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DRC Bank

Dongguan Rural Commercial Bank Co., Ltd.*

東莞農村商業銀行股份有限公司*

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

(Stock code: 9889)

FINANCIAL AND OPERATIONAL DATA FOR THE FIRST QUARTER OF 2024

This announcement is made by Dongguan Rural Commercial Bank Co., Ltd. (the “**Bank**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

BACKGROUND

As the Bank has tier-two capital bonds issued and outstanding in the People's Republic of China (the “**PRC**”), the Bank is required to disclose certain unaudited financial and operational data for the three months ended 31 March 2024 on the websites of Shanghai Clearing House (<https://www.shclearing.com.cn>) and China Foreign Exchange Trade System and National Interbank Funding Center (<https://www.chinamoney.com.cn>) pursuant to the relevant rules and regulations of the PRC.

Shareholders and potential investors of the Bank are reminded that the financial data disclosed in this announcement is prepared in accordance with China Accounting Standards for Business Enterprises (the “**CASBE**”) and/or the standards adopted under the off-site regulatory report of the National Financial Regulatory Administration (Form 1104) on a consolidated basis (the “**Consolidated 1104 Standards**”), which are somewhat different from the International Financial Reporting Standards adopted in the financial statements of the Bank contained or to be contained in the interim results announcements, the interim reports, the annual results announcements and annual reports of the Bank published or to be published after the listing of the Bank on the Main Board of The Stock Exchange of Hong Kong Limited on 29 September 2021 (the “**Listing**”).

* *Dongguan Rural Commercial Bank Co., Ltd. is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking and/or deposit-taking business in Hong Kong.*

As such, the financial data disclosed in this announcement may not be comparable to those disclosed or to be disclosed in the prospectus and the interim results announcements, interim reports, annual results announcements and annual reports of the Bank published or to be published after the Listing.

In addition, the unaudited financial and operational data for the three months ended 31 March 2024 disclosed in this announcement is prepared based on preliminary internal management information, which is unaudited nor reviewed, and may be subject to adjustment. Due to unforeseen factors such as changes in regulatory policies, changes in market conditions, adverse weather, natural disasters and seasonal factors, material differences may exist among the financial and operational data of different quarters and the unaudited financial and operational data in this announcement does not make any express or implied forecast or guarantee of the operating or financial prospect of the Bank and its subsidiaries (collectively, the “**Group**”). Shareholders and potential investors of the Bank are hereby reminded of the risks associated with reliance on or utilization of the information disclosed herein and should not rely solely on this announcement when making investment decision(s).

I. OVERALL OPERATION

The table below sets forth various unaudited consolidated financial and operational data of the Group as at 31 March 2024 or for the three months ended 31 March 2024:

	As at 31 March 2024 <i>RMB million</i> <i>(unaudited)</i>
Total assets	723,484
Total liabilities	663,503
Total equity	59,981
Deposits from customers	507,544
Loans and advances to customers	360,622
	For the three months ended 31 March 2024 <i>RMB million</i> <i>(unaudited)</i>
Net profit	1,987

II. CAPITAL INSTRUMENTS IN ISSUE

The Bank issued tier-two capital bonds, namely the Dongguan Rural Commercial Bank Co., Ltd. Tier-two Capital Bonds 2022, in the national interbank bond market in the PRC on 27 December 2022. As at the end of March 2024, the balance of the bond is RMB4.0 billion. The next interest payment date is 29 December 2024.

The balance of capital instruments of the Bank as at 31 March 2024 was RMB4.0 billion.

III. CAPITAL MANAGEMENT

As at 31 March 2024, the capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio of the Group under the Consolidated 1104 Standards were 16.07%, 13.90% and 13.87%, respectively, details of which are as follows:

Capital Adequacy Ratios

	<i>RMB'000</i> <i>except percentages</i>
Total capital	66,806,803.6
Including: Core tier-one capital	57,743,897.3
Other tier-one capital	140,808.5
Tier-two capital	8,922,097.8
Capital deduction	600,648.2
Including: Core tier-one capital deduction	600,648.2
Other tier-one capital deduction	—
Tier-two capital deduction	—
Net core tier-one capital	57,143,249.1
Net tier-one capital	57,284,057.6
Net capital	<u><u>66,206,155.4</u></u>
Risk-weighted assets	412,108,306.1
Including: Credit risk-weighted assets	375,981,662.6
Market risk-weighted assets	12,747,273.4
Operational risk-weighted assets	23,379,370.1
Core tier-one capital adequacy ratio (%)	13.87
Tier-one capital adequacy ratio (%)	13.90
Capital adequacy ratio (%)	16.07

Note: According to the relevant provisions of the Administrative Measures for the Capital of Commercial Banks, the minimum requirements for each capital adequacy ratio are as follows: capital adequacy ratio shall not be lower than 8%, tier-one capital adequacy ratio shall not be lower than 6%, and core tier-one capital adequacy ratio shall not be lower than 5%. The reserve capital requirement is 2.5% of risk-weighted assets and the countercyclical capital requirement is 0% of risk-weighted assets. The Group uses the weighted approach for credit risk-weighted assets, the simplified standardized approach for market risk-weighted assets and the standardized approach for operational risk-weighted assets.

IV. LEVERAGE RATIO

As at 31 March 2024, the leverage ratio of the Group under the Consolidated 1104 Standards was 7.67%. The table below sets forth the leverage ratio of the Group as at the respective dates indicated:

Items	Leverage Ratio			
	As at 31 March 2024	As at 31 December 2023	As at 30 September 2023	As at 30 June 2023
Net tier-one capital (RMB'000)	57,284,057.6	55,279,997.3	54,661,824.6	53,445,372.0
Adjusted balance of on- and off-balance sheet assets (RMB'000)	747,309,862.5	723,689,481.1	703,228,924.5	700,319,265.0
Leverage ratio (%)	7.67	7.64	7.77	7.63

Note: The leverage ratios of the Group as at the end of the first quarter of 2024 and the end of the third quarter of 2023 were calculated based on the Consolidated 1104 Standards. The leverage ratios as at the end of the second quarter of 2023 and the end of 2023 were calculated based on consolidated financial statements according to regulatory standards.

V. EXTERNAL INVESTMENTS

As at 31 March 2024, the Bank invested in 12 external organisations (including subsidiaries of the Bank) with an aggregate investment amount of RMB4,621.4977 million, details of which are as follows:

External Investments

No.	Investee	Amount of investment RMB'000	Shareholding percentage %
1	Guangdong Chaoyang Rural Commercial Bank Co., Ltd. (廣東潮陽農村商業銀行股份有限公司)	1,817,726.7	67.03
2	Zhanjiang Rural Commercial Bank Co., Ltd. (湛江農村商業銀行股份有限公司)	1,627,760.0	49.41
3	Huizhou Zhongkai Dongying County Bank Company Limited (惠州仲愷東盈村鎮銀行股份有限公司)	153,000.0	51.00
4	Yunfu Xinxing Dongying County Bank Company Limited (雲浮新興東盈村鎮銀行股份有限公司)	51,000.0	51.00
5	Dongguan Dalang Dongying County Bank Company Limited (東莞大朗東盈村鎮銀行股份有限公司)	35,000.0	35.00
6	Hezhou Babu Dongying County Bank Company Limited (賀州八步東盈村鎮銀行股份有限公司)	51,000.0	51.00
7	Ya'an Rural Commercial Bank Co., Ltd. (雅安農村商業銀行股份有限公司)	190,800.0	7.62
8	Guangdong Shunde Rural Commercial Bank Co., Ltd. (廣東順德農村商業銀行股份有限公司)	497,000.0	2.50
9	Guangdong Xuwen Rural Commercial Bank Co., Ltd. (廣東徐聞農村商業銀行股份有限公司)	59,611.0	7.94
10	Guangdong Lechang Rural Commercial Bank Co., Ltd. (廣東樂昌農村商業銀行股份有限公司)	83,600.0	8.00
11	China UnionPay Co., Ltd. ^{note} (中國銀聯股份有限公司)	25,000.0	0.34
12	Guangdong Province Rural Credit Cooperatives Union ^{note} (廣東省農村信用社聯合社)	30,000.0	10.00
Total		4,621,497.7	—

Note: English names translated for reference only and may not represent the official English name.

VI. SIGNIFICANT EVENTS OCCURRED DURING THE THREE MONTHS ENDED 31 MARCH 2024 WHICH WOULD AFFECT THE DEBT REPAYMENT ABILITY OF THE BANK

None.

VII. UNAUDITED CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2024

Prepared based on CASBE

Items	Three months ended 31 March 2023 RMB'000 (unaudited)	Three months ended 31 March 2024 RMB'000 (unaudited)
Interest income	5,667,617	5,785,554
Interest expense	3,002,633	3,251,407
Net interest income	2,664,984	2,534,147
Fee and commission income	303,001	184,977
Fee and commission expense	101,411	101,802
Net fee and commission income	201,590	83,175
Investment income	382,579	378,812
Other income	108,707	13,222
Gains on change in fair value	101,392	223,437
Exchange gains (losses stated with “-”)	8,878	-1,532
Other operating income	7,505	7,051
Gains on disposal of assets	1,624	412
Total operating revenue	3,477,259	3,238,724

Items	Three months ended 31 March 2023	Three months ended 31 March 2024
	<i>RMB'000 (unaudited)</i>	<i>RMB'000 (unaudited)</i>
Taxes and surcharges	28,064	26,265
Operating and administrative expenses	781,370	768,374
Impairment losses on credit	479,240	390,950
Impairment losses on other assets	—	—
Other operating costs	2,672	3,664
Operating expenses	<u>1,291,346</u>	<u>1,189,253</u>
Operating profit	2,185,913	2,049,471
Add: non-operating income	1,104	406
Less: non-operating expense	5,717	201
Profit before tax	<u>2,181,300</u>	<u>2,049,676</u>
Less: income tax expenses	170,289	62,271
Net profit	<u>2,011,011</u>	<u>1,987,405</u>
Net profit attributable to the shareholders of the Bank	1,947,383	1,919,466
Profit and loss attributable to non-controlling interests	63,628	67,939

VIII. UNAUDITED CONSOLIDATED BALANCE SHEET

As at 31 March 2024

Prepared based on CASBE

	As at 31 December 2023 RMB'000 (audited)	As at 31 March 2024 RMB'000 (unaudited)
Assets:		
Cash and balance with the central bank	36,935,315	36,997,705
Deposits with banks and other financial institutions	5,392,523	5,244,613
Precious metals	86,805	91,493
Placements with and loans to banks and other financial institutions	10,837,870	11,898,773
Derivative financial assets	436,283	263,090
Financial assets held under resale agreements	1,336,060	1,249,734
Held-for-sale assets	—	—
Loans and advances to customers	342,511,915	360,621,655
Financial investments:		
Financial assets held-for-trading	52,161,097	49,464,042
Investments in debts	137,226,078	131,748,764
Other debt investments	110,792,155	114,618,165
Other equity investments	1,039,205	1,019,443
Long-term equity investments	633,467	633,467
Investment properties	8,898	8,481
Fixed assets	1,449,358	1,396,169
Construction in progress	858,058	1,017,384
Right-of-use assets	443,692	456,157
Intangible assets	749,162	739,927
Goodwill	520,521	520,521
Deferred income tax assets	4,710,374	4,582,889
Other assets	724,755	911,213
Total assets	<u>708,853,591</u>	<u>723,483,685</u>

	As at 31 December 2023 RMB'000 (audited)	As at 31 March 2024 RMB'000 (unaudited)
Liabilities:		
Borrowings from the central bank	38,479,208	36,727,737
Deposits from banks and other financial institutions	10,583,088	19,733,626
Placements from banks and other financial institutions	3,848,442	5,305,630
Financial liabilities held-for-trading	1,325,544	2,442,827
Derivative financial liabilities	458,261	266,391
Financial assets sold under repurchase agreements	24,971,607	13,918,850
Deposits from customers	495,743,888	507,543,708
Salaries and welfare payable	2,146,561	1,728,875
Taxes payable	304,574	360,012
Held-for-sale liabilities	—	—
Estimated liabilities	145,339	118,006
Bonds payable	71,831,971	73,668,530
Including ^{note} : Preference shares	—	—
Perpetual bonds	—	—
Lease liabilities	514,609	523,914
Deferred income tax liabilities	—	—
Other liabilities	1,011,962	1,164,846
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Total liabilities	<u><u>651,365,054</u></u>	<u><u>663,502,952</u></u>

	As at 31 December 2023 RMB'000 (audited)	As at 31 March 2024 RMB'000 (unaudited)
Equity:		
Share capital	6,888,546	6,888,546
Other equity instruments	—	—
Including ^{note} : Preference shares	—	—
Perpetual bonds	—	—
Capital reserve	6,342,779	6,342,779
Less: treasury stock	—	—
Other comprehensive income	850,285	1,320,233
Surplus reserve	8,829,850	8,829,850
General reserve	7,422,108	7,422,108
Retained earnings	24,315,820	26,235,286
Total equity attributable to the shareholders of the Bank	54,649,388	57,038,802
Non-controlling interests	2,839,149	2,941,931
	<u>57,488,537</u>	<u>59,980,733</u>
Total equity	<u>57,488,537</u>	<u>59,980,733</u>
	<u>708,853,591</u>	<u>723,483,685</u>
Total liabilities and equity	<u>708,853,591</u>	<u>723,483,685</u>

Note: Certain sub-items are required to be separately disclosed pursuant to the relevant PRC requirements. The sub-items herein are not an exhaustive composition of the relevant item.

**Board of Directors
Dongguan Rural Commercial Bank Co., Ltd.**

Dongguan City, Guangdong Province, the PRC
26 April 2024

As at the date of this announcement, the Board of Directors of the Bank comprises Mr. LU Guofeng (chairman), Mr. FU Qiang and Mr. YE Jianguang as executive directors; Mr. LAI Chun Tung, Mr. WANG Junyang, Mr. CAI Guowei, Mr. YE Jinquan, Mr. CHEN Haitao, Mr. ZHANG Qingxiang, Mr. CHEN Weiliang and Mr. TANG Wencheng as non-executive directors; Mr. ZENG Jianhua, Mr. YIP Tai Him, Mr. XU Zhi, Mr. TAN Fulong, Ms. LIU Yuou and Ms. XU Tingting as independent non-executive directors.