



THE PEOPLE'S BANK OF CHINA

ANNUAL REPORT

2022

Editor in chief **RESEARCH INSTITUTE OF THE PEOPLE'S BANK OF CHINA**



China Financial Publishing House

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MESSAGE FROM THE GOVERNOR

2022 was a year of grave challenges, considering the complex and changing international economic and financial landscapes, resurgence of COVID-19, and new downward pressure on the economy. Under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the People's Bank of China (PBOC) earnestly implemented the decisions and deployment of the Central Committee of the Communist Party of China (CPC) and the State Council. It rose to the occasion and addressed difficulties proactively. It stepped up the implementation of sound monetary policy, worked persistently to stabilize the macro economy, effectively forestalled and defused financial risks, further deepened financial reform and opening-up, and continued to upgrade financial regulation and services. New progress was made on all fronts.

The sound monetary policy was more flexible and appropriate

The PBOC used a mix of monetary policy instruments and kept liquidity adequate at a reasonable level. It cut the required reserve ratio (RRR) in April and December 2022, each by 0.25 percentage point, releasing over RMB1 trillion in long-term liquidity. Surplus profits of RMB1.13 trillion were turned over to the central budget ahead of schedule, equivalent to a sweeping RRR cut of around 0.5 percentage point. While the 1-year and 5-year loan prime rates (LPR) were lowered by 0.15 percentage point and 0.35 percentage point, respectively, the PBOC established a market-based deposit rate adjustment mechanism to drive down the financing costs for businesses. By end-2022, the broad money supply (M_2), aggregate financing to the real economy (AFRE), and outstanding RMB loans grew by 11.8 percent, 9.6 percent, and 11.1 percent year-on-year, respectively, all remaining at relatively high levels. With a mix of policies implemented, the PBOC stabilized expectations and struck a balance

between internal and external equilibria, thus keeping the RMB exchange rate basically stable at an adaptive and equilibrium level.

Policy efforts provided strong support for the overall economic stability

The PBOC, together with the State Administration of Foreign Exchange (SAFE), introduced 23 financial initiatives to shore up COVID-19 containment as well as social and economic development. It increased the credit quota for policy and development banks by RMB800 billion and launched policy-based and development-oriented financial instruments to support credit supply and capital replenishment in infrastructure projects of key areas. It raised the proportion of incentive funds provided by the PBOC to lenders under the inclusive micro and small business (MSB) loan facility from 1 percent to 2 percent, and guided banking financial institutions to cut the interest rate on inclusive MSB loans that would mature beyond the fourth quarter by 1 percentage point. Additionally, it developed a long-term mechanism for boosting financial sector's confidence, willingness, ability, and professionalism in lending to MSBs. At end-2022, outstanding inclusive MSB loans were close to RMB24 trillion, covering over 56 million MSBs. The PBOC introduced special central bank lending respectively for sci-tech innovation, equipment upgrading, transport and logistics, and inclusive elderly care to enhance support for key areas and weak links. It also implemented the carbon emission reduction facility (CERF) and the special central bank lending for clean and efficient use of coals, and two foreign banks were added to the list of financial institutions eligible for the CERF. The CERF helped cut carbon dioxide emission equivalent to over 100 million tons in 2022.



Full support was extended to maintain the sound performance of the real estate market

The PBOC led the introduction of 16 measures to provide financial support for the stable and healthy development of the real estate market. It included real estate developers in the bond financing facility (“the second arrow”) for private enterprises to keep key financing channels stable. It launched RMB350 billion special loans for the timely delivery of presold housing, and a RMB200 billion loan support program to guide commercial banks to channel more financing to support the timely delivery of unfinished housing projects. It guided down the real personal mortgage rates and down payment ratios to meet the rigid demand for housing and the need to improve living conditions. It also sped up efforts to improve the financial policy system for rental housing.

New achievements were made in forestalling and defusing financial risks

The PBOC pushed for the prudent defusing of risks facing major enterprise groups and small and medium-sized financial institutions. Financial risks are generally under control and on the decline. The phase-in period for cash wealth management products ended as scheduled. It promoted the proper resolution of risks associated with financial assets exchanges and “pseudo financial assets exchanges” , and standardized the development of third-party wealth management companies. While expediting the establishment of the financial stability guarantee fund, it actively tapped the role of deposit insurance.

The macroprudential policy framework and governance mechanism were further improved

The PBOC continued to improve the framework on monitoring, assessment, and early warning of systemic financial risks, and completed the first macroprudential stress test. It published a list of systemically important banks (SIBs) for 2022 for additional regulation, and drafted the measures for assessing systemically important insurers. It approved in accordance with the law the establishment of three financial holding companies (FHCs), including the CITIC Financial Holdings Co., Ltd., the Beijing Financial Holdings Group, and the China Merchants Financial Holdings Co., Ltd.

Financial reform and opening-up was further deepened

The PBOC continued to advance the reform of separating the policy activities of policy and development banks from their commercial business. It supported local governments in developing and implementing rural cooperatives reform schemes tailored to local conditions. To promote the international use of the RMB, it optimized the policy for cross-border use of the RMB. As a result, the share of cross-border RMB receipts and payments in trade in goods and direct investment both hit a new high, and the weight of the RMB in the special drawing rights (SDRs) currency basket of the International Monetary Fund (IMF) rose to 12.28 percent. In addition, the PBOC launched the Swap Connect between Hong Kong and the mainland and pushed for the connectivity of registration and settlement systems between the interbank and exchange bond markets.



It supported qualified high-tech and specialized, sophisticated, distinctive, and innovative (SSDI) enterprises to join the pilot program of cross-border financing facilitation, and expanded the pilot cash-pooling service for multinational companies that integrates local and foreign currency management.

International financial cooperation was advanced

The PBOC co-designed and joined the Renminbi Liquidity Arrangement initiated by the Bank for International Settlements (BIS) to increase the share of the RMB in global foreign exchange reserves. It also played an active part in China's efforts to join the *Comprehensive and Progressive Agreement for Trans-Pacific Partnership* (CPTPP) and the *Digital Economy Partnership Agreement* (DEPA). It released and promoted the implementation of the updated version of *Common Ground Taxonomy* (CGT) jointly developed with the European Commission.

Law-based governance and financial services were enhanced

The PBOC witnessed positive progress in financial legislation and amendments. The Standing Committee of the National People's Congress (NPC) completed its first review of the *Financial Stability Law (Draft)*. Common standards were adopted for the comprehensive statistics on the financial sector. The PBOC pushed forward with satisfying results the pilot of financial reform and innovation, ranging from green finance to inclusive finance and sci-tech innovation finance. It optimized the payment market structure and implemented policies for reducing payment costs. All incorporated financial institutions were issued a Legal Entity Identifier (LEI). The PBOC expanded the e-CNY pilot to 17 provinces (autonomous regions and municipalities), and completed the pilot use case of the Beijing Winter Olympics. It pressed ahead with the building of credit chains

MESSAGE FROM THE GOVERNOR

in the Yangtze River Delta, the Pearl River Delta, and the Beijing–Tianjin–Hebei region in an orderly way. While intensifying the punishments against money laundering, it advanced the rectification of difficult tasks exposed by the fourth round of anti-money laundering (AML) mutual evaluation by the Financial Action Task Force (FATF). On financial consumer protection front, the PBOC kept improving relevant institutions and mechanisms.

2023 marks the start of fully implementing the guiding principles of the 20th National Congress of the CPC. The PBOC will, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, work in accordance with the guidelines of the 20th National Congress of the CPC and the Central Economic Work Conference on all fronts. It will establish a modern central bank system, focus on stabilizing growth, employment and prices, promote a full economic recovery, and effectively pursue higher-quality growth and appropriately increase economic output. Moreover, it will effectively forestall and defuse major financial risks, and continuously deepen financial reform and opening-up, so as to provide strong financial support for setting the stage for building a modern socialist country in all respects.

Yi Gang
Governor of the People's Bank of China

MANAGEMENT OF THE PEOPLE’S BANK OF CHINA



Yi Gang

Governor of the PBOC and Deputy Secretary
of the CPC Committee of the PBOC

Note: Management information disclosed in this report is as of end-2022.



Guo Shuqing

Secretary of the CPC Committee of
the PBOC and Deputy Governor



Pan Gongsheng

Deputy Governor and Member of the CPC
Committee of the PBOC Administrator of
the SAFE and Secretary of the CPC
Leadership Group of SAFE



Liu Guoqiang

Deputy Governor and Member of the
CPC Committee of the PBOC



Qu Jishan

Chief Inspector of the Discipline
Inspection Team Stationed at
the PBOC and Member of the CPC
Committee of the PBOC



Zhang Qingsong

Deputy Governor and Member of
the CPC Committee of the PBOC



Xuan Changneng

Deputy Governor and Member of
the CPC Committee of the PBOC

MEMBERS OF THE MONETARY POLICY COMMITTEE OF THE PBOC

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	Lian Weiliang	Vice Chairman, the National Development and Reform Commission
	Xu Hongcai	Vice Minister, the Ministry of Finance
	Liu Guoqiang	Deputy Governor, the People's Bank of China
	Zhang Qingsong	Deputy Governor, the People's Bank of China
	Kang Yi	Commissioner, the National Bureau of Statistics
	Guo Shuqing	Chairman, the China Banking and Insurance Regulatory Commission
	Yi Huiman	Chairman, the China Securities Regulatory Commission
	Pan Gongsheng	Administrator, the State Administration of Foreign Exchange
	Tian Guoli	President, the China Banking Association
	Liu Shijin	Vice Chairman, the China Development Research Foundation
	Cai Fang	Chief Expert, the National Think Tank, the Chinese Academy of Social Sciences
	Wang Yiming	Vice Chairman, the China Center for International Economic Exchanges

Note: Information on members of the Monetary Policy Committee disclosed in this report is as of end-2022.

ORGANIZATIONAL STRUCTURE OF THE PBOC

ORGANIZATIONS OF THE PBOC (NUMBER)

Departments and Bureaus of the Headquarters	24
Enterprises and Institutions Directly under the PBOC	21
Overseas Offices	11
Departments of the Shanghai Head Office	14
Regional Branches and Operation Offices	10
Sub-Branches in Provincial Capital Cities	20
Sub-Branches in Provincial-Level Municipalities	5
Sub-Branches in Prefectural-Level Cities	317
County-Level Sub-Branches	1 761

THE PBOC HEADQUARTERS

General Administration Department (General Office of the CPC Committee of the PBOC)
 Secretariat of the FSOC Office
 Legal Affairs Department
 Research Bureau
 Monetary Policy Department
 Macprudential Management Bureau
 Financial Market Department
 Financial Stability Bureau
 Statistics and Analysis Department
 Payment and Settlement Department
 Technology Department
 Currency, Gold, and Silver Bureau (Security Bureau)
 State Treasury Bureau
 International Department (Office of Hong Kong, Macao, and Taiwan Affairs)
 Credit Information Management Bureau
 Anti-Money Laundering Bureau
 Financial Consumer Protection Bureau
 Accounting and Treasury Department
 Internal Auditing Department (Office of Leading Group for Inspection Work of the CPC Committee of the PBOC)
 Human Resources Department (Organization Division of the CPC Committee of the PBOC)
 Education Department of the CPC Committee of the PBOC (Mass Work Division of the CPC Committee of the PBOC)
 Office of Senior Advisors
 CPC Committee of the PBOC Headquarters
 Retired Staff Service Bureau

Note: Organizational structure disclosed in this report is as of end-2022.

ORGANIZATIONAL STRUCTURE OF THE PBOC

GOVERNMENT AGENCIES DIRECTLY UNDER THE PBOC

State Administration of Foreign Exchange

THE PBOC SHANGHAI HEAD OFFICE (PBOCSHO) AND SUB-BRANCHES IN PROVINCIAL CAPITAL CITIES AND PROVINCIAL-LEVEL MUNICIPALITIES UNDER ITS ADMINISTRATION

General Administration Department (General Office of the CPC Committee of the PBOCSHO)
Open Market Operations Department
Financial Market Department
Financial Stability Department
Statistics and Research Department
International Department
Financial Services Department I
Financial Services Department II
Foreign Exchange Department
Human Resources Department (Organization and Education Division of the CPC Committee of the PBOCSHO)
Discipline Inspection and Supervision Office (Internal Auditing)
RMB Cross-Border Business Department
Financial Consumer Protection Department
On-Site Inspection Department

Hangzhou Sub-Branch
Fuzhou Sub-Branch
Ningbo Sub-Branch
Xiamen Sub-Branch



PBOC BRANCHES, OPERATION OFFICES, AND SUB-BRANCHES IN PROVINCIAL CAPITAL CITIES AND PROVINCIAL-LEVEL MUNICIPALITIES UNDER THE ADMINISTRATION OF THESE BRANCHES

Tianjin Branch

Shijiazhuang Sub-Branch
Taiyuan Sub-Branch
Hohhot Sub-Branch

Shenyang Branch

Changchun Sub-Branch
Harbin Sub-Branch
Dalian Sub-Branch

Nanjing Branch

Hefei Sub-Branch

Ji'nan Branch

Zhengzhou Sub-Branch
Qingdao Sub-Branch

Wuhan Branch

Nanchang Sub-Branch
Changsha Sub-Branch

Guangzhou Branch

Nanning Sub-Branch
Haikou Sub-Branch
Shenzhen Sub-Branch

Chengdu Branch

Guiyang Sub-Branch
Kunming Sub-Branch
Lhasa Sub-Branch

Xi'an Branch

Lanzhou Sub-Branch
Xining Sub-Branch
Yinchuan Sub-Branch
Urumqi Sub-Branch

Operation Office (Beijing)

Chongqing Operation Office



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ANNUAL REPORT
2022

CONTENTS

1	GLOBAL ECONOMIC AND FINANCIAL DEVELOPMENTS
4	ECONOMIC DEVELOPMENTS IN CHINA
9	DEVELOPMENTS IN THE FINANCIAL SECTOR
13	MONETARY POLICY
16	MACROPRUDENTIAL POLICY
18	CREDIT POLICY
22	LEGAL AND LEGISLATIVE DEVELOPMENTS IN THE FINANCIAL SECTOR
27	FINANCIAL STABILITY
30	FINANCIAL MARKET
35	INTERNATIONAL USE OF THE RMB
38	FOREIGN EXCHANGE ADMINISTRATION
43	ACCOUNTING
46	PAYMENT SYSTEM
49	CURRENCY ISSUANCE AND MANAGEMENT
52	TREASURY MANAGEMENT
57	FINTECH
62	CREDIT INFORMATION AND THE SOCIAL CREDIT SYSTEM
66	ANTI-MONEY LAUNDERING AND COMBATING FINANCING OF TERRORISM
69	FINANCIAL CONSUMER PROTECTION
71	INTERNATIONAL FINANCIAL COOPERATION AND GLOBAL ECONOMIC GOVERNANCE



75	THE MAINLAND'S FINANCIAL COOPERATION WITH THE HONG KONG SAR, THE MACAO SAR, AND THE NON-GOVERNMENTAL FINANCIAL SECTOR INTERACTIONS WITH TAIWAN
77	HUMAN RESOURCES
80	INTERNAL AUDITS
82	FINANCIAL STATISTICS
86	PILOT REGIONAL FINANCIAL REFORMS
89	GREEN FINANCE AND INCLUSIVE FINANCE
93	GOVERNMENT INFORMATION DISCLOSURE AND CENTRAL BANK COMMUNICATION
97	Appendix I: STATISTICAL ANNEX
97	Macroeconomic Indicators (Year-End Balance)
98	Macroeconomic Indicators (Growth Rates)
99	Aggregate Financing to the Real Economy
102	Selected Financial Indicators (Year-End Balance)
102	Selected Financial Indicators (Growth Rates)
103	Monetary and Banking Statistics
122	Interest Rates
124	Financial Market Statistics
127	Treasuries and Statistics of Treasury Bonds
130	RMB Exchange Rate and Balance of Payments
135	RMB Internationalization
136	Flow of Funds Statement, 2021 (Financial Transactions)
140	ANALYSIS OF CHINA'S FLOW OF FUNDS IN 2021
145	Appendix II: CHRONOLOGY
154	Appendix III: MAJOR RULES AND ADMINISTRATIVE DOCUMENTS PROMULGATED IN 2022
160	Appendix IV: PRESS RELEASES ON QUARTERLY MEETINGS OF THE MONETARY POLICY COMMITTEE IN 2022

GLOBAL ECONOMIC AND FINANCIAL DEVELOPMENTS

Economic developments in the major economies

Affected by a confluence of factors, the global economic growth slowed down. In 2022, the resurgence of COVID-19, the threat of the Russia-Ukraine conflict to food and energy security, the impact of large-scale sanctions against Russia from the US and Europe on the landscapes of global finance, energy and trade, persistently high global inflation, rapid rate hikes by central banks, and the increased financial market volatility all weighed on the global economy. As a result, the growth momentum weakened. The US gross domestic product (GDP) grew by 2.1 percent in 2022, less than half of the 5.9 percent in 2021. The Manufacturing Purchasing Managers' Index (PMI) of the Institute for Supply Management (ISM) remained below 50, posting 49 and 48.4 in November and December, respectively. In the euro area, the GDP grew by 3.5 percent, much lower than the 5.3 percent in the previous year; its annualized GDP growth for the third and fourth quarters was 1.5 percent and -0.1 percent on a quarter-on-quarter basis, lagging far behind the 3.6 percent in the second quarter. In Japan, the GDP increased by 1.1 percent, slower than the growth of 2.1 percent in the previous year, indicating its aggregate output was still below the pre-COVID level^①.

Inflation remained high despite signs of peaking. In December, the consumer price index (CPI) in the US was up by 6.5 percent year-on-year, much lower than its peak of 9.1 percent in June but still at a historic high. The CPI in the euro area rose by 9.2 percent over the previous year, falling for two straight months. In Japan, the CPI was up by 4 percent, hitting a 41-year high. Caused by complex factors, global high inflation this time around is quite sticky. First, major economies implemented ultra-easy monetary policy and introduced unprecedented fiscal stimulus after the outbreak of COVID-19. As a result, global liquidity increased significantly, which led to this round of inflation. Second, the Russia-Ukraine conflict further worsened the global supply chain bottlenecks caused by the COVID-19. Commodities such as energy, agricultural products, and metals were in short supply and their prices soared, which was passed down to midstream and downstream industries via the global supply chain. Third, the labor market in the major advanced economies remained tight and the rate of wage growth was high. Services inflation was sticky amid wage-price spirals.

The labor market in the major advanced economies diverged. Labor shortage remained a prominent issue in the US and Europe. In December, the unemployment rate in the US and the euro area registered 3.5 percent and

① The sources of external data cited in this report include the National Bureau of Statistics and the IMF.



6.7 percent, respectively, both at historic lows. But in the US, the labor force participation rate was between 62.1 percent and 62.4 percent in the year, still below the pre-COVID level, and job openings grew by 6.7 percent month-on-month to 11.01 million in December, which is the biggest increase since July 2021. In the euro area, the job vacancy rate also hit a historic high of 3.1 percent in the third quarter. In Japan, the unemployment rate reached 2.3 percent in December, almost back to the pre-COVID level, and the labor force participation rate remained stable without any shortage of labor.

Global financial markets witnessed large swings

Commodity prices fluctuated sharply. Due to the Russia-Ukraine conflict, the stubbornly high inflation, and rapid rate hikes by major central banks, commodity prices became highly volatile. The prices of energy, metals, and agricultural products surged in the wake of the Russia-Ukraine conflict. Global oil prices fell from March peak but remained higher than that of a year earlier. In 2022, prices of Brent crude oil and the West Texas Intermediate (WTI) grew by 10.5 percent and 6.7 percent, while corn and wheat prices rose by 2.8 percent and 14.4 percent, respectively. As inflation went up and central banks sped up the tightening of monetary policy, expectations of a global recession increased. The copper price fell by 14.6 percent, but the gold price was relatively stable, with gold spot price dipping by 0.3 percent.

The stock market fluctuated downward. There was a sell-off of equities and other risky assets as risk aversion increased on rising concerns over economic prospects and market liquidity.

At the end of September, the US Dow Jones Industrial Average and the EURO STOXX50 slumped by over 20 percent from their peaks in early January, technically entering a bear market. In the fourth quarter, as inflation showed signs of peaking, market sentiment improved and the above two indexes rallied. After rising by 15.4 percent and 14.3 percent respectively, they dropped by 8.8 percent and 11.7 percent across the year. The Nikkei 225 fell by 9.37 percent in the year, while the FTSE 100 closed at 7452 points at the end of the year, almost flat compared with the beginning of the year.

The yields on government bonds in major advanced economies moved up amid fluctuations. Due to high inflation and faster tightening of monetary policy, major advanced economies witnessed sell-offs in the bond market, which pushed up the yields on government bonds. At end-2022, the yields on government bonds in the US, Germany, the UK, and Japan closed at 3.88 percent, 2.51 percent, 3.8 percent, and 0.45 percent respectively, up by 2.36 percentage points, 2.72 percentage points, 2.79 percentage points, and 0.37 percentage point from the end of last year. In the third quarter, after the mini-budget designed to stimulate the economy through large tax cuts was announced, the UK government bond market fluctuated sharply, with the 10-year gilt yield rising quickly above 4.5 percent. As Prime Minister Rishi Sunak and his government reversed the expansionary fiscal policy of the former government, gilt yields fell.

The foreign exchange market fluctuated sharply. The US dollar strengthened significantly, with the US Dollar Index once rising above 114 and falling back to 103-106 in December. The euro

GLOBAL ECONOMIC AND FINANCIAL DEVELOPMENTS

rebounded to around 1.07 dollar per euro after falling below parity against the US dollar, and the Japanese yen depreciated to levels below 150 yen per dollar, both hitting a 20-year low against the US dollar. For the first time in 24 years, Japan intervened in its foreign exchange market to prop up the yen on September 22, and expanded the target floating band of the yield on 10-year government bond from ± 0.25 percent to ± 0.5 percent on December 20. The Japanese yen appreciated to nearly 130 yen per dollar at end-2022. The British pound once depreciated to 1.03 dollar per pound sterling, the lowest since 1971, but rebounded to 1.21 at end-2022, still weakening by around 10 percent from the beginning of the year. Many emerging markets in Asia intervened with foreign exchange reserves and were forced to hike interest rates.

Global economic and financial outlook

Inflation fell at a slower-than-expected pace. As energy prices retreated and supply chains improved, inflation came down in major advanced economies in the fourth quarter, but services inflation in these economies remains sticky as lingering labor shortages make it hard for wage growth to moderate quickly. As central banks in major advanced economies will act cautiously, interest rates may stay higher for longer.

The risk to financial stability has increased. The collapse of the Silicon Valley Bank (SVB) sent shockwaves through global financial markets with large spillover effects. Mismanagement is the direct cause for the bank's failure. But it is

not an isolated case. Its collapse also reveals some deep-seated problems. First, as the US Federal Reserve (Fed) raised rates rapidly, many banks face huge unrealized losses on securities portfolios. Second, non-financial corporations are struggling with funding shortages and rising borrowing costs amid slower economic growth and higher rates. This has led to continuous deposit outflows. Third, regulation is inadequate. Small and medium-sized banks are not strictly regulated in the US. Therefore, risk events in these banks may give rise to systemic financial risks.

Monetary policy will face a tough trade-off between price stability and financial stability. If central banks continue to raise rates, economic growth may lose momentum. If they pause rate hikes, inflation may remain high for longer, with a profound impact on global capital flows and financial markets.

The heightened geopolitical conflicts will undermine global economic order. Given its uncertain prospects, the Russia-Ukraine conflict is still at risk of escalation. As the West continues to impose large-scale sanctions on Russia, energy and other commodities may still face shocks. While imposing sanctions, the US and Europe have overstretched the concept of national security and promoted values-based trade and cooperation in small cliques. This will undermine the existing international division of labor, and expedite the emergence of regionalized and localized global industrial chains and supply chains.

ECONOMIC DEVELOPMENTS IN CHINA

In 2022, the Chinese economy was faced with COVID-19 and other unexpected shocks. The CPC Central Committee and the State Council effectively coordinated COVID-19 containment with economic and social development. China stepped up macro adjustments, front-loaded the implementation of adopted policies, and firmly advanced the supply-side structural reform. It also implemented a package of policies and follow-up measures to stabilize the economy. As a result, the economic performance was stable and the quality of development was improved.

Economic growth was generally stable, with further progress achieved in high-quality development

China's GDP reached RMB121.02 trillion in 2022, up by 3.0 percent in real terms. The quarterly year-on-year growth posted 4.8 percent, 0.4 percent, 3.9 percent, and 2.9 percent respectively. By sector, the value-added of the primary, secondary, and tertiary industries registered RMB8.83 trillion, RMB48.32 trillion, and RMB63.87 trillion, up by 4.1 percent, 3.8 percent, and 2.3 percent year-on-year respectively.

In terms of the industrial value-added as a share of GDP, the primary and secondary industries registered 7.3 percent and 39.9 percent, up by 0.1 percentage point and 0.6 percentage point respectively from the previous year, whereas the tertiary industry registered 52.8 percent, down by 0.7 percentage point. The primary, secondary, and tertiary industries contributed about 10.5 percent, 47.7 percent, and 41.8 percent to GDP

growth respectively. The contribution of the secondary industry increased by 8.8 percentage points from the previous year, while that of the tertiary industry decreased by 12.9 percentage points.

Industrial production picked up, but enterprise profitability declined

In 2022, the aggregate industrial value-added increased by 3.4 percent over the previous year to RMB40.16 trillion. In particular, the value-added of statistically large enterprises (SLEs) grew by 3.6 percent year-on-year. By sector, mining rose by 7.3 percent, manufacturing by 3.0 percent, and the production and supply sector for electricity, thermo power, gas, and water by 5.0 percent year-on-year. The profits of SLEs registered RMB8.40 trillion, down by 4.0 percent from the previous year. The profits of the mining sector reached RMB1.5574 trillion, up by 48.6 percent; those of the manufacturing sector reached RMB6.4150 trillion, down by 13.4 percent; and those of the production and

supply sector for electricity, thermo power, gas, and water posted RMB431.5 billion, up by 41.8 percent year-on-year. In 2022, the profit margin in the operating income of the SLEs was 6.09 percent, down by 0.64 percentage point from the previous year, indicating a slight decrease in the profitability of industrial enterprises. Among the 41 industrial categories, 21 industries made more profits compared with the previous year, 19 witnessed declines in gross profits, and 1 suffered losses.

Investment became the main growth driver, and the contribution from external demand dropped slightly

In 2022, gross capital formation contributed 50.1 percent to economic growth, driving the GDP up by 1.5 percentage points. Total fixed asset investments posted RMB57.96 trillion, up by 4.9 percent year-on-year. Fixed asset investments (excluding rural households) reached RMB57.21 trillion, an increase of 5.1 percent. Investments (excluding rural households) in the primary, secondary, and tertiary industries amounted to RMB1.43 trillion, RMB18.40 trillion, and RMB37.38 trillion, up by 0.2 percent, 10.3 percent, and 3.0 percent year-on-year respectively. Investments in real estate development totaled RMB13.29 trillion, down by 10.0 percent year-on-year.

Final consumption expenditures contributed 32.8 percent to economic growth, driving the GDP up by 1.0 percentage point. Total retail sales of social consumer goods amounted to RMB43.97 trillion, declining by 0.2 percent from the previous year. By residence, urban retail sales of consumer goods hit RMB38.04 trillion, a year-on-year decrease of 0.3 percent, while that

in rural areas reached RMB5.93 trillion, basically unchanged compared with the previous year. By types of consumption, retail sales of goods reached RMB39.58 trillion, up by 0.5 percent year-on-year, and revenue in the catering industry totaled RMB4.39 trillion, down by 6.3 percent. Online retail sales of goods and services amounted to RMB13.79 trillion, a year-on-year increase of 4.0 percent. Specifically, online retail sales of physical goods totaled RMB11.96 trillion, up by 6.2 percent year-on-year, and accounted for 27.2 percent of total retail sales of social consumer goods, up by 2.7 percentage points from 2021.

The net exports of goods and services contributed 17.1 percent to economic growth, driving the GDP up by 0.5 percentage point. Imports and exports of goods reached RMB42.07 trillion in 2022, a year-on-year increase of 7.7 percent. Exports and imports amounted to RMB23.97 trillion and RMB18.10 trillion respectively, up by 10.5 percent and 4.3 percent year-on-year. Trade in goods posted a surplus of RMB5.86 trillion, an increase of RMB1.53 trillion from a year earlier. Trade with countries and regions involved in the Belt and Road Initiative hit RMB13.83 trillion, up by 19.4 percent from 2021. Among this, exports and imports registered RMB7.89 trillion and RMB5.95 trillion, up by 20.0 percent and 18.7 percent respectively.

Consumer prices rose moderately, while growth of producer prices declined

In 2022, the CPI rose by 2.0 percent, 1.1 percentage points higher than that in 2021, with quarterly year-on-year growth posting 1.1 percent, 2.3 percent, 2.6 percent, and 1.8



percent respectively. Food prices rose by 2.8 percent year-on-year, compared with a drop of 1.4 percent a year earlier, while non-food prices went up by 1.8 percent, accelerating by 0.4 percentage point. Prices of consumer goods rose by 2.7 percent, an acceleration of 1.8 percentage points from the previous year, while prices of services were up by 0.8 percent, a deceleration of 0.1 percentage point. The core CPI, which excludes food and energy prices, went up by 0.9 percent year-on-year, 0.1 percentage point higher than that of the previous year.

The producer price index (PPI) climbed by 4.1 percent year-on-year, a deceleration of 4.0 percentage points from a year earlier. It rose by 8.7 percent, 6.8 percent, and 2.5 percent respectively in the first, second, and third quarters, but dropped by 1.1 percent year-on-year in the fourth quarter. By breakdown, prices of consumer goods rose by 1.5 percent, an acceleration of 1.1 percentage points from the previous year, while prices of means of production were up by 4.9 percent, a deceleration of 5.8 percentage points. The purchasing price index of raw materials (PPIRM) rose by 6.1 percent, a deceleration of 4.9 percentage points. It went up by 11.3 percent, 9.5 percent, and 4.4 percent in the first three quarters respectively, and was flat in the fourth quarter compared with the previous year.

Employment remained stable and income gap between rural and urban residents narrowed

In 2022, 12.06 million new jobs were created in urban areas, 630 000 less than that in the previous year. The surveyed urban unemployment rate averaged 5.6 percent for

the year and was 5.5 percent at end-2022. The per capita disposable income was RMB36 883, up by 2.9 percent in real terms, decelerating by 5.2 percentage points from the previous year. Specifically, the per capita disposal income of urban residents was RMB49 283, an increase of 1.9 percent in real terms, while that of rural residents was RMB20 133, a gain of 4.2 percent in real terms. The ratio of urban per capita income to rural per capita income was 2.45, down by 0.05 from 2021.

Growth of fiscal revenue slowed down, while fiscal expenditures grew faster

In 2022, fiscal revenue totaled RMB20.37 trillion, up by 0.6 percent year-on-year, representing a deceleration of 10.1 percentage points from the previous year. In particular, central government revenue amounted to RMB9.49 trillion, a year-on-year increase of 3.8 percent. It accounted for 46.6 percent of the total. Local government revenue hit RMB10.88 trillion, a year-on-year decrease of 2.1 percent. It accounted for 53.4 percent of the total. By revenue structure, tax revenue shed by 3.5 percent to RMB16.67 trillion, accounting for 81.8 percent of the total, while non-tax revenue jumped by 24.4 percent year-on-year to RMB3.71 trillion, accounting for 18.2 percent of the total. The newly implemented tax and fee cuts, tax rebates, and tax deferrals exceeded RMB4.2 trillion.

Fiscal expenditures totaled RMB26.06 trillion, increasing by 6.1 percent year-on-year, an acceleration of 5.8 percentage points from the previous year. Central and local government expenditures climbed by 3.9 percent and 6.4 percent year-on-year respectively to RMB3.56 trillion and RMB22.50 trillion. The fiscal authorities

at all levels intensified the coordination of fiscal resources and optimized the expenditure structure. These efforts have provided necessary support for COVID-19 containment as well as economic and social development, and guaranteed expenditures in key areas such as supporting people's livelihoods.

Macroeconomic outlook

China's economic performance is expected to stay within a reasonable range. Currently, there are headwinds. External uncertainties are on the rise. Global inflation remains high, global economic and trade growth is losing steam, and external attempts to suppress and contain China are growing. On domestic front, the foundation needs to be consolidated for economic stability and growth. Demand remains weak. Private investment and the expectations of private businesses are unstable. Therefore, it remains challenging to stabilize employment. There are risks and hidden dangers in the real estate sector. The risks of some small and medium-sized financial institutions have been exposed. Despite these challenges, all local authorities and government departments will act on the general principle of pursuing progress while ensuring stability and will deepen reform and opening-up on all fronts. They will pursue the strategy of expanding domestic demand and deepen the supply-side structural reform at the same time to recover and expand consumption first and give priority to ensuring stable growth, employment, and prices. The proactive fiscal policy will be enhanced and become more effective, the sound monetary policy will be implemented in a targeted and forceful manner, and these policies will be consistent, targeted, and better coordinated with other policies, so as to create synergy for

high-quality development. While unswervingly consolidating and developing the public sector and unswervingly encouraging, supporting, and guiding the development of the non-public sector, the government will boost the confidence of business entities. Besides, risks in key areas will be effectively prevented and defused. All this will help promote the improvement of the wider economy and keep growth rate within a reasonable range.

Prices will remain stable. As the COVID-19 pandemic is brought under control and the economy is back to track, production and supply are recovering, and the aggregate demand is strengthening. The largely balanced demand and supply, plus favorable monetary conditions created by sound monetary policy, has provided a solid foundation for price stability. On balance, as pork prices fall and service prices pick up, the CPI will rise moderately in a U-shaped trajectory. It may be lower in the middle of the year or at some point, and will move back to a reasonable level in the second half of the year. Due to the sluggish growth of high energy prices, eased pressure from imported inflation, and the high basis of the previous year, the PPI is expected to rise after a fall, with its annual average staying at low levels.

Employment will remain stable. As employment is fundamental to people's livelihoods, the government will optimize and adjust policies in a targeted way and step up support for weak links, while keeping pro-job policy stable. Following the principle of stabilizing the existing workforce and increasing new recruits, and taking a prioritized approach, the government will effectively implement measures for keeping jobs and incentives for creating jobs to mobilize employers



to recruit. The government will take solid measures to improve employment services for college graduates and rural migrant workers, in a bid to stabilize policy-backed employment and expand job opportunities. Targeted assistance will be provided to the unemployed and those

with difficulties in finding a job. The government will focus on addressing structural issues in employment, step up macro policy and industrial policy support, and promote mutually reinforcing job creation and economic growth. On balance, employment will stay stable throughout the year.

DEVELOPMENTS IN THE FINANCIAL SECTOR

In 2022, the PBOC resolutely implemented the decisions and deployment of the CPC Central Committee and the State Council, placed stabilizing growth higher on the agenda, and strengthened the implementation of sound monetary policy. As a result, money, credit, and social financing increased at a reasonable pace, the credit structure was improved continuously, overall financing costs dropped steadily, and the RMB exchange rate remained basically stable at an adaptive and equilibrium level. All this provided strong support for stabilizing the macro economy and created a favorable economic and financial environment for the upcoming 20th CPC National Congress.

The broad money supply grew at a reasonable pace

At end-2022, outstanding M_2 , narrow money supply (M_1), and currency in circulation (M_0) registered RMB266.4 trillion, RMB67.2 trillion, and RMB10.47 trillion respectively, up by 11.8 percent, 3.7 percent, and 15.3 percent year-on-year. The net cash supply was RMB1.39 trillion, RMB733.4 billion more than that in 2021.

The aggregate financing to the real economy grew steadily

At end-2022, outstanding AFRE reached RMB344.22 trillion, up by 9.6 percent year-on-year. The AFRE increased by RMB32.01 trillion in 2022, RMB669.4 billion more than that in 2021. The AFRE has the following structural features: First, RMB loans maintained reasonable growth. Second, compared with the previous year, government bond financing grew faster while

enterprise bond financing decelerated. Third, off-balance-sheet financing decreased at a slower pace year-on-year. Fourth, asset-backed securities of depository institutions decreased by a larger margin year-on-year, while loan write-offs remained basically flat.

Lending by financial institutions grew fast, with the credit structure optimized continuously

At end-2022, outstanding loans extended by financial institutions in local and foreign currencies grew by 10.4 percent year-on-year to RMB219.1 trillion, increasing by RMB20.6 trillion from the beginning of 2022, or a year-on-year acceleration of RMB496.9 billion. Outstanding RMB loans grew by 11.1 percent year-on-year to RMB214.0 trillion, jumping by RMB21.3 trillion from the beginning of 2022, or a year-on-year acceleration of RMB1.4 trillion. Loans grew by RMB8.3 trillion, RMB5.3 trillion,



RMB4.4 trillion, and RMB3.2 trillion in each of the four quarters of 2022, respectively. The quarterly increments accounted for 39.1 percent, 25.1 percent, 20.7 percent, and 15.1 percent of the total respectively, which was basically unchanged compared with the previous year. The credit structure continued to improve. At end-2022, medium and long-term loans to enterprises and public institutions grew by RMB11.1 trillion over the beginning of 2022, accounting for 64.7 percent of the total loans to enterprises and public institutions. The year-on-year growth rate of medium and long-term loans to the manufacturing sector registered 36.7 percent, 25.6 percentage points higher than that of total loans. Outstanding inclusive loans to MSBs grew by 23.8 percent year-on-year, 12.7 percentage points higher than the growth of total loans. 56.52 million MSBs accessed loans, an increase of 26.8 percent year-on-year.

Deposits with financial institutions witnessed a marked increase

At end-2022, outstanding deposits in local and foreign currencies at financial institutions increased by 10.8 percent year-on-year to RMB264.4 trillion, up by RMB25.9 trillion from the beginning of 2022 and an acceleration of RMB5.6 trillion year-on-year. Outstanding RMB deposits grew by 11.3 percent year-on-year to RMB258.5 trillion, an increase of RMB26.3 trillion from the beginning of 2022 and an acceleration of RMB6.6 trillion year-on-year. Outstanding deposits in foreign currencies stood at USD853.9 billion, USD143.0 billion less than that at the beginning of 2022. The decrease was USD250.7 billion more than that in the previous year.

Money market interest rates continued to decline

In December 2022, the monthly weighted average interest rate on interbank lending and pledged repurchase agreements (repos) stood at 1.26 percent and 1.41 percent respectively, down by 76 basis points (bps) and 68 bps year-on-year. The monthly weighted average interest rate on pledged repos of sovereign and quasi-sovereign bonds among depository institutions posted 1.11 percent, 30 bps lower than that on pledged repos. At end-2022, the overnight and 7-day Shibor posted 1.96 percent and 2.22 percent respectively, down by 17 bps and 5 bps from end-2021.

The weighted average interest rates on loans hit a new record low

At end-2022, the 1-year and 5-year LPR stood at 3.65 percent and 4.30 percent, respectively, down by 0.15 percentage point and 0.35 percentage point from end-2021. In December, the weighted average lending rate recorded 4.14 percent, down by 0.62 percentage point year-on-year. In particular, the weighted average interest rate on general lending registered 4.57 percent, down by 0.62 percentage point year-on-year, while that on enterprise loans fell by 0.60 percentage point year-on-year to 3.97 percent.

Yields on government bonds and coupon rates on bonds remained stable

At end-2022, yields on 1-year and 3-year government bonds decreased by 15 bps and 5 bps to 2.10 percent and 2.40 percent from end-2021, respectively, while that on 5-year, 7-year,

DEVELOPMENTS IN THE FINANCIAL SECTOR

and 10-year government bonds increased by 4 bps, 4 bps and 6 bps to 2.64 percent, 2.82 percent and 2.84 percent, respectively. The term spread between 1-year and 10-year government bonds was 74 bps, expanding by 21 bps from end-2021. In December, the coupon rate on 10-year government bonds issued by the Ministry of Finance (MOF) was 2.83 percent, 1 bp higher than that in December 2021. The coupon rate on 10-year financial bonds issued by the China Development Bank (CDB) was 3.00 percent, down by 2 bps from the same period last year. The average interest rate on 1-year financing bills issued by AAA-rated enterprises went up by 81 bps from December 2021 to 3.85 percent.

Major bond indexes climbed year-on-year, while stock indexes dropped

At end-2022, the ChinaBond Treasury Bond Aggregate Index stood at 213.72, increasing by 3.44 percent year-on-year, the ChinaBond New Composite Index (Full Price) was 122.12, increasing by 0.51 percent, and the Interbank Aggregate Index closed at 221.52, up by 3.4 percent. The Shanghai Stock Exchange Composite Index closed at 3 089 points, dropping by 551 points, or 15.1 percent, from end-2021; the Shenzhen Stock Exchange Component Index closed at 11 016 points, down by 3 841 points, or 25.9 percent; and the Growth Enterprise Board (GEB) Index closed at 2 347 points, down by 976 points, or 29.4 percent.

The RMB exchange rate remained basically stable at an adaptive and equilibrium level

In 2022, based on market supply and demand,

the RMB exchange rate depreciated against a basket of currencies. At end-2022, the China Foreign Exchange Trade System (CFETS) RMB exchange rate index and the RMB exchange rate index based on the SDR currency basket stood at 98.67 and 96.08, respectively, depreciating by 3.7 percent and 4.3 percent from end-2021. According to calculations by the BIS, the nominal effective exchange rate (NEER) and the real effective exchange rate (REER) of the RMB depreciated by 2.9 percent and 7.9 percent, respectively, from end-2021 to end-2022. Since the launch of RMB exchange rate regime reform in 2005, the RMB NEER and REER had appreciated by 44.2 percent and 45.6 percent, respectively, by December 2022. At end-2022, the central parity of the RMB against the US dollar was 6.9646, depreciating by 8.5 percent from end-2021 and appreciating by 18.8 percent on a cumulative basis since the 2005 RMB exchange rate regime reform. In 2022, the annualized volatility of the RMB against the US dollar was 6.4 percent.

The balance of payments maintained a basic equilibrium

China's current account recorded a surplus of USD401.9 billion in 2022, about 2.2 percent of GDP, which stayed within a reasonable and balanced range. By breakdown, the surplus of trade in goods rose by 19 percent from a year earlier, pointing to the strength and resilience of China's industrial and supply chains. The deficit of trade in services narrowed by 9 percent, mainly because revenues from computer information services, intellectual property, and business services grew fast. Driven by the recovery of outbound travels, travel expenses increased, but still significantly below pre-COVID



levels.

The financial account excluding reserve recorded a deficit of USD211 billion, creating a self-sustained equilibrium together with the current account surplus. In particular, direct investment remained in surplus, mainly because foreign direct investment maintained a certain size. This demonstrated that the robustness of China's industrial and supply chains, as well as the enormous potential of its domestic consumer market, appealed to international long-term investors. The sources of foreign funds, including the surplus in the current account and the inflows of foreign investments, remained at high

levels. These funds were mainly converted into overseas assets of domestic enterprises, banks, and other market entities, including outward direct investments and outward portfolio investments. Meanwhile, reserve assets generated from transactions increased slightly.

Given the overall equilibrium of the balance of payments, China's foreign exchange reserves were stabilized at about USD3.1 trillion for the year. At end-2022, external financial assets and liabilities remained at a relatively high level. Net external assets were USD2.53 trillion, jumping by nearly 16 percent from end-2021.

MONETARY POLICY

In 2022, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the PBOC resolutely implemented the decisions and deployment of the CPC Central Committee and the State Council. It proactively and preemptively strengthened the implementation of sound monetary policy and gave full play to the guiding role of structural monetary policy instruments. Thanks to these policy efforts, money, credit, and the AFRE witnessed reasonable growth, the credit structure was improved continuously, and overall financing costs steadily declined, providing strong support for stabilizing the macro economy.

Money and credit maintained reasonable growth

In light of evolving macro situations, the PBOC front-loaded policy measures and employed a mix of instruments to inject liquidity into the economy, such as the RRR cut, the medium-term lending facility (MLF), central bank lending and discount, and open market operations (OMOs). The PBOC cut the RRR by 0.25 percentage point in April and December respectively, releasing a total of over RMB1 trillion long-term liquidity. It turned over RMB1.13 trillion in surplus profits to the central budget, and provided additional funds to the economy equivalent to a sweeping RRR cut of 0.5 percentage point. The PBOC also managed the intensity and pace of OMOs in a flexible manner, and guided down the interest rates on the money market, creating a favorable liquidity environment for keeping economic performance within a reasonable range. Additionally, the PBOC successively held a number of symposia to

analyze monetary and credit situations, attended by the heads of major financial institutions, the PBOC branches and its affiliates as well as policy banks. Financial institutions, especially large state-owned commercial banks as well as policy and development banks, were urged to play a pivotal role and to increase lending based on prudent operations and market principles. The PBOC guided policy and development banks to launch policy-backed and development-oriented financial instruments in the amount of RMB739.9 billion, make effective use of the new credit line of RMB800 billion, and enhance the stability of aggregate credit growth.

Structural monetary policy instruments were introduced to guide targeted liquidity support

By leveraging central bank lending in support of rural development and MSBs, central bank discount, pledged supplementary lending (PSL), and other policy instruments, the PBOC guided



financial institutions to step up support for key areas and weak links as well as for coordinated regional development. It adjusted the two monetary policy instruments that provide direct support to the real economy, and increased its funding support for the inclusive MSB loan facility from 1 percent to 2 percent to bolster the development of MSBs. It implemented the CERF and the special central bank lending for the clean and efficient use of coals to support green and low-carbon transition. In addition, it accelerated the implementation of special central bank lending in support of sci-tech innovation, inclusive elderly care, transport and logistics sectors, and equipment upgrading and renovation. The PBOC also supported financial institutions to temporarily reduce the interest rates on inclusive MSB loans and toll-road loans. By launching the loan support scheme to ensure deliveries of presold housing projects, it supported financial institutions in issuing loans to overdue housing projects so as to ensure timely delivery.

Real lending rates continued to drop

The LPR reform continuously unleashed its potential, and brought about a significant drop in real lending rates. The OMO and MLF rates both dropped by 20 bps in 2022, while the 1-year and 5-year LPRs were lowered by 15 bps and 35 bps, respectively. The mechanism for market-oriented adjustments of deposit rates was established to stabilize liability costs for banks, representing an important step in the market-based reform of deposit rates. In addition, the PBOC lowered the interest rate floor on first-home loans, established a mechanism for adjusting interest rate policies for first-home loans, and promoted long-term institution

building.

The RMB exchange rate was kept basically stable at an adaptive and equilibrium level

The PBOC continued to advance the market-based reform of the RMB exchange rate and to improve the managed floating exchange rate regime based on market supply and demand with reference to a basket of currencies. It let the market play a decisive role in determining the exchange rate. With focus on guiding expectations, the PBOC enhanced the flexibility of the RMB exchange rate and kept it basically stable at an adaptive and equilibrium level. This has given full play to the role of exchange rate as an automatic stabilizer for the macro economy and balance of payments.

Overall, the sound monetary policy delivered positive results and provided strong support for economic recovery. Money and credit grew at a reasonable pace amid an improving credit structure, and the overall financing costs steadily declined. The RMB exchange rate remained basically stable at an adaptive and equilibrium level. All this created a favorable monetary and financial environment for the successful convening of the 20th CPC National Congress.

Outlook for monetary policy

In 2023, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the PBOC will thoroughly study and implement the guidelines of the 20th CPC National Congress and the Central Economic Work Conference. Following the decisions and deployment of the CPC Central Committee

and the State Council, it will uphold the general principle of pursuing progress while ensuring stability, apply the new development philosophy fully, faithfully and comprehensively, and play its part in accelerating the building of a new development paradigm and firmly advancing Chinese modernization. The sound monetary policy will be targeted and effective. While making intertemporal adjustments, the PBOC will focus on expanding domestic demand and ramp up support for the real economy. In the meantime, it will balance short-term and long-term goals, economic growth and price stability, as well as internal and external equilibrium. The PBOC will keep up support for the real economy while refraining from excessive liquidity provision.

First, the PBOC will keep liquidity adequate at a reasonable level, maintain effective growth of credit aggregates, and keep the growth of M_2 and the AFRE basically in line with nominal GDP growth to boost consumption, expand investment, and support jobs. Second, the PBOC will use the structural monetary policy instruments in a targeted, appropriate and flexible manner, and will guide financial institutions to enhance their financial services for agriculture, rural areas and farmers, MSBs, sci-tech innovation, and green development, among others. It will pursue a strong recovery of consumption and strengthen growth potential.

Additionally, policy-based and development-oriented financial instruments will be further brought into play to better mobilize effective investments. Third, the PBOC will continue to deepen the market-based interest rate reform. It will optimize the central bank policy rate system, give play to the important role of the mechanism for market-based deposit rate adjustments, and tap into the LPR reform and its guiding role. With these efforts, the costs for business financing and consumer credit are expected to decline. The PBOC will monitor inflation closely, support efforts to stabilize energy and food prices through securing supplies, and keep prices basically stable. Fourth, the PBOC will pursue a managed floating exchange rate regime based on market supply and demand with reference to a basket of currencies. It will uphold the decisive role of the market in exchange rate formation. It will enhance the flexibility of the RMB exchange rate and improve expectation management so as to keep the RMB exchange rate basically stable at an adaptive and equilibrium level. Fifth, the PBOC will coordinate efforts to provide financial support for the real economy and to prevent risks. It will take steady steps to defuse risks, such as those associated with key conglomerates and small and medium-sized financial institutions. It will maintain overall stability in the financial system and defend the bottom line whereby no systemic risks will occur.

MACROPRUDENTIAL POLICY

In 2022, following the decisions and deployment of the CPC Central Committee and the State Council, the PBOC continued to push for the implementation of macroprudential policy in key areas, in an effort to establish a macroprudential policy framework with Chinese characteristics. It coordinated the regulation of systemically important financial institutions, identified the methods to assess systemically important insurers, and improved the regulatory system for FHCs while managing their market access in accordance with the law.

Macroprudential management of real estate finance was improved

In 2022, in light of evolving market situations, the PBOC carried out the real estate loan concentration management with proper intensity and at a proper pace, and refined arrangements for the phase-in period. It supported eligible banking financial institutions to issue real estate loans in a prudent manner so as to better meet the reasonable demands for housing finance. By releasing the *Notice on the Exclusion of Loans for Affordable Rental Housing from Real Estate Loan Concentration Management*, the PBOC clarified that loans for affordable rental housing projects should be excluded from real estate loan concentration management. This move was to increase support for the development of affordable rental housing.

Regulatory framework for systemically important financial institutions was improved

On July 8, 2022, the PBOC and the China

Banking and Insurance Regulatory Commission (CBIRC) jointly solicited public comments on the *Measures for the Assessment of Systemically Important Insurers (Exposure Draft)*. The *Measures* stipulates the methods, coverage, procedures, and division of work in assessing China's systemically important insurers. On the basis of the size of their assets, the top ten largest insurance groups, life insurers, property and casualty insurers, and reinsurers were assessed from four dimensions, including size, interconnectedness, asset liquidation, and substitutability.

On September 9, the PBOC and CBIRC released the list of China's SIBs for 2022. A total of 19 banks were designated as SIBs, consisting of six state-owned commercial banks, nine joint-stock commercial banks, and four city commercial banks. These banks were categorized into five groups in an ascending order of systemic importance. Group One covered nine banks, including China Minsheng Bank, China Everbright Bank, Ping An Bank, Huaxia Bank, Bank of Ningbo, China Guangfa Bank, Bank of

Jiangsu, Bank of Shanghai, and Bank of Beijing. Group Two covered three banks, including China CITIC Bank, Postal Savings Bank of China, and Shanghai Pudong Development Bank. Group Three covered three banks, including Bank of Communications, China Merchants Bank, and Industrial Bank. Group Four covered four banks, including Industrial and Commercial Bank of China, Bank of China, China Construction Bank, and Agricultural Bank of China. At the time, no banks fell into Group Five.

The PBOC preliminarily established a regulatory framework for domestic SIBs. In accordance with the *Additional Regulatory Rules for Systemically Important Banks (Trial)*, 19 domestic SIBs that were initially identified in 2021 submitted the proposals on group-level recovery and disposal plans as scheduled. The PBOC, together with relevant authorities, reviewed the plans in time, and provided feedback.

Efforts to regulate the FHCs were coordinated

In 2022, the PBOC focused on market access

management of the FHCs in accordance with the law. It prompted eligible companies to apply for establishing the FHCs, and approved applications for setting up CITIC Financial Holdings Co., Ltd., Beijing Financial Holdings Group Co., Ltd. and China Merchants Financial Holdings Co., Ltd. For the FHCs thus established, it conducted comprehensive, continuous and look-through regulation, enhanced consolidated supervision, and further standardized the management of key areas including equity, corporate governance, risk, capital and related-party transactions, with an aim to effectively separate industries from finance, push the FHCs to operate in compliance with the law and regulations, and ensure no systemic risks arise. To improve the regulatory system for the FHCs, it promulgated the *Administrative Measures for Related-Party Transactions of Financial Holding Companies*, developed detailed rules on consolidated accounting and capital for the FHCs, and defined the prudential regulation standards to prevent risk contagion and regulatory arbitrage.

CREDIT POLICY

In 2022, following the decisions and deployment of the CPC Central Committee and the State Council, the PBOC coordinated COVID-19 containment with economic and social development, stepped up credit policy guidance, and channeled more financial resources to key areas and weak links in social and economic development. As a result, the quality and efficiency of financial services for the real economy have been improved.

Supported the overall economic stability

The PBOC stepped up financial support for infrastructure construction, introduced policy-based and development-oriented financial instruments, and increased credit lines for policy banks to accelerate policy implementation for quick impact. Together with 11 ministries and commissions, it established a list-based mechanism for accessing finance to support the construction of key projects. It issued RMB739.9 billion of policy-based and development-oriented financial instruments throughout the year, which ensured all the projects it supported were put into construction by end-2022. The PBOC also worked tirelessly to ensure financial support for energy supply. Based on enhanced communication and coordination with the National Development and Reform Commission (NDRC), it promoted the establishment of a mechanism under which banks, governments, and businesses can interact. It optimized central bank lending policy arrangements for the clean and efficient use of coals and supported seven banks in extending loans of over RMB60

billion to key energy suppliers as their working capital for coal purchases, at a weighted average interest rate of only 2.47 percent. It also focused on strengthening financial support for smooth traffic flows and established the special central bank lending facility for the transport and logistics sectors to support road freight transport enterprises and truck drivers hit hard by COVID-19. Last but not least, the PBOC encouraged financial support for green development. With the CERF and other policy tools, it guided banks to provide more green credit and supported financial institutions in issuing more than RMB500 billion in carbon emissions reduction loans under the CERF, enabling the reduction of more than 100 million tons of carbon emissions. While improving the management of green bonds, it supported the issuance of RMB323.8 billion green financial bonds in 2022.

Ensured financial support for stabilizing businesses and jobs

The PBOC sustained and converted the two

monetary policy instruments that directly support the real economy. It turned the instrument supporting deferred repayments of inclusive MSB loans into the inclusive MSB loan facility. For inclusive MSB loans issued by locally incorporated financial institutions, the PBOC provided incentive funds amounting to 1 percent of the incremental balance of these loans, and had it increased to 2 percent since the second quarter of the year. The plan for unsecured inclusive MSB loans was incorporated into the management of central bank lending to support rural development and MSBs. The PBOC guided financial institutions to lower the interest rates on inclusive MSB loans that would mature beyond the fourth quarter, and deferred repayments of principal and interest on MSB loans that came due in the fourth quarter according to market principles, further lowering the financial cost of MSBs and reducing their capital turnover pressures. Meanwhile, it introduced a series of policies with the NDRC to facilitate recovery of struggling industries in the services sector. It also worked with the Ministry of Commerce (MOFCOM) to ensure the implementation of support policies for the catering industry to reopen for business. It issued along with the Ministry of Culture and Tourism the *Notice on Financial Support for the Recovery of the Culture and Tourism Industry* to bail the industry out. With the issuance of the *Notice on Promoting the Establishment of Long-Term Mechanisms for Boosting Financial Sector's Confidence, Willingness, Capability, and Expertise in Lending to Micro and Small Businesses*, it urged and guided financial institutions to optimize their allocations of internal resources and policy arrangements, and enhanced the willingness, ability, and sustainability of financial institutions to serve MSBs. At end-2022, outstanding inclusive loans

to MSBs grew by 23.8 percent year-on-year to RMB23.8 trillion, covering 56.52 million MSBs, a year-on-year rise of 26.8 percent. In December 2022, the weighted average interest rate on newly issued inclusive MSB loans hit a historic low of 4.9 percent.

Strengthened financial support for sci-tech innovation and high-quality growth of the manufacturing sector

The PBOC launched central bank lending of RMB400 billion for sci-tech innovation, incentivizing banks to enhance financial support for sci-tech innovation enterprises, such as high-tech enterprises and SSDI enterprises. It also provided special central bank lending of more than RMB200 billion to support banks in providing preferential loans to 10 key areas in the manufacturing and social services industries for equipment upgrading. It continued to perform macroprudential assessment and review. In particular, it put in place a mechanism for 21 national banks to report the loans issued to support manufacturing sector and sci-tech innovation, a move to guide financial institutions to channel more credit resources to sci-tech innovation and manufacturing sector. Under the task force for expanding medium and long-term loans to manufacturing sector, the PBOC, together with the NDRC, pushed to banks the medium and long-term loan projects for 22 key areas in the manufacturing sector such as renovation and upgrading of traditional industries, and connected borrowers with banks, in a bid to address the difficulties banks had in approving and issuing loans. Along with the Ministry of Industry and Information Technology (MIIT) and the CBIRC, the PBOC also established a mechanism for notifying banks in time of the



financing needs of SSDI enterprises. At end-2022, outstanding medium and long-term loans to the manufacturing sector posted RMB9.47 trillion, up by 36.7 percent year-on-year. Specifically, those to the high-tech manufacturing rose by 37.3 percent to RMB2.03 trillion.

Made further headway in providing financial services for rural revitalization

The PBOC issued the *Opinions on Providing Financial Support for Advancing Rural Revitalization on All Fronts in 2022*, setting requirements on consolidating and expanding the achievements in poverty alleviation and advancing rural revitalization on all fronts. The requirements were centered on channeling more financial resources to the cornerstone of modern agriculture, improving financial services for rural development, enhancing basic financial services for rural areas, and intensifying assessment, coordination and publicity. It also published the *Work Plan for Expanding Current Investment in the Construction of Agricultural and Rural Infrastructure*, together with government agencies including the Ministry of Agriculture and Rural Affairs, with a view to innovating the investment and financing mechanism for agricultural and rural infrastructure, driving the linkage between government investment and social capital investment, and expanding long-term financing channels for agricultural and rural infrastructure construction. In addition, it enabled qualified financial institutions to issue special financial bonds for agriculture, rural areas and farmers, and guided the National Association of Financial Market Institutional Investors (NAFMII) to support qualified companies in issuing notes for rural revitalization, especially for industrial development and infrastructure construction

in the rural areas. At end-2022, outstanding agriculture-related loans reached RMB49.25 trillion, growing by 14.0 percent, 3.1 percentage points higher than the growth at end-2021. 126 companies issued RMB149.77 billion notes for rural revitalization. In 2022, financial institutions issued RMB36.45 billion special financial bonds to support agriculture, rural areas and farmers.

Ensured quality financial services for people's livelihoods

The PBOC issued the *Notice on Improving Financial Services for New Urban Residents* with the CBIRC to expand the provision of financial products and services and meet the financial needs of new urban residents, such as in starting a business and seeking jobs. Together with government agencies including the Ministry of Human Resources and Social Security and the MOF, the PBOC further implemented the collateralized entrepreneurship loan policy. Regions that met the conditions were able to expand coverage, increase the credit line, reduce interest rates, and optimize application procedures. This was an effort to better support key groups such as university graduates and returned migrant workers in seeking jobs and starting a business. At end-2022, outstanding collateralized entrepreneurship loans posted RMB267.9 billion, jumping by 14 percent year-on-year. Moreover, the PBOC issued the *Opinions on Regulating Non-Academic After-School Tutoring for Primary and Secondary School Students* with the Ministry of Education and other government agencies. It also published the *Notice on Ensuring Free Interest and Deferred Repayments of the Principal of National Student Loans in 2022* with four government agencies such as the MOF, aiming to reduce employment pressure

on graduates from financially challenged families through adjusting the interests on national student loans and other measures. At end-2022, outstanding student loans posted RMB178.6 billion, increasing by 21.6 percent year-on-year.

Enabled a smooth transition into a new development model for the real estate sector

The PBOC stayed committed to the principle that “housing is for living in, not for speculation”, and fully implemented the long-term mechanism for the real estate market. By implementing a city-specific housing credit policy, it lowered the actual interest rate and the ratio of down payment to better meet the rigid demand for housing and

the need to improve living conditions. With the *Notice on Providing Financial Support for the Stable and Healthy Development of the Real Estate Market*, the PBOC put real estate enterprises under the coverage of bond financing support instruments for private enterprises (the “second arrow”), to keep real estate financing stable and orderly. It also increased financial support to ensure timely delivery of presold homes, launched special loans, and introduced a loan support program for such efforts. It encouraged financial institutions to participate in the restructuring, mergers, and acquisitions of the real estate sector in line with market principles, and accelerated the market-oriented clearing of risks, so as to facilitate the smooth transition of the real estate sector to a new development model.

LEGAL AND LEGISLATIVE DEVELOPMENTS IN THE FINANCIAL SECTOR

In 2022, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and Xi Jinping Thought on the Rule of Law, the PBOC earnestly studied and implemented the guiding principles of the 20th National Congress of the CPC and the first plenary session of the 20th CPC Central Committee, and firmly implemented the decisions and deployment of the CPC Central Committee and the State Council, as well as work arrangements of the Financial Stability and Development Committee (FSDC) under the State Council. Great efforts were made to improve the law-based governance in the financial sector and law-based governance of the central bank. The PBOC provided strong support to the fight against financial risks, promoted the research on law-based governance in the financial sector and the popularization of laws and regulations, and was actively engaged in the global discussion of financial legal affairs, providing a solid legal basis for efficiently fulfilling central bank mandates and supporting high-quality economic development.

Made significant achievements in law-based governance in the financial sector

First, the PBOC witnessed great progress in legislation and law amendments that are of vital importance. After the first review by the 38th session of the 13th Standing Committee of the National People's Congress, the *Financial Stability Law (Draft)* was published for public comments. The amendment and formulation of the *Anti-Money Laundering Law*, the *Law on Commercial Banks*, and the *Provisions on Local Financial Supervision and Regulation* achieved preliminary outcomes. The PBOC continued to press ahead with the amendment and formulation of the *Law of the People's Republic of China on the People's Bank of China*, the *Insurance Law*, the *Trust Law*, and the *Provisions on Non-Bank Payment Institutions*. It

cooperated with the National People's Congress to introduce the *Futures and Derivatives Law* with chapters devoted to the regulation of derivatives trading. It also helped the National People's Congress amend the *Anti-Monopoly Law* and publish the *Law on Combating Telecom and Online Fraud*. Further, it helped drive key legislation and law amendments in the economic and financial fields, including the *Corporate Law*, the *Law on Banking Supervision and Regulation*, and the *Law on the Development of Social Credit System*.

Second, the PBOC formulated, reviewed, and streamlined various rules and normative documents, consolidating the institutional foundation for the central bank to fulfill its mandates. Throughout the year, it prepared and published four department rules and seven

LEGAL AND LEGISLATIVE DEVELOPMENTS IN THE FINANCIAL SECTOR

normative documents. The PBOC formulated the *Administrative Measures for Related-Party Transactions of Financial Holding Companies* and other regulations, constantly refining the prudential regulatory framework. It issued the *Notice on Supporting Cross-Border RMB Settlement for New Forms of Foreign Trade* to facilitate the development of new business forms. The *Interim Administrative Measures for Gold Leasing* and other documents were released, further standardizing the new areas and new business forms. While streamlining its rules and normative documents, the PBOC intensified management of these documents.

Enhanced the law-based governance of the central bank, with improved law-based administration

First, the PBOC advanced reforms to streamline administration, delegate power, improve regulation and upgrade services, and optimized the business environment. It enhanced the development of information technology for law-based governance and the functions of the “Internet + regulation” IT system. It also participated in developing rules for “Access to Financial Services”, an indicator under the World Bank’s new assessment system on business environment. It promoted the interconnectivity between the unified registration and publication system for movables financing and the registration system of automotive vehicles, vessels, and intellectual property rights in six pilot cities.

Second, the PBOC continued to refine the systems and mechanisms for law-based administration, further increasing the regulatory effectiveness. It developed a list on its roles

and responsibilities and modified the *Rules of the People’s Bank of China on Law Enforcement Inspection Procedures* and the *Rules of the People’s Bank of China on Administrative Penalty Procedures*, with the institutions for law enforcement improved.

Third, the PBOC coordinated law enforcement inspections with legal practices. It made about 730 penalty decisions against regulated institutions in 2022. While properly handling administrative reconsideration and administrative litigation, it also provided legal counseling services.

Prevented and defused financial risks according to the law and in an orderly manner

First, the PBOC promoted the prevention and defusing of financial risks through law-based governance. It developed a plan for the establishment of the Financial Stability Fund, with a view to providing legal support for the Fund to play its roles in financial risk resolution. It promoted the disposal of key high-risk institutions and the resolution of regional financial risks according to the law, and upheld the rule of law and market principles in carrying out its work.

Second, the PBOC intensified financial regulation of platform firms and fair competition among them. It ensured legal efforts for the rectification and regular regulation of Internet platform firms. It developed and refined the rules and regulations for financial segments and brought all financial activities of platform firms under regulation. It also intensified coordination of financial regulation with anti-monopoly efforts, in a bid to put in place institutions and systems for fair competition in the



financial markets.

Third, the PBOC continued to carry out special campaigns to prevent and crack down on transfers of illegal proceeds through offshore firms and underground banks. It developed the 2022 special action plan with the Ministry of Public Security (MPS) and the SAFE.

Opened a new chapter for studies on law-based governance and legal literacy

First, the studies on law-based governance in the financial sector were productive. The PBOC deep-dived into law-based governance, taking stock of and studying the priorities and difficulties in financial legislation, law-based administration, and legal practices around key law-based governance issues in the fulfillment of central bank mandates. The research efforts have produced positive results. In particular, the research on formulation of and amendments to the *Financial Stability Law*, the *Law on Commercial Banks*, the *Insurance Law*, and the *Provisions on Local Financial Supervision and Regulation* has achieved systematic impacts. The PBOC also edited and published the *Studies on Central Bank Law-Based Governance (2022)*, which contains 52

research reports.

Second, the PBOC firmly pushed for legal literacy in the financial sector. It carried out literacy campaigns on financial laws, and organized in-depth studies on and publicity of Xi Jinping Thought on the Rule of Law. While implementing the Eighth Five-Year Plan for raising public legal literacy, it organized legal literacy campaigns such as National Security Education Day and Constitution Week, innovated the forms of such legal literacy campaigns, and created a favorable environment for respecting, studying, complying with, and applying laws.

Participated in legal practices for global finance

The PBOC joined the UNIDROIT Working Group on Bank Insolvency to develop the legislative guide on bank liquidation, and the legal task force on climate-related litigation of the Central Banks and Supervisors Network for Greening the Financial System (NGFS). These were part of the efforts to handle legal affairs in international financial cooperation and global economic governance.

Box

Significant Progress Achieved in Legislating for Financial Stability

According to the Report to the 20th National Congress of the CPC and the Central Economic Work Conference, the system for ensuring financial stability needs to be enhanced, and the ability to respond to and resolve major risks needs to be strengthened. Since March 2021, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the PBOC, together with the NDRC, the Ministry of Justice (MOJ), the MOF, the CBIRC, the China Securities Regulatory Commission (CSRC), and the SAFE, has resolutely implemented the decisions and deployment of the CPC Central Committee and the State Council, adhered to making laws in a scientific, democratic and lawful manner, and taken proper inputs from all stakeholders to push for legislation on financial stability. In December 2022, the *Financial Stability Law (Draft)* was reviewed for the first time at the 38th session of the 13th Standing Committee of the National People's Congress, and was published for public comments.

The highlights of the *Financial Stability Law* are as follows: first, it has strengthened the CPC's centralized and unified leadership in financial work for the mutual enhancement of high-quality economic growth and effective response to financial risks. Second, it takes

a problem-oriented and holistic perspective to meliorate the end-to-end and full-chain institutional arrangements for the prevention, defusing and resolution of financial risks, in an effort to identify, correct and resolve risks as early as possible. Third, it adopts a market-oriented and law-based approach to enhance the accountability of financial institutions, financial management authorities under the State Council and local governments in risk resolution, and gives play to the roles of deposit insurance fund managers and industry guarantee fund managers in risk resolution in a market-based manner, in a bid to defuse and resolve financial risks in time. Fourth, it supports the alignment of powers with responsibilities and properly defines roles and responsibilities, while strengthening coordination and cooperation between government authorities and local governments to forge synergies in maintaining financial stability.

With the prevention of systemic financial risks as its fundamental purpose, the *Financial Stability Law* has been designed to improve the long-term mechanism for maintaining financial stability and enhance law-based protection of financial development and security, based on a whole series of institutional arrangements ranging from ex-



ante prevention and ongoing defusing to ex-post resolution of financial risks. The law is conducive to enhancing the soundness of the financial system, increasing the effectiveness of financial support for the real economy, strengthening the ability to respond to and resolve major risks, and ultimately promoting the healthy and sustainable development of China's economy.

Going forward, the PBOC will resolutely follow the guiding principles for institutional reforms of the Party and the state to

further advance the legislative agenda. While ensuring the legislation on financial stability, it will speed up revisions to relevant laws such as the *Law of the People's Republic of China on the People's Bank of China*, the *Law on Commercial Banks*, and the *Insurance Law*, which have distinctive focuses, so that they can complement the *Financial Stability Law* to function as an organic whole and give full play to the rule of law in consolidating foundations, stabilizing expectations, and delivering long-term benefits.

FINANCIAL STABILITY

In 2022, faced with momentous changes unseen in a century, compounded by the once-in-a-century pandemic, the PBOC followed the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and resolutely implemented the decisions and deployment of the CPC Central Committee and the State Council. It took the initiative and acted early on, warned of and defused risks and hidden threats in time, and resolved major risks prudently. Furthermore, it continued to deepen the financial reform. As a result, it defended the bottom line whereby no systemic risks arose.

Pushed forward the disposal of key risks

Following the market-oriented and law-based principle, the PBOC disposed of a number of key high-risk enterprise groups, such as “Mingtian Group” “Anbang Group”, and “CEFC China Group”, as well as “Founder Group”, “HNA Group”, and “Zhongwang Group”. It prompted the Bank of Jinzhou to deepen reforms and consolidate achievements in risk mitigation, and handled properly the risk events of village and township banks in Henan province. It also pressed ahead with the risk resolution of Liaoyang Rural Commercial Bank in Liaoning province. The bank and the Taizihe Village Bank initiated by the bank have gone into bankruptcy proceedings.

Defused risks in key business areas in a category-based and well-organized approach

The campaign to rectify risks in Internet finance came to an end, phasing out approximately

5 000 P2P online lenders. The PBOC urged 14 major platform firms to rectify their financial business, and brought their financial activities under regulation in accordance with the law. With their rectifications mostly completed, an institutional framework took shape for the regular regulation of financial activities of platform firms. Further, it pushed for the proper resolution of risks associated with financial assets exchanges and “pseudo financial assets exchanges”, and prudent handling of financial irregularities of third-party wealth managers. Thanks to its efforts, the rectification of third-party Internet platforms’ deposit business delivered desired outcomes.

Promoted the healthy development of the asset management industry further

The year 2022 witnessed the official implementation of the new asset management regulation. Based on the liaison and coordination mechanism for asset management, the PBOC steadily improved the standards and regulations



for the asset management industry, and promoted the sound development of the asset management business of financial institutions. On the whole, the asset management industry achieved healthy and stable development in the year. With the continuous improvement of major risk indicators and liquidity indicators such as the average leverage ratio of asset management products, the financial sector became increasingly resilient. As the proportion of asset management products sold and managed based on net asset value (NAV) rose, the asset management business gradually resumed its original function of direct financing, providing a high level of support for the real economy.

Advanced reforms in the financial sector further

The PBOC continued to advance the reform of separating the policy activities of policy and development banks from their commercial business. In addition to revising the *Notice on Regulating Interbank Business of Financial Institutions*, it urged and guided institutions facing risks in the interbank business to mitigate risks, in a bid to reduce the negative impact on the market. In collaboration with the CBIRC, the PBOC released the *Notice on Issues Concerning the Issuance of Total Loss-Absorbing Capacity Eligible Non-Capital Bonds by Global Systemically Important Banks*, in an effort to improve China's institutional framework for the supervision and risk resolution of global SIBs, and to enhance the capacity to prevent and resolve systemic risks in the financial sector.

Further enhanced the financial stability protection system

First, the PBOC drove the establishment of the

Financial Stability Fund. The Financial Stability Fund serves as a fund under the management of the Central Government to tackle major financial risks. It runs in parallel and collaborates with the deposit insurance fund and relevant industry guarantee funds, which jointly function as an integral part of China's financial safety net. For regular financial risk resolution, the deposit insurance fund and relevant industry guarantee funds will be used according to the law and their responsibilities, without using the Financial Stability Fund. In resolving major financial risks, financial institutions, shareholders and actual controllers, the deposit insurance fund, and relevant industry guarantee funds should invest corresponding resources in accordance with the law and their responsibilities. When financial risks seriously endanger financial stability, the Financial Stability Fund can be used in line with the requirements upon approval. Second, the PBOC enhanced the deposit insurance system. It stepped up the regular publicity of deposit insurance, effectively preventing and controlling the risk of bank runs. It continued to adopt the differential risk-based premium to incentivize banks to operate prudentially. Further, it promoted early corrections, enabling risks to be identified, warned of, corrected, and resolved early on. The PBOC also played the role of the resolution platform in a market-oriented and law-based manner to address risks in key regions and institutions. Third, the PBOC improved the financial risk resolution mechanism. Based on the good practices and lessons drawn from preventing and defusing major financial risks, it formulated the *Financial Stability Law* upon research. In December 2022, the Standing Committee of the National People's Congress reviewed the *Financial Stability Law (Draft)* for the first time and solicited public comments.

Improved the early warning, monitoring and assessment mechanism for systemic financial risks

First, the PBOC built and improved the monitoring and assessment framework for financial stability. It continued to improve the monitoring and assessment of risks in the banking, securities and insurance sectors as well as financial market, and published the *China Financial Stability Report (2022)* and *Regional Financial Stability Report of China (2022)*. Second, the PBOC improved the central bank rating, bank risk monitoring and early warning, and built a tiered management framework. It regularly performed the central bank rating of more than 4 000 financial institutions across the country. It provided early warnings for institutions of rankings 1–7 regularly, and divided high-risk institutions of rankings 8–10 into new ones and existing ones, with measures adopted to reduce the number of high-risk institutions. Third, the PBOC enhanced the risk monitoring and early warning system for non-banking financial institutions, cross financial business and financial markets. It organized on-site soundness assessment of securities, insurance, and trust companies. It also built a risk monitoring and assessment system for cross financial business represented by asset management products. By leveraging the instruments of financial market stress index and stress test for equity pledge financing risks, it kept close watch over capital market risks and cross-market risks. Fourth, the PBOC refined the stress test framework. Throughout the year, it organized stress tests on more than 4 000 banks across China and warned of risks in time. It also organized domestic SIBs to carry out the climate

risk stress tests, so as to raise the awareness and build the capabilities of the banking industry to manage and cope with climate risks. Fifth, the PBOC improved the monitoring, early warning, and resolution systems against financial risks, based on the structure and evolution of the financial markets. While monitoring and warning of traditional financial risks chiefly associated with credit assets, it enhanced the monitoring, early warning, and resolution systems for new type of financial risks chiefly related to non-credit assets, new type of financial institutions, and financial market products, as well as risks associated with fintech innovation.

Actively participated in international cooperation on financial stability

With a global vision, the PBOC followed the regulatory reforms of global economic and financial system, and increased multilateral and bilateral communication on financial stability. It actively participated in the endeavors of international organizations such as the Financial Stability Board (FSB), the Basel Committee on Banking Supervision (BCBS), the IMF, the Executives' Meeting of the East Asia-Pacific Central Banks (EMEAP), and the NGFS. It provided China's recommendations for such topics as COVID-19 impact and policy response, Russia-Ukraine conflict, regulation of crypto-assets, and climate risks. In addition, it actively promoted the setting and implementing of international standards for financial regulatory reforms, risk resolution, and climate-related financial risks, increasing China's voice in international financial rule-making.

FINANCIAL MARKET

Performance of the money market

The volume of trading increased. The cumulative trading volume of the interbank money market posted RMB1 526.98 trillion in 2022, surging by 31.18 percent from the previous year. Among this, trading on the interbank funding market increased by 23.56 percent year-on-year to RMB146.83 trillion, trading on the pledged repo market jumped by 32.11 percent to RMB1 374.58 trillion, and outright repo market trading climbed by 17.5 percent to RMB5.57 trillion.

Short-term trading still dominated the money market. 7-day and shorter-term trading accounted for 96.79 percent of the total, up by 0.27 percentage point over 2021. Among this, overnight funding took up 86.40 percent, up by 1.12 percentage points over 2021, while the share of 7-day funding fell by 0.86 percentage point to 10.38 percent.

The interest rate dropped across the board. The PBOC kept liquidity in the banking system abundant at a reasonable level through RRR and interest rate cuts, MLF, reverse repos (the central bank provides liquidity), and other monetary policy instruments. As a result, the overall level of interest rates moved downward. In particular, the annual weighted average rates on interbank funding, pledged repos, and outright repos were 1.55 percent, 1.58 percent, and 1.55 percent respectively, down by 49 bps, 50 bps, and 56 bps. At end-2022, the weighted average 7-day interbank offered rate (IBO007) and the

weighted average rate on 7-day pledged repos by depository institutions (DR007) were 2.42 percent and 2.36 percent respectively, dropping by 5 bps and climbing by 7 bps from the previous year.

Large Chinese banks were the major fund providers. During the year, large commercial banks, policy banks, and joint-stock commercial banks were the biggest fund providers on the money market, with a net lending of RMB483.77 trillion, RMB135.19 trillion, and RMB118.57 trillion respectively, accounting for 64.87 percent, 18.13 percent, and 15.90 percent of the total net lending. Fund managers, securities companies, and separate account products for funds were the major borrowers, with a respective net borrowing of RMB231.40 trillion, RMB219.69 trillion, and RMB76.45 trillion, representing 31.03 percent, 29.46 percent, and 10.25 percent of the total net borrowing.

Performance of the bond market

The bond market maintained stable growth. In 2022, the bond market saw a total issuance of RMB61.9 trillion bonds, basically the same as the previous year. Specifically, the issuance of central government bonds, local government bonds, financial bonds, corporate debenture bonds, credit asset-backed securities, and interbank negotiable certificates of deposit reached RMB9.6 trillion, RMB7.4 trillion, RMB9.8 trillion, RMB13.8 trillion, RMB334.54 billion, and RMB20.5 trillion respectively. As of year-end, outstanding bonds under custody on the bond

market increased by RMB11.3 trillion year-on-year to RMB144.8 trillion, including RMB125.3 trillion on the interbank bond market, which accounted for 86.5 percent of the total, and RMB19.5 trillion on the exchange-traded bond market.

The volume of cash bond trade increased. Cash bond trade on the interbank market increased by 26.5 percent from a year earlier to RMB271.2 trillion, averaging RMB1 089.3 billion per day. The turnover of most transactions was between RMB5 million and RMB50 million or above RMB90 million. The average turnover per trade was RMB50.17 million. Cash bond trade on the exchange-traded bond market increased by 31.8 percent year-on-year to RMB38.1 trillion, averaging RMB157.49 billion per day. A total of 1.684 million transactions were done over the counter, with a total turnover of RMB213.45 billion.

Bond lending surged by 58.3 percent from the previous year to RMB16.1 trillion. City commercial banks, rural commercial banks and rural cooperative banks, and securities companies were the top three players, with their combined trading value representing 71.8 percent of the total. By the type of bonds, policy financial bonds, central government bonds, and local government bonds combined accounted for 99.7 percent of the total. Securities companies, joint-stock commercial banks, and rural commercial banks and rural cooperative banks were the major borrowers, while city commercial banks, rural commercial banks, rural cooperative banks, and joint-stock commercial banks were the main lenders. A total of 679 institutions participated in bond lending in 2022, 155 more than that in 2021.

The short end of the bond yield curve moved downwards, while the long end went up. At end-2022, the yields on 1-year and 10-year government bonds were 2.10 percent and 2.48 percent respectively, sliding by 15 bps and rising by 6 bps compared with end-2021. From January to October, due to the grim challenges of COVID-19, coupled with the weak real estate cycle, the fundamentals were not solid, which dragged down government bond yields. From November to the end of the year, as optimized COVID-19 response and policies to stabilize the real estate market reversed bond market expectations, coupled with the impact of wealth management product redemption, government bond yields surged.

The opening-up of the bond market saw steady and orderly progress. As of end-2022, overseas institutions held RMB3.5 trillion, or 2.4 percent, of the outstanding bonds under custody on China's bond market. Specifically, their holdings on the interbank bond market amounted to RMB3.4 trillion. By bond type, overseas institutions held RMB2.3 trillion government bonds and RMB0.7 trillion policy financial bonds, which accounted for 67.7 percent and 22.0 percent of their total bond holdings.

The number of investors on the bond market continued to grow. As of end-2022, by legal person status, there were a total of 2 172 holders of debt financing instruments issued by non-financial enterprises. By the size of bond holdings, the top 50 investors, which mainly included public equity funds, large state-owned commercial banks, and securities companies, held 51.9 percent of the total, while the top 200 investors held 82 percent. The biggest, smallest, average, and median number of holders of a



single non-financial enterprise debt financing instrument was 65, 1, 12, and 11 respectively, while 91 percent of non-financial enterprise debt financing instruments were held by fewer than 20 investors. In 2022, the top 50 investors by the trading volume of non-financial enterprise debt financing instruments conducted 49.7 percent of the transactions. They mainly included securities companies, joint-stock commercial banks, and city commercial banks. Transactions by the top 200 investors accounted for 83.1 percent.

Performance of the financial derivatives market

Interest rate swap transactions remained stable. The number of transactions on RMB interest rate swap market amounted to 244 000, with a total notional principal of around RMB21 trillion, basically the same as that in the previous year. By term structure, 1-year and shorter-term transactions were the most active, and their notional principal totaled about RMB14.2 trillion, accounting for around 67.7 percent of the total. By reference rates, the 7-day fixed repo rate and the Shibor served as the reference rates for the floating leg of RMB interest rate swaps. The notional principal of swaps using these two rates as a reference accounted for 89.3 percent and 9.7 percent of the total respectively. In 2022, interest rate swaps anchored to the LPR witnessed 834 transactions, with a total notional principal of around RMB124.04 billion.

Interest rate options and standard bond forwards developed at a steady pace. 525 deals of interest rate options were concluded, with the notional principal approximating RMB71.8 billion. Specifically, there were 6 deals of interest rate swaptions, with a notional principal of about

RMB1.7 billion, and 519 deals of interest rate caps and floors, with a notional principal of about RMB70.1 billion. 2 910 deals of standard bond forwards were concluded, with a notional principal of about RMB260 billion.

The trading of credit risk mitigation instruments stayed generally stable. In the year, 338 transactions with a total notional principal of RMB53.06 billion were concluded on the interbank market, up by 42 percent and 42.8 percent year-on-year respectively. By the type of products, credit risk mitigation warrant (CRMW) was the dominant instrument. Throughout the year, 178 CRMWs were created with a total value of RMB26.805 billion. By term structure, the maturity of CRMWs was largely consistent with the remaining maturity of underlying bonds, and was mostly less than one year, which accounted for about 43.3 percent of the total. In terms of reference underlying bonds, the reference entities of CRMWs were mainly assigned AA and AA+ ratings. The underlying bonds were mostly non-financial enterprise debt financing instruments, and included panda bonds for the first time in 2022. The reference bonds for credit risk mitigation agreements (CRMAs) were more diversified and included perpetual bonds issued by domestic banks, dim sum bonds issued by overseas financial institutions, panda bonds, and other debentures issued domestically.

Performance of the foreign exchange market

Trading on the RMB/foreign exchange (FX) market reached USD34.50 trillion in 2022 with an average daily trading of USD142.562 billion. In particular, transactions between banks and their

clients and those on the interbank FX market stood at USD5.76 trillion and USD28.74 trillion respectively.

Trading on the spot FX market dwindled. In 2022, cumulative trading on the spot market reached USD12.59 trillion, a year-on-year decrease of 11.46 percent. Specifically, spot FX purchases and sales between banks and their clients (excluding delivery of forward contracts) amounted to USD4.25 trillion, rising by 0.70 percent over 2021, while cumulative spot trade on the interbank FX market stood at USD8.34 trillion, sliding by 16.59 percent from 2021.

Trading of FX forwards grew fast. In 2022, the trading of FX forwards totaled USD1.06 trillion, up by 13.59 percent year-on-year. In terms of market distribution, FX purchases and sales forward contracts between banks and their clients posted USD927.487 billion, up by 12.83 percent year-on-year, of which forward FX purchases from and sales to clients declined by 3.18 percent and climbed by 34.08 percent respectively. Cumulative trading of FX forwards on the interbank market jumped by 19.32 percent to USD129.920 billion.

Trading of FX and currency swaps fell slightly. The cumulative trading of FX and currency swaps dropped by 4.73 percent from 2021 to USD19.51 trillion in 2022. In terms of market distribution, trading of FX and currency swaps between banks and clients posted USD171.930 billion, up by 26.73 percent year-on-year. Spot purchases/forward sales and spot sales/forward purchases reached USD144.444 billion and USD27.486 billion respectively, up by 34.68 percent and down by 3.29 percent. Trading of FX and currency swaps on the interbank market

stood at USD19.34 trillion, decreasing by 4.94 percent year-on-year.

Trading on the FX options market grew steadily. In 2022, trading of FX options rose by 8.37 percent year-on-year to USD1.34 trillion. By launching ordinary American options and Asian options, the PBOC further diversified the trading instruments to meet the flexible and diverse needs for FX hedging. In terms of market distribution, cumulative trading between banks and clients rose by 20.51 percent year-on-year to USD415.33 billion, while that on the interbank FX options market registered USD926.39 billion cumulatively, rising by 3.69 percent year-on-year.

Performance of the gold market

The gold market remained generally stable, with gold prices edging up. At end-2022, the Shanghai Gold Exchange (SGE) Au9999 closed at RMB410.49 per gram, jumping by 9.8 percent year-on-year. The SGE saw a rise in trading in 2022, with the trading volume climbing by 11.31 percent year-on-year to 38 800 tons and the turnover hitting RMB15.18 trillion, up by 16.04 percent.

Financial market institution building and policy measures

Institutional arrangements for bond lending were improved. The PBOC released the *Measures for the Administration of Bond Lending on the Interbank Bond Market*, to standardize the bond lending business on the interbank bond market, meet market participants' diverse trading needs, enhance market makers' position management capabilities, and increase the liquidity on the



interbank bond market.

Institutional arrangements for the commercial paper market was enhanced. Together with the CBIRC, the PBOC revised and released the *Measures for the Administration of Acceptance, Discount, and Central Bank Discount of Commercial Drafts* to standardize the acceptance, discount and central bank discount of commercial drafts, and boost the healthy development of the commercial paper market.

Financial bonds issued by commercial banks were diversified. The PBOC and CBIRC jointly released the *Notice on Issues Concerning the Issuance of Total Loss-Absorbing Capacity Eligible Non-Capital Bonds by Global Systemically Important Banks*, specifying core elements of and regulations on the issuance of total loss-absorbing capacity eligible non-capital bonds. The *Notice* provides the basis for the orderly issuance of the said bonds by global SIBs.

The mechanism for capital replenishment by insurance companies was improved. Together with the CBIRC, the PBOC released the *Notice on Issues Concerning the Issuance of Undated Capital Bonds by Insurance Companies*, allowing insurance companies to replenish core tier-2 capital by issuing undated capital bonds. The

PBOC regulates the outstanding balance of capital replenishment bonds issued by insurance companies, including undated capital bonds.

The PBOC promoted the high-quality opening-up of the bond market. In May 2022, the PBOC, the CSRC, and the SAFE jointly released an announcement titled the *Issues Concerning Further Facilitating Investment in China's Bond Market by Overseas Institutional Investors*. Based on the principle of "one set of rules for one bond market", they further unified and improved relevant policy requirements to make it more convenient for overseas institutional investors to invest in China's bond market.

Innovation of financial market mechanisms was advanced continuously. On July 4, 2022, the PBOC, the Securities and Futures Commission of Hong Kong, and the Hong Kong Monetary Authority (HKMA) jointly announced the launch of Swap Connect. Leveraging on the infrastructure connectivity between the mainland and Hong Kong, the Swap Connect is designed to facilitate overseas investors' participation in RMB interest rate swaps and centralized clearing in the mainland, which will not only help investors manage interest rate risks, but also consolidate Hong Kong's position as an international financial center.

INTERNATIONAL USE OF THE RMB

In 2022, following the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and the decisions and deployment of the CPC Central Committee and the State Council, the PBOC acted on the general principle of pursuing progress while ensuring stability, remained committed to reform and opening-up, and strove for mutually beneficial cooperation. It pushed for the opening-up of the financial markets, optimized policies for the cross-border RMB business, and promoted trade and investment facilitation. Thanks to these efforts, further headway was made in the international use of the RMB.

Stayed focused on promoting trade and investment facilitation and supporting the real economy

With supporting the real economy and improving trade and investment facilitation as its priorities, the PBOC continued to reinforce the institutional foundation for cross-border RMB business and advanced RMB settlements in cross-border trade and investment. While supporting the development of new forms of foreign trade, it gave further play to the role of cross-border RMB settlements in supporting the real economy and promoting trade and investment facilitation. To promote local and foreign currency integration, it introduced along with the SAFE a number of policies on new type of offshore trade, overseas lending by domestic banks, and cash pooling for local and foreign currency integration. It facilitated the wider cross-border use of the RMB, especially by key enterprises in China including central state-owned enterprises, in key sectors such as commodity, and in key regions

including ASEAN. It guided commercial banks to streamline business process and provide high-quality cross-border RMB financial services, in a bid to improve market participants' efficiency in fund settlement. It rolled out policies together with other authorities such as the MOFCOM to encourage foreign trade companies to avoid exchange rate fluctuations by using the RMB to settle trade, strengthen their capacity for exchange rate risk management, and pursue sound business operation.

In 2022, the amount of cross-border RMB settlements by domestic banks on behalf of their clients reached a record high of RMB42.15 trillion, up by 15 percent year-on-year. In particular, cross-border RMB settlements of trade in goods and direct investment accounted for 18 percent and 69 percent, respectively, of the total cross-border settlements in RMB and foreign currencies, the highest level in recent years.



Further opened up the financial markets to facilitate the holding and allocation of RMB assets by foreign entities

The PBOC launched and optimized channels for financial market connectivity, including Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, Mutual Recognition of Funds, Bond Connect, Shanghai-London Stock Connect, and Cross-Boundary Wealth Management Connect, and refined the policy framework for managing qualified investors. In 2022, the PBOC and the SAFE released new regulations on panda bonds and investment in domestic bond markets by foreign investors, and unified fund management rules for interbank and exchange-traded bond markets. With RMB bonds included in the three major international bond indexes, foreign holdings of RMB assets grew steadily.

At end-2022, the balance of foreign holdings of RMB financial assets in China, such as stocks, bonds, loans, and deposits totaled RMB9.62 trillion, of which stock and bond holdings amounted to RMB3.20 trillion and RMB3.46 trillion respectively. According to the IMF's data on the currency composition of official foreign exchange reserves (COFER), RMB reserve assets hit USD298.4 billion, accounting for 2.69 percent, up by 1.62 percentage points over 2016 when the RMB was included in the SDR basket, and making the RMB the fifth largest reserve currency. Incomplete statistics showed that over 80 overseas central banks or monetary authorities had included the RMB in their FX reserves.

Advanced currency cooperation and supported the development of offshore RMB markets

In July 2022, the PBOC and the HKMA signed a standing swap agreement, upgrading the currency swap arrangement established by the two sides since 2009 to a standing one and expanding the size of the arrangement to RMB800 billion. It was the first standing currency swap agreement signed by the PBOC. In 2022, the PBOC renewed bilateral currency swap agreements with 7 central banks or monetary authorities, including the central banks of Indonesia, Albania, Turkey and Hungary, the European Central Bank (ECB), and the monetary authorities of Singapore and Macao. As of end-2022, the PBOC had signed bilateral currency swap agreements with central banks or monetary authorities in 40 countries and regions. The BIS survey of October 2022 showed that the share of the RMB in global FX trading rose from 4.3 percent to 7 percent from 2019 to 2022. With its ranking rising from the eighth to the fifth, the RMB witnessed the fastest growth. This points to the endogenous growth of currency exchange and risk management needs derived from foreign RMB holdings.

Improved the infrastructure for international use of the RMB and further streamlined RMB clearing channels

The PBOC optimized the overseas presence of RMB clearing banks, making them key nodes of global RMB clearing network. In 2022, it designated the clearing banks in Laos,

INTERNATIONAL USE OF THE RMB

Kazakhstan, and Pakistan. By the end of the year, it had designated 30 RMB clearing banks in 28 countries and regions, covering major international financial centers around the world. It supported the further functional enhancement and service capability improvement of the RMB

Cross-Border Interbank Payment System (CIPS) to increase the efficiency of cross-border and offshore RMB clearing. In addition, it advanced the development of the second-generation RMB Cross-Border Payment Management Information System (RCPMIS).

FOREIGN EXCHANGE ADMINISTRATION

Promoted further development and high-level opening-up of the foreign exchange market

The PBOC released the *Notice on Relevant Measures for Further Encouraging the Foreign Exchange Market to Support the Real Economy* and Q&A on policies, diversified foreign exchange market products, expanded the scope of cooperative foreign exchange derivatives business, improved foreign exchange market infrastructure, and supported banks in managing their own exchange rate risks. It extended the interbank foreign exchange market's trading hours, expanded the depth and breadth of domestic foreign exchange market, and provided global investors with more facilitation measures. In addition to optimizing the exchange rate risk management policy for foreign institutional investors participating in China's bond market, the PBOC also expanded their foreign exchange hedging channels. It enhanced regulation of the foreign exchange market, continued to conduct training and capacity building on foreign exchange market regulation, and explored the assessment of financial institutions' foreign exchange trading activities. The PBOC also supported and guided China Foreign Exchange Market Self-Regulatory Framework, so as to better leverage its role in self-disciplinary management.

Promoted trade and investment facilitation

First, the PBOC carried out the pilot programs on high-level opening-up of cross-border trade and investment in four places, including the Lingang Special Area of China (Shanghai) Pilot Free Trade Zone. By taking current account facilitation measures, such as facilitating fund receipts and payments under the current account for high-quality enterprises, supporting banks to optimize international settlements for new forms of international trade, facilitating procedures for current account netting settlement, and canceling the registration requirement for special foreign exchange refunds for trade in goods, it gave banks more autonomy, streamlined processes, and reduced the costs associated with trade-related foreign exchange settlements. The pilot programs involved more than 60 000 transactions under the current account totaling more than USD50 billion throughout the year. Second, the PBOC promoted the implementation of policies for facilitating foreign exchange receipts and payments in trade for high-quality enterprises in 10 places successively, such as Dalian, Inner Mongolia, and Xizang, enabling nationwide coverage of the policy. The PBOC further improved the above policy, widened the scope of facilitation services, and brought benefits to more high-quality small

and medium-sized enterprises (SMEs). The foreign exchange receipts and payments facilitation services provided for high-quality enterprises involved an amount of USD600 billion in 2022. Third, the PBOC streamlined fund receipts and payments for new forms and new patterns of trade. Together with the MOFCOM and other authorities, the SAFE rolled out the pilot programs on market procurement trade in 8 places, including Tianjin Wanglanzhuang International Trade City and Hebei Tangshan International Trade Exchange Center, enabling purchasers filed at the network information platform to receive and sell foreign exchange online and by themselves. As a result, micro, small, and medium-sized merchants witnessed higher settlement efficiency. Four banks and payment institutions were newly authorized to conduct cross-border e-commerce foreign exchange business based on electronic information of transactions, thus expanding the scope of fund settlement services and meeting the diverse needs of market players. In addition, the PBOC further promoted and implemented the support policies for developing new types of offshore international trade. The requirements of bank review and business operations have been refined through training and case sharing to better support the optimization of industrial and supply chains in the manufacturing sector and the innovative development of the real economy. Fourth, the PBOC made it easier for individuals to buy and sell foreign exchange. It optimized the procedures for purchasing and paying foreign exchange related to lawful incomes, such as remunerations for talents. It has also reduced the required documents, which ensured the real and lawful use of foreign exchange by talents and promoted the two-way personnel exchanges under the new pattern of development which

is focused on the domestic economy and features positive interplay between domestic and international economic flows. The PBOC improved the online review system for personal foreign exchange business, and supported eligible banks to verify the authenticity of trading documents through electronic channels and to handle foreign exchange purchases and sales under the current account for individuals, which has facilitated the day-to-day use of foreign exchange and banking services for residents.

Guarded against the risk of cross-border flow of funds

First, the PBOC optimized the monitoring of cross-border funds, imports, and exports under the current account, and improved the monthly report mechanism for regular monitoring. It kept a close watch on global economic and financial developments, and conducted targeted researches on key areas and businesses to ensure effective macro risk monitoring and early warning. Second, the PBOC enhanced its capacity for off-site supervision, with focus on risks stemming from key entities and major channels. It strengthened the analysis of ex-ante, ongoing, and ex-post correlations of cross-border transactions. By doing so, it enhanced the accuracy of foreign exchange transactions monitoring and verification under the current account. 3 490 enterprises were downgraded, 2 330 enterprises were removed from the directory of registered enterprises, and 976 individuals were put on the watch list in 2022. Third, the PBOC deepened cross-department cooperation on sharing and managing abnormal information, to strengthen abnormal risk alert and joint punishment of violations.



Continued to deepen reform to advance the high-level opening-up of the capital account

First, the PBOC launched pilot programs for the high-level opening-up of the capital account in four places, including the Lin-gang Special Area of China (Shanghai) Pilot Free Trade Zone, the Nansha New Area of China (Guangdong) Pilot Free Trade Zone, the Yangpu Economic Development Zone of Hainan Free Trade Port, and the Beilun District of Ningbo in Zhejiang province, laying a solid foundation for advancing the capital account reform and building a new system for higher standard open economy. Second, the PBOC established a complementary cash pooling policy framework for integrating local and foreign currency management for multinationals. It expanded the pilot cash pooling program from 10 enterprises in 2 places to another 40 enterprises in 8 places during the second round, in a move to optimize and upgrade the policy for centralized operation and management of cross-border funds for multinational companies. Third, the PBOC deepened the cross-border claim-debt management reform. An integrated framework was established for banks' overseas lending in RMB and foreign currencies, to regulate their overseas lending practices and promote the integration of local and foreign currency policies on cross-border transfer of credit assets. Fourth, the PBOC consistently improved the quality and effectiveness of two-way opening-up of financial markets. The PBOC, along with relevant authorities, jointly issued the announcements on further facilitating foreign investors' investment in the China's bond market as well as regulations on funds, in a move to unify the access standards for both the interbank and exchange-traded

bond markets, streamline market entry process, and improve cross-border funds management. It issued funds management regulations for the issuance of bonds by overseas institutions, to converge funds management rules for overseas institutions issuing bonds in the interbank and exchange-traded bond markets, and to optimize account management and foreign currency exchange administration. It also improved the quota allocation rules for Qualified Domestic Institutional Investors (QDII), and strengthened institution building and standards. In 2022, QDIIs were granted a total quota of USD2.21 billion. Additionally, it promoted the delegation of funds registration of Qualified Foreign Institutional Investors (QFII) and RMB Qualified Foreign Institutional Investors (RQFII) in domestic securities and futures investments to banks.

Improved management and promoted facilitation to support macroeconomic stability

First, the PBOC continued to facilitate cross-border financing. In April, it introduced 23 financial policies and measures, including facilitating external debt borrowing by enterprises, and sharing of one account for multiple external debts. In May, it implemented a host of policies and measures outlined by the State Council to stabilize the economy, included SSDI SMEs in the pilot program for cross-border financing facilitation, and expanded the pilot program to 17 places, including Tianjin and Shanghai. With 80 percent of high-tech enterprises and SSDI enterprises included, the quota for the pilot program was also raised. Second, the PBOC refined cross-border investment facilitation policy. It optimized the facilitation policy for payments with foreign currency gains under

the capital account, clarified the criteria for determining liability as well as the circumstances of due diligence exemption, and improved ex-post spot checks. It properly expanded the scope of fund use under the capital account to meet companies' needs for maintaining the value of money. Third, the PBOC enhanced capability to facilitate cross-border service. It developed the policy to make all-around progress in promoting digital services under the capital account and approved four banks to carry out a pilot program for digital services to help companies reduce costs. It also conducted a pilot program for FX sales and purchases by securities companies in a well-sequenced manner, and clearly spelt out the principles for managing account opening and fund transfers. Fourth, the PBOC addressed the last-mile challenges in policy implementation. It conducted field investigations and trips to pinpoint the bottlenecks in implementing facilitation policies and urged banks to take corrective actions. In the meantime, it leveraged the role of media, including China Central Television and newspapers, to publicize policies on enhancing investment and financing facilitation, new measures for helping distressed enterprises, and efforts to advance financial opening-up. Fifth, the PBOC explored policy tools that can further advance facilitation reform. It conducted researches on foreign exchange management for reinvestment in China, external debt registration, cross-border securities investment, and integration of local and foreign currency under the capital account, and proposed ways to optimize these policies.

Continued to improve the management of foreign exchange reserves

First, the PBOC closely followed and assessed

global political and economic developments. It proactively addressed the challenges such as the Russia-Ukraine conflict, global high inflation unseen in 40 years, rapid and aggressive interest rate hikes by major central banks, unprecedented volatility in global financial markets, and persistent impact of COVID-19. It optimized the currency composition and asset structure in time, advanced high-quality and diversified asset allocation, and kept expanding the risk management toolkit. These efforts ensured the safety, liquidity, and value preservation and increase of foreign exchange reserves. China's foreign exchange reserves remained basically stable and reached USD3.1277 trillion at end-2022. Second, the PBOC was committed to supporting national strategies in line with commercial principles. While pursuing progress amid stability, it expanded channels for the diversified use of foreign exchange reserves, took effective measures to forestall risks, performed its duty as a shareholder, and promoted compliant and sound operations of equity investment institutions. Third, the PBOC strengthened the global perspective in reserve management, and optimized global integrated operational arrangements. It consistently improved internal management and talent development, which bolstered the foundation for high-quality development of foreign exchange reserves.

Effectively maintained the order of foreign exchange market

The PBOC maintained a tough stance and cracked down on illegal cross-border financial activities, such as underground banks, cross-border gambling, and export tax fraud. It organized special inspections of financial



institutions, strengthened the capacity for off-site inspections, and enhanced law-based administration. 1 005 cases of violations of foreign exchange regulations were investigated, with over RMB1 billion fined and confiscated.

Specifically, 560 counterparty cases of underground banks were uncovered, with RMB640 million fined and confiscated. These cases effectively deterred foreign exchange-related illegal and criminal activities.

ACCOUNTING

Further enhanced central bank financial governance system

The PBOC deepened the research on the central bank system for financial governance. Following the requirements of the CPC Central Committee and the State Council on building a modern central bank system, the PBOC continued to build the system for financial governance. It conducted specific studies on the central bank's accounting standards, financial regulations and financial buffer mechanism, and explored the sustainability, continuity, and institutional arrangements of its financial governance system.

The PBOC enhanced the balance sheet management. It steadily lowered the historical cost of the financial reform, continued to improve asset quality, and proactively maintained a healthy balance sheet. In line with the financial macro management and fiscal revenue and expenditure arrangements, it turned over its surplus profits to the central budget to enhance the coordination between monetary and fiscal policies. It managed the balance sheet and the income statement in a scientific way, and analyzed the cost, revenue and risk of the balance sheet to support decision making.

The PBOC strengthened the role of accounting analysis in reflecting entities' operations and financial health. It broadened the application of accounting standards in the financial sector, strengthened the analysis of financial institutions' financial position, and followed the changes

in other central banks' balance sheets. To support monetary policy operations such as inclusive MSB loan facility and standing swaps, it introduced accounting measures to provide professional support for implementing the sound monetary policy, preventing and defusing financial risks, and providing financial services.

The PBOC improved the institutions and mechanisms for managing its affiliates. It revised the *Working Rules for the Work Committee of Affiliated Institutions* to ensure professional and scientific management of its affiliates. Meanwhile, it issued the *Notice on Further Enhancing Major Issues Management of the Work Committee of Institutions Affiliated to the People's Bank of China*, aiming to strengthen the CPC's leadership in its affiliates, highlight their role in supporting the fulfillment of central bank mandates, and build a management system that combines coordination and management across lines of business, and integrates category-based authorization with see-through management.

Effectively ensured the fulfillment of central bank mandates

The PBOC made financial resources adequately available. It took a well-coordinated approach, safeguarded priorities, and accommodated the primary-level needs, aiming to optimize the spending structure and balance the budgeted expenditures. These measures have ensured the safe and smooth implementation of major policies, key businesses and projects, and have



made budget management more scientific and meticulous.

The PBOC enhanced budget performance management in all aspects. Based on business development plans and effectiveness of mandates, it improved the system that covers the whole process of budget performance management, and applied information technology and other means to monitoring the performance, thus improving the budget execution and pressing ahead with the performance review of the overall expenditures of its affiliates.

The PBOC continued to build standardized systems and increase transparency. It set a criteria for budget quotas that accommodates affiliates at different levels and from different regions, and established an adjustment mechanism to further promote standardized systems. 36 sub-branches in provincial capital cities, 317 sub-branches in prefectural-level municipalities, and 8 budget appropriation public institutions disclosed their budget information separately for the first time.

The PBOC strengthened the internal governance capacities of its affiliates. It revised and refined the performance assessment indicators, highlighted that affiliates should shoulder primary responsibility for operations and management, and guided them to enhance their abilities to provide better services. While carrying out the 3-year action plan for state-owned enterprise (SOE) reform, it prompted its affiliates to focus on their main businesses and reduce administrative hierarchies. It enhanced internal governance of its affiliates, promoted budget coordination and performance management, and improved internal control mechanism to help them guard

against relevant risks.

Pushed for tightened accounting management across the board

The PBOC fully implemented the austerity requirements on a regular and institutionalized basis. Under the principle of “work hard and live on a tight budget”, the PBOC continued to control “three major official expenses” (on receptions, vehicles and overseas trips). While performing quarterly assessment of austerity, it cut back on non-obligatory and unimportant expenditures further, tightened the hard constraint and budget execution, and advanced efficient allocation and utilization of resources.

The PBOC enhanced the systems for full and strict management. It developed (revised) systems and measures for infrastructure construction review and coaching, official vehicle management, expenditure management, and state-owned asset management for public institutions directly under the PBOC. In addition, it standardized the financial receipt and payment activities, and tightened budget items management, making relevant decisions more scientific and transparent.

The PBOC improved infrastructure construction management. It improved the management mechanism of infrastructure projects pool, including strengthening feasibility study, timely assessment, project approval, and review, to boost end-to-end management. The PBOC also intensified the review of and coaching for projects under construction, and improved the feedback mechanism that combines general report with project-specific report to promote the efficient implementation of infrastructure projects in line

with laws and regulations.

The PBOC also pressed ahead with the disposal of immovable property. Built upon previous efforts, it enhanced the overall planning, management and use of office buildings and other immovable property, and put fixed assets in stock to good use, thus effectively reducing the area of idle immovable property and putting the facilities to more efficient use.

Reinforced accounting capacity building

The PBOC fully implemented the guidelines of the 20th CPC National Congress, and stayed

committed to planning, deploying, and pushing forward the work on accounting from a political perspective. While following the three new guiding principles of accounting^①, it improved team conduct, continued to prevent and control corruption risks, and set up strict standards on the code of professional conduct and disciplinary requirements for accountants. It carried out in-depth surveys on accounting team building, introduced and clarified objectives, tasks and measures for developing accounting talents in the new era, and cultivated more high-quality accounting talents.

① “Three new guiding principles of accounting” refer to deep belief, stringent regulation, and accurate accounting.

PAYMENT SYSTEM

Continued to enhance the legal framework for payments and settlements

The PBOC enhanced the regulatory system for payment institutions and pushed forward with the legislation of the *Provisions on Non-Bank Payment Institutions* with the MOJ. It established and improved the long-term governance mechanism for major payment platforms, and developed the *Work Plan for Enhancing Regulation of Major Payment Platform Companies and Promoting Standardized and Healthy Development of Payment and Fintech* with the Publicity Department of the CPC Central Committee and the Office of the Central Cyberspace Affairs Commission. It also consolidated the central bank accounting system by releasing the *Administrative Measures on Operating Hours of the Central Bank Accounting Data Centralized System* (ACS).

Continued to improve payment infrastructure

The PBOC enhanced central bank accounting for better services. It upgraded the ACS twice, and added delivery versus payment (DVP) to the settlement of monetary policy operations. With the ACS connected to the bond system of China Central Depository & Clearing Co., Ltd. (CCDC), the DVP became available for eight monetary policy instruments including CERF, which has sped up monetary policy transmission.

The PBOC continued to improve cross-

border payment infrastructure. It continued to advance and promote CIPS, with the number of participants increased and the business scope expanded further. By end-2022, there were 1 360 participants in CIPS, covering 181 countries and regions.

Fully strengthened regulation of the payment services market

Platform companies were urged to rectify their payment business. The PBOC urged platform companies to refocus on payment services, increase the transparency of payments, maintain a level playing field, and protect the legal rights and interests of consumers of payment services. It also deepened the supply-side structural reform of payment services, refined the market-based and law-based exit mechanism, and opened up the non-bank payment market in a well-sequenced manner.

The PBOC pressed ahead with the crackdown on fund flows in cross-border gambling as well as telecom and online fraud. It played a leading role in the financial regulatory working group for the battle against cross-border gambling, and intensified crackdowns and overhauls in the financial sector on all fronts. It participated in publishing the *Law on Combating Telecom and Online Fraud*, set up an anti-fraud task force, pushed forward risk overhaul against the phenomenon of one cardholder holding more than one card, and screened out and implemented the retroactive mechanism for bank

accounts involved. It also guided commercial banks and payment institutions to optimize their risk control models, and assisted public security departments to recover ill-gotten gains and losses more efficiently.

The acquiring business management was enhanced. The PBOC kept a keen eye on the implementation of regulations, such as those on payment acceptance terminals, and urged clearing institutions to oversee their member institutions in areas such as renewing the existing payment acceptance terminals, verifying merchant information, improving transaction messaging, and optimizing the monitoring of transactions. It also issued risk alerts on payment business, and pushed forward the implementation of real-name requirement for merchants.

Law enforcement was tightened in the payment sector. The PBOC adopted a risk-based approach to crack down on violations of laws and regulations in the payment sector. It conducted well-organized law enforcement inspections and gave play to the role of coordinated law enforcement inspections, which means ensuring inspections of several matters for each merchant in one visit, thus effectively deterring those violating laws and regulations.

Enhanced the level of payment services

The pilot program for account system reform was expanded. The PBOC promoted the pilot of witness account opening for Hong Kong and Macao residents, and added the China Construction Bank, the China Merchants Bank, and the Bank of East Asia to the list of pilot banks. The pilot program has effectively

enhanced the connectivity of financial payments in the Guangdong-Hong Kong-Macao Greater Bay Area. It expanded the pilot program for bank settlement account system that integrates local and foreign currencies to 12 provinces and cities such as Beijing to promote trade and investment facilitation. Meanwhile, it organized 6 pilot cities including Beijing to connect banks' account opening application with local online platforms where services were available through a single portal, making it more convenient for businesses to open an account. It also enabled online handling of required reserves for overseas RMB deposits, which improved the efficiency of financial institutions.

Fee reduction for payment services was pushed forward with effective results. The PBOC convened a special meeting on implementing payment service fee reduction, and issued the ***Notice on Continuously and Effectively Promoting Fee Reduction for Payment Services***. It also organized special inspections across the country and enhanced the statistical work of payment service providers.

Efforts were redoubled to promote the high-quality development of inclusive payment services. The PBOC consolidated the achievements made in expanding bank card cash withdrawals to all villages, and made mobile payments available in rural areas. It provided rural financial institutions with central bank account fund pooling services and launched online service channels for them to process transactions under the deposit accounts with the central bank. The PBOC also explored and rolled out more effective and old-age-friendly measures, and facilitated the efforts to address the inconvenience the elderly find in using



bankbooks.

The PBOC efficiently created the payment service environment for the Beijing Winter Olympics. Under the leadership of the leading group on creating the payment service environment for the Beijing Winter Olympics, the PBOC built up various payment scenarios within the security

red lines on schedule, and ensured as required that hotels providing services for the Winter Olympics could accept local and foreign currency bank cards as well as e-CNY, and provide local and foreign currency exchange services. During the Winter Olympics, no complaints were lodged against payment services, and payments were hassle-free in Olympics-related scenarios.

CURRENCY ISSUANCE AND MANAGEMENT

Fully ensured RMB cash supply

In 2022, the net cash supply was RMB1.39 trillion, a year-on-year increase of 111 percent. At end-2022, the M_0 was RMB10.47 trillion, increasing by 15.3 percent year-on-year. The PBOC monitored cash circulation closely. Based on the development of COVID-19 containment efforts, and regional needs for cash, it organized the printing and production of RMB products as well as their allocation in a flexible and orderly manner, which ensured RMB cash supply in 2022. It issued Common Commemorative Coins Celebrating the Chinese Lunar New Year 2022 and organized the exchange of remaining common commemorative coins issued since 2020 to better meet the public's needs.

Improved constantly the cash service quality

RMB circulation management was continuously strengthened. The PBOC enhanced the horizontal collaboration between departments and formulated a memorandum of understanding (MOU) on the consulting mechanism, to crack down on refusal to accept cash payments. It also refined the work mechanism for crackdown on refusal to accept cash at primary-level organizations. With investigations into cash refusal carried out in key areas related to people's livelihoods, it punished 38 violations throughout the year, based on the joint quarterly announcements with the NDRC on punishments. In the meantime, it urged commercial banks

to tighten the management of cash deposits and withdrawals, improved the emergency management mechanism, and optimized senior-friendly services, in a bid to improve cash services. It pushed for the establishment of the China Numismatic Society Special Numismatic Market Commission to steer the improvement of market self-regulatory mechanism. It also prudently advanced the pilot program for large-amount cash management.

The tidiness of the RMB in circulation was improved. The PBOC revised the *Standards for RMB Banknotes Not Suitable for Circulation*, proactively cleared the channels for banks to withdraw damaged RMB banknotes, and adopted multiple measures to increase the tidiness of the RMB in circulation.

The management of the processing of RMB banknotes taken out of cash cycle was enhanced. The PBOC developed the *Administrative Measures of the People's Bank of China for the Processing of RMB Banknotes Taken out of Cash Cycle (Trial)*, which intensified the supervision of key links and optimized the general operating process, in an effort to meet the needs for automating and outsourcing the processing of end-of-life RMB banknotes. Despite tight budget and the impact of COVID-19, the PBOC organized the processing of end-of-life RMB banknotes flexibly, boosted its efficiency, and reduced its costs. The daily processing efficiency per sorting machine across the country rose by 11 percent year-on-year.



Enhanced consistently the management of cash vaults

The PBOC organized publicity activities to promote the implementation of new regulations on cash vaults, and assessed the implementation, effects and problems of the new regulations. It also pushed for joint unannounced inspections to strengthen the implementation of new regulations. It took stock of the pilot of currency issuance fund custody, and promoted the logistics module for the second-generation currency issuance management system in a firm and orderly manner.

Further tightened the regulation of cash sorting

The PBOC improved the quality supervision and random inspection approach for cash sorting at banking financial institutions to reflect their full-amount sorting quality more accurately, and tightened supervision and regulation to prompt them to keep improving the quality of cash sorting. It required banking financial institutions to enhance the hygiene of cash on a regular basis, and to ensure cash withdrawn from banks are safe to use.

Given the outsourcing trend of cash business among banking financial institutions, the PBOC developed the *Guide to Cash Sorting Services (Trial)* and the *Guide for Regional Cash Processing Centers (Trial)*, to guide its sub-branches to steer the healthy development of cash sorting market through quality supervision and window guidance. Drawing on the experience from pilot regional cash processing centers, the PBOC proactively managed the risks arising from the pilot program, fully took account of the feedback

from banking financial institutions, and improved its ways of organization to steadily advance relevant endeavors.

Promoted prudently the pilot program for e-CNY research and development

The PBOC expanded the scope of e-CNY pilot in a well-organized manner, and steadily advanced the pilot program. It completed the e-CNY pilot under the use case of the Beijing Winter Olympics. While expanding the coverage of e-CNY application, it was committed to improving the e-CNY acceptance environment and innovating unique use cases. It also explored the improvement of institution building for the e-CNY, deepened international cooperation and communication, and pressed ahead with the Multiple Central Bank Digital Currency Bridge (mBridge) project.

Intensified RMB anti-counterfeiting efforts

The PBOC organized the anti-counterfeit currency surveys in rural areas, and proposed the objectives, tasks and requirements of establishing a long-term anti-counterfeit currency mechanism for rural areas. Together with the Ministry of Public Security, it took centralized and unified actions to crack down on counterfeit currency under the "2022 Action" and joined the collective crackdown on counterfeit currency with certain serial numbers. It also took draconian measures against the crime of leveraging printing and photocopying technologies as well as Internet platforms to counterfeit currency. Additionally, it organized outreach activities in the National Anti-Counterfeit Currency Publicity Month under the

theme of “Eradicating Counterfeit Currency to Build Harmony”. These efforts, aimed at raising the risk awareness and sense of responsibility of key groups of people, including farmers, migrant workers, senior citizens, teenagers, and the disabled, reached out to a total of 224 million people online and offline.

It urged banking financial institutions to implement the *Measures of the People’s Bank of China for the Administration of Currency Identification and Counterfeit Currency Seizure and Authentication*, enhanced the quality of anti-counterfeit currency training, strengthened the public’s ability to spot and intercept counterfeit currency, and consolidated the impact of implementing industry standards for the detection capabilities of cash

equipment.

Further advanced transformation of gold and silver business

The PBOC steadily advanced non-standard gold and silver inspections and detailed relevant requirements. It led the efforts in developing words on physical gold and silver and their meanings. While implementing the arrangements under the reform of delegating power, improving regulation, and upgrading services initiated by the State Council, the PBOC intensified ongoing and ex-post oversight on the approval of gold and gold products exports and imports, in a bid to improve efficiency and promote trade facilitation.

TREASURY MANAGEMENT

Processed the receipts and payments of the treasury funds in a timely and accurate manner

Treasuries at all levels effectively coordinated COVID-19 containment with business operations, continued to strengthen accounting and management, and handled budgetary receipt and payment transactions in a timely and accurate manner, to ensure the security of both the treasury funds and the treasury business system. When the situation of COVID-19 worsened, some local treasuries activated emergency response plans in time to maintain minimum operations, which prevented treasury business from disruption and treasury services from suspension, and ensured that government budget was implemented as planned.

Properly handled large-scale VAT credit refunds

In line with the policy of the CPC Central Committee and the State Council on value-added tax (VAT) credit refunds, the PBOC strengthened coordination between departments, made comprehensive and detailed arrangements, optimized business processes, and upgraded business systems. The state treasury efficiently handled the handover of surplus profits to it by specific state-owned financial institutions and specialized institutions, providing a solid funding guarantee for the implementation of VAT credit refund policy. Sub-treasuries kept the appropriation and refund channels for treasury

funds smooth, and tightened the review and supervision of refunds, which ensured business entities got the right amount of refunds directly, safely, and in time. VAT credit refunds, exceeding RMB2.4 trillion in 2022, did play an instrumental role in easing the difficulties of businesses and stabilizing the macro economy.

Extended support to the financial and tax reform

The PBOC worked with the MOF on integrated budget management. They issued the notice on the *Measures for the Administration of Payment of Funds in the Integrated Budget Management by Central Finance (Trial)*, and drafted the *Measures for Banks' Payment and Clearing of Funds in the Integrated Budget Management by Central Finance (Trial)*. To ensure the transition of responsibilities for the collection and management of endowment insurance premiums of Beijing-based public institutions under central government agencies, it developed an implementation plan for such transition, together with authorities including the State Taxation Administration (STA).

Achieved further progress in improving people's livelihoods

Despite tight schedule and heavy workload, the PBOC completed personal income tax rebates for 2022 with high quality, and ensured the refunds went straight into taxpayers' accounts in time. In close cooperation with the STA, it promoted and rolled out nationwide the

electronization of cross-province tax payments in an orderly manner, which was supported by more than 150 commercial banks. 310 000 such transactions were processed in 2022, with collected taxes amounting to RMB57.5 billion. This contributed to the improvement of business environment and supported the real economy.

Continued to oversee treasuries

As treasuries at all levels tightened the ongoing review of appropriations, refunds, and corrections to maintain the security of treasury funds, the PBOC intensified the supervision and management of banking financial institutions acting as treasury agents, standardized comprehensive law enforcement inspections, and guided 5 sub-treasuries in Beijing, Shanghai, Jiangsu, Fujian, and Shaanxi to inspect the headquarters of relevant commercial banks regarding their treasury agent business. Following the guiding principles of the reform to delegate power, improve regulation, and upgrade services, the PBOC optimized the approval service guide to agent sub-treasury business.

Strengthened further the law-based governance of treasury

The PBOC refined relevant institutions in time to meet the development needs of treasury business. It drafted the *Measures for the Administration of Qualification for Agent Banks Carrying out State Treasury Centralized Revenue Collection and Payment*. It also issued the *Notice on Issues Concerning the Qualification for Agent Banks Carrying out State Treasury Centralized Revenue Collection and Payment*, clarifying the requirements for local treasury departments to certify the qualification of agent banks engaged

in such business. The PBOC prudently advanced the trial use of e-CNY in treasury business, and local treasuries participated in a secure and orderly manner. Moreover, it carried out a pilot program for cross-border tax payments and refunds in RMB, drafted the *Notice on Issues Concerning the Management of Turnover of Cross-Border Taxes to the Treasury and Refunds*, and consulted relevant authorities.

Made substantive progress in developing state treasury information system

The PBOC intensified the daily maintenance of business systems, and ensured system monitoring, parameter maintenance, business consulting, and upgrading and optimization. It upgraded the Treasury Centralized Booking System (TCBS) four times and the Treasury Information Processing System (TIPS) three times, thus providing a strong technology support for the treasury to fulfill its mandates. It continued to advance the construction of the state treasury project, detailed the business needs of sub-systems such as state treasury project accounting (second-generation TCBS), and cooperated with technology departments on project initiation and construction plan development. It also worked with the General Administration of Customs (GAC) to enable electronic turnover of customs duties to the treasury and electronic refund.

Achieved fruitful outcomes in treasury analysis and research

The PBOC completed the statistical statements on the receipts, payments and deposits of the treasury on time and with good quality, providing timely and accurate information on treasury



fund operations. It conducted themed study on topics such as assessment of fiscal policy effects, regional economic development, and the impact of COVID-19 on the economy, from the treasury's perspective. It followed closely the developments of frontier theories on international finance and tax, as well as fiscal and tax policies of major countries, conducted researches, and translated relevant articles and papers. It also intensified analysis of treasury fund operations, and cooperated with the MOF to monitor efforts by primary-level authorities to ensure security in three areas^①.

Optimized effectively the management of savings treasury bonds

The PBOC consulted with the MOF and set the interest rate on savings treasury bonds, optimized the underwriting syndicate quota allocation mechanism, and completed the issuance and redemption of savings treasury bonds. While continuously increasing the availability of treasury bonds in rural areas, it expanded the purchasing channels of savings treasury bonds, and promoted the sales of treasury bonds through mobile banking and online banking, to equalize bond purchase services between rural and urban areas.

RMB34.31 billion savings treasury bonds were sold in rural areas (towns and lower levels) in 2022, accounting for 13.51 percent of the total, up by 3.02 percentage points year-on-year. In addition, the PBOC continued to push for the reminder and redemption of savings treasury bonds falling due, to protect the interests of bondholders. 175 215 redemptions, totaling RMB18.496 billion, were made after reminder from the PBOC in 2022. The PBOC also advanced treasury bonds institution building, and issued regulatory documents with the MOF, such as the *Measures for the Administration of Issuance Quota of Savings Treasury Bonds*.

Carried out treasury cash management in a steady and orderly way

Together with the MOF, the PBOC standardized the state treasury cash management and steadily promoted local treasury cash management. Based on the tender of treasury cash management and the movement of interest rate determined in bond tender, the PBOC provided timely updates on dynamics of treasury cash management. It also launched the state treasury cash management sub-system and the cash flow prediction system of the treasury management information system (TMIS).

^① The three areas refer to basic livelihoods, salary payments, and operating expenses.

Box

Fully Support the Implementation of Large-Scale VAT Credit Refund Policy

The large-scale VAT credit refunds in 2022 was a major decision and deployment of the CPC Central Committee and the State Council to maintain stable growth and improve people's livelihoods. While providing financial support, the PBOC focused on improving financial services, and tightening funds regulation and treasury management to fully support the implementation of VAT credit refund policy.

The PBOC expedited the handover of surplus profits to the treasury to provide financial support for VAT credit refunds. It acted proactively and expedited the handover of RMB1.13 trillion in surplus profits to the central finance based on the progress of refund, which was mainly used for VAT credit refunds and increasing the transfer payments to local governments. Treasuries at all levels swiftly processed the handover of funds, and appropriated the funds from transfer payments for the VAT credit refunds to local governments in time, in accordance with the instructions for fiscal allocation, thus easing the financial pressure on primary-level governments in credit refunds.

The PBOC prioritized institution building and refined management measures. Together with the MOF and the STA, it established a

tripartite consulting mechanism to promptly solve problems arising from implementing the VAT credit refund policy. It was also committed to refining relevant measures. In April, it worked with the SAFE to introduce 23 policy measures for improving financial services and stepping up support for the real economy, which included the implementation of the VAT credit refund policy. In May, it published the *Notice on How the Treasury Could Support VAT Credit Refunds*, clarifying the specific measures for such endeavors.

The PBOC kept the refund channels of treasury funds smooth to enable direct and quick access to VAT credit refunds. It set relevant system parameters in time, coordinated technology departments to step up efforts to ensure system support, and strengthened system resilience to pressure, which ensured the secure and stable operation of treasury business-related systems. At the peak of VAT credit refunds, it extended business hours to 7:30 p.m. every day, and made refunds available at night, on weekends and during holidays. Treasuries at all levels, following the principle of expediting refund under urgent circumstances and handling special requests in special ways, reviewed and processed refund upon requests. The PBOC also encouraged the handling of refund



requests through electronic means to increase efficiency in eligible places on a trial basis. It ensured staffing and system availability for treasury business in emergency, and built backup venues to keep refund channels smooth despite the impact of COVID-19.

The PBOC intensified the monitoring of treasury inventory to provide information support for efficient policy implementation. It made monitoring more targeted, and included regions hit hard by COVID-19, struggling with weak financial support, and relying heavily on transfer income in its intensive monitoring. It also designated the beginning (most taxes are not handed over to the treasury) and end (the intensive period of fund use) of each month as the time for intensive monitoring. When unusual cases such as a significant drop in inventory occur, the

treasury would notify the fiscal departments in written forms or over the phone to draw their attention. This has provided information support for relevant departments to allocate and transfer funds in time.

The PBOC tightened supervision and management to guard against risks associated with VAT credit refunds. It fulfilled its mandates in managing the treasury in accordance with the law, and treasuries at all levels focused on compliance review and supervision in refunding VAT credits to ensure it is secure and compliant. Authorities played their due roles, such as the PBOC's role in AML, and the SAFE's role in foreign exchange administration, so as to cooperate with relevant authorities to crack down on violations and crimes, such as VAT credit refund fraud.

FINTECH

Advanced digital transformation in the financial sector and continuously strengthened the basic rules for fintech regulation

To implement the *Plan for the Development of Fintech (2022–2025)*, the PBOC launched a project to enhance digital transformation in the financial sector. It developed the guidelines for financial digitalization capability maturity, enriched and improved the case library for leading practices in digital transformation, and encouraged financial institutions to develop digital capabilities characterized by advanced technology, efficient operations, integrated channels and precise risk control. It advanced demonstration projects for fintech-enabled rural revitalization, and created over 270 replicable and scalable digital finance models to benefit the public, including farmers. It enhanced the development of accessible financial service system, and guided financial institutions to research and develop more than 1 100 senior-friendly and accessible mobile finance Apps to address the pain points of financial services for special groups. It pushed for the categorization of fintech as a new profession and included it in the *Occupational Classification Code of the People's Republic of China*. It also published the guidelines for science and technology ethics in the financial sector, promoted the development of a self-discipline convention on science and technology ethics in the financial sector, released the technical guidance on the adoption of machine learning in the financial sector, and put in place

rules and regulations on smart algorithms, data modeling, and metadata, as part of the effort to guide financial institutions to uphold fundamental principles and break new ground in fintech innovation in accordance with laws and regulations. It deepened the application of fintech innovation regulatory facility, and promoted the implementation of MOU on fintech innovation supervisory cooperation signed with the HKMA around MSB financing, green finance, and smart finance. In addition to the central bank data lake, it built the data exchange management platform and the AI platform to consolidate the technical foundation for centralized data application.

The Digital Central Bank took shape, and technology innovation flourished in the financial sector

Under the *14th Five-Year Plan of the People's Bank of China for Cybersecurity and Information Technology Application* published, the PBOC advanced construction of the electronic government service platform steadily, and organized upgrading and updating activities such as system function optimization and national cryptographic algorithm revision. Based on the construction of key systems such as the state treasury project, the second-generation central bank lending information management system, and the next-generation interest rate reporting, monitoring and analysis platform, it advanced the optimization and upgrading of information system structure to better support



the fulfillment of central bank mandates. The application system integration for the PBOC's headquarters achieved preliminary outcomes, with the number of systems reduced and services such as unified user management and unified certification provided, while the launch of Central Bank Cloud (Phase I) facilitated the resource layer integration. The PBOC also coordinated and guided its branches to build the provincial IT application platforms for data centers. With the digital comprehensive service platform and the big data application platform as the core, it promoted application system integration in a well-organized way, and strengthened big data application and data governance. Additionally, it continued to enhance the operation baseline for construction of its application systems to increase the effectiveness of IT application management and standardize application system management.

The PBOC continued to build the standard system for the innovation and application of information technology in the financial sector, and created a host of solutions to innovative application in typical financial business scenarios. Besides, it completed the assessment for the "Fintech Development Award 2021", and selected 178 winner projects. Under the philosophy of "benefiting the people with finance and technology", it stepped up efforts to scale up the information sharing system of financial institutions, and provided localized services to the public, to ensure people have better financial service access and satisfaction.

Improved information infrastructure to better support the provision of financial services

The PBOC steadily advanced construction of the

information infrastructure such as new generation business network, data center and Central Bank Cloud to enhance its application of information technology. First, it raised the service capability of communications networks. It promoted the launch and the pilot migration of new generation business network, and cleared the channels for the integration of business network and payment system network. It also optimized and expanded its network, and implemented the *Guide of the People's Bank of China to Network Switch Drills*. As a result, it strengthened the support for its network. Second, it optimized the planning and structure of its data centers. It pushed forward the implementation of the three-layer highly accessible data center system in Beijing, Shanghai and other cities, and guided the building of data centers by relevant institutions, thus providing a solid foundation for the central bank's digitalization effort. Third, it promoted the development of Central Bank Cloud steadily. It organized the expansion of Central Bank Cloud Phase I and the construction of Phase II at three centers in two cities, and pushed for uploading applications to the Cloud. It kicked off construction of a multi-cloud management platform, and incorporated into unified management the cloud resources for centralized software development, system operations, and data management, providing stable and highly efficient infrastructure for centralized system operations.

The PBOC strengthened its guidance and continued to expedite the development of information infrastructure in the financial sector. First, it carried out a pilot program for the connectivity between financial metropolitan area network (MAN) and external networks such as the Internet, explored the section- and domain-

based management mode for financial MAN, and diversified ways of accessing the financial MAN to lower the barrier for micro, small and medium-sized financial institutions. Second, it advanced the deployment at scale and in-depth application of IPv6 in the financial sector. It carried out a pilot program for the innovation and integrated application of IPv6 technology, bolstered IPv6 reconstruction among financial institutions, and facilitated the large-scale deployment and in-depth application of IPv6 in the financial sector to achieve positive impact in terms of width, depth and innovation pilot. Third, it promoted the development of the management platform for information infrastructure in the financial sector, organized optimization of platform functions, data governance and scenario expansion, and prepared reports on the development and operations of information infrastructure in the financial sector based on platform data. Fourth, it improved the standard system for information infrastructure in the financial sector, and developed standards for data center capacity building, disaster tolerance structure, smart operation and maintenance, and energy savings, as part of the effort to make the development, operation and governance of information infrastructure by financial institutions more standardized, professional and smart.

Consolidated financial sector cybersecurity defense lines, and improved risk prevention

Commercial cryptography was adopted in key information systems in the financial sector. The PBOC guided relevant financial institutions to ensure encrypted transmission, storage and access of sensitive financial data to the fullest

extent possible.

The PBOC exerted great efforts to protect the security of key information infrastructure in the financial sector. It followed the approach of visiting banking institutions without advance notice to perform stress tests on the business continuity of their key information infrastructure. The tests went securely and steadily, and revealed the underlying capabilities of banking institutions to ensure business continuity. This effort to replace inspections, promote rectification, and improve quality with tests delivered desired outcomes. The PBOC also redoubled its efforts to ensure security of domain names relevant to the key information infrastructure in the financial sector.

The PBOC organized activities to safeguard cybersecurity on critical occasions. During important events such as “Two Sessions” and the 20th National Congress of the CPC, the PBOC organized risk investigations and tightened cybersecurity. It reinforced the monitoring of cybersecurity incidents in the financial sector, strengthened protective measures, and made sure no major cybersecurity incidents occurred. It also continued to promote the public's financial cybersecurity awareness. It organized campaigns such as Finance Day during China Cybersecurity Week and National Security Day. In the financial system, more than 113 000 outreach campaigns were launched, with over 18.30 million copies of publicity materials handed out to over 86.51 million people.

The PBOC also continued to improve its capability to safeguard cybersecurity. First, it dived deep into building the cybersecurity situation awareness platforms for the financial



sector, and enriching the application scenarios of threat intelligence against fraud, loopholes and data-based underground industrial chains. Second, it set the standards for grading its cybersecurity incidents, standardized the reporting requirements for cybersecurity incidents, and ensured that relevant parties perform their primary responsibilities in safe production. Third, it published the *Measures of the People's Bank of China for the Administration of IT Outsourcing Risks*, fully standardizing the requirements for preventing IT outsourcing risks to the network, data, business continuity, service quality, confidentiality, and integrity.

The PBOC boosted central bank data security management. It established a tripartite governance and management mechanism for data security, developed central bank data identification standards, and preliminarily identified the distribution and original records of key data.

Advanced the development and implementation of financial standards to support the high-quality development of the financial sector

The top-level design of standards was improved increasingly. In January, the PBOC, the State Administration of Market Regulation (SAMR), the CBIRC, and the CSRC jointly issued the *Development Plan for Financial Standardization During the 14th Five-Year Plan Period*, clarifying the guiding philosophy, basic principles, major objectives, key tasks, and safeguards for coordinating and advancing financial standardization in the 14th Five-Year Plan period, as a guide for financial standardization efforts during this period.

The standards supply system was optimized. Throughout the year, 12 national standards and 23 industry standards were introduced for the financial sector. By end-2022, there were 96 national standards and 336 industry standards in effect in the financial sector, as well as 158 financial group standards and 7 030 financial enterprise standards that were voluntarily made public.

Significant impacts were achieved in the application of standards. The PBOC studied and supported financial standards innovation in the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, and the Chengdu-Chongqing Economic Circle. It organized the "Forerunner" campaign for enterprise standards in the financial sector, and the campaign of "Benefiting the People and Enterprises with Financial Standards" to raise financial institutions' awareness of standardization, thus significantly increasing the enthusiasm of market players for standards innovation.

Substantial progress was achieved in the institutional opening-up of standards. The PBOC was deeply involved in the application and implementation of global LEI, with more than 100 000 domestic institutions assigned a LEI by the end of the year. Therefore, it generally completed the tasks set forth in the *Roadmap to Implement Legal Entity Identifier (2020-2022)*. Elected Vice Chair of the Regulatory Oversight Committee (ROC) of the global LEI system, the PBOC acted as the provisional secretariat of the ROC and promoted the LEI application in cross-border scenarios. It was committed to converting advanced and applicable international standards to national standards, and adopted

eight international standards, including the *Information Processing–Magnetic Ink Character Recognition*, and the *Public Key Infrastructure for Financial Services–Practices and Policy Framework*. Moreover, it published English, Burmese and Lao versions of national standards such as the *Basic Requirements for Services of Banking Outlets* and the *Assessment Principles for Services of Banking Outlets*. It was also deeply involved in the International Organization for Standardization

Technical Committee on Financial Services (ISO/TC68), making progress in six international standards which it convened relative parties to make or authored. Among them, two international standards were officially published, including the *Financial Services–Financial Information Interchange Session Layer–Part 2: FIX Session Layer*, and the *Best Practices for Internal Handbook of Banking Products or Services (BPoS)*.

CREDIT INFORMATION AND THE SOCIAL CREDIT SYSTEM

Promoted the development of credit information system across the board, with quality and efficiency in supporting the real economy steadily improved

The PBOC continued to enhance the effectiveness of central bank basic credit information services. By end-2022, the basic financial credit information database covered 1.155 billion natural persons, and 102 million enterprises and other organizations. Capabilities to supply basic credit information were strengthened further. The daily average queries about personal and enterprise credit reports hit 11.432 million and 325 700 in 2022. Moreover, the PBOC steadily expanded the coverage of accounts receivable financing service platform and the unified registration and public notification system for movable property financing, fully leveraging their roles in making the information on secured financing public and helping enterprises put movable properties to good use. In the year, 7.6828 million transactions were registered and 35.2229 million transactions were inquired about in the unified registration and public notification system for movable property financing, while 77 500 deals of financing involving RMB2.62 trillion were facilitated through the accounts receivable financing service platform.

The PBOC advanced the establishment of local credit information platforms. In accordance with the *Guidelines of the General Office of the People's*

Bank of China on Further Boosting the Building of Local Credit Information Platforms, it guided its branches to build local credit information platforms, and gave full play to the role of local credit information platforms as information and financing intermediaries to support local economy and financing by micro, small, and medium-sized enterprises (MSMEs). By end-2022, 28 provincial-level local credit information platforms (including Shenzhen) had been established across the country, covering 104 million local enterprises (including the self-employed). These platforms handled a total of 141 million credit information queries and helped 1.4062 million enterprises access RMB5.69 trillion loans throughout the year.

The PBOC expedited the uptake of credit information chains. In accordance with the national strategy for coordinated regional development, it guided market-based credit information agencies to build credit information chains for the Yangtze River Delta, the Pearl River Delta and the Beijing-Tianjin-Hebei region using new technologies such as blockchain, and sped up the uptake. These measures have boosted the cross-region connectivity of enterprise-related credit information and promoted regional integration. By end-2022, 276 million pieces of credit information had been shared and 13.9159 million queries had been handled on the three credit information chains. With inputs from these credit information chains,

CREDIT INFORMATION AND THE SOCIAL CREDIT SYSTEM

financial institutions issued RMB1.74 trillion loans.

The PBOC improved the quality and efficiency of market-based credit information services. While ensuring compliance with laws and regulations, as well as full protection of the lawful rights and interests of information owners, market-based credit information agencies used big data, artificial intelligence (AI) and other technologies to fully analyze and review the credit standing of individuals and enterprises based on non-lending information such as payments and consumption by individuals as well as information on enterprise tax payments, exports and imports, water and electricity consumption, production and operation, to help information owners access financing and promote fair transactions. The PBOC propped up the role of credit ratings in supporting key areas and weak links of the real economy and continued to drive domestic credit rating agencies to go global. Thanks to these efforts, the influence of local credit rating agencies increased in sovereign credit rating and the rating of dollar-denominated bonds issued by Chinese companies. Credit rating agencies in the mainland achieved breakthroughs in the credit rating business in Hong Kong, with four setting up branches in Hong Kong Special Administrative Region (SAR). By end-2022, two market-based personal credit information agencies had been approved by the PBOC, and 140 market-based enterprise credit information agencies and 54 credit rating agencies had filed with the PBOC branches. Throughout the year, 10.277 billion personal credit information services and 13.8 billion enterprise credit information services were provided, and more than 20 000 credit ratings were assigned on the bond and credit markets.

The PBOC steadily carried forward internal (enterprise) credit ratings. It refined the central bank collateral framework and diversified collaterals for central bank lending to address the shortage of bond collaterals faced by small and medium-sized financial institutions. It also urged and guided financial institutions to improve the rating data quality and fully leverage the technology to raise the quality and efficiency of credit rating. By end-2022, 282 400 enterprises had been rated through the central bank internal (enterprise) credit rating, of which 204 200 enterprises were rated as “acceptable” and above, with a passing rate of 72.31 percent. This work supported the provision of RMB661.2 billion liquidity under the central bank lending and the standing lending facility (SLF).

Tightened the regulation on the compliance of credit information service with a tough stance

The PBOC enhanced oversight on institutions accessing the basic financial credit information database. It carried out 2022 law enforcement inspections of such institutions to investigate and punish violations, with focus on rights and interests protection, information security and data quality. It continued to strengthen technology-enabled off-site regulation and developed an online assessment and rating system. With that, the assessment and rating of credit information compliance and information security of all connected institutions and their branches can be done online.

The PBOC regulated the credit information market in accordance with the law. It launched special campaigns on addressing the malpractice of “credit repair”. Together with relevant



authorities, it investigated and punished frauds in the name of “credit repair” and rectified violations that abused the word of “credit information” in company name and business scope, thus effectively protecting people’s lawful rights and interests. It also intensified credit information regulation, carrying out on-site law enforcement inspections and off-site regulation of credit information agencies according to the law. In addition, it regulated the credit information business activities, and guided credit information agencies to collect and process credit information pursuant to relevant laws to ensure information security. While conducting the filing of enterprise credit information agencies in accordance with the law, it continuously optimized the structure of enterprise credit information market.

The PBOC regulated credit rating pursuant to relevant laws and regulations. It fulfilled its responsibilities for the filing administration of credit rating agencies, and continued to optimize the market structure and the provision of credit rating services. It carried out on-site law enforcement inspections of selected credit rating agencies and established a regulatory framework that combines daily off-site monitoring with regular law enforcement inspections. As a result, the level of compliance of credit rating agencies was improved significantly.

Followed the philosophy of credit information services for the people and protected information owners’ lawful rights and interests

The PBOC continued to implement the credit information-related special relief policy. It

optimized this policy during COVID-19, benefiting key industries such as real estate, transport and logistics as well as key groups of people like university students with student loans. It also streamlined the green channels for the protection of rights and interests associated with credit information and protected information owners’ creditworthiness in a law-based manner. By the end of the year, 29.0364 million natural persons and 1.8025 million enterprises had benefited from this special relief policy.

The PBOC protected the lawful rights and interests of information owners in accordance with laws and regulations. It continued to improve the work mechanism and procedures for such protection, strengthened primary responsibilities, improved efficiency and the standard of related work, properly addressed consumer complaints pursuant to relevant laws and regulations, and effectively protected the rights and interests of information owners. Throughout the year, the PBOC branches handled 1 820 credit information-related complaints from information owners and more than 40 000 credit information-related dissents.

The PBOC organized a variety of outreach activities. To improve public awareness and knowledge of creditworthiness, and cater to public needs for credit information services, the PBOC launched a host of outreach activities on credit information, credit information system, and how credit information can benefit the people on important occasions such as “June 14 Credit Care Day”, Dragon Boat Festival, and National Day. Thanks to these efforts, the public awareness of integrity has been raised further.

Enhanced top-level design and the development of social credit system entered a new phase

The PBOC steadily promoted legislation on social credit. It worked with the NDRC to draft the *Law of the People's Republic of China on the Development of Social Credit System (Draft)* and solicited public opinions. It also worked with the NDRC to develop the Catalogue of Public Credit Information in China and the List of Punitive Measures Against Acts of Bad Faith in China, providing basic institutions for the development of social credit system.

The PBOC promoted the development of rural credit system. It guided its branches to work closely with local governments to build the credit information service platform for rural

areas, expand the coverage of farmers' credit information, and gradually include the information on new types of agricultural operating entities, thus advancing credit information sharing in rural areas. The PBOC continuously pressed ahead with the accreditation and building of trusted households, trusted villages, and trusted townships (towns). It stressed the use of credit rating results, and provided policy support for rural economic entities with high credit ratings, to fully leverage their demonstration effect and build a sound credit environment that values integrity. By end-2022, the PBOC built up 286 agriculture-related credit information systems across the country, accredited 115 million trusted households, 292 400 trusted villages, 14 200 trusted townships (towns), and 232 trusted counties in the regions where conditions permitted.

ANTI-MONEY LAUNDERING AND COMBATING FINANCING OF TERRORISM

Consolidated the AML coordination mechanism

Under the guidance of the FSDC, the PBOC coordinated members of the Anti-Money Laundering Joint Ministerial Conference (AMLJMC) to push for the amendment of the *Anti-Money Laundering Law*, the rectification of deficiencies identified by international evaluation, and the national risk assessment of money laundering and financing of terrorism. It explored the revision of the AMLJMC arrangement, and formulated the revised *Arrangements on the Anti-Money Laundering Joint Ministerial Conference*. It exchanged ideas with members of the AMLJMC on tightening AML regulation, cracking down on violations and crimes related to money laundering, and rectifying deficiencies identified by international evaluation so as to carry forward relevant work in a well-organized way. The PBOC also stepped up guidance on the local AML coordination mechanism to strengthen local AML capabilities.

Improved the AML legal system

Together with the MOJ, the PBOC performed legal review of the revised draft *Anti-Money Laundering Law*, considered all kinds of suggestions, and put forward recommendations on improvement. It also conducted a survey on the amendment to the *Anti-Money Laundering Law* with the MOJ, and steadily promoted law

amendments. Based on thorough studies, it worked with the SAMR to draft the *Measures for the Administration of Beneficial Owner Information*, and developed ahead of time the supporting document of *Guidelines for the Filing of Beneficial Owner Information*.

Enhanced the effectiveness of AML regulation

The PBOC developed and released the industry-specific plan for standardized AML inspections and published the *Anti-Money Laundering Law Enforcement Inspections Manual*, further enhancing the consistency between what is to be inspected and the magnitude of law enforcement. It also advanced the risk-based regulatory mechanism, and explored the new model of money laundering risk assessment for responsible institutions that covered all the risk assessments of national incorporated banking institutions. It pressed forward the AML in specific non-financial sectors, and drafted AML regulations for different industries. Furthermore, the 3-year plan for AML law enforcement inspections was completed successfully. Throughout the year, the PBOC conducted law enforcement inspections of 530 responsible institutions, imposing administrative penalties on 405 responsible institutions, with total fines reaching about RMB480 million. From 2020 to 2022, it conducted AML law enforcement inspections of 1 783 responsible institutions, and imposed 1 356 cases of administrative penalties,

ANTI-MONEY LAUNDERING AND COMBATING FINANCING OF TERRORISM

totaling RMB1.37 billion.

Conducted AML investigations and monitored transactions

The PBOC, together with 11 authorities including the MPS, acted on the 3-year action plan against violations and crimes related to money laundering, firmly preventing money laundering and related crimes from gathering momentum. Non-bank payment institutions, and financial institutions in the securities and insurance sectors were notified of the ways to spot suspicious transactions involving drugs, corruption, gambling, fraud, illicit financing, underground banks, pyramid selling, and securities crime. The PBOC guided relevant institutions to tighten the monitoring and analysis of suspicious transactions. Meanwhile, it supported relevant authorities in a number of major special national campaigns, such as cracking down on gang crimes, counter-terrorism, anti-corruption, drug control, and combating underground banks, fraudulent VAT credit refunds, tax frauds and smuggling. These campaigns turned out quite effective. For the first time, it studied the consistency between domestic clampdown on money laundering crimes and risks arising from money laundering-related upstream crimes. It also pushed for the trial operations of the electronic platform for AML investigations.

Throughout the year, the PBOC branches handled 14 120 key clues of suspicious transactions. Based on AML investigations, research and assessment, it transferred 6 413 cues to investigation authorities. The PBOC also assisted investigation authorities with conducting AML investigations into 2 537 cases,

helped crack 1 005 cases suspected of money laundering, and pushed for the conviction for money laundering in over 1 000 cases in accordance with Article 191 of the *Criminal Law*. These efforts kept high pressure on money laundering crimes and safeguarded financial safety and national security.

The China Anti-Money Laundering Monitoring and Analysis Center (CAMLMAC) actively participated in the central coordination mechanism and special actions, providing intelligence for the crackdown on money laundering and other crimes, as well as for the prevention and resolution of major risks. It kick-started the pilot program for optimizing the monitoring indicators of suspicious transactions for small and medium-sized financial institutions across the country. It also pushed forward the development of a unified national AML database, and established the AML 2.0 system and the beneficial owner information system. In 2022, 3.9710 million reports on suspicious transactions were received, and 17 700 batches of financial intelligence were provided.

Deepened international cooperation on AML

The PBOC firmly upheld national interests, and was deeply engaged in international AML governance. It pressed ahead with rectifying deficiencies identified by international AML evaluation. The ratings of China's 31 compliance indicators met standards after three follow-up evaluations from 2020 to 2022. The PBOC also participated in and made constructive proposals for revising international AML standards, including on beneficial owners and asset recovery. It introduced China's best practices



in the AML legislation, judicial administration and law enforcement on multilateral platforms, and completed the annual consultation on AML with the IMF. Meanwhile, it deepened practical cooperation on AML with related countries as well as the Hong Kong SAR and the Macao

SAR. Moreover, the CAMLMAC partnered with 61 overseas financial intelligence units, and completed a total of 526 cross-border investigations and intelligence exchanges in 2022.

FINANCIAL CONSUMER PROTECTION

Reinforced the building of basic institutions and mechanisms for financial consumer protection

While increasing communication and coordination, the PBOC worked with the CBIRC and the CSRC to discuss the priorities for financial consumer protection through coordination meeting mechanism, in a bid to foster regulatory synergy. It continued to carry out the *Implementation Measures of the People's Bank of China for Financial Consumer Protection*. Meanwhile, it started to explore the legislation on financial consumer protection with relevant authorities. It also set the benchmark for assessing administrative penalties in financial consumer protection in accordance with the requirements of the *Law on Administrative Penalties*.

Financial education became more targeted and effective

The PBOC organized financial awareness activities, such as Financial Consumer Day and Enhanced Financial Literacy to Keep Your Purse Safe. In collaboration with the CBIRC, the CSRC and the Cyberspace Administration of China, it launched the Financial Literacy Month to improve people's financial literacy and encourage them to become rational investors and good financial netizens. Thanks to its efforts, financial literacy was included in the *2022 Curriculum Program and Standards for Compulsory Education* issued by the Ministry of Education. It guided its branches to

support the implementation of new curriculum standards for compulsory education. The PBOC remained committed to building the Jin Yu Man Tang App, online resource repository with all-in-one code, and financial education websites. Meanwhile, it published 109 posts on financial knowledge on its official WeChat account and Chengfang 32 WeChat account. Moreover, it pressed forward the pilot of financial education bases, and followed, investigated and studied financial literacy among the elderly to understand their overall financial literacy during the 14th Five-Year Plan period.

Streamlined the channels for complaints, interests coordination and rights protection for financial consumers

The PBOC made utmost effort to manage complaints from financial consumers during COVID-19, streamlined the complaint channels for financial consumers, and asked financial institutions to take principal responsibilities for handling complaints. It enhanced the service of the 12363 hotline to address people's concerns and solve the pressing difficulties and problems that worried them most. It advanced the application of the complaint categorization criteria for banking financial institutions, and enhanced the functions of the statistics collection, monitoring and analysis system for complaints from financial consumers. It also looked at how to use technologies to analyze and assess complaint data and provided risk alerts by combining modelling results with day-



to-day regulation, supervision and inspection. While adhering to and developing the Fengqiao Experience in the new era, it pressed ahead with the building of diversified mechanisms for resolving financial disputes. In accordance with the requirements of the *Notice on Building the Online Litigation–Mediation Connection Mechanism for Financial Disputes*, it actively leveraged the high-level online litigation–mediation connection mechanism and guided financial dispute mediation organizations to access the mediation platforms of the people's courts, thus building up online litigation–mediation connection grids for financial disputes that feature “cooperation between PBOC headquarters and branches, and coordination among provinces, cities and counties”. Under the guidance of the PBOC, 156 000 financial disputes were mediated in 2022, including 111 000 disputes mediated online.

Steadily advanced the supervision, inspection and assessment of financial consumer protection

The PBOC set up a law enforcement system for financial consumer protection, which mainly consists of comprehensive law enforcement inspections, complemented by special inspections and administrative investigation. With focus on the eight rights of financial consumers, it carried out legitimate investigations and imposed punishments in a prudent and orderly manner, in a bid to crack down on violations that concerned the public and solve the pressing

difficulties and problems that worried them most. It also organized financial consumer protection assessment in a standard and orderly manner, optimized overall assessment of national commercial banks, and put assessment results to better use. Moreover, the PBOC strengthened communication and coordination with the CBIRC, and adopted a differentiated approach in regulating financial institutions based on the assessment results. It also urged financial institutions to bear in mind the guiding principle of being a responsible financial service provider, and guided them to act more voluntarily, proactively, and innovatively in financial consumer protection.

Standardized financial marketing and promotions

The PBOC maintained a tough stance against illicit financial marketing and promotions that were closely related to people's daily financial consumption. Based on the information system for financial advertisement monitoring and management, and the WeChat mini program of “Financial Ads Shooting”, it monitored and handled financial marketing and promotions suspected of violating laws and regulations, and properly dealt with the leads of such financial marketing and promotions. It also guided some online financial platforms to optimize their financial marketing and promotions models, and endeavored to build an enabling environment for financial consumer protection.

INTERNATIONAL FINANCIAL COOPERATION AND GLOBAL ECONOMIC GOVERNANCE

Boosted international cooperation to build a community with a shared future for mankind

The PBOC stepped up coordination on global economic and financial policies during COVID-19. It protected multilateralism through multilateral platforms, such as the G20, the BRICS and the IMF, and promoted coordinated response to COVID-19, rising commodity prices and other shocks. Under China's presidency of the BRICS, it deepened practical financial cooperation and pushed for the *BRICS Joint Finance Ministers and Central Bank Governors Statement* published in June by financial ministers and central bank governors of the BRICS. This laid the foundation for a successful BRICS Summit. It also took an active part in international exchange and cooperation. Governor of the PBOC accompanied the Head of State to the G20 Summit in Bali. The PBOC also prepared for and participated in the "1+6" Roundtable in Huangshan, China, and signed the updated 5-year MOU on Capacity Building Cooperation with the IMF. Moreover, it participated in the discussion at the FSB and the BCBS, including standard-setting for addressing climate change, strengthening the resilience of non-bank financial institutions, crypto-assets, cross-border payments, and central bank digital currency (CBDC).

The PBOC participated in multilateral crisis

prevention and relief efforts. It called for resource-rich countries to lend a portion of their SDR allocation to those in greater need, and was the first to pledge SDR10 billion in SDR rechanneling, thereby playing a leading role in the international community and demonstrating the image of China as a responsible major country. It joined the international consensus on two rechanneling plans: one was to scale up the Poverty Reduction and Growth Trust (PRGT), the IMF's facility to provide concessional loans to low-income countries, and the other was to establish the Resilience and Sustainability Trust (RST) to provide medium and long-term loans to low-income and middle-income countries. The RST was established in April and was operational in October. The PBOC signed a contribution agreement with the IMF totaling SDR6 billion. It continued to support the IMF quota and governance reform, and urged it to increase the quota shares of dynamic emerging economies and developing countries, and to improve the representation and voice of developing countries.

The PBOC was deeply involved in the multilateral coordination of debt issues. Against the backdrop of global spread of COVID-19, faster exposure of debt distress in developing countries, and heightened risks to China's overseas claims, the PBOC followed the decisions and deployment of the CPC Central Committee and the State Council, and developed overarching considerations and a work plan



for sovereign debt restructuring. It proposed the guiding principle of dealing with debt issues on a case-by-case basis and aligning the responsibilities, rights and interests of domestic institutions involved in global sovereign debt restructuring. Together with the MOF, it also guided financial institutions to actively participate in debt treatments under the G20 Common Framework, which demonstrated China's image as a responsible major country that honors its promises.

Promoted international cooperation on green finance to better support carbon peaking and carbon neutrality goals

The PBOC built green consensus under the G20 and led the development of Transition Finance Framework. It continued to co-chair the G20 Sustainable Finance Working Group (SFWG) with the US Department of the Treasury and jointly developed the *G20 Sustainable Finance Roadmap*, which was endorsed by the G20 leaders during the Rome Summit. Built upon that, it led the development of Transition Finance Framework, and proposed a policy framework and recommendations for mobilizing private sector finance to support the orderly low-carbon transition of high emitting sectors. These efforts were supported by all parties to provide guidance for global efforts to build a policy framework for transition finance. The *2022 G20 Sustainable Finance Report* was endorsed by the G20 leaders at their Bali Summit.

The PBOC, together with the European Commission, promoted the convergence of green taxonomies under the International Platform on Sustainable Finance (IPSF). They have compared green taxonomies of China and

the EU under the IPSF since 2020, released the *Common Ground Taxonomy* in November 2021, and updated it in June 2022, covering 72 climate change mitigation activities that share common ground for both China and the EU taxonomies with regard to the "substantial contribution" criteria. Financial institutions such as the China Construction Bank and the Bank of China issued bonds based on the *Common Ground Taxonomy*. The groundbreaking effort of China and the EU to increase the comparability and interoperability of green taxonomies would facilitate cross-border green capital flows. In addition, the PBOC supported standard-setting bodies such as the FSB and the BCBS to assess and bridge related data gaps, to develop climate risk monitoring tools, and to improve regulatory standards for green finance. It supported the BCBS to release the *Principles for the Effective Management and Supervision of Climate-Related Financial Risks*, as a guideline for banks and regulators across the world to assess and mitigate climate-related financial risks in the banking sector. It joined the BCBS in exploring the inclusion of climate factors in the Basel framework, and the establishment of climate-related information disclosure framework for major international banks. It also played an active role in the NGFS, and promoted cooperation on green finance between central banks and supervisors.

Improved financial services for cooperation under the Belt and Road Initiative

The PBOC guided financial institutions to provide better financial products and services for high-quality development under the Belt and Road Initiative (BRI), in line with market and commercial principles. It guided financial

institutions to raise risk awareness, refine risk management system, and strengthened the principal responsibilities of financial institutions and enterprises for risk prevention. It encouraged domestic financial institutions to establish the third party cooperation with their international counterparts. In addition, it gave full play to the role of the Silk Road Fund and other investment funds in channeling more funds to the BRI. It also guided market institutions to improve the regular interbank cooperation mechanism under the BRI and to increase the number of BRI members. By end-2022, 158 institutions from 71 countries and regions became either members or observers. Furthermore, it promoted the use of the RMB in countries and regions participating in the BRI, and expanded offshore RMB clearing arrangements, designating clearing banks in Laos, Kazakhstan and Pakistan.

The PBOC remained committed to bolstering the development of green finance to ensure the sustainability of development under the BRI. It encouraged financial institutions to provide more support for green projects under the BRI and to scale up the impact of the *Green Investment Principles for the Belt and Road* (GIP). Another four institutions participated in the GIP in 2022, bringing the total number of signatories to 44 financial institutions and enterprises from 17 countries and regions, with the assets exceeding USD41 trillion. The GIP Africa Chapter was officially launched during the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27) in November. With focus on capacity building, the GIP held four webinars throughout the year on climate transition and biodiversity risk, common ground taxonomy for sustainable finance, financial innovation supporting green transition in

Belt and Road regions, and transition finance.

Deepened regional and bilateral financial cooperation

The PBOC was dedicated to maintaining regional financial stability and strengthening regional financial cooperation. Under the EMEAP, it was actively engaged in economic monitoring of the region, exchanged ideas on trendy issues such as fintech and green finance, and encouraged the Asian Bond Fund to invest more in green bonds. In 2022, China was the co-chair for ASEAN+3 financial cooperation. During the year, the PBOC actively participated in the joint efforts to promote cooperation on transition finance under the ASEAN+3, increase the effectiveness of the Chiang Mai Initiative Multilateralization (CMIM), and strengthen the economic monitoring capabilities of ASEAN+3 Macroeconomic Research Office (AMRO). It also deepened the third party market cooperation with multilateral development institutions, including the African Development Bank and the European Bank for Reconstruction and Development, and supported Africa, Latin America and especially low-income countries in COVID-19 containment and economic recovery. It held the second Governor-Level Virtual Dialogue with the central banks from the Gulf Cooperation Council (GCC) to enhance cooperation on payment systems, AML and combating financing of terrorism (CFT), as well as cybersecurity.

The PBOC cemented economic and financial cooperation with the US, Europe, the UK, and Russia as well as neighboring countries. Based on existing bilateral dialogues, it pushed for practical cooperation with Europe, the UK, and Russia in macroeconomic policy, COVID-19



response, international use of the RMB, and financial opening-up. Meanwhile, it explored new opportunities for cooperation on and development of green finance and CBDC, in an effort to build a favorable external environment. It continued to participate in free trade agreement (FTA) negotiations, such as the 2nd phase FTA

negotiations between China and South Korea, and China-Belarus negotiations on service trade and investment agreement. This was part of the national efforts to strike high-level FTAs and expand the network of high-standard free trade areas.

THE MAINLAND'S FINANCIAL COOPERATION WITH THE HONG KONG SAR, THE MACAO SAR, AND THE NON-GOVERNMENTAL FINANCIAL SECTOR INTERACTIONS WITH TAIWAN

Advanced financial cooperation with Hong Kong and Macao

The PBOC pushed forward the development of RMB business in Hong Kong SAR and Macao SAR. In 2022, the PBOC issued RMB120 billion of central bank bills in twelve batches in Hong Kong. It improved the mechanism for regular issuance of central bank bills in Hong Kong and the issuance structure, which can further diversify RMB investment products with high credit ratings and tools for RMB liquidity management. The effort met the demand of offshore market investors, improved the offshore RMB yield curve, and promoted the development of offshore RMB market in Hong Kong and Macao. It also remained committed to optimizing currency swap arrangements. In July 2022, the PBOC and the HKMA enhanced the currency swap arrangement by turning it into a long-standing arrangement and expanding its size from RMB500 billion to RMB800 billion. By end-2022, outstanding RMB deposits in Hong Kong hit RMB835.9 billion, down by RMB90.9 billion or 9.8 percent year-on-year, while those in Macao reached RMB106.4 billion, jumping by RMB43.1 billion or 68.1 percent over the end of 2021.

The PBOC deepened fintech cooperation. In September 2022, a pilot with real-value transactions was conducted for the first time under the Project mBridge, the collaboration

between the Digital Currency Institute of the PBOC, the BIS Innovation Hub, the HKMA, the Bank of Thailand, and the Central Bank of the United Arab Emirates.

The PBOC actively supported the development of the Guangdong-Hong Kong-Macao Greater Bay Area (hereinafter referred to as the Greater Bay Area). It implemented the key strategic plans of the CPC Central Committee and the State Council for the Greater Bay Area and the Shenzhen-Hong Kong Modern Service Industry Cooperation Zone in Qianhai, Shenzhen. Based on the *Opinions on Providing Financial Support for the Development of the Guangdong-Hong Kong-Macao Greater Bay Area*, the PBOC focused on the key areas in financial reform, including facilitating cross-border trade, investment and financing, deepening financial cooperation between the mainland and Hong Kong and Macao, enhancing the connectivity of financial markets and financial infrastructures, boosting the innovation of financial services, and preventing cross-border financial risks, in an effort to further advance financial opening-up and innovation, deepen financial cooperation between the mainland and Hong Kong and Macao, and ramp up financial support for the development of the Greater Bay Area. The northbound and southbound trading under the Bond Connect remained steady. In particular, northbound trading posted 82 981 deals in 2022



with the trading value hitting a new record high of over RMB8 trillion. On the occasion of celebrating the 5th anniversary of the Bond Connect in July, the PBOC published a joint statement with the Securities and Futures Commission of Hong Kong (SFC) and the HKMA, announcing the launch of the Swap Connect. In September, it expanded the pilot program for opening Type-II/III accounts for Hong Kong and Macao residents with agency witness to another three banks, including the China Construction Bank, the China Merchants Bank, and the Bank of East Asia. It also expanded the business of the Bank of China (pilot bank for Hong Kong residents) and the Industrial and Commercial Bank of China (pilot bank for Macao residents) to Macao and Hong Kong respectively. Furthermore, the Cross-Boundary Wealth Management Connect witnessed a steady growth in size, with the number of pilot banks in the Greater Bay Area increasing from 20 to 31. By end-2022, northbound trading under the Cross-Boundary Wealth Management Connect posted a cumulative net inflow of more than RMB280 million, while southbound trading a cumulative net outflow of more than RMB400 million. The PBOC promoted the diversification of acceptance scenarios for five e-wallets in Hong Kong and Macao, including China Unionpay Quick Pass App for Hong Kong and Macao, Alipay (Hong Kong) e-wallet, WeChat (Hong Kong) e-wallet, the Bank of China Macao mobile banking, and Mpay of the Macao Pass, providing Hong Kong and Macao residents in the Greater Bay Area with convenient access to mobile payment. It continued to study the cross-border use of data in the Greater Bay Area, and implemented measures such as boosting the development of cross-border lending through Commercial Data Interchange, and allowing banks from Hong

Kong and Macao to establish branches and do business in the Greater Bay Area.

The PBOC continued high-level financial dialogues with institutions in Hong Kong and Macao. In 2022, it had extensive exchanges with the financial sectors of Hong Kong and Macao on topics such as the development of the Greater Bay Area, economic developments and financial stability in Hong Kong and Macao, capital market connectivity, Hong Kong's status as an international financial center, development of Hong Kong's offshore RMB business, and international use of the RMB. At the end of October 2022, Yi Gang, Governor of the PBOC, attended and addressed the Hong Kong FinTech Week 2022 virtually. In early November, Governor Yi Gang participated in the Global Financial Leaders' Investment Summit in Hong Kong virtually and exchanged views with Eddie Yue, Chief Executive of the HKMA, on economic conditions, the RMB exchange rate, and Hong Kong's status as an international financial center.

Supported non-governmental financial cooperation across the Taiwan Straits

The PBOC actively promoted non-governmental financial exchanges across the Straits and gave full play to the role of China Society for Finance and Banking, a private academic group, in facilitating financial exchanges and cooperation across the Straits. Up to now, the Society has successfully held 24 cross-Straits financial seminars (renamed Seminar on Financial Cooperation Across the Taiwan Straits since the 19th seminar). Due to COVID-19, the 25th Seminar on Financial Cooperation Across the Taiwan Straits will be postponed to 2023.

HUMAN RESOURCES

Staff composition

As of end-2022, the number of PBOC staff totaled 120 846, including employees of affiliated public institutions and some of the affiliated enterprises. By breakdown, 45 995 or 38.06 percent of the staff were female. 1 275 or 1.06 percent held a Ph.D degree, 22 157 or 18.33 percent held a master's degree, and 71 126 or 58.86 percent held a bachelor's degree. Among the staff at the PBOC Headquarters, 174 or 22.89 percent held a Ph.D degree, 501 or 65.92 percent held a master's degree, and 81 or 10.66 percent held a bachelor's degree. In 2022, new recruits totaled 1 691, while 5 414 staff members retired. In terms of age structure, 25 371 were 30 years old or younger, 15 997 were 31 to 35 years old, 11 043 were 36 to 40 years old, 10 047 were 41 to 45 years old, 15 736 were 46 to 50 years old, 21 206 were 51 to 54 years old, and 21 446 were 55 years old or above.

Team building

Following the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the PBOC thoroughly studied and implemented the guiding principles of the 20th CPC National Congress. Based on the results of inspections and rectifications organized by the CPC Central Committee, the PBOC resolutely safeguarded the establishment of Comrade Xi Jinping's core position on the CPC Central Committee and in the Party as a whole and the guiding role of Xi Jinping Thought on Socialism

with Chinese Characteristics for a New Era, and enhanced its consciousness of the need to maintain political integrity, think in big-picture terms, follow the leadership core, and keep in alignment with the central Party leadership. It also stayed confident in the path, theory, system, and culture of socialism with Chinese characteristics, and upheld Comrade Xi Jinping's core position on the CPC Central Committee and in the Party as a whole and the CPC Central Committee's authority and its centralized, unified leadership. To advance the great new project of Party building in the new era, the PBOC fully implemented the Party's organizational work in the new era and boosted the high-quality development of organization and human resources management, providing a strong organizational foundation for building a modern central bank system.

In accordance with the requirements of the CPC Central Committee, the PBOC made well-conceived plans for the election of delegates to the 20th CPC National Congress, and organized Party organizations at various levels and PBOC-wide Party members to recommend and nominate three types of candidates, basically achieving the goal of full coverage of primary-level Party organizations and full participation of Party members. It held the Party Representative Conference of the People's Bank of China and elected six delegates to the 20th CPC National Congress. It also guaranteed conferencing services for the delegation of the central financial system, completed all the tasks assigned by



the presidium, and ensured that the delegates exercised their rights properly and played their roles.

The PBOC endeavored to build a competent team of officials. In line with the guiding principles of General Secretary Xi Jinping's speech of "Building the Leadership of CPC Central Committee and State Institutions", it attached importance to the mix of senior, middle-aged and young officials, with focus on optimizing leadership team structure and enhancing overall functions. Taking political commitment as the primary criterion for selecting and appointing officials, it refined the assessment indicator system for officials' political commitment and conducted practical and in-depth assessments of their political commitment. Meanwhile, it redoubled its efforts to strategically cultivate young officials and improved the regular working mechanisms for training and selecting promising young officials. Taking a primary-level organization and practice-centered approach, it optimized the secondment and temporary position mechanism to push its officials to temporarily serve in a harsh environment and in key and demanding positions. It adopted a targeted and scientific approach and took advantage of the time window to ensure that the examination and enrollment of public servants was completed with high quality, an effort to enhance team building from the beginning.

The PBOC tightened comprehensive management and supervision, and motivated officials to boldly take on responsibilities in their work. It intensified political oversight, especially on the "key few" and the leadership of its affiliated institutions and their heads. It refined the mechanism for rigorous official management

and oversight, and deepened education and guidance for them, to push them to refrain from corruption in their political life and exercise of power. It organized special inspections of the selection and appointment of officials and rectifications of staffing issues in its branches, and strengthened the principal responsibilities of Party governance at each level, in a bid to build a political ecosystem characterized by integrity. It ensured that officials could be promoted as well as demoted, and implemented initiatives to encourage them to shoulder responsibilities. It also organized selection and recognition of role models, and gave full play to their exemplary role.

The PBOC pushed forward and set strict requirements for the education and training of its officials and team building. It armed its officials with the Party's new theories for the new era, deepened education and training on Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and built a regular and long-term mechanism for studying the Party's history. In addition, it provided centralized training in batches and systematic training on the guiding principles of the sixth plenary session of the 19th CPC Central Committee, and made systematic arrangements for the training on the guiding principles of the 20th CPC National Congress immediately after the Congress. It prioritized the training on political theories, policies, and regulations, with focus on enhancing the political capability of the leadership and newly-appointed officials. Centering on its key mandates, the PBOC provided targeted professional training and enabled officials to fulfill their duties more effectively. It continued to build the learning platform of "Devotion to Study Lecture Series" for primary-level authorities through China E-Learning Academy for

HUMAN RESOURCES

Leadership and Central Bank Online Academy to make education more accessible. Following the guiding principles of the Central Talent Work Conference, it implemented the opinions on boosting and improving talent management in

the new era and the national talent development plan during the 14th Five-Year Plan period, and further enhanced organizational leadership, driving new achievements in fostering financial talents for the new era.

INTERNAL AUDITS

Performed in-depth audits on economic responsibilities of leading officials

The PBOC stepped up audits on its leading officials in the implementation of major policies and initiatives of the CPC Central Committee, such as financial support for overall economic stability and the people's livelihoods, and prevention and control of financial risks. It kept a close eye on the implementation of the central Party leadership's eight-point decision on improving Party and government conduct. Meanwhile, it supervised its branches in the implementation of monetary policy, monitoring and resolution of regional financial risks, law-based administration, and budget management. It also exercised oversight on its affiliates in financial receipts and payments, outbound investment, procurement management, and internal control. It performed audits on economic responsibilities of 20 department and bureau-level leading officials in 2022. In the past four years, it has expanded audits on economic responsibilities to cover all of its leading officials. This has effectively incentivized PBOC officials at all levels to perform their duties fully and regulated the exercise of public power.

Intensified audits on major policy implementation and business management

The PBOC carried out special audits on the management of structural monetary policy instruments, with focus on the use and extension

of the two monetary policy instruments directly supporting the real economy, as well as on whether central bank discount and lending in support of rural development and MSBs were provided in a compliant, targeted, and effective manner. It also performed audits on key financial information infrastructure, with emphasis on ensuring system continuity, confidentiality of data and information, and safety of funds, to promote the stable performance of payment and financial infrastructure. In addition, it tightened audits on its affiliates regarding their fulfillment of primary responsibilities and performance in main business activities, and urged them to better assist the central bank in fulfilling mandates.

Tightened internal management audits

The PBOC organized PBOC-wide audits on internal control to improve the democratic decision-making process for major issues, to regulate the exercise of administrative power, and to ensure the safety of funds, property and personnel. It also performed budget management audits. In accordance with strict management and austerity requirements, the PBOC enhanced the role of budget in guaranteeing the implementation of major decisions and deployment of the CPC Central Committee and the State Council, and the fulfillment of central bank mandates. It promoted the optimization of financial resource allocation, improved budget performance management, and guarded against risks in the use of public funds. Moreover, it intensified audits on procurement management,

regulated procurement behaviors, tightened procurement supervision, and took substantive measures to prevent the risk of corruption.

Improved constantly the basic work of internal audits

The PBOC paid great attention to coordinating COVID-19 containment and auditing projects. It put auditing resources to good use through pre-audit data analysis, virtual meetings, and cross audits. Thanks to these efforts, internal audits were well-organized and effective throughout the year. The coverage of audits was expanded and the quality was improved. It harnessed all kinds of auxiliary auditing tools in offsite data analysis

and provided leads and bases for onsite audits, effectively improving the onsite auditing efficiency and impact. Meanwhile, the PBOC focused on boosting audits with technologies. It refined the second generation comprehensive management system for internal audits, scaled up the non-structural and big data-based auditing approaches, delved into the penetration test and analytics, and expanded IT application in internal audits. Additionally, it developed a mechanism for assessing the rectification of problems exposed by audits so as to push for rectification and increase the use of audit results. These efforts aim at tapping into the role of internal audits in supporting governance.

FINANCIAL STATISTICS

Carried out comprehensive statistics on the financial sector

First, the big data-enabled statistical work was in full swing. With data collected on major financial instruments in the assets and liabilities of financial institutions, financial statistics covered all of the more than 160 000 asset management products of the banking, securities, and insurance sectors. This marked the beginning of full and in-depth implementation of big data-enabled statistics by the central bank. Over 10 billion basic financial data was collected per month. By harnessing big data technology in identifying relevance, the PBOC significantly improved its capabilities of monitoring risks associated with asset management products and their impact on monetary policy and financial markets. Second, statistics on SIBs were improved. The PBOC guided financial institutions to further improve statistics on SIBs. It also established an indicator system for monitoring and analysis to fully assess the impact of SIBs on the financial system. Third, the PBOC steadily carried out the statistical work on financial holding companies. It issued the *Standards for Collecting Statistics on Financial Holding Companies*. In tandem with the issuance of regulatory licenses, it forwarded relevant regulations to institutions in time, and provided training on regulations and network connection. Fourth, the PBOC pushed forward the implementation of statistical regime for local financial organizations in an orderly way. It organized pilot data collection and expanded the coverage of institutions. It verified 7 000–

plus validation rules and consolidated the data foundation. Fifth, statistical systems were put in place for securities and insurance sectors and data was collected. It advanced accounting, analysis, and studies on flow of funds, and pushed for the preparation of balance sheets of the financial sector. Together with the National Bureau of Statistics, the PBOC completed the national balance sheet for 2020.

Significantly enhanced the practical functions of the national basic financial database to better support the fulfillment of central bank mandates

First, the foundation was consolidated. The PBOC intensified fundamental research, such as big data technology and model algorithms to provide approaches to the integrated use of data. While tracking new progress in the use of big data, such as machine learning, it studied models for probability of default, relevance to financial system, peer contagion, and systemic risks to provide models for the integrated use of data. Second, data application was expanded. The PBOC continued to promote the integrated use of data guided by the goals of “supporting the real economy, preventing financial risks, and deepening financial reforms”. While compiling statistics on interest rates from different aspects, it strengthened and expanded data support for structural monetary policy, and monitored structured financing by SSDI SMEs, so as to assess the impact of structural monetary policy. It established a risk monitoring and early

warning system for financing by enterprise groups, enabling smart monitoring and early warning against risks posed by enterprises and financial institutions. It tightened risk monitoring and assessment in key areas, such as risk contagion among financial institutions, to support ex-ante risk assessment and the development of contingency plans. In particular, it monitored the control over small and medium-sized banks by private enterprise groups and loans to their shareholders, to provide key information for the reform of small and medium-sized banks. Third, it promoted data sharing. To fulfill its mandates, the PBOC leveraged extensive data resources of the national basic financial database to facilitate data sharing. It developed the *Administrative Measures for Data Support from the National Basic Financial Database (Interim)* and established the mechanism for system-wide data support from the national basic financial database. Based on the big data analytics sharing platform, it launched a series of data products. It also developed the data product catalogue for the national basic financial database, covering data needs arising from providing financial support for the real economy, maintaining financial stability, and exercising macroprudential management. It kick-started a pilot program for the data development platform of the national basic financial database to prop up data sharing and development.

Implemented arrangements on COVID-19 containment, and completed high-quality statistics, survey and analysis

Despite the disruption of COVID-19 to the compilation of statistics, the PBOC collected all the data on financial institutions' assets and

liabilities, and compiled statistics on money and credit aggregates. It made efforts to ensure the accuracy of statistics on the AFRE and financing structure. It also compiled nearly 30 types of special statistics in areas such as inclusive finance, targeted financial support, green finance, affordable housing projects, real estate, agriculture-related endeavors, wealth management and trust, and sampling of deposit and lending rates.

The PBOC conducted surveys and researches in a targeted and effective way, with the pertinence of surveys significantly increased. First, considering the advantages of institutional surveys in monitoring, the PBOC leveraged such surveys to quickly reflect economic performance, delivering a rising social impact. It conducted surveys on business sentiment, urban depositors, bankers, financiers, and corporate goods price index on a quarterly or monthly basis, with the results drawing wide public attention. Second, the PBOC focused on new developments and issues to reflect major marginal changes of micro entities in time. While watching closely new developments in economic performance, such as expedited credit supply by banks, increased early repayments of loans by enterprises and individuals, changes in accounts receivable and ages of account, and the impact of optimized COVID-19 containment policy on enterprise production and operation, the PBOC carried out thematic surveys and researches accordingly.

The PBOC kept improving the predictability and effectiveness of situation analysis and thematic studies. First, it stepped up previous research and assessment of topical issues and difficulties in economic and financial



developments, and refined the multi-tier forecast and analysis framework to provide forward-looking and targeted information for macroeconomic management. While monitoring the macro leverage ratio, it analyzed China's debt dynamics and trends by economic sector, enterprise ownership, financial instrument, region, and tenor. It kept a close eye on the higher-than-expected changes in the prices of major commodities, such as hog and energy, and conducted thematic analyses on medium

and long-term issues, such as adjustments in coal-electricity pricing mechanism, green energy transition, and supply chain bottlenecks. It also beefed up the monitoring of global inflation. Second, the PBOC strengthened thematic studies and those on major fundamental issues. Based on its priorities, it organized local research and statistics departments and basic financial data centers to make in-depth studies to lay a theoretical foundation for analysis work and comprehensive statistics on the financial sector.

Box

Building a Statistical System for Financial Holding Companies and Carrying Out Comprehensive Statistics on Licensed Institutions

In accordance with the *Opinions of the General Office of the State Council on Fully Promoting the Comprehensive Statistics on the Financial Sector*, the PBOC has promoted statistics on financial holding companies (FHCs) since 2018 and achieved material progress, bearing in mind the pressing needs of preventing and defusing systemic financial risks.

Given the urgency and feasibility of compiling statistics on FHCs, the PBOC launched a pilot program for such statistics. In 2019, taking into account the global regulatory principles and experience, the practice of consolidated management by domestic financial regulators, and China's realities, it developed the *Statistical System for Financial Holding Companies (Interim)* and started the work on a trial basis in October. It obtained key information on pilot enterprises, including their assets and liabilities, real capital, equity relationship, and internal transactions, which bridged the gaps in statistics on FHCs in time.

The PBOC also improved and upgraded the institutional arrangements to ensure

comprehensive statistics on licensed FHCs. Drawing on the experience of the pilot program, it issued and fully implemented the *Statistical System for Financial Holding Companies (Interim)* at end-2021, to ensure the timely and full coverage of all licensed institutions. The CITIC Financial Holdings Co., Ltd., Beijing Financial Holdings Group Co., Ltd., and China Merchants Financial Holdings Co., Ltd. have already provided statistics to the PBOC in accordance with the requirements of the *Statistical System for Financial Holding Companies (Interim)*, which covered basic information, equity relationship, assets and liabilities, profits, capital, major risk supervisory indicators, risk concentration, and internal transactions of the three reporting companies and their affiliates. New licensed FHCs will be included as reporting agencies by the PBOC in time in line with the *Statistical System for Financial Holding Companies (Interim)*. Going forward, the PBOC will further improve the efficiency of statistical work on FHCs and the level of data application, supported by the national basic financial database.

PILOT REGIONAL FINANCIAL REFORMS

Explored an effective model of financial support for scientific and technological innovation to foster new development philosophy

The PBOC carried out a pilot financial reform to support technological innovation finance, and integrated technology and financial resources to provide financial instruments and institutional arrangements for mitigating risks while providing financial support. In Hubei province, a six-front special mechanism, including the establishment of institutions, operation mechanism, financial products, information platform, direct finance, and financial regulation, was established for the Wuhan Metropolitan Area, so as to provide full life-cycle financial services for small and medium-sized tech companies. In Ji'nan, Shandong province, the pilot zone for the reform of technological innovation finance focused on building a “talent+capital” financing service model, and launched financial products such as loans for technological innovation patents. In November 2022, the PBOC issued the *General Plan for Building Financial Reform Pilot Zones for Technological Innovation Finance in Shanghai, Nanjing, Hangzhou, Hefei, and Jiaxing*, along with relevant authorities, to provide financial support for the creation of coordinated innovation systems in the Yangtze River Delta. With a view to establishing an widely-accessible,

multi-tier, all-encompassing, and sustainable service system for technological innovation finance, the *General Plan* was also aimed at creating an ecosystem in the Yangtze River Delta with balanced supply and demand of financial resources and effective prevention of financial risks, and turning this area into a new high ground for technological innovation and manufacturing research and development.

Provided financial support for major regional development strategies to pursue coordinated development

The PBOC guided financial institutions to step up financial support for innovation-driven regional development, facilitated the flows and highly efficient convergence of resources and factors across regions, and built city clusters into growth drivers. In the Yangtze River Delta, financial institutions were committed to building and improving the financial policy coordination and information sharing mechanism through cross-region collaboration to boost integrated and high-quality development. For the Chengdu-Chongqing economic circle, the PBOC proposed a policy framework featuring six systems and one infrastructure^① for jointly building a financial center in Western China and pushed forward the building of a key growth engine and a new driver for high-quality development in the area.

① The six systems and one infrastructure refer to organization system of financial institutions, financial market system, modern financial service system, financial innovation system, financial opening-up system in the inland areas, financial ecosystem, and financial infrastructure.

In the Greater Bay Area, the PBOC focused on deepening the integrated development of finance to provide strong financial support for the building of a first-class bay area and a world-class city cluster. It also studied the special policies on financial support for the development of Hengqin in Zhuhai and Qianhai in Shenzhen to open up new prospects for the Greater Bay Area.

Provided financial support for the green and low-carbon transition of the economy to pursue green development

The pilot zones for green finance reform and innovation have delivered a positive impact on developing green finance standards, improving environmental information disclosure, strengthening the incentivizing and restrictive roles of policies, innovating products and services, and carrying out extensive international cooperation, thus improving the provision of green finance both in quality and quantity. In August 2022, the PBOC, together with relevant authorities, issued the *General Plan for Building a Pilot Zone for Green Finance Reform and Innovation in Chongqing* to promote the building of a green financial system in Chongqing. In December, pilot zones for green finance reform and innovation in eight cities (new districts) of five provinces (and autonomous region), including Zhejiang, Jiangxi, Guangdong, Guizhou and Xinjiang, finished the pilot with satisfying results, fully playing their leading roles as forerunners and role models. By end-2022, outstanding green loans in the pilot zones totaled RMB1.8 trillion, accounting for 12.9 percent of their total loans, which was higher than the national average. Quzhou, a city in Zhejiang province explored a closed-loop carbon account-based financial system to ensure carbon accounting for investment and financing of financial

institutions is operable, measurable, and verifiable. In partnership with Shenzhen, Hong Kong and Macao, the pilot zone in Guangzhou, Guangdong province initiated the green finance alliance in the Greater Bay Area to boost connectivity of green financial markets in the Greater Bay Area.

Optimized regional arrangements for financial opening-up to implement the philosophy of open development

Benchmarked against world-class financial centers, Shanghai stayed committed to improving its service capacity and global influence as an international financial center. Free trade pilot zones (ports) were focused on supporting the real economy and promoting trade and investment facilitation to advance the high-quality opening-up of the financial sector. Regional free trade pilot zones enhanced trade and investment facilitation further, with their provinces recording about RMB41.8 trillion in cross-border RMB business in 2022, increasing by 9.3 times as compared with 2012. In particular, cross-border RMB receipts and payments for trade in goods, trade in services, and direct investment stood at around RMB7.7 trillion, RMB1.2 trillion, and RMB6.4 trillion respectively, increasing by 2.1 times, 7.9 times, and 21.8 times as compared with 2012. The “four frames and eight pillars” in financial support for the building of Hainan Free Trade Port took shape, which bolstered the high-quality economic growth, and trade and investment facilitation in the free trade port.

Steadily carried out pilot inclusive finance reform to implement the philosophy of shared development

Many regions steadily advanced the pilot



inclusive finance reform, with focus on connecting the consolidation of achievements in poverty alleviation with rural revitalization, and significantly expanded the coverage and availability of financial services. Ganzhou and Ji'an in Jiangxi province promoted the use of financing service platform for micro and small clients in Jiangxi province and the credit information verification platform for rural business owners, and innovated online financial products. In Taizhou, Zhejiang province, the Taizhou model for MSB financial services that features real economy orientation, enhanced services to MSBs, targeted supply, and sound operation was built up through enhancing the credit system, and improving the financing guarantee and insurance mechanism. Under this model, the number of MSBs applying

for loans increased from 240 000 at end-2015 to 578 000 at end-2022, and outstanding MSB loans doubled to RMB668.9 billion. In September 2022, with the approval of the State Council, the PBOC issued with relevant authorities the *General Plan for the Pilot Zone for Inclusive Finance Reform in Tongchuan, Shaanxi Province*, the *General Plan for the Pilot Zone for the Reform of Supporting Rural Revitalization with Inclusive Finance in Lishui, Zhejiang Province*, and the *General Plan for the Pilot Zone for the Reform of Supporting Rural Revitalization with Inclusive Finance in Chengdu, Sichuan Province*, to explore effective pathways for supporting rural revitalization through inclusive finance and accumulate replicable and scalable experience for the development of inclusive finance in China.

GREEN FINANCE AND INCLUSIVE FINANCE

Gave full play to the motivating and guiding role of green finance policy

The PBOC took the lead to improve institutions and mechanisms for providing financial support for green and low-carbon development, and to draft guiding opinions on financial support for such development. It also put into operation two monetary policy instruments, the CERF and the special central bank lending for clean and efficient use of coals. In September 2022, it included some foreign banks in the list of financial institutions eligible for the CERF. By end-2022, supported by these two policy instruments, financial institutions had issued RMB516.2 billion carbon emission reduction loans and RMB81.1 billion loans for the clean and efficient use of coals, leading to carbon dioxide emission reduction equivalent to over 100 million tons.

The PBOC performed quarterly green finance evaluation on banking financial institutions, compiled statistics on green loans and bonds on a regular basis, and intensified statistics on loans invested in projects with direct and indirect carbon reduction benefits.

The PBOC advanced the steady growth of green credit. As of end-2022, outstanding green loans of financial institutions denominated in local and foreign currencies hit RMB22.03 trillion, rising by 38.5 percent year-on-year and 28.1 percentage points higher than the growth of total loans. The annual increase of outstanding green loans posted RMB6.01 trillion. By breakdown,

loans invested in projects with direct and indirect carbon reduction benefits amounted to RMB8.62 trillion and RMB6.08 trillion respectively, accounting for 66.7 percent of total green loans when combined.

The PBOC promoted the innovation and development of green bond market. In 2022, it supported the issuance of RMB321.491 billion green debt financing instruments, including RMB136.62 billion carbon neutrality bonds. The funds raised were channeled to areas with significant carbon reduction benefits, such as clean energy, clean transportation, sustainable buildings, and industrial low-carbon renovation.

The PBOC constantly optimized its foreign exchange administration, and channeled more overseas financial resources to green and low-carbon development. It encouraged eligible overseas institutions and individuals to participate in carbon emissions trading and facilitated currency exchange. It pressed ahead with the pilot for cross-border green credit assets trading in places such as the Beijing Free Trade Zone, and supported cross-border trading of green asset-backed securities through the Bond Connect and other conduits. It also encouraged overseas institutions to issue green panda bonds and invest in domestic green bonds, and facilitated the allocation to green financial assets in China by overseas investors during account opening, trading, registration, clearing, settlement, currency exchange, and cross-border remittance.



Coordinated efforts in promoting green finance and transition finance

The PBOC took an active part in the establishment of the carbon peaking and carbon neutrality standards system to further refine the standard system for green finance. In partnership with the SAMR, the CBIRC, and the CSRC, it issued the *Development Plan for Financial Standardization During the 14th Five-Year Plan Period*, putting the accelerated improvement of the standard system for green finance on the agenda. It also promulgated the industrial standards and rules, such as the *Carbon Financial Products*, and the *China Green Bond Principles*. Upon study, it developed more than 10 national and industrial standards, such as for carbon accounting for financial institutions and financial activities, environmental risk stress tests for financial institutions, and environmental and social risk management for commercial bank lending in financing green projects. While replicating and scaling up feasible experience and mature practices of green finance, it formulated standards for transition finance, and led the development of the user manual on the standards for transition finance, and the drafts on the standards for transition finance in many carbon-intensive industries, such as coal-powered electricity, iron and steel, construction and building materials, and agriculture.

The PBOC promoted the innovation of low-carbon transition bond products and instruments, including sustainability-linked bonds and transition bonds. In 2022, RMB25.3 billion sustainability-linked bonds and RMB4.93 billion transition bonds were issued on domestic market.

The PBOC organized 21 domestic systemically important banks to complete stress tests on sensitivity to eight carbon-intensive industries, and led the four pilot regions in Shandong, Shaanxi, Shanxi and Zhejiang to explore stress tests on regional climate risks.

Deepened international cooperation on green finance

The PBOC advanced the formulation of international policy framework on financial support for low-carbon transition. In 2022, as the co-chair of the G20 Sustainable Finance Working Group, the PBOC led the development of the *G20 Transition Finance Framework*. In June 2022, China and the EU jointly published the updated version of the *Common Ground Taxonomy*, boosting the comparability and interoperability of green taxonomies in China and the EU. In addition, it actively participated in global climate change governance. It strengthened cooperation with the NGFS and other multilateral platforms, and continued to expand the impact of the GIP. By end-2022, the GIP had 44 signatories and 14 supporters, which are Chinese and foreign financial institutions from 17 countries and regions, and the GIP Africa Chapter was launched.

Continued to improve top-level design for inclusive finance

The PBOC and the CBIRC drafted the *Opinions on Advancing High-Quality Development of Inclusive Finance*, which was reviewed and adopted by the 24th meeting of the Central Commission for Comprehensively Deepening Reform. Supported by the supply-side structural reform in the financial sector, more financial resources

were channeled to key areas and weak links to expeditiously overcome weaknesses in financial services for counties, MSBs and new types of agricultural operating entities, to promote integrated development of inclusive finance, green finance, and technological innovation finance, and to make policies more targeted and effective.

Guided the increase in credit supply under inclusive finance

The PBOC strengthened the inclusive finance contact mechanism among financial institutions, and guided financial institutions to step up support for the real economy through inclusive finance. It mobilized more funds to inclusive finance and kept inclusive loans growing fast. As of end-2022, outstanding inclusive loans reached RMB32.14 trillion, a year-on-year increase of 21.2 percent. New inclusive loans posted RMB5.64 trillion in 2022, RMB625 billion more than that in the previous year. The PBOC also pushed financial institutions to implement the reform initiatives to deepen the interest rate transmission mechanism, to keep inclusive MSB loans available at concessional rates, and to reduce fees and sacrifice profits in favor of financially under-served groups. It encouraged financial institutions to increase the shares of first-time loans and unsecured loans, to further implement the policy on deferring loan repayments, and to expand access to revolving loan facility and loan renewals without repayment of principal to optimize the structure of inclusive MSB loans.

Refined the indicator system for inclusive finance

As required by the high-quality development

of inclusive finance, the PBOC developed the *China Inclusive Finance Indicator System (2022 Version)*, adding indicators on green loans and direct finance, and optimizing selected indicator coverage, so as to effectively measure the high-quality development of inclusive finance. The updated indicator system includes 57 indicators in 24 categories across three dimensions. The PBOC also organized the data entry and analysis of the multi-tier inclusive finance indicator system at national, regional, provincial, municipal, and county levels. It published the national analysis report on inclusive finance indicators for five consecutive years.

Promoted continuously the development of digital inclusive finance

The PBOC guided financial institutions to jointly draft the *Specification of Digital Inclusive Finance Business Model in Banking Sector* to provide a standardized model for digital inclusive finance. It helped promote digital financial service channels like mobile banking, extended digital financial services to rural areas and counties, and prompted the improvement of service interfaces and features for the elderly and the disabled. These efforts broke the limits of time and space so that financial services could reach out to geographically dispersed clients in remote areas at lower costs. During COVID-19, digital inclusive finance ensured the continuity of financial services with its contact-free services, and withstood the test of the pandemic.

Deepened international cooperation on inclusive finance

The PBOC firmly upheld the philosophy of extensive consultation, joint contribution, and



shared benefits, actively participated in the Global Partnership for Financial Inclusion (GPFI) under the G20, and supported the GPFI to adopt achievements, such as the *G20 Financial Inclusion Framework in Harnessing Digitalization*, the *Implementation Guide for the G20 High-Level Principles for Digital Financial Inclusion*, and the database on digital and innovative financial

products and services for MSMEs. It also worked with the World Bank to launch the Financial Inclusion Global Initiative (FIGI) program in China and produced various deliverables. It participated in the work of the Alliance for Financial Inclusion (AFI), and supported the AFI to deepen communication and cooperation on inclusive finance among developing countries.

GOVERNMENT INFORMATION DISCLOSURE AND CENTRAL BANK COMMUNICATION

Made government affairs more transparent, laying a solid foundation for serving the people

The PBOC promoted the centralized disclosure of normative documents. First, it circulated the *Notice on Government Information Disclosure in 2022* to its branches, defining its priorities for the year and building a work ledger to boost the implementation. Second, it optimized the columns for government information disclosure on its official website. It broke down the original policy document column into four sub-columns, including for regulations, administrative normative documents, announcements, and other documents. It sorted out 1 074 pieces of disclosed information so that users could find the information by the type of document. Third, it published different types of government information in a timely and accurate manner. In 2022, the PBOC disclosed on its official website 24 policy documents, 128 pieces of administrative law enforcement information, and 152 pieces of information on addressing motions from the National People's Congress (NPC) deputies and proposals to the National Committee of the Chinese People's Political Consultative Conference (CPPCC) to fully ensure the people's right to know.

The PBOC worked to ensure proactive disclosures in all aspects. It published three more types of administrative law enforcement

information, which includes changes in major issues of non-bank payment institutions, establishment of FHCs, and administrative permission for changes in FHCs. It disclosed information according to the law and information of concern to the market, such as 90 administrative permissions for the issuance of financial bonds on the interbank bond market, 29 administrative penalties, and financial statistics. These efforts strengthened the transparency of its work.

The PBOC enhanced the quality of information disclosure based on requests. It further standardized the management of information disclosure upon requests. While optimizing the processes of requesting government information disclosure and streamlining the response channels, it increased cross-department communication and cooperation, ensured response before deadline, and guarded against legal risks. It responded to applications for government information disclosure in a timely and accurate fashion. In 2022, the staff of the PBOC Headquarters processed 3 521 such applications, carried forward 313 applications from the previous year, settled 3 806 applications, and carried over 28 applications to the following year.

The PBOC stepped up efforts to build the government service platform. It responded to public concerns in time, and went to great lengths



to solve the pressing difficulties and problems that worried the people most. It also processed 122 messages from netizens under the column of "Share your thoughts with the Premier" on the Chinese government's official website, earning 100 percent satisfaction from netizens.

Enhanced policy publicity and interpretation to effectively guide and stabilize expectations

The PBOC strengthened policy publicity and interpretation. In 2022, Governor Yi Gang, Secretary of the CPC Committee of the PBOC Guo Shuqing, and other members of the PBOC senior management attended five press conferences, accepted five interviews by the media, and published ten signed articles to introduce and interpret key financial policies, address topical issues that concerned the public, effectively guide and stabilize market expectations, and boost public confidence in China's development. Department heads of the PBOC attended six briefing events, including the press conference of the State Council Information Office, the regular policy briefings of the State Council and briefings on financial statistics, and accepted ten interviews by the media, to introduce and interpret financial performance and policy measures, and to further extend the reach of policies. In 2022, the PBOC released more than 31 000 pieces of information on its website, including over 320 pieces of news and more than 1 100 pieces of information on its English website. Moreover, it responded to media interviews and public queries in time, and replied to 2 136 messages on the government website, with a reply rate of 100 percent. The level of service for online reviews was improved further.

The PBOC worked tirelessly to promote themed publicity. In 2022, based on key publicity themes and its priorities, the PBOC carried out more than 60 publicity events, and published over 1 100 articles. It elaborated on the achievements in fulfilling its mandates under key themes, such as "Studying and Implementing the Guiding Principles of the 20th CPC National Congress" "Talks on Finance During the Two Sessions" "Stabilizing Expectations and Strengthening Confidence" and "Developing Finance with Chinese Characteristics". It also published thematic articles to introduce and interpret the package of policies and follow-up policy measures on financial support for MSMEs, green finance, financial support for stabilizing the economy, as well as the "three arrows" in financial support for the private economy. These endeavors raised the public awareness of financial policies and extended policy reach.

The PBOC enhanced the communication power, influence, and guiding role of new media for government affairs. In 2022, it posted 2 448 articles on its official WeChat account and Weibo account, with more than 120 million views. At end-2022, its official WeChat account and Weibo account had 2.97 million and 3.66 million followers, respectively. Meanwhile, it adapted to the news communication patterns in the all-media era, sought breakthroughs in interactive communication and immersive experience, and created works of high quality on policy interpretation and knowledge about finance through images, texts and videos, in a bid to better serve market participants and the public. In particular, the *One Picture to Understand the Notice on Promoting the Establishment of Long-Term Mechanisms for Boosting Financial Sector's Confidence, Willingness, Capability, and Expertise*

GOVERNMENT INFORMATION DISCLOSURE AND CENTRAL BANK COMMUNICATION

in Lending to Micro and Small Businesses, the *Decision of the People's Bank of China to Cut Required Reserve Ratio for Financial Institutions on December 5, 2022 (with Q&A attached)*, and other policy interpretation works reached out to a large audience. Outreach events, such as Financial Literacy Month, June 14 Credit Record Care Day, Use Your Money Wisely, Visit the Cloud Museum of Financial History, were well-received by the public. In 2022, the PBOC Weibo account ranked among the “top 100 accounts with outstanding performance in better serving the general public and consumers via the online platform”, and its WeChat account was among the top accounts of new media for government affairs.

The PBOC also held high-level symposiums to

increase international academic exchanges. By leveraging the platforms of the China Society for Finance and Banking, the Banking Accounting Society of China, and the China International Economic Relations Association, it increased cooperation and exchanges with domestic and overseas financial authorities, universities, and the industry. The PBOC played an active part in introducing national financial policies, organizing academic exchanges and studies, and deepening international communication and cooperation. It published the *Almanac of China's Finance and Banking (2021)* (both in Chinese and English) and regularly published journals and magazines, such as the *Journal of Financial Research* and *Financial Accounting*.

Appendix I: STATISTICAL ANNEX

Macroeconomic Indicators (Year-End Balance)

RMB100 million

Indicator/Year	2018	2019	2020	2021	2022
Gross Domestic Product	919 281	986 515	1 013 567	1 149 237	1 210 207
Industrial Value Added	301 089	311 859	312 903	374 546	401 644
Fixed Asset Investments	488 499	513 608	527 270	552 884	579 556
Retail Sales of Consumer Goods	377 783	408 017	391 981	440 823	439 733
Urban Households	325 637	351 318	339 119	381 558	380 448
Rural Households	55 350	60 332	52 862	59 265	59 285
Exports & Imports (USD100 million)	46 224	45 779	46 559	59 986	62 813
Exports	24 867	24 995	25 900	33 179	35 693
Imports	21 357	20 784	20 660	26 807	27 120
Balance	3 509	4 211	5 240	6 704	8 778
Actual Use of Foreign Direct Investments (USD100 million)	1 350	1 381	1 444	1 735	1 891
Foreign Exchange Reserves (USD100 million)	30 727	31 079	32 165	32 502	31 277
Consumer Price Index (previous year=100)	102.1	102.9	102.5	100.9	102.0
Government Revenue	183 360	190 390	182 914	202 555	203 703
Government Expenditures	220 904	238 858	245 679	245 673	260 609
Fiscal Balance (negative figure indicates a surplus)	23 800	27 600	37 600	35 700	33 700
Urban Household Disposable Income Per Capita (yuan)	39 251	42 359	43 834	47 412	49 283
Rural Household Disposable Income Per Capita (yuan)	14 617	16 021	17 131	18 931	20 133
Number of Employed Persons in Urban Areas (million)	442.9	452.5	462.7	467.7	459.3
Registered Urban Unemployment Rate (percent)	3.80	3.62	4.24	3.96	
Total Population (million)	1 405.4	1 410.1	1 412.1	1 412.6	1 411.8

Notes: ① Sources: The *2022 China Statistical Yearbook*, *Statistical Communiqué of the People's Republic of China on the 2022 National Economic and Social Development*, *Report on the Implementation of the Central and Local Budget for 2022 and on the Draft of the Central and Local Budget for 2023*, official website of GAC, and official website of MOFCOM.

② The GDP and industrial value added in absolute terms are calculated at current prices, while their growth rates are calculated at constant prices.



Macroeconomic Indicators (Growth Rates)

percent

Indicator/Year	2018	2019	2020	2021	2022
Gross Domestic Product	6.7	6.0	2.2	8.4	3.0
Industrial Value Added	6.1	4.8	2.4	10.4	3.4
Fixed Asset Investments	5.9	5.1	2.7	4.9	4.9
Retail Sales of Consumer Goods	9.0	8.0	-3.9	12.5	-0.2
Urban Households	8.8	7.9	-4.0	12.5	-0.3
Rural Households	10.1	9.0	-3.2	12.1	0.0
Exports & Imports	12.5	-1.0	1.7	28.8	4.7
Exports	9.9	0.5	3.6	28.1	7.6
Imports	15.8	-2.7	-0.6	29.8	1.2
Balance					
Actual Use of Foreign Direct Investments	3.0	2.4	4.5	20.2	8.0
Foreign Exchange Reserves	-2.1	1.1	3.5	1.0	-3.8
Consumer Price Index	2.1	2.9	2.5	0.9	2.0
Government Revenue	6.2	3.8	-3.9	10.7	0.6
Government Expenditures	8.7	8.1	2.9	0.0	6.1
Urban Household Disposable Income Per Capita (inflation-adjusted)	5.6	5.0	1.2	7.1	1.9
Rural Household Disposable Income Per Capita (inflation-adjusted)	6.6	6.2	3.8	9.7	4.2
Number of Employed Persons in Urban Areas	2.5	2.2	2.3	1.1	-1.8
Natural Population Growth (‰)	3.8	3.3	1.5	0.3	-0.6

Notes: ① Sources: The 2022 China Statistical Yearbook, Statistical Communiqué of the People's Republic of China on the 2022 National Economic and Social Development, Report on the Implementation of the Central and Local Budget for 2022 and on the Draft of the Central and Local Budget for 2023, official website of GAC, and official website of MOFCOM.

② The GDP and industrial value added in absolute terms are calculated at current prices, while their growth rates are calculated at constant prices.

Aggregate Financing to the Real Economy

Aggregate Financing to the Real Economy (Increment)

	2021	2022		
	Increment (RMB100 million)	Proportion (percent)	Increment (RMB100 million)	Proportion (percent)
Aggregate Financing to the Real Economy	313 407	100.0	320 101	100.0
Of which: RMB Loans	199 403	63.6	209 149	65.3
Foreign Currency-Denominated Loans (RMB equivalent)	1 715	0.5	-5 254	-1.6
Entrusted Loans	-1 696	-0.5	3 579	1.1
Trust Loans	-20 074	-6.4	-6 003	-1.9
Undiscounted Bankers' Acceptances	-4 916	-1.6	-3 411	-1.1
Corporate Bonds	32 866	10.5	20 508	6.4
Government Bonds	70 154	22.4	71 228	22.3
Domestic Equity Financing by Non-Financial Corporations	12 133	3.9	11 757	3.7

Notes: ① AFRE (increment) refers to the total value of financing provided by the financial system to the real economy within a certain period of time.

② Sources: The PBOC, the CBIRC, the CSRC, the CCDC, and the NAFMII etc..

③ The PBOC further improved the statistics of the AFRE from December 2019, by incorporating treasury bonds and local government general bonds into the statistics on the AFRE, and combining them with existing local government special bonds under the item of government bonds. The value of the indicator is the face value of the bonds under custody. The PBOC improved the statistics on corporate bonds in the AFRE from September 2019 by incorporating exchange-listed corporate asset-backed securities into corporate bonds. Starting from September 2018, the PBOC included local government special bonds in the statistics on the AFRE. Starting from July 2018, the PBOC improved the methodology for statistics on the AFRE by including asset-backed securities of depository financial institutions and loan write-offs into the statistics on the AFRE under the item of other financing.



Aggregate Financing to the Real Economy (Stock), 2022

	Stock (RMB trillion)	Growth (percent)	Proportion (percent)
Aggregate Financing to the Real Economy	344.22	9.6	100.0
Of which: RMB Loans	212.43	10.9	61.7
Foreign Currency- Denominated Loans (RMB equivalent)	1.84	-17.4	0.5
Entrusted Loans	11.24	3.4	3.3
Trust Loans	3.75	-14.0	1.1
Undiscounted Bankers' Acceptances	2.66	-11.6	0.8
Corporate Bonds	31.01	3.6	9.0
Government Bonds	60.19	13.4	17.5
Domestic Equity Financing by Non- Financial Corporations	10.64	12.4	3.1

Notes: ① AFRE (stock) refers to the outstanding of financing provided by the financial system to the real economy at the end of a certain period of time.

② Stock figures are calculated on the basis of book-value or face-value.

③ The growth rates are calculated at comparable prices and on a year-on-year basis.

④ Sources: The PBOC, the CBIRC, the CSRC, the CCDC, and the NAFMII etc..

⑤ The PBOC further improved the statistics of the AFRE from December 2019, by incorporating treasury bonds and local government general bonds into the statistics of the AFRE, and combining them with existing local government special bonds under the item of government bonds. The value of the indicator is the face value of the bonds under custody. The PBOC improved the statistics on corporate bonds in the AFRE from September 2019 by incorporating exchange-listed corporate asset-backed securities into corporate bonds. Starting from September 2018, the PBOC included local government special bonds in the statistics on the AFRE. Starting from July 2018, the PBOC improved the methodology for statistics on the AFRE by including asset-backed securities of depository financial institutions and loan write-offs into the statistics on the AFRE under the item of other financing.

Aggregate Financing to the Real Economy (Increment), 2022, By Region

RMB100 million

	Aggregate Financing to the Real Economy by Region	Of which:							
		RMB Loans	Foreign Currency-Denominated Loans (RMB equivalent)	Entrusted Loans	Trust Loans	Undiscounted Bankers' Acceptances	Corporate Bonds	Government Bonds	Domestic Equity Financing by Non-Financial Corporations
Beijing	11 440	8 976	-540	-635	-40	356	35	1 795	1 868
Tianjin	3 429	1 561	-127	-15	-105	357	304	762	247
Hebei	12 255	8 688	-24	136	343	-754	239	2 577	208
Shanxi	3 853	3 517	-108	-210	-52	-523	-7	872	13
Inner Mongolia	1 914	1 953	-16	-20	-101	-521	-128	444	27
Liaoning	835	1 295	-148	43	-10	-1 164	-407	480	170
Jilin	2 537	1 731	5	0	-18	-279	-92	907	50
Heilongjiang	1 569	977	-16	-40	-89	-361	65	761	39
Shanghai	8 842	7 385	-770	-72	-1 406	441	352	1 193	1 110
Jiangsu	33 754	25 949	41	107	-131	-390	3 881	1 734	1 266
Zhejiang	34 921	24 078	-283	298	-519	2 662	3 507	2 743	1 133
Anhui	11 803	8 880	-143	232	-342	-248	979	1 715	192
Fujian	11 480	7 996	-297	95	-267	-230	1 021	1 811	776
Jiangxi	8 624	5 589	-118	79	17	-301	793	1 834	275
Shandong	21 241	13 013	-375	315	102	180	2 543	3 592	391
Henan	9 894	6 086	-620	199	251	-1 489	1 084	2 629	283
Hubei	11 049	7 192	-196	541	-257	-354	1 241	1 963	315
Hunan	9 832	6 445	-115	166	-86	-172	851	1 798	251
Guangdong	35 104	23 268	-402	812	-323	1 663	1 862	4 649	1 900
Guangxi	6 952	4 867	-79	179	0	298	177	1 152	24
Hainan	1 212	568	-119	-16	0	35	-12	429	123
Chongqing	5 288	3 284	-272	301	-225	-468	495	1 459	177
Sichuan	17 599	12 010	-105	354	105	126	1 598	2 464	247
Guizhou	4 631	4 394	-20	-7	-445	-258	-86	603	146
Yunnan	4 562	3 703	-25	159	-363	-392	-198	1 146	144
Xizang	151	281	0	3	-102	-72	-65	72	5
Shaanxi	6 839	4 578	-115	42	-7	115	655	1 098	138
Gansu	1 923	1 581	-46	153	-439	-194	-305	906	14
Qinghai	-395	226	-1	-44	-563	-216	-99	257	0
Ningxia	746	598	2	23	0	-34	15	70	0
Xinjiang	4 087	2 337	-11	42	-84	-165	167	1 364	223

Notes: ① AFRE (increment) by region refers to the total volume of financing provided by the financial system to the real economy within a certain period of time in a certain region.

② Sources: The PBOC, the CBIRC, the CSRC, the CCDC, and the NAFMII etc..

③ AFRE provided by the headquarters of financial institutions totaled RMB3.21 trillion.

④ The PBOC further improved the statistics of the AFRE from December 2019, by incorporating treasury bonds and local government general bonds into the statistics of the AFRE, and combining them with the existing local government special bonds under the item of government bonds. The value of the indicator is the face value of the bonds under custody. The PBOC further improved the statistics on corporate bonds in the AFRE from September 2019 by incorporating exchange-listed corporate asset-backed securities into corporate bonds. The PBOC has incorporated local government special bonds into the AFRE since September 2018. Local government special bonds are recorded when claims and obligations are registered with custodians. Starting from July 2018, the PBOC improved the methodology for statistics on the AFRE by including asset-backed securities of depository financial institutions and loan write-offs into the statistics on the AFRE under the item of other financing.



Selected Financial Indicators (Year-End Balance)

RMB100 million

Financial Indicator/Year	2018	2019	2020	2021	2022
Money & Quasi-Money (M_2)	1 826 744.2	1 986 488.8	2 186 795.9	2 382 899.6	2 664 320.8
Money (M_1)	551 685.9	576 009.2	625 581.0	647 443.4	671 674.8
Currency in Circulation (M_0)	73 208.4	77 189.5	84 314.5	90 825.2	104 706.0
Total Deposits with Financial Institutions	1 775 225.7	1 928 785.3	2 125 720.9	2 322 500.4	2 584 998.2
Savings Deposits	631 202.4	697 395.4	809 051.1	903 315.0	1 074 032.2
Non-Financial Enterprise Deposits	562 976.2	595 365.0	660 180.2	696 695.0	746 574.1
Total Lending by Financial Institutions	1 362 966.7	1 531 123.2	1 727 452.1	1 926 902.8	2 139 852.7

Note: In January 2018, the PBOC improved the statistical methodology for money market funds (MMFs) in money supply by replacing MMF deposits (including certificates of deposit) with MMFs held by non-depository institutions.

Selected Financial Indicators (Growth Rates)

percent

Financial Indicator/Year	2018	2019	2020	2021	2022
Money & Quasi-Money (M_2)	8.1	8.7	10.1	9.0	11.8
Money (M_1)	1.5	4.4	8.6	3.5	3.7
Currency in Circulation (M_0)	3.6	5.4	9.2	7.7	15.3
Total Deposits with Financial Institutions	8.2	8.7	10.2	9.3	11.3
Savings Deposits	5.9	10.5	16.0	11.7	18.9
Non-Financial Enterprise Deposits	3.8	5.8	10.9	5.5	7.2
Total Lending by Financial Institutions	13.5	12.3	12.8	11.6	11.1

Note: In January 2018, the PBOC improved the statistical methodology for MMFs in money supply by replacing MMF deposits (including certificates of deposit) with MMFs held by non-depository institutions.

Monetary and Banking Statistics

Depository Corporations Survey, 2022 (Quarter-End Balance)

RMB 100 million

Item/Quarter	Q1	Q2	Q3	Q4
Net Foreign Assets	287 886.58	290 159.17	288 207.90	289 129.69
Domestic Credit	2 783 504.23	2 858 346.34	2 915 491.46	2 949 485.75
Claims on Government (net)	402 072.54	426 827.64	435 024.92	449 860.53
Claims on Non-Financial Sectors	2 122 343.35	2 171 091.39	2 220 783.93	2 243 282.35
Claims on Other Financial Sectors	259 088.34	260 427.32	259 682.61	256 342.88
Money & Quasi-Money	2 497 688.34	2 581 451.20	2 626 600.92	2 664 320.84
Money	645 063.80	674 374.81	664 535.17	671 674.76
Currency in Circulation	95 141.92	96 011.17	98 672.06	104 706.03
Corporate Demand Deposits	549 921.88	578 363.63	565 863.11	566 968.73
Quasi-Money	1 852 624.54	1 907 076.40	1 962 065.75	1 992 646.08
Corporate Time Deposits	440 627.48	457 183.96	477 617.65	462 001.61
Personal Deposits	1 110 996.78	1 136 280.29	1 165 283.43	1 211 692.83
Other Deposits	301 000.29	313 612.15	319 164.67	318 951.64
Deposits Excluded from Broad Money	62 340.73	62 021.21	58 979.61	56 100.68
Bonds	361 133.36	368 803.04	377 861.11	382 522.43
Paid-in Capital	82 353.71	83 540.71	84 260.66	84 735.79
Others (net)	67 874.67	52 689.35	55 997.06	50 935.70



Balance Sheet of the Monetary Authority, 2022 (Quarter-End Balance)

RMB 100 million

Item/Quarter	Q1	Q2	Q3	Q4
Foreign Assets	226 202.31	225 365.84	224 439.67	226 906.56
Foreign Exchange	213 494.82	213 187.48	213 127.04	214 712.28
Monetary Gold	2 855.63	2 855.63	2 855.63	3 106.57
Other Foreign Assets	9 851.87	9 322.73	8 457.00	9 087.71
Claims on Government	15 240.68	15 240.68	15 240.68	15 240.68
Of which: Central Government	15 240.68	15 240.68	15 240.68	15 240.68
Claims on Other Depository Corporations	129 348.52	126 805.26	128 810.82	143 132.29
Claims on Other Financial Corporations	4 118.03	1 743.96	1 754.61	1 557.00
Claims on Non-Financial Sectors				
Other Assets	23 816.35	23 398.86	27 156.48	29 947.25
Total Assets	398 725.89	392 554.60	397 402.27	416 783.78
Reserve Money	335 458.34	334 251.89	341 831.63	360 956.03
Currency Issues	100 737.77	101 228.76	104 051.11	110 012.57
Deposits of Financial Corporations	215 231.70	212 469.45	216 253.70	227 876.54
Deposits of Other Depository Corporations	215 231.70	212 469.45	216 253.70	227 876.54
Deposits of Other Financial Corporations				
Deposits of Non-Financial Institutions	19 488.86	20 553.68	21 526.82	23 066.92
Deposits of Financial Corporations Excluded from Reserve Money	7 090.10	6 441.40	5 315.85	5 208.41
Bond Issues	950.00	950.00	950.00	950.00
Foreign Liabilities	1 188.03	1 312.63	1 465.69	1 574.47
Government Deposits	42 002.79	45 748.00	43 738.05	41 272.91
Equity	219.75	219.75	219.75	219.75
Other Liabilities	11 816.88	3 630.93	3 881.28	6 602.21
Total Liabilities	398 725.89	392 554.60	397 402.27	416 783.78

Balance Sheet of Other Depository Corporations, 2022 (Quarter–End Balance)

RMB 100 million

Item/Quarter	Q1	Q2	Q3	Q4
Foreign Assets	75 976.64	79 493.28	80 498.55	78 344.95
Reserve Assets	226 193.23	222 108.91	225 100.61	236 791.01
Deposits with the Central Bank	220 597.37	216 891.32	219 721.56	231 484.47
Cash in Vault	5 595.86	5 217.59	5 379.05	5 306.54
Claims on Government	428 834.64	457 334.95	463 522.29	475 892.76
Of which: Central Government	428 834.64	457 334.95	463 522.29	475 892.76
Claims on the Central Bank	25.51	94.93	157.69	133.01
Claims on Other Depository Corporations	320 805.46	332 538.43	333 636.57	350 308.20
Claims on Other Financial Corporations	254 970.31	258 683.36	257 928.00	254 785.88
Claims on Non–Financial Corporations	1 406 256.22	1 445 570.97	1 482 874.54	1 501 256.91
Claims on Other Resident Sectors	716 087.13	725 520.42	737 909.38	742 025.44
Other Assets	131 367.28	133 306.30	135 828.74	126 755.81
Total Assets	3 560 516.44	3 654 651.53	3 717 456.37	3 766 293.96
Liabilities to Non–Financial Institutions & Households	2 215 577.25	2 282 192.37	2 319 146.56	2 340 881.21
Deposits Included in Broad Money	2 101 546.13	2 171 827.88	2 208 764.19	2 240 663.17
Corporate Demand Deposits	549 921.88	578 363.63	565 863.11	566 968.73
Corporate Time Deposits	440 627.48	457 183.96	477 617.65	462 001.61
Personal Deposits	1 110 996.78	1 136 280.29	1 165 283.43	1 211 692.83
Deposits Excluded from Broad Money	62 340.73	62 021.21	58 979.61	56 100.68
Transferable Deposits	26 320.16	25 905.72	22 645.79	23 349.27
Other Deposits	36 020.56	36 115.49	36 333.82	32 751.41
Other Liabilities	51 690.39	48 343.28	51 402.76	44 117.36
Liabilities to the Central Bank	121 211.34	117 755.17	120 054.51	134 995.69
Liabilities to Other Depository Corporations	112 057.26	120 314.60	119 575.39	122 637.02
Liabilities to Other Financial Corporations	260 309.47	266 918.09	269 450.87	274 424.00
Of which: Deposits Included in Broad Money	256 853.80	263 581.33	266 134.51	270 433.18
Foreign Liabilities	13 104.33	13 387.31	15 264.62	14 547.35
Bond Issues	361 133.36	368 803.04	377 861.11	382 522.43
Paid–in Capital	82 133.96	83 320.96	84 040.90	84 516.04
Other Liabilities	394 989.47	401 959.99	412 062.40	411 770.23
Total Liabilities	3 560 516.44	3 654 651.53	3 717 456.37	3 766 293.96



Balance Sheet of Large Domestic Banks, 2022 (Quarter-End Balance)

RMB 100 million

Item/Quarter	Q1	Q2	Q3	Q4
Foreign Assets	39 254.73	41 384.38	41 692.01	40 564.99
Reserve Assets	116 847.32	113 572.55	117 562.92	120 858.13
Deposits with the Central Bank	114 164.71	111 030.86	115 037.84	118 318.40
Cash in Vault	2 682.61	2 541.69	2 525.08	2 539.73
Claims on Government	250 405.48	267 637.38	267 487.30	272 865.95
Of which: Central Government	250 405.48	267 637.38	267 487.30	272 865.95
Claims on the Central Bank	6.06	58.97	78.08	72.01
Claims on Other Depository Corporations	106 299.43	113 496.57	118 385.28	121 434.39
Claims on Other Financial Corporations	63 433.18	65 647.53	67 127.41	65 104.64
Claims on Non-Financial Corporations	671 888.33	693 459.08	716 900.71	726 698.14
Claims on Other Resident Sectors	350 928.08	354 558.25	358 966.46	359 976.86
Other Assets	57 870.96	58 847.19	57 980.33	52 033.07
Total Assets	1 656 933.57	1 708 661.91	1 746 180.49	1 759 608.19
Liabilities to Non-Financial Institutions & Households	1 091 073.74	1 114 419.54	1 137 645.34	1 138 268.57
Deposits Included in Broad Money	1 014 587.40	1 041 336.77	1 065 573.35	1 071 964.43
Corporate Demand Deposits	258 062.91	269 374.50	267 545.21	264 619.13
Corporate Time Deposits	163 713.56	169 891.36	178 911.71	169 729.57
Personal Deposits	592 810.92	602 070.90	619 116.43	637 615.72
Deposits Excluded from Broad Money	31 481.79	31 750.64	31 653.44	30 654.92
Transferable Deposits	12 834.50	12 130.93	11 176.92	11 471.17
Other Deposits	18 647.29	19 619.71	20 476.52	19 183.75
Other Liabilities	45 004.55	41 332.14	40 418.55	35 649.22
Liabilities to the Central Bank	53 555.97	54 352.53	54 874.57	64 236.59
Liabilities to Other Depository Corporations	27 707.94	31 551.07	29 961.29	33 765.04
Liabilities to Other Financial Corporations	100 089.97	112 751.95	117 371.57	115 942.89
Of which: Deposits Included in Broad Money	98 801.63	111 279.81	116 045.14	114 482.60
Foreign Liabilities	5 155.01	5 411.26	6 972.90	5 491.65
Bond Issues	157 565.71	163 440.59	168 994.14	170 028.87
Paid-in Capital	33 254.15	33 901.67	34 122.88	34 122.88
Other Liabilities	188 531.08	192 833.30	196 237.80	197 751.70
Total Liabilities	1 656 933.57	1 708 661.91	1 746 180.49	1 759 608.19

Balance Sheet of Medium-Sized Domestic Banks, 2022 (Quarter-End Balance)

RMB 100 million

Item/Quarter	Q1	Q2	Q3	Q4
Foreign Assets	29 162.23	30 106.50	30 502.03	29 902.28
Reserve Assets	36 784.38	36 761.42	35 723.06	38 405.30
Deposits with the Central Bank	36 326.91	36 296.62	35 261.70	37 902.45
Cash in Vault	457.48	464.79	461.36	502.85
Claims on Government	82 906.77	86 420.44	88 755.74	91 843.04
Of which: Central Government	82 906.77	86 420.44	88 755.74	91 843.04
Claims on the Central Bank	11.29	23.27	25.43	6.62
Claims on Other Depository Corporations	44 391.32	42 258.32	43 579.35	49 829.77
Claims on Other Financial Corporations	95 727.44	95 916.58	92 535.91	94 529.57
Claims on Non-Financial Corporations	340 615.73	348 050.22	356 650.56	360 432.89
Claims on Other Resident Sectors	167 636.57	170 100.41	172 918.84	173 928.65
Other Assets	24 134.52	24 354.21	24 315.39	22 282.68
Total Assets	821 370.25	833 991.37	845 006.32	861 160.81
Liabilities to Non-Financial Institutions & Households	383 042.13	399 751.37	404 891.57	408 133.87
Deposits Included in Broad Money	360 906.06	378 017.19	382 496.89	389 387.23
Corporate Demand Deposits	130 934.86	136 309.35	133 996.02	130 751.54
Corporate Time Deposits	132 048.25	138 887.03	143 203.82	139 736.73
Personal Deposits	97 922.94	102 820.82	105 297.04	118 898.96
Deposits Excluded from Broad Money	18 936.89	18 285.96	16 616.93	14 562.58
Transferable Deposits	7 776.58	7 725.23	6 436.00	6 261.88
Other Deposits	11 160.30	10 560.73	10 180.93	8 300.69
Other Liabilities	3 199.18	3 448.22	5 777.74	4 184.06
Liabilities to the Central Bank	33 451.20	30 024.81	32 124.01	36 448.44
Liabilities to Other Depository Corporations	31 789.92	34 871.99	34 376.66	34 842.14
Liabilities to Other Financial Corporations	103 395.83	97 776.83	95 279.70	99 574.45
Of which: Deposits Included in Broad Money	102 617.08	96 975.16	94 670.70	98 961.31
Foreign Liabilities	3 761.64	3 650.27	4 258.84	4 296.65
Bond Issues	162 419.54	163 424.21	167 429.36	171 990.68
Paid-in Capital	14 493.45	14 546.55	14 663.76	14 668.33
Other Liabilities	89 016.54	89 945.33	91 982.43	91 206.23
Total Liabilities	821 370.25	833 991.37	845 006.32	861 160.81



Balance Sheet of Small Domestic Banks, 2022 (Quarter-End Balance)

RMB 100 million

Item/Quarter	Q1	Q2	Q3	Q4
Foreign Assets	3 714.76	4 219.52	4 379.97	4 289.46
Reserve Assets	59 972.66	59 489.64	59 099.13	64 421.91
Deposits with the Central Bank	57 796.10	57 516.70	56 972.07	62 374.32
Cash in Vault	2 176.56	1 972.94	2 127.06	2 047.58
Claims on Government	87 413.44	94 513.28	98 059.67	101 430.16
Of which: Central Government	87 413.44	94 513.28	98 059.67	101 430.16
Claims on the Central Bank	7.17	11.69	54.18	54.38
Claims on Other Depository Corporations	120 586.03	121 568.72	120 552.68	121 272.63
Claims on Other Financial Corporations	83 830.94	85 010.54	85 077.78	83 352.46
Claims on Non-Financial Corporations	329 872.47	340 446.02	344 192.39	349 077.95
Claims on Other Resident Sectors	180 319.55	183 570.97	188 646.12	191 194.60
Other Assets	32 025.70	32 236.73	34 086.46	33 596.48
Total Assets	897 742.71	921 067.12	934 148.37	948 690.03
Liabilities to Non-Financial Institutions & Households	618 899.28	638 071.72	647 436.01	658 509.24
Deposits Included in Broad Money	610 259.06	629 593.89	639 159.52	651 021.02
Corporate Demand Deposits	121 583.17	126 709.98	123 160.09	121 026.82
Corporate Time Deposits	104 987.31	108 672.80	112 730.98	112 415.46
Personal Deposits	383 688.57	394 211.10	403 268.44	417 578.74
Deposits Excluded from Broad Money	6 655.01	6 456.41	5 601.62	4 881.10
Transferable Deposits	2 337.97	2 415.76	1 942.77	2 056.74
Other Deposits	4 317.04	4 040.65	3 658.85	2 824.37
Other Liabilities	1 985.22	2 021.42	2 674.87	2 607.12
Liabilities to the Central Bank	32 110.40	31 829.26	31 074.24	32 724.77
Liabilities to Other Depository Corporations	40 686.77	42 504.19	43 805.82	43 488.66
Liabilities to Other Financial Corporations	53 852.20	53 509.18	53 780.05	56 089.47
Of which: Deposits Included in Broad Money	52 823.90	52 722.38	52 635.34	54 409.44
Foreign Liabilities	647.55	747.15	750.89	881.78
Bond Issues	40 039.98	40 896.76	40 376.50	39 478.76
Paid-in Capital	23 926.11	24 431.33	24 744.73	24 968.98
Other Liabilities	87 580.42	89 077.54	92 180.13	92 548.36
Total Liabilities	897 742.71	921 067.12	934 148.37	948 690.03

Balance Sheet of Foreign-Funded Banks, 2022 (Quarter-End Balance)

RMB 100 million

Item/Quarter	Q1	Q2	Q3	Q4
Foreign Assets	3 649.29	3 598.53	3 672.69	3 297.31
Reserve Assets	2 337.66	2 248.30	2 388.02	2 800.29
Deposits with the Central Bank	2 335.11	2 245.67	2 385.58	2 797.74
Cash in Vault	2.55	2.63	2.44	2.55
Claims on Government	4 601.28	4 861.35	4 924.62	5 107.28
Of which: Central Government	4 601.28	4 861.35	4 924.62	5 107.28
Claims on the Central Bank	1.00	1.00		
Claims on Other Depository Corporations	3 872.68	3 422.86	3 721.63	4 178.78
Claims on Other Financial Corporations	4 675.66	4 618.05	4 557.78	4 857.21
Claims on Non-Financial Corporations	13 977.27	13 648.10	14 571.81	13 444.47
Claims on Other Resident Sectors	2 195.39	2 210.79	2 243.67	2 186.17
Other Assets	12 533.25	13 414.40	14 116.73	13 494.15
Total Assets	47 843.49	48 023.38	50 196.95	49 365.67
Liabilities to Non-Financial Institutions & Households	20 157.83	20 259.26	21 545.66	21 553.76
Deposits Included in Broad Money	14 822.77	14 830.12	15 189.73	16 014.23
Corporate Demand Deposits	4 680.24	4 950.46	4 600.45	5 635.95
Corporate Time Deposits	8 759.75	8 473.18	9 126.75	8 799.30
Personal Deposits	1 382.77	1 406.48	1 462.53	1 578.98
Deposits Excluded from Broad Money	3 929.28	3 976.11	3 915.60	4 000.95
Transferable Deposits	2 395.00	2 474.30	2 351.16	2 381.09
Other Deposits	1 534.28	1 501.81	1 564.43	1 619.86
Other Liabilities	1 405.78	1 453.02	2 440.34	1 538.58
Liabilities to the Central Bank	663.96	81.24	552.31	215.07
Liabilities to Other Depository Corporations	2 782.65	2 542.29	2 131.31	2 189.58
Liabilities to Other Financial Corporations	2 605.19	2 519.48	2 686.66	2 469.03
Of which: Deposits Included in Broad Money	2 395.16	2 334.86	2 531.30	2 300.62
Foreign Liabilities	3 539.43	3 577.82	3 279.45	3 876.54
Bond Issues	1 105.09	1 035.10	1 061.12	1 020.02
Paid-in Capital	2 038.88	2 041.28	2 055.08	2 053.78
Other Liabilities	14 950.46	15 966.92	16 885.36	15 987.89
Total Liabilities	47 843.49	48 023.38	50 196.95	49 365.67



Balance Sheet of Rural Credit Cooperatives, 2022 (Quarter-End Balance)

RMB 100 million

Item/Quarter	Q1	Q2	Q3	Q4
Foreign Assets	3.75	2.77	0.85	0.80
Reserve Assets	7 132.49	6 697.08	6 981.29	6 840.19
Deposits with the Central Bank	6 855.93	6 461.57	6 718.20	6 626.37
Cash in Vault	276.55	235.52	263.09	213.81
Claims on Government	3 192.11	3 439.54	3 762.14	4 031.33
Of which: Central Government	3 192.11	3 439.54	3 762.14	4 031.33
Claims on the Central Bank				
Claims on Other Depository Corporations	18 297.24	18 015.69	17 225.86	16 065.64
Claims on Other Financial Corporations	1 177.27	1 147.38	1 978.75	1 340.04
Claims on Non-Financial Corporations	12 430.91	12 553.96	12 591.06	12 708.71
Claims on Other Resident Sectors	13 602.05	13 757.31	13 822.39	13 451.37
Other Assets	3 830.68	3 851.61	4 745.66	4 752.55
Total Assets	59 666.48	59 465.34	61 107.99	59 190.62
Liabilities to Non-Financial Institutions & Households	41 158.55	41 715.49	42 062.73	41 489.89
Deposits Included in Broad Money	41 076.89	41 643.01	41 991.12	41 371.88
Corporate Demand Deposits	4 631.25	4 612.16	4 594.92	4 155.61
Corporate Time Deposits	1 258.40	1 263.44	1 259.53	1 197.51
Personal Deposits	35 187.25	35 767.41	36 136.67	36 018.75
Deposits Excluded from Broad Money	0.42	0.38	0.37	0.64
Transferable Deposits	0.41	0.37	0.36	0.63
Other Deposits	0.01	0.01	0.01	0.01
Other Liabilities	81.23	72.10	71.24	117.37
Liabilities to the Central Bank	958.11	1 004.60	1 026.74	1 024.04
Liabilities to Other Depository Corporations	8 296.82	8 030.81	8 827.51	7 907.60
Liabilities to Other Financial Corporations	121.62	119.47	117.80	109.33
Of which: Deposits Included in Broad Money	75.42	99.53	104.14	99.13
Foreign Liabilities	0.70	0.81	0.76	0.72
Bond Issues	3.04	6.38		4.10
Paid-in Capital	1 389.11	1 339.82	1 323.34	1 320.59
Other Liabilities	7 738.53	7 247.95	7 749.12	7 334.36
Total Liabilities	59 666.48	59 465.34	61 107.99	59 190.62

Balance Sheet of Finance Companies, 2022 (Quarter-End Balance)

RMB 100 million

Item/Quarter	Q1	Q2	Q3	Q4
Foreign Assets	191.88	181.58	251.00	290.10
Reserve Assets	3 118.72	3 339.91	3 346.18	3 465.19
Deposits with the Central Bank	3 118.61	3 339.90	3 346.16	3 465.18
Cash in Vault	0.11	0.01	0.01	0.01
Claims on Government	315.57	462.96	532.82	615.01
Of which: Central Government	315.57	462.96	532.82	615.01
Claims on the Central Bank				
Claims on Other Depository Corporations	27 358.78	33 776.26	30 171.78	37 526.99
Claims on Other Financial Corporations	6 125.83	6 343.28	6 650.38	5 601.95
Claims on Non-Financial Corporations	37 471.51	37 413.59	37 968.02	38 894.75
Claims on Other Resident Sectors	1 405.48	1 322.68	1 311.90	1 287.78
Other Assets	972.17	602.17	584.17	596.88
Total Assets	76 959.93	83 442.42	80 816.25	88 278.66
Liabilities to Non-Financial Institutions & Households	61 245.72	67 974.98	65 565.26	72 925.87
Deposits Included in Broad Money	59 893.96	66 406.90	64 353.59	70 904.38
Corporate Demand Deposits	30 029.44	36 407.18	31 966.41	40 779.67
Corporate Time Deposits	29 860.20	29 996.14	32 384.86	30 123.03
Personal Deposits	4.32	3.58	2.31	1.67
Deposits Excluded from Broad Money	1 337.34	1 551.72	1 191.65	2 000.49
Transferable Deposits	975.70	1 159.14	738.57	1 177.77
Other Deposits	361.64	392.58	453.08	822.72
Other Liabilities	14.42	16.37	20.02	20.99
Liabilities to the Central Bank	471.70	462.73	402.65	346.78
Liabilities to Other Depository Corporations	793.16	814.25	472.80	443.99
Liabilities to Other Financial Corporations	244.66	241.19	215.08	238.84
Of which: Deposits Included in Broad Money	140.61	169.58	147.90	180.09
Foreign Liabilities			1.77	
Bond Issues				
Paid-in Capital	7 032.26	7 060.32	7 131.11	7 381.47
Other Liabilities	7 172.44	6 888.95	7 027.58	6 941.70
Total Liabilities	76 959.93	83 442.42	80 816.25	88 278.66



Monetary Aggregates, 2022 (Quarter-End Balance)

RMB 100 million

Item/Quarter	Q1	Q2	Q3	Q4
Money & Quasi-Money (M_2)	2 497 688.34	2 581 451.20	2 626 600.92	2 664 320.84
Money (M_1)	645 063.80	674 374.81	664 535.17	671 674.76
Currency in Circulation (M_0)	95 141.92	96 011.17	98 672.06	104 706.03
Corporate Demand Deposits	549 921.88	578 363.63	565 863.11	566 968.73
Quasi-Money	1 852 624.54	1 907 076.40	1 962 065.75	1 992 646.08
Corporate Time Deposits	440 627.48	457 183.96	477 617.65	462 001.61
Personal Deposits	1 110 996.78	1 136 280.29	1 165 283.43	1 211 692.83
Other Deposits	301 000.29	313 612.15	319 164.67	318 951.64

Note: In January 2018, the PBOC improved the statistical methodology for MMFs in money supply by replacing MMF deposits (including certificates of deposit) with MMFs held by non-depository institutions.

Monetary Aggregates, 2022 (Growth Rate)

percent

Item/Quarter	Q1	Q2	Q3	Q4
Money & Quasi-Money (M_2)	9.7	11.4	12.1	11.8
Money (M_1)	4.7	5.8	6.4	3.7
Currency in Circulation (M_0)	9.9	13.8	13.6	15.3
Corporate Demand Deposits	3.8	4.6	5.2	1.9
Quasi-Money	11.6	13.5	14.2	14.8
Corporate Time Deposits	9.8	13.2	13.8	11.9
Personal Deposits	11.1	12.7	14.4	17.4
Other Deposits	16.2	16.8	13.9	10.0

Note: In January 2018, the PBOC improved the statistical methodology for MMFs in money supply by replacing MMF deposits (including certificates of deposit) with MMFs held by non-depository institutions.

Statistics on the Volume of RMB Issuance

RMB 100 million

Notes & Coins	Year-End Balance, 2021	Year-End Balance, 2022
100 Yuan Note	85 033.91	98 258.52
50 Yuan Note	3 416.19	3 593.04
20 Yuan Note	1 830.76	1 964.90
10 Yuan Note	2 566.96	2 699.14
5 Yuan Note	1 081.61	1 109.82
2 Yuan Note	38.77	38.76
1 Yuan Note	788.26	790.27
5 Jiao Note	153.16	152.74
2 Jiao Note	20.72	20.71
1 Jiao Note	70.82	70.73
5 Fen Note	1.56	1.56
2 Fen Note	1.76	1.76
1 Fen Note	2.92	2.92
1 Yuan Coin	656.90	663.96
5 Jiao Coin	261.22	266.23
1 Jiao Coin	145.95	147.67
5 Fen Coin	6.96	6.96
2 Fen Coin	5.82	5.82
1 Fen Coin	3.56	3.56
Total	96 087.81	109 799.07

Note: Including physical RMB cash in circulation and physical RMB cash in the vault of banking institutions.



Common Commemorative Coins (Banknotes) Issued by the PBOC in 2022

Date of Issuance	Theme	Made of	Piece	Denomination (Yuan)	Size of Issuance (100 million coins)
Jan. 14	2022 New Year Celebration Common Commemorative Coins	Golden and Silver Brass Alloy	1	10	1.2

Commemorative Coins Made of Precious Metals Issued by the PBOC in 2022

No.	Theme	Type	Made of	Shape	Weight	Maximum Size of Issuance (coins)	Date of Issuance
		1	Common Gold Coin	Round	30 Grams	1 000 000	
		2	Common Gold Coin	Round	15 Grams	250 000	
		3	Common Gold Coin	Round	8 Grams	250 000	
		4	Common Gold Coin	Round	3 Grams	500 000	
		5	Common Gold Coin	Round	1 Gram	500 000	
		6	Common Silver Coin	Round	30 Grams	10 000 000	
I	2022 Panda Precious Metal Commemorative Coins	7	Common Platinum Coin	Round	30 Grams	10 000	Oct. 2021
		8	Common Platinum Coin	Round	1 Gram	100 000	
		9	Refined Gold Coin	Round	1 Kilogram	1 000	
		10	Refined Gold Coin	Round	150 Grams	10 000	
		11	Refined Gold Coin	Round	100 Grams	20 000	
		12	Refined Gold Coin	Round	50 Grams	30 000	
		13	Refined Silver Coin	Round	1 Kilogram	20 000	
		14	Refined Silver Coin	Round	150 Grams	60 000	

Appendix I: STATISTICAL ANNEX

Continued

No.	Theme	Type	Made of	Shape	Weight	Maximum Size of Issuance (coins)	Date of Issuance
II	Gold and Silver Commemorative Coins for 2022 New Year Celebration	15	Common Gold Coin	Round	1 Gram	100 000	Dec. 2021
		16	Common Silver Coin	Round	8 Grams	2 000 000	
III	Gold and Silver Commemorative Coins for the 19th Asian Games	17	Refined Gold Coin	Round	5 Grams	10 000	Apr. 2022
		18	Refined Silver Coin	Round	30 Grams	20 000	
		19	Refined Silver Coin	Round	5 Grams	100 000	
IV	Gold and Silver Commemorative Coins for 2022 Auspicious Culture	20	Refined Gold Coin	Round	5 Grams	5 000	Good health and longevity
		21	Refined Silver Coin	Round	100 Grams	10 000	
		22	Refined Silver Coin	Round	60 Grams	20 000	Greatness of parental love
		23	Refined Gold Coin	Heart-shaped	3 Grams	20 000	
		24	Refined Silver Coin	Heart-shaped	30 Grams	50 000	Beauty of romantic love
		25	Refined Gold Coin	Round	3 Grams	10 000	
		26	Refined Silver Coin	Round	15 Grams	40 000	Auspiciousness and happiness
V	Gold and Silver Commemorative Coins for the Art of Chinese Calligraphy (Running Script)	27	Refined Gold Coin	Round	8 Grams	10 000	Jul. 2022
		28	Refined Silver Coin	Rectangular	150 Grams	5 000	
		29–31	Refined Silver Coin	Round	30 Grams	3 × 20 000	
VI	Gold and Silver Commemorative Coins for world Heritage (Quanzhou: Emporium of the World in Song–Yuan China)	32	Refined Gold Coin	Round	150 Grams	1 000	Jul. 2022
		33	Refined Gold Coin	Round	8 Grams	10 000	
		34	Refined Silver Coin	Round	500 Grams	3 000	
		35	Refined Silver Coin	Round	30 Grams	20 000	



Continued

No.	Theme	Type	Made of	Shape	Weight	Maximum Size of Issuance (coins)	Date of Issuance
VII	Gold and Silver Commemorative Coins for the Twenty-Four Solar Terms (Stories of Time)	36-39	Refined Gold Coin	Round	3 Grams	4 × 30 000	Aug. 2022
		40-63	Refined Silver Coin	Square	8 Grams	24 × 60 000	
VIII	Gold and Silver Commemorative Coins for the Ancient Chinese Famous Painting Series (Dao Lian Tu)	64	Refined Gold Coin	Rectangular	150 Grams	1 000	Aug. 2022
		65-67	Refined Silver Coin	Round	60 Grams	3 × 10 000	
IX	Gold and Silver Commemorative Coins for the 120th Anniversary of Beijing Normal University	68	Refined Gold Coin	Round	8 Grams	10 000	Sep. 2022
		69	Refined Silver Coin	Round	30 Grams	20 000	
X	Silver Commemorative Coins for Beijing International Coin Exposition 2022	70	Refined Silver Coin	Round	30 Grams	30 000	Oct. 2022
XI	Gold and Silver Commemorative Coins for 2023 Chinese Kui Mao Year (Year of the Rabbit)	71	Refined Gold Coin	Round	10 Kilograms	18	Nov. 2022
		72	Refined Gold Coin	Round	2 Kilograms	50	
		73	Refined Gold Coin	Plum blossom-shaped	1 Kilogram	118	
		74	Refined Gold Coin	Round	500 Grams	500	
		75	Refined Gold Coin	Rectangular	150 Grams	600	
		76	Refined Gold Coin	Plum blossom-shaped	15 Grams	6 000	
		77	Refined Gold Coin	Fan-shaped	10 Grams	10 000	

Appendix I: STATISTICAL ANNEX

Continued

No.	Theme	Type	Made of	Shape	Weight	Maximum Size of Issuance (coins)	Date of Issuance
XI	Gold and Silver Commemorative Coins for 2023 Chinese Kui Mao Year (Year of the Rabbit)	78	Refined Gold Coin	Round	3 Grams	150 000	Nov. 2022
		79	Refined Silver Coin	Round	1 Kilogram	5 000	
		80	Refined Silver Coin	Rectangular	150 Grams	5 000	
		81	Refined Silver Coin	Plum blossom-shaped	30 Grams	50 000	
		82	Refined Silver Coin	Fan-shaped	30 Grams	30 000	
		83	Refined Silver Coin	Round	15 Grams	300 000	
XII	Gold and Silver Commemorative Coins for the Completion of China's Space Station	84	Refined Gold Coin	Round	3 Grams	20 000	Jan. 2023
		85	Refined Silver Coin	Round	30 Grams	50 000	
XIII	2023 Panda Precious Metal Commemorative Coins	86	Common Gold Coin	Round	30 Grams	1 000 000	Oct. 2022
		87	Common Gold Coin	Round	15 Grams	200 000	
		88	Common Gold Coin	Round	8 Grams	200 000	
		89	Common Gold Coin	Round	3 Grams	500 000	
		90	Common Gold Coin	Round	1 Gram	500 000	
		91	Common Silver Coin	Round	30 Grams	10 000 000	
		92	Refined Gold Coin	Round	1 Kilogram	1 000	
		93	Refined Gold Coin	Round	150 Grams	10 000	
		94	Refined Gold Coin	Round	100 Grams	20 000	



Continued

No.	Theme	Type	Made of	Shape	Weight	Maximum Size of Issuance (coins)	Date of Issuance
XIII	2023 Panda Precious Metal Commemorative Coins	95	Refined Gold Coin	Round	50 Grams	30 000	Oct. 2022
		96	Refined Silver Coin	Round	1 Kilogram	10 000	
		97	Refined Silver Coin	Round	150 Grams	30 000	
		98	Refined Platinum Coin	Round	30 Grams	5 000	
		99	Refined Platinum Coin	Round	3 Grams	30 000	
XIV	Gold and Silver Commemorative Coins for 2023 New Year Celebration	100	Common Gold Coin	Round	1 Gram	100 000	Dec. 2022
		101	Common Silver Coin	Round	8 Grams	1 500 000	

Structural Statistics on Non-Cash Payment Instruments (2022)

Category of Business		Transaction Volume (10 thousand)	Transaction Value (RMB100 million)
Bills	Bank Drafts	13.04	1 106.12
	Of which: Cash Bank Drafts	0.02	0.29
	Transfer Bank Drafts	13.02	1 105.82
	Commercial Drafts	2 812.42	242 256.00
	Of which: Commercial Acceptance Bills	254.34	30 521.90
	Bankers' Acceptance Bills	2 558.08	211 734.10
	Promissory Notes	16.59	2 536.88
	Of which: Cash Promissory Notes	0.01	0.06
	Transfer Promissory Notes	16.58	2 536.82
	Cheques	7 232.82	735 518.53
	Of which: Cash Cheques	2 567.33	20 901.95
	Transfer Cheques	4 665.49	714 616.58
	Of which: Corporate Cheques	7 206.92	735 121.15
	Personal Cheques	25.90	397.37
	Total	10 074.88	981 417.52
Bankcards	Cash Deposits	453 832.31	334 969.55
	Cash Withdrawals	650 831.87	329 661.98
	Of which: ATM	473 978.25	125 222.92
	Consumption	25 134 448.47	1 301 461.94
	Transfers	18 955 353.24	8 153 279.82
	Total	45 194 465.89	10 119 373.29
Settlements	Credit Transfers	1 020 743.14	36 212 230.87
	Direct Debit	39 585.48	708 234.06
	Collection against Contract of Purchase	14.48	6 712.57
	Domestic Letters of Credit	9.97	29 757.65
	Total	1 060 353.07	36 956 935.16

Note: Starting from 2015, statistics on the use of non-cash payment instruments were adjusted by including domestic letters of credit, credit transfers, and direct debit. Remittance and exchange as well as consignment collection were removed from the statistics as they are covered by the newly-added items.



Statistics on Transactions via Payment Systems (2022)

System Name	Volume	Value
High-Value Payment System (100 million deals, RMB trillion)	4.16	7 425.74
Bulk Electronic Payment System (100 million deals, RMB trillion)	41.58	167.72
Online Payment Interbank Clearing System (100 million deals, RMB trillion)	165.52	278.65
Domestic Foreign Currency Payment System (10 thousand deals, RMB trillion)	475.43	17.15
Intrabank Business Systems of Commercial Banks (100 million deals, RMB trillion)	188.60	2 183.00
UnionPay Interbank Payment System (100 million deals, RMB trillion)	2 474.90	251.95
Payment & Clearing System of City Commercial Banks Clearing (10 thousand deals, RMB trillion)	2 697.17	2.60
Rural Credit Banks Payment and Clearing System (100 million deals, RMB trillion)	40.57	3.24
Cross-Border Interbank Payment System (10 thousand deals, RMB trillion)	440.04	96.70
NetsUnion Clearing Platform (100 million deals, RMB trillion)	7 713.49	450.50
Total (100 million deals, RMB trillion)	10 629.18	10 877.24

Notes: ① According to the PBOC's requirement of "breaking the direct connection between third-party payment institutions and commercial banks", all third-party payment institutions joined the system of UnionPay or NetsUnion. Businesses between payment institutions and commercial banks, as well as businesses between third-party payment institutions and the City Commercial Banks Clearing or members of the Rural Credit Banks Funds Clearing Center are no longer included in transaction statistics on the intrabank business systems of commercial banks, the payment & clearing system of City Commercial Banks Clearing, and rural credit banks payment & clearing system.

② Starting from Q2 2018, the volume of transactions processed by the UnionPay interbank payment system only includes funds clearing, while inquiries, account verification, and other non-clearing transactions are excluded. Starting from Q1 2019, the volume of transactions processed by the UnionPay interbank payment system includes online payments involving bank accounts initiated by payment institutions and processed by the UnionPay interbank payment system.

③ Starting from 2017, the payment and clearing system of City Commercial Banks Clearing not only covers statistics on bank drafts, remittance and exchange, and deposits and withdrawals processed at any branch, but also real-time payments and receipts on behalf of clients.

Statistics on the Number of RMB Bank Settlement Accounts

Item/Year	2022
Corporate Settlement Accounts (10 thousand)	9 246.26
Of which: Basic Deposit Accounts (10 thousand)	6 512.84
General Deposit Accounts (10 thousand)	2 238.58
Special Deposit Accounts (10 thousand)	475.07
Temporary Deposit Accounts (10 thousand)	19.76
Personal Settlement Accounts (100 million)	140.74
Total (100 million)	141.67

Statistics on the Number of Bankcards

100 million

Item/Year	2022
Debit Cards	86.80
Credit Cards (including combo cards with both debit and credit functions)	7.98
Total	94.78



Interest Rates

RMB Interest Rates, 2022

Item/Date	percent				
	Jan. 1	Jan. 20	Jun. 20	Aug. 22	Dec. 31
Official Interest Rates on Deposits & Loans of Financial Institutions					
Required Reserves	1.62	1.62	1.62	1.62	1.62
Excess Reserves	0.35	0.35	0.35	0.35	0.35
Rates on the Standing Lending Facility (SLF)					
Overnight	3.05	2.95*	2.95	2.85*	2.85
7-Day	3.20	3.10*	3.10	3.00*	3.00
1-Month	3.55	3.45*	3.45	3.35*	3.35
Central Bank Lending in Support of Agro-Related Businesses and MSBs					
3-Month	1.70	1.70	1.70	1.70	1.70
6-Month	1.90	1.90	1.90	1.90	1.90
1-Year	2.00	2.00	2.00	2.00	2.00
Central Bank Rediscount	2.00	2.00	2.00	2.00	2.00
Benchmark Rates on RMB Deposits at Financial Institutions					
Deposit Rates					
Demand Deposits	0.35	0.35	0.35	0.35	0.35
Time Deposits					
3-Month	1.10	1.10	1.10	1.10	1.10
6-Month	1.30	1.30	1.30	1.30	1.30
1-Year	1.50	1.50	1.50	1.50	1.50
2-Year	2.10	2.10	2.10	2.10	2.10
3-Year	2.75	2.75	2.75	2.75	2.75
Loan Prime Rate (LPR)					
1-Year	3.80**	3.70	3.70	3.65	3.65**
5-Year	4.65**	4.60	4.45	4.30	4.30**
Interbank Weighted Average Rates***					
Interbank Funding					1.26
Bond Pledged Repo					1.41

Notes: ① *Adjusted on January 17 and August 15, 2022, respectively.

② ** LPRs released on December 20, 2021 and December 20, 2022.

③ ***Weighted average rates for December 2022.

Interest Rates on Small-Value Foreign Currency Deposits (US Dollar)

percent

Term/Date	Nov. 18, 2004	May 20, 2005	Aug. 23, 2005	Oct. 15, 2005	Dec. 28, 2005
Demand Deposits	0.075	0.075	0.275	0.775	1.150
7-Day Notice Deposits	0.250	0.250	0.500	1.000	1.375
1-Month	0.375	0.625	1.250	1.750	2.250
3-Month	0.625	0.875	1.750	2.250	2.750
6-Month	0.750	1.000	1.875	2.375	2.875
1-Year	0.875	1.125	2.000	2.500	3.000

Note: Data listed are benchmark interest rates released by the PBOC on small-value foreign currency deposits. No adjustments since December 28, 2005.

Shibor Monthly Rates, 2022

percent

Month/Term	Overnight	1-Week	2-Week	1-Month	3-Month	6-Month	9-Month	1-Year
January	1.88	2.14	2.26	2.42	2.48	2.54	2.63	2.70
February	1.99	2.10	2.13	2.34	2.41	2.47	2.54	2.60
March	1.95	2.10	2.20	2.30	2.37	2.45	2.51	2.59
April	1.50	1.88	1.95	2.24	2.32	2.41	2.47	2.55
May	1.37	1.73	1.72	1.98	2.10	2.22	2.30	2.38
June	1.44	1.79	1.78	1.89	2.00	2.14	2.28	2.36
July	1.21	1.64	1.63	1.79	1.95	2.09	2.23	2.31
August	1.12	1.49	1.44	1.54	1.64	1.79	1.91	2.01
September	1.31	1.64	1.72	1.57	1.61	1.77	1.89	1.98
October	1.34	1.71	1.67	1.64	1.70	1.83	1.94	2.01
November	1.46	1.81	1.87	1.82	2.01	2.11	2.20	2.26
December	1.03	1.79	2.15	2.13	2.32	2.42	2.48	2.55

Note: Data listed are monthly average rates.



Financial Market Statistics

Money Market Statistics, 2022

Item/Quarter	Q1	Q2	Q3	Q4
Turnover of Interbank Funding (RMB100 million)	304 022	368 866	469 363	325 966
Turnover of Interbank Repo (RMB100 million)	2 878 566	3 421 326	4 176 121	3 325 534
Quarter-End Shibor: Overnight (percent)	2.01	1.90	2.08	1.96
Quarter-End Shibor: 1-Week (percent)	2.20	2.20	2.06	2.22
Quarter-End Monthly Weighted Average Rate on Interbank Funding (percent)	2.07	1.56	1.41	1.26
Quarter-End Monthly Weighted Average Rate on Pledged Repo (percent)	2.08	1.57	1.46	1.41
Commercial Bills Accepted (RMB100 million)	69 854	71 351	64 035	69 605
Quarter-End Commercial Bills Outstanding (RMB100 million)	157 965	166 790	170 718	174 352
Financial Institutions Discount (RMB100 million)	47 832	54 281	43 949	89 340
Quarter-End Financial Institutions Discount Outstanding (RMB100 million)	48 515	55 495	58 854	46 313

Bond Market Statistics, 2022

Item/Quarter	Q1	Q2	Q3	Q4
Total Bond Issuance (RMB100 million)	150 425	164 626	152 874	146 534
Government Bonds	34 305	52 572	41 205	42 637
Central Bank Bills	0	0	0	0
Financial Bonds	78 685	78 823	75 989	72 697
Of which: Interbank Negotiable Certificates of Deposit	53 845	54 812	48 041	48 422
Corporate Debenture Bonds	37 194	32 960	35 437	31 129
International Institutions Bonds	240	271	243	71
Quarter-End Outstanding Bonds (RMB100 million)	1 375 275	1 414 007	1 436 228	1 445 404
Government Bonds	548 566	579 411	592 337	604 602
Central Bank Bills	150	150	150	150
Financial Bonds	499 099	503 046	512 826	515 874
Of which: Interbank Negotiable Certificates of Deposit	146 623	146 681	145 211	141 390
Corporate Debenture Bonds	325 876	329 730	329 141	323 177
International Institutions Bonds	1 584	1 670	1 773	1 601
Quarter-End Chinabond Composite Index (percent, Net Price)	103.2	103.4	104.1	103.2
Quarter-End Chinabond Yield (1-year, percent)	2.13	1.95	1.85	2.10
Quarter-End Chinabond Yield (10-year, percent)	2.79	2.82	2.76	2.84

Note: Corporate debenture bonds include debt financing instruments of non-financial corporations, enterprise bonds, corporate bonds, convertible bonds, and so forth.

Stock Market Statistics, 2022

Item/Quarter	Q1	Q2	Q3	Q4
Total Funds Raised (RMB100 million)	3 337	2 336	4 226	3 283
Turnover (RMB100 million)	585 009	559 128	596 476	504 482
Quarter-End Volume of Stocks Issued (100 million shares)	71 356	71 941	72 599	73 312
Quarter-End Market Capitalization (RMB100 million)	805 107	848 266	759 842	788 006
Quarter-End Number of Listed Companies	4 693	4 731	4 841	4 917
Quarter-End Closing Index				
Shanghai Stock Exchange Composite Index (December 19, 1990=100)	3 252	3 399	3 024	3 089
Shenzhen Stock Exchange Component Index (July 20, 1994=1000)	12 118	12 896	10 779	11 016

Securities Investment Funds Statistics, 2022

Item/Quarter	Q1	Q2	Q3	Q4
Number of Securities Investment Funds	9 482	9 770	10 094	10 375
Total Size (RMB100 million)	225 678	235 439	245 384	235 803
Net Funds Assets (RMB100 million)	248 283	263 739	265 903	256 438
Turnover (RMB100 million)	41 761	53 023	59 147	70 733

Futures Market Statistics, 2022

Item/Quarter	Q1	Q2	Q3	Q4
Transaction Volume (10 thousand lots)	144 733	142 056	179 631	167 822
Turnover (RMB100 million)	1 284 660	1 287 213	1 430 859	1 340 293
Quarter-End Open Interest (10 thousand lots)	2 706	2 958	2 982	3 276
Delivery Volume (lots)	549 750	505 911	553 701	436 660



Insurance Market Statistics, 2022

Item/Quarter	Q1	Q2	Q3	Q4
Premium Income (RMB100 million)	17 811	10 670	9 837	8 639
Property Insurance	3 246	3 320	3 087	3 059
Life Insurance	14 565	7 350	6 749	5 580
Claims and Benefit Payments (RMB100 million)	4 513	3 255	3 712	4 005
Property Insurance	1 784	1 719	1 988	2 266
Life Insurance	2 729	1 536	1 724	1 739
Quarter-End Assets, Total (RMB100 million)	256 723	266 385	267 093	271 467
Of which: Bank Deposits	28 370	28 603	28 587	28 348
Investments	206 988	215 992	216 685	222 161

Gold Market Statistics, 2022

Item/Quarter	Q1	Q2	Q3	Q4
Turnover of Au99.99 (RMB100 million)	3 269	2 756	3 230	2 948
Turnover of Au (T+D) (RMB100 million)	5 095	4 241	3 997	3 255
Turnover of Ag (T+D) (RMB100 million)	7 306	4 743	3 145	2 252
Au99.99 Quarter-End Closing Price (yuan per gram)	394	392	390	410
Au (T+D) Quarter-End Closing Price (yuan per gram)	394	392	390	410
Ag (T+D) Quarter-End Closing Price (yuan per kilogram)	5 006	4 498	4 419	5 337

Treasuries and Statistics of Treasury Bonds

Table 1 Issuance of Treasury Savings Bonds, 2022

Type of Bonds	Issue No.	Date of Issue	Term (Year)	Coupon Rate (percent)	Total Actual Issuance Amount (RMB 100 million)
Certificate T-bonds	1st	Mar. 10 to 19	3	3.35	149.66
	2nd	Mar. 10 to 19	5	3.52	149.20
	3rd	Sep. 10 to 19	3	3.05	110.31
	4th	Sep. 10 to 19	5	3.22	135.76
	5th	Nov. 10 to 19	3	3.05	147.28
	6th	Nov. 10 to 19	5	3.22	148.22
	Subtotal				840.43
Electronic T-bonds	1st	Apr. 10 to 19	3	3.35	250.00
	2nd	Apr. 10 to 19	5	3.52	250.00
	3rd	Jul. 10 to 19	3	3.20	200.00
	4th	Jul. 10 to 19	5	3.37	200.00
	5th	Aug. 10 to 19	3	3.20	200.00
	6th	Aug. 10 to 19	5	3.37	200.00
	7th	Oct. 10 to 19	3	3.05	200.00
	8th	Oct. 10 to 19	5	3.22	200.00
	Subtotal				1 700.00
	Total				2 540.43



Table 2 Term Deposits Disbursed by Central Treasury Cash Management at Commercial Banks, 2022 (New Deposits)

Date (Value Date)	Series No.	Amount (RMB 100 million)	Bidding Rate (percent)	Term	Expected Interest Income (RMB 100 million)
Mar. 16, 2022	1st, 2022	700	3.41	1M	1.83
Jul. 12, 2022	2nd, 2022	400	3.05	1M	0.94
Aug. 24, 2022	3rd, 2022	400	2.70	1M	0.83
Total		1 500			3.60

Table 3 Term Deposits Disbursed by Central Treasury Cash Management at Commercial Banks, 2022 (Matured)

Date (Due Date)	Series No.	Amount (RMB 100 million)	Bidding Rate (percent)	Term	Actual Interest Income (RMB 100 million)
Apr. 13, 2022	1st, 2022	700	3.41	1M	1.83
Aug. 9, 2022	2nd, 2022	400	3.05	1M	0.94
Sep. 21, 2022	3rd, 2022	400	2.70	1M	0.83
Total		1 500			3.60

Table 4 Provincial-Level Local Treasury Cash Management, 2022

RMB 100 million, Number of batches

Region	Batches of New Deposits	Amount	Batches of Deposits Matured	Amount	Balance at Year-End	Actual Interest Income
Beijing	5	1 000.00	5	1 000.00	0.00	1.62
Tianjin	1	80.00	2	150.00	0.00	0.61
Hebei	0	0.00	0	0.00	0.00	0.00
Shanxi	13	2 000.00	12	1 800.00	300.00	5.36
Inner Mongolia	3	150.00	3	150.00	0.00	0.49
Liaoning	1	40.00	0	0.00	40.00	0.00
Jilin	0	0.00	0	0.00	0.00	0.00
Heilongjiang	14	800.00	14	750.00	100.00	1.15

Appendix I: STATISTICAL ANNEX

Continued

Region	Batches of New Deposits	Amount	Batches of Deposits Matured	Amount	Balance at Year-End	Actual Interest Income
Shanghai	7	4 140.00	6	3 640.00	1 700.00	20.58
Jiangsu	4	1 260.00	4	1 170.00	630.00	10.88
Zhejiang	9	2 470.00	8	2 280.00	1 090.00	19.64
Anhui	3	350.00	2	200.00	150.00	1.30
Fujian	5	330.00	5	330.00	50.00	1.08
Jiangxi	7	1 400.00	7	1 380.00	520.00	9.26
Shandong	1	100.00	1	100.00	0.00	0.40
Henan	0	0.00	0	0.00	0.00	0.00
Hubei	10	2 350.00	10	2 250.00	300.00	7.20
Hunan	0	0.00	0	0.00	0.00	0.00
Guangdong	0	0.00	3	200.00	0.00	0.70
Guangxi	0	0.00	0	0.00	0.00	0.00
Sichuan	0	0.00	1	100.00	0.00	0.94
Chongqing	10	1 570.00	10	1 690.00	400.00	11.68
Guizhou	0	0.00	0	0.00	0.00	0.00
Yunnan	6	950.00	6	950.00	0.00	1.33
Xizang	0	0.00	0	0.00	0.00	0.00
Shaanxi	11	600.00	13	700.00	0.00	1.60
Gansu	3	180.00	3	180.00	0.00	1.01
Qinghai	1	20.00	1	20.00	0.00	0.08
Ningxia	10	350.00	9	300.00	120.00	1.48
Xinjiang	0	0.00	0	0.00	0.00	0.00
Qingdao	2	220.00	2	220.00	0.00	0.90
Dalian	0	0.00	0	0.00	0.00	0.00
Ningbo	7	1 300.00	7	1 180.00	400.00	4.53
Hainan	2	90.00	2	90.00	0.00	0.62
Shenzhen	18	3 980.00	12	3 300.00	1 800.00	25.11
Xiamen	4	350.00	4	350.00	0.00	0.32
Total	157	26 080.00	152	24 480.00	7 600.00	129.85



RMB Exchange Rate and Balance of Payments

RMB Exchange Rate

Year	Foreign Currency	Year-End Rate	Change over the Previous Year-End
2020	USD	6.5249	-4 513
	HKD	0.8416	-541
	100 JPY	6.3236	-850
	EUR	8.025	2 095
2021	USD	6.3757	-1 492
	HKD	0.8176	-240
	100 JPY	5.5415	-7 821
	EUR	7.2197	-8 053
2022	USD	6.9646	5 889
	HKD	0.8933	757
	100 JPY	5.2358	-3 057
	EUR	7.4229	2 032

Official Reserve Assets, 2022

Item/ Quarter	Q1		Q2		Q3		Q4	
	(USD100 million)	(SDR100 million)	(USD100 million)	(SDR100 million)	(USD100 million)	(SDR100 million)	(USD100 million)	(SDR100 million)
Foreign Exchange Reserves	31 879.94	23 061.31	30 712.72	23 130.86	30 289.55	23 665.93	31 276.91	23 501.56
Reserve Position in the IMF	104.71	75.75	99.62	75.03	99.56	77.79	108.39	81.44
SDRs	531.60	384.55	519.54	391.28	504.54	394.21	511.59	384.41
Gold	1 216.63	880.09	1 138.23	857.24	1 047.24	818.24	1 172.35	880.91
	62.64 million ounces	62.64 million ounces	62.64 million ounces	62.64 million ounces	62.64 million ounces	62.64 million ounces	62.64 million ounces	62.64 million ounces
Other Reserve Assets	-1.30	-0.94	-4.17	-3.14	-5.11	-4.00	-3.95	-2.97
Total	33 731.59	24 400.76	32 465.95	24 451.27	31 935.79	24 952.17	33 065.30	24 845.35

Note: The data in this table are published both in US dollar and SDR terms, and the exchange rate of the SDR is derived from the IMF Website.

China's Balance of Payments, 2022

USD100 million

Item	Amount	Item	Amount
1. Current Account	4 019	1.A.b.8 Charges for the Use of Intellectual Property	-312
Credits	39 508	Credits	133
Debits	-35 489	Debits	-445
1.A Goods and Services	5 763	1.A.b.9 Telecommunications, Computer, and Information Services	178
Credits	37 158	Credits	557
Debits	-31 395	Debits	-379
1.A.a Goods	6 686	1.A.b.10 Other Business Services	419
Credits	33 469	Credits	944
Debits	-26 782	Debits	-525
1.A.b Services	-923	1.A.b.11 Personal, Cultural, and Recreational Services	-12
Credits	3 690	Credits	14
Debits	-4 613	Debits	-26
1.A.b.1 Manufacturing Services	135	1.A.b.12 Government Goods and Services n.i.e	-19
Credits	143	Credits	17
Debits	-8	Debits	-36
1.A.b.2 Maintenance and Repair Services	39	1.B Primary Income	-1 936
Credits	83	Credits	1 902
Debits	-43	Debits	-3 839
1.A.b.3 Transport	-224	1.B.1 Compensation of Employees	63
Credits	1 465	Credits	204
Debits	-1 689	Debits	-141
1.A.b.4 Travel	-1 052	1.B.2 Investment Income	-2 031
Credits	96	Credits	1 658
Debits	-1 148	Debits	-3 689
1.A.b.5 Construction	67	1.B.3 Other Primary Income	32
Credits	143	Credits	41
Debits	-76	Debits	-9
1.A.b.6 Insurance and Pension Services	-153	1.C Secondary Income	191
Credits	45	Credits	447
Debits	-198	Debits	-256
1.A.b.7 Financial Services	11	1.C.1 Personal Transfer	15
Credits	50	Credits	57
Debits	-39	Debits	-42



Continued

Item	Amount	Item	Amount
1.C.2 Other Secondary Income	176	2.2.1.2 Portfolio Investment	-2 811
Credits	390	2.2.1.2.1 Assets	-1 732
Debits	-214	2.2.1.2.1.1 Equity and Investment Fund Shares	-477
2. Capital and Financial Account	-3 113	2.2.1.2.1.2 Debt Securities	-1 255
2.1 Capital Account	-3	2.2.1.2.2 Liabilities	-1 079
Credits	2	2.2.1.2.2.1 Equity and Investment Fund Shares	344
Debits	-5	2.2.1.2.2.2 Debt Securities	-1 423
2.2 Financial Account	-3 110	2.2.1.3 Financial Derivatives (other than reserves) and Employee Stock Options	-58
Assets	-2 815	2.2.1.3.1 Assets	27
Liabilities	-294	2.2.1.3.2 Liabilities	-85
2.2.1 Financial Account Excluding Reserves	-2 110	2.2.1.4 Other Investment	454
Assets	-1 816	2.2.1.4.1 Assets	1 386
Liabilities	-294	2.2.1.4.1.1 Other Equity	-2
2.2.1.1 Direct Investment	305	2.2.1.4.1.2 Currency and Deposits	125
2.2.1.1.1 Assets	-1 497	2.2.1.4.1.3 Loans	1 011
2.2.1.1.1.1 Equity and Investment Fund Shares	-820	2.2.1.4.1.4 Insurance, Pensions, and Standardized Guarantee Schemes	-56
2.2.1.1.1.2 Debt Instruments	-677	2.2.1.4.1.5 Trade Credit and Advances	103
2.2.1.1.1.a Financial Sector	-364	2.2.1.4.1.6 Other Accounts Receivable	204
2.2.1.1.1.1.a Equity and Investment Fund Shares	-308	2.2.1.4.2 Liabilities	-932
2.2.1.1.1.2.a Debt Instruments	-56	2.2.1.4.2.1 Other Equity	0
2.2.1.1.1.b Non-Financial Sector	-1 133	2.2.1.4.2.2 Currency and Deposits	-528
2.2.1.1.1.1.b Equity and Investment Fund Shares	-512	2.2.1.4.2.3 Loans	-178
2.2.1.1.1.2.b Debt Instruments	-621	2.2.1.4.2.4 Insurance, Pensions, and Standardized Guarantee Schemes	25
2.2.1.1.2 Liabilities	1 802	2.2.1.4.2.5 Trade Credit and Advances	-314
2.2.1.1.2.1 Equity and Investment Fund Shares	1 597	2.2.1.4.2.6 Other Accounts Payable	64
2.2.1.1.2.2 Debt Instruments	205	2.2.1.4.2.7 Special Drawing Rights	0
2.2.1.1.2.a Financial Sector	125	2.2.2 Reserve Assets	-1 000
2.2.1.1.2.1.a Equity and Investment Fund Shares	116	2.2.2.1 Monetary Gold	-35
2.2.1.1.2.2.a Debt Instruments	10	2.2.2.2 Special Drawing Rights	19
2.2.1.1.2.b Non-Financial Sector	1 677	2.2.2.3 Reserve Position in the IMF	-2
2.2.1.1.2.1.b Equity and Investment Fund Shares	1 481	2.2.2.4 Foreign Exchange Reserves	-982
2.2.1.1.2.2.b Debt Instruments	195	2.2.2.5 Other Reserve Assets	0
		3. Net Errors and Omissions	-906

Notes: ① China compiles the balance of payments (BOP) in accordance with the 6th edition of the *Balance of Payments and International Investment Position Manual*.

② Credits and debits are recorded as positive and negative values respectively. Balance is calculated by adding credits and debits. All other entries are recorded as balance except credits and debits.

③ Under the financial account, the net increase and net decrease of external financial assets are recorded as negative and positive values respectively. The net increase and net decrease of external liabilities are recorded as positive and negative values respectively.

④ This table employs rounded-off numbers.

China's External Debt Position, 2022, By Sector

Item	End-2022 (RMB 100 million)	End-2022 (USD 100 million)
General Government	30 385	4 363
Short-Term	2 470	355
Currency and Deposits	0	0
Debt Securities	2 470	355
Loans	0	0
Trade Credit and Advances	0	0
Other Debt Liabilities	0	0
Long-Term	27 914	4 008
SDR Allocation	0	0
Currency and Deposits	0	0
Debt Securities	24 176	3 471
Loans	3 738	537
Trade Credit and Advances	0	0
Other Debt Liabilities	0	0
Central Bank	5 673	815
Short-Term	2 043	293
Currency and Deposits	1 315	189
Debt Securities	728	105
Loans	0	0
Trade Credit and Advances	0	0
Other Debt Liabilities	0	0
Long-Term	3 631	521
SDR Allocation	3 356	482
Currency and Deposits	0	0
Debt Securities	0	0
Loans	0	0
Trade Credit and Advances	0	0
Other Debt Liabilities	275	39
Other Depository Corporations	70 367	10 104
Short-Term	53 880	7 736



Continued

Item	End-2022 (RMB 100 million)	End-2022 (USD 100 million)
Currency and Deposits	34 235	4 916
Debt Securities	4 565	656
Loans	14 653	2 104
Trade Credit and Advances	0	0
Other Debt Liabilities	426	61
Long-Term	16 488	2 367
Currency and Deposits	0	0
Debt Securities	12 529	1 799
Loans	3 881	557
Trade Credit and Advances	0	0
Other Debt Liabilities	78	11
Other Sectors	42 906	6 161
Short-Term	29 723	4 268
Currency and Deposits	14	2
Debt Securities	115	16
Loans	1 795	258
Trade Credit and Advances	26 180	3 759
Other Debt Liabilities	1 619	232
Long-Term	13 183	1 893
Currency and Deposits	0	0
Debt Securities	6 362	913
Loans	3 620	520
Trade Credit and Advances	466	67
Other Debt Liabilities	2 735	393
Direct Investment: between Enterprises	21 494	3 086
Liabilities of Direct Investment Enterprises to Direct Investment Investors	11 878	1 705
Liabilities of Direct Investment Investors to Direct Investment Enterprises	1 292	185
Liabilities to Affiliated Enterprises	8 325	1 195
Total External Debt Positions	170 825	24 528

RMB Internationalization

Statistics on RMB Cross-Border Payments and Receipts

RMB 100 million

Year	Current Account			Capital Account				Total RMB Settlements of Cross-Border Trade
	Total	Trade in Goods	Trade in Services and Others	Total	Overseas Direct Investment	Foreign Direct Investment	Others	
2018	51 069	36 572	14 497	107 466	8 048	18 586	80 832	158 535
2019	60 374	42 440	17 934	136 328	7 575	20 253	108 500	196 702
2020	67 674	47 850	19 824	216 200	10 534	27 613	178 053	283 874
2021	79 477	57 747	21 729	286 591	16 419	41 595	228 577	366 068
2022	105 172	79 245	25 927	316 253	1 313	3 649	311 291	421 460

RMB Financial Assets Held by Overseas Institutions and Persons

RMB 100 million

Item/Month. Year	Jan. 2022	Feb. 2022	Mar. 2022	Apr. 2022	May. 2022	Jun. 2022
Stocks	35 885.10	35 890.31	31 860.39	30 045.31	31 263.54	35 741.58
Bonds	41 517.33	40 712.73	39 586.83	38 508.27	37 398.99	36 453.07
Loans	12 213.31	11 823.94	11 896.27	12 272.24	11 980.27	11 731.82
Deposits	16 197.70	16 220.54	14 719.45	14 564.32	15 809.14	16 727.29
Item/Month. Year	Jul. 2022	Aug. 2022	Sep. 2022	Oct. 2022	Nov. 2022	Dec. 2022
Stocks	33 436.27	32 620.97	30 285.41	27 679.72	31 209.30	31 959.90
Bonds	35 872.46	35 475.23	34 770.74	34 519.04	34 010.88	34 582.44
Loans	11 517.53	11 506.42	11 531.35	11 637.90	11 862.03	12 223.67
Deposits	18 410.61	18 010.18	18 535.25	18 360.74	18 662.57	17 418.19



Flow of Funds Statement, 2021 (Financial Transactions)

RMB 100 million

Item	Sector	Households		Non-Financial Corporations		General Government	
		Uses	Sources	Uses	Sources	Uses	Sources
Net Financial Investment		112 283		-40 102		-70 007	
Total Uses of Funds		196 566		89 993		18 525	
Total Sources of Funds			84 283		130 094		88 532
Currency		5 840		586		130	
Deposits		105 860		49 344		13 490	
Demand Deposits		16 220		2 515		-4 284	
Time Deposits		85 300		35 062		13 840	
Fiscal Deposits						5 617	
Foreign Exchange Deposits		-292		14 749		-334	
Other Deposits		4 631		-2 982		-1 350	
Customer Margin of Securities Companies		917		1 094		82	
Loans			84 775		90 496		5 499
Short-Term Loans and Bill Financing			19 170		24 114		
Medium and Long-Term Loans			60 759		86 720		
Foreign Exchange Loans			3		1 665		52
Entrusted Loans			4 674		-5 910		-412
Other Loans			170		-16 094		5 859
Undiscounted Bankers' Acceptances				-4 916	-4 916		
Insurance Technical Reserves		23 495		938			10 471
Inter-Financial Institution Accounts							
Required and Excess Reserves							
Bonds		0		-1 433	24 022	2 267	71 833
Government Bonds		-180		-18		60	71 833
Financial Bonds		79		-70		2 427	
Central Bank Bonds							
Corporate Bonds		101		-1 345	24 022	-220	
Stocks		4 476		9 717	15 686	344	
Securities Investment Funds Shares		14 925		17 796		1 340	
Cash in Vault							
Central Bank Loans							
Miscellaneous (net)		41 054	-492	4 866	-7 494	872	-106
Direct Investment				8 142	21 713		
Other External Claims and Debts				3 860	2 086		834
International Reserve Assets							
Errors and Omissions in the BOP					-11 498		

Appendix I: STATISTICAL ANNEX

Continued

Financial Sector		Total of Domestic Sectors		External		Total	
Uses	Sources	Uses	Sources	Uses	Sources	Uses	Sources
18 135		20 309		-20 309		0	
363 873		668 956		32 367		701 323	
	345 739		648 647		52 676		701 323
	6 510	6 556	6 510	-46		6 510	6 510
23 258	185 292	191 951	185 292	2 686	9 345	194 636	194 636
	14 451	14 451	14 451			14 451	14 451
	134 202	134 202	134 202			134 202	134 202
	5 617	5 617	5 617			5 617	5 617
407	5 553	14 531	5 553	366	9 345	14 897	14 897
22 851	25 469	23 150	25 469	2 319		25 469	25 469
552	2 833	2 644	2 833	189		2 833	2 833
176 258	-4 487	176 258	176 282	575	551	176 833	176 833
43 284		43 284	43 284			43 284	43 284
147 479		147 479	147 479			147 479	147 479
1 623	2	1 623	1 721	575	477	2 198	2 198
-1 626	-33	-1 626	-1 681		54	-1 626	-1 626
-14 501	-4 456	-14 501	-14 521		20	-14 501	-14 501
-4 916	-4 916	-9 832	-9 832			-9 832	-9 832
	13 962	24 433	24 433			24 433	24 433
11 707	1 181	11 707	1 181	-2 418	8 108	9 289	9 289
-9 764	-9 695	-9 764	-9 695	69		-9 695	-9 695
158 701	67 085	159 536	162 940	5 243	1 839	164 779	164 779
67 676		67 538	71 833	4 515	221	72 054	72 054
66 573	67 085	69 010	67 085	561	2 486	69 572	69 572
24 452		22 987	24 022	166	-868	23 153	23 153
3 629	2 366	18 166	18 052	5 409	5 523	23 575	23 575
8 976	46 110	43 036	46 110	3 074		46 110	46 110
-203	-169	-203	-169		-35	-203	-203
-7 911	-7 911	-7 911	-7 911			-7 911	-7 911
-11 776	43 243	35 015	35 152	117	-20	35 132	35 132
		8 142	21 713	21 713	8 142	29 855	29 855
3 197	4 334	7 057	7 254	7 254	7 057	14 311	14 311
12 165		12 165			12 165	12 165	12 165
			-11 498	-11 498		-11 498	-11 498



NOTES ON SECTORS AND ITEMS IN THE FLOW OF FUNDS STATEMENT

Flow of Funds Statement (Financial Transaction Account)^①: Presented in matrix format, financial transaction account encompasses financial transactions among domestic sectors and those between domestic sectors and the rest of the world. In the account, all institutional units in the economy are grouped into five sectors: households, non-financial corporations, general government, financial sector and external sector, and all financial transactions taking place among these five sectors are broken down by financial instruments. The sectors and financial transactions are listed on the rows and columns of the matrix respectively. The double-entry flow of funds accounting is based on an accrual basis. In principle, all financial transaction flows are recorded according to the transaction prices. The terms of sources and uses are employed to reflect changes in the financial assets and liabilities of each sector.

Households: Include urban households, rural households, and individual enterprises. This sector is mainly engaged in final consumption, self-serving production, and a small number of profit-making production activities.

Non-Financial Corporations: Consist of profit-making resident corporations that have independent accounting and whose principal activity is the production of goods and non-financial services.

General Government: Includes the central government, local governments, government organizations, and social security agencies. They produce and supply non-profit output for public and individual consumption. They also assume responsibilities for redistributing national income and wealth.

Financial Sector: Includes financial corporations and quasi-corporations that are mainly engaged in financial intermediation or auxiliary financial activities. This sector provides banking, insurance, securities, and other financial services.

External Sector: All non-resident institutions that have financial transactions with domestic sectors.

Total Uses of Funds: The total amount in the uses column of each sector.

Total Sources of Funds: The total amount in the sources column of each sector.

Net Financial Investment: The differences between total uses of funds and total sources of funds.

Currency^②: Notes and coins in circulation.

Deposits: All types of deposits of the depository institutions, including demand deposits, time deposits, fiscal deposits, foreign exchange deposits, and others.

Demand Deposits: Deposits that can be withdrawn on demand.

Time Deposits: Deposits that are subject to a fixed term and a predetermined rate, and can be withdrawn on due date.

Fiscal Deposits: Deposits of the government in banking institutions.

Foreign Exchange Deposits: Foreign currency deposits of domestic institutions deposited abroad and with domestic financial institutions, and foreign currency deposits of the external sector deposited with domestic financial institutions.

Other Deposits: Deposits that are not included in the above categories, such as entrusted deposits and trust deposits.

Loans: All kinds of loans provided by financial institutions, including short-term loans, bill financing, medium and long-term loans, foreign exchange loans, entrusted loans, and others.

① At present, data of some financial transactions are not yet available, such as equity, commercial credit, and certain accounts receivable and accounts payable.

② Data are not available yet on the volumes of RMB in circulation abroad and of foreign currency in circulation in China.

Short-Term Loans and Bill Financing: Provided by financial institutions, short-term loans mature in less than one year or one year, and bill financing is financing by discounting commercial acceptance bills, bankers' acceptance bills, and other bills held by clients.

Medium and Long-Term Loans: Loans from financial institutions to enterprises and households with longer maturities (usually more than one year).

Foreign Exchange Loans: Loans in foreign currencies from domestic financial institutions to other sectors, and loans to domestic sectors from abroad.

Entrusted Loans: Loans used and managed for specific targets and goals by banking institutions entrusted by governments, enterprises, households, or others that have offered the funds.

Other Loans: Loans that are not classified elsewhere above, such as trust loans, financial leasing, and advances.

Undiscounted Bankers' Acceptances: Bankers' acceptance bills that have not been discounted in banks, which equals all the bankers' acceptance bills minus their discounted parts.

Insurance Technical Reserves: The net equity of social insurance and commercial insurance funds, prepaid insurance premiums, and outstanding claim reserves.

Inter-Financial Institution Accounts: Consist of nostro and vostro accounts, interbank lending, and securities repurchases among financial institutions.

Required and Excess Reserves: Financial institution deposits with the PBOC and required reserves.

Bonds: Securities issued by institutions to raise funds and repaid in line with stipulated terms and conditions, including government bonds, financial bonds, central bank bonds, and corporate bonds.

Government Bonds: Securities issued by government institutions with interest and principal repaid on dates as agreed.

Financial Bonds: Bonds issued by financial institutions, excluding the central bank.

Central Bank Bonds: Bonds issued by the central bank.

Corporate Bonds: Bonds issued by non-financial corporations.

Stocks^①: Issued by joint-stock companies in line with the *Corporate Law* to raise capital. They are proofs of shareholders' identity as well as rights and interests, and entitle holders to dividends and bonuses.

Securities Investment Fund Shares: Issued by securities investment funds, which represent the quantity of beneficiary certificates to which the investors are entitled.

Cash in Vault: Local and foreign currency-denominated cash reserved for business by banks.

Central Bank Loans: Loans extended by the PBOC to financial institutions.

Direct Investment: Foreign direct investment in China and outward direct investment by domestic residents.

Other External Claims and Debts: Claims and debts that are not included in reserve assets, foreign exchange deposits and loans, and bonds.

International Reserve Assets: Refer to external assets held by China's central bank, including foreign exchange, monetary gold, special drawing rights, and reserve position in the IMF.

Errors and Omissions in the Balance of Payments^②: Arise from inconsistencies between current account and capital and financial account due to differences in sources and point of time during the process of compiling the Balance of Payments through double-entry accounting.

① Currently only includes the amount of funds financed through shares tradable on the stock exchange.

② As it is difficult to identify the size of this item in the current account and that in the capital account, currently all errors and omissions in the Balance of Payments are presented in the Financial Account of the Flow of Funds Statement.



ANALYSIS OF CHINA'S FLOW OF FUNDS IN 2021

The total flow of funds rose steadily from a high base, creating an enabling monetary and financial environment for sustained and stable economic recovery

In 2021, China adopted a sound monetary policy that was flexible, targeted, reasonable and appropriate, with front-loaded implementation of the policy. The total flow of funds continued its stable growth from the high base of 2020, creating a favorable monetary and financial environment for the continued and stable economic recovery in 2022. In the year 2021, the total scale of the flow of funds^① hit RMB70.1 trillion, up by RMB223.1 billion and RMB25.3 trillion compared with the growth in the previous year and in 2019 respectively. The total flow of funds for the year accounted for 61.3 percent of nominal GDP, 7.7 percentage points lower than the previous year and 15.9 percentage points higher than 2019.

The increase in new financing of domestic non-financial sector was smaller than that in the previous year, but significantly more than that in 2019. The sector's liabilities and equity financing increased by RMB30.3 trillion in 2021, RMB2 trillion less compared with the increase in 2020, but RMB5.3 trillion more than the growth in 2019. By means of financing, direct financing took a smaller share. Indirect financing, however, rose

by RMB18.3 trillion, down by RMB234.1 billion compared with the growth in 2020 and falling by 1.3 percent from the previous year, while direct financing increased by RMB12.8 trillion, RMB2.3 trillion less than the growth in 2020. Indirect financing accounted for 60.4 percent of the non-financial sector's total new financing, rising by 3 percentage points from the previous year, whereas direct financing took up 42.4 percent of the total, down by 4.5 percentage points from 2020.

The financial assets of domestic non-financial sector rose steadily at a rate almost equal to the previous year, but much higher than that of 2019. The sector's financial assets increased by RMB30.5 trillion, decelerating by RMB593 billion from a year earlier, but accelerating by RMB8.5 trillion compared with 2019. By asset structure, deposits continued to fall, while equity assets^② surged. The new currency in circulation and deposits amounted to RMB17.5 trillion, decelerating by RMB2.9 trillion from the previous year, and accounted for 57.4 percent of the sector's total new financial assets, sliding by 8.2 percentage points year-on-year. New equity assets were RMB5.1 trillion, accelerating by RMB735.5 billion compared with 2020, and rising by 17 percent year-on-year. They accounted for 16.6 percent of the total, up by 2.7 percentage points from the previous year. Insurance assets

① Total scale of the flow of funds refers to the aggregate uses of funds (or sources of funds) in households, non-financial corporations, general government, financial, and external sectors.

② Equity assets include stocks, securities investment funds, and the margins of securities companies' clients.

rose by RMB2.4 trillion, RMB543.1 billion more than the growth of the previous year.

The household sector's desire for mortgage financing weakened, but with more risk assets allocated

In 2021, the household sector's financing increased by RMB8.4 trillion, decreasing by RMB248.6 billion compared with the growth in the previous year. Particularly, short-term loans climbed by RMB1.9 trillion, decelerating by RMB86.5 billion from the previous year; medium and long-term loans jumped by RMB6.1 trillion, accelerating by RMB130.6 billion from a year ago; and others saw a net decrease of RMB49.2 billion, a drop of RMB120.8 billion compared with an increase of RMB71.6 billion in the previous year. By financing structure, consumer loans and business loans saw a larger increase than those in the previous year. Personal consumer loans excluding mortgage loans rose by RMB1.4 trillion, an increase of RMB221.5 billion compared with the growth in the previous year; and personal business loans increased by RMB2.6 trillion, an acceleration of RMB335.3 billion. Second, personal mortgage loans continued to grow at a slower pace. Under the policy of "houses are for living in and not for speculation", new personal mortgage loans amounted to RMB3.9 trillion, RMB497.6 billion less than the increase in the previous year.

The household sector's financial assets rose by RMB19.7 trillion, accelerating by RMB1.3 trillion and rising by 7.3 percent year-on-year. By instrument, currency and deposits rose at a slower pace than that in the previous year. New currency in circulation and deposits of the household sector reached RMB11.2 trillion,

RMB1.5 trillion less than the growth in the previous year, and accounted for 56.8 percent of the sector's total new financial assets, down by 12.3 percentage points year-on-year. Second, equity assets increased. New equity assets amounted to RMB2 trillion, RMB572.4 billion more than the growth in the previous year, and accounted for 10.3 percent of the sector's total new financial assets, rising by 2.4 percentage points year-on-year.

The net surplus of funds of the household sector continued to grow. The savings-investment surplus of the sector hit RMB11.2 trillion in 2021, an increase of RMB1.6 trillion year-on-year.

The savings-investment gap in the corporate sector widened after narrowing in the previous year, indicating stronger corporate investment appetite

In 2021, the corporate sector's new financing was RMB13 trillion, down by RMB1.8 trillion compared with the growth in the previous year, but up by RMB2.6 trillion compared with the growth in 2019, pointing to moderate growth in corporate financing amid COVID-19 containment efforts. By financing instrument, medium and long-term loans grew at a higher rate than that in the previous year. New medium and long-term loans to the corporate sector reached RMB8.7 trillion in the year, up by RMB103.1 billion compared with the growth in the previous year, and accounted for 66.7 percent of the sector's total new financing, up by 8.6 percentage points year-on-year. Second, equity financing continued to grow at a faster pace. New equity financing by the corporate sector was RMB1.6 trillion, accelerating by RMB335.3 billion year-on-year, and accounted for 12.1 percent of



the sector's total new financing, rising by 3.7 percentage points year-on-year. Third, bond financing grew at a much slower pace. New bond financing by the corporate sector registered RMB2.4 trillion, decelerating by RMB1.5 trillion year-on-year, and accounted for 18.5 percent of the sector's total new financing, falling by 7.9 percentage points year-on-year.

In 2021, the corporate sector's new financial assets amounted to RMB9 trillion, decelerating by RMB3.3 trillion year-on-year, and accelerating by RMB4.6 trillion from 2019. By breakdown, new currency in circulation and deposits reached RMB5 trillion, down by RMB2.6 trillion compared with the growth in the previous year, and accounted for 55.5 percent of the sector's new financial assets, declining by 6.3 percentage points year-on-year. Bonds recorded a decrease of RMB143.3 billion, RMB115 billion more than the decrease in 2020. New equity assets were RMB2.9 trillion, up by RMB148.1 billion compared with the increase in 2020, and accounted for 31.8 percent of the sector's total new financial assets, rising by 9.7 percentage points from the previous year.

The savings-investment gap in the corporate sector posted RMB4 trillion, increasing by RMB1.5 trillion year-on-year, and shrinking by RMB2 trillion from 2019. The current savings-investment gap has widened for three consecutive quarters, indicating the sector's desire to invest in production since the second quarter of 2021 was much stronger than that in 2020, but was still weaker than the pre-pandemic appetite. The PBOC's survey of

industrial enterprises for the fourth quarter also revealed that the entrepreneur macroeconomic heat index, product selling price sentiment index, sales revenue collection index, and business climate index for the quarter were all higher than those in the previous year.

The government sector's new financing hit a record high, providing financial guarantee for achieving economic and social development targets

In 2021, the government sector's new financing was RMB8.9 trillion, setting a new record high, which was RMB7.1 billion and RMB2.6 trillion more than that in the previous year and in 2019, respectively. The new financing provided financial guarantee for achieving economic and social development targets and kept fiscal policy consistent and stable. By breakdown, new bond financing amounted to RMB7.2 trillion, down by RMB1.2 trillion year-on-year^①, but up by RMB2.5 trillion from 2019, and accounted for 81.1 percent of the sector's total new financing. New insurance technical reserves stood at RMB1 trillion, up by RMB1.3 trillion year-on-year (compared with a decline of RMB259.9 billion in the previous year due to deeper fee and tax cuts, and deferred social insurance payment).

New financial assets held by the government sector amounted to RMB1.9 trillion, RMB1.3 trillion more than that in the previous year. By the structure of financial assets, the government sector's deposits increased by RMB1.3 trillion, accelerating by RMB1.2 trillion year-

^① New special government bonds for COVID-19 containment fell by RMB1 trillion.

on-year. By breakdown, new fiscal deposits stood at RMB561.7 billion, RMB168.6 billion more than a year earlier; time deposits of government organizations, the military, and the social insurance fund combined climbed by RMB1.4 trillion, a year-on-year acceleration of RMB1.3 trillion. Bonds and equity assets grew by RMB226.7 billion and RMB176.6 billion respectively, accelerating by RMB91.2 billion and RMB15 billion year-on-year.

The savings-investment gap in the government sector reached RMB7 trillion, narrowing by RMB1.3 trillion from the previous year, but widening by RMB1.7 trillion from 2019.

The financial sector witnessed moderate growth in new financing and financial assets, meeting the effective financing needs of the real economy

Since the beginning of 2021, the PBOC has utilized various monetary policy instruments to inject liquidity. It lowered the RRR in the middle and at the end of the year each by 0.5 percentage point, and guided financial institutions to make intertemporal credit arrangements. As a result, the financial market maintained liquidity abundant at a reasonable level, meeting the effective financing needs of the real economy. New financing by the financial sector added up to RMB34.6 trillion, RMB1.3 trillion or 4.1 percent more than the previous year, and RMB16.1 trillion more than 2019. New financial assets stood at RMB36.4 trillion, RMB48.9 billion less than a year earlier, but RMB13.7 trillion more than 2019.

By the source of funds, financial bonds grew markedly, deposits increased at a much slower

pace, and required and excess reserves decreased. In 2021, bond financing by the financial sector increased by RMB6.7 trillion, accelerating by RMB1.7 trillion year-on-year. New deposits amounted to RMB18.5 trillion, sliding by RMB887.1 billion from the previous year, and accounted for 53.6 percent of the total new financing, falling by 4.8 percentage points year-on-year. As the RRR was lowered twice in the year, required and excess reserves decreased by RMB969.5 billion, which was RMB745.4 billion more than the drop in the previous year.

By asset structure, loans and bonds rose at a slightly slower pace, but still much higher than that in 2019. New deposits were RMB2.3 trillion in the year, up by RMB2.4 trillion from the previous year. New loans reached RMB17.6 trillion, down by RMB790.8 billion from the previous year, but up by RMB1.6 trillion from 2019, and accounted for 48.4 percent of the total new financial assets. In particular, medium and long-term loans grew by RMB14.7 trillion, accelerating by RMB233.7 billion from the previous year. Bonds increased by RMB15.9 trillion, decelerating by RMB816 billion from the previous year. Central bank lending recorded a decline of RMB791.1 billion, falling by RMB2.4 trillion compared with an increase of RMB1.6 trillion in the previous year.

China's external financing and external financial assets grew markedly, indicating vigorous cross-border two-way capital flows

In 2021, in the face of complex domestic and international situations, China sustained stable economic recovery, and cross-border two-



way capital flows remained active. The net external financial assets^① grew by RMB2 trillion, accelerating by RMB14.1 billion compared with the previous year.

China's external financing (foreign funds used by China) increased by RMB3.2 trillion, RMB865 billion more than the increase a year earlier. In particular, the FDI grew by RMB2.2 trillion, RMB705.7 billion more than the growth a year earlier. China's external financial assets

(China's funds used by the external sector) rose by RMB5.3 trillion, accelerating by RMB879.1 billion compared with the previous year. By breakdown, new outward direct investment, new equity investment, and new foreign exchange reserves stood at RMB814.2 billion, RMB552.3 billion, and RMB1.2 trillion respectively, up by RMB56 billion, down by RMB351.2 billion, and up by RMB1 trillion compared with the previous year.

① Net external financial assets = new financial assets in the external sector – new financing in the external sector.

Appendix II: CHRONOLOGY

January

- Jan. 1** ◆ The PBOC sustained and converted the two instruments that provide direct support to the real economy, i.e., the instrument supporting deferred repayments of inclusive MSB loans and unsecured inclusive MSB lending facility.
- Jan. 17** ◆ The PBOC held the Wrap-up Meeting on Party History Education.
- Jan. 20** ◆ The PBOC, the MPS, the National Commission of Supervision, the Supreme People's Court, the Supreme People's Procuratorate, the Ministry of State Security, the GAC, the STA, the CBIRC, the CSRC, and the SAFE jointly promulgated the *Three-Year Action Plan Against Money-Laundering Crimes (2022–2024)*.
- Jan. 21** ◆ The PBOC and the Bank Indonesia renewed the bilateral local currency swap agreement of RMB250 billion/IDR550 trillion.
- Jan. 27** ◆ The PBOC held the 2022 televised conference on full and strict Party governance and discipline inspection.
- The PBOC, the SAMR, the CBIRC, and the CSRC issued the *Development Plan for Financial Standardization During the 14th Five-Year Plan Period*.
- Jan. 29** ◆ The PBOC and the SAFE jointly released the *Notice on Overseas Lending by Banking Financial Institutions*.

February

- Feb. 8** ◆ The PBOC and the CBIRC released the *Notice on the Exclusion of Loans for Affordable Rental Housing from Real Estate Loan Concentration Management*.
- Feb. 11** ◆ The PBOC released the *Measures for the Administration of Bond Lending on the Interbank Bond Market*.
- Feb. 16** ◆ The PBOC and the Bank of Albania renewed the bilateral local currency swap agreement of RMB2 billion/ALL33 billion.



February

- Feb. 21 ◆ The PBOC and the CBIRC jointly held a meeting on RMB cash services of banking financial institutions.
- Feb. 21–25 ◆ The CPC PBOC Committee held the Special Workshop for Senior Officials at the (Deputy) Director–General Level to study and implement the guiding principles of the sixth plenary session of the 19th CPC Central Committee. Secretary of the CPC PBOC Committee Guo Shuqing gave themed lectures about the Party.
- Feb. 22 ◆ The No. 14 Central Inspection Team fed back the results of inspections to the CPC PBOC Committee.

March

- Mar. 8 ◆ The PBOC announced it would contribute over RMB1 trillion in surplus profits to the central budget in accordance with the law.
- Mar. 16 ◆ The PBOC approved the establishment of CITIC Financial Holdings Co., Ltd. (in preparation) and Beijing Financial Holdings Group Co., Ltd..
- Late Mar. ◆ The PBOC Monetary Policy Committee held its first quarterly meeting (its 96th meeting).
- Mar. 29 ◆ The PBOC issued the *Opinions on Providing Financial Support for Advancing Rural Revitalization on All Fronts in 2022*.

April

- Apr. 6 ◆ The PBOC solicited public opinions on the *Law of the People's Republic of China on Financial Stability (Exposure Draft)*.
- Apr. 14 ◆ Secretary of the CPC PBOC Committee Guo Shuqing chaired an expanded meeting of the CPC Committee and listened to the heads of director–general level affiliated institutions about the performance of their responsibilities and their contribution to building a clean government, and also to the secretaries of Party organizations about their performance in ensuring Party building at the primary–level institutions.
- The PBOC promulgated the newly revised *Rules of the People's Bank of China on Law Enforcement Inspection Procedures* and *Rules of the People's Bank of China on Administrative Penalty Procedures*.

April

- Apr. 18** ◆ The PBOC and the SAFE issued the *Notice on Strengthening Financial Services for COVID-19 Containment and Socio-Economic Development*.
- Apr. 22** ◆ Secretary of the CPC PBOC Committee Guo Shuqing chaired a meeting of the CPC Committee to study and deliver the guiding principles of the key meetings and instructions of the CPC Central Committee and the State Council, implement the tasks of the FSDC under the State Council, analyze and assess current economic and financial developments, and explore next steps for the financial sector.
- Apr. 25** ◆ The PBOC lowered the RRR of financial institutions by 0.25 percentage point (not applicable to financial institutions with a 5 percent RRR).
- Apr. 28** ◆ The PBOC launched a central bank lending facility for technological innovation to guide financial institutions to increase support for technological innovation and mobilize private capital to promote technological innovation.
- Apr. 29** ◆ The PBOC and the CBIRC released the *Notice on Issues Concerning the Issuance of Total Loss-Absorbing Capacity Eligible Non-Capital Bonds by Global Systemically Important Banks*.

The PBOC and the NDRC decided to carry out a pilot program of special central bank lending facility for inclusive elderly care services.

May

- May 4** ◆ The PBOC provided additional RMB100 billion quota of special central bank lending for the clean and efficient use of coals, with a dedicated purpose of supporting coal development and use, and enhancing coal reserve capacity.
- May 11** ◆ The Executive Board of the IMF completed its review of the SDR valuation and decided to raise the weight of the RMB from 10.92 percent to 12.28 percent (up by 1.36 percentage points). After the adjustment, the RMB still ranked 3rd.
- May 15** ◆ The PBOC cut the foreign exchange RRR for financial institutions by one percentage point from 9 percent to 8 percent.



May

- May 23** ◆ Yi Gang, Governor of the PBOC and Director of the FSDC Office under the State Council, attended a PBOC-wide teleconference on monetary and credit situation analysis, and addressed the meeting.
- The PBOC and the CBIRC convened with major financial institutions to analyze monetary and credit situation.
- May 27** ◆ The PBOC, the CSRC, and the SAFE released an announcement about the *Matters Concerning Further Facilitating Investment in China's Bond Market by Overseas Institutional Investors*, making coordinated efforts to further the opening-up of the interbank bond market and the exchange-traded bond market.

June

- Jun. 2** ◆ The PBOC and the SAFE held a press conference to interpret the financial policies introduced by the State Council Executive Meeting to steadily stabilize the economy.
- Jun. 6** ◆ The PBOC and the Central Bank of the Republic of Turkey renewed a bilateral local currency swap agreement. The size of the facility is RMB35 billion/TRY85 billion.
- Jun. 13** ◆ The PBOC and the Ministry of Water Resources (MWR) jointly held a teleconference on promoting financial support for water conservancy infrastructure construction.
- Jun. 17** ◆ The China Society for Finance and Banking held a virtual members' assembly and the first meeting of its 8th Council to elect new council members.
- Jun. 20** ◆ The PBOC issued the *Notice on Supporting Cross-Border RMB Settlement for New Forms of Foreign Trade*.
- Jun. 24** ◆ The PBOC Monetary Policy Committee held its second quarterly meeting (its 97th meeting).
- Jun. 25** ◆ The PBOC and the BIS signed the accession agreement – Renminbi Liquidity Arrangement (RMBLA).
- Jun. 30** ◆ The PBOC held a teleconference on the mobilization and deployment for special inspections of rectifications of any issues discovered in the course of inspection by the CPC Central Committee.
- The PBOC held the Party Delegate Meeting in Beijing. The meeting exercised intra-Party democracy and elected 6 delegates of the PBOC to the 20th National Congress of the CPC, in strict accordance with the requirements of the Party Constitution and the CPC Central Committee on delegate election.

July

- Jul. 1 ◆ The PBOC signed a standing currency swap agreement with the HKMA. The size of the arrangement was also expanded to RMB800 billion/HKD940 billion.
- Jul. 4 ◆ The PBOC, the SFC, and the HKMA issued a joint announcement to collaborate in developing mutual access between Hong Kong and mainland interest rate swap markets (known as Swap Connect for short).
- Jul. 8 ◆ The PBOC and the CBIRC jointly solicited public comments on the *Measures for the Assessment of Systemically Important Insurers (Exposure Draft)*.
- Jul. 13 ◆ The PBOC renewed the bilateral local currency swap agreement with the Monetary Authority of Singapore (MAS). The size of the renewed agreement is RMB300 billion/SGD65 billion.
- Jul. 25 ◆ The PBOC and the Ministry of Culture and Tourism jointly issued the *Notice on Financial Support for the Recovery of the Culture and Tourism Industry*.

August

- Aug. 1 ◆ The PBOC held 2022 semiannual work conference.
- Aug. 12 ◆ The PBOC and the CBIRC jointly released the *Notice on Issues Concerning the Issuance of Undated Capital Bonds by Insurance Companies*.
- Aug. 19 ◆ The PBOC, the NDRC, the MOF, the Ministry of Ecology and Environment (MEE), the CBIRC, and the CSRC issued the *General Plan for Building a Pilot Zone for Green Finance Reform and Innovation in Chongqing*.
- Aug. 22 ◆ Yi Gang, Governor of the PBOC and Director of the FSDC Office under the State Council, chaired a meeting with selected financial institutions. The meeting conveyed and studied the important instructions of the leadership of the CPC Central Committee and the State Council, analyzed and discussed current monetary and credit developments, and mapped out plans for current and future work.
- Aug. 26 ◆ The PBOC announced that it would add Deutsche Bank (China) and Societe Generale (China) to the list of financial institutions eligible for the CERF.



August

- Aug. 27** ◆ Yi Gang, Head of the State Council's Overall Economic Stability Supervision and Service Team and Governor of the PBOC, chaired the On-the-Spot Working Meeting in Zhengzhou for on-site coordination and services for projects, such as infrastructure construction, key engineering projects, and those for people's wellbeing.
- Aug. 31** ◆ The PBOC approved the establishment of the FHC under Shenzhen Zhaorong Investment Holding Co., Ltd. and its new name of China Merchants Financial Holdings Co., Ltd.

September

- Sep. 7** ◆ The PBOC and the Bank of Lao P.D.R (BOL) signed an MOU on establishing RMB clearing arrangements in Laos.
- Sep. 9** ◆ The PBOC and the CBIRC released the list of China's systemically important banks for 2022, with a total of 19 banks designated as SIBs.
- Sep. 11** ◆ The CPC PBOC Committee published the *Announcement of the CPC Committee of the People's Bank of China on the Progress of Rectifications of Issues Discovered by the Eighth Round of Inspection by the 19th CPC Central Committee*.
- Sep. 15** ◆ The PBOC reduced the foreign exchange RRR for financial institutions by two percentage points from 8 percent to 6 percent.
- Sep. 19** ◆ The PBOC and the National Bank of Kazakhstan (NBK) signed an MOU on establishing RMB clearing arrangements in Kazakhstan.
- Sep. 20** ◆ The PBOC designated the Vientiane Branch of the Industrial and Commercial Bank of China (ICBC) as the RMB clearing bank in Laos.
- Sep. 23** ◆ The PBOC Monetary Policy Committee held its third quarterly meeting (its 98th meeting).
The PBOC designated the ICBC (Almaty) JSC as the RMB clearing bank in Kazakhstan.
The PBOC and the Bank of China Macao Branch renewed the RMB clearing agreement.

September

- Sep. 26** ◆ Approved by the State Council, the PBOC, the CBIRC, the NDRC, the MIIT, the MOF, the Ministry of Agriculture and Rural Affairs (MARA), the CSRC, and the National Administration for Rural Revitalization (NARR) issued to the People's Government of Shaanxi Province the *General Plan for the Pilot Zone for Inclusive Finance Reform in Tongchuan, Shaanxi Province*; the PBOC, the CBIRC, the NDRC, the MOF, the MARA, the CSRC, and the NARR issued to the People's Government of Zhejiang Province the *General Plan for the Pilot Zone for the Reform of Supporting Rural Revitalization with Inclusive Finance in Lishui, Zhejiang Province*, and issued to the People's Government of Sichuan Province the *General Plan for the Pilot Zone for the Reform of Supporting Rural Revitalization with Inclusive Finance in Chengdu, Sichuan Province*.
- Sep. 28** ◆ The PBOC held a meeting of the leading centralized feedback and inspection and rectification team in relation to special inspections of rectifications of any issues discovered in the course of inspection by the CPC Central Committee. Secretary of the CPC PBOC Committee Guo Shuqing made work arrangements.
- The PBOC established a central bank lending facility for equipment upgrading to support equipment upgrading in sectors such as manufacturing.
- The PBOC raised the foreign exchange risk reserve ratio for forward foreign exchange sales from 0 to 20 percent.
- Sep. 29** ◆ The PBOC and the CBIRC announced to temporarily adjust differential housing credit policies.

October

- Oct. 1** ◆ The PBOC lowered interest rates on personal housing provident fund loans for first-time home buyers by 0.15 percentage point.
- Oct. 8** ◆ The PBOC and the ECB extended a bilateral currency swap agreement in the amount of RMB350 billion/EUR45 billion.
- Oct. 24** ◆ Secretary of the CPC PBOC Committee Guo Shuqing presided over an extended meeting to convey and study the guidelines of the 20th National Congress of the CPC and the first plenary session of the 20th CPC Central Committee, and to make arrangements for the implementation.



October

- Oct. 25 ◆ The PBOC and the SAFE decided to raise the macroprudential adjustment parameter for cross-border financing by enterprises and financial institutions from 1 to 1.25.
- Oct. 28 ◆ As entrusted by the State Council, Governor Yi Gang delivered a speech on financial work at the 37th session of the Standing Committee of the 13th National People's Congress.

November

- Nov. 2 ◆ The PBOC signed an MOU with the State Bank of Pakistan (SBP) on establishing RMB clearing arrangements in Pakistan.
- Nov. 3 ◆ The PBOC held a publicity meeting on studying and implementing the guiding principles of the 20th National Congress of the CPC. Yi Gang, the Central Publicity Group member and Governor of the PBOC, delivered a publicity report.
- Nov. 10 ◆ The PBOC, the CBIRC, the MOF, the NDRC, the MIIT, and the SAMR jointly issued the *Notice on Further Increasing the Support for Deferred Repayment of Loan Principal and Interest by Micro and Small Businesses*.
- The CPC PBOC Committee issued the *Notice on Earnest Study and Implementation of the Guiding Principles of the 20th National Congress of the CPC*.
- Nov. 15 ◆ The PBOC designated the Karachi Branch of the ICBC as the RMB clearing bank in Pakistan.
- Nov. 18 ◆ The PBOC and the SAFE released the *Administrative Rules on Funds Invested by Overseas Institutional Investors in China's Bond Market*.
- The PBOC and the CBIRC jointly revised and issued the *Measures for the Administration of Acceptance, Discount, and Central Bank Discount of Commercial Drafts*.
- The PBOC, the NDRC, the Ministry of Science and Technology (MOST), the MIIT, the MOF, the CBIRC, the CSRC, and the SAFE released the *General Plan for Building Financial Reform Pilot Zones for Technological Innovation Finance in Shanghai, Nanjing, Hangzhou, Hefei, and Jiaxing*.
- Nov. 23 ◆ The PBOC and the CBIRC released the *Notice on Providing Financial Support for the Stable and Healthy Development of the Real Estate Market*.

December

- Dec. 1** ◆ The PBOC and the SAFE jointly released the *Notice on Matters Concerning the Administration of Funds in Bond Issuance by Overseas Issuers in China*.
- Dec. 5** ◆ The PBOC lowered the RRR for financial institutions by 0.25 percentage point (not applicable to financial institutions with a 5 percent RRR).
- The PBOC renewed the bilateral local currency swap agreement with the Monetary Authority of Macao in the amount of RMB30 billion/MOP34 billion.
- Dec. 8** ◆ On the sidelines of the Seventh “1+6” Roundtable held by Premier of the State Council Li Keqiang with heads of six major international economic organizations, Governor Yi Gang met with Managing Director Kristalina Georgieva of the IMF. After the meeting, they signed the *Memorandum of Understanding Between the People’s Bank of China and the International Monetary Fund on Capacity Development Cooperation*.
- Dec. 10** ◆ The PBOC and the Magyar Nemzeti Bank, the central bank of Hungary, renewed the bilateral local currency swap agreement in the amount of RMB40 billion/HUF2.2 trillion.
- Dec. 20** ◆ Governor Yi Gang presided over a meeting to convey and study the guidelines of the Central Economic Work Conference and to map out the implementation plan.
- Dec. 28** ◆ The PBOC Monetary Policy Committee held its fourth quarterly meeting (its 99th meeting).
- Dec. 30** ◆ The PBOC and the SAFE announced that as of January 3, 2023, the closing time of the interbank foreign exchange market will be extended to 3:00 a.m. the following day (Beijing Time).

Appendix III: MAJOR RULES AND ADMINISTRATIVE DOCUMENTS PROMULGATED IN 2022

No.	Document Number	Title (or Main Content)	Date
1	Order No. 2 [2022] of the PBOC	Rules of the People's Bank of China on Law Enforcement Inspection Procedures	Apr. 15
2	Order No. 3 [2022] of the PBOC	Rules of the People's Bank of China on Administrative Penalty Procedures	Apr. 15
3	Order No. 4 [2022] of the PBOC and the CBIRC	Measures for the Administration of Acceptance, Discount, and Central Bank Discount of Commercial Drafts	Nov. 18
4	Announcement No. 1 [2022] of the PBOC	Measures for the Administration of Bond Lending on the Interbank Bond Market	Feb. 11
5	Announcement No. 2 [2022] of the PBOC	Gold and Silver Commemorative Coins for the 19th Asian Games	Apr. 19
6	Announcement No. 3 [2022] of the PBOC	2022 Auspicious Culture Gold and Silver Commemorative Coins	May 11
7	Announcement No. 4 [2022] of the PBOC, the CSRC, and the SAFE	Issues Concerning Further Facilitating Investment in China's Bond Market by Overseas Institutional Investors	May 30
8	Announcement No. 5 [2022] of the PBOC	The Art of Chinese Calligraphy (Running Script) Gold and Silver Commemorative Coins	Jul. 5
9	Announcement No. 6 [2022] of the PBOC	World Heritage (Quanzhou: Emporium of the World in Song-Yuan China) Gold and Silver Commemorative Coins	Jul. 15
10	Announcement No. 7 [2022] of the PBOC	The Twenty-Four Solar Terms (Stories of Time) Gold and Silver Commemorative Coins	Jul. 28
11	Announcement No. 8 [2022] of the PBOC	The Ancient Chinese Famous Painting Series (Dao Lian Tu) Gold and Silver Commemorative Coins	Aug. 18
12	Announcement No. 9 [2022] of the PBOC	The 120th Anniversary of Beijing Normal University Gold and Silver Commemorative Coins	Aug. 23
13	Announcement No. 10 [2022] of the PBOC	The Vientiane Branch of the ICBC was designated as the RMB clearing bank in Laos	Sep. 22
14	Announcement No. 11 [2022] of the PBOC	The ICBC (Almaty) JSC was designated as the RMB clearing bank in Kazakhstan	Sep. 26
15	Announcement No. 12 [2022] of the PBOC	2023 Panda Precious Metal Commemorative Coins	Oct. 14
16	Announcement No. 13 [2022] of the PBOC	Silver Commemorative Coins for Beijing International Coin Exposition 2022	Oct. 20
17	Announcement No. 14 [2022] of the PBOC	2023 Chinese Gui Mao Year (Year of the Rabbit) Gold and Silver Commemorative Coins	Nov. 3
18	Announcement No. 15 [2022] of the PBOC	The Karachi Branch of the ICBC was designated as the RMB clearing bank in Pakistan	Nov. 16

Appendix III: MAJOR RULES AND ADMINISTRATIVE DOCUMENTS PROMULGATED IN 2022

Continued

No.	Document Number	Title (or Main Content)	Date
19	Announcement No. 16 [2022] of the PBOC	2023 New Year Celebration Commemorative Coins	Dec. 21
20	Announcement No. 17 [2022] of the PBOC and the SAFE	Matters Concerning the Extension of Trading Hours of the Interbank Foreign Exchange Market	Dec. 30
21	Document [2022] No. 18	Notice of the PBOC, the SAMR, the CBIRC, and the CSRC on Issuing the <i>Development Plan for Financial Standardization During the 14th Five-Year Plan Period</i>	Jan. 27
22	Document [2022] No. 27	Notice of the PBOC and the SAFE on Overseas Lending by Banking Financial Institutions	Jan. 29
23	Document [2022] No. 30	Notice of the PBOC and the CBIRC on the Exclusion of Loans for Affordable Rental Housing from Real Estate Loan Concentration Management	Jan. 30
24	Document [2022] No. 53	Notice of the PBOC, the CBIRC and the CSRC on Issuing Measures for the Implementation of Incentive Initiatives for Regions with Remarkable Results from Solid Work (2022)	Mar. 3
25	Document [2022] No. 60	Opinions of the PBOC, the CBIRC, the CSRC, the SAFE, and the People's Government of Zhejiang Province on Providing Financial Support for Zhejiang's High-Quality Development and Building a Demonstration Zone for Common Prosperity	Mar. 18
26	Document [2022] No. 74	Opinions of the PBOC on Providing Financial Support for Advancing Rural Revitalization on All Fronts in 2022	Mar. 30
27	Document [2022] No. 100	Notice of the PBOC and the CBIRC on Issues Concerning the Issuance of Total Loss-Absorbing Capacity Eligible Non-Capital Bonds by Global Systemically Important Banks	Apr. 26
28	Document [2022] No. 117	Notice of the PBOC on Promoting the Establishment of Long-Term Mechanisms for Boosting Financial Sector's Confidence, Willingness, Capability, and Expertise in Lending to Micro and Small Businesses	May 19
29	Document [2022] No. 139	Notice of the PBOC on Supporting Cross-Border RMB Settlement for New Forms of Foreign Trade	Jun. 16
30	Document [2022] No. 165	Notice of the PBOC and the Ministry of Culture and Tourism on Financial Support for the Recovery of the Culture and Tourism Industry	Jul. 21
31	Document [2022] No. 175	Notice of the PBOC and the CBIRC on Issues Concerning the Issuance of Undated Capital Bonds by Insurance Companies	Aug. 10
32	Document [2022] No. 180	Notice of the PBOC, the NDRC, the MOF, the MEE, the CBIRC, and the CSRC on Issuing the <i>General Plan for Building a Pilot Zone for Green Finance Reform and Innovation in Chongqing</i>	Aug. 19
33	Document [2022] No. 208	Notice of the PBOC, the CBIRC, the NDRC, the MIIT, the MOF, the MARA, the CSRC, and the NARR on Issuing the <i>General Plan for the Pilot Zone for Inclusive Finance Reform in Tongchuan, Shaanxi Province</i>	Sep. 26
34	Document [2022] No. 209	Notice of the PBOC, the CBIRC, the NDRC, the MOF, the MARA, the CSRC, and the NARR on Issuing the <i>General Plan for the Pilot Zone for the Reform of Supporting Rural Revitalization with Inclusive Finance in Lishui, Zhejiang Province</i>	Sep. 26



Continued

No.	Document Number	Title (or Main Content)	Date
35	Document [2022] No. 210	Notice of the PBOC, the CBIRC, the NDRC, the MOF, the MARA, the CSRC, and the NARR on Issuing the <i>General Plan for the Pilot Zone for the Reform of Supporting Rural Revitalization with Inclusive Finance in Chengdu, Sichuan Province</i>	Sep. 26
36	Document [2022] No. 252	Notice of the PBOC, the CBIRC, the MOF, the NDRC, the MIIT, and the SAMR on Further Increasing the Support for Deferred Repayment of Loan Principal and Interest by Micro and Small Businesses	Nov. 8
37	Document [2022] No. 254	Notice of the PBOC and the CBIRC on Providing Financial Support for the Stable and Healthy Development of the Real Estate Market	Nov. 11
38	Document [2022] No. 258	Notice of the PBOC and the SAFE on Issuing the <i>Administrative Rules on Funds Invested by Overseas Institutional Investors in China's Bond Market</i>	Nov. 18
39	Document [2022] No. 260	Notice of the PBOC, the NDRC, the MOST, the MIIT, the MOF, the CBIRC, the CSRC, and the SAFE on Issuing the <i>General Plan for Building Financial Reform Pilot Zones for Technological Innovation Finance in Shanghai, Nanjing, Hangzhou, Hefei and Jiaxing</i>	Nov. 18
40	Document [2022] No. 272	Notice of the PBOC and the SAFE on Matters Concerning the Administration of Funds in Bond Issuance by Overseas Issuers in China	Dec. 1
41	General Office Document [2022] No. 88	Notice of the General Office of the PBOC on Issuing the Interim Administrative Measures for Gold Leasing	Jul. 8

Overview of the PBOC Leadership's Diplomatic Activities in 2022

International organization and multilateral activities	
Jan. 10–17	Governor Yi Gang and Deputy Governor Chen Yulu attended the All Governors' Virtual Meeting of the BIS. Governors exchanged views on the recent economic and financial developments.
Jan. 26	Governor Yi Gang attended the virtual conference on “Digital Disruption and Inclusion” jointly hosted by the Asia School of Business and the BIS through a pre-recorded video.
Feb. 17–18	Governor Yi Gang attended the G20 Finance Ministers and Central Bank Governors Virtual Meeting and made remarks. Deputy Governor Chen Yulu also attended. The meeting discussed global economy and health challenges, supporting low-income countries in their response to the COVID-19, sustainable finance, financial sector reforms, international taxation, and other issues.
Feb. 25	Deputy Governor Chen Yulu and Vice Finance Minister Yu Weiping co-chaired virtually the 1st BRICS Finance and Central Bank Deputies Meeting under the Chinese Presidency. Deputies discussed the work plan for financial cooperation in 2022.
Mar. 3	Governor Yi Gang held a virtual meeting with Managing Director Kristalina Georgieva of the IMF, and discussed global economic developments and the IMF's policy agenda.
Mar. 6–14	Governor Yi Gang and Deputy Governor Chen Yulu attended the All Governors' Virtual Meeting of the BIS. Governors exchanged views on the recent economic and financial developments.
Apr. 8	Governor Yi Gang and Finance Minister Liu Kun co-chaired virtually the 1st BRICS Finance Ministers and Central Bank Governors Meeting under the Chinese Presidency. Deputy Governor Chen Yulu also attended the meeting. The discussion covered the BRICS Contingent Reserve Arrangement (CRA), transition finance, and other issues.
Apr. 18	Governor Yi Gang met with Nadia Calvino, Chair of the International Monetary and Financial Committee (IMFC) virtually. They exchanged views on global economic and financial governance.
Apr. 20	Governor Yi Gang attended the G20 Finance Ministers and Central Bank Governors Virtual Meeting and made remarks. Deputy Governor Chen Yulu also attended. The meeting discussed global economy, global health architecture, international financial architecture, sustainable finance, and other issues.
May 8–16	Governor Yi Gang and Deputy Governor Chen Yulu attended the All Governors' Virtual Meeting of the BIS. Governors exchanged views on the recent economic and financial developments.
May 31–Jun. 1	Governor Yi Gang attended virtually the closing forum of the 2nd Green Swan Conference jointly hosted by the PBOC, the BIS, the ECB and the NGFS, and delivered a keynote speech in the high-level panel on “Central banks and the green transition: what's next?”.
Jun. 6	Governor Yi Gang and Finance Minister Liu Kun co-chaired virtually the 2nd BRICS Finance Ministers and Central Bank Governors Meeting under the Chinese Presidency. Deputy Governor Chen Yulu also attended the meeting. The participants exchanged views and explored cooperation in the BRICS CRA, transition finance, and other areas.
Jun. 23	Governor Yi Gang met virtually with Krishna Srinivasan, the new director of the Asia and Pacific Department of the IMF. They discussed economic developments in China and the Asia-Pacific, as well as the priorities for the IMF's Asia and Pacific Department.
Jun. 25	Governor Yi Gang attended the All Governors' Virtual Meeting of the BIS. Governors exchanged views on the recent economic and financial developments.
Jun. 30	Governor Yi Gang attended the webinar of the Group of Thirty (G30) on the US treasury market. The G30 working group report <i>US Treasury Markets: Steps Toward Increased Resilience Status Update 2022</i> was released. Attendees exchanged views on issues such as regulation of treasury market.



Continued

International organization and multilateral activities	
Jul. 12	Deputy Governor Chen Yulu attended virtually the IMF 2022 mid-term consultation with China, and discussed economic and financial developments, policies, and reforms in China.
Jul. 15–16	Governor Yi Gang attended the G20 Finance Ministers and Central Bank Governors Virtual Meeting and made remarks. Deputy Governor Chen Yulu also attended. The meeting discussed global economy, global health, international financial architecture, sustainable finance, financial sector reforms, infrastructure investment, and international taxation.
Aug. 1	Deputy Governor Chen Yulu attended and addressed the Symposium on Transition Report jointly hosted by the PBOC and the European Bank for Reconstruction and Development (EBRD). Attendees analyzed the challenges and opportunities of digital transformation in the EBRD regions, and discussed the development of fintech in China, as well as the opportunities of digitization along the Silk Road.
Aug. 4	Governor Yi Gang met virtually with Gita Gopinath, First Deputy Managing Director of the IMF. They exchanged views on global financial governance, debt, and other issues.
Sep. 2	Governor Yi Gang and Former Governor Zhou Xiaochuan attended the G30 virtual plenary session. Participants exchanged views on global food and energy security challenges, and ways to tame inflation.
Sep. 10–12	Governor Yi Gang and Deputy Governor Zhang Qingsong attended the All Governors' Virtual Meeting of the BIS. Governors exchanged views on the recent economic and financial developments.
Oct. 13	Governor Yi Gang attended the G20 Finance Ministers and Central Bank Governors Virtual Meeting and made remarks. The meeting discussed global economy, international financial architecture, sustainable finance, financial sector reforms, infrastructure investment, and international taxation.
Nov. 7	Governor Yi Gang and Deputy Governor Xuan Changneng attended the All Governors' Virtual Meeting of the BIS. Governors exchanged views on the recent economic and financial developments.
Nov. 16	Deputy Governor Xuan Changneng attended virtually the IMF 2022 Annual Consultation with China, and discussed economic and financial developments, policies, and reforms in China.
Nov. 17	Deputy Governor Xuan Changneng spoke with Ilan Goldfajn, President candidate of Inter-American Development Bank (IDB) over the phone. They exchanged views on enhancing cooperation between China and the IDB.
Nov. 20	Deputy Governor Xuan Changneng attended the special meeting of the Board of Governors of the IDB virtually, and joined the election of a new president. Ilan Goldfajn won the election.
Dec. 5	Deputy Governor Xuan Changneng hosted the virtual meeting of the Governing Council of the BRICS CRA. Institutional improvements of the CRA were endorsed.
Regional diplomatic activities	
Apr. 1	Deputy Governor Chen Yulu chaired the ASEAN+3 Finance and Central Bank Deputies' Virtual Meeting. Attendees discussed regional economic and financial developments, and regional financial cooperation.
Apr. 22	Governor Yi Gang attended the session on "Global Inflation, Interest Rate Hikes, and Economic Stability" during the Boao Forum for Asia Annual Conference and delivered a keynote speech.
May 12	Deputy Governor Chen Yulu chaired the 25th ASEAN+3 Finance Ministers' and Central Bank Governors' Virtual Meeting. Attendees discussed regional economic and financial developments and regional financial cooperation, and issued a joint statement.

Appendix III: MAJOR RULES AND ADMINISTRATIVE DOCUMENTS PROMULGATED IN 2022

Continued

Regional diplomatic activities	
Aug. 8–9	Deputy Governor Chen Yulu virtually attended the 27th Executives' Meeting of East Asia–Pacific (EMEAP) Central Bank Governors' Meeting and the 11th Informal Meeting of EMEAP Governors and Heads of Supervisory Authorities. Attendees discussed regional economic and financial developments, monetary policy normalization in major advanced economies, and other topics.
Nov. 3–4	Deputy Governor Xuan Changneng virtually attended the 63rd EMEAP Deputies' Meeting and the 32nd EMEAP Monetary and Financial Stability Committee (MFSC) Meeting. The Deputies exchanged views on regional economic and financial developments, sustainable finance, fintech, and other topics. They also reviewed the progress reports of the MFSC and the working groups.
Nov. 29	The PBOC held the 2nd Governor–Level Virtual Dialogue with central banks from the Gulf Cooperation Council (GCC). Governor Yi Gang exchanged views with GCC Central Bank Governors on issues of economic growth and inflation, the impact of climate change, and financial cooperation between China and the GCC countries.
Dec. 20	Deputy Governor Xuan Changneng chaired the ASEAN+3 Finance and Central Bank Deputies' Virtual Meeting. Attendees discussed regional economic and financial developments, regional financial cooperation, and other topics.
Bilateral diplomatic activities	
Jul. 4	Governor Yi Gang met with Nicolas Chapuis, then EU Ambassador to China. They exchanged views on preparing for the 9th China–EU High–Level Economic and Trade Dialogue.
Sep. 26	Governor Yi Gang met with a delegation led by Jorge Toledo, the EU Ambassador to China. They held in–depth discussions on topics such as China–EU financial cooperation.
Oct. 31	Governor Yi Gang attended the Hong Kong FinTech Week 2022 virtually, and delivered a speech on how e–CNY protects consumer privacy.
Nov. 2	Governor Yi Gang participated in the Hong Kong Global Financial Leaders' Investment Summit virtually and exchanged views with Eddie Yue, Chief Executive of the HKMA, on economic developments, RMB exchange rate, and Hong Kong's position as an international financial center.

Appendix IV: PRESS RELEASES ON QUARTERLY MEETINGS OF THE MONETARY POLICY COMMITTEE IN 2022

In late March, the Monetary Policy Committee of the PBOC held its first quarterly meeting (its 96th meeting) in Beijing

The meeting analyzed domestic and international economic and financial developments. It was agreed that since the beginning of 2022, China has coordinated COVID-19 containment and economic and social development, effectively implemented macroeconomic policies, and thus maintained a leading position worldwide in economic development and pandemic containment. By pursuing a sound monetary policy that is flexible and appropriate, and maintaining policy continuity, stability and sustainability, the PBOC has scientifically managed market expectations, made great efforts to support the real economy, and effectively prevented and controlled financial risks. While the LPR reform continued to unleash its benefits, the monetary policy transmission has become more efficient, and lending rates have remained stable with a slight decline. The flexible RMB exchange rate has acted as a stabilizer for the macro economy. It has moved in both directions amid stable expectations.

It was pointed out at the meeting that the external environment is becoming more complex and uncertain as COVID-19 persists overseas and geopolitical conflicts escalate. In the meantime, as COVID-19 is recurring more frequently at home, domestic economic development faces triple pressures from shrinking demand, supply shocks, and waning expectations. Considering the situation, the PBOC would prioritize economic stability and

pursue progress while ensuring stability. It would strengthen both intertemporal and counter-cyclical adjustments, step up the implementation of sound monetary policy, make policy more forward-looking, better targeted and more independent, and give full play to both aggregate and structural monetary policy instruments. The PBOC would take proactive measures to boost market confidence, enhance support for the real economy, and stabilize the macro economy. It would continue to smooth monetary policy transmission mechanism, keep liquidity adequate at a reasonable level, and better stabilize the aggregate credit growth, so as to ensure that the growth rates of money supply and the AFRE are generally in line with nominal GDP growth, and that the macro leverage ratio remains basically stable. The PBOC would intensify the effects of structural monetary policy instruments to provide targeted support for the economy. It would make good use of the inclusive MSB loan facility, increase central bank lending for rural development and MSBs, and implement the CERF and the special central bank lending for the clean and efficient use of coals. The PBOC would also adopt a mix of policies to support coordinated regional development and guide financial institutions to step up support for MSBs, sci-tech innovation, and green development. It would deepen the supply-side structural reform of the financial sector by guiding large banks to shift their focus of services to communities, encouraging small and medium-sized banks to focus on their main duties and major businesses, and supporting banks in capital replenishment. In doing so, the financial sector could work together to safeguard

Appendix IV: PRESS RELEASES ON QUARTERLY MEETINGS OF THE MONETARY POLICY COMMITTEE IN 2022

the stability of financial market, hence contributing to the development of a modern financial system that is highly adaptable, competitive, and inclusive. The PBOC would improve the market-based interest rate formation and transmission mechanism, optimize the central bank policy rate system, reinforce the regulation over deposit rates, stabilize banks' liability costs, unleash the benefits of the LPR reform, and reduce the overall financing costs for businesses. Moreover, it would deepen the market-based exchange rate reform to enhance the flexibility of the RMB exchange rate, guide enterprises and financial institutions to remain risk neutral, strengthen expectation management, and strike a balance between internal and external equilibria, so as to keep the RMB exchange rate basically stable at an adaptive and equilibrium level. The PBOC would build the institutions and mechanisms needed to provide effective financial support for the real economy, improve the system for providing financial support for innovation, and guide financial institutions to issue more medium and long-term loans to the manufacturing sector. It would endeavor to make financial support for private enterprises commensurate with their contribution to economic and social development, and improve the green finance system guided by carbon peaking and carbon neutrality goals. The PBOC would protect the legitimate rights and interests of housing consumers, better meet the reasonable demands of homebuyers, and foster a virtuous cycle of the real estate market for its sound development. In addition, the PBOC would advance the high-level two-way opening-up of the financial sector, and enhance the capacity for economic and financial management as well as risk prevention and control in an open economy.

It was stressed at the meeting that under the guidance of Xi Jinping Thought on Socialism with

Chinese Characteristics for a New Era, the PBOC would fully implement the requirements of the 19th National Congress of the CPC, the plenary sessions of the 19th CPC Central Committee, the Central Economic Work Conference, and the *Report on the Work of the Government*, as well as the decisions and deployment of the CPC Central Committee and the State Council. Staying committed to the central task of economic development, the Two Unwavering Commitments (unswervingly consolidates and develops the public sector, and unswervingly encourages, supports and guides the development of the non-public sector), and the underlying principle of pursuing progress while ensuring stability, the PBOC would apply the new development philosophy fully, faithfully and comprehensively, and speed up the building of a new development paradigm. It would remain focused on the main task of deepening the supply-side structural reform and implement the strategy of expanding domestic demand. Continued efforts would be made to ensure stability on the six fronts and maintain security in the six areas. While strengthening policy coordination across government departments, the PBOC would coordinate financial support for the real economy and risk prevention, keep major economic indicators within an appropriate range, and pursue high-quality development of the economy to prepare for the 20th National Congress of the CPC.

On June 24, the Monetary Policy Committee of the PBOC held its second quarterly meeting (its 97th meeting) in Beijing

The meeting analyzed domestic and international economic and financial developments. It was agreed that since the beginning of 2022, China has coordinated COVID-19 containment and economic and social development, effectively implemented macroeconomic policies, and stabilized economic



and social development to the greatest extent possible. By pursuing a sound monetary policy that is flexible and appropriate, and maintaining policy continuity, stability and sustainability, the PBOC has scientifically managed market expectations, made great efforts to support the real economy, and effectively prevented and controlled financial risks. While the LPR reform continued to unleash its benefits, the monetary policy transmission has become more efficient, and lending rates have remained stable with a slight decline. The flexible RMB exchange rate has acted as a stabilizer for the macro economy. It has moved in both directions amid stable expectations.

It was pointed out at the meeting that the external environment is becoming increasingly complex and grim amid slower global economic growth, elevated inflation, and persistent geopolitical conflicts. Domestically, COVID-19 response has yielded positive results but remains an arduous task, and the economic development faces triple pressures from shrinking demand, supply shocks, and waning expectations. Considering the situation, the PBOC would follow the requirements of “containing the pandemic, stabilizing the economy, and maintaining sound development”. It would coordinate the efforts to stabilize employment and prices, prioritize economic stability, and pursue progress while ensuring stability. It would strengthen both intertemporal and counter-cyclical adjustments, step up the implementation of sound monetary policy, and give full play to both aggregate and structural monetary policy instruments. The PBOC would take proactive measures to boost market confidence, enhance support for the real economy, and stabilize the macro economy. It would further smooth monetary policy transmission mechanism, keep liquidity adequate at a reasonable level, and better stabilize the aggregate credit growth, so as

to ensure that the growth rates of money supply and the AFRE are generally in line with the nominal GDP growth. Under favorable conditions of stable and rising food production and smooth functioning of the energy market, prices would remain basically stable. The PBOC would intensify the effects of structural monetary policy instruments to provide targeted support for the economy. It would increase support for MSBs through inclusive MSB loans and help stabilize employment in MSMEs. It would put to good use the CERF and special central bank lending for the clean and efficient use of coals, sci-tech innovation, inclusive elderly care, and the transport and logistics sectors. The PBOC would adopt a mix of policies to support coordinated regional development and guide financial institutions to step up support for MSBs, sci-tech innovation, and green development. It would deepen the supply-side structural reform of the financial sector by guiding large banks to shift their focus of services to communities, encouraging small and medium-sized banks to focus on their main duties and major businesses, and supporting banks in capital replenishment. In doing so, the financial sector could work together to safeguard the stability of the financial market, hence contributing to the development of a modern financial system that is highly adaptable, competitive, and inclusive. The PBOC would improve the market-based interest rate formation and transmission mechanism, optimize the central bank policy rate system, and reinforce regulation over deposit rates. It would also stabilize banks' liability costs, unleash the benefits of the LPR reform and give full play to its guiding role, and thus reduce the overall financing costs for businesses. Moreover, it would deepen the market-based exchange rate reform to enhance the flexibility of the RMB exchange rate, guide enterprises and financial institutions to remain risk neutral, strengthen expectation management, and strike a balance between internal and external

Appendix IV: PRESS RELEASES ON QUARTERLY MEETINGS OF THE MONETARY POLICY COMMITTEE IN 2022

equilibria, so as to keep the RMB exchange rate basically stable at an adaptive and equilibrium level. The PBOC would build the institutions and mechanisms needed to provide effective financial support for the real economy and improve the system for providing financial support for innovation. It would guide financial institutions to issue more medium and long-term loans to the manufacturing sector, focus on stabilizing industrial and supply chains, and try to make financial support for private enterprises commensurate with their contribution to economic and social development. It would improve the green finance system guided by carbon peaking and carbon neutrality goals. The PBOC would protect the legitimate rights and interests of housing consumers, better meet the reasonable demands of homebuyers, and foster a virtuous cycle of the real estate market for its sound development. In addition, the PBOC would advance the high-level two-way opening-up of the financial sector, and enhance the capacity for economic and financial management as well as risk prevention and control in an open economy.

It was stressed at the meeting that under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the PBOC would fully implement the requirements of the 19th National Congress of the CPC, the plenary sessions of the 19th CPC Central Committee, the Central Economic Work Conference, and the *Report on the Work of the Government*, as well as the decisions and deployment of the CPC Central Committee and the State Council. Staying committed to the central task of economic development, the Two Unwavering Commitments, and the underlying principle of pursuing progress while ensuring stability, the PBOC would apply the new development philosophy fully, faithfully and comprehensively, and speed up the building of a new development paradigm. It

would remain focused on the main task of deepening the supply-side structural reform, implement the strategy of expanding domestic demand, and continue to ensure stability on the six fronts and maintain security in the six areas. It would strengthen policy coordination across government departments, implement swiftly the growth-stabilizing package of policies, and give full play to their roles in stabilizing the economy and providing reliefs to businesses. The PBOC would coordinate financial support for the real economy and risk prevention, keep major economic indicators within an appropriate range, and pursue high-quality development of the economy to prepare for the 20th National Congress of the CPC.

On September 23, the Monetary Policy Committee of the PBOC held its third quarterly meeting (its 98th meeting) in Beijing

The meeting analyzed domestic and international economic and financial developments. It was agreed that since the beginning of 2022, China has coordinated COVID-19 containment and economic and social development, effectively implemented macroeconomic policies, and stabilized economic and social development to the greatest extent possible. By pursuing a sound monetary policy that is flexible and appropriate, and maintaining policy continuity, stability and sustainability, the PBOC has scientifically managed market expectations, made practical efforts to support the real economy, and effectively prevented and controlled financial risks. While the LPR reform continued to deliver its benefits, the monetary policy transmission has become more efficient, and lending rates have remained stable with a slight decline. The flexible RMB exchange rate has acted as a stabilizer for the macro economy. It has moved in both directions amid generally stable expectations.



It was pointed out at the meeting that the external environment is becoming increasingly complex and grim amid slower global economic growth, elevated inflation, and persistent geopolitical conflicts. China's economy is on a recovery trajectory, but the pressures from shrinking demand, supply shocks, and waning expectations still exist. Against this backdrop, the PBOC would follow the requirements of "containing the pandemic, stabilizing the economy, and maintaining sound development", and seek progress while giving top priority to economic stability. It would strengthen both intertemporal and counter-cyclical adjustments, step up the implementation of sound monetary policy, and give full play to both aggregate and structural monetary policy instruments. By taking proactive measures and rising up to the challenges, the PBOC would enhance support for the real economy, focus on stabilizing employment and prices, and stabilize the macro economy. It would further smooth monetary policy transmission mechanism, keep liquidity adequate at a reasonable level, and better stabilize the aggregate credit growth, so as to ensure that the growth rates of money supply and the AFRE are generally in line with the nominal GDP growth. The PBOC would make good use of policy-based and development-oriented financial instruments, with priority on supporting infrastructure construction. Under favorable conditions of stable and rising food production and smooth functioning of the energy market, prices would remain basically stable. The PBOC would intensify the effects of structural monetary policy instruments with stronger support for key areas, weak links, as well as sectors hit by COVID-19. Financial institutions would be encouraged to issue loans to manufacturing and other key areas for equipment upgrading. The PBOC would put to good use the CERF, inclusive MSB loan facility, and special central bank lending in support of clean and efficient use of coals, sci-tech

innovation, inclusive elderly care, and the transport and logistics sectors. The PBOC would adopt a mix of policies to support coordinated regional development. It would deepen the supply-side structural reform of the financial sector by guiding large banks to shift their focus of services to communities, encouraging small and medium-sized banks to focus on their main duties and major businesses, and supporting banks in capital replenishment. In doing so, the financial sector could work together to safeguard the stability of the financial market. The PBOC would improve the market-based interest rate formation and transmission mechanism and optimize the central bank policy rate system. It would give full play to the important role of the market-based adjustment mechanism of deposit rates, unleash the benefits of the LPR reform and give full play to its guiding role, and bring down the overall financing costs for businesses and the costs of individual consumption loans. Moreover, the PBOC would deepen the market-based exchange rate reform to enhance the flexibility of the RMB exchange rate, guide enterprises and financial institutions to remain risk neutral, and strengthen expectation management, so as to keep the RMB exchange rate basically stable at an adaptive and equilibrium level. The PBOC would build the institutions and mechanisms needed to provide effective financial support for the real economy and improve the system for providing financial support for innovation. It would guide financial institutions to issue more medium and long-term loans to the manufacturing sector, focus on stabilizing industrial and supply chains, and try to make financial support for private enterprises commensurate with their contribution to economic and social development. It would improve the green finance system guided by carbon peaking and carbon neutrality goals. It would optimize consumer financial services for bulk consumer goods and social services, and continue to enhance

Appendix IV: PRESS RELEASES ON QUARTERLY MEETINGS OF THE MONETARY POLICY COMMITTEE IN 2022

financial support for enterprises to retain and recruit employees and for key groups of population to seek jobs or start their own businesses. It would adopt city-specific measures and use the policy toolkit fully and effectively to meet the rigid demand for housing and the needs to improve living conditions. It would promote faster issuance of special loans for timely delivery of presold housing and would scale it up when necessary. To protect the legitimate rights and interests of homebuyers and boost the stable and healthy development of the real estate market, the PBOC would guide commercial banks to provide financing support. It would conduct regular supervision over platform economy to promote its regulated, sound, and sustained development. In addition, the PBOC would advance the high-level two-way opening-up of the financial sector, and enhance the capacity for economic and financial management as well as risk prevention and control in an open economy.

It was stressed at the meeting that under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the PBOC would fully implement the requirements of the 19th National Congress of the CPC, the plenary sessions of the 19th CPC Central Committee, the Central Economic Work Conference, and the *Report on the Work of the Government*, as well as the decisions and deployment of the CPC Central Committee and the State Council. Staying committed to the central task of economic development, the Two Unwavering Commitments, and the underlying principle of pursuing progress while ensuring stability, the PBOC would apply the new development philosophy fully, faithfully and comprehensively, and speed up the building of a new development paradigm. It would remain focused on the main task of deepening the supply-side structural reform, implement the strategy of expanding domestic demand, and

continue to ensure stability on the six fronts and maintain security in the six areas. It would further strengthen policy coordination across government departments, implement growth-stabilizing package of policies and their follow-up policies, and consolidate the foundation for economic recovery and development. It would strike a balance between internal and external equilibria, coordinate financial support for the real economy and risk prevention, keep major economic indicators within an appropriate range, and pursue high-quality development of the economy to prepare for the 20th National Congress of the CPC.

On December 28, the Monetary Policy Committee of the PBOC held its fourth quarterly meeting (its 99th meeting)

The meeting analyzed domestic and international economic and financial developments. It was agreed that since the beginning of 2022, China has coordinated COVID-19 containment and economic and social development, effectively implemented macroeconomic policies, and stabilized economic and social development to the greatest extent possible. By pursuing a sound monetary policy that is flexible and appropriate, and maintaining policy continuity, stability and sustainability, the PBOC has scientifically managed market expectations, made practical efforts to support the real economy, and effectively prevented and controlled financial risks. While the LPR reform continued to deliver its benefits, the monetary policy transmission has become more efficient, and lending rates have dropped significantly. The RMB exchange rate has moved in both directions with enhanced flexibility and remained basically stable at an adaptive and equilibrium level, acting as a stabilizer for the macro economy.



It was pointed out at the meeting that the external environment is turbulent amid sluggish economic growth worldwide, elevated inflation, and persistent geopolitical conflicts. In China, the foundation for economic recovery needs to be consolidated and pressures from shrinking demand, supply shocks, and waning expectations remain large. The PBOC would seek progress while giving top priority to economic stability, enhance intertemporal and counter-cyclical adjustments, and step up the implementation of sound monetary policy in a targeted and forceful manner. It would give full play to both aggregate and structural monetary policy instruments. It would bolster confidence and overcome difficulties, with focus on stabilizing growth, employment and prices, shoring up domestic demand, and providing stronger support for the real economy. The PBOC would further improve monetary policy transmission mechanism, keep liquidity adequate at a reasonable level, and promote the effective growth of aggregate credit so as to ensure the growth rates of money supply and the AFRE are generally in line with the nominal GDP growth. The PBOC would make good use of policy-based and development-oriented financial instruments, with priority on supporting and driving infrastructure construction. Under favorable conditions of stable and rising food production and smooth functioning of the energy market, prices would remain basically stable. The PBOC would intensify the effects of structural monetary policy instruments with stronger support for key areas, weak links, as well as sectors hit by COVID-19. It would put to good use the CERF, inclusive MSB loan facility, and special central bank lending in support of clean and efficient use of coals, sci-tech innovation, inclusive elderly care, transport and logistics, and equipment upgrading. A mix of policies would be adopted to support coordinated regional development. The PBOC would deepen

the supply-side structural reform of the financial sector by guiding large banks to shift their focus of services to communities, encouraging small and medium-sized banks to focus on their main duties and major businesses, and supporting banks in capital replenishment. In doing so, the financial sector could work together to safeguard the stability of the financial market. The PBOC would improve the market-based interest rate formation and transmission mechanism and optimize the central bank policy rate system. It would give full play to the important role of the market-based adjustment mechanism of deposit rates, unleash the benefits of the LPR reform and give full play to its guiding role, and bring down the overall financing costs for businesses and the costs of individual consumption loans. The PBOC would deepen the market-based exchange rate reform to enhance the flexibility of the RMB exchange rate, guide enterprises and financial institutions to remain risk-neutral, and improve expectation management, so as to keep the RMB exchange rate basically stable at an adaptive and equilibrium level. The PBOC would build institutions and mechanisms needed to provide effective financial support for the real economy, improve the system for providing financial support for innovation, guide financial institutions to issue more medium and long-term loans to the manufacturing sector, and support the effort to expedite the development of a modern industrial system. It would endeavor to make financial support for private enterprises commensurate with their contribution to economic and social development. It would improve the green finance system guided by carbon peaking and carbon neutrality goals, optimize consumer financial services for bulk consumer goods and social services, and continue to enhance financial support for enterprises to retain and recruit employees and for key groups of population to seek jobs or start their own businesses. The PBOC

Appendix IV: PRESS RELEASES ON QUARTERLY MEETINGS OF THE MONETARY POLICY COMMITTEE IN 2022

would take solid steps to ensure timely delivery of presold housing, support people's livelihood, and maintain stability. It would meet the reasonable financing needs of the sector, promote restructuring and mergers and acquisitions, and improve the balance sheets of top property developers. City-specific measures would be adopted to meet the rigid demand for housing and the needs to improve living conditions. Housing financial services for new urban residents and young people would be improved. The PBOC would protect the legitimate rights and interests of housing consumers and work to ensure the stable development of the real estate market. It would guide the sound and regulated development of financial business of platform enterprises and improve the regular supervision on their financial activities. In addition, the PBOC would advance the high-level two-way opening-up of the financial sector, and enhance the capacity for economic and financial management as well as risk prevention and control in an open economy.

It was stressed at the meeting that under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the PBOC would fully implement the requirements of the 20th National Congress of the CPC and the Central

Economic Work Conference. Following the decisions and deployment of the CPC Central Committee and the State Council, it would steadily advance the Chinese path to modernization, adhere to the Two Unwavering Commitments, and uphold the general principle of pursuing progress while ensuring stability. The PBOC would apply the new development philosophy fully, faithfully and comprehensively, speed up the building of a new development paradigm, and strive to promote high-quality development. It would intensify macroeconomic policy adjustments, vigorously boost market confidence, and integrate the strategy of expanding domestic demand with efforts to deepen supply-side structural reform. It would further strengthen policy coordination across government departments, implement growth-stabilizing package of policies and their follow-up policies, and fully tap into the effects of monetary and credit policies. The PBOC would strike a balance between internal and external equilibria, coordinate financial support for the real economy and risk controls, promote a full economic recovery, and effectively pursue higher-quality growth and appropriately increase economic output. These efforts would set the stage for building a modern socialist country in all respects.