurred during the year (Note(ii))	160	(630)	(2,313)
Changes in parameters for the year (Note (iii))	(1,200)	56	1,695
Write-off	-	-	(1,558)
Others (Note (iv))	(49)	9	1,956
As at 31 December 2022	3,899	1,485	25,899

Notes:

(i) Movements in allowance for impairment during the year mainly include the impact of stage changes on the measurement of ECLs.

(ii) Net transactions during the year mainly include changes in allowance for impairment due to financial assets purchased newly originated, purchased or derecognized (excluding write-offs).

(iii) Changes in parameters mainly include changes in risk exposures and the impacts on ECLs due to changes in PDs and LGDs following regular updates on modelling parameters rather than stages movements.

(iv) Others include recovery of loans written off, changes of impairment losses of accrued interest, and effect of exchange differences.

54 Financial risk management (continued)

(iii) Loans and advances to customers analysed by industry sector:

	31 December 2023			*31 December 2022*		
	Gross balance	*%*	*Loans and advances secured by collateral*	*Gross balance*	*%*	*Loans and advances secured by collateral*
Corporate loans						
- rental and business services	531,424	9.6	148,751	491,301	9.5	193,562
- manufacturing	500,002	9.1	177,434	419,507	8.1	171,117
- water, environment and public utility management	434,570	7.9	104,719	413,399	8.0	129,983
- real estate	259,363	4.7	171,880	277,173	5.4	229,939
- wholesale and retail	213,632	3.9	100,650	177,612	3.4	95,000
- transportation, storage and postal services	139,201	2.5	63,159	149,891	2.9	79,475
- construction	116,099	2.1	45,125	103,335	2.0	54,426
- production and supply of electric power, gas and water	96,190	1.7	39,998	89,609	1.7	41,650
- financial industry	78,756	1.4	4,720	73,619	1.4	7,413
- Information transmission, software and information technology services	54,705	1.0	21,882	46,343	0.9	22,076
- others	273,208	5.0	82,093	282,227	5.5	89,725
Subtotal	2,697,150	48.9	960,411	2,524,016	48.8	1,114,366
Personal loans	2,283,846	41.3	1,510,757	2,116,910	41.0	1,423,097
Discounted bills	517,348	9.4	-	511,846	9.9	-
Accrued interest	19,948	0.4	-	17,180	0.3	-
Gross loans and advances to customers	5,518,292	100.0	2,471,168	5,169,952	100.0	2,537,463

(iv) Loans and advances to customers analysed by geographical sector:

	31 December 2023			*31 December 2022*		
	Gross balance	*%*	*Loans and advances secured by collateral*	*Gross balance*	*%*	*Loans and advances secured by collateral*
Yangtze River Delta	1,538,269	27.9	723,947	1,381,673	26.7	721,324
Bohai Rim (including Head Office)	1,423,026	25.8	431,641	1,400,562	27.2	442,754
Central	790,477	14.3	379,773	730,240	14.1	390,082
Pearl River Delta and West Strait	782,231	14.2	459,753	731,224	14.1	498,620
Western	669,589	12.1	328,307	598,729	11.6	330,962
Northeastern	85,037	1.5	52,682	87,630	1.7	57,244
Outside Mainland China	209,715	3.8	95,065	222,714	4.3	96,477
Accrued interest	19,948	0.4	-	17,180	0.3	-
Total	5,518,292	100.0	2,471,168	5,169,952	100.0	2,537,463

54 Financial risk management (continued)

(v) Loans and advances to customers analysed by type of security

	31 December 2023	*31 December 2022*
Unsecured loans	1,546,536	1,384,754
Guaranteed loans	963,292	718,709
Secured loans	2,471,168	2,537,463
- loans secured by collateral	2,057,869	2,018,796
- pledged loans	413,299	518,667
Subtotal	4,980,996	4,640,926
Discounted bills	517,348	511,846
Accrued interest	19,948	17,180
Gross loans and advances to customers	5,518,292	5,169,952

(vi) Rescheduled loans and advances to customers

	31 December 2023		*31 December 2022*	
	Gross balance	*% of total loans and advances*	*Gross balance*	*% of total loans and advances*
Rescheduled loans and advances	17,477	0.32%	12,511	0.24%
- rescheduled loans and advances overdue more than 3 months	3,147	0.06%	5,695	0.11%

Rescheduled loans and advances are those loans and advances to customers which have been restructured or renegotiated because of deterioration in the financial position of the borrowers, or of the inability of the borrower to meet the original repayment schedule and for which the revised repayment terms are a concession that the Group would not otherwise consider.

According to the "Classification Measures for Financial Asset Risk of Commercial Banks" issued by The National Administration of Financial Regulation and the People's Bank of China, which came into effect on July 1, 2023, restructured loans refer to loans made by the Group in favor of the borrower's adjustment of the loan contract or refinancing of the borrower's existing loans in order to encourage the borrower to repay the debt due to financial difficulties, including borrowing new loans to repay the old, adding new loans, etc. As of December 31, 2023, the balance of restructured loans that meet the requirements of the above measures for the Group was RMB 17,477 billion.

54 Financial risk management (continued)

(vii) Debt securities analysed by credit rating

The Group adopts a credit rating approach to manage credit risk of its debt instruments portfolio. The ratings are obtained from major rating agencies where the debt instruments are issued. As at 31 December 2023 and 2022, debt instruments investments analysed by rating as at the end of the reporting period are as follows:

	31 December 2023					
	Unrated (Note (i))	*AAA*	*AA*	*A*	*Below A*	*Total*
Debt securities issued by:						
- governments	898,954	512,419	59,173	2,270	-	147,2816
- policy banks	23,606	24,039	-	5,859	-	53,504
- public entities	-	-	3,987	-	-	3,987
- banks and non-bank financial institutions	7,545	26,0681	13,116	20,840	2,189	304,371
- corporates	21,349	64,269	13,208	8,838	5,314	112,978
Investment management products managed by securities companies	19,176	-	-	-	-	19,176
Trust investment plans	189,733	-	-	-	-	189,733
Total	1,160,363	861,408	89,484	37,807	7,503	2,156,565

	31 December 2022					
	Unrated (Note (i))	*AAA*	*AA*	*A*	*Below A*	*Total*
Debt securities issued by:						
- governments	884,388	236,364	40,794	3,965	-	1,165,511
- policy banks	81,966	-	-	7,661	-	89,627
- public entities	-	-	1,308	-	-	1,308
- banks and non-bank financial institutions	77,584	337,801	6,270	17,645	4,257	443,557
- corporates	25,519	43,702	25,746	10,576	11,376	116,919
Investment management products managed by securities companies	31,593	-	-	-	-	31,593
Trust investment plans	207,865	-	-	-	-	207,865
Total	1,308,915	617,867	74,118	39,847	15,633	2,056,380

Note:

(i) Unrated debt securities held by the Group are primarily bonds issued by the Chinese government, policy banks, banks, non-bank financial institutions, investment management products managed by securities companies and trust investment plans.

54 Financial risk management (continued)

(viii) Investment management products managed by securities companies and trust investment plans analysed by type of underlying assets

	31 December 2023	*31 December 2022*
Investment management products managed by securities companies and trust investment plans		
- credit assets	227,748	262,447
Total	227,748	262,447

The Group puts investment management products managed by securities companies and trust investment plans into comprehensive credit management system, to manage its credit risk exposure in a holistic manner. The type of security of credit assets includes guarantee, secured by collateral, and pledge.

(b) Market risk

Market risk refers to risks that may cause a loss of on-balance sheet and off-balance sheet businesses for the Group due to the adverse movement of market prices, including interest rates, foreign exchange rates, stock prices and commodity prices. The Group has established a market risk management system that formulates procedures to identify, measure, supervision and control market risks. This system aims to limit market risk to an acceptable level through examining and approving new products and limit management.

Management of the Group is responsible for approving market risk management policies, establishing appropriate organizational structure and information systems to effectively identify, measure, monitor and control market risks, and ensuring adequate resources to reinforce the market risk management. The Risk Management Department is responsible for independently managing and controlling market risks of the Group, including developing market risk management policies and authorization limits, providing independent report of market risk to identify, measure and monitor the Group’s market risk. Business departments are responsible for the day-to-day management of market risks, including effectively identifying, measuring, controlling market risk factors associated with the relevant operations, so as to ensure the dynamic balance between business development and risk undertaking.

The Group uses sensitivity analysis, foreign exchange exposure and interest rate re-pricing gap analysis as the primary instruments to monitor market risk.

Interest rate risk and currency risk are the major market risks that the Group is exposed to.

54 Financial risk management (continued)

Interest rate risk

The Group's interest rate exposures mainly arise from the mismatching of assets and liabilities' re-pricing dates, as well as the effect of interest rate volatility on trading positions.

The Group primarily uses gap analysis to assess and monitor its re-pricing risk and adjust the ratio of floating and fixed rate exposures, the loan re-pricing cycle, as well as optimization of the term structure of its deposits accordingly.

The Group implements various methods, such as duration analysis, sensitivity analysis, stress testing and scenario simulation, to measure, manage and report the interest rate risk on a regular basis.

54 Financial risk management (continued)

The following tables summarise the average interest rates, and the next re-pricing dates or contractual maturity date whichever is earlier for the assets and liabilities as at the end of each reporting date.

	31 December 2023						
	Average interest rate (Note (i))	*Total*	*Non-interest bearing*	*Less than three months*	*Between three months and one year*	*Between one and five years*	*More than five years*
Assets							
Cash and balances with central banks	1.60%	416,442	10,592	405,850	-	-	-
Deposits with banks and non-bank financial institutions	2.07%	81,075	2,651	53,098	25,326	-	-
Placements with and loans to banks and non-bank financial institutions	3.18%	237,742	1,288	86,813	148,141	1,500	-
Financial assets held under resale agreements	1.61%	104,773	35	104,738	-	-	-
Loans and advances to customers (Note (ii))	4.56%	5,383,750	19,267	3,560,330	1,527,678	261,492	14,983
Financial investment							
- at fair value through profit or loss		613,824	421,787	79,060	87,297	10,806	14,874
- at amortised cost	3.16%	1,085,598	12,920	65,996	184,679	630,192	191,811
- at fair value through other comprehensive income	2.73%	888,677	6,419	130,264	132,711	426,617	192,666
- designated at fair value through other comprehensive income		4,807	4,807	-	-	-	-
Others		235,796	235,796	-	-	-	-
Total assets		9,052,484	715,562	4,486,149	2,105,832	1,330,607	414,334

54 Financial risk management (continued)

	31 December 2023						
	Average interest rate (Note (i))	*Total*	*Non-interest bearing*	*Less than three months*	*Between three months and one year*	*Between one and five years*	*More than five years*
Liabilities							
Borrowings from central banks	2.61%	273,226	2,026	53,857	217,243	100	-
Deposits from banks and non-bank financial institutions	2.12%	927,887	4,808	779,154	143,925	-	-
Placements from banks and non-bank financial institutions	3.00%	86,327	165	44,843	40,319	1,000	-
Financial liabilities at fair value through profit or loss		1,588	-	519	-	8	1,061
Financial assets sold under repurchase agreements	2.13%	463,018	193	458,439	4,386	-	-
Deposits from customers	2.12%	5,467,657	99,191	3,600,066	681,129	1,087,271	-
Debt securities issued	2.62%	965,981	4,104	271,275	466,722	153,885	69,995
Lease liabilities	4.46%	10,245	-	832	2,112	5,998	1,303
Others		121,880	121,880	-	-	-	-
Total liabilities		8,317,809	232,367	5,208,985	1,555,836	1,248,262	72,359
Interest rate gap		734,675	483,195	(63,275)	(95,903)	66,593	344,065

54 Financial risk management (continued)

	31 December 2022						
	Average interest rate (Note (i))	Total	Non-interest bearing	Less than three months	Between three months and one year	Between one and five years	More than five years
Assets							
Cash and balances with central banks	1.50%	477,381	7,705	469,676	-	-	-
Deposits with banks and non-bank financial institutions	1.75%	78,834	3,090	39,442	36,302	-	-
Placements with and loans to banks and non-bank financial institutions	2.49%	218,164	1,048	67,007	108,371	41,738	-
Financial assets held under resale agreements	1.45%	13,730	5	13,725	-	-	-
Loans and advances to customers (Note (ii))	4.81%	5,038,967	17,331	2,665,381	1,596,021	733,001	27,233
Financial investment							
- at fair value through profit or loss		557,594	435,561	70,773	28,234	8,464	14,562
- at amortised cost	3.55%	1,135,452	-	87,626	259,083	556,979	231,764
- at fair value through other comprehensive income	2.66%	804,695	478	146,837	122,169	382,895	152,316
- designated at fair value through other comprehensive income		5,128	5,128	-	-	-	-
Others		217,598	217,598	-	-	-	-
Total assets		8,547,543	687,944	3,560,467	2,150,180	1,723,077	425,875

54 Financial risk management (continued)

	31 December 2022						
	Average interest rate (Note (i))	*Total*	*Non-interest bearing*	*Less than three months*	*Between three months and one year*	*Between one and five years*	*More than five years*
Liabilities							
Borrowings from central banks	2.94%	119,422	-	20,917	98,505	-	-
Deposits from banks and non-bank financial institutions	2.09%	1,143,776	4,908	814,885	323,983	-	-
Placements from banks and non-bank financial institutions	2.41%	70,741	162	49,080	19,992	1,507	-
Financial liabilities at fair value through profit or loss		1,546	2	4	13	125	1,402
Financial assets sold under repurchase agreements	2.00%	256,194	75	247,237	8,882	-	-
Deposits from customers	2.06%	5,157,864	82,696	3,493,074	781,501	800,591	2
Debt securities issued	2.80%	975,206	3,968	264,606	486,864	129,781	89,987
Lease liabilities	4.51%	10,272	3,066	170	251	2,827	3,958
Others		126,692	126,692	-	-	-	-
Total liabilities		7,861,713	221,569	4,889,973	1,719,991	934,831	95,349
Interest rate gap		685,830	466,375	(1,329,506)	430,189	788,246	330,526

54 Financial risk management (continued)

Notes:

(i) Average interest rate represents the ratio of interest income/expense to average interest bearing assets/liabilities during the year.
(ii) For loans and advances to customers, the "Less than three months" category includes overdue amounts (net of allowance for impairment losses) of RMB39,762 million as at 31 December 2023 (as at 31 December 2022: RMB34,823 million).

The Group uses sensitivity analysis to measure the potential effect of changes in interest rates on the Group's net interest income. The following table sets forth the results of the Group's interest rate sensitivity analysis as at 31 December 2023 and 2022.

	31 December 2023		*31 December 2022*	
	Net interest Income	*Other comprehensive income*	*Net interest Income*	*Other comprehensive income*
+100 basis points	(3,103)	(7,681)	(10,068)	(6,517)
- 100 basis points	3,103	7,681	10,068	6,517

This sensitivity analysis is based on a static interest rate risk profile of the Group's non-derivative assets and liabilities and certain assumptions as discussed below. The analysis measures only the impact of changes in interest rates within one year, showing how annualized interest income would have been affected by repricing of the Group's non-derivative assets and liabilities within the one-year period. The analysis is based on the following assumptions: (i) all assets and liabilities that reprice or mature within the three months bracket, and the beyond three months but within one year bracket both are repriced or mature at the beginning of the respective periods, (ii) it does not reflect the potential impact of unparalleled yield curve movements, and (iii) there are no other changes to the portfolio, all positions will be retained and rolled over upon maturity. The analysis does not take into account the effect of risk management measures taken by management. Due to the assumptions adopted, actual changes in the Group's net interest income and other comprehensive income resulted from increases or decreases in interest rates may differ from the results of this sensitivity analysis.

Currency risk

Currency risk arises from the potential change of exchange rates that cause a loss to the on-balance sheet and off-balance sheet business of the Group. The Group measures its currency risk with foreign currency exposures, and manages its currency risk by spot and forward foreign exchange transactions and matching its foreign currency denominated assets with corresponding liabilities in the same currency, as well as using derivative financial instruments, mainly foreign exchange swaps, to manage its exposure.

54 Financial risk management (continued)

The exposures at the reporting date were as follows:

	31 December 2023				
	RMB	*USD (RMB equivalent)*	*HKD (RMB equivalent)*	*Others (RMB equivalent)*	*Total*
Assets					
Cash and balances with central banks	404,812	10,786	587	257	416,442
Deposits with banks and non-bank financial institutions	51,017	23,943	1,737	4,378	81,075
Placements with and loans to banks and non-bank financial institutions	161,314	43,837	32,132	459	237,742
Financial assets held under resale agreements	102,194	2,579	-	-	104,773
Loans and advances to customers	5,102,314	133,675	117,147	30,614	5,383,750
Financial investments					
- at fair value through profit or loss	598,687	10,160	3,716	1,261	613,824
- at amortised cost	1,074,428	10,817	-	353	1,085,598
- at fair value through other comprehensive income	733,213	98,491	42,191	14,782	888,677
- designated at fair value through other comprehensive income	4,565	174	68	-	4,807
Others	202,586	15,316	16,640	1,254	235,796
Total assets	8,435,130	349,778	214,218	53,358	9,052,484
Liabilities					
Borrowings from central banks	273,226	-	-	-	273,226
Deposits from banks and non-bank financial institutions	888,524	37,999	479	885	927,887
Placements from banks and non-bank financial institutions	58,438	22,989	2,595	2,305	86,327
Financial liabilities at fair value through profit or loss	519	8	1,061	-	1,588
Financial assets sold under repurchase agreements	442,491	19,779	-	748	463,018
Deposits from customers	5,050,568	237,047	151,310	28,732	5,467,657
Debt securities issued	940,714	20,962	3,330	975	965,981
Lease liability	9,219	40	888	98	10,245
Others	92,886	12,279	11,619	5,096	121,880
Total liabilities	7,756,585	351,103	171,282	38,839	8,317,809
Net on-balance sheet position	678,545	(1,325)	42,936	14,519	734,675
Credit commitments	2,076,747	92,982	5,101	13,118	2,187,948
Derivatives (Note (i))	17,877	1,176	(164)	(15,443)	3,446

54 Financial risk management (continued)

	31 December 2022				
	RMB	*USD (RMB equivalent)*	*HKD (RMB equivalent)*	*Others (RMB equivalent)*	*Total*
Assets					
Cash and balances with central banks	460,550	15,991	653	187	477,381
Deposits with banks and non-bank financial institutions	53,989	15,928	4,453	4,464	78,834
Placements with and loans to banks and non-bank financial institutions	172,752	34,443	9,020	1,949	218,164
Financial assets held under resale agreements	11,950	1,780	-	-	13,730
Loans and advances to customers	4,732,459	160,506	118,379	27,623	5,038,967
Financial investments					
- at fair value through profit or loss	535,552	17,131	4,911	-	557,594
- at amortised cost	1,122,942	8,356	-	4,154	1,135,452
- at fair value through other comprehensive income	671,715	94,174	25,881	12,925	804,695
- designated at fair value through other comprehensive income	4,719	148	261	-	5,128
Others	201,395	9,833	5,735	635	217,598
Total assets	7,968,023	358,290	169,293	51,937	8,547,543
Liabilities					
Borrowings from central banks	119,422	-	-	-	119,422
Deposits from banks and non-bank financial institutions	1,132,064	10,660	198	854	1,143,776
Placements from banks and non-bank financial institutions	48,566	20,397	1,336	442	70,741
Financial liabilities at fair value through profit or loss	99	1,446	1	-	1,546
Financial assets sold under repurchase agreements	251,685	4,509	-	-	256,194
Deposits from customers	4,721,203	252,574	159,353	24,734	5,157,864
Debt securities issued	959,984	15,085	137	-	975,206
Lease liability	9,395	754	1	122	10,272
Others	120,517	3,449	2,438	288	126,692
Total liabilities	7,362,935	308,874	163,464	26,440	7,861,713
Net on-balance sheet position	605,088	49,416	5,829	25,497	685,830
Credit commitments	1,912,368	87,219	6,125	9,804	2,015,516
Derivatives (Note (i))	37,956	(55,048)	32,009	(26,305)	(11,388)

54 Financial risk management (continued)

Note:

(i) Derivatives represent the net notional amount of currency derivatives, including undelivered foreign exchange spot, foreign exchange forward, foreign exchange swap and currency option.

The Group uses sensitivity analysis to measure the potential effect of changes in foreign currency exchange rates on the Group's profit or loss and other comprehensive income. The following table sets forth, as at 31 December 2023 and 2022, the results of the Group's foreign exchange rate sensitivity analysis.

	31 December 2023		*31 December 2022*	
	Profit before tax	*Other comprehensive income*	*Profit before tax*	*Other comprehensive income*
5% appreciation	2,095	(10)	1,613	(43)
5% depreciation	(2,095)	10	(1,613)	43

This sensitivity analysis is based on a static foreign exchange exposure profile of assets and liabilities and certain assumptions as follows: (i) the foreign exchange sensitivity is the gain and loss realised as a result of 500 basis point fluctuation in the foreign currency exchange rates against RMB at the reporting date, (ii) the exchange rates against RMB for all foreign currencies change in the same direction simultaneously and does not take into account the correlation effect of changes in different foreign currencies, and (iii) the foreign exchange exposures calculated include both spot foreign exchange exposures, foreign exchange derivative instruments, and; all positions will be retained and rolled over upon maturity. The analysis does not take into account the effect of risk management measures taken by management. Due to the assumptions adopted, actual changes in the Group's profit and other comprehensive income resulting from increases or decreases in foreign exchange rates may differ from the results of this sensitivity analysis. Precious metal is included in foreign currency for the purpose of this sensitivity analysis.

(c) Liquidity risk

Liquidity risk arises when the Group, in meeting the demand of liabilities due and other payment obligations as well as the needs of business expansion, is unable to sufficiently, timely or cost-effectively acquire funds. The Group's liquidity risk arises mainly from the mismatch of assets to liabilities and customers may concentrate their withdrawals.

The Group has implemented overall liquidity risk management on the entity level. The headquarters has the responsibility for developing the entire Group's liquidity risk policies, strategies, and implements centralised management of liquidity risk on the entity level. The domestic and foreign affiliates develop their own liquidity policies and procedures within the Group's liquidity strategy management framework, based on the requirements of relevant regulatory bodies.

The Group manages liquidity risk by setting various indicators and operational limits according to the overall position of the Group's assets and liabilities, with referencing to market condition. The Group holds assets with high liquidity to meet unexpected and material demand for payments in the ordinary course of business.

54 Financial risk management (continued)

The tools that the Group uses to measure and monitor liquidity risk mainly include:

- Liquidity gap analysis;

- Liquidity indicators (including but not limited to regulated and internal managed indicators, such as liquidity coverage ratio, net stable funding ratio, loan-to-deposit ratio, liquidity ratio, liquidity gap rate, excess reserves rate) monitoring;

- Scenario analysis;

- Stress testing.

On this basis, the Group establishes regular reporting mechanisms for liquidity risk to report the latest situation of liquidity risk to the senior management on a timely basis.

54 Financial risk management (continued)

Analysis of the remaining contractual maturity of assets and liabilities

	31 December 2023						
Assets	*Repayable on demand*	*Within three months*	*Between three months and one year*	*Between one and five years*	*More than five years*	*Undated (Note (i))*	*Total*
Cash and balances with central banks	57,118	-	2,926	-	-	356,398	416,442
Deposits with banks and non-bank financial institutions	45,927	8,925	26,031	-	-	192	81,075
Placements with and loans to banks and non-bank financial institutions	-	87,489	148,752	1,501	-	-	237,742
Financial assets held under resale agreements	-	104,773	-	-	-		104,773
Loans and advances to customers (Note (ii))	14,349	1,121,367	1,095,556	1,367,925	1,749,012	35,541	5,383,750
Financial investments							
- at fair value through profit or loss	-	83,544	87,306	11,725	15,021	416,228	613,824
- at amortised cost	-	47,010	186,182	634,834	191,911	25,661	1,085,598
- at fair value through other comprehensive income		118,399	134,949	440,219	194,134	976	888,677
- designated at fair value through other comprehensive income	-	-	-	-	-	4,807	4,807
Others	45,184	37,882	13,658	63,270	1,797	74,005	235,796
Total assets	162,578	1,609,389	1,695,360	2,519,474	2,151,875	913,808	9,052,484

54 Financial risk management (continued)

	31 December 2023						
Liabilities	*Repayable on demand*	*Within three months*	*Between three months and one year*	*Between one and five years*	*More than five years*	*Undated (Note (i))*	*Total*
Borrowings from central banks	-	55,883	217,343	-	-	-	273,226
Deposits from banks and non-bank financial institutions	496,771	286,740	144,376				927,887
Placements from banks and non-bank financial institutions		43,553	39,739	3,035			86,327
Financial liabilities at fair value through profit or loss	-	519	-	8	1,061		1,588
Financial assets sold under repurchase agreements	-	458,632	4,386	-	-	-	463,018
Deposits from customers	2,638,317	1,060,525	681,532	1,087,283	-	-	5,467,657
Debt securities issued	-	271,299	467,229	156,830	70,623	-	965,981
Lease liabilities		832	2,112	5,998	1,303		10,245
Others	46,096	21,744	12,983	24,205	4,512	12,340	121,880
Total liabilities	3,181,184	2,199,727	1,569,700	1,277,359	77,499	12,340	8,317,809
(Short)/Long position	(3,018,606)	(590,338)	125,660	1,242,115	2,074,376	901,468	734,675

54 Financial risk management (continued)

	31 December 2022						
Assets	*Repayable on demand*	*Within three months*	*Between three months and one year*	*Between one and five years*	*More than five years*	*Undated (Note (i))*	*Total*
Cash and balances with central banks	110,572	-	1,693	-	-	365,116	477,381
Deposits with banks and non-bank financial institutions	38,772	3,496	36,566	-	-	-	78,834
Placements with and loans to banks and non-bank financial institutions	-	67,838	108,588	41,738	-	-	218,164
Financial assets held under resale agreements	-	13,730	-	-	-	-	13,730
Loans and advances to customers (Note (ii))	20,458	855,226	1,238,912	1,139,067	1,736,343	48,961	5,038,967
Financial investments							
- at fair value through profit or loss	-	71,505	28,237	8,481	5,377	443,994	557,594
- at amortised cost	-	67,441	255,615	552,436	229,916	30,044	1,135,452
- at fair value through other comprehensive income	-	140,796	123,462	387,261	149,933	3,243	804,695
- designated at fair value through other comprehensive income	-	-	-	-	-	5,128	5,128
Others	40,857	30,382	12,437	68,494	2,167	63,261	217,598
Total assets	210,659	1,250,414	1,805,510	2,197,477	2,123,736	959,747	8,547,543

54 Financial risk management (continued)

	31 December 2022						
Liabilities	*Repayable on demand*	*Within three months*	*Between three months and one year*	*Between one and five years*	*More than five years*	*Undated (Note (i))*	*Total*
Borrowings from central banks	-	20,917	98,505	-	-	-	119,422
Deposits from banks and non-bank financial institutions	582,376	235,726	325,674	-	-	-	1,143,776
Placements from banks and non-bank financial institutions	-	46,226	24,052	463	-	-	70,741
Financial liabilities at fair value through profit or loss	-	4	14	126	1,402	-	1,546
Financial assets sold under repurchase agreements	-	247,312	8,882	-	-	-	256,194
Deposits from customers	2,385,973	1,188,967	782,255	800,667	2	-	5,157,864
Debt securities issued	-	265,317	482,743	135,930	91,216	-	975,206
Lease liabilities	3,006	718	1,977	3,527	1,015	29	10,272
Others	50,723	20,801	16,205	25,769	2,321	10,873	126,692
Total liabilities	3,022,078	2,025,988	1,740,307	966,482	95,956	10,902	7,861,713
(Short)/Long position	(2,811,419)	(775,574)	65,203	1,230,995	2,027,780	948,845	685,830

54 Financial risk management (continued)

The tables below present the cash flows of the Group's financial assets and liabilities. The amounts disclosed in the table are the contractual undiscounted cash flow:

	31 December 2023						
	Repayable on demand	*Within three months*	*Three months and one year*	*One and five years*	*More than five years*	*Undated (Note (i))*	*Total*
Non-derivative cash flow							
Assets							
Cash and balances with central banks	57,118	1,459	7,565	-	-	356,398	422,540
Deposits with banks and non-bank financial institutions	45,927	9,207	26,809	-	-	192	82,135
Placements with and loans to banks and non-bank financial institutions	-	88,479	151,343	1,550	-	-	241,372
Financial assets held under resale agreements	-	104,806	-	-	-	-	104,806
Loans and advances to customers (Note (ii))	14,349	1,163,696	1,197,943	1,733,077	2,107,869	35,541	6,252,475
Financial investments							
- at fair value through profit or loss	-	83,838	89,353	13,114	17,256	416,228	619,789
- at amortised cost	-	49,169	210,463	702,595	212,508	26,811	1,201,546
- at fair value through other comprehensive income	-	119,405	150,851	494,372	222,304	976	987,908
- designated at fair value through other comprehensive income	-	-	-	-	-	4,807	4,807
Others	45,184	37,882	13,658	63,270	1,797	74,006	235,797
Total assets	162,578	1,657,941	1,847,985	3,007,978	2,561,734	914,959	10,153,175

54 Financial risk management (continued)

	31 December 2023						
	Repayable on demand	*Within 3 months*	*Three months and one year*	*One and five years*	*More than five years*	*Undated (Note (i))*	*Total*
Liabilities							
Borrowings from central banks	-	56,040	222,765	-	-	-	278,805
Deposits from banks and non-bank financial institutions	496,771	292,455	153,100	-	-	-	942,326
Placements from banks and non-bank financial institutions	-	46,081	40,415	3,302	-	-	89,798
Financial liabilities at fair value through profit or loss	-	519	-	17	2,121	-	2,657
Financial assets sold under repurchase agreements	-	459,256	4,490	-	-	-	463,746
Deposits from customers	2,638,318	1,078,870	808,372	1,224,844	-	-	5,750,404
Debt securities issued	-	276,079	486,317	175,649	79,910	-	1,017,955
Lease liability		836	2,163	6,745	1,567		11,311
Others	46,096	21,744	12,983	24,205	4,512	12,340	121,880
Total liabilities	3,181,185	2,231,880	1,730,605	1,434,762	88,110	12,340	8,678,882
(Short)/Long position	(3,018,607)	(573,939)	117,380	1,573,216	2,473,624	902,619	1,474,293
Derivative cash flow							
Derivative financial instrument settled on a net basis	-	127	(45)	261	25	-	368
Derivative financial instruments settled on a gross basis	-	(1,474)	(1,958)	19	(17)	-	(3,430)
- cash inflow	-	1,604,991	1,251,430	217,411	1,281	-	3,075,113
- cash outflow	-	(1,606,465)	(1,253,388)	(217,392)	(1,298)	-	(3,078,543)

54 Financial risk management (continued)

	31 December 2022						
	Repayable on demand	*Within three months*	*Three months and one year*	*One and five years*	*More than five years*	*Undated (Note (i))*	*Total*
Non-derivative cash flow							
Assets							
Cash and balances with central banks	110,573	1,501	6,534	-	-	365,115	483,723
Deposits with banks and non-bank financial institutions	38,772	3,750	37,373	-	-	-	79,895
Placements with and loans to banks and non-bank financial institutions	-	68,416	110,718	44,012	-	-	223,146
Financial assets held under resale agreements	-	13,732	-	-	-	-	13,732
Loans and advances to customers (Note (ii))	20,458	897,769	1,343,254	1,458,349	2,194,769	54,499	5,969,098
Financial investments							
- at fair value through profit or loss	-	74,613	29,072	9,932	5,799	444,029	563,445
- at amortised cost	-	75,708	284,176	630,543	273,623	31,416	1,295,466
- at fair value through other comprehensive income	-	144,503	137,130	430,875	170,692	3,273	886,473
- designated at fair value through other comprehensive income	-	-	-	-	-	5,128	5,128
Others	40,857	30,382	12,437	68,494	2,167	63,261	217,598
Total assets	210,660	1,310,374	1,960,694	2,642,205	2,647,050	966,721	9,737,704

54 Financial risk management (continued)

	31 December 2022						
	Repayable on demand	*Within three months*	*Three months and one year*	*One and five years*	*More than five years*	*Undated (Note (i))*	*Total*
Liabilities							
Borrowings from central banks	-	21,495	101,118	-	-	-	122,613
Deposits from banks and non-bank financial institutions	582,376	240,606	338,448	-	-	-	1,161,430
Placements from banks and non-bank financial institutions	-	46,249	24,052	463	-	-	70,764
Financial liabilities at fair value through profit or loss	-	4	14	126	1,402	-	1,546
Financial assets sold under repurchase agreements	-	247,730	9,060	-	-	-	256,790
Deposits from customers	2,385,973	1,209,399	823,601	880,908	2	-	5,299,883
Debt securities issued	-	271,693	498,663	156,939	98,308	-	1,025,603
Lease liability	3,006	721	2,028	3,932	1,232	29	10,948
Others	50,723	20,801	16,205	25,769	2,321	10,873	126,692
Total liabilities	3,022,078	2,058,698	1,813,189	1,068,137	103,265	10,902	8,076,269
(Short)/Long position	(2,811,418)	(748,324)	147,505	1,574,068	2,543,785	955,819	1,661,435
Derivative cash flow							
Derivative financial instrument settled on a net basis	-	30	11	472	992	-	1,505
Derivative financial instruments settled on a gross basis	-	10,299	(19,510)	4,712	(4)	-	(4,503)
- cash inflow	-	1,243,343	865,045	241,355	1,139	-	2,350,882
- cash outflow	-	(1,233,044)	(884,555)	(236,643)	(1,143)	-	(2,355,385)

54 Financial risk management (continued)

Credit Commitments include bank acceptances, credit card commitments, guarantees, loan commitments and letters of credit. The tables below summarise the amounts of credit commitments by remaining contractual maturity.

	31 December 2023			
	Less than 1 year	*1-5 years*	*Over 5 years*	*Total*
Bank acceptances	867,523	-	-	867,523
Credit card commitments	779,947	-	-	779,947
Guarantees	154,927	81,806	626	237,359
Loan commitments	4,288	11,889	30,591	46,768
Letters of credit	255,478	873	-	256,351
Total	2,062,163	94,568	31,217	2,187,948

	31 December 2022			
	Less than 1 year	*1-5 years*	*Over 5 years*	*Total*
Bank acceptances	795,833	-	-	795,833
Credit card commitments	704,268	-	-	704,268
Guarantees	119,249	65,802	1,566	186,617
Loan commitments	16,728	18,428	22,805	57,961
Letters of credit	269,893	944	-	270,837
Total	1,905,971	85,174	24,371	2,015,516

Notes:

(i) For cash and balances with central banks, the undated period amount represented statutory deposit reserve funds and fiscal deposits maintained with the PBOC. For loans and advances to customers and investments, the undated period amount represented the balances being credit-impaired or overdue for more than one month. Equity investments and investment funds were also reported under undated period.

(ii) The balances of loans and advances to customers which were overdue within one month but not impaired are included in repayable on demand.

54 Financial risk management (continued)

(d) Operational risk

Operational risk refers to the risk of loss arising from inappropriate or problematic internal procedures, personnel, IT systems, or external events, including legal risk, but excluding strategic risk and reputational risk.

The Group manages operational risk through a control-based environment by establishing a sound mechanism of operational risk management in order to identify, assess, monitor, control, mitigate and report operational risks. The framework covers all business functions ranging from finance, credit, accounting, settlement, savings, treasury, intermediary business, computer applications and management, special assets resolution and legal affairs. Key controls include:

- by establishing a matrix authorisation management system of the whole group, carrying out the annual unified authorisation work, and strictly restricting the institutions and personnel at all levels to carry out business activities within the scope of authority granted, the management requirements of prohibiting the overstepping of authority to engage in business activities were further clarified at the institutional level;

- through consistent legal responsibility framework, taking strict disciplinary actions against non-compliance in order to ensure accountability;

- promoting the culture establishments throughout the organisation; building a team of operational risk management,strength training and performance appraisal management in raising risk management awareness;

- strengthening cash and account management in accordance with the relevant policies and procedures, intensifying the monitoring of suspicious transactions. Ensure our staff are well-equipped with the necessary knowledge and basic skills on anti-money laundering through continuous training;

- Disaster backup systems and recovery plans covering all the important activities, in order to minimize any unforeseen interruption. Insurance cover is arranged to mitigate potential losses associated with certain disruptive events.

In addition to the above, the Group improves its operational risk management information systems on an ongoing basis to efficiently identify, evaluate, monitor, control and report its level of operational risk. The Group’s management information system has the functionalities of recording and capturing lost data and events of operational risk to further support operational risk control and self-assessment, as well as monitoring of key risk indicators.

55 Capital Adequacy Ratio

Capital adequacy ratio reflects the Group's operational and risk management capability and it is the core of capital management. The Group considers its strategic development plans, business expansion plans and risk variables in conducting its scenario analysis, stress testing and other measures to forecast, plan and manage capital adequacy ratio. The Group's capital management objectives are to meet the legal and regulatory requirements, and to prudently determine the capital adequacy ratio under realistic exposures with reference to the capital adequacy ratio levels of leading global banks and the Group's operating situations.

From 1 January 2013, the Group commenced the computation of its capital adequacy ratios in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) and other relevant regulations promulgated by the former CBIRC in the year of 2012. According to the requirements, for credit risk, the capital requirement was measured using the weighting method. The market risk was measured by adopting the standardised approach and the operational risk was measured by using the basic indicator approach. From 1 January 2019 on, the Group calculates the default risk assets of the counterparties of derivatives in accordance with the Regulations on Measuring the Risk Assets of the Counterparties of Derivative Instruments promulgated by the former CBIRC in 2018. The requirements pursuant to these regulations may have certain differences comparing to those applicable in Hong Kong and other jurisdictions. The Group's management monitors the Group's and the Bank's capital adequacy regularly based on regulations issued by the former CBIRC. The required information is filed with National Financial Regulatory Administration by the Group and the Bank quarterly.

55 Capital Adequacy Ratio (continued)

The Group's ratios calculated based on the relevant requirements promulgated by the former CBIRC are listed as below.

	31 December 2023	*31 December 2022*
Core Tier-One capital adequacy ratio	8.99%	8.74%
Tier-One capital adequacy ratio	10.75%	10.63%
Capital adequacy ratio	12.93%	13.18%
Components of capital base		
Core Tier-One capital:		
Share capital	48,967	48,935
Capital reserve	59,410	59,172
Other comprehensive income and qualified portion of other equity instruments	7,224	1,505
Surplus reserve	60,992	48,932
General reserve	105,127	98,103
Retained earnings	320,802	293,956
Qualified portion of non-controlling interests	8,287	7,992
Total core Tier-One capital	610,809	558,595
Core Tier-One capital deductions:		
Goodwill (net of related deferred tax liability)	(926)	(903)
Other intangible assets other than land use right (net of related deferred tax liability)	(4,727)	(3,831)
Other deductible amounts of net deferred tax assets depending on Bank's future earnings	-	(1,998)
Net core Tier-One capital	605,156	551,863
Other Tier-One capital (Note (i))	118,313	119,614
Tier-One capital	723,469	671,477
Tier-Two capital:		
Qualified portion of Tier-Two capital instruments issued and share premium	69,995	89,987
Surplus allowance for loan impairment	73,674	68,481
Qualified portion of non-controlling interests	2,715	2,142
Net capital base	869,854	832,087
Total risk-weighted assets	6,727,713	6,315,506

55 Capital Adequacy Ratio (continued)

Note:

(i) As at 31 December 2023, the Group's other Tier-One capital included preference shares, perpetual bonds issued by the Bank (Note 42) and non-controlling interests (Note 48).

56 Fair value

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date. This level includes listed equity instruments and debt instruments on exchanges and exchange-traded derivatives.

Level 2: Inputs other than quoted prices included within Level 1 are observable for assets or liabilities, either directly or indirectly. A majority of the debt securities classified as level 2 are Renminbi bonds. The fair values of these bonds are determined based on the valuation results provided by China Central Depository & Clearing Corporate Limited. This level also includes part of the bills rediscounting and forfeiting in loans and advances, part of the investment management products managed by securities companies and trust investment plans, as well as a majority of over-the-counter derivative contracts. Foreign exchange forward and swaps, interest rate swap, and foreign exchange options use discount cash flow evaluation method and the valuation model of which includes Forward Pricing Model, Swap Model and Option Pricing Model. Bills rediscounting, forfeiting, investment management products managed by securities companies and trust investment plans use discount cash flow evaluation method to estimate fair value. Input parameters are sourced from the open market such as Bloomberg and Reuters.

Level 3: Inputs for assets or liabilities are based on unobservable parameters. This level includes equity instruments and debt instruments with one or more than one significant unobservable parameter.Management determines the fair value through inquiring from counterparties or using the valuation techniques. The model incorporates unobservable parameters such as discount rate and market price volatilities.

56 Fair value (continued)

The fair value of the Group's financial assets and financial liabilities are determined as follows:

- If traded in active markets, fair values of financial assets and financial liabilities with standard terms and conditions are determined with reference to quoted market bid prices and ask prices, respectively;

- If not traded in active markets, fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models or discounted cash flow analysis using prices from observable current market transactions for similar instruments. If there were no available observable current market transactions prices for similar instruments, quoted prices from counterparty are used for the valuation, and management performs analysis on these prices. Discounted cash flow analysis using the applicable yield curve for the duration of the instruments is used for derivatives other than options, and option pricing models are used for option derivatives.

The Group has established an independent valuation process for financial assets and financial liabilities. The Financial Market Department, the Financial Institution Department, and the Investment Bank Department are responsible for the valuation of financial assets and financial liabilities. The Risk Management Department performs an independent review of the valuation methodologies, inputs, assumptions and valuation results. The Operations Department records the accounting for these items according to the result generated from the valuation process and accounting policies. The Finance and Accounting Department prepares the disclosure of the financial assets and financial liabilities, based on the independently reviewed valuation.

The Group's valuation policies and procedures for different types of financial instruments are approved by the Risk Management Committee. Any change to the valuation policies, or the related procedures, must be reported to the Risk Management Committee for approval before they are implemented.

For the year ended 31 December 2023, there was no significant change in the valuation techniques or inputs used to determine fair value measurements.

(a) Financial assets and financial liabilities not measured at fair value

Financial assets and liabilities not carried at fair value of the Group include cash and balances with central banks, deposits with banks and non-bank financial institutions, placements with and loans to banks and non-bank financial institutions, financial assets held under resale agreements, loans and advances to customers at amortised cost, financial investments at amortised cost, borrowings from central banks, deposits from banks and non-bank financial institutions, placements from banks and non-bank financial institutions, financial assets sold under repurchase agreements, deposits from customers and debt securities issued.

56 Fair value (continued)

Except for the items shown in the tables below, the maturity dates of aforesaid financial assets and liabilities are within a year or are mainly floating interest rates, as a result, their carrying amounts are approximately equal to their fair value.

	Carrying values		*Fair values*	
	31 December 2023	*31 December 2022*	*31 December 2023*	*31 December 2022*
Financial assets:				
Financial investments				
- at amortised cost	1,085,598	1,135,452	1,093,861	1,141,092
Financial liabilities:				
Debt securities issued				
- certificates of deposit (not for trading purpose) issued	1,430	1,047	1,430	1,047
- debt securities issued	140,599	118,255	141,123	114,609
- subordinated bonds issued	77,781	94,714	78,722	95,813
- certificates of interbank deposit issued	705,316	720,446	694,130	704,197
- convertible corporate bonds	40,855	40,744	44,666	44,688

Fair value of financial assets and liabilities above at fair value hierarchy is as follows:

	31 December 2023			
	Level 1	*Level 2*	*Level 3*	*Total*
Financial assets:				
Financial investments				
- at amortised cost	8,885	871,585	213,391	1,093,861
Financial liabilities:				
Debt securities issued				
- certificates of deposit (not for trading purpose) issued	-	-	1,430	1,430
- debt securities issued	4,671	136,452	-	141,123
- subordinated bonds issued	7,255	71,467	-	78,722
- certificates of interbank deposit issued	-	694,130	-	694,130
- convertible corporate bonds issued	-	-	44,666	44,666

	31 December 2022			
	Level 1	*Level 2*	*Level 3*	*Total*
Financial assets:				
Financial investments				
- at amortised cost	7,248	886,459	247,385	1,141,092
Financial liabilities:				
Debt securities issued				
- certificates of deposit (not for trading purpose) issued	-	-	1,047	1,047
- debt securities issued	11,163	103,446	-	114,609
- subordinated bonds issued	3,462	92,351	-	95,813
- certificates of interbank deposit issued	-	704,197	-	704,197
- convertible corporate bonds issued	-	-	44,688	44,688

56 Fair value (continued)

(b) Financial assets and financial liabilities measured at fair value

	Level 1 (Note (i))	*Level 2 (Note (i))*	*Level 3 (Note (ii))*	*Total*
As at 31 December 2023				
Recurring fair value measurements				
Assets				
Loans and advances to customers at fair value through other comprehensive income				
- loans	-	58,163	-	58,163
- discounted bills	-	515,664	-	515,664
Loans and advances to customers at fair value through current profit or loss				
- loans	-	-	5,558	5,558
Financial investments at fair value through profit or loss				
- investment funds	105,538	271,297	44,319	421,154
- debt securities	19,608	81,428	5,465	106,501
- certificates of deposit	-	75,790	-	75,790
- wealth management	514	2,098	1,433	4,045
- equity instruments	892	14	5,428	6,334
Financial investments at fair value through other comprehensive income				
- debt securities	139,599	737,350	475	877,424
- certificates of deposit	1,117	3,805	-	4,922
Financial investments designated at fair value through other comprehensive income				
- equity instruments	173	-	4,634	4,807
Derivative financial assets				
- interest rate derivatives	15	14,641	-	14,656
- currency derivatives	27	29,845	-	29,872
- precious metals derivatives	-	147	-	147
Total financial assets measured at fair value	267,483	1,790,242	67,312	2,125,037
Liabilities				
Financial liabilities at fair value through profit or loss				
- short position in debt securities	8	519	-	527
- structured products	-	-	1,061	1,061
Derivative financial liabilities				
- interest rate derivatives	18	14,342	-	14,360
- currency derivatives	148	26,600	-	26,748
- precious metals derivatives	-	742	-	742
Total financial liabilities measured at fair value	174	42,203	1,061	43,438

56 Fair value (continued)

	Level 1 (Note (i))	Level 2 (Note (i))	Level 3 (Note (ii))	Total
As at 31 December 2022				
Recurring fair value measurements				
Assets				
Loans and advances to customers at fair value through other comprehensive income				
- loans	-	54,851	-	54,851
- discounted bills	-	508,142	-	508,142
Loans and advances to customers at fair value through current profit or loss				
- loans	-	-	3,881	3,881
Financial investments at fair value through profit or loss				
- investment funds	141,302	262,741	27,915	431,958
- debt securities	17,670	58,067	4,953	80,690
- certificates of deposit	-	35,543	-	35,543
- wealth management products	1,058	303	155	1,516
- equity instruments	2,562	-	5,325	7,887
Financial investments at fair value through other comprehensive income				
- debt securities	118,342	658,690	406	777,438
- certificates of deposit	15,135	6,366	-	21,501
- investments management products managed by securities companies	-	-	-	-
Financial investments designated at fair value through other comprehensive income				
- equity instruments	292	-	4,836	5,128
Derivative financial assets				
- interest rate derivatives	28	14,931	-	14,959
- currency derivatives	105	29,068	-	29,173
- precious metals derivatives	-	250	-	250
- credit derivatives	-	1	-	1
Total financial assets measured at fair value	296,494	1,628,953	47,471	1,972,918
Liabilities				
Financial liabilities at fair value through profit or loss				
- short position in debt securities	406	106	-	512
- structured products	-	-	1,034	1,034
Derivative financial liabilities				
- interest rate derivatives	58	14,829	-	14,887
- currency derivatives	310	28,470	-	28,780
- precious metals derivatives	-	598	-	598
Total financial liabilities measured at fair value	774	44,003	1,034	45,811

56 Fair value (continued)

Notes:

(i) During the current period, there were no significant transfers amongst Level 1, Level 2 and Level 3 of the fair value hierarchy.

(ii) The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in the Level 3 fair value hierarchy:

	Assets					*Liabilities*	
	Financial assets at fair value through profit or loss	*Financial assets at fair value through other comprehensive income*	*Financial assets designated at fair value through other comprehensive income*	*Loans and adcances to customers*	*Total*	*Financial liabilities at fair value through profit or loss*	*Total*
As at 1 January 2023	38,348	406	4,836	3,881	47,471	(1,034)	(1,034)
Total gains or losses							
- in profit or loss	770	-	-	25	795	-	-
- in comprehensive income	-	397	61	-	458	-	-
Purchases	18,523	333	91	1,612	20,559	-	-
Settlements	(2,020)	(678)	(359)	(72)	(3,129)	-	-
Transfer in/out	806	13	-	-	819	-	-
Exchange effect	218	4	5	112	339	(27)	(27)
As at 31 December 2023	56,645	475	4,634	5,558	67,312	(1,061)	(1,061)-

For unlisted equity investments, fund investments, bond investments, structured products, the Group determines the fair value through counterparties' quotations and valuation techniques, etc. Valuation techniques include discounted cash flow analysis and the market comparison approach, etc. The fair value measurement of these financial instruments may involve important unobservable inputs such as credit spread and liquidity discount, etc. The fair value of the financial instruments classified under level 3 is not significantly influenced by the reasonable changes in these unobservable inputs.

57 Related parties

(a) Relationship of related parties

(i) The Group is controlled by CITIC Financial Holding Co., Ltd (incorporated in Mainland China), which owns 65.37% of the Bank's shares. The ultimate parent of the Group is CITIC Group (incorporated in Mainland China).

(ii) Related parties of the Group include subsidiaries, joint ventures and associates of CITIC Financial Holding Co., Ltd and CITIC Group. The Bank entered into banking transactions with its subsidiaries at arm's length in the ordinary course of business. These transactions are eliminated on consolidation.

China National Tobacco Corporation ("CNTC") and Xinhu Zhongbao Co., Ltd. have a non-executive director on the Board of Directors of the Bank, which can exert significant influence on the Bank and constitute a related party of the Bank.

(b) Related party transactions

The Group entered into transactions with related parties in the ordinary course of its banking businesses including lending, assets transfer (i.e., issuance of asset-backed securities in the form of public placement), wealth management, investment, deposit, settlement and clearing, off-balance sheet transactions, and purchase, sale, and leases of property. These banking transactions were conducted under normal commercial terms and conditions and priced at the relevant market rates prevailing at the time of each transaction.

The major related party transaction between the Group and related parties are submitted in turn to the board of directors for deliberation, and the relevant announcements have been posted on the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Bank.

In addition, transactions during the relevant year and the corresponding balances outstanding at the reporting dates are as follows:

	Year ended 31 December 2023		
	Ultimate holding company and affiliates	*Other major equity holders and subsidiaries*	*Associates and joint ventures*
Profit and loss			
Interest income	5,063	837	315
Fee and commission income and other operating income/expense	335	134	2
Interest expense	(2,278)	(2,887)	(25)
Net trading gains/ (losses)	111	(18)	-
Other service fees	(2,214)	(863)	(89)

57 Related parties (continued)

	Year ended 31 December 2022		
	Ultimate holding company and affiliates	*Other major equity holders* Note (i)	*Associates and joint ventures*
Profit and loss			
Interest income	3,171	1,318	997
Fee and commission income and other operating income	258	122	4
Interest expense	(2,081)	(3,240)	(30)
Net trading loss	(477)	73	-
Other service fees	(2,870)	(979)	(2)

	31 December 2023		
	Ultimate holding company and affiliates	*Other major equity holders and subsidiaries*	*Associates and joint ventures*
Assets			
Gross loans and advances to customers	45,584	17,512	-
Less: allowance for impairment losses on loans and advances	(989)	(70)	-
Loans and advances to customers (net)	44,595	17,442	-
Deposits with banks and non-bank financial institutions	-	-	29,506
Placements with and loans to banks and non-bank financial institutions	33,850	-	-
Derivative financial assets	546	-	-
Financial assets held under resale agreement	3,000	-	-
Investment in financial assets			
- at fair value through profit or loss	3,255	-	-
- at amortised cost	17,435	2,325	-
- at fair value through other comprehensive income	4,360	1,223	-
- designated at fair value through other comprehensive income	460	-	-
Investments in associates and joint ventures	-	-	6,942
Right-of-use assets	32	-	-
Other assets	709	2	3
Liabilities			
Deposits from banks and non-bank financial institutions	53,424	1,307	125
Derivative financial liabilities	424	-	-
Deposits from customers	75,466	157,974	1
Debt securities issued	-	-	-
Lease liabilities	73	2	-
Other liabilities	93	-	23
Off-balance sheet items			
Guarantees and letters of credit	5,187	8,821	-
Acceptances	1,913	-	-
Nominal amount of derivatives financial instruments	160,188	-	-

57 Related parties (continued)

	31 December 2022		
	Ultimate holding company and affiliates	*Other major equity holders and subsidiaries*	*Associates and joint ventures*
Assets			
Gross loans and advances to customers	35,316	19,032	-
Less: allowance for impairment losses on loans and advances	(1,074)	(302)	-
Loans and advances to customers (net)	34,242	18,730	-
Deposits with banks and non-bank financial institutions	1	-	33,712
Placements with and loans to banks and non-bank financial institutions	25,810	-	-
Derivative financial assets	505	-	-
Financial assets held under resale agreement			
Investment in financial assets			
- at fair value through profit or loss	4,428	-	-
- at amortised cost	16,573	4,065	-
- at fair value through other comprehensive income	4,153	1,688	-
- designated at fair value through other comprehensive income	450	-	-
Investments in associates and joint ventures	-	-	6,302
Right-of-use assets			
Other assets	825	2	-
Liabilities			
Deposits from banks and non-bank financial institutions	55,167	492	663
Derivative financial liabilities	591	-	-
Deposits from customers	45,849	84,698	230
Debt securities issued	350	-	-
Lease liabilities	72	2	-
Other liabilities	324	-	-
Off-balance sheet items			
Guarantees and letters of credit	3,499	4,789	-
Acceptances	3,177	114	-
Nominal amount of derivatives financial instruments	193,962	-	-

Note:

(i) Other major equity holders include CNTC and Xinhu Zhongbao Co., Ltd.

The related party transactions and balances between the Group and CNTC, Xinhu Zhongbao disclosed above fell into the period when related party relationship exists. During the year ended 31 December 2023, the transactions between the Group and the subsidiaries of CNTC were not significant.

57 Related parties (continued)

(c) Key management personnel and their close family members and related companies

Key management personnel are those persons who have the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors, supervisors and executive officers.

The Group entered into banking transactions with key management personnel and their close family members and those companies controlled or jointly controlled by them in the normal course of business. Other than those disclosed below, there was no material transactions and balances between the Group and these individuals, their close family members or those companies controlled or jointly controlled by them.

The aggregate amount of relevant loans outstanding as at 31 December 2023 to directors, supervisors and executive officers amounted to RMB0.57 million (as at 31 December 2022: RMB0.69 million).

The aggregated compensations for directors, supervisors and executive officers of the Bank during the year ended 31 December 2023 amounted to RMB27.14million (year ended 31 December 2022: RMB29.42 million).

(d) Supplementary defined contribution plan

The Group has established a supplementary defined contribution plan for its qualified employees which is administered by CITIC Group (Note 36(b)).

(e) Transactions with state-owned entities in the PRC

The Group operates in an economic regime currently predominated by entities directly or indirectly owned by the PRC government through its government authorities, agencies, affiliations and other organisations (collectively referred to as “state-owned entities”).

Transactions with state-owned entities, including CNTC’s indirect subsidiaries, include but are not limited to the following:

- lending and deposit taking;
- taking and placing of inter-bank balances;

derivative transactions;

- entrusted lending and other custody services;
- insurance and securities agency, and other intermediary services;
- sale, purchase, underwriting and redemption of bonds issued by state-owned entities;
- purchase, sale and leases of property and other assets; and
- rendering and receiving of utilities and other services.

57 Related parties (continued)

These transactions are conducted in the ordinary course of the Group's banking business on terms similar to those that would have been entered into with non-state-owned entities. The Group has also established its pricing strategy and approval processes for major products and services, such as loans, deposits and commission income. The pricing strategy and approval processes do not depend on whether the customers are state-owned entities or not. The Directors are of opinion that none of these transactions are material related party transactions that require separate disclosure.

58 Structured entities

(a) Unconsolidated structured entities sponsored and managed by third parties

The Group invests in unconsolidated structured entities which are sponsored and managed by other entities for investment return, and records trading gains or losses and interest income therefrom. These unconsolidated structured entities primarily include wealth management products, trust investment plans, investment management products, investment funds and asset-backed securities.

The following table sets out an analysis of the carrying amounts of interests held by the Group as at 31 December 2023 in the structured entities sponsored by third party institutions, as well as an analysis of the line items in the consolidated annual statement of financial position under which relevant assets are recognized:

	31 December 2023				
	Carrying amount				*Maximum loss exposure*
	Investments in financial assets at fair value through profit or loss	*Investments in financial assets at amortised costs*	*Investments in financial assets at fair value through other comprehensive income*	*Total*	
Wealth management product	4,045	-	-	4,045	4,045
Investment management products managed by securities companies	-	22,908	-	22,908	22,908
Trust investment plans	-	204,840	-	204,840	204,840
Asset-backed securities	912	123,158	19,666	143,736	143,736
Investment funds	421,154	-	-	421,154	421,154
Total	426,111	350,906	19,666	796,683	796,683

	31 December 2022				
	Carrying amount				*Maximum loss exposure*
	Investments in financial assets at fair value through profit or loss	*Investments in financial assets at amortised costs*	*Investments in financial assets at fair value through other comprehensive income*	*Total*	
Wealth management product of other banks	1,516	-	-	1,516	1,516
Investment management products managed by securities companies	-	39,628	-	39,628	39,628
Trust investment plans	-	222,819	-	222,819	222,819
Asset-backed securities	1,335	252,525	44,697	298,557	298,557
Investment funds	431,958	-	-	431,958	431,958
Total	434,809	514,972	44,697	994,478	994,478

58 Structured entities (continued)

The maximum exposures to risk in the above wealth management products, trust investment plans, investment management products, investment funds and asset-backed securities managed by securities companies and trust investment funds are the carrying value of the assets held by the Group at the reporting date. The maximum exposures to risk in the asset-backed securities are the amortised cost or fair value of the assets held by the Group at the reporting date in accordance with the line items under which these assets are presented in the consolidated annual statement of financial position.

(b) Unconsolidated structured entities sponsored and managed by the Group

Unconsolidated structured entities sponsored and managed by the Group mainly include non-principal guaranteed wealth management products. The wealth management products invest in a range of primarily fixed-rate assets, most typically money market instruments, debt securities and loan assets. As the manager of these wealth management products, the Group invests, on behalf of its customers, in assets as described in the investment plan related to each wealth management product and receives fee and commission income.

As at 31 December 2023, the total assets invested by these outstanding non-principal guaranteed wealth management products issued by the Group amounted to RMB1,728,406 million (31 December 2022: RMB1,577,077 million).

During the year ended 31 December 2023, the Group's interest in these wealth management products included fee and commission income of RMB 3,462 million (year ended 31 December 2022: RMB8,523 million).

The Group enters into repo transactions at market interest rates with these wealth management products, and the outstanding balance of these transactions was represented the Group's maximum exposure to the wealth management products. During the year ended 31 December 2023, net interest income which related to repo transactions entered into by the Group with these wealth management products were RMB149 million (year ended 31 December 2022: RMB 72 million)

In order to achieve a smooth transition and steady development of the wealth management business, in 2023, in accordance with the requirements of the "Guiding Opinions on Regulating the Asset Management Business of Financial Institutions", the Group continues to promote net-value-based reporting of its asset management products and dispose of existing portfolios.

As at 31 December 2023, assets of these wealth management products amounting to RMB187,083million (31 December 2022: RMB233,528 million) were invested in investments in which certain subsidiaries and associates of the CITIC Group acted as trustees.

59 Transfers of financial assets

For the year ended 31 December 2023, the Group entered into transactions which involved securitisation transactions and transfers of non-performing financial assets.

These transactions were entered into in the normal course of business by which recognized financial assets were transferred to third parties or structured entities. Transfers of assets may give rise to full or partial derecognition of the financial assets concerned. On the other hand, where transferred assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these assets, the Group continues to recognize the transferred assets.

Details of the financial assets sold under repurchase agreements are set forth in Note 34. Details of securitisation transactions and non-performing financial assets transfer transactions conducted by the Group for the year ended 31 December 2023 totaled RMB45,172 million (year ended 31 December 2022: RMB34,212 million) are set forth below.

Securitisation transactions

During the year ended 31 December 2023, the Group, through securitisation, transferred financial assets at the original cost of RMB17,510 million, which qualified for full de-recognition (year ended 31 December 2022:RMB14,994 million, which qualified for full de-recognition).

Loan and other Financial assets transfers

During the year ended 31 December 2023, the Group also transferred loan and other financial assets of book value before impairment of RMB27,662 million through other types of transactions (year ended 31 December 2022: RMB19,218 million). RMB19,272 million of this balance (year ended 31 December 2022: RMB5,628 million) was non-performing loans. RMB7,990 million of this balance (year ended 31 December 2022: RMB13,590 million) was non-performing financial investments. RMB400 million of this balance (year ended 31 December 2022: nil) was Bond financing. The Group carried out assessment based on the transfer of risks and rewards of ownership and concluded that these transferred assets qualified for full de-recognition.

60 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated annual statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

As at 31 December 2023, the amount of the financial assets and financial liabilities subject to enforceable master netting arrangements or similar agreements are not material to the Group.

61 Annual statements of financial position and changes in equity of the Bank

Statement of financial position

	31 December 2023	*31 December 2022*
Assets		
Cash and balances with central banks	413,366	472,441
Deposits with banks and non-bank financial institutions	67,014	63,712
Precious metals	11,674	5,985
Placements with and loans to banks and non-bank financial institutions	187,695	190,693
Derivative financial assets	25,120	22,347
Financial assets held under resale agreements	97,780	11,295
Loans and advances to customers	5,114,597	4,760,238
Financial investments	2,460,003	2,394,927
- at fair value through profit or loss	606,972	553,863
-at amortised cost	1,086,156	1,137,654
- at fair value through other comprehensive income	762,773	699,157
- designated at fair value through other comprehensive income	4,102	4,253
Investments in subsidiaries and joint ventures	33,821	33,060
Property, plant and equipment	34,316	33,870
Right-of-use assets	9,707	9,956
Intangible assets	4,071	3,206
Deferred tax assets	50,781	53,088
Other assets	55,300	48,242
Total assets	8,565,245	8,103,060
Liabilities		
Borrowings from central banks	273,126	119,334
Deposits from banks and non-bank financial institutions	930,090	1,146,264
Placements from banks and non-bank financial institutions	24,216	19,374
Financial liabilities at fair value through profit or loss	519	290
Derivative financial liabilities	22,436	22,792
Financial assets sold under repurchase agreements	442,491	251,685
Deposits from customers	5,155,140	4,854,059
Accrued staff costs	21,297	20,680
Taxes payable	3,353	7,420
Debt securities issued	952,909	968,086
Lease liabilities	9,219	9,363
Provisions	10,759	9,618
Other liabilities	36,070	35,797
Total liabilities	7,881,625	7,464,762

61 Annual statements of financial position and changes in equity of the Bank (continued)

	31 December 2023	*31 December 2022*
Equity		
Share capital	48,967	48,935
Preference shares	118,060	118,076
Capital reserve	61,790	61,598
Other comprehensive income	1,867	(1,736)
Surplus reserve	60,992	54,727
General reserve	101,140	96,906
Retained earnings	290,804	259,792
Total equity	683,620	638,298
Total liabilities and equity	8,565,245	8,103,060

61 Annual statements of financial position and changes in equity of the Bank (continued)

Statement of changes in equity

	Share capital	*Other equity instruments*	*Capital reserve*	*Other comprehensive income*	*Surplus reserve*	*General reserve*	*Retained earnings*	*Total equity*
As at 1 January 2023	48,935	118,076	61,598	(1,736)	54,727	96,906	259,792	638,298
(i) Profit for the year	-	-	-	-	-	-	62,651	62,651
(ii) Other comprehensive income	-	-	-	3,361	-	-	-	3,361
Total comprehensive income	-	-	-	3,361	-	-	62,651	66,012
(iii) Investor capital								-
- Capital injection by issuing convertible corporate bonds	32	(16)	192	-	-	-	-	208
(iv) Profit appropriations								
- Appropriations to surplus reserve	-	-	-	-	6,265	-	(6,265)	-
- Appropriations to general reserve	-	-	-	-	-	4,234	(4,234)	-
- Dividend distribution to ordinary shareholders of the Bank	-	-	-	-	-	-	(16,110)	(16,110)
- Dividend distribution to preference shareholders	-	-	-	-	-	-	(1,428)	(1,428)
- Interest paid to holders of perpetual bonds	-	-	-	-	-	-	(3,360)	(3,360)
(v) Transfers within the owners' equity								
- Other comprehensive income transferred to retained earnings	-	-	-	242	-	-	(242)	-
As at 31 December 2023	48,967	118,060	61,790	1,867	60,992	101,140	290,804	683,620

61 Annual statements of financial position and changes in equity of the Bank (continued)

	Share capital	*Preference shares*	*Capital reserve*	*Other comprehensive income*	*Surplus reserve*	*General reserve*	*Retained earnings*	*Total equity*
As at 1 January 2022	48,935	118,076	61,598	4,524	48,937	94,430	229,886	606,386
(i) Net profit	-	-	-	-	-	-	57,895	57,895
(ii) Other comprehensive income	-	-	-	(6,417)	-	-	-	(6,417)
Total comprehensive income	-	-	-	(6,417)	-	-	57,895	51,478
(iii) Profit appropriations								
- Appropriations to surplus reserve	-	-	-	-	5,790	-	(5,790)	-
- Appropriations to general reserve	-	-	-	-	-	2,476	(2,476)	-
- Dividend distribution to ordinary shareholders of the bank	-	-	-	-	-	-	(14,778)	(14,778)
- Dividend distribution to preference shareholders	-	-	-	-	-	-	(1,428)	(1,428)
- In terest paid to holders of perpetual bonds	-	-	-	-	-	-	(3,360)	(3,360)
(iv) Transfers within the owners' equity								
- Other comprehensive income transferred to retained earnings	-	-	-	157	-	-	(157)	-
As at 31 December 2022	48,935	118,076	61,598	(1,736)	54,727	96,906	259,792	638,298

62 Benefits and interests of directors and supervisors

(a) Relationship of related parties

For the year ended 31 December 2023

Emoluments paid or receivable in respect of services as director or supervisor of the Group

	Fees	*Salary*	*Discretionary bonuses*	*Housing allowance*	*Allowances and benefits in kind*	*Employer's contribution to retirement benefit scheme*	*Remunerations paid or receivable in respect of accepting office as director and supervisor*	*Emoluments paid or receivable in respect of director or supervisor's other services in connection with the management of the affairs of the Group*	*Total*
	RMB'000	RMB'000		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors									
Fang Heying Note (i)	-	-	-	-	-	-	-	-	-
Liu Cheng	-	1,624	420	-	47	261	-	-	2,352
Non-executive directors									
Cao Guoqiang Note (i)	-	-	-	-	-	-	-	-	-
Huang Fang Note (i)	-	-	-	-	-	-	-	-	-
Wang Yankang Note (i)	-	-	-	-	-	-	-	-	-
Independent non-executive directors									
Liu Tsz Bun Bennett	299	-	-	-	-	-	-	-	299
Song FangXiu	52	-	-	-	-	-	-	-	52
Wang Huacheng	70	-	-	-	-	-	-	-	70
Zhou Bowen	90	-	-	-	-	-	-	-	90

62 Benefits and interests of directors and supervisors (continued)

Emoluments paid or receivable in respect of services as director or supervisor of the Group

	Fees	*Salary*	*Discretionary bonuses*	*Housing allowance*	*Allowances and benefits in kind*	*Employer's contribution to retirement benefit scheme*	*Remunerations paid or receivable in respect of accepting office as director and supervisor*	*Emoluments paid or receivable in respect of director or supervisor's other services in connection with the management of the affairs of the Group*	*Total*
	RMB'000	RMB'000		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Supervisors									
Li Rong	-	434	810	-	47	261	-	-	1,552
Cheng Pusheng	-	424	820	-	47	261	-	-	1,552
Chen Panwu	-	414	1,271	-	47	261	-	-	1,993
Zeng Yufang	-	345	620	-	53	245	-	-	1,263
Wei Guobin	260	-	-	-	-	-	-	-	260
Sun Qi Xiang	260	-	-	-	-	-	-	-	260
Liu Guoling	260	-	-	-	-	-	-	-	260
Former Directors and Supervisors resigned in 2023									
Guo Danghuai(Note (ii))	-	1,293	310	-	47	175	-	-	1,825
Zhu Hexin (Note (ii))	-	-	-	-	-	-	-	-	-
He Cao (Note (ii))	200	-	-	-	-	-	-	-	200
Chen Lihua (Note (ii))	215	-	-	-	-	-	-	-	215
Qian Jun (Note (ii))	253	-	-	-	-	-	-	-	253

62 Benefits and interests of directors and supervisors (continued)

For the year ended 31 December 2022

	Emoluments paid or receivable in respect of services as director or supervisor of the Group								
	Fees	*Salary*	*Discretionary bonuses*	*Housing allowance*	*Allowances and benefits in kind*	*Employer's contribution to retirement benefit scheme*	*Remunerations paid or receivable in respect of accepting office as director and supervisor*	*Emoluments paid or receivable in respect of director or supervisor's other services in connection with the management of the affairs of the Group*	*Total*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors									
Fang Heying Note (i)	-	-	-	-	-	-	-	-	-
Liu Cheng	-	1,620	120	-	43	244	-	-	2,027
Guo Danghuai	-	1,512	133	-	43	244	-	-	1,932
Non-executive directors									
Zhu Hexin Note (i)	-	-	-	-	-	-	-	-	-
Cao Guoqiang Note (i)	-	-	-	-	-	-	-	-	-
Huang Fang Note (i)	-	-	-	-	-	-	-	-	-
Wang Yankang Note (i)	-	-	-	-	-	-	-	-	-
Independent non-executive directors									
He Cao	300	-	-	-	-	-	-	-	300
Chen Lihua	280	-	-	-	-	-	-	-	280
Qian Jun	310	-	-	-	-	-	-	-	310
Liu Tsz Bun Bennett	150	-	-	-	-	-	-	-	150

62 Benefits and interests of directors and supervisors (continued)

Emoluments paid or receivable in respect of services as director or supervisor of the Group

	Fees	*Salary*	*Discretionary bonuses*	*Housing allowance*	*Allowances and benefits in kind*	*Employer's contribution to retirement benefit scheme*	*Remunerations paid or receivable in respect of accepting office as director and supervisor*	*Emoluments paid or receivable in respect of director or supervisor's other services in connection with the management of the affairs of the Group*	*Total*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Supervisors									
Li Rong	-	390	847	-	43	244	-	-	1,524
Cheng Pusheng	-	380	843	-	43	243	-	-	1,509
Chen Panwu	-	375	822	-	43	244	-	-	1,484
Zeng Yufang	-	340	580	-	51	219	-	-	1,190
Wei Guobin	260	-	-	-	-	-	-	-	260
Sun Qi Xiang	260	-	-	-	-	-	-	-	260
Liu Guoling	260	-	-	-	-	-	-	-	260
Former Directors and Supervisors resigned in 2022									
Li Gang (Note (ii))	-	400	698	-	43	247	-	-	1,388

Notes:

(i) Mr. Fang Heying, Mr. Cao Guoqiang, Ms. Huang Fang, and Mr. Wang Yankang did not receive any emoluments from the Bank in 2023. Their salary is borne by the main common shareholders of the Bank.Two of the four directors are appointed by CITIC Limited and CITIC Group ("Parent Companies"). Their emoluments were paid by the Parent Companies in 2023. The other two directors are appointed respectively by Xinhu Zhongbao Co., Ltd. and CNTC. Their emolument allocations are not disclosed due to the difficulty to apportion the services provided by the directors to the Bank.

(ii) Mr. Guo Danghuai resigned in October 2023、Mr. Zhu Hexin resigned in April 2023、Mr. He Cao resigned in August 2023、Ms. Chen Lihua resigned in October 2023、Mr. Qian Jun resigned in October 2023.

62 Benefits and interests of directors and supervisors (continued)

(b) Other benefits and interests

No direct or indirect retirement benefits and termination benefits were paid to directors as at 31 December 2023 (as at December 2022: Nil).

For the year ended 31 December 2023 and 31 December 2022, the balance of loans and advances from the Group to Directors, Supervisors or certain controlled body corporates and connected entities of the Directors or Supervisors was not significant.

No significant transactions, arrangements and contracts in relation to the Group’s business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year 2023 (2022: Nil).

China CITIC Bank Corporation Limited

Unaudited Supplementary Financial Information
For the year ended 31 December 2023

Unaudited supplementary financial information

(Expressed in millions of Renminbi unless otherwise stated)

The information set out below does not form part of the annual financial statements, and is included herein for information purposes only.

1 Difference between the financial report prepared under IFRSs and that prepared in accordance with PRC GAAP

China CITIC Bank Corporation (the "Bank") prepares consolidated annual financial statements, which includes the financial statements of the Bank and its subsidiaries (collectively the "Group"), in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As a financial institution incorporated in the People's Republic of China (the "PRC") and listed in the Shanghai Stock Exchange, the Group also prepares its consolidated annual financial statements for the year ended 31 December 2023 in accordance with the Accounting Standards for Business Enterprises and other relevant regulations issued by the regulatory bodies of the PRC (collectively "PRC GAAP").

There is no difference in the profit for the year ended 31 December 2023 or total equity as at 31 December 2023 between the Group's consolidated annual financial statements prepared in accordance with IFRSs and those prepared in accordance with PRC GAAP respectively.

2 Liquidity coverage ratio

	31 December 2023	*31 December 2022*
Liquidity coverage ratio	167.48%	168.03%

The liquidity coverage ratios were also in accordance with the Rules on Liquidity Risk Management of Commercial Banks (Provisional) issued by the former CBIRC and applicable calculation requirements, and based on the data determined under the PRC GAAP.

(Expressed in millions of Renminbi unless otherwise stated)

3 Currency concentrations

	31 December 2023			
	US Dollars	*HK Dollars*	*Others*	*Total*
Spot assets	332,716	206,407	320,609	859,732
Spot liabilities	(332,882)	(166,911)	255,706	(244,087)
Forward purchases	1,457,366	153,356	173,380	1,784,102
Forward sales	(1,449,876)	(155,306)	(190,991)	(1,796,173)
Options	(6,077)	937	2,412	(2,728)
Net long position	1,247	38,483	561,116	600,846

	31 December 2022			
	US Dollars	*HK Dollars*	*Others*	*Total*
Spot assets	358,286	169,293	51,937	579,516
Spot liabilities	308,549	163,464	26,440	498,453
Forward purchases	1,171,960	163,351	128,686	1,463,997
Forward sales	(1,232,853)	(131,217)	(153,851)	(1,517,921)
Options	5,846	(125)	(1,139)	4,582
Net long position	611,788	364,766	52,073	1,028,627

(Expressed in millions of Renminbi unless otherwise stated)

4 International claims

International claims are the sum of cross-border claims in all currencies and local claims in foreign currencies. The Group is principally engaged in business operations within Mainland China, and regards all the claims on third parties outside Mainland China as cross border claims.

International claims include balances with central banks, deposits with banks and non-bank financial institutions, placements with and loans to banks and non-bank financial institutions, financial assets held for trading, financial assets designated at fair value through profit or loss, loans and advances to customers, financial assets held under resale agreements, financial investments, etc.

International claims are disclosed based on different countries or regions. A country or region is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfer is only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

	31 December 2023			
	Banks	*Official sector*	*Non-bank private sector*	*Total*
Asia Pacific excluding Mainland China	65,698	444	79,669	145,811
- of which attributed to Hong Kong	24,182	436	57,908	82,527
Europe	20,904	7,618	18,259	46,781
North and South America	26,907	31,070	19,337	77,314
Africa	34	4,539	336	4,909
Total	113,543	43,671	117,601	274,815

	31 December 2022			
	Banks	*Official sector*	*Non-bank private sector*	*Total*
Asia Pacific excluding Mainland China	65,338	399	56,314	122,051
- of which attributed to Hong Kong	37,340	392	47,084	84,816
Europe	21,779	1,536	18,605	41,920
North and South America	18,862	34,443	80,791	134,096
Africa	9	-	-	9
Total	105,988	36,378	155,710	298,076

(Expressed in millions of Renminbi unless otherwise stated)

5 Overdue loans and advances to customers by geographical sectors

	31 December 2023		
	Gross loans and advances	*Loans and advances overdue over 3 months*	*Credit-impaired loans*
Yangtze River Delta	1,538,269	4,844	6,801
Bohai Rim (include Head Office)	1,423,026	19,984	23,976
Central	790,477	5,767	8,072
Pearl River Delta and West Strait	782,231	7,488	9,551
Western	669,589	5,806	12,473
Northeastern	85,037	851	1,584
Outside Mainland China	209,715	3,930	4,691
Accrued interest	19,948	-	-
Total	5,518,292	48,670	67,148

	31 December 2022		
	Gross loans and advances	*Loans and advances overdue over 3 months*	*Credit-impaired loans*
Bohai Rim (include Head Office)	1,400,562	19,936	29,021
Yangtze River Delta	1,381,673	6,717	9,128
Pearl River Delta and West Strait	731,224	7,130	11,485
Central	730,240	5,547	7,394
Western	598,729	5,201	12,985
Northeastern	87,630	849	1,525
Outside Mainland China	222,714	2,873	3,565
Accrued interest	17,180	-	-
Total	5,169,952	48,253	75,103

(Expressed in millions of Renminbi unless otherwise stated)

6 Gross overdue amounts due from banks and other financial institutions and overdue loans and advances to customers

(a) Gross overdue amounts due from banks and other financial institutions

As at 31 December 2023, the Group had no overdue amounts due from banks and other financial institutions (31 December 2022: Nil).

(b) Gross amounts of overdue loans and advances to customers

	31 December 2023	*31 December 2022*
Gross loans and advances to customers which have been overdue with respect to either principal or interest for periods of:		
- between 3 and 6 months	15,110	11,841
- between 6 and 12 months	13,781	17,942
- over 12 months	19,779	18,470
Total	48,670	48,253
As a percentage of total gross loans and advances to customers:		
- between 3 and 6 months	0.27%	0.23%
- between 6 and 12 months	0.25%	0.35%
- over 12 months	0.36%	0.36%
Total	0.88%	0.94%

The above analysis represents loans and advances overdue for more than 3 months as required by the Hong Kong Monetary Authority.

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue.

Loans and advances repayable on demand are classified as overdue when a demand for repayment has been served on the borrower but repayment has not been made in accordance with the instructions. If the loans and advances are repayable on demand which are outside the approved limit that was advised to the borrower, they are also considered as overdue.

(Expressed in millions of Renminbi unless otherwise stated)

6 Gross amount of overdue amounts due from banks and other financial institutions and overdue loans and advances to customers (continued)

As at 31 December 2023, the loans and advances to customers of RMB48,670 million of the above overdue loans and advances were credit-impaired (As at 31 December 2022, the loans and advances to customers of RMB48,253 million of the above overdue loans and advances were credit-impaired).

Loans and advances to customers overdue for more than 3 months:

	31 December 2023	*31 December 2022*
Secured portion	26,668	30,905
Unsecured portion	22,002	17,348
Total	48,670	48,253
Allowance for impairment losses	(32,825)	(36,607)
Net balance	15,845	11,646
Maximum exposure covered by pledge and collateral held	38,588	44,019

The fair value of collateral was estimated by management based on the latest revaluation including available external valuation, if any, adjusted by taking into account the current realisation experience as well as market situation.

7 Non-bank Mainland China exposures

The Bank is a commercial bank incorporated in the Mainland China with its banking business primarily conducted in Mainland China. As of 31 December 2023, the majority of the Bank's non-bank exposures arose from businesses with Mainland China entities or individuals. Analyses of various types of exposures by counterparties have been disclosed in the notes to the consolidated annual financial statements.