中国农业银行
AGRICULTURAL BANK OF CHINA

AGRICUTURAL BANK OF CHINA LIMITED

中國農業銀行股份有限公司

2023 CAPITAL ADEQUACY RATIO REPORT

Contents

1 Overview

1.1 Profile

The predecessor of the Bank was Agricultural Cooperative Bank established in 1951. Since the resumption of establishment in February 1979, the Bank has evolved from a state-owned specialized bank to a wholly state-owned commercial bank and subsequently a state-controlled commercial bank. The Bank was restructured into a joint stock limited liability company in January 2009. In July 2010, the Bank was listed on both the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

The Bank is one of the major integrated financial service providers in China, aiming at high-quality development, highlighting the two positionings of a leading bank serving rural revitalization and a major bank serving the real economy, and fully implementing the three strategies in Sannong and inclusive finance, green finance and digital operation. Capitalizing on its comprehensive business portfolio, extensive distribution network and advanced IT platform, the Bank provides a diverse portfolio of corporate and retail banking products and services for a broad range of customers and conducts treasury operations and asset management. Our business scope also includes, among other things, investment banking, fund management, financial leasing and life insurance. At the end of 2023, the Bank had total assets of RMB39,872,989 million, total loans and advances to customers of RMB22,614,621 million and deposits from customers of RMB28,898,468 million. Our capital adequacy ratio was 17.14%. The Bank achieved a net profit of RMB269,820 million in 2023.

As of the end of 2023, we had 22,843 domestic branch outlets, including the Head Office, Business Department of the Head Office, four specialized institutions managed by the Head Office, four training institutes, 37 tier-1 branches, 409 tier-2 branches, 3,316 tier-1 sub-branches, 19,025 foundation-level branch outlets and 46 other establishments. Our overseas branch outlets consisted of 13 overseas branches and four overseas representative offices. We had 16 major subsidiaries, including 11 domestic subsidiaries and five overseas subsidiaries.

The Financial Stability Board has included the Bank into the list of Global Systemically Important Banks for ten consecutive years since 2014. In 2023, the Bank ranked No. 3 among global banks in terms of tier 1 capital. At the date of this announcement, Standard & Poor's affirmed long-/short-term issuer credit ratings of the Bank at A/A-1. Moody's affirmed long-/short-term bank deposit ratings of the Bank at A1/P-1 and Fitch Ratings affirmed long-/short-term issuer default ratings of the Bank at A/F1+.

1.2 Capital Adequacy Ratio

In 2014, the China Banking Regulatory Commission[1] (hereinafter referred to as the "CBRC") approved the Bank's use of foundation Internal Ratings-Based (IRB) approach for non-retail exposure, IRB approach for retail exposure and standardized approach for operational risk on bank and group levels. As a result, the Bank became one of the first batch of domestic banks implementing advanced approaches for capital management in China. In January 2017, the CBRC officially approved our application for the Internal Models Approach (IMA) for market risks, unification of the major benchmarks of non-retail ratings among domestic and overseas branches, and abolishment of the regulatory restriction which provides that retail risk weighted assets shall be not less than those calculated using the weighted approach. In accordance with the *Capital Rules for Commercial Banks (Provisional)* (Decree of CBRC [2012] No. 1), the CBRC determined a parallel implementation period for a commercial bank approved to adopt the advanced approaches of capital management. During the parallel implementation period, the banks shall calculate its capital adequacy ratios under both advanced approaches and other approaches, and shall comply with the capital floor requirements.

As of the end of 2023, the Bank adopted the foundation IRB approach for non-retail exposure and IRB approach for retail exposure to measure credit risk-weighted assets, weighting approach for credit risk-weighted assets uncovered by IRB approach, IMA for market risk-weighted assets, standardized measurement approach to measure market risk-weighted

[1] According to the institutional reform program of the State Council, the China Banking and Insurance Regulatory Commission (CBIRC) was established in 2018 on the basis of integrating the responsibilities of the China Banking Regulatory Commission (CBRC) and the China Insurance Regulatory Commission (CIRC); and the National Financial Regulatory Administration (NFRA) was established on the basis of the CBIRC in 2023.

assets uncovered by IMA, and standardized measurement approach to measure operational risk-weighted assets. Unless otherwise specified, such information as regulatory capital, risk exposure, capital requirement and risk-weighted assets contained herein were made by regulatory consolidation.

The table below sets out the net capital, risk-weighted assets and capital adequacy ratios calculated by the Bank pursuant to the *Capital Rules for Commercial Banks (Provisional)*.

In millions of RMB, except for percentages

Table 1.2A: Capital Adequacy Ratio

Item	31 December 2023		31 December 2022	
	The Group	The Bank	The Group	The Bank
CET 1 capital, net	2,394,940	2,319,992	2,215,612	2,147,646
Additional Tier 1 capital, net	480,009	480,000	440,009	440,000
Tier 1 capital, net	2,874,949	2,799,992	2,655,621	2,587,646
Tier 2 capital, net	953,222	945,034	760,728	752,764
Total capital, net	3,828,171	3,745,026	3,416,349	3,340,410
Risk-weighted assets	22,338,078	21,665,688	19,862,505	19,203,893
Credit risk-weighted assets	21,042,378	20,392,027	18,498,973	17,866,609
Portion covered by IRB	14,374,806	14,374,806	12,533,224	12,533,224
Portion uncovered by IRB	6,667,572	6,017,221	5,965,749	5,333,385
Market risk-weighted assets	49,297	49,049	161,260	156,508
Portion covered by IMA	45,584	45,584	153,331	153,331
Portion uncovered by IMA	3,713	3,465	7,929	3,177
Operational risk-weighted assets	1,246,403	1,224,612	1,202,272	1,180,776
Additional risk-weighted assets due to the requirement of the capital floor	-	-	-	-
CET 1 capital adequacy ratio	10.72%	10.71%	11.15%	11.18%
Tier 1 capital adequacy ratio	12.87%	12.92%	13.37%	13.47%
Capital adequacy ratio	17.14%	17.29%	17.20%	17.39%

1.3 Disclosure Statement

Since 2013, the Bank has been disclosing to investors and the public the *Capital Adequacy Ratio Report* through public channels in accordance with the requirements of the *Capital Rules for Commercial Banks (Provisional)*. With a view to regulating such process, the Bank formulated the *Administrative Measures on Information Disclosure of Capital Adequacy Ratio*, which was considered and approved by the Board of Directors.

The information disclosure of capital adequacy ratio of the Bank can be classified into provisional disclosure and regular disclosure. When changes arise from the common stocks and other capital instruments of the Bank, a provisional disclosure will be made in a timely manner. The Bank makes regular quarterly, interim and annual disclosures. The quarterly and interim disclosures are included in the reports of the listed company as to the same period, while the annual disclosure is presented as a separate report. Investors and the public can visit the Investor Relations at the Bank's official website (http://www.abchina.com) to inquire the Bank's disclosures.

This report was prepared pursuant to the regulatory requirements including the *Capital Rules for Commercial Banks (Provisional)* and the *Notice of the China Banking Regulatory Commission on Issuing the Supporting Policy Documents for the Capital Regulation of Commercial Banks* (CBRC [2013] No.33). On 28 March 2024, the Board of Directors of the Bank considered and approved this report in the 2nd meeting of 2024. On 28 March 2024, the Board of Supervisors of the Bank reviewed and approved this report in the 1st meeting of 2024.

It should be noted that this report was prepared in accordance with the regulatory requirements such as the *Capital Rules for Commercial Banks (Provisional)*, and the annual report of the listed company was formulated in accordance with the *PRC Accounting Standards* and the *International Financial Reporting Standards*. As such, certain disclosure in this report is not directly comparable to the Bank's annual report of the listed company.

The report contains forward-looking statements on the Bank's financial positions, operation results and risk profile. These statements are made on basis of existing plans, estimates and forecast. The Bank believes that the expectations made in these forward-looking statements are reasonable. However, the Bank considers that the actual operation conditions is related to future external events, internal finance, progress of business development, risk occurrence condition or other performance, therefore, investors shall not heavily rely on these statements.

2 Information on Composition of Capital

2.1 Scope for Calculating Capital Adequacy Ratio

The scope for calculating the Bank's consolidated capital adequacy ratio includes the Bank and the financial institutions in which the Bank has direct or indirect investments in compliance with the requirements of the *Capital Rules for Commercial Banks (Provisional)*. The scope for calculating the Bank's unconsolidated capital adequacy ratio covers all the domestic and overseas branches of the Bank.

The main difference between the scope of regulatory consolidation and the scope of accounting consolidation is that ABC Life Insurance Co., Ltd., which is controlled by the Bank, is not included in the scope of regulatory consolidation. As of the end of 2023, the Bank had 16 major subsidiaries. Pursuant to the *Capital Rules for Commercial Banks (Provisional)*, capital deduction was adopted for investments in ABC Life Insurance Co., Ltd., while the remaining 15 subsidiaries were included in the scope of regulatory consolidation.

Table 2.1A: Consolidation Treatments for Different Invested Entities

No.	Classification of Invested Entities	Consolidation Treatments
1	Financial institutions included in financial consolidation scope (excluding insurance companies)	Included into the scope of regulatory consolidation
2	Financial institutions not included in financial consolidation scope (excluding insurance companies)	Not included into the scope of regulatory consolidation
3	Insurance companies	Not included into the scope of regulatory consolidation
4	Other industrial and commercial enterprises	Not included into the scope of regulatory consolidation

The following table sets out the basic information of invested entities within the calculation scope of consolidated capital adequacy ratio according to the balance of equity investment.

Table 2.1B: Basic Information of the Invested Entities within the Calculation Scope of Consolidated Capital Adequacy Ratio

No.	Name of Invested Entities	Date of Establish-ment	Place of Incorporation	Paid-in Capital	Total Shareholding Ratio (%)	Business Nature and Principal Activities
1	China	1988	Hong Kong,	HKD	100	Investment

	Agricultural Finance Co., Ltd.		PRC	588,790,000		holding
2	ABC-CA Fund Management Co., Ltd.	2008	Shanghai, PRC	RMB 1,750,000,001	51.67	Fund management
3	ABC Hubei Hanchuan Rural Bank Limited Liability Company	2008	Hubei, PRC	RMB 31,000,000	50	Banking
4	ABC Hexigten Rural Bank Limited Liability Company	2008	Inner Mongolia, PRC	RMB 19,600,000	51.02	Banking
5	ABC International Holdings Limited	2009	Hong Kong, PRC	HKD 4,113,392,450	100	Investment holding
6	ABC Financial Leasing Co., Ltd.	2010	Shanghai, PRC	RMB 9,500,000,000	100	Financial leasing
7	ABC Jixi Rural Bank Limited Liability Company	2010	Anhui, PRC	RMB 29,400,000	51.02	Banking
8	ABC Ansai Rural Bank Limited Liability Company	2010	Shaanxi, PRC	RMB 40,000,000	51	Banking
9	Agricultural Bank of China (UK) Limited	2011	London, UK	USD 100,000,002	100	Banking
10	ABC Zhejiang Yongkang Rural Bank Limited Liability Company	2012	Zhejiang, PRC	RMB 210,000,000	51	Banking
11	ABC Xiamen Tong’an Rural Bank Limited Liability Company	2012	Fujian, PRC	RMB 150,000,000	51	Banking
12	Agricultural Bank of China (Luxembourg) Limited	2014	Luxembourg, Luxembourg	EUR 20,000,000	100	Banking
13	Agricultural Bank of China (Moscow) Limited	2014	Moscow, Russia	RUB 7,556,038,271	100	Banking
14	ABC Financial Asset Investment Company	2017	Beijing, PRC	RMB 20,000,000,000	100	Debt-to-equity swap and related

	Limited					services
15	Agricultural Bank of China Wealth Management Co., Ltd	2019	Beijing, PRC	RMB 12,000,000,000	100	Wealth management

Table 2.1C: Basic Information about the Invested Entity Subjected to Deduction Treatment						
No.	**Name of Invested Entity**	**Date of Establish-ment**	**Place of Incorporation**	**Paid-in Capital**	**Total Shareholding Ratio (%)**	**Business Nature and Principal Activities**
1	ABC Life Insurance Co., Ltd.	2005	Beijing, PRC	RMB 2,949,916,475	51	Life insurance

2.2 Regulatory Capital Shortfall of Invested Entities

There was no regulatory capital shortfall of the invested entities in which the Bank has a majority equity interest or control.

2.3 Restrictions on Intra-group Capital Transfers

The Bank carried out intra-group capital transfers pursuant to the *Law of the People's Republic of China on Commercial Banks*, the *Measures for Implementation of Administrative Licensing Matters Concerning Chinese-funded Commercial Banks*, other related laws and regulations as well as related requirements of regulatory authorities.

2.4 Contrast between Regulatory Consolidation and Financial Statement

The Bank compiled the balance sheet within the scope of regulatory consolidation in accordance with the *Capital Rules for Commercial Banks (Provisional)* and the *Notes of the China Banking Regulatory Commission on Issuing Supporting Policies for the Capital*

Regulation of Commercial Banks. The contrast between the items of regulatory consolidation and financial statement is shown in the table below.

In millions of RMB

Table 2.4: Balance Sheet as in Financial Statement and as under Regulatory Consolidation

Item	31 December 2023		31 December 2022		Code
	Financial Statement[1]	Regulatory Consolidation	Financial Statement	Regulatory Consolidation	
Assets					
Cash and balances with central banks	2,922,047	2,922,047	2,549,130	2,549,130	A01
Deposits with banks and other financial institutions	1,080,076	1,059,758	630,885	613,645	A02
Placements with and loans to banks and other financial institutions	516,181	516,181	500,330	500,330	A03
Financial assets at fair value through profit or loss	547,407	491,122	522,057	456,131	A04
Derivative financial assets	24,873	24,873	30,715	30,715	A05
Financial assets held under resale agreements	1,809,559	1,809,061	1,172,187	1,171,374	A06
Loans and advances to customers	21,731,766	21,731,766	18,980,973	18,980,973	A07
Debt instrument investments at amortized cost	8,463,255	8,448,572	7,306,000	7,277,921	A08
Other debt instrument and other equity investments at fair value through other comprehensive income	2,203,051	2,133,944	1,702,106	1,680,040	A09
Long-term equity investments	8,386	12,214	8,092	11,921	A10
Property and equipment	144,387	143,643	142,542	141,792	A11
Construction in progress	12,352	12,311	10,030	10,029	A12
Land use rights	19,191	19,191	19,982	19,982	A13
Deferred tax assets	160,750	160,749	149,930	149,630	A14
Goodwill	1,381	-	1,381	-	A15
Intangible assets	9,483	9,229	7,885	7,643	A16
Other assets	218,844	229,477	191,263	199,255	A17
Total assets	**39,872,989**	**39,724,138**	**33,925,488**	**33,800,511**	**A00**
Liabilities					
Borrowings from central banks	1,127,069	1,127,069	901,116	901,116	L01
Deposits from banks and other	3,653,497	3,667,199	2,459,178	2,474,606	L02

[1] For more information, please refer to the Balance Sheet in the Bank's 2023 Annual Report.

financial institutions					
Placements from banks and other financial institutions	382,290	382,290	333,755	333,755	L03
Financial liabilities at fair value through profit or loss	12,597	12,597	12,287	12,287	L04
Financial assets sold under repurchase agreements	100,521	97,169	43,779	35,824	L05
Due to customers	28,898,468	28,898,483	25,121,040	25,121,087	L06
Derivative financial liabilities	27,817	27,817	31,004	31,004	L07
Debt securities issued	2,295,921	2,290,745	1,869,398	1,864,096	L08
Staff costs payable	78,601	78,220	71,469	71,035	L09
Taxes payable	49,275	49,269	56,134	56,130	L10
Dividends payable	-	-	1,936	1,936	L11
Deferred tax liabilities	14	161	9	105	L12
Provisions	43,674	43,674	40,788	40,788	L13
Other liabilities	306,378	157,165	309,835	186,017	L14
Total liabilities	**36,976,122**	**36,831,858**	**31,251,728**	**31,129,786**	**L00**
Equity					
Ordinary shares	349,983	349,983	349,983	349,983	E01
Other equity instruments	480,000	480,000	440,000	440,000	E02
of which: Preference shares	80,000	80,000	80,000	80,000	E03
Perpetual bonds	400,000	400,000	360,000	360,000	E04
Capital reserve	173,425	173,425	173,426	173,426	E05
Surplus reserve	273,558	273,556	246,764	246,763	E06
General reserve	456,200	456,200	388,600	388,600	E07
Undistributed profits	1,114,576	1,113,291	1,033,403	1,031,627	E08
Non-controlling interests	7,619	2,604	5,697	2,201	E09
Other comprehensive income	41,506	43,221	35,887	38,125	E10
of which: foreign currency translation differences	2,527	2,527	1,761	1,761	E11
Total equity	**2,896,867**	**2,892,280**	**2,673,760**	**2,670,725**	**E00**

2.5 Composition of Capital

Pursuant to the *Capital Rules for Commercial Banks (Provisional)*, the composition of the Bank's regulatory capital is shown in the table below.

In millions of RMB

Table 2.5: Composition of Capital

Item	**31 December**	**31 December**	**Code**

		2023	2022	
CET 1 capital				
1	Paid-in capital	349,983	349,983	E01
2	Retained earnings	1,843,047	1,666,990	
2a	Surplus reserve	273,556	246,763	E06
2b	General reserve	456,200	388,600	E07
2c	Undistributed profits	1,113,291	1,031,627	E08
3	Accumulated other comprehensive income and disclosed reserve	216,646	211,551	
3a	Capital reserve	173,425	173,426	E05
3b	Others	43,221	38,125	E10
4	Directly issued capital subject to phase out from CET 1 capital (only applicable to non-joint stock companies, banks of joint stock companies just fill with "0")	-	-	
5	Common share capital issued by subsidiaries and held by third parties	67	65	
6	**CET 1 capital before regulatory adjustments**	**2,409,743**	**2,228,589**	
CET 1 capital: regulatory adjustments				
7	Prudential valuation adjustments	-	-	
8	Goodwill (net of deferred tax liability)	-	-	A15
9	Other intangible assets other than land use rights (net of deferred tax liability)	9,229	7,643	A16
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1	13	
11	Cash-flow hedge reserve to the items not calculated at fair value	-	-	
12	Shortfall of provisions to expected losses on loans	-	-	
13	Securitization gain on sale	-	-	
14	Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-	
15	Defined-benefit pension fund net assets (net of deferred tax liability)	-	-	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-	-	

17	Reciprocal cross-holdings in common equity	-	-	
18	Deductible amount of the CET 1 capital from insignificant minority capital investment of the financial institutions outside the scope of consolidation	-	-	
19	Deductible amount of the CET 1 capital from significant minority capital investment of the financial institutions outside the scope of consolidation	-	-	
20	Mortgage servicing rights	-	-	
21	Other deductible amount in the net deferred tax asset that relies on future profitability of the Bank	-	-	
22	Deductible amount of significant minority capital investments in the capital of financial institutions outside the scope of regulatory consolidation and other net deferred tax assets that rely on the Bank's future profitability (amount exceeding the 15% of the CET 1 capital)	-	-	
23	of which: deductible amount of significant minority investments in the capital of financial institution	-	-	
24	of which: deductible amount of mortgage servicing rights	-	-	
25	of which: deductible amount in other net deferred tax assets that rely on the Bank's future profitability	-	-	
26a	Investment in CET 1 capital of financial institutions outside the scope of regulatory consolidation but in which the Bank has the control	5,573	5,321	
26b	Shortfall of CET 1 capital of financial institutions outside the scope of regulatory consolidation but in which the Bank has the control	-	-	
26c	Total other items deductible from CET 1 capital	-	-	
27	Regulatory adjustments applied to CET 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	-	
28	**Total regulatory adjustments to CET 1**	**14,803**	**12,977**	

	capital			
29	**CET 1 capital**	**2,394,940**	**2,215,612**	
Additional Tier 1 capital				
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	480,000	440,000	E02
31	of which: classified as equity	480,000	440,000	E02
32	of which: classified as liabilities	-	-	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-	-	
34	Additional Tier 1 instruments issued by subsidiaries and held by third parties	9	9	
35	of which: instruments issued by subsidiaries subject to phase out from Additional Tier 1	-	-	
36	**Additional Tier 1 capital before regulatory adjustments**	**480,009**	**440,009**	
Additional Tier 1 capital: regulatory adjustments				
37	Investments in own Additional Tier 1 instruments	-	-	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	-	
39	Deductible amount of additional Tier 1 capital from insignificant minority capital investment of the financial institutions outside the scope of consolidation	-	-	
40	Additional Tier 1 capital from significant minority capital investment of the financial institutions outside the scope of consolidation	-	-	
41a	Investments in Additional Tier 1 capital of financial institutions outside the scope of consolidation but in which the Bank has the control	-	-	
41b	Shortfall of Additional Tier 1 capital of financial institutions outside the scope of consolidation but in which the Bank has the control	-	-	
41c	Other items deductible from Additional Tier 1 capital	-	-	
42	Amount deductible from Additional Tier 2 capital but not yet deducted	-	-	
43	**Total regulatory adjustments to Additional Tier 1 capital**	**-**	**-**	

44	**Additional Tier 1 capital**	**480,009**	**440,009**	
45	**Tier 1 capital (CET 1 capital + Additional Tier 1 capital)**	**2,874,949**	**2,655,621**	
Tier 2 capital				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	479,938	329,929	
47	of which: Directly issued capital instruments subject to phase out from Tier 2	-	-	
48	Tier 2 instruments issued by subsidiaries and held by third parties	18	18	
49	of which: Portions not given recognition after the phase-out period	-	-	
50	Excess loan loss provisions	473,266	430,781	
51	**Tier 2 capital before regulatory adjustments**	**953,222**	**760,728**	
Tier 2 capital: regulatory adjustments				
52	Investments in own Tier 2 instruments	-	-	
53	Reciprocal cross-holdings in Tier 2 instruments	-	-	
54	Tier 2 capital from insignificant minority capital investment of the financial institutions outside the scope of consolidation	-	-	
55	Tier 2 capital from significant minority capital investment of the financial institutions outside the scope of consolidation	-	-	
56a	Investments in Tier 2 capital of financial institutions outside the scope of consolidation but in which the Bank has the control	-	-	
56b	Shortfall of Tier 2 capital of financial institutions outside the scope of consolidation but in which the Bank has the control	-	-	
56c	Other items deductible from Tier 2 capital	-	-	
57	**Total regulatory adjustments to Tier 2 capital**	**-**	**-**	
58	**Tier 2 capital**	**953,222**	**760,728**	
59	**Total capital (Tier 1 capital + Tier 2 capital)**	**3,828,171**	**3,416,349**	
60	**Total risk-weighted assets**	**22,338,078**	**19,862,505**	
Capital adequacy ratios and reserve capital requirements				
61	CET 1 capital adequacy ratio	10.72%	11.15%	

62	Tier 1 capital adequacy ratio	12.87%	13.37%	
63	Capital adequacy ratio	17.14%	17.20%	
64	Institution specific buffer requirement	3.50%	3.50%	
65	of which: capital conservation buffer requirement	2.50%	2.50%	
66	of which: countercyclical buffer requirement	0.00%	0.00%	
67	of which: G-SIBs buffer requirement	1.00%	1.00%	
68	CET 1 capital available to meet buffers (as a percentage of risk weighted assets)	5.72%	6.15%	
National minimum				
69	CET 1 minimum ratio	5%	5%	
70	Tier 1 minimum ratio	6%	6%	
71	Capital adequacy ratio	8%	8%	
Amounts not deducted from the thresholds for deduction				
72	Non-significant minority investments in the capital of other unconsolidated financial institutions	186,080	189,324	
73	Significant minority investments in the common stock of unconsolidated financial institutions	1,190	700	
74	Mortgage servicing rights (net of related tax liability)	N/A	N/A	
75	Other net deferred tax assets relying on the Bank's future profitability (net of deferred tax liability)	160,587	149,512	
Applicable caps on the inclusion of excess loan loss provisions in Tier 2 capital				
76	Excess loan loss provisions actually provided under the Weighting Approach	139,413	109,289	
77	Excess loan loss provisions eligible for inclusion in Tier 2 capital under the Weighting Approach	82,316	73,651	
78	Excess loan loss provisions actually provided under the Internal Ratings-Based Approach	469,092	433,896	
79	Excess loan loss provisions eligible for inclusion in Tier 2 capital under the Internal Ratings-Based Approach	390,950	357,130	
Capital instruments subject to phase-out arrangements				

80	Amount included in CET 1 capital due to phase-out arrangements	-	-	
81	Amount excluded from CET 1 capital due to phase-out arrangements	-	-	
82	Amount included in Additional Tier 1 capital due to phase-out arrangements	-	-	
83	Amount excluded from Additional Tier 1 capital due to phase-out arrangements	-	-	
84	Amount included in Tier 2 capital due to phase-out arrangements	-	-	
85	Amount excluded from Tier 2 capital due to phase-out arrangements	-	-	

2.6 Main Features of Eligible Capital Instruments

At 31 December 2023, the eligible capital instruments of the Bank included ordinary shares, preference shares, perpetual bonds, and Tier 2 capital bonds.

On 15 July 2010, A-shares of the Bank were listed on the Shanghai Stock Exchange, and H-shares of the Bank were listed on the Hong Kong Stock Exchange on 16 July 2010. In November 2014 and March 2015, the Bank completed the issuance of a total of 800 million preference shares in two tranches, with RMB80 billion raised to replenish Additional Tier 1 capital. In June 2018, the Bank conducted the private issuance of 25,188,916,873 A-shares, with RMB100 billion raised to replenish CET 1 capital. In August and September 2019, May and August 2020, November 2021, February and September 2022, and August 2023, the Bank completed the issuance of the eight tranches of perpetual bonds in the total amount of RMB400 billion to replenish Additional Tier 1 capital.

The Bank issued Tier 2 capital bonds amounting to RMB40 billion in the National Inter-bank Bond Market in April 2018, and the raised funds after deducting issuance expenses were all included into Tier 2 capital. These Tier 2 capital bonds were fully redeemed in April 2023. The Bank issued Tier 2 capital bonds amounting to RMB120 billion in the National Inter-bank Bond Market in two tranches in March and April 2019 respectively, and the raised funds after deducting issuance expenses were all included into Tier 2 capital. The Bank issued Tier 2 capital bonds amounting to RMB40 billion in the National Inter-bank Bond Market in

May 2020, and the raised funds after deducting issuance expenses were all included into Tier 2 capital. The Bank issued Tier 2 capital bonds amounting to RMB130 billion in the National Inter-bank Bond Market in two tranches in June and September 2022, and the raised funds after deducting issuance expenses were all included into Tier 2 capital. The Bank issued Tier 2 capital bonds amounting to RMB190 billion in the National Inter-bank Bond Market in three tranches in March, September and October 2023, respectively, and the raised funds after deducting issuance expenses were all included into Tier 2 capital.

As of 31 December 2023, the following tables set the main features of eligible capital instruments of the Bank.

Table 2.6A: Main Features of Eligible Tier 1 Capital Instruments (Ordinary shares and Preference shares)

		Ordinary Share of A-shares	**Ordinary Share of H-shares**	**Preference Shares**	**Preference Shares**
1	Issuer	Agricultural Bank of China Limited	Agricultural Bank of China Limited	Agricultural Bank of China Limited	Agricultural Bank of China Limited
2	Unique code	601288	1288	360001	360009
3	Governing laws	"Company Law of the People's Republic of China", "Securities Law of the People's Republic of China", "Law of the People's Republic of China on Commercial Banks", "Rules Governing the Listing of Stocks on Shanghai Stock Exchange", etc.	"Company Law of the People's Republic of China", "Securities Law of the People's Republic of China", "Law of the People's Republic of China on Commercial Banks", "Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited", etc.	"Company Law of the People's Republic of China", "Securities Law of the People's Republic of China", "the Administrative Measures on the Pilot Scheme of Preference Shares", etc.	"Company Law of the People's Republic of China", "Securities Law of the People's Republic of China", "the Administrative Measures on the Pilot Scheme of Preference Shares", etc.
	Regulatory treatments				
4	of which: Application of *Capital Rules for Commercial Banks (Provisional)* transitional rules	CET 1 capital	CET 1 capital	Additional Tier 1 capital	Additional Tier 1 capital
5	of which: Application of *Capital Rules for Commercial*	CET 1 capital	CET 1 capital	Additional Tier 1 capital	Additional Tier 1 capital

	Banks (Provisional) post-transitional rules				
6	of which: Eligible at the Bank/the Group	the Bank and the Group	the Bank and the Group	the Bank and the Group	the Bank and the Group
7	Instrument type	Ordinary shares	Ordinary shares	Preference shares	Preference shares
8	Recognized in regulatory capital (in millions of RMB, most recent reporting date)	319,244	30,739	40,000	40,000
9	Par value	RMB1	RMB1	RMB100	RMB100
10	Accounting classification	Equity	Equity	Equity	Equity
11	Original date of issuance	2010-7-15 and 2018-6-26	2010-7-16	2014-10-31	2015-3-6
12	Dated or perpetual	Perpetual	Perpetual	Perpetual	Perpetual
13	of which: Original maturity date	No maturity date	No maturity date	No maturity date	No maturity date
14	Issuer call subject to prior regulatory approval	No	No	Yes (subject to prior regulatory approval)	Yes (subject to prior regulatory approval)
15	of which: Optional call date, contingent call dates and redemption amount	-	-	The first call date shall be 5 November 2019, fully or partially.	The first call date shall be 11 March 2020, fully or partially.
16	of which: Subsequent call dates, if applicable	-	-	5 November of each year after the first call date	11 March of each year after the first call date
	Bonus or Dividends				
17	of which: Fixed or floating dividends / bonus	Floating	Floating	The coupon rate of the preference shares shall be adjusted every five years. The dividends of the issued preference shares will be paid at an agreed fixed coupon rate during each dividend adjustment period.	The coupon rate of the preference shares shall be adjusted every five years. The dividends of the issued preference shares will be paid at an agreed fixed coupon rate during each dividend adjustment period.
18	of which: coupon rate and any related index	Subject to the general shareholders meeting.	Subject to the general shareholders meeting.	Within 5 years from 5 November 2019, the coupon rate is 5.32%.	Within 5 years from 11 March 2020, the coupon rate is 4.84%.
19	of which: Existence of a dividend stopper	No	No	Yes	Yes

20	of which: Whether fully discretionary in cancellation of bonus or dividends	Full discretionary	Full discretionary	Full discretionary	Full discretionary
21	of which: Existence of step up or other incentives to redeem	No	No	No	No
22	of which: Cumulative or non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Convertible	Convertible
24	of which: If convertible, specify conversion trigger(s)	-	-	Going concern trigger event or non-viability trigger event	Going concern trigger event or non-viability trigger event
25	of which: If convertible, fully or partially	-	-	Convert fully or partially when the going concern trigger event occurs; convert fully when non-viability trigger event occurs.	Convert fully or partially when the going concern trigger event occurs; convert fully when non-viability trigger event occurs.
26	of which: If convertible, determine methods for conversion price	-	-	The initial conversion price of the issued preference shares shall be the average trading price of the ordinary shares of the A-share of the Bank in 20 trading days preceding the date of the Board resolution on the Issuance Plan. After the date of the Board resolution, in the event the Bank issues stock dividends, converts capital reserves to share capital, conducts follow-on issuances of shares, conducts a rights issue or acts under similar circumstances, the Bank will adjust the conversion price on a cumulative basis in accordance with the sequence of	The Initial conversion price of the issued preference shares shall be the average trading price of the ordinary shares of the A-share of the Bank in 20 trading days preceding the date of the Board resolution on the Issuance Plan. After the date of the Board resolution, in the event the Bank issues stock dividends, converts capital reserves to share capital, conducts follow-on issuances of shares, conducts a rights issue or acts under similar circumstances, the Bank will adjust the conversion price on a cumulative basis in accordance with the sequence of

				occurrences of the foregoing events.	occurrences of the foregoing events.
27	of which: If convertible, mandatory or optional conversion	-	-	Mandatory	Mandatory
28	of which: If convertible, specify instrument type convertible into	-	-	Ordinary Shares	Ordinary Shares
29	of which: If convertible, specify issuer of instrument convertible into	-	-	Agricultural Bank of China Limited	Agricultural Bank of China Limited
30	Write-down feature	No	No	No	No
31	of which: If write-down, specify write-down trigger(s)	-	-	-	-
32	of which: If write-down, partial or full	-	-	-	-
33	of which: If write-down, permanent or temporary	-	-	-	-
34	of which: If temporary write-down, describe write-up mechanism	-	-	-	-
35	Position in subordination hierarchy in liquidation (instrument type immediately senior to instrument)	Subordinate to the depositors, creditors, junior debt and Additional Tier 1 capital instruments	Subordinate to the depositors, creditors, junior debt and Additional Tier 1 capital instruments	Subordinate to the depositors, creditors, junior debt, prior to CET 1 capital instruments	Subordinate to the depositors, creditors, junior debt, prior to CET 1 capital instruments
36	Non-eligible transitioned features	No	No	No	No
37	of which: If yes, specify non-eligible features	-	-	-	-

Note: The Bank adjusted the disclosure basis for items related to preference shares. In particular, "original date of issuance" refers to the book-building date; "issuer call" is attached with "conditional call rights" and no call rights were exercised on the first call date for the two tranches of the Bank's preference shares.

Table 2.6B: Main Features of Eligible Tier 1 Capital Instruments (Perpetual Bonds)									
		Perpetual Bonds	**Perpetual Bonds**	**Perpetual Bonds**	**Perpetual Bonds**	**Perpetual Bonds**	**Perpetual Bonds**	**Perpetual Bonds**	**Perpetual Bonds**
1	Issuer	Agricultural Bank of China Limited	Agricultural Bank of China Limited	Agricultural Bank of China Limited	Agricultural Bank of China Limited	Agricultural Bank of China Limited	Agricultural Bank of China Limited	Agricultural Bank of China Limited	Agricultural Bank of China Limited
2	Unique code	1928021	1928023	2028017	2028032	2128038	2228011	092280086	242380017
3	Governing laws	"Law of the People's Republic of China on Commercial Banks", "Capital Rules for Commercial Banks (Provisional)", "Measures for the Administra-tion of the Issuance of Financial Bonds in the National Inter-bank Bond Market", etc.	"Law of the People's Republic of China on Commercial Banks", "Capital Rules for Commercial Banks (Provisional)", "Measures for the Administra-tion of the Issuance of Financial Bonds in the National Inter-bank Bond Market", etc.	"Law of the People's Republic of China on Commercial Banks", "Capital Rules for Commercial Banks (Provisional)", "Measures for the Administra-tion of the Issuance of Financial Bonds in the National Inter-bank Bond Market", etc.	"Law of the People's Republic of China on Commercial Banks", "Capital Rules for Commercial Banks (Provisional)", "Measures for the Administra-tion of the Issuance of Financial Bonds in the National Inter-bank Bond Market", etc.	"Law of the People's Republic of China on Commercial Banks", "Capital Rules for Commercial Banks (Provisional)", "Measures for the Administra-tion of the Issuance of Financial Bonds in the National Inter-bank Bond Market", etc.	"Law of the People's Republic of China on Commercial Banks", "Capital Rules for Commercial Banks (Provisional)", "Measures for the Administra-tion of the Issuance of Financial Bonds in the National Inter-bank Bond Market", etc.	"Law of the People's Republic of China on Commercial Banks", "Capital Rules for Commercial Banks (Provisional)", "Measures for the Administra-tion of the Issuance of Financial Bonds in the National Inter-bank Bond Market", etc.	"Law of the People's Republic of China on Commercial Banks", "Capital Rules for Commercial Banks (Provisional)", "Measures for the Administra-tion of the Issuance of Financial Bonds in the National Inter-bank Bond Market", etc.
	Regulatory treatments								
4	of which: Application of *Capital Rules for Commer-cial Banks (Provision-al)* transitional rules	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital
5	of which: Application of *Capital Rules* for *Commer*	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital

	-*cial Banks (Provision -al)* Post -transitional rules								
6	of which: Eligible at the Bank/the Group	the Bank and the Group	the Bank and the Group	the Bank and the Group	the Bank and the Group	the Bank and the Group	the Bank and the Group	the Bank and the Group	the Bank and the Group
7	Instrument type	Perpetual bonds	Perpetual bonds	Perpetual bonds	Perpetual bonds	Perpetual bonds	Perpetual bonds	Perpetual bonds	Perpetual bonds
8	Recognized in regulatory capital (in millions of RMB, most recent reporting date)	85,000	35,000	85,000	35,000	40,000	50,000	30,000	40,000
9	Par value	RMB100	RMB100	RMB100	RMB100	RMB100	RMB100	RMB100	RMB100
10	Accounting classifica -tion	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
11	Original date of issuance	2019-8-16	2019-9-3	2020-5-8	2020-8-20	2021-11-12	2022-2-18	2022-9-1	2023-8-24
12	Dated or perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual
13	of which: Original maturity date	No maturity date	No maturity date	No maturity date	No maturity date	No maturity date	No maturity date	No maturity date	No maturity date
14	Issuer call (subject to prior regulatory approval)	Yes (subject to prior regulatory approval)	Yes (subject to prior regulatory approval)	Yes (subject to prior regulatory approval)	Yes (subject to prior regulatory approval)	Yes (subject to prior regulatory approval)	Yes (subject to prior regulatory approval)	Yes (subject to prior regulatory approval)	Yes (subject to prior regulatory approval)
15	of which: Optional call date,	The first call date shall be 20 August	The first call date shall be 5 September	The first call date shall be 12 May 2025,	The first call date shall be 24 August	The first call date shall be 16 November	The first call date shall be 22 February	The first call date shall be 5 September	The first call date shall be 28 August

	contingent call dates and redemption amount	2024, fully or partially.	2024, fully or partially.	fully or partially.	2025, fully or partially.	2026, fully or partially.	2027, fully or partially.	2027, fully or partially.	2028, fully or partially.
16	of which: Subsequent call dates, if applicable	20 August of each year after the first call date	5 September of each year after the first call date	12 May of each year after the first call date	24 August of each year after the first call date	16 November of each year after the first call date	22 February of each year after the first call date	5 September of each year after the first call date	28 August of each year after the first call date
	Bonus or Dividends								
17	of which: Fixed or floating dividends / bonus	The coupon rate shall be adjusted every five years. The interests of the issued perpetual bond will be paid at an agreed fixed coupon rate during each dividend adjustment period.	The coupon rate shall be adjusted every five years. The interests of the issued perpetual bond will be paid at an agreed fixed coupon rate during each dividend adjustment period.	The coupon rate shall be adjusted every five years. The interests of the issued perpetual bond will be paid at an agreed fixed coupon rate during each dividend adjustment period.	The coupon rate shall be adjusted every five years. The interests of the issued perpetual bond will be paid at an agreed fixed coupon rate during each dividend adjustment period.	The coupon rate shall be adjusted every five years. The interests of the issued perpetual bond will be paid at an agreed fixed coupon rate during each dividend adjustment period.	The coupon rate shall be adjusted every five years. The interests of the issued perpetual bond will be paid at an agreed fixed coupon rate during each dividend adjustment period.	The coupon rate shall be adjusted every five years. The interests of the issued perpetual bond will be paid at an agreed fixed coupon rate during each dividend adjustment period.	The coupon rate shall be adjusted every five years. The interests of the issued perpetual bond will be paid at an agreed fixed coupon rate during each dividend adjustment period.
18	of which: coupon rate and any related index	Within 5 years from 20 August 2019, the coupon rate is 4.39%.	Within 5 years from 5 September 2019, the coupon rate is 4.20%.	Within 5 years from 12 May 2020, the coupon rate is 3.48%.	Within 5 years from 24 August 2020, the coupon rate is 4.50%.	Within 5 years from 16 November 2021, the coupon rate is 3.76%.	Within 5 years from 22 February 2022, the coupon rate is 3.49%.	Within 5 years from 5 September 2022, the coupon rate is 3.17%.	Within 5 years from 28 August 2023, the coupon rate is 3.21%.
19	of which: Existence of a dividend stopper	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
20	of which: Whether fully discretio -nary in cancellation of bonus or dividends	Full discretio -nary	Full discretio -nary	Full discretio -nary	Full discretio -nary	Full discretio -nary	Full discretio -nary	Full discretio -nary	Full discretio -nary

21	of which: Existence of step up or other incentives to redeem	No	No	No	No	No	No	No	No
22	of which: Cumulative or non -cumulative	Non -cumulative	Non -cumulative	Non -cumulative	Non -cumulative	Non -cumulative	Non -cumulative	Non -cumulative	Non -cumulative
23	Convertible or non -convertible	Non -convertible	Non -convertible	Non -convertible	Non -convertible	Non -convertible	Non -convertible	Non -convertible	Non -convertible
24	of which: If convertible, specify conversion trigger(s)	-	-	-	-	-	-	-	-
25	of which: If convertible, fully or partially	-	-	-	-	-	-	-	-
26	of which: If convertible, determine methods for conversion price	-	-	-	-	-	-	-	-
27	of which: If convertible, mandatory or optional conversion	-	-	-	-	-	-	-	-
28	of which: If convertible, specify instrument	-	-	-	-	-	-	-	-

	type convertible into								
29	of which: If convertible, specify issuer of instrument convertible into	-	-	-	-	-	-	-	-
30	Write-down feature	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
31	of which: If write-down, specify write-down trigger(s)	Going concern trigger event or non -viability trigger event	Going concern trigger event or non -viability trigger event	Non -viability trigger events refer to the occurrence of the earlier of the following two events: (a) the NFRA having decided that the Issuer would become non-viable without a write-down/ write-off; (b) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become	Non -viability trigger events refer to the occurrence of the earlier of the following two events: (a) the NFRA having decided that the Issuer would become non-viable without a write-down/ write-off; (b) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become	Non -viability trigger events refer to the occurrence of the earlier of the following two events: (a) the NFRA having decided that the Issuer would become non-viable without a write-down/ write-off; (b) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become	Non -viability trigger events refer to the occurrence of the earlier of the following two events: (a) the NFRA having decided that the Issuer would become non-viable without a write-down/ write-off; (b) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become	Non -viability trigger events refer to the occurrence of the earlier of the following two events: (a) the NFRA having decided that the Issuer would become non-viable without a write-down/ write-off; (b) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become	Non -viability trigger events refer to the occurrence of the earlier of the following two events: (a) the NFRA having decided that the Issuer would become non-viable without a write-down/ write-off; (b) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become

				non-viable.	non-viable.	non-viable.	non-viable.	non-viable.	non-viable.
32	of which: If write-down, partial or full	Partial or full	Partial or full	Partial or full	Partial or full	Partial or full	Partial or full	Partial or full	Partial or full
33	of which: If write-down, permanent or temporary	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent
34	of which: If temporary write-down, describe write-up mechanism	-	-	-	-	-	-	-	-
35	Position in subordina-tion hierarchy in liquidation (instrument type immediate-ly senior to instrument)	Subordi-nated to the claims of depositors, general creditors, and subordi-nated indebted-ness that ranks senior to the Bonds; Rank in priority to all classes of shares held by the Issuer's share-holders and rank *pari passu* with the claims in respect of any other Additional Tier 1 Capital	Subordi-nated to the claims of depositors, general creditors, and subordi-nated indebted-ness that ranks senior to the Bonds; Rank in priority to all classes of shares held by the Issuer's share-holders and rank *pari passu* with the claims in respect of any other Additional Tier 1 Capital	Subordi-nated to the claims of depositors, general creditors, and subordi-nated indebted-ness that ranks senior to the Bonds; Rank in priority to all classes of shares held by the Issuer's share-holders and rank *pari passu* with the claims in respect of any other Additional Tier 1 Capital	Subordi-nated to the claims of depositors, general creditors, and subordi-nated indebted-ness that ranks senior to the Bonds; Rank in priority to all classes of shares held by the Issuer's share-holders and rank *pari passu* with the claims in respect of any other Additional Tier 1 Capital	Subordi-nated to the claims of depositors, general creditors, and subordi-nated indebted-ness that ranks senior to the Bonds; Rank in priority to all classes of shares held by the Issuer's share-holders and rank *pari passu* with the claims in respect of any other Additional Tier 1 Capital	Subordi-nated to the claims of depositors, general creditors, and subordi-nated indebted-ness that ranks senior to the Bonds; Rank in priority to all classes of shares held by the Issuer's share-holders and rank *pari passu* with the claims in respect of any other Additional Tier 1 Capital	Subordi-nated to the claims of depositors, general creditors, and subordi-nated indebted-ness that ranks senior to the Bonds; Rank in priority to all classes of shares held by the Issuer's share-holders and rank *pari passu* with the claims in respect of any other Additional Tier 1 Capital	Subordi-nated to the claims of depositors, general creditors, and subordi-nated indebted-ness that ranks senior to the Bonds; Rank in priority to all classes of shares held by the Issuer's shareholders and rank *pari passu* with the claims in respect of any other Additional Tier 1 Capital instruments of the Issuer

		instruments of the Issuer that rank *pari passu* with the Bonds.	instruments of the Issuer that rank *pari passu* with the Bonds.	instruments of the Issuer that rank *pari passu* with the Bonds.	instruments of the Issuer that rank *pari passu* with the Bonds.	instruments of the Issuer that rank *pari passu* with the Bonds.	instruments of the Issuer that rank *pari passu* with the Bonds.	instruments of the Issuer that rank *pari passu* with the Bonds.	that rank *pari passu* with the Bonds.
36	Non -eligible transitioned features	No	No	No	No	No	No	No	No
37	of which: If yes, specify non -eligible features	-	-	-	-	-	-	-	-

Note: The Bank adjusted the disclosure basis for items related to perpetual bonds. In particular, "original date of issuance" refers to the book-building date; "issuer call" is attached with "conditional call right" and the call rights have not expired for all tranches of the Bank's perpetual bonds.

Table 2.6C: Main Features of Eligible Tier 2 Capital Instruments (Issued by July 2022)

		Tier 2 Capital Instruments	**Tier 2 Capital Instruments**	**Tier 2 Capital Instruments**	**Tier 2 Capital Instruments**	**Tier 2 Capital Instruments**	**Tier 2 Capital Instruments**	**Tier 2 Capital Instruments**
1	Issuer	Agricultural Bank of China Limited	Agricultural Bank of China Limited	Agricultural Bank of China Limited	Agricultural Bank of China Limited	Agricultural Bank of China Limited	Agricultural Bank of China Limited	Agricultural Bank of China Limited
2	Unique code	1928003	1928004	1928008	1928009	2028013	2228041	2228042
3	Governing laws	"Law of the People's Republic of China on Commercial Banks", "Capital Rules for Commercial Banks (Provisional)", "Measures for the Administra -tion of the Issuance of Financial Bonds in the National Inter-bank Bond Market", etc.	"Law of the People's Republic of China on Commercial Banks", "Capital Rules for Commercial Banks (Provisional)", "Measures for the Administra -tion of the Issuance of Financial Bonds in the National Inter-bank Bond Market", etc.	"Law of the People's Republic of China on Commercial Banks", "Capital Rules for Commercial Banks (Provisional)", "Measures for the Administra -tion of the Issuance of Financial Bonds in the National Inter-bank Bond Market", etc.	"Law of the People's Republic of China on Commercial Banks", "Capital Rules for Commercial Banks (Provisional)", "Measures for the Administra -tion of the Issuance of Financial Bonds in the National Inter-bank Bond Market", etc.	"Law of the People's Republic of China on Commercial Banks", "Capital Rules for Commercial Banks (Provisional)", "Measures for the Administra -tion of the Issuance of Financial Bonds in the National Inter-bank Bond Market", etc.	"Law of the People's Republic of China on Commercial Banks", "Capital Rules for Commercial Banks (Provisional)", "Measures for the Administra -tion of the Issuance of Financial Bonds in the National Inter-bank Bond Market", etc.	"Law of the People's Republic of China on Commercial Banks", "Capital Rules for Commercial Banks (Provisional)", "Measures for the Administra -tion of the Issuance of Financial Bonds in the National Inter-bank Bond Market", etc.
	Regulatory treatments							

4	of which: Application of *Capital Rules for Commercial Banks (Provisional)* transitional rules	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
5	of which: Application of *Capital Rules for Commercial Banks (Provisional)* post-transi-tional rules	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
6	of which: Eligible at the Bank/the Group	the Bank and the Group	the Bank and the Group	the Bank and the Group	the Bank and the Group	the Bank and the Group	the Bank and the Group	the Bank and the Group
7	Instrument type	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
8	Recognized in regulatory capital (in millions of RMB, most recent reporting date)	9,998	49,991	19,995	39,992	39,994	39,993	19,996
9	Par value	RMB100	RMB100	RMB100	RMB100	RMB100	RMB100	RMB100
10	Accounting classification	Liability	Liability	Liability	Liability	Liability	Liability	Liability
11	Original date of issuance	2019-3-19	2019-3-19	2019-4-11	2019-4-11	2020-5-6	2022-6-21	2022-6-21
12	Dated or perpetual	Dated	Dated	Dated	Dated	Dated	Dated	Dated
13	of which: Original maturity	2034-3-19	2029-3-19	2034-4-11	2029-4-11	2030-5-6	2032-6-21	2037-6-21

	date							
14	Issuer call (subject to prior regulatory approval)	Yes (subject to prior regulatory approval)	Yes (subject to prior regulatory approval)	Yes (subject to prior regulatory approval)	Yes (subject to prior regulatory approval)	Yes (subject to prior regulatory approval)	Yes (subject to prior regulatory approval)	Yes (subject to prior regulatory approval)
15	of which: Optional call date, contingent call dates and redemption amount (in millions of RMB)	2029-3-19, redemption amount of 10,000	2024-3-19, redemption amount of 50,000	2029-4-11, redemption amount of 20,000	2024-4-11, redemption amount of 40,000	2025-5-6, redemption amount of 40,000	2027-6-21, redemption amount of 40,000	2032-6-21, redemption amount of 20,000
16	of which: Subsequent call dates, if applicable	-	-	-	-	-	-	-
	Bonus or Dividends							
17	of which: Fixed or floating dividends / bonus	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed
18	of which: coupon rate and any related index	4.53%	4.28%	4.63%	4.30%	3.10%	3.45%	3.65%
19	of which: Existence of a dividend stopper	No	No	No	No	No	No	No
20	of which: Whether fully discretionary in cancellation of bonus or	Without discretionary	Without discretionary	Without discretionary	Without discretionary	Without discretionary	Without discretionary	Without discretionary

	dividends							
21	of which: Existence of step up or other incentives to redeem	No	No	No	No	No	No	No
22	of which: Cumulative or non-cumulative	Non -cumulative	Non -cumulative	Non -cumulative	Non -cumulative	Non -cumulative	Non -cumulative	Non -cumulative
23	Convertible or non-convertible	Non -convertible	Non -convertible	Non -convertible	Non -convertible	Non -convertible	Non -convertible	Non -convertible
24	of which: If convertible, specify conversion trigger(s)	-	-	-	-	-	-	-
25	of which: If convertible, fully or partially	-	-	-	-	-	-	-
26	of which: If convertible, determine methods for conversion price	-	-	-	-	-	-	-
27	of which: If convertible, mandatory or optional conversion	-	-	-	-	-	-	-
28	of which: If convertible, specify	-	-	-	-	-	-	-

	instrument type convertible into							
29	of which: If convertible, specify issuer of instrument convertible into	-	-	-	-	-	-	-
30	Write-down feature	Yes	Yes	Yes	Yes	Yes	Yes	Yes
31	of which: If write-down, specify write-down trigger(s)	Triggers refer to the occurrence of the earlier of the following two events: (1) the NFRA considers that the issuer could not survive if no write-down carried out; (2) relevant authority considers that the issuer could not survive in case no capital injection with the public department or provision of support with the same effectiveness.	Triggers refer to the occurrence of the earlier of the following two events: (1) the NFRA considers that the issuer could not survive if no write-down carried out; (2) relevant authority considers that the issuer could not survive in case no capital injection with the public department or provision of support with the same effectiveness.	Triggers refer to the occurrence of the earlier of the following two events: (1) the NFRA considers that the issuer could not survive if no write-down carried out; (2) relevant authority considers that the issuer could not survive in case no capital injection with the public department or provision of support with the same effectiveness.	Triggers refer to the occurrence of the earlier of the following two events: (1) the NFRA considers that the issuer could not survive if no write-down carried out; (2) relevant authority considers that the issuer could not survive in case no capital injection with the public department or provision of support with the same effectiveness.	Triggers refer to the occurrence of the earlier of the following two events: (1) the NFRA considers that the issuer could not survive if no write-down carried out; (2) relevant authority considers that the issuer could not survive in case no capital injection with the public department or provision of support with the same effectiveness.	Triggers refer to the occurrence of the earlier of the following two events: (1) the NFRA considers that the issuer could not survive if no write-down carried out; (2) relevant authority considers that the issuer could not survive in case no capital injection with the public department or provision of support with the same effectiveness.	Triggers refer to the occurrence of the earlier of the following two events: (1) the NFRA considers that the issuer could not survive if no write-down carried out; (2) relevant authority considers that the issuer could not survive in case no capital injection with the public department or provision of support with the same effectiveness.
32	of which: If write-down, partial or full	Partial or full	Partial or full	Partial or full	Partial or full	Partial or full	Partial or full	Partial or full
33	of which: If write-down, permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent

	or temporary							
34	of which: If temporary write-down, describe write-up mechanism	-	-	-	-	-	-	-
35	Position in subordina-tion hierarchy in liquidation (instrument type immediately senior to instrument)	Subordinate to the depositors and creditors, and prior to equity capital and Additional Tier 1 capital instrument	Subordinate to the depositors and creditors, and prior to equity capital and Additional Tier 1 capital instrument	Subordinate to the depositors and creditors, and prior to equity capital and Additional Tier 1 capital instrument	Subordinate to the depositors and creditors, and prior to equity capital and Additional Tier 1 capital instrument	Subordinate to the depositors and creditors, and prior to equity capital and Additional Tier 1 capital instrument	Subordinate to the depositors and creditors, and prior to equity capital and Additional Tier 1 capital instrument	Subordinate to the depositors and creditors, and prior to equity capital and Additional Tier 1 capital instrument
36	Non-eligible transitioned features	No	No	No	No	No	No	No
37	of which: If yes, specify non-eligible features	-	-	-	-	-	-	-

Table 2.6D: Main Features of Eligible Tier 2 Capital Instruments (Issued after July 2022)

		Tier 2 Capital Instruments	**Tier 2 Capital Instruments**	**Tier 2 Capital Instruments**	**Tier 2 Capital Instruments**	**Tier 2 Capital Instruments**	**Tier 2 Capital Instruments**	**Tier 2 Capital Instruments**	**Tier 2 Capital Instruments**
1	Issuer	Agricultural Bank of China Limited	Agricultural Bank of China Limited	Agricultural Bank of China Limited	Agricultural Bank of China Limited	Agricultural Bank of China Limited	Agricultural Bank of China Limited	Agricultural Bank of China Limited	Agricultural Bank of China Limited
2	Unique code	092200008	092200009	232380004	232380005	232380052	232380053	232380073	232380074
3	Governing laws	“Law of the People’s Republic of China on Commercial	“Law of the People’s Republic of China on Commercial	“Law of the People’s Republic of China on Commercial	“Law of the People’s Republic of China on Commercial	“Law of the People’s Republic of China on Commercial	“Law of the People’s Republic of China on Commercial	“Law of the People’s Republic of China on Commercial	“Law of the People’s Republic of China on Commercial

		Banks", "Capital Rules for Commercial Banks (Provisional)", "Measures for the Administra-tion of the Issuance of Financial Bonds in the National Inter-bank Bond Market", etc.	Banks", "Capital Rules for Commercial Banks (Provisional)", "Measures for the Administra-tion of the Issuance of Financial Bonds in the National Inter-bank Bond Market", etc.	Banks", "Capital Rules for Commercial Banks (Provisional)", "Measures for the Administra-tion of the Issuance of Financial Bonds in the National Inter-bank Bond Market", etc.	Banks", "Capital Rules for Commercial Banks (Provisional)", "Measures for the Administra-tion of the Issuance of Financial Bonds in the National Inter-bank Bond Market", etc.	Banks", "Capital Rules for Commercial Banks (Provisional)", "Measures for the Administra-tion of the Issuance of Financial Bonds in the National Inter-bank Bond Market", etc.	Banks", "Capital Rules for Commercial Banks (Provisional)", "Measures for the Administra-tion of the Issuance of Financial Bonds in the National Inter-bank Bond Market", etc.	Banks", "Capital Rules for Commercial Banks (Provisional)", "Measures for the Administra-tion of the Issuance of Financial Bonds in the National Inter-bank Bond Market", etc.	Banks", "Capital Rules for Commercial Banks (Provisional)", "Measures for the Administra-tion of the Issuance of Financial Bonds in the National Inter-bank Bond Market", etc.
	Regula-tory treat-ments								
4	of which: Applica-tion of *Capital Rules for Commer-cial Banks (Provision-al)* transitional rules	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
5	of which: Applica-tion of *Capital Rules for Commer-cial Banks (Provision*	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital

	-al) post-transi-tional rules								
6	of which: Eligible at the Bank/the Group	the Bank and the Group	the Bank and the Group	the Bank and the Group	the Bank and the Group	the Bank and the Group	the Bank and the Group	the Bank and the Group	the Bank and the Group
7	Instrument type	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
8	Recogniz-ed in regulatory capital (in millions of RMB, most recent reporting date)	49,995	19,998	44,997	24,998	29,997	29,997	29,998	29,998
9	Par value	RMB100	RMB100	RMB100	RMB100	RMB100	RMB100	RMB100	RMB100
10	Account-ing classifica-tion	Liability	Liability	Liability	Liability	Liability	Liability	Liability	Liability
11	Original date of issuance	2022-9-23	2022-9-23	2023-3-23	2023-3-23	2023-9-14	2023-9-14	2023-10-31	2023-10-31
12	Dated or perpetual	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated
13	of which: Original maturity date	2032-9-23	2037-9-23	2033-3-23	2038-3-23	2033-9-14	2038-9-14	2033-10-31	2038-10-31
14	Issuer call subject to prior regulatory approval	Yes (subject to prior regulatory approval)	Yes (subject to prior regulatory approval)	Yes (subject to prior regulatory approval)	Yes (subject to prior regulatory approval)	Yes (subject to prior regulatory approval)	Yes (subject to prior regulatory approval)	Yes (subject to prior regulatory approval)	Yes (subject to prior regulatory approval)

15	of which: Optional call date, contingent call dates and redemption amount (in millions of RMB)	2027-9-23, redemption amount 50,000	2032-9-23, redemption amount 20,000	2028-3-23, redemption amount 45,000	2033-3-23, redemption amount 25,000	2028-9-14, redemption amount 30,000	2033-9-14, redemption amount 30,000	2028-10-31, redemption amount 30,000	2033-10-31, redemption amount 30,000
16	of which: Subsequ -ent call dates, if applicable	-	-	-	-	-	-	-	-
	Bonus or Dividends								
17	of which: Fixed or floating dividends / bonus	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed
18	of which: coupon rate and any related index	3.03%	3.34%	3.49%	3.61%	3.25%	3.35%	3.45%	3.55%
19	of which: Existence of a dividend stopper	No	No	No	No	No	No	No	No
20	of which: Whether fully discretio	Non -discretionary	Non -discretionary	Non -discretionary	Non -discretionary	Non -discretionary	Non -discretionary	Non -discretionary	Non -discretionary

	-nary in cancella -tion of bonus or dividends								
21	of which: Existence of step up or other incentives to redeem	No	No	No	No	No	No	No	No
22	of which: Cumula -tive or non- cumulative	Non -cumulative	Non -cumulative	Non -cumulative	Non -cumulative	Non -cumulative	Non -cumulative	Non -cumulative	Non -cumulative
23	Convert -ible or non- convertible	Non -convertible	Non -convertible	Non -convertible	Non -convertible	Non -convertible	Non -convertible	Non -convertible	Non -convertible
24	of which: If convertible , specify conversion trigger(s)	-	-	-	-	-	-	-	-
25	of which: If convertible , fully or partially	-	-	-	-	-	-	-	-
26	of which: If convertible , determine methods for conversion price	-	-	-	-	-	-	-	-
27	of	-	-	-	-	-	-	-	-

	which: If convertible, mandatory or optional conversion								
28	of which: If convertible, specify instrument type convertible into	-	-	-	-	-	-	-	-
29	of which: If convertible, specify issuer of instrument convertible into	-	-	-	-	-	-	-	-
30	Write -down feature	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
31	of which: If write -down, specify write -down trigger(s)	Triggers refer to the occurrence of the earlier of the following two events: (1) the NFRA considers that the issuer could not survive if no write-down carried out; (2) relevant authority considers that the issuer	Triggers refer to the occurrence of the earlier of the following two events: (1) the NFRA considers that the issuer could not survive if no write-down carried out; (2) relevant authority considers that the issuer	Triggers refer to the occurrence of the earlier of the following two events: (1) the NFRA considers that the issuer could not survive if no write-down carried out; (2) relevant authority considers that the issuer	Triggers refer to the occurrence of the earlier of the following two events: (1) the NFRA considers that the issuer could not survive if no write-down carried out; (2) relevant authority considers that the issuer	Triggers refer to the occurrence of the earlier of the following two events: (1) the NFRA considers that the issuer could not survive if no write-down carried out; (2) relevant authority considers that the issuer	Triggers refer to the occurrence of the earlier of the following two events: (1) the NFRA considers that the issuer could not survive if no write-down carried out; (2) relevant authority considers that the issuer	Triggers refer to the occurrence of the earlier of the following two events: (1) the NFRA considers that the issuer could not survive if no write-down carried out; (2) relevant authority considers that the issuer	Triggers refer to the occurrence of the earlier of the following two events: (1) the NFRA considers that the issuer could not survive if no write-down carried out; (2) relevant authority considers that the issuer

		could not survive in case no capital injection with the public department or provision of support with the same effectiveness.	could not survive in case no capital injection with the public department or provision of support with the same effectiveness.	could not survive in case no capital injection with the public department or provision of support with the same effectiveness.	could not survive in case no capital injection with the public department or provision of support with the same effectiveness.	could not survive in case no capital injection with the public department or provision of support with the same effectiveness.	could not survive in case no capital injection with the public department or provision of support with the same effectiveness.	could not survive in case no capital injection with the public department or provision of support with the same effectiveness.	could not survive in case no capital injection with the public department or provision of support with the same effectiveness.
32	of which: If write -down, partial or full	Partial or full	Partial or full	Partial or full	Partial or full	Partial or full	Partial or full	Partial or full	Partial or full
33	of which: If write -down, permanent or temporary	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent
34	of which: If temporary write -down, describe write-up mechanism	-	-	-	-	-	-	-	-
35	Position in subordina -tion hierarchy in liquidation (instru -ment type immediate -ly senior	Subordinate to the depositors and creditors, and prior to equity capital and Additional Tier 1 capital instrument	Subordinate to the depositors and creditors, and prior to equity capital and Additional Tier 1 capital instrument	Subordinate to the depositors and creditors, and prior to equity capital and Additional Tier 1 capital instrument	Subordinate to the depositors and creditors, and prior to equity capital and Additional Tier 1 capital instrument	Subordinate to the depositors and creditors, and prior to equity capital and Additional Tier 1 capital instrument	Subordinate to the depositors and creditors, and prior to equity capital and Additional Tier 1 capital instrument	Subordinate to the depositors and creditors, and prior to equity capital and Additional Tier 1 capital instrument	Subordinate to the depositors and creditors, and prior to equity capital and Additional Tier 1 capital instrument

	to instrument)								
36	Non-eligible transition-ed features	No	No	No	No	No	No	No	No
37	of which: If yes, specify non-eligible features	-	-	-	-	-	-	-	-

2.7 Threshold Deduction Limit and Limit of Excess Loan Loss Provisions

According to the *Capital Rules for Commercial Banks (Provisional)*, the Bank's non-significant minority capital investments in financial institutions outside the scope of consolidation, significant minority capital investments in financial institutions outside the scope of consolidation and other net deferred tax assets that rely on future profitability of the Bank did not meet the threshold deduction limit, details of which are as follows.

In millions of RMB

Table 2.7A: Threshold Deduction Limit

Items applied to threshold deduction approach	Amount	Capital Deduction Limit		Difference up to the cap
		Item	Amount	
Non-significant minority capital investments in the financial institutions outside the scope of consolidation, of which:	186,080	10% of the CET1 capital[1], net	239,494	53,414
CET 1 capital investment	7,384			
Additional Tier 1 capital	3,338			

Tier 2 capital	175,358			
CET 1 capital of significant minority capital investments in financial institutions outside the scope of consolidation	1,190	10% of the CET1 capital[2], net	239,494	238,304
Other net deferred tax assets that rely on future profitability of the Bank	160,587		239,494	78,907
Un-deducted part of CET 1 capital of significant minority capital investments in financial institutions outside the scope of consolidation and other net deferred tax assets that rely on future profitability of the Bank	161,777	15% of the CET1 capital[3], net	359,241	197,464

Notes: 1. The CET 1 capital, net of regulatory deduction refers to the balance after deducted all deductible items of the CET 1 capital.

2. The CET 1 capital, net of regulatory deduction refers to the balance after deducted all deductible items of the CET 1 capital and non-significant minority capital investments in financial institutions outside the scope of consolidation.

3. The CET 1 capital, net of regulatory deduction refers to the balance after deducted all deductible items of the CET 1 capital, non-significant minority capital investments in the financial institutions outside the scope of consolidation, CET 1 capital of significant minority capital investment in financial institutions outside scope of the consolidation and other net deferred tax assets that rely on future profitability of the bank.

According to the *Capital Rules for Commercial Banks (Provisional),* under the weighting approach, provisions of excess loan loss included in the Tier 2 capital is the excess of the provision of the loan loss actually provided by the Bank over the minimum requirement, which is not allowed to exceed 1.25% of the credit risk weighted asset. Under the Internal Ratings-Based approach, provisions of excess loan loss included in the Tier 2 capital is the excess of the provision of the loan loss actually provided by the Bank over the expected loss, which is not allowed to exceed 0.6% of the credit risk weighted asset, but under the parallel implementation period, the amount of provisions of excess loan loss with the coverage lower than 150% included into Tier 2 capital is not allowed to excess 0.6% of the credit risk weighted asset, and the provisions of excess loan loss with the coverage higher than 150% could be all included into Tier 2 capital. The Bank's provisions of excess loan loss that can be included into Tier 2 capital are as follows.

In millions of RMB

Table 2.7B: Limits of Excess Loan Loss Provisions that Could be Included into the Tier 2 Capital

Measurement method	Item	31 December 2023	31 December 2022
Portion uncovered by IRB approach	Provisions for loan loss	164,212	139,206
	The amount of provisions eligible for inclusion in Tier 2 capital	82,316	73,651
	The limit of provisions eligible for inclusion in Tier 2 capital	82,316	73,651
	If not reach the provision cap, the difference up to the cap	-	-
Portion covered by IRB approach	Provisions for loan loss	718,643	643,648
	The amount of provisions eligible for inclusion in Tier 2 capital	469,092	433,896
	The limit of provisions eligible for inclusion in Tier 2 capital	390,950	357,130
	If not reach the provision cap, the difference up to the cap	-	-

2.8 Changes in Paid-in Capital

There were no changes in the paid-in capital of the Bank during the reporting period.

2.9 Significant Capital Investments

We did not have any other material equity and non-equity investment required to disclosure during the reporting period.

3 Risk Management Framework

3.1 Comprehensive Risk Management

Comprehensive risk management refers to the timely identification, measurement, monitoring, control and reporting of main material risks in business operation through the integration of elements including risk appetite, policies and rules, organization system, tools and models, data systems, and risk culture in line with the principle of comprehensive coverage, whole-process management and overall participation, so as to ensure effective risk management in decision-making, implementation and supervision in the whole Bank.

In 2023, the Bank continued to improve the comprehensive risk management system, coordinated development and security, and firmly guarded the bottom line of risk compliance. In terms of credit risk, we increased support for key areas and weak links of the real economy, such as Sannong and County Area, green finance, inclusive finance, private economy, new infrastructure, new urbanization initiatives and major projects, manufacturing and strategic emerging industries, technological innovation, and modern service industry, deepened credit asset portfolio management, and adjusted and optimized credit structure. In terms of market risk, we formulated strategies for risk management in financial market business, enhanced the monitoring of market risk exposure limits, and constantly optimized the models and system of market risk measurement. In terms of operational risk, we optimized operational risk management tools, upgraded operational risk management system, effectively implemented the measurement of operational risk, and constantly improved the operational risk management system.

3.2 Risk Appetite

Risk appetite is a term that refers to the levels and types of risks acceptable to and tolerable for the Bank as determined by the Board of Directors of the Bank in order to achieve the strategic targets of the Bank, which depends on the expectations and constraints of our major stakeholders, external operating environment and actual conditions of the Bank.

We generally adopt a prudent risk appetite, actively serve major national strategies, and support economic and social development. We operate strictly in compliance with laws and regulations, and insist on maintaining a balance among capital, risks and returns, as well as consistency in security, profitability and liquidity. We are neither aggressive nor conservative in the level of risk bearing. Through undertaking an appropriate level of risk and adopting proactive and effective management, we seek to achieve moderate returns, maintain sufficient risk provisions and capital adequacy to cover risk losses, and steadfastly followed the path of high-quality development. The Bank continues to improve the comprehensive risk management system, proactively implement advanced approaches of capital management, and maintains good regulatory ratings and external ratings, to provide assurance for realizing our strategic objectives and business plans.

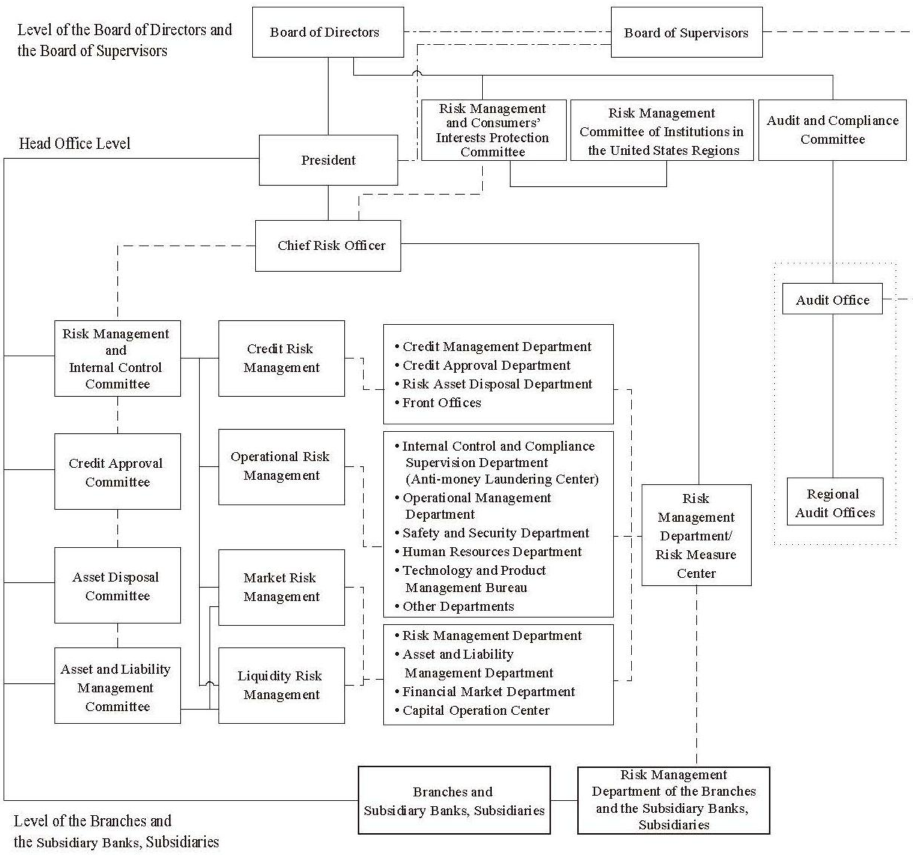
3.3 Structure and Organization of Risk Management

The Board of Directors assumes the ultimate responsibility for risk management. The Risk Management and Consumers' Interests Protection Committee, the Audit and Compliance Committee and the Risk Management Committee of Institutions in the United States Regions under the Board of Directors of the Bank perform the relevant risk management functions, consider the key risk management issues and supervise and evaluate the establishment of risk management system and the risk condition of the Bank.

The Senior Management is the organizer and executor of risk management of the Bank. Under the Senior Management, we have various risk management committees with different functions, including the Risk Management and Internal Control Committee, Credit Approval Committee, Asset and Liability Management Committee and Asset Disposal Committee. Among them, the Risk Management and Internal Control Committee is primarily responsible for organizing and coordinating risk and compliance management across the Bank, considering and approving material risk management and compliance management issues.

The Board of Supervisors is responsible for risk management supervision. It supervises and inspects on due diligence of the Board of Directors and the Senior Management in risk management and urges them to make rectifications. It includes relevant supervision and inspection information into the work report of the Board of Supervisors and regularly reports to the shareholders’ general meeting.

Based on the principle of “overall coverage”, we established the “matrix” risk management organizational system and the “Three Lines of Defense” for risk management comprising the risk bearing departments, risk management departments and internal audit departments. In 2023, we further promoted the construction of integrated risk management of the parent company and the subsidiaries as well as of the domestic and overseas institutions, and optimized the management framework of major risks including credit risk, market risk and operational risk.



Note: Risks other than those mentioned above have been included in the comprehensive risk management system.

Major Risk Management Structure

3.4 Risk Management Policies and Systems

In 2023, we continued to refine our risk management policies system. In terms of comprehensive risk management, we revised the Group’s risk appetite and comprehensive risk management strategy, established an early warning mechanism of appetite indicators and enhanced the proactive risk management. As far as credit risk management is concerned, we formulated the Measures for the Management of Investment and Financing Limit and the Measures for the Management of Corporate Customers with Potential Risks, and revised the Measures for the Credit Management of Group Customers and the Measures for the Management on Credit. In operational risk management, we improved the information technology risk and business continuity management system, and strengthened risk management and control in key areas of information technology. We updated risk management policies for non-retail customer ratings, industry credit limits, capital transaction and market risks, inter-bank and agency distribution business, and performed daily risk management.

3.5 Risk Management Tools and IT Systems

Implementation of the advanced approaches of capital management

In respect of credit risk, we launched the online application of the overseas and domestic non-retail Internal Ratings-Based (IRB) system in 2007 and 2009, respectively, and the retail IRB system was brought online in 2011. Since then, the quality of data gradually improved, while the model, risk parameters and risk identification capability have remained satisfactory, and deepening application of risk rating has been evident. During the reporting period, the Bank proceeded to monitor and optimize model parameters, improve the scoring system of small and micro enterprises, and launch the project of advanced method on non-retail internal rating; the Bank further strengthened the sensitivity in credit ratings and timeliness to detect potential default risk by conducting investigation on risk of default and enhancing the dynamic adjustment mechanism for credit ratings. The Bank strengthened the unified management on rating domestic and overseas customers to enhance coverage of the internal rating. The Bank strengthened the guiding role of rating in risk prevention and control. The Bank continued to improve the credit risk internal rating system of retail loans, developed risk parameter models for farmers' loans and credit card special installment, optimized post-loan rating models for personal consumption loans and personal business loans, and strengthened retail rating management and system construction to constantly improve the risk identification and measurement for retail loans.

In respect of market risk, the CBRC formally approved the Bank's implementation of the Internal Models Approach (IMA) for market risks at the beginning of 2017. The Bank has established an advanced measurement and management system for market risk with regard to organizational structure, policies and procedures, measurement methods and IT systems. In addition, the Bank applied the measurement results of IMA to risk limit management and policy-making process in order to provide strong support to the risk analysis and investment decision-making in financial market business. In 2023, the Bank conducted an overall assessment on IMA for market risk to further perfect its measurement mechanism. The measurement mechanism operated steadily throughout the year with prudent and reliable results.

In respect of operational risk, the standardized approach of operational risk approved by regulatory bodies was used in the Bank's regulatory capital measurement of operational risk. At the same time, the Bank made solid preparations for the implementation of the standardized approach of operational risk for new rules for capital, completed the cleaning of historical loss data, and optimized the operational risk measurement system. The Bank continued to improve the operational risk management system in terms of organization, policy system and tools, adjusted the economic capital measurement policy for operational risk according to the risk level, refined the measurement indicators of operational risk in key areas, and improved the sensitivity and foresight of risk measurement.

Internal Capital Adequacy Assessment Process (ICAAP). In 2023, according to the regulatory requirements, the Bank kept pushing forward the implementation of ICAAP, and carried out the 2023 ICAAP. The assessment report has been reviewed and approved by the Board of Directors, afterwards, it is submitted to CBIRC. The Bank carried out the 2023 special audit on ICAAP.

Information disclosure on capital adequacy ratio. In 2023, according to the requirements of the *Capital Rules for Commercial Banks (Provisional)*, the Bank completed the *2022 Capital Adequacy Ratio Report*, which was published together with the Annual Report. The 2023 quarterly and semi-annual information of capital adequacy ratio were included in Quarterly Report and Interim Report of the Bank.

Tools and measures for risk management

The Bank actively promoted the implementation of the advanced approaches for capital management, and established an operation and transmission mechanism of risk management to balance capital, risk and return. We reinforced the monitoring, analysis and warning of risks related to key areas, industries and customers. By using various risk management tools, such as economic capital, risk limits, credit ratings, risk classification, impairment provision, stress test and risk appraisal. As such, the capabilities of risk identification, measurement, monitoring, control and reporting have been extensively enhanced.

The Bank continually refined the management of economic capital. In 2023, in accordance with the principle of “adhering to objective measurement while accurately reflecting the risks”, the Bank improved the measurement model, defined specific measurement rules, further improved the accuracy, timeliness and sensitivity of economic capital measurement, and guided the whole bank to strengthen risk management and control in combination with the latest regulatory guidance.

The Bank continued to perfect the industry-specific limit management. In 2023, the Bank strictly implemented national policies and regulatory requirements, strengthened credit risk assets portfolio management, and implemented limit management for some “high-polluting and energy-intensive industries” and low-quality industries. At the end of the year, the general limit increment of each controlled industries was kept within the annual plan, and the credit quality and customer structure of controlled industries has been constantly optimized.

The Bank reconstructed and integrated the internal control and compliance management information system (ICCS), case monitoring and early warning platform, the “Three Lines and One Grid” platform and other systems, and continued to promote system integration and data sharing. The Bank upgraded the operational risk management system, optimized the three major operational risk management tools, and promoted the process management of operational risk responsibility identification.

The Bank’s risk management information system links up with other major business systems of the Bank, extracts risk management and measurement data, and the data pool based on the credit risk, market risk and operational risk has been established, met the Bank’s unified risk identification, monitoring, reporting, measurement and control requirements, established the foundation for the systematization and delicacy of the risk management and measurement of the Bank, and provided effective support for business operation and management decisions.

4 Credit Risk

4.1 Credit Risk Management

Credit risk refers to the risk of loss to the Bank as a result of a debtor's (or counterparty's) default or a reduction in its credit rating or performance capability. The Bank's credit risk mainly lies in the loan portfolio, investment portfolio, guarantee business and various other on- and off-balance sheet credit risk exposures. The Bank's objectives of credit risk management are to adhere to its risk appetite, and assume appropriate level of credit risk and earn returns commensurate with respective risks assumed based on its credit risk management capability and capital level, as well as to lower and control the loss for risk as a result of the default of obligator or counterparty, or the downgrading of credit ratings or the weakening of contractual capability.

The Bank has gradually established and consummated the credit risk management policy system, based on the needs of business development and comprehensive risk management of the Bank, including credit reviewing and approval, limit management, internal rating, credit authority, credit management, collateral management, post-lending management, disposal or write-offs, etc. were established to make sure each risk management activity complying with regulations. In addition, the Bank continuously clarified and perfected the specific management measures and operation procedures of each business, product, customer operation for each department and business line, ensuring that the credit risk management policy system is comprehensively implemented.

The Bank authorizes the branches to conduct business and delegation according to the risk management capability of the branches, and all businesses undertaking credit risk shall be conducted in accordance with procedures and permissions. The Bank designs and implements the credit business process based on credit scale, complexity, and risk characteristics on the basic principles of "separating the loan initiation from approval, adopting checks and balance, achieving symmetry between powers and responsibilities, and maintaining clarity and efficiency". The Bank implements customer layering management. Customer management bank is determined by the requirement of customer maintenance and risk management. The business department of the customer management bank conducts daily management of customers. Credit management departments and risk management departments at all levels supervise and control customer risks, oversee the post-lending management of business departments, until the loan recovers. Where there are non-performing assets (including loans), disposal departments of non-performing loans will take over the non-performing assets under required procedures and permissions by various disposal means.

We formulated the risk classification management rules in accordance with requirements of the *Rules on Risk Classification of Financial Assets of Commercial Banks*. We specified the methods for the risk classification of different classes of financial assets, based on such information as the financial asset class, the counterparty type, the features of product structure, and past defaults, taking into account the characteristics of their asset portfolios, with overdue method for retail assets and model method for non-retail assets. The classification process follows the principle of checks and balances horizontally and authority restriction vertically, and it operates based on process and authority. The basic procedures include preliminary classification, classification recognition, classification review and approval.

We adopted two classification management procedures for financial assets that are subject to credit risk, being the five-category classification system and the 12-category classification system. Non-retail credit assets were mainly managed with the 12-category classification system. We conducted comprehensive evaluations from the two dimensions of customer default risk and debt transaction risk to prudently reflect the degree of credit assets risk. Our retail credit assets were managed with five-category classification system, which are subject to automatic risk classification by the system, mainly based on days that principal and interest of the credit assets are overdue and type of guarantee. Our non-credit assets were managed with five-category classification system, mainly taking into account factors such as the category of financial assets, type of counterparty, and overdue days, so as to truly reflect the risk situation.

In accordance with the *Accounting Standard for Business Enterprises No.22 – Recognition and Measurement of Financial Instruments* issued by the Ministry of Finance, and *Pre-expected*

Credit Loss Method Management Implementation Procedures issued by the CBIRC, the Bank classifies various types of loans into different stages of loss according to the changes in credit risk and the evidence of objective impairment. The impairment test method based on the expected credit loss measurement is used for making provisions for loan loss.

The Bank accelerated the construction of a digital risk control system, focused on credit risk prevention and control, promoted the innovation of digital risk control model, mechanism and system, strengthened data application and system construction, and gave full play to the advantages of centralized operation. The Bank steadily expanded the effectiveness of centralized operation of risks such as risk verification, overdue collection, post-loan inspection and bad disposal preparation, and further improved the digital operation and intensive operation capabilities. The Bank firmly promoted credit compliance management and solidified the foundation of credit management.

In 2023, the Bank conscientiously implemented national policy guidelines, strengthened the support for key areas and weak links of the real economy, such as Sannong and county areas, green finance, inclusive finance, private economy, key projects of "new infrastructure, new urbanization initiatives and major projects", manufacturing and strategic emerging industries, sci-tech innovation and modern service industries. The Bank deepened the management of credit asset portfolio and promoted the adjustment and optimization of credit structure.

4.2 Credit Risk Exposure

During the reporting period, the Bank calculated the non-retail credit risk-weighted assets by foundation Internal Ratings-Based approach (IRB). As for risk exposure of company and financial institution, the adoption of foundation Internal Ratings-Based approach has been approved by regulatory authorities. The Bank adopted the Internal Ratings-Based approach (IRB) for retail credit risk-weighted assets. The Bank adopted the weighting approach for the part of both non-retail and retail credit risk-weighted assets not covered by IRB.

In millions of RMB

Table 4.2A: Credit Risk Exposure Covered by IRB Approach

Item	31 December 2023	31 December 2022
Companies	12,454,375	10,562,931
Sovereignty	-	-
Financial institutions	4,586,303	4,834,202
Retail	6,758,421	6,616,750
Assets securitization	-	-
Equity	-	-
Others	-	-
Total	**23,799,099**	**22,013,883**

In millions of RMB

Table 4.2B: Credit Risk Exposure Uncovered by IRB Approach

Item	31 December 2023	31 December 2022
On-balance sheet credit risk exposure	**18,178,547**	**14,641,903**
Cash and cash equivalents	2,921,183	2,548,386
Debts issued by central governments and central banks	1,827,024	1,367,540
Loans to public sector entities	5,695,872	5,037,394
Loans to domestic financial institutions	3,068,919	1,836,690
Loans to foreign financial institutions	214,494	269,254
Loans to general enterprises	1,015,370	987,864
Loans to small and micro enterprises	1,012,221	426,282
Loans to individuals	1,688,814	1,486,074
Residual value of leasing assets	-	-
Equity investments	147,279	138,272
Real estate not for own use	3,665	3,323
Risk exposures from the settlement of securities, commodity and foreign currency transactions	-	-
Others	571,797	525,958
Asset securitization items on balance sheet	11,909	14,866
Off-balance sheet credit risk exposure	**527,235**	**460,659**
Counterparty credit risk exposure	**131,632**	**34,316**
Total	**18,837,414**	**15,136,878**

4.3 Internal Ratings-Based Approach

4.3.1 Introduction of Internal Ratings-Based Approach

Under the unified leadership of the Board of Directors and the senior management, the Bank implements the rating management mechanism of "initiated by customer department, reviewed by credit management department and monitored by risk management department". Risk Management Department is the competent department of internal ratings, responsible for managing the general internal ratings for the Bank; departments of customers, credit management, audit, internal compliance, asset and liability management, science and technology, etc. perform their respective duties and jointly carry out the management of internal ratings. In recent years, the Board of Directors, senior management, and relevant departments of the Bank have actively performed their duties, effectively promoting the construction and implementation of the internal ratings system.

The Bank strengthened the rating management and enhanced its prudence in measuring the default risk. By leveraging the measuring results, the Bank improved its capability for risk decisions. Currently, the rating parameters have been widely used in credit approval, loan pricing, economic capital measurement, performance appraisal, risk monitoring, risk reporting, loan clarification, limit management, risk appetite and reserve provision.

Customers with 90 days' overdue or occurred advance on the Bank's off-balance sheet credit assets such as letter of guarantee, acceptance, letter of credit, etc. will be deemed automatically as default by the system. As to circumstances of business deterioration or insolvency of debtor, it will be identified by the standardized and rigorous procedure.

The Bank has established a default database with the data longer than 10 years, including numerous types of data, providing a helpful data support for the development, validation, optimization of the rating model of the Bank, as well as for stress test and quantitative measurement.

Based on statistical methods, after generally considering the fluctuation of systematic risk and individual risk during a full economic cycle, the Bank established a probability of default model for the non-retail internal ratings and prediction models of probability of default (PD), loss given default (LGD) and exposure at default (EAD) for retail internal ratings, all of the major models are supported by sufficient data, which effectively ensures the accuracy and reliability of the models. The clarification ability of the models remains at a relatively high level. Basic assumptions of the rating models mainly include that the internal and external environment has no material change, the structures of customers and assets of the Bank have no material adjustment and the historical data could be used to predict the future, etc.

4.3.2 Non-retail Credit Risk Exposure Covered by IRB Approach

Following table sets out the non-retail risk exposure of the Bank classified by levels of probability of default as of the end of 2023.

In millions of RMB, except for percentages

Table 4.3A: Non-retail Risk Exposure by Probability of Default

					31 December 2023
Probability of default	**Exposure at default**	**Average PD**	**Weighted average LGD**	**Weighted average risk weight**	**Risk-weighted assets**
Rating 1	1,868,208	0.03%	45.00%	18.78%	350,812
Rating 2	2,263,276	0.06%	45.00%	21.82%	493,866
Rating 3	1,086,898	0.15%	44.95%	39.31%	427,226
Rating 4	514,674	0.24%	44.55%	47.50%	244,458
Rating 5	722,383	0.34%	44.48%	58.35%	421,521
Rating 6	332,947	0.47%	42.70%	62.02%	206,504
Rating 7	2,314,069	0.63%	43.62%	72.48%	1,677,302
Rating 8	1,672,698	0.88%	44.07%	82.60%	1,381,573
Rating 9	1,629,294	1.23%	43.69%	89.99%	1,466,265
Rating 10	1,350,929	1.71%	43.58%	97.84%	1,321,736
Rating 11	1,446,341	2.39%	43.18%	105.69%	1,528,708
Rating 12	699,135	3.25%	42.98%	112.51%	786,600
Rating 13	505,156	4.43%	42.08%	119.33%	602,809
Rating 14	240,742	6.20%	41.89%	129.87%	312,650
Rating 15	123,910	8.85%	42.66%	153.81%	190,588
Rating 16	77,233	15.13%	40.58%	169.48%	130,892

Rating 17	20,542	36.87%	41.11%	196.50%	40,366
Rating 18	4,318	67.21%	40.66%	136.75%	5,905
Rating 19	16,174	87.17%	43.85%	64.47%	10,427
Rating 20	151,751	100.00%	43.47%	50.00%	75,883
Total	**17,040,678**			**68.52%**	**11,676,091**

					31 December 2022
Probability of default	**Exposure at default**	**Average PD**	**Weighted average LGD**	**Weighted average risk weight**	**Risk-weighted assets**
Rating 1	2,670,911	0.03%	45.45%	19.33%	516,233
Rating 2	1,031,441	0.05%	45.01%	20.12%	207,481
Rating 3	1,788,814	0.14%	45.10%	42.70%	763,810
Rating 4	368,745	0.24%	43.13%	48.61%	179,251
Rating 5	470,449	0.34%	43.58%	56.04%	263,625
Rating 6	415,037	0.46%	44.45%	69.22%	287,303
Rating 7	1,782,634	0.63%	41.98%	69.39%	1,237,055
Rating 8	1,480,527	0.87%	42.94%	79.33%	1,174,476
Rating 9	1,328,606	1.21%	43.24%	87.88%	1,167,608
Rating 10	1,197,160	1.70%	42.80%	95.27%	1,140,480
Rating 11	1,209,722	2.39%	42.48%	102.70%	1,242,346
Rating 12	655,326	3.26%	42.33%	109.48%	717,432
Rating 13	436,131	4.44%	40.93%	114.42%	499,014
Rating 14	221,579	6.24%	41.71%	127.74%	283,044
Rating 15	113,227	8.97%	41.12%	144.12%	163,185
Rating 16	65,963	15.72%	39.96%	164.65%	108,609
Rating 17	16,166	38.21%	43.89%	212.22%	34,307
Rating 18	6,608	67.21%	42.88%	144.39%	9,542
Rating 19	6,032	87.17%	43.04%	63.55%	3,833
Rating 20	132,055	100.00%	43.88%	76.00%	100,365
Total	**15,397,133**			**65.59%**	**10,098,999**

Note: Including counterparty credit risk exposure.

4.3.3 Retail Credit Risk Exposure Covered by IRB Approach

Following table sets out the retail risk exposure of the Bank by types as of the end of 2023.

In millions of RMB, except for percentages

Table 4.3B: Retail Risk Exposure by Types

					31 December 2023
Item	**Exposure at default**	**Average PD**	**Average LGD**	**Average risk weight**	**Risk -weighted assets**
Personal residential mortgages	5,164,553	1.96%	25.63%	22.43%	1,158,518
Qualifying revolving retail	649,105	1.39%	56.03%	28.99%	188,177
Other retail	944,763	2.16%	49.36%	57.01%	538,583
Total	**6,758,421**	**1.49%**	**31.87%**	**27.90%**	**1,885,278**

					31 December 2022
Item	**Exposure at default**	**Average PD**	**Average LGD**	**Average risk weight**	**Risk -weighted assets**
Personal residential mortgages	5,366,366	1.89%	25.59%	21.78%	1,168,778
Qualifying revolving retail	615,315	1.46%	56.78%	30.55%	187,992
Other retail	635,069	2.92%	48.04%	57.99%	368,270
Total	**6,616,750**	**1.53%**	**30.64%**	**26.07%**	**1,725,040**

4.4 Credit Risk Exposure Uncovered by IRB Approach

As of the end of 2023, the Bank calculated the credit risk exposure not covered by IRB approach by weighting approach, details of which are set out in the following table.

In millions of RMB

Table 4.4A: Credit Risk Exposure Uncovered by IRB Approach

Item	**31 December 2023**		**31 December 2022**	
	Risk exposure	**Risk exposure after risk mitigation**	**Risk exposure**	**Risk exposure after risk mitigation**
On-balance sheet credit risk exposure subtotal	**18,178,547**	**16,970,323**	**14,641,903**	**13,831,570**
Cash and cash equivalents	2,921,183	2,921,183	2,548,386	2,548,386
Debts issued by central governments and central banks	1,827,024	1,827,024	1,367,540	1,367,540
Loans to public sector entities	5,695,872	5,695,872	5,037,394	5,037,394
Loans to domestic financial institutions	3,068,919	2,192,597	1,836,690	1,232,360
Loans to foreign financial institutions	214,494	214,494	269,254	269,254

Loans to general enterprises	1,015,370	705,603	987,864	793,213
Loans to small and micro enterprises	1,012,221	993,495	426,282	421,306
Loans to individuals	1,688,814	1,685,405	1,486,074	1,479,698
Residual value of leasing assets	-	-	-	-
Equity investments	147,279	147,279	138,272	138,272
Real estate not for own use	3,665	3,665	3,323	3,323
Risk exposures from the settlement of securities, commodity and foreign currency transactions	-	-	-	-
Asset securitization items on balance sheet	571,797	571,797	525,958	525,958
Others	11,909	11,909	14,866	14,866
Off-balance sheet credit risk exposure subtotal	**527,235**	**506,869**	**460,659**	**430,245**
Counterparty credit risk exposure subtotal	**131,632**	**131,632**	**34,316**	**34,316**
Total	**18,837,414**	**17,608,824**	**15,136,878**	**14,296,131**

The table below sets forth the risk exposures classified by risk weights as of the end of 2023.

In millions of RMB

Table 4.4B: Risk Exposures Before and After Risk Mitigation by Risk Weights

Risk weights	**31 December 2023**		**31 December 2022**	
	Risk exposure	**Risk exposure after risk mitigation**	**Risk exposure**	**Risk exposure after risk mitigation**
0%	6,671,362	6,671,362	4,162,913	4,162,913
20%	5,880,134	5,719,535	5,328,911	5,073,641
25%	256,411	255,752	896,246	890,114
50%	14,680	14,680	2,921	2,921
75%	2,717,377	2,693,875	1,955,167	1,940,855
100%	2,844,234	1,800,404	2,455,811	1,890,778
150%	-	-	-	-
250%	172,660	172,660	158,840	158,840
400%	118,738	118,738	109,146	109,146
1250%	30,186	30,186	32,607	32,607

Total	**18,705,782**	**17,477,192**	**15,102,562**	**14,261,815**

Note: On-balance sheet and off-balance sheet credit risk exposures are included, but counterparty credit risk exposure is excluded.

The following table sets forth the risk exposures of capital instruments held by the Bank that were issued by other commercial banks, equity investments in industrial and commercial enterprises as well as real estate not for own use as of the end of 2023.

In millions of RMB

Table 4.4C: Risk Exposures for the Holdings of Capital Instruments Issued by Other Commercial Banks, Equity Investments in Industrial and Commercial Enterprises and Real Estate Not for Own Use

Item	31 December 2023	31 December 2022
CET 1 capital instruments issued by other commercial banks	406	365
Additional Tier 1 capital instruments issued by other commercial banks	1,510	103
Tier 2 capital instruments issued by other commercial banks	167,448	171,892
Equity investments in industrial and commercial enterprises	135,368	129,061
Real estate not for own use	3,665	3,323
Total	**308,397**	**304,744**

4.5 Credit Risk Mitigation

In 2023, to comply with the regulatory requirements, the Bank proceeded to optimize the collateral management system, adjusted the collateral management policies and system, improved collateral management process, researched and created new collateral value assessment methods, and improved the functions of collateral management systems. The Bank mainly accepts such collaterals as financial collaterals, accounts receivables and right, commercial and residential properties, other acceptable collaterals, and updates the management requirements of collateral catalogues every year. The Bank tightened collateral risk control through such measures as tougher collateral access, prudent assessment on the value of collateral, improved competence of collateral management personnel and performance of the accountability for collateral reassessment. The types of guarantors of the Bank are primarily corporates, other organizations or natural persons that have full civil capacity and the ability to pay off debts. The Bank upgraded its guarantor through enhancing guarantor access management and special management policies for financing guarantee companies, etc.

Under the IRB approach, the Bank acknowledged the mitigation effect of risk mitigation instruments, such as eligible collaterals and pledges and guarantees, in accordance with relevant requirements of the *Capital Rules for Commercial Banks (Provisional)*. The effect was reflected by the decrease of the loss at given default and probability of default. Qualified collaterals and pledges include financial pledges, receivables, commercial and residential properties, and other collaterals and pledges. Qualified guarantees mainly consist of guarantees provided by financial institutions and common companies. The Bank took a full consideration of the impact of currency mismatch and term mismatch on the value of the mitigation instruments and determined prudently result of mitigation. When a single risk exposure has various credit risk mitigation tools, the Bank will consider its risk mitigation effect by subdividing the risk exposure into exposure covered by each risk mitigation instrument.

Under the weighting approach, the Bank identified eligible credit risk mitigation tools, and confirmed the risk mitigation effect of the eligible collaterals and pledges or of the guarantee provided by the eligible guarantors in accordance with the relevant requirements of the *Capital Rules for Commercial Banks (Provisional)*. Loans pledged by eligible collaterals and pledges have the same risk weights as the collateral, or take the risk weights of the direct creditor rights against the collateral's issuers or acceptors. For loans with partial pledges, the portion being protected by pledges has a relatively lower risk weight. Any loans being fully guaranteed by the eligible guarantors directly have the risk weight of the guarantor. For the loans that are partly guaranteed, the part guaranteed obtains a relatively lower risk weight.

In millions of RMB

Table 4.5A: Credit Risk Mitigation Quantitative Information under IRB Approach

31 December 2023

Risk exposure type	Covered by qualified collaterals and pledges				Covered by netting settlements	Covered by qualified guarantor	Covered by credit derivatives
	Commer -cial and	Financial collaterals	Recei -vables	Other collaterals			

	residential properties			and pledges			
Companies	729,539	224,212	2,241	15,086	-	544,450	-
Sovereignty	-	-	-	-	-	-	-
Financial institutions	-	53	-	-	-	6,863	-
Retail	-	-	-	-	-	-	-
Assets securitization	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total	**729,539**	**224,265**	**2,241**	**15,086**	**-**	**551,313**	**-**

31 December 2022

Risk exposure type	**Covered by qualified collaterals and pledges**				**Covered by netting settlements**	**Covered by qualified guarantor**	**Covered by credit derivatives**
	Commer-cial and residential properties	**Financial collaterals**	**Recei-vables**	**Other collaterals and pledges**			
Companies	742,225	351,780	7,017	14,942	-	481,972	-
Sovereignty	-	-	-	-	-	-	-
Financial institutions	83	43	226	-	-	1,838	-
Retail	-	-	-	-	-	-	-
Assets securitization	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total	**742,308**	**351,823**	**7,243**	**14,942**	**-**	**483,810**	**-**

In millions of RMB

Table 4.5B: Credit Risk Mitigation under Weighting Approach

Item	**31 December 2023**			**31 December 2022**		
	Covered by netting settlements	**Covered by financial collaterals and guarantees**	**Covered by other eligible mitigations**	**Covered by netting settlements**	**Covered by financial collaterals and guarantees**	**Covered by other eligible mitigations**
On-balance sheet credit risk exposure	**-**	**1,208,224**	**-**	**-**	**810,333**	**-**

subtotal						
Cash and cash equivalents	-	-	-	-	-	-
Debts issued by central governments and central banks	-	-	-	-	-	-
Loans to public sector entities	-	-	-	-	-	-
Loans to domestic financial institutions	-	876,322	-	-	604,330	-
Loans to foreign financial institutions	-	-	-	-	-	-
Loans to general enterprises	-	309,767	-	-	194,651	-
Loans to small and micro enterprises	-	18,726	-	-	4,976	-
Loans to individuals	-	3,409	-	-	6,376	-
Residual value of leasing assets	-	-	-	-	-	-
Equity investments	-	-	-	-	-	-
Others	-	-	-	-	-	-
Risk exposures from the settlement of securities, commodity and foreign currency transactions	-	-	-	-	-	-
Asset securitization items on balance sheet	-	-	-	-	-	-
Off-balance sheet credit risk exposure subtotal	**-**	**20,366**	**-**	**-**	**30,414**	**-**
Counterparty credit risk exposure subtotal	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**1,228,590**	**-**	**-**	**840,747**	**-**

4.6 Loans and Advances to Customers

The relevant data of loans and advances to customers in this section are prepared under the scope of the accounting consolidation of the Bank. As of the end of 2023, the distribution of the loans and advances to customers of the Bank is shown in the table below.

In millions of RMB, except for percentages

Table 4.6A: Distribution of Loans and Advances to Customers by Geographical Area

Item	31 December 2023		31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate loans and advances				
Head Office	559,690	3.9	607,201	5.0
Yangtze River Delta	3,733,534	25.7	2,953,442	24.3
Pearl River Delta	2,038,897	14.1	1,645,878	13.5
Bohai Rim	1,983,918	13.7	1,663,666	13.6
Central China	2,161,883	14.9	1,784,698	14.7
Western China	3,155,050	21.8	2,686,130	22.1
Northeastern China	468,891	3.2	407,763	3.4
Overseas and Others	385,877	2.7	410,068	3.4
Subtotal	**14,487,740**	**100.0**	**12,158,846**	**100.0**
Personal loans and advances				
Head Office	45	0.0	43	0.0
Yangtze River Delta	1,804,749	22.4	1,777,354	23.5
Pearl River Delta	1,643,329	20.3	1,588,312	21.0
Bohai Rim	1,158,539	14.3	1,083,299	14.3
Central China	1,458,634	18.1	1,308,100	17.3
Western China	1,758,985	21.8	1,561,455	20.7
Northeastern China	235,634	2.9	226,719	3.0
Overseas and Others	16,614	0.2	16,779	0.2
Subtotal	**8,076,529**	**100.0**	**7,562,061**	**100.0**
Gross loans and advances	**22,564,269**		**19,720,907**	

Note: The information does not include accrued interests of loans and advances to customers, the same below.

In millions of RMB, except for percentages

Table 4.6B: Distribution of Loans and Advances to Customers by Industry				
Item	**31 December 2023**		**31 December 2022**	
	Amount	**Percentage (%)**	**Amount**	**Percentage (%)**
Corporate loans and advances				
Manufacturing	2,499,350	17.3	2,107,478	17.3
Production and supply of electricity, heating, gas and water	1,487,779	10.3	1,184,206	9.7
Real estate	918,851	6.3	891,470	7.3
Transportation, storage and postal services	2,736,603	18.9	2,386,103	19.8
Wholesale and retail	1,131,128	7.8	827,723	6.8
Water, environment and public utilities management	1,145,331	7.9	874,684	7.2
Construction	496,062	3.4	361,175	3.0
Mining	283,272	2.0	223,745	1.8
Leasing and commercial services	2,148,952	14.8	1,768,094	14.5
Finance	968,329	6.7	928,185	7.6
Others	672,083	4.6	605,983	5.0
Subtotal	**14,487,740**	**100.0**	**12,158,846**	**100.0**
Personal loans and advances				
Residential mortgage	5,170,827	64.0	5,346,608	70.7
Personal business	746,819	9.2	577,522	7.6
Personal consumption	356,018	4.4	209,036	2.8
Credit card	700,031	8.7	647,651	8.6
Others	1,102,834	13.7	781,244	10.3
Subtotal	**8,076,529**	**100.0**	**7,562,061**	**100.0**
Gross loans and advances to customers	**22,564,269**		**19,720,907**	

In millions of RMB

Table 4.6C: Distribution of Loans and Advances to Customers by Contractual Period and Collateral				
				31 December 2023
Item	**Within 1 year**	**1-5 years**	**Over 5 years**	**Total**
Loans secured by mortgages	1,618,549	735,402	6,265,124	8,619,075
Pledged loans	365,530	137,767	1,937,292	2,440,589
Guaranteed loans	810,939	613,035	1,492,090	2,916,064
Unsecured loans	4,082,548	1,908,519	2,597,474	8,588,541
Total	**6,877,566**	**3,394,723**	**12,291,980**	**22,564,269**
				31 December 2022
Item	**Within 1 year**	**1-5 years**	**Over 5 years**	**Total**
Loans secured by mortgages	1,412,521	589,521	6,297,040	8,299,082
Pledged loans	280,826	132,282	1,855,725	2,268,833
Guaranteed loans	727,408	526,599	1,036,344	2,290,351
Unsecured loans	3,530,142	1,210,988	2,121,511	6,862,641
Total	**5,950,897**	**2,459,390**	**11,310,620**	**19,720,907**

In millions of RMB

Table 4.6D: Distribution of Loans and Advances to Customers by Period Overdue					
					31 December 2023
Item	**Overdue for 1 to 90 days**	**Overdue for 91 to 360 days**	**Overdue for 361 days to 3 years**	**Overdue for more than 3 years**	**Total**
Loans secured by mortgages	82,743	39,491	27,138	5,799	155,171
Pledged loans	3,228	1,440	2,965	427	8,060
Guaranteed loans	5,230	8,065	11,702	1,295	26,292
Unsecured loans	19,826	21,779	9,247	4,155	55,007
Total	**111,027**	**70,775**	**51,052**	**11,676**	**244,530**
					31 December 2022
Item	**Overdue for 1**	**Overdue for**	**Overdue for**	**Overdue for**	**Total**

	to 90 days	91 to 360 days	361 days to 3 years	more than 3 years	
Loans secured by mortgages	68,562	31,125	24,384	6,450	130,521
Pledged loans	1,045	3,189	2,389	1,133	7,756
Guaranteed loans	15,909	6,073	9,263	1,141	32,386
Unsecured loans	17,816	14,117	6,548	3,695	42,176
Total	**103,332**	**54,504**	**42,584**	**12,419**	**212,839**

In millions of RMB, except for percentages

Table 4.6E: Distribution of Loans by Five-category Classification

Item	31 December 2023		31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Normal	21,943,392	97.25	19,162,046	97.17
Special mention	320,117	1.42	287,799	1.46
Non-performing loans	**300,760**	**1.33**	**271,062**	**1.37**
Substandard	140,194	0.61	122,688	0.62
Doubtful	132,041	0.59	131,072	0.66
Loss	28,525	0.13	17,302	0.09
Total	**22,564,269**	**100.00**	**19,720,907**	**100.00**

In millions of RMB, except for percentages

Table 4.6F: Distribution of Non-performing Loans by Business Type

Item	31 December 2023			31 December 2022		
	Amount	Percentage (%)	Non-performing loan ratio (%)	Amount	Percentage (%)	Non-performing loan ratio (%)
Corporate loans	**234,186**	**77.8**	**1.83**	**215,078**	**79.4**	**2.00**
Short-term corporate loans	72,109	24.0	2.18	80,187	29.6	2.61
Medium- and long-term corporate loans	162,077	53.8	1.71	134,891	49.8	1.76

Discounted bills	**1**	**-**	**-**	**-**	**-**	**-**
Retail loans	**59,176**	**19.7**	**0.73**	**49,048**	**18.0**	**0.65**
Residential mortgage loans	28,530	9.4	0.55	27,258	10.0	0.51
Credit card balances	9,808	3.3	1.40	7,948	2.9	1.23
Personal consumption loans	3,544	1.2	1.04	2,428	0.9	1.25
Loans to private business	5,699	1.9	0.76	3,769	1.4	0.65
Huinong E-loan	10,462	3.5	0.96	6,013	2.2	0.80
Others	1,133	0.4	6.68	1,632	0.6	4.97
Overseas and others	**7,397**	**2.5**	**1.84**	**6,936**	**2.6**	**1.62**
Total	**300,760**	**100.0**	**1.33**	**271,062**	**100.0**	**1.37**

In millions of RMB, except for percentages

Table 4.6G: Distribution of Non-performing Loans by Geographical Region

Item	31 December 2023			31 December 2022		
	Amount	Percentage (%)	Non-performing loan ratio (%)	Amount	Percentage (%)	Non-performing loan ratio (%)
Head Office	1,386	0.5	0.25	1,200	0.4	0.20
Yangtze River Delta	38,494	12.8	0.70	30,913	11.4	0.65
Pearl River Delta	45,466	15.1	1.23	34,503	12.7	1.07
Bohai Rim	58,016	19.3	1.85	56,958	21.0	2.07
Central Region	45,550	15.1	1.26	47,178	17.4	1.53
Northeastern Region	14,412	4.8	2.05	14,214	5.2	2.24
Western Region	90,039	29.9	1.83	79,160	29.3	1.86
Overseas and Others	7,397	2.5	1.84	6,936	2.6	1.62
Total	**300,760**	**100.0**	**1.33**	**271,062**	**100.0**	**1.37**

In millions of RMB, except for percentages

Table 4.6H: Distribution of Corporate Non-Performing Loans by Industry

Item	31 December 2023	31 December 2022

	Amount	Percentage (%)	Non-performing loan ratio (%)	Amount	Percentage (%)	Non-performing loan ratio (%)
Manufacturing	45,287	19.3	2.03	46,618	21.7	2.59
Production and supply of electricity, heating, gas and water	7,182	3.1	0.51	8,190	3.8	0.72
Real estate	46,615	19.9	5.42	46,039	21.4	5.48
Transportation, storage and postal services	14,636	6.2	0.55	18,299	8.5	0.79
Wholesale and retail	19,457	8.3	2.48	18,709	8.7	3.05
Water, environment and public utilities management	22,719	9.7	1.99	9,332	4.3	1.07
Construction	9,746	4.2	2.04	8,387	3.9	2.43
Mining	10,501	4.5	3.98	13,568	6.3	6.78
Leasing and commercial services	41,333	17.7	1.96	31,588	14.7	1.80
Finance	295	0.1	0.13	299	0.1	0.08
Information transmission, software and IT services	2,296	1.0	2.27	3,785	1.8	5.22
Others	14,119	6.0	2.81	10,264	4.8	2.43
Total	**234,186**	**100.0**	**1.83**	**215,078**	**100.0**	**2.00**

In millions of RMB

Table 4.6I: Changes in the Allowance for Impairment Losses on Loans

Item	Stage 1	Stage 2	Stage 3	Total
	12-month Expected Credit Losses	Lifetime Expected Credit Losses		
1 January 2023	**575,164**	**80,844**	**164,220**	**820,228**
Transfer				
Stage 1 to Stage 2	(18,028)	18,028	-	-
Stage 2 to stage 3	-	(37,631)	37,631	-
Stage 2 to stage 1	21,954	(21,954)	-	-
Stage 3 to stage 2	-	12,744	(12,744)	-
Originated or purchased financial assets	230,578	-	-	230,578
Remeasurement	(40,568)	62,523	78,190	100,145
Repayment and transfer-out	(135,770)	(19,831)	(34,065)	(189,666)

Write-offs	-	-	(47,367)	(47,367)
31 December 2023	**633,330**	**94,723**	**185,865**	**913,918**

5 Market Risk

5.1 Market Risk Management

Market risk refers to the risk of loss in the on- and off-balance sheet businesses of banks as a result of an adverse change in market prices (interest rates, exchange rates, commodity prices and stock prices, etc.). The major types of market risk that the Bank is exposed to are interest rate risk, exchange rate risk and commodity price risk. The Bank's objectives of market risk management are to adhere to the risk appetite, identify, measure, monitor and control market risk of all trading and non-trading business activities, ensure that the level of market risk is controlled within a reasonable range.

In 2023, the Bank formulated risk management strategies for financial market business, clarified entry standards and management requirements for trading and investment business; strengthened market risk limit monitoring, adjusted limit settings according to business development and risk control requirements, and improved the coverage of automatic limit monitoring by the system; continuously optimized the market risk measurement model and system, further improved the market risk capital requirement measurement function, and continuously carried out the validation of the internal model method. Throughout the year, the internal model method system for market risk operated stably, the measurement results were reliable, data quality was maintained at a good level, and the supporting system met regulatory and internal management requirements.

5.2 Market Risk Exposure

The following table sets forth the market risk capital requirement based on the measurement by the Bank at the end of 2023.

In millions of RMB

Table 5.2A: Market Risk Capital Requirements

Item	31 December 2023	31 December 2022
Portion covered by IMA	**3,647**	**12,266**

Portion uncovered by IMA	**297**	**634**
Interest rate risk	277	254
Equity risk	-	-
Foreign exchange risk	20	380
Commodity risk	-	-
Option risk	-	-
Total	**3,944**	**12,900**

The following table sets forth the Bank's VaR and stressed VaR under IMA of market risk.

In millions of RMB

Table 5.2B: VaR and Stressed VaR Under IMA of Market Risk

Item	**2023**				**2022**			
	Average	**Highest**	**Lowest**	**Period end**	**Average**	**Highest**	**Lowest**	**Period end**
Value at Risk (VaR)	2,008	2,951	382	554	1,030	2,597	528	2,367
Stressed Value at Risk (stressed VaR)	2,068	2,956	439	689	1,993	2,633	1,007	2,367

6 Operational Risk

6.1 Operational Risk Management

Operational risk refers to the risk of loss resulting from problematic internal procedures, employees or information technology system related factors, or from external affairs, including legal risk, but not including strategy risk or reputational risk.

In 2023, we reviewed operational risk appetite and management strategy and adhered to prudent risk appetite. We optimized the operational risk management tools, upgraded the operational risk management system, steadily promoted the responsibility identification of operational risk events, and made a sound matrix operational risk management system. We carried out loss data cleaning and system optimizing to make a good preparation for the implementation of new regulatory standards.

In 2023, we strengthened operational risk management in key areas. We optimized the case prevention monitoring and early warning platform and the " three lines and one grid" management system, regularly carried out case risk investigation, case handling and accountability, and typical case review and deconstruction, improved the self-examination and self-correction mechanism, and maintained the tough stance for case prevention. We incorporated model risk in operational risk and standardized the life cycle model management. We improved the systems of information technology risk and business continuity management, strengthened the risk control in key areas of information technology, and intensified efforts in preparing business continuity plans, drills and disaster recovery system development to improve the level of guarantee of our business continuity. We made compliance review of outsourcing risk regularly, organized annual assessment on outsourcing risk, and strengthened risk control.

6.2 Operational Risk Exposures

As of the end of 2023, we determined the levels of regulatory capital required related to operational risks using the standardized approach. The regulatory capital shall be RMB99,712 million and RMB97,969 million according to the Group and the Bank respectively.

7 Other Risks

7.1 Securitization Risk

7.1.1 Information on Securitization Business

Securitization refers to that the originator packages and transfers the asset to the special purpose vehicle which generates future cash flows, and in turn issues securities supported by the future cash flow of the assets, with different payment order and credit ratings.

The Bank participates in securitization business, mainly serving as an originator, lending services provider and investor.

As Originator and Lending Services Provider

In the credit asset securitization business, the Bank, as the originator, participated in selection of the underlying assets, transaction structure design and road-show activities. As the lending services provider, the Bank provided post-lending management, receiving the principal and the interest, fund transfer and information disclosure for the assets pool.

To adjust the asset and liability proactively, enrich the risk management measures, promote operational transformation and mobilize non-performing asset, the Bank carried out nine credit asset securitization businesses in 2023, namely, "Nongying Lixin Yuancheng Non-performing Asset-backed Securities 2023 Issue I", "Nongying Lixin Yuancheng Non-performing Asset-backed Securities 2023 Issue II", "Nongying Lixin Yuancheng Non-performing Asset-backed Securities 2023 Issue III", "Nongying Lixin Yuancheng Non-performing Asset-backed Securities 2023 Issue IV", "Nongying Lixin Huize Non-performing Asset-backed Securities 2023 Issue I", "Nongying Lixin Huize Non-performing Asset-backed Securities 2023 Issue II", "Nongying Lixin Zhongxing Non-performing Asset-backed Securities 2023 Issue I", "Nongying Lixin Zhongxing Non-performing Asset-backed Securities 2023 Issue II" and "Nongying Lixin Zhongxing Non-performing Asset-backed Securities 2023 Issue III". All the assets of the above items in the assets pool have been off balance sheet at the Bank level (derecognized). In detail, the "Nongying Lixin Yuancheng" series, backed by the underlying assets of the non-performing credit card assets of the Bank, recorded a consolidated issued size of RMB867 million; the "Nongying Lixin Huize" series, backed by the underlying assets of the non-performing loans to small and micro enterprises of the Bank, recorded an issued size of RMB249 million; the "Nongying Lixin Zhongxing" series, backed by the underlying assets of the non-performing personal residential mortgages of the Bank, recorded an issued size of RMB3,509 million.

At the end of 2023, the principal balance of the securitized underlying assets in the securitization for the Bank as the originator was RMB47,889 million (see Table 7.1A for details). As an originator, the Bank had no unmatured securitization products that were amortized ahead of schedule.

As Investor

As an investor in the ABS market, the Bank generates investment returns through purchasing and holding assets-backed securities, and exposes to the relevant credit risk, market risk and liquidity risk. The investment amount is determined with reference to the annual investment strategy and risk-adjusted returns.

7.1.2 Accounting Policies

In the normal course of business, the Bank enters into securitization transactions by selling credit assets to special purpose trust which issue asset-backed securities to investors.

The Bank may retain partial risk and return in its transferred credit assets as it may hold subordinated tranches of the asset-backed securities in its asset securitization business. The Bank will, according to the retention degree of risk, return and control, analyze and judge whether to terminate recognition of relevant credit assets. Those financial assets concerning the continuing involvement are recognized on the consolidated statement of financial position to the extent of the Bank's continuing involvement. The extent of the Bank's continuing involvement is the extent to which the Bank is exposed to changes in the value of the transferred financial assets or the return from them.

7.1.3 Securitization Risk Exposure

The Bank adopted the standardized approach to measure the capital requirement of the risk-weighted assets in securitization in accordance with the *Capital Rules for Commercial Banks (Provisional)*. At the end of 2023, the securitization risk exposure of the Bank was RMB12.34 billion, and the capital requirement was RMB9,972 million.

In millions of RMB

Table 7.1A: Securitization Originated by the Bank, not Settled during the Reporting Period

Assets securitization product	Originating year	Balance of principal of underlying assets at origination	Balance of principal of underlying assets at the end of 2023	External credit ratings institution
Nongying Lixin Yuancheng Non-performing Asset-backed Securities 2023 Issue IV	2023	2,763	2,646	China Bond Rating Co., Ltd. and China Lianhe Credit Rating Co., Ltd.
Nongying Lixin Zhongxing Non-performing Asset-backed Securities 2023 Issue III	2023	1,795	1,616	China Bond Rating Co., Ltd. and CSCI Pengyuan Credit Rating Co., Ltd.
Nongying Lixin Huize Non-performing Asset-backed Securities 2023 Issue II	2023	1,038	975	China Bond Rating Co., Ltd. and China Chengxin International Credit Rating Co., Ltd
Nongying Lixin Yuancheng Non-performing Asset-backed Securities 2023 Issue III	2023	1,716	1,604	China Bond Rating Co., Ltd. and China Lianhe Credit Rating Co., Ltd.
Nongying Lixin Zhongxing Non-performing Asset-backed	2023	2,446	2,076	China Bond Rating Co., Ltd. and China Chengxin

Securities 2023 Issue II				International Credit Rating Co., Ltd
Nongying Lixin Yuancheng Non-performing Asset-backed Securities 2023 Issue II	2023	1,183	1,063	China Bond Rating Co., Ltd. and China Lianhe Credit Rating Co., Ltd.
Nongying Lixin Yuancheng Non-performing Asset-backed Securities 2023 Issue I	2023	2,004	1,818	China Bond Rating Co., Ltd. and CSCI Pengyuan Credit Rating Co., Ltd.
Nongying Lixin Huize Non-performing Asset-backed Securities 2023 Issue I	2023	894	796	China Bond Rating Co., Ltd. and CSCI Pengyuan Credit Rating Co., Ltd.
Nongying Lixin Zhongxing Non-performing Asset-backed Securities 2023 Issue I	2023	2,620	1,754	China Bond Rating Co., Ltd. and China Chengxin International Credit Rating Co., Ltd
Nongying Lixin Yuanxin Non-performing Asset-backed Securities 2022 Issue IV	2022	2,716	2,348	China Bond Rating Co., Ltd. and China Lianhe Credit Rating Co., Ltd.
Nongying Lixin Yuanxin Non-performing Asset-backed Securities 2022 Issue III	2022	1,864	1,584	China Bond Rating Co., Ltd. and China Lianhe Credit Rating Co., Ltd.
Nongying Lixin Yuanxin	2022	1,222	1,015	China Bond Rating Co., Ltd.

Non-performing Asset-backed Securities 2022 Issue II				and CSCI Pengyuan Credit Rating Co., Ltd.
Nongying Huiyu Personal Housing Mortgage Loan Asset-backed Securities 2021 Issue III	2021	8,966	4,534	China Bond Rating Co., Ltd. and CSCI Pengyuan Credit Rating Co., Ltd.
Nongying Huiyu Personal Housing Mortgage Loan Asset-backed Securities 2021 Issue II	2021	9,095	4,565	China Bond Rating Co., Ltd. and China Chengxin International Credit Rating Co., Ltd
Nongying Huiyu Personal Housing Mortgage Loan Asset-backed Securities 2021 Issue I	2021	20,015	8,893	China Bond Rating Co., Ltd. and China Chengxin International Credit Rating Co., Ltd
Nongying Personal Housing Mortgage Loan Asset-backed Securities 2019 Issue IV	2019	8,780	2,429	China Bond Rating Co., Ltd. and China Chengxin International Credit Rating Co., Ltd
Nongying Personal Housing Mortgage Loan Asset-backed Securities 2019 Issue II	2019	15,508	3,860	China Bond Rating Co., Ltd. and China Chengxin International Credit Rating Co., Ltd
Nongying Personal Housing	2019	10,194	2,520	China Bond Rating Co., Ltd. and China

Mortgage Loan Asset-backed Securities 2019 Issue I				Lianhe Credit Rating Co., Ltd.
Nongying Personal Housing Mortgage Loan Asset-backed Securities 2018 Issue V	2018	10,316	1,793	China Bond Rating Co., Ltd. and China Chengxin International Credit Rating Co., Ltd
Total		**105,135**	**47,889**	

In millions of RMB

Table 7.1B: Balance of Risk Exposures of Securitization

Type	31 December 2023		31 December 2022	
	As Originator[1]	As Investor	As Originator[1]	As Investor
Risk exposure by transaction types				
Balance of risk exposures of traditional asset securitization	10,434	1,902	9,638	5,476
Balance of risk exposures of synthetic asset securitization	-	-	-	-
Risk exposure by risk exposure types				
Asset-backed securities	10,007	214	9,390	553
Mortgage-backed securities (MBS)	-	1,688	-	4,923
Credit enhancement	-	-	-	-
Liquidity facility	-	-	-	-
Interest rate or currency swap	-	-	-	-
Credit derivatives	-	-	-	-
Offset by tranche	-	-	-	-
Others	427	-	248	-

Note: 1. Serving as originator refers to risk exposure arising from the asset securitization retained and issued by the Bank other than the aggregate amount of the asset securitization program issued by the Bank as originator.

In millions of RMB

Table 7.1C: Risk Exposures of Securitization Based on Risk Weights

Risk weights	31 December 2023		31 December 2022	
	Risk exposure	Capital requirement	Risk exposure	Capital requirement
Risk weights≤20%	1,461	23	4,900	78
20%<Risk weights≤50%	555	22	597	24
50%<Risk weights≤100%	427	34	248	20
100%<Risk weights≤350%	-	-	-	-
350%<Risk weights≤1250%	9,893	9,893	9,369	9,369
Total	**12,336**	**9,972**	**15,114**	**9,491**

In millions of RMB

Table 7.1D: Securitization Assets of Originator

				31 December 2023
Type	**Balance of underlying assets**	**Of which: Balance of the non-performing assets**	**Of which: Balance of the overdue loans**	**Profits or losses recognized during the reporting period[1]**
Loans to corporate customers	1,771	1,771	-	-
Personal residential mortgage loans	34,040	5,620	176	-
Other personal loans	-	-	-	-
Re-Securitization	-	-	-	-
Others	12,078	12,078	-	-
Total	**47,889**	**19,469**	**176**	**-**

				31 December 2022
Type	**Balance of underlying assets**	**Of which: Balance of the non-performing assets**	**Of which: Balance of the overdue loans**	**Profits or losses recognized during the reporting period[1]**
Loans to corporate customers	1,941	1,941	-	-
Personal residential mortgage loans	39,239	142	234	-

Other personal loans	-	-	-	-
Re-Securitization	-	-	-	-
Others	6,110	6,110	-	-
Total	**47,290**	**8,193**	**234**	**-**

Note: 1. Losses recognized during the reporting period refer to the impairment and write-off of the securitization retained and issued by the Bank as originator during the reporting period.

7.2 Counterparty Credit Risk

Counterparty credit risk refers to the risk from the default of the counterparty to a transaction before the final settlement of the transaction's cash flows. The counterparty credit risk of the Bank is mainly from Over-the-Counter (OTC) derivative transactions. During the reporting period, the Bank continuously improved the management of counterparty credit risk, prudently selected counterparties, and accurately measured the counterparty credit risk. The Bank developed relevant management measures, which required clients to accept a risk rating assessment and pay a corresponding proportion of margins before entering into derivative transactions. The clients should enter into derivative transactions on an as-required basis, so as to avoid clients conducting derivative transactions for speculative purposes. Collaterals were monitored periodically to keep abreast of changes in collateral. In 2023, the new system for measuring counterparty default risk realized the capital measurement of risk mitigation instruments such as netting, centralized clearing, and margin trading, reflecting the saving effect on the counterparty default risk exposure and regulatory capital.

As of the end of 2023, the Bank adopted counterparty default risk measurement rule for measuring counterparty credit risk exposures of derivatives. Details are shown in the following table.

In millions of RMB

Table 7.2A: Counterparty Credit Risk Exposures

Item	31 December 2023	31 December 2022
Derivatives counterparty credit risk exposure	**71,743**	**94,344**
Total positive contractual fair value (without netting)	24,214	38,427
Total credit risk exposures (without netting)	114,033	94,344

Total credit risk exposures (after netting)	71,743	-
Less: Collaterals and pledges	-	-
Securities Financing Transactions counterparty credit risk exposure	**7,222**	**3,303**
Total	**78,965**	**97,647**

In millions of RMB

Table 7.2B: Coverage by Netting Settlement for Counterparty Credit Risk Exposure

Item	31 December 2023	31 December 2022
Risk exposure at default of parts covered by netting settlement	19,146	-
Risk exposure at default of parts uncovered by netting settlement	52,597	94,344
Derivatives counterparty credit risk exposure	**71,743**	**94,344**
Securities Financing Transactions counterparty credit risk exposure	**7,222**	**3,303**
Total	**78,965**	**97,647**

7.3 Equity Risk of Banking Book

The equity investments of the Bank are classified into three types: long-term equity investments, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. Long-term equity investments are initial measured at initial investment costs and are subsequently measured by cost method and equity method. Equity investments at fair value through other comprehensive income and equity investments at fair value through profit or loss are initially measured and subsequently measured at fair value.

In accordance with the *Capital Rules for Commercial Banks (Provisional)*, for the non-significant minority capital investments in unconsolidated financial institutions, the Bank deducted the amount exceeding 10% of its CET 1 net capital in aggregate from the regulatory capital at all tiers respectively. For the significant minority capital investments in unconsolidated financial institutions, the Bank deducted the amount of investments in CET 1 capital exceeding 10% of its CET 1 net capital in aggregate from its CET 1 capital, and for investments in Additional Tier 1 capital and Tier 2 capital, deducted in full from the corresponding tiers of capital. Where the significant minority capital investments in financial institutions and the corresponding net deferred tax assets are not deducted from the CET 1 capital of the Bank, the aggregate amount shall not exceed 15% of the Bank's CET 1 net capital.

At the end of 2023, the Bank adopted the weighting approach for the measurement of equity investments in financial institutions and other equity investments in banking book that were not deducted. Details are shown in the following table.

In millions of RMB

Table 7.3: Risk Exposures of Equity in Banking Book

31 December 2023

Types of the invested entity	Risk exposures of publicly traded equity[1]	Risk exposures of non-publicly traded equity[1]	Unrealized profit or loss on potential risk[2]
Financial institutions	3,053	4,982	2,548
Companies	1,500	125,583	(2,106)
Total	**4,553**	**130,565**	**442**

31 December 2022

Types of the invested entity	Risk exposures of publicly traded equity[1]	Risk exposures of non-publicly traded equity[1]	Unrealized profit or loss on potential risk[2]
Financial institutions	2,533	4,260	1,857
Companies	3,520	118,922	(2,592)
Total	**6,053**	**123,182**	**(735)**

Notes: 1. Risk exposures of publicly traded equity refer to the risk exposures of the listed companies, and risk exposures of non-publicly traded equity refer to the risk exposures of unlisted companies as invested entities.

2. Unrealized profit or loss on potential risk refers to gain or loss that has been recognized in the balance sheet but not yet been recognized in the income statement.

7.4 Interest Rate Risk of Banking Book

Interest rate risk of the banking book refers to risk of losses in income or economic value or of the banking book as a result of adverse changes of the interest rate level or term structure. The interest rate risk of the banking book (IRRBB) of the Bank primarily arises from the mismatch of the maturity or re-pricing dates of interest-rate-sensitive assets and liabilities in the banking book and inconsistencies in the change of the benchmark interest rate on which assets and liabilities are based.

In 2023, we paid close attention to the domestic and international macroeconomic situation and the trend of market interest rates, implemented the prudential management strategy for the interest rate risk of the banking book, and strengthened the deployment of the term structure and duration management of assets and liabilities to keep interest rate risk exposure at a reasonable level. We actively supported the key areas and weak links of the real economy, continued to optimize the internal and external pricing mechanism, made efforts to improve the level of volume and price coordination to maintain a prudential and sustainable growth of assets and liabilities. We strengthened monitoring, evaluating and tools building of interest rate risk of overseas institutions, optimized the limit system for interest rate risk, and improved the service and support capacity of interest rate risk management for business development. During the reporting period, all the interest rate risk indicators of the Bank were controlled within the scope of regulatory requirements and management objectives, and our interest rate risk of the banking book remained overall controllable, as shown by the result of stress testing.

At the end of 2023, the details of IRRBB of the Bank are set forth in the table below. The analysis below is made on the assumption that there is a parallel shift in the yield curves and without taking into account assumptions of early repayment of loans and retained non-dated deposit and risk management measures possibly adopted by the management to reduce interest rate risk.

In millions of RMB

Table 7.4: Sensitivity Analysis of Interest Rate Risk of Banking Book

				31 December 2023
Major currencies	**Interest rate increased by 100 bps**		**Interest rate decreased by 100 bps**	
	Impacts on the profit	**Impacts on the equity**	**Impacts on the profit**	**Impacts on the equity**
RMB	(37,607)	(66,798)	37,607	66,798
USD and others	1,656	(2,337)	(1,656)	2,337
Total	**(35,951)**	**(69,135)**	**35,951**	**69,135**
				31 December 2022
Major currencies	**Interest rate increased by 100 bps**		**Interest rate decreased by 100 bps**	
	Impacts on the profit	**Impacts on the equity**	**Impacts on the profit**	**Impacts on the equity**

RMB	(41,972)	(56,559)	41,972	56,559
USD and others	(1,331)	(2,587)	1,331	2,587
Total	**(43,303)**	**(59,146)**	**43,303**	**59,146**

7.5 Liquidity Risk

Liquidity risk refers to the risk of being unable to timely acquire sufficient funds at a reasonable cost by commercial banks to settle amounts due, fulfil other payment obligations and satisfy other funding needs in the ordinary course of business. The major factors affecting liquidity risk include negative impacts of market liquidity, deposit withdrawal by customers, loans withdrawal by customers, imbalance between asset and liability structures, debtor's default, difficulty in asset realization, weakening in financing ability, etc.

Liquidity Risk Management

The liquidity risk management governance structure of the Bank consists of a decision-making system, an execution system and a supervision system, among which, the decision-making system comprises the Board of Directors and its Risk Management and Consumers' Interest Protection Committee and the senior management; the execution system comprises liquidity management department, asset and liability business department, and information and technology department, etc.; and the supervision system comprises the Board of Supervisors, the Audit Office, the Internal Control and Compliance Supervision Department and the Legal Affairs Department. The aforesaid systems perform their respective decision-making, execution and supervision functions based on the division of responsibility.

We adhered to a prudent liquidity management strategy. We formulated our liquidity risk management policy pursuant to the regulatory requirements, external macroeconomic environment and our business development. We effectively maintained balance among liquidity, security and profitability, on condition of the guaranteed security of liquidity.

The objectives of our liquidity risk management were to effectively identify, measure, monitor and report liquidity risk by establishing a scientific and refined liquidity risk management system, to promptly fulfill the liquidity needs of assets, liabilities and off-balance sheet businesses and perform the external payment obligations under normal business environment or under operational pressure; and to effectively balance both capital efficiency and security of liquidity while preventing the overall liquidity risk of the Group.

We pay close attention to changes in external economic and financial situation, monetary policies, and market liquidity, continue to monitor our bank-wide liquidity condition and predict the trend. We strengthened the asset-liability management to mitigate risks related to mismatch of maturity. We secured the sources of core deposits and facilitated the use of initiative financial instruments, to keep our financing channels smooth in the market. We improved the liquidity management mechanism through strengthening the monitoring, early warning, and overall allocation of liquidity position. With a moderate reserve level, we satisfied various payment demands. In addition, we refined the functions of the liquidity management system to improve our electronic management.

Based on the market condition and operation practice, we set liquidity risk stress testing scenarios fully considering various risk factors which may affect the liquidity. We conducted stress testing quarterly. According to the testing results, under the prescribed stress scenarios, we have passed all the shortest survival period tests as required by regulatory authorities.

Liquidity Risk Analysis

During the reporting period, we managed cash flows brought by maturing fund properly and the overall liquidity was sufficient, secured and under control. At the end of 2023, we fulfilled the regulatory requirements with liquidity ratios for RMB, foreign currency and the net stable funding ratio of 75.42%, 182.67% and 129.1%, respectively. The average of the liquidity coverage ratio over the fourth quarter in 2023 was 123.93%, down by 2.97 percentage points as compared to the previous quarter.

In millions of RMB

Table 7.5: Liquidity Gap Analysis

Term	31 December 2023	31 December 2022
Past due	34,600	28,091
On demand	(15,959,023)	(14,851,039)
Within 1 month	1,586,071	1,055,697
1-3 months	(925,666)	(851,028)
3-12 months	(20,560)	158,761

1-5 years	332,098	1,119,113
Over 5 years	15,096,354	13,429,147
Undated	2,639,830	2,438,081
Total	**2,783,704**	**2,526,823**

8 Internal Capital Adequacy Assessment

8.1 Internal Capital Adequacy Assessment Methods and Process

The Bank coordinated and facilitated the construction of the Second Pillar, consolidated the foundation of capital governance, and established the Internal Capital Adequacy Assessment Process (ICAAP) with the features of the Bank. Based on the corporate governance principles of modern commercial banks, the Bank gradually optimized the management system of ICAAP, and further clarified the reporting lines and the responsibilities of the Board of Directors, senior management and various departments on capital management, thereby making the division of responsibilities and process clearer. The Board of Directors took the ultimate responsibility for capital management, the senior management was responsible for organizing and implementing the work of the capital management, and all relevant departments cooperated for the internal growth, conservation and release of capital. Based on the development strategy, the Bank strengthened its capital planning management and set reasonable budgets for short/medium/long-term capital adequacy ratio, with balancing conformity to regulatory standard, risk coverage, value creation, and peer comparability. Through refining capital allocation, and enhancing monitoring and assessment, the Bank further improved capital management and had a sound control over the pace of capital consumption, and continued to strengthen the capacity of value creation.

In 2023, the Bank kept on improving of ICAAP, normalizing and refining the working mechanism, enriched the dimensions of major risk coverage, optimized the risk assessment system, improved the level of refined assessment, and promoted the improvement of the Bank's capital management capabilities. During the reporting period, the Bank carried out an annual assessment on internal capital adequacy and completed the annual report of internal capital adequacy assessment and submitted it to the CBIRC. During the reporting period, the Bank carried out a special audit of ICAAP to ensure the compliance, effectiveness, and continuity of its capital management. In the future, the Bank will further improve its delicacy of management, continuously increase assessment capability and promote the application of assessment results to its daily management in accordance with the NFRA's requirements.

8.2 Capital Planning and Capital Adequacy Ratio Management Plan

In 2013, the Bank formulated the *Compliance Plan of Capital Adequacy Ratios for 2013-2018 of Agricultural Bank of China*, which was reviewed and approved by the Board of Directors. In 2016, 2018 and 2021, according to the relevant rules and regulations on commercial banks and requirements of corporate governance, the Bank formulated *the Capital Plan for 2016-2018 of Agricultural Bank of China*, *the Capital Plan for 2019-2021 of Agricultural Bank of China* and *the Capital Plan for 2022-2024 of Agricultural Bank of China*, which were reviewed and approved by the Board of Directors. The Bank organized and promoted the implementation of *Capital Rules for Commercial Banks*, strengthened the transmission of regulatory concepts, improved the level of capital management, optimized capital allocation, improved the capital restraint mechanism, improved the efficiency of capital use, promoted the optimization of the total amount and structure of risk-weighted assets, and gradually improved the long-term mechanism of capital management. During the reporting period, the Bank successfully realized the management objectives of capital planning, achieved good performance in management measures, and generally maintained a stable capital adequacy ratio.

Following the requirements of the *Ancillary Regulatory Provision for Systematically Important Banks (Trial)* (Decree of the PBOC and the CBIRC [2021] No. 5) and the *Interim Measures for the Implementation of the Recovery and Disposal Plan of Banking and Insurance Institutions* (CBIRC No. 16 [2021]) and other regulatory requirements, as one of the Global Systemically Important Banks and Domestic Systemically Important Banks, we gradually optimized a retest mechanism for the recovery and disposal plan and constantly improved risk warning and crisis management capabilities to reduce our risk spillover in the crises and strengthen the foundation for financial stability. The Bank closely tracked regulatory developments, and in accordance with the *Measures for the Administration of Total Loss Absorption Capacity of Global Systemically Important Banks* (Decree of the PBOC, the CBIRC and the Ministry of Finance [2021] No. 6) and the *Notice of the PBOC and the CBIRC on Matters Related to the Issuance of Total Loss Absorption Capacity Non-Capital Bonds by Global Systemically Important Banks* (Decree of the PBOC, the CBIRC and the Yin Fa [2022] No. 100), the Bank strengthened the plan for total loss absorption capacity (TLAC) to meet the standards, coordinated and promoted the implementation of the Bank, and actively promoted the issuance of TLAC bonds, so as to consolidate the foundation for meeting the standards, enhance its own risk resistance capacity and improve public confidence.

9 Remuneration

9.1 Nomination and Remuneration Committee under the Board of Directors

At the end of 2023, the Nomination and Remuneration Committee under the Board of Directors of the Bank was composed of six Directors, including Non-executive Directors Ms. ZHOU Ji and Mr. LI Wei, Independent Non-executive Directors Mr. LIU Shouying, Mr. HUANG Zhenzhong, Mr. WU Liansheng and Mr. WANG Changyun. Mr. LIU Shouying is the chairman of Nomination and Remuneration Committee under the Board of Directors. The primary duties of the Nomination and Remuneration Committee are to formulate selection and appointment standards and procedures of the Bank's directors, chairman and members of all special committees under the Board of Directors and the senior management, make recommendations to the Board of Directors on the candidates and qualifications of directors and senior management, formulate remuneration measures of directors and senior management, propose remuneration distribution plans, and submit to the Board of Directors for reviewing. During the reporting period, the Nomination and Remuneration Committee under the Board of Directors convened 4 meetings.

For basic information about members of senior management and staff in positions that exert significant influence on risks, please refer to the section headed "Directors, Supervisors and Senior Management" in the Bank's 2023 Annual Report.

9.2 Remuneration Policy

Determination and distribution of remuneration

The Bank formulated and adjusted the remuneration policy in strict accordance with relevant laws and regulations, regulatory requirements, and requirements under the corporate governance of the Bank. In order to attract, retain and incentivize employees, the Bank implemented a position-based wage system on the principles that the salary and bonus are determined based on positions, capabilities and performance and vary with positions, and continuously improved the remuneration system in line with the operational and management needs of a modern commercial bank. The employee remuneration policy applies to all contract employees of the Bank, whereby the employees' pay levels are determined based on such factors as position value, short-term and long-term performance.

Remuneration and risks

The remuneration of the Bank's employees primarily comprised of basic salary, position-based wage and performance-based pay. The Bank established and improved the remuneration distribution mechanism that reflected both current performance and covered responsibilities for long-term risk. The Bank established a performance-based salary deferred payment and recall system for employees who assume responsibilities for material risks and have a material impact on the Bank's risk profile. Having considered the actual performance and time-lag risks, part of the payment would be made after expiry of the deferred payment period, thereby linking the employees' current and long-term responsibilities for and contributions with the development and time-lag risk of the Bank. If significant losses of risk exposures are incurred within their sphere of responsibility during their employment, the Bank can recall part or all of performance-related remuneration paid in relevant period and stop further payments.

The remuneration of the employees of the risk and compliance department of the Bank is determined based on factors such as employees' personal ability, performance appraisal, without direct relation to their supervisory duties in order to maintain independence.

Remuneration and performance

In compliance with the requirements by the authorities in China, the Bank established a remuneration system based on the performance of the Bank and the performance appraisal. According to the remuneration management system, the remuneration of the Bank's institutions was associated with the operating results of the institutions and the appraisal results, and the remuneration of employees was associated with the performance appraisal results of the institutions and individuals. The performance appraisal of the Bank included the assessment on the performance indicator, risk indicator and other indicators of sustainable development, reflecting long-term performance and risk profile in aggregate. According to the performance appraisal results, the Bank adjusted the pay level by means of salary distribution, deferred payment and other forms.

Variable remuneration

The Bank's variable remuneration primarily comprised of performance-based pay (including deferred payment, etc.), which was paid in cash. Variable remuneration was allocated based on factors including the current and long-term contributions of employees and risk profile. If a cut of a performance-based pay and deferred payment is applicable under relevant rules and stipulations, the variable remuneration would be adjusted accordingly.

For the annual remuneration of the Directors, Supervisors and senior management of the Bank, please refer to the section headed "Remuneration of Directors, Supervisors and Senior Management" in the Bank's 2023 annual report.

10 Prospects

The Bank adopts an overall prudent risk appetite, operate strictly in compliance with laws and regulations, and insist on maintaining a balance among capital, risks and gains, as well as consistency in security, profitability and liquidity. Also, the Bank continues to improve the comprehensive risk management system, proactively implement advanced approaches of capital management, and maintains good regulatory ratings and external ratings, to provide assurance for realizing our strategic objectives and business plans.

The Bank will take the implementation of the new capital regulation as an opportunity, proactively optimize the asset allocation and structure of the whole bank, actively promote capital conservation measures, and reasonably and appropriately carry out exogenous replenishment to ensure regulatory compliance. In addition, we will further enhance the level of capital management refinement and risk resilience, so as to realize the balance of assets and liabilities and promote the sustainable development of the Bank.