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重慶農村商業銀行

CHONGQING RURAL COMMERCIAL BANK

重慶農村商業銀行股份有限公司*

Chongqing Rural Commercial Bank Co., Ltd.*

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

(Stock Code: 3618)

RESULTS ANNOUNCEMENT FOR THE YEAR 2024

The board of directors (the “**Board**”) of Chongqing Rural Commercial Bank Co., Ltd. 重慶農村商業銀行股份有限公司* (the “**Bank**”) is pleased to announce the audited results of the Bank and its subsidiaries (the “**Group**”) for the twelve months ended 31 December 2024 (the “**Annual Results**”). This Annual Results announcement contains the full text of the annual report of the Group for the twelve months ended 31 December 2024 and the contents were prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) and the International Financial Reporting Standards. The Annual Results have been reviewed by the audit committee of the Board. This Annual Results announcement is published on the websites of the Bank (www.cqrcb.com) and the Hong Kong Stock Exchange (www.hkexnews.hk). The annual report of the Bank for the twelve months ended 31 December 2024 will be despatched to H shareholders of the Bank by means selected by them to receive the corporate communications and will be available at the abovementioned websites in due course.

By order of the Board

Chongqing Rural Commercial Bank Co., Ltd.*

重慶農村商業銀行股份有限公司*

Sui Jun

Executive Director and President

Chongqing, the PRC, 25 March 2025

As at the date of this announcement, the executive director of the Bank is Mr. Sui Jun; the non-executive directors of the Bank are Ms. Hu Chun, Mr. Yin Xianglin and Mr. Peng Yulong; and the independent non-executive directors of the Bank are Mr. Zhang Qiaoyun, Mr. Lee Ming Hau, Mr. Li Jiaming and Ms. Bi Qian.

* The Bank holds a financial licence number B0335H250000001 approved by the regulatory authority of the banking industry of the PRC and was authorised by the Administration for Market Regulation of Chongqing to obtain a corporate legal person business licence with a unified social credit code of 91500000676129728J. The Bank is not an authorised institution in accordance with the Hong Kong Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorised to carry on banking/deposit-taking business in Hong Kong.

* *The Bank holds a financial licence number B0335H250000001 approved by the China Banking and Insurance Regulatory Authority and was authorised by the Market Supervision Administration of Chongqing Municipality to obtain a corporate legal person business licence with a unified social credit code 91500000676129728J. The Bank is not an authorised institution in accordance with the Hong Kong Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorised to carry on banking/ deposit-taking business in Hong Kong.*

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Important Notice ▶▶

1. The Board, the Board of Supervisors and the directors, supervisors and senior management of the Bank warrant the truthfulness, accuracy and completeness of the contents of this annual report, and that there are no false presentations, misleading statements or material omissions herein, and are legally liable jointly and severally.
2. The 2024 annual report and the results announcement of the Bank have been considered and approved at the 53rd meeting of the fifth session of the Board of Directors of the Bank convened on 25 March 2025. The number of directors who should attend the meeting is 8 with 8 directors actually attended the meeting. Some supervisors and senior management personnel of the Bank attended the meeting.
3. The 2024 financial report prepared by the Bank in accordance with Chinese Accounting Standards has been audited by KPMG Huazhen LLP, and the 2024 financial report prepared in accordance with International Financial Reporting Standards has been audited by KPMG. Both auditors issued an unqualified audit report.
4. The Bank's president Sui Jun (acting on behalf of the chairman of the Board), vice president in charge of accounting Zhang Jin and head of the accounting department Liu Yi warrant the truthfulness, accuracy and completeness of the financial statements in this annual report.
5. The Bank has distributed the interim dividend for 2024 on ordinary shares of RMB1.944 per 10 shares (tax inclusive). The Board of Directors of the Bank has recommended a proposed distribution of dividends on ordinary shares of RMB1.102 per 10 shares (tax inclusive) and a distribution of dividends for 2024 on ordinary shares of a total of RMB3.046 per 10 shares (tax inclusive), such dividend distribution plan will be submitted to the 2024 annual general meeting for consideration. No capitalisation of the capital reserve to share capital is proposed in this distribution.
6. This report may contain forward-looking statements such as future plans of the Bank. Such statements are made by the Bank based on the current situation and forecast and are related to future events or the Bank's future financial, business or other performance. Possible future plans do not constitute a substantive commitment by the Bank to its investors. Investors and people concerned should be fully aware of the risks and understand the differences between plans, forecast and commitment.
7. There is no misappropriation of the Bank's funds by its controlling shareholders or other related parties for non-operating purposes and no instance of providing external guarantee that is in breach of the established decision-making procedure.
8. The Bank has no significant risks that need to draw special attention of investors. For details of the major risks that the Bank faces in its business operation and various measures adopted by the Bank, please refer to the Risk Management Section in Chapter 3 of this report.

Definitions ►►

Chongqing Rural Commercial Bank, Bank or our Bank	Chongqing Rural Commercial Bank Co., Ltd.* (重慶農村商業銀行股份有限公司)
Group	Chongqing Rural Commercial Bank Co., Ltd.* (重慶農村商業銀行股份有限公司) and its subsidiaries
PBOC or Central Bank	the People's Bank of China
CSRC	China Securities Regulatory Commission
Hong Kong Stock Exchange, or the Stock Exchange	The Stock Exchange of Hong Kong Limited
Hong Kong Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
Shanghai Stock Exchange	Shanghai Stock Exchange
rural commercial bank	a short-hand reference to rural commercial bank (農村商業銀行)
Sannong	a short-hand reference to the Chinese pronunciation of the phrase "agriculture, rural areas and farmers"
village and township banks	bank institutions that are approved by China Banking Regulatory Authority to be incorporated in rural areas to provide services to local farmers or enterprises
CQRC Wealth Management	CQRC Wealth Management Co., Ltd.
CQRC Financial Leasing	CQRC Financial Leasing Co., Ltd.
urban area	9 urban areas in Chongqing city, namely Yuzhong District, Dadukou District, Jiangbei District, Shapingba District, Jiulongpo District, Nan'an District, Beibei District, Yubei District and Ba'nán District
county area	Regions other than 9 urban areas of Chongqing city, also including 12 village and township banks controlled by the Bank and Qujing Branch established in another province by the Bank
yuan	RMB yuan
Reporting Period	the twelve months period from 1 January 2024 to 31 December 2024
Articles of Association	the articles of association of the Bank currently in force, as amended from time to time

President's Statement ▶▶

Dear shareholders,

The year 2024 is a harvest year engraved with struggle and growth and witnessing persistence and breakthroughs. Over the past year, we have thoroughly practiced the political and people-oriented nature of financial work and diligently made efforts on the “five major areas” of finance. The assets scale, the deposits balance and the loans balance increased by 5.12%, 5.10% and 5.55% as compared to the end of the previous year, respectively. The operating income and net profits recorded a year-on-year increase of 0.98% and 5.97%, respectively, **achieving “double increases” in both scale and benefit**. The non-performing loan ratio declined by 0.01 percentage point as compared to the end of the previous year, and the interest payment rate on deposits and the cost-to-income ratio reduced by 0.15 percentage point and 2.04 percentage points year-on-year, respectively, **achieving “double decreases” in both risks and costs**. The increment market share of deposits and loans increased on a year-on-year basis and we ranked the 14th in China and ranked the first in the central and western region in the overall ranking of banking competitiveness released by Tsinghua Financial Review for the first time, **achieving “double improvements” in both the market share and ranking**. Such figures demonstrated our steadfast commitment to our mission and reflected the unwavering support and trust our clients have placed in us.

Those who keep up their efforts often achieve their goals. We actively participated in the creative tide of “five major areas”, and took innovation as the pen and hard work as the ink to create our own value in forging ahead. The technology finance has been solidly advanced, serving 60% of “specialized, refined, differential, and innovative” enterprises in Chongqing and the balance of loans for science and technology enterprises increased by RMB6.3 billion as compared to the end of the previous year. The green finance has been advanced rapidly, aiming to build a comprehensive green ecosystem of products and services. The balance of green loans increased by RMB11.2 billion or 18% as compared to the end of the previous year. The inclusive finance has expanded its coverage and scale with 1,743 outlets covering all villages and towns in Chongqing. The balance of credit card and consumer credit amounted to nearly RMB150 billion. The balance of inclusive small and micro enterprise loans increased by 9% as compared to the end of the previous year. The pension finance has been improved gradually, the age-friendly adaptation upgrading of business outlet services and payment services was vigorously promoted. The digital finance achieved comprehensive breakthroughs, with 31 key engineering projects launched and an increase of 18% in the balance of digital credit products as compared with the end of the previous year.

The ocean never turns away streams, so it becomes wide and deep. We have always been based on the striving goal of building “a great modern country”, and taken responsibility as the chord and service as the song to broaden the development space in the service strategy. We proactively engaged in the construction of “Six Zones and One Highland (六區一高地)”, and interconnected the construction of the Chengdu-Chongqing Economic Circle and 176 municipal key projects, with the loan balance of RMB26.5 billion. By fully leveraging the advantages of licenses on banking, financial leasing and wealth management, we continued to make innovation in products and services to effectively meet the diversified financial needs of the residents in the Chengdu-Chongqing region. We took various measures to support the construction of the New International Land-Sea Corridor, and improved the list-based and project-based implementation mechanism. The balance of comprehensive financing for New International Land-Sea Corridor amounted to RMB54.6 billion, representing an increase of 16% as compared with the end of the previous year. We strengthened financial service for the “33618” modern manufacturing cluster system, and the loan balance amounted to RMB66 billion, ranking the first in Chongqing and representing an increase of 8% as compared with the end of the previous year.

Take measures according to specific conditions, and compare and learn from other people's successful experiences to correct our own shortcomings. We insisted on creating a “differentiated service” operation model, and took resources as the wing and grid as the wind to build a competitive advantage in deeply cultivating the county area. We gave full play to the characteristics and differentiation advantages of extensive network and a large workforce, refined the service management system, promoted the implementation of the business development strategy of “region grid” and “industry grid”, vigorously promoted the treasurer system and the “Chongqing Agricultural Assets” intelligent management system, forged a differentiated financial service system, promoted the decentralization of business operations, the concentration of resources, and the precision of services. The total number of customers we promoted reached 28 million, and the number of merchants we served exceeded 1 million, further building a “moat” for operation development. We made every effort to serve the rural revitalization, supported the development of agricultural industries with “One Policy for One Industry”, and launched 36 characteristic products such as “Noodle Industry Loan”, “Pepper Loan” and “Mustard Loan”. The balance of agricultural loans was RMB244.7 billion, and each of the total amount and the increment continued to be the first in Chongqing.

President's Statement

Nip accidents in the bud, make solid and sustained progress. We strove to improve the “all-round management” risk control system, and took the system as the sword and technology as the shield to achieve steady development in building a solid bottom line. We established a forward-looking thinking, emphasized targeted management and control, and optimized the comprehensive risk management system. The capability of credit risk management was continuously enhanced. We promoted the implementation of new risk classification regulations, established a product lifecycle management mechanism, implemented the “five-color” process management for credit approval, strengthened the management and control of the whole process of loans, promoted the construction of Chongqing Rural Commercial Risk Control System, and improved the level of intelligent risk control. We continued to increase the number of compliance measures for case prevention, improved the compliance management system, built a whole-process case risk prevention and control mechanism, properly conducted a penetrating audit of key areas and key links, and effectively promoted the organic integration of supervision, rectification and governance.

The year 2025 is a year full of hope and fruitful results. We have focused on customer service and value creation, and strove to achieve a “good start”. Looking forward to the future, we will uphold our initial aspiration and bravely shoulder our mission, fully promote the goal of “leading by rural areas and catching up by cities”, strive to create more landmark reform achievements of “western leading, nationally advancing and recognizable in Chongqing”, further “get stronger, do better and grow bigger”, ensure the comprehensive achievement of the annual operation goals of “three increases, three optimizations and two breakthroughs”, promote the steady growth of the three benefit indicators, i.e. operating income, total profit and per capita net profit, continuously optimize the three indicators, i.e. cost, structure and quality, and achieve breakthroughs in total deposits and general loan increment.

We will use the “key” of characteristic operation to open the “door” of the value of sustained growth in performance. We will adhere to the market positioning of supporting “agriculture, rural areas and farmers” and supporting small and micro businesses, formulate differentiated operation strategies and service measures, deeply tap characteristic industries and customer groups, build characteristic scenarios and ecology, promote characteristic strategies and layout, expand business space, unlock market potential, and further build a “moat” for development, so as to realize our own high-quality development while helping the high-quality development of local economy.

We will use the “light” of grid service to light up the deep cultivating “road” of deepening and refining our business. We will take “grid” as the starting point to improve the service effect of supporting “agriculture, rural areas and farmers” and supporting small and micro businesses, identify customers with industry grid and win customers with region grid, further promote the decentralization of services through “dual-grid integration”, promote banks and customers to achieve “two-way efforts”, and sail to the other side of success with differentiated advantages in the fierce business sea, leading the development trend of agricultural and commercial systems.

We will use the “energy” of digital transformation to raise the “sail” of the ship going to the sea of stars. We will accelerate the implementation of key digital transformation projects, enrich service scenarios and functions, illuminate the road of transformation for the Bank to break through the traditional mode with the keen perception of big data and the intelligent drive of artificial intelligence, and witness the highlight moment of our breakthrough and gorgeous upgrade.

The era changes, and a new situation begins. We will continue to devote ourselves to the fertile soil of moisturizing rural areas with full confidence, devote ourselves in the vast universe of digital rural commercial banks, strive for better performance and create new glory with hard work and unremitting struggle. We are committed to generating create greater value for shareholders, employees and society, and make new and greater contributions to the comprehensive construction of a great modern socialist country!

President **Sui Jun**
(acting on behalf of the Chairman)

Company Information

I. Basic Information

Legal name and abbreviation in Chinese 重慶農村商業銀行股份有限公司 (abbreviated as “重慶農村商業銀行”)

Legal name and abbreviation in English Chongqing Rural Commercial Bank Co., Ltd. (abbreviated as “Chongqing Rural commercial Bank”)

Legal Representative Sui Jun

Authorised Representatives Sui Jun
Leung Wing Han Sharon

Secretary to the Board Sui Jun

Securities affairs representative Huang Wei

Company Secretary Leung Wing Han Sharon

Contact details for investors

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Registered and office address and postcode

No. 36 Jinshamen Road, Jiangbei District, Chongqing 400023

A-share listing stock exchange	H-share listing stock exchange
Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited
Stock Short Name: Yu Nong Shang Hang	Stock Short Name: CQRC BANK
Stock Code: 601077	Stock Code: 03618

A share registrar
Shanghai branch of China Securities Depository and Clearing Company Limited
Address: No. 188 Yanggaonan Road, Pudong New District, Shanghai

H share registrar
Computershare Hong Kong Investor Services Limited
Address: Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong

Date of first incorporation and registration authority
27 June 2008
Administration for Market Regulation of Chongqing

Unified social credit code of corporate legal person business license
91500000676129728J

Financial license institution number
The Bank holds a financial license number B0335H250000001 approved by the China Banking Regulatory Authority

Auditors
KPMG Huazhen LLP
Address: 8th Floor, KPMG Tower, Oriental Plaza, 1 East Chang An Avenue, Beijing, China
Signing accountants: Xue Chenjun, Wang Weishun
KPMG
Address: 8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong
Signing accountant: Pang Shing Chor Eric

Legal advisor as to PRC laws
Tahota (Chongqing) Law Firm
36th/43rd Floor, Fortune Financial Center, No.1 Fortune Avenue, Liangjiang New District, Chongqing

Legal advisor as to Hong Kong laws
Clifford Chance LLP
27th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong

Note: Mr. Sui Jun, the president of the Bank, acts on behalf of the chairman and the legal representative and performs the duties of the Secretary to the Board.

Historical change of the Company's registered address	The registered address of the Bank at the time of its establishment on 27 June 2008 was 10 Yanghe Road East, Jiangbei District, Chongqing, and was changed to the current registered address on 1 April 2017
Principal place of business in Hong Kong	Room 1920, 19th Floor, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
Company's website	www.cqrcb.com
Email address	cqrcb@cqrcb.com
Name of designated media for information disclosure	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily
Designated website of CSRC for publication of annual report	Website of the Shanghai Stock Exchange (www.sse.com.cn)
Website of the Hong Kong Stock Exchange for publication of annual report	The HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk)
Place for maintenance of annual report	Office of the Board of Directors of the Bank

II. Business Summary▶▶▶

The Bank was established in 2008 and listed on the Main Board of H shares in 2010 and on the main board of A shares in 2019. The Bank's main businesses include inclusive finance business, corporate finance business and financial market business. Among them, inclusive finance business mainly provides financial services for personal customers, including personal loan and deposit business, bank card and credit card business, wealth management and intermediary business, etc. and provides financial services for small and micro enterprises. The corporate finance business mainly provides financial services for corporate customers and institutional customers, mainly including corporate deposit and loans business, supply chain financing business, foreign currency financing business, trade financing business, bills business and investment banking business. The financial market business mainly includes capital operation business and asset custody business. At the same time, the Bank currently has one wholly-owned non-banking subsidiary and one non-banking holding subsidiary which engage in wealth management business and financial leasing business respectively, and controls 12 village and township banks.

III. The Development Strategy and Core Competitiveness▶▶▶

Strategic Vision: Endeavour to become a leading regional bank in China

(I) Development Strategy

The Bank adheres to the guidance of Xi Jinping's Thought on Socialism with Chinese characteristics in the New Era, fully implements the spirit of the 20th National Congress of the CPC and thoroughly studies and implements important speeches and instructions made by Chinese General Secretary Xi Jinping during his inspection of Chongqing to ensure moving forward in the right direction. Taking root in Chongqing and extending to the central and western regions, the Bank focuses on the main responsibility and business of supporting "agriculture, rural areas and farmers" and supporting small and micro businesses and serving the real economy, and makes every effort on the "five major areas" of technology finance, green finance, inclusive finance, pension finance, and digital finance. The Bank further promotes the strategy of "anchoring the Bank with retail, propelling the Bank with technology and empowering the Bank with talents", focuses on building a development system of "all-in-one four-wheel drive", takes the "large retail" business as the subject of core competitiveness and takes the corporate financial business, financial market business, financial technology and talent team as the "four driving forces" with interconnected development and unified goals of the Bank, jointly promoting the Bank's high-quality and connotative development and pushing forward the Chinese path to modernization with better and more efficient financial services.

(II) Investment Value and Core Competitiveness

Development strategy of sticking to our own business and clear orientation.

The Bank adheres to the main responsibility and business of supporting “agriculture, rural areas and farmers” and supporting small and micro businesses and serving the real economy, complies with the development trend of the new pattern of double circulations, actively integrates into major strategic deployments such as the Chengdu-Chongqing Economic Circle, the New International Land-Sea Corridor, and rural revitalization, makes efforts on “five major areas” of finance, establishes the strategic direction of “anchoring the Bank with retail, propelling the Bank with technology and empowering the Bank with talents” and a development system of “all-in-one four-wheel drive”, comprehensively deepens the reform to promote the high-quality development, and strives to build the Bank into a “national leading regional bank”.

A corporate culture of realistic, enterprising, innovative and developing.

Since its establishment, the Bank has always maintained the fundament of “benchmark bank culture”, rooted in Chongqing and faced the whole country, been the pioneer, become the first “A + H” share listed bank in western China by overcoming many difficulties, and become the leading rural commercial bank in China. The Bank inherits the excellent tradition of “loyalty and responsibility, tenacity and enterprising, diligence and dedication, and simplicity and obligation”, and creates an enterprise atmosphere of “want to do things, able to do things, and do things well”.

Scientific, efficient, sustainable and complete management system.

As a local corporation, the Bank has few management levels and short decision-making chain, which plays a key role in the development of adapting to market changes and seeking innovation. The Bank keeps adhering to refined management, integrates it into the corporate culture, establishes the risk management, operation management, technology management, human resource management and financial management system and their abilities, and constantly promotes the management with advanced enterprises as the benchmark, so as to achieve the benefit from management.

Digital and intelligent technology empowerment.

The Bank adheres to the technology drive, starts a new chapter of “digital finance”, builds a structure of “One Meeting, One Head Office, One Company”, realizes the complete integration of business, data, technology and channels, and builds a digital rural commercial bank in an all-round way. Adhering to the “customer-centered” approach, the Bank enhances customer experience, improves employee efficiency, and strengthens overall value creation through digital transformation. The Bank focuses on the four themes of “digital” development, “smart” risk control, “intelligent” outlets and “productive” operation, accelerates the high-quality business development, deepens the construction of high-efficiency risk control, promotes the high-quality transformation of outlets and efficient decision-making in operation and continuously enhances three key capabilities of marketing, risk control, and pricing.

Retail finance with significant advantages and potential.

With the help of three traditional advantages including outlets across the urban and rural areas, team and leading client base and by taking customers as the center and deepening the grid management, the Bank builds an ecological platform, a financial life circle and a core brand, deeply taps the potential of customers, and promotes large retail finance to constantly release potentials and become the main part of the Bank’s business development, supporting the development of “pension finance” and “inclusive finance”.

Corporate finance with green development and intensive cultivation.

The Bank aims at building a green financial benchmark bank, and makes green a defining feature of high-quality development, forming a top-down efficient organizational system. The Bank actively integrates itself into the development of green finance reform and innovation pilot zone, forming an all-round and multi-level “green finance” service system covering green credit, bonds, leasing, wealth management and consumption. The Bank seizes the strategic opportunities arising from Chengdu-Chongqing Economic Circle and the New International Land-Sea Corridor, uses scientific and technological innovation to drive online, intelligent and scenario-based financial services and standardizes customer management, creates professional, accurate and tailored “expert” services and comprehensive, efficient and high-quality “housekeeper” services and supports new businesses in the field of scientific and technological innovation, promoting the development of industrial economy in Chongqing.

Integrated and collaborative financial market business.

Focusing on the goal of “integrated financial market operator”, the Bank acts in the manner of “collaborative teamwork”, takes “settlement and clearing + trust” as the support, takes “investment + wealth management” as the approach, promotes the three-level linkage of interbank, business line and head office-branch, constantly taps the cooperation potentials of interbank customers, and forms a whole chain customer group service system of “investment + capital + trust”.

Honors and Awards >>>

1. The Bank **ranked 22nd in the 2024 China Top 100 Banking.**
2. The Bank **ranked 445th in the 2024 Top 500 Chinese Enterprises, the only banking institution in the central and western regions on the list.**
3. The Bank **ranked 119th among the “2024 Top 1000 World Banks” in The Bankers of the UK.**
4. The Bank **ranked 314th in the 2024 Fortune China 500.**
5. The Bank **ranked 880th in Forbes magazine’s list of “2024 Top 2000 Global Enterprises”.**
6. The Bank **ranked 11th in the 2024 “Chongqing Top 100 Enterprises”.**
7. The Bank’s Project of “Core Construction of Distributed Credit Cards and Smooth Migration of Heterogeneous Data” **won the third prize of the 2023 Annual Financial Technology Development Award of the People’s Bank of China, and won the 2024 Annual National Excellent Case Award of Scientific and Technological Innovation, Safety and Controllability of Rural Financial Institutions issued by the Rural Credit Banks in 2024.**
8. The Bank’s “Digital Financial Service Platform for Rural Revitalization” **was included in the excellent cases of new digital services issued by the Ministry of Industry and Information Technology in 2024.**
9. The Bank’s Project of “Key to Innovation: Explainable Artificial Intelligence (XAI) Weaving Financial Security Protection Network” **won the Excellent Project Award in the “Five Small” Innovation Competition of Chongqing Financial System Labor Competition in 2024.**
10. The Bank **won the award of “2024 Annual GF60 Green Finance · Best Financial Institution”** in the Third Green Finance North Bund Forum in 2024 hosted by the Green Finance Forum of 60.
11. The Bank **was listed in “The Second KPMG China ESG 50 Awards · 2024 Green Finance Pioneer Awards”.**

Financial Summary

(The financial information and indicators of the Group set forth in this annual report is prepared on a consolidated basis in accordance with the International Financial Reporting Standards and expressed in RMB unless otherwise stated)

(Expressed in RMB million, unless otherwise stated)		Comparison between the year and last year				
	2024	2023		2022	2021	2020
Operating results						
Net interest income	22,494.5	23,493.1	Rate of change (%) (4.25)	25,404.2	26,234.8	24,248.9
Net non-interest income	5,736.8	4,464.1	28.51	3,537.1	4,614.8	3,933.0
Among which: Net fee and commission income	1,612.1	1,791.3	(10.00)	1,913.2	2,724.2	2,902.9
Net other non-interest income	4,124.7	2,672.8	54.32	1,623.9	1,890.6	1,030.1
Operating income	28,231.3	27,957.2	0.98	28,941.3	30,849.6	28,181.9
Operating expenses	(9,393.7)	(9,820.0)	(4.34)	(9,540.5)	(8,795.7)	(7,909.4)
Credit impairment losses	(5,956.9)	(5,941.3)	0.26	(7,840.5)	(10,852.1)	(10,208.6)
Profit before tax	12,817.4	12,195.9	5.10	11,560.0	11,200.6	10,062.8
Net profit	11,789.1	11,125.2	5.97	10,477.8	9,718.4	8,564.8
Net profit attributable to shareholders of the Bank	11,512.7	10,902.4	5.60	10,275.6	9,559.7	8,401.2
Based on per share (RMB/yuan)						
Net assets per share attributable to ordinary shareholders of the Bank ⁽¹⁾	11.11	10.23	Change in amount 0.88	9.49	8.89	8.25
Basic earnings per share ⁽²⁾	0.99	0.94	0.05	0.89	0.84	0.74
Diluted earnings per share ⁽²⁾	0.99	0.94	0.05	0.89	0.84	0.74
Profitability indicators (%)						
Average return on total assets ⁽³⁾	0.80	0.80	Change (percentage point) -	0.80	0.81	0.79
Weighted average return on net assets ⁽²⁾	9.24	9.55	(0.31)	9.72	9.82	9.24
Net interest spread ⁽⁴⁾	1.51	1.64	(0.13)	1.84	2.01	2.08
Net interest margin ⁽⁵⁾	1.61	1.73	(0.12)	1.97	2.17	2.25
Net fee and commission income to operating income	5.71	6.41	(0.70)	6.61	8.83	10.30
Cost-to-income ratio ⁽⁶⁾	31.90	33.94	(2.04)	31.90	27.51	27.09

(Expressed in RMB million, unless otherwise stated)	31 December 2024	31 December 2023	Comparison between the end of the year and the end of last year	31 December 2022	31 December 2021	31 December 2020
Scale indicators			Rate of change (%)			
Total assets	1,515,381.8	1,441,522.1	5.12	1,352,301.2	1,266,291.2	1,136,366.6
Among which: Carrying balance of loans and advances to customers	714,273.0	676,710.6	5.55	632,677.1	582,166.5	507,885.9
Allowances for impairment on loans and advances to customers	(30,442.3)	(29,433.8)	3.43	(27,591.7)	(24,831.5)	(20,922.5)
Total liabilities	1,381,332.9	1,317,580.3	4.84	1,236,844.9	1,159,807.1	1,041,294.4
Among which: Deposits from customers	941,946.2	896,202.2	5.10	824,946.8	759,360.2	724,999.8
Share capital	11,357.0	11,357.0	–	11,357.0	11,357.0	11,357.0
Equity attributable to shareholders of the Bank	132,133.7	122,173.8	8.15	113,723.5	104,952.8	93,668.7
Non-controlling interests	1,915.2	1,768.0	8.33	1,732.8	1,531.3	1,403.5
Total equity	134,048.9	123,941.8	8.15	115,456.3	106,484.1	95,072.2
			Change (percentage point)			
Assets quality indicators (%)						
Non-performing loan ratio	1.18	1.19	(0.01)	1.22	1.25	1.31
Provision coverage ratio	363.44	366.70	(3.26)	357.74	340.25	314.95
Provision-to-loan ratio	4.28	4.37	(0.09)	4.36	4.27	4.12
			Change (percentage point)			
Capital adequacy ratio indicators (%)						
Core Tier 1 capital adequacy ratio ⁽⁷⁾	14.24	13.53	0.71	13.10	12.47	11.96
Tier 1 capital adequacy ratio ⁽⁷⁾	14.93	14.24	0.69	13.84	12.98	11.97
Capital adequacy ratio ⁽⁷⁾	16.12	15.99	0.13	15.62	14.77	14.28
Total equity to total assets ratio	8.85	8.60	0.25	8.54	8.41	8.37
			Change (percentage point)			
Other indicators (%)						
Loan-to-deposit ratio	75.83	75.51	0.32	76.69	76.67	70.05

Financial Summary

Notes:

- (1) Calculated by dividing shareholders' equity attributable to ordinary shareholders of the Bank after the deduction of other equity instruments as at the end of the period by the total number of ordinary share capital as at the end of the period.
- (2) Calculated in accordance with the requirements of the "Rules on the Preparation and Submission of Information Disclosed by Companies that Offer Securities to the Public No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings Per Share" (Revision 2010) issued by CSRC.
- (3) Average return on total assets represents the net profit for the period (including profit attributable to non-controlling interests) as a percentage of the average balance of total assets as at the beginning and end of the period.
- (4) Calculated as the difference between the average yield on total interest-bearing assets and the average cost rate on total interest-bearing liabilities.
- (5) Calculated by dividing net interest income by average interest-bearing assets.
- (6) Calculated by dividing total operating expenses (excluding taxes and surcharges and other operating cost) by operating income.
- (7) As of the end of 2024, indicators were calculated in accordance with the "Regulation Governing Capital of Commercial Banks" (《商業銀行資本管理辦法》) and as of the end of 2020 to 2023, indicators were calculated in accordance with the "Regulation Governing Capital of Commercial Banks (Provisional)" (《商業銀行資本管理辦法(試行)》).

Basis of Preparation of Certain Financial Indicators

Under the IFRS Accounting Standards, the restructuring of the Bank was accounted for as an acquisition of the business from the 39 Rural Credit Unions and Chongqing Rural Credit Cooperative Union (the "CRCU") by the Bank on 27 June 2008 instead of merger accounting due to the fact that there were no same party or parties ultimately controlling the 39 Rural Credit Unions, CRCU and the Bank before and after the restructuring.

Management Discussion and Analysis

I. Overall Operating Analysis

In 2024, the Bank thoroughly practiced the political and people-oriented nature of financial work, earnestly implemented major national arrangements and regulatory requirements, firmly implemented the strategy of “anchoring the Bank with retail, propelling the Bank with technology and empowering the Bank with talents”, deepened the development system of “all-in-one four-wheel drive”, closely focused on the goal of “two stabilizations, two optimizations, two improvements”, strove to overcome difficulties, made proactive efforts, achieved robust and solid business development and continued to deepen the reform.

The overall assets size and development efficiency steadily improved. The assets size amounted to RMB1,515.382 billion, representing an increase of RMB73.86 billion as compared to the end of the previous year. The deposit balance amounted to RMB941.946 billion, representing an increase of RMB45.744 billion as compared to the end of the previous year. The loan balance amounted to RMB714.273 billion, representing an increase of RMB37.562 billion as compared to the end of the previous year. The scale of assets, deposits and loans ranked the first in Chongqing. The benefit indicators gradually picked up and improved. The operating income and net profits achieved RMB28.231 billion and RMB11.789 billion, representing a year-on-year increase of 0.98% and 5.97% respectively. The Bank effectively reduced the liability cost. The interest payment rate on deposits was 1.73%, representing a year-on-year decrease of 15 basis points. The Bank vigorously promoted cost reduction and efficiency improvement. The cost-to-income ratio reduced by 2.04 percentage points year-on-year. The return on net assets was 9.24%.

Transformation and upgrading with steady promotion of the reform and development. The Bank made new progress in digital transformation and created the “Grid Business Opportunity Marketing Platform” and the “Smart Cloud Grid Management Platform”, and the Bank signed contracts with 417 enterprises in respect of the treasurer system and provided services. The service of the “Chongqing Rural Assets Intelligent Management” digital intelligence system covered all agriculture-related districts and counties and all rural collective organizations. The Bank became the only pilot bank of the “Credit Information Sharing Platform for Capital Flow of Small and Medium-sized Enterprises” in Southwest China, and was one of the first batch of banks which were connected to the platform. The Bank ranked 14th in China and first in the central and western regions in the list of banking competitiveness published by Tsinghua Financial Review for the first time.

Made precise efforts and achieved results in serving the real economy. The Bank focused on the “five major areas” of finance, developed exclusive services, created specialized products and established dedicated institutions with expansion and increment of science and technology finance. The balance of the loans of technology enterprises amounted to RMB76.881 billion, and the balance of the loans of “specialized, refined, differential and innovational” enterprises amounted to RMB30.024 billion. The Bank centered on the green transformation of traditional industries and focused on the development of new energy, thereby achieving steady improvement and efficiency enhancement in green finance. The balance of the green loans amounted to RMB73.219 billion. The Bank adhered to supporting “agriculture, rural areas and farmers” and supporting small and micro businesses, vigorously developed “grid-based” services and deeply promoted inclusive finance. The balance of credit cards and consumer credit amounted to RMB149.179 billion. The Bank focused on medical care projects and enhanced and empowered pension finance. The scale of pension agency payment amounted to RMB40.823 billion, representing a year-on-year increase of RMB5.073 billion. The Bank strengthened technology empowerment and created the digital finance ecosystem. The scale of digital credit products was RMB156.720 billion and the number of mobile banking users exceeded 15,000 thousand.

Comprehensively consolidated risk prevention and control and internal management. The Bank made every effort to stabilize the asset quality. The non-performing loan ratio was 1.18%. Capital adequacy ratio and provision coverage ratio were 16.12% and 363.44%, respectively. The Bank improved the risk management mechanism, promoted the implementation of new risk classification regulations, and strengthened the management and control of the whole process of loans. The overdue loan ratio was 1.32%, representing a decrease of 0.10 percentage point as compared to the end of the previous year, and the “scissors difference” of overdue 60 days was controlled within 100%. The Bank closely monitored credit risk prevention and control. The Bank steadily disposed of large-value risky assets. The Bank built a digital risk control system, promoted the construction of the Yufeng System of Chongqing Rural Commercial Bank and completed the digital transformation of retail credit. The Bank strengthened case prevention and compliance management, promoted legal construction and conducted penetrating screening on employee behavior management. The Bank strengthened security work, strengthened the protection of consumers’ rights and interests and effectively built a safe and stable bottom line.

II. Financial Statements Analysis

(I) Income Statement Analysis

(Expressed in RMB million, unless otherwise stated)	2024	2023	Change in amount	Rate of change (%)
Net interest income	22,494.5	23,493.1	(998.6)	(4.25)
Net non-interest income	5,736.8	4,464.1	1,272.7	28.51
Among which: Net fee and Commission income	1,612.1	1,791.3	(179.2)	(10.00)
Net other non-interest income	4,124.7	2,672.8	1,451.9	54.32
Operating income	28,231.3	27,957.2	274.1	0.98
Operating expenses	(9,393.7)	(9,820.0)	426.3	(4.34)
Impairment losses on credit	(5,956.9)	(5,941.3)	(15.6)	0.26
Impairment losses on other assets	(63.3)	–	(63.3)	N/A
Profit before tax	12,817.4	12,195.9	621.5	5.10
Income tax expenses	(1,028.3)	(1,070.7)	42.4	(3.96)
Net profit	11,789.1	11,125.2	663.9	5.97

In 2024, the Group adhered to its market positioning, actively implemented major strategic deployment, solidly promoted the steady growth of various businesses and steadily improved operating efficiency. During the period, the Group recorded an operating income of RMB28.231 billion, representing a year-on-year increase of RMB274 million or 0.98% and recorded a net profit of RMB11.789 billion, representing a year-on-year increase of RMB664 million or 5.97%.

1. Net interest income

The following table sets forth, for the years indicated, the interest income, interest expense and net interest income of the Group:

(Expressed in RMB million, unless otherwise stated)	2024	2023	Change in amount	Rate of change (%)
Interest income	47,087.8	49,887.1	(2,799.3)	(5.61)
Interest expense	(24,593.3)	(26,394.0)	1,800.7	(6.82)
Net interest income	22,494.5	23,493.1	(998.6)	(4.25)

In 2024, the Group recorded a net interest income of RMB22.495 billion, representing a year-on-year decrease of RMB999 million or 4.25%.

Management Discussion and Analysis

(1) Interest income

In 2024, the interest income of the Group amounted to RMB47.088 billion, representing a year-on-year decrease of RMB2.799 billion or 5.61%, which was mainly due to the impact of decrease in market interest rates. The Group adhered to its main business, increased the release of loans, optimized the structure of interbank assets, and continued to maintain its competitive advantages. The details are as follows:

① Interest Income from Loans and Advances to Customers

The average balance, interest income and average yield for each component of loans and advances to customers of the Group are set forth as follows:

(Expressed in RMB million, unless otherwise stated)	2024			2023		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	348,692.8	14,471.7	4.15	321,547.0	14,302.5	4.45
General short-term loans	48,970.0	1,667.8	3.41	69,706.8	2,719.0	3.90
Medium and long-term loans	299,722.8	12,803.9	4.27	251,840.2	11,583.5	4.60
Retail loans	290,470.6	12,233.1	4.21	289,780.7	14,005.7	4.83
General short-term loans	114,364.6	4,724.8	4.13	132,836.2	6,629.7	4.99
Medium and long-term loans	176,106.0	7,508.3	4.26	156,944.5	7,376.0	4.70
Discounted bills	62,059.0	799.5	1.29	55,067.7	829.0	1.51
Total loans and advances to customers	701,222.4	27,504.3	3.92	666,395.4	29,137.2	4.37

The interest income from loans and advances to customers amounted to RMB27.504 billion, representing a year-on-year decrease of RMB1.633 billion or 5.60%. The Group increased its support for the real economy, resulting in a year-on-year increase of RMB34.827 billion in the average balance of loans and advances to customers. At the same time, the Group continuously reduced the financing cost of customers, resulting in the decrease in the average yield of loans and advances to customers.

② Interest Income from Financial Investments

The average balance, interest income and average yield for each component of financial investments of the Group are set forth as follows:

(Expressed in RMB million, unless otherwise stated)	2024			2023		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Financial assets measured at amortised cost	304,535.6	10,669.7	3.50	367,064.4	13,345.1	3.64
Financial assets measured at fair value through other comprehensive income	208,664.1	5,114.7	2.45	133,317.1	3,365.3	2.52
Total financial investments	513,199.7	15,784.4	3.08	500,381.5	16,710.4	3.34

In 2024, interest income from financial investments amounted to RMB15.784 billion, representing a year-on-year decrease of RMB926 million or 5.54%, which was due to the decline in the yield of the Group's financial investments as a result of the decrease in the interest rate of the capital market.

③ Interest Income from Balances with Central Bank

The Group's interest income from balances with Central Bank amounted to RMB773 million, representing a year-on-year decrease of RMB34 million or 4.20%, mainly due to the fact that the PBOC lowered the deposit reserve ratio, which resulted in the year-on-year decrease in the Group's average balance with Central Bank of RMB2.958 billion or 5.66%.

Management Discussion and Analysis

④ Interest Income from Due from Banks and Other Financial Institutions

The average balance, interest income and average yield for each component of due from banks and other financial institutions of the Group are set forth as follows:

(Expressed in RMB million, unless otherwise stated)	2024			2023		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Deposits and placements with banks and other financial institutions	108,941.5	2,547.0	2.34	101,970.6	2,594.4	2.54
Financial assets held under resale agreements	25,788.3	478.7	1.86	36,572.1	637.8	1.74
Total due from banks and other financial institutions	134,729.8	3,025.7	2.25	138,542.7	3,232.2	2.33

In 2024, the Group's interest income due from banks and other financial institutions amounted to RMB3.026 billion, representing a year-on-year decrease of RMB207 million or 6.39%, mainly due to the fact that the yield of the Group's amount due from banks and other financial institutions decreased based on the market condition and the Group adjusted the structure of interbank assets appropriately.

(2) Interest expense

In 2024, the interest expense of the Group was RMB24.593 billion, representing a year-on-year decrease of RMB1.801 billion or 6.82%, mainly due to the fact that the Group continued to strengthen the advantage of core liabilities while maintaining liquidity, increased the overall proportion of deposits with relatively lower costs and optimized the structure of interbank liabilities, resulting in a decrease in the cost rate of interest-bearing liabilities. The details are analyzed as follows:

① Interest Expense on Deposits from Customers

The average balance, interest expense and average cost rate for each component of deposits from customers of the Group are set forth as follows:

(Expressed in RMB million, unless otherwise stated)	2024			2023		
	Average balance	Interest expense	Average cost rate (%)	Average balance	Interest expense	Average cost rate (%)
Demand deposit	89,610.0	571.5	0.64	99,681.4	705.3	0.71
Time deposit	48,443.5	1,223.4	2.53	57,589.0	1,612.1	2.80
Subtotal corporate deposits	138,053.5	1,794.9	1.30	157,270.4	2,317.4	1.47
Demand deposit	145,960.9	255.2	0.17	139,953.3	296.4	0.21
Time deposit	638,637.3	13,904.6	2.18	585,615.2	14,025.1	2.39
Subtotal personal deposits	784,598.2	14,159.8	1.80	725,568.5	14,321.5	1.97
Total deposits from customers	<u>922,651.7</u>	<u>15,954.7</u>	<u>1.73</u>	<u>882,838.9</u>	<u>16,638.9</u>	<u>1.88</u>

In 2024, the interest expense on deposits from customers amounted to RMB15.955 billion, representing a year-on-year decrease of RMB684 million or 4.11%. The interest payment rate on deposits from customers was 1.73%, representing a year-on-year decrease of 15 basis points. The Group continuously increased the proportion of deposits, built a classification management system for deposit products, exploited the potential of customers and fully leveraged and expanded deposit advantages. The average daily scale of deposits from customers increased by RMB39.813 billion year-on-year and its deposit market share maintained its leading position. At the same time, the Group constantly made good efforts on management and control of the deposit structure, strengthened management and control of the scale of deposit products with relatively high costs, implemented differentiated pricing strategy and effectively reduced deposits cost.

② Interest Expense on Borrowings from Central Bank

In 2024, interest expense on borrowings from Central Bank amounted to RMB2.284 billion, representing a year-on-year increase of RMB95 million or 4.33%, mainly due to the fact that the Group actively sought funds from monetary policy tools such as re-loans and re-discounting.

Management Discussion and Analysis

③ Interest Expense on Due to Banks and Other Financial Institutions

The average balance, interest expense and average cost rate for each component of due to banks and other financial institutions of the Group are set forth as follows:

(Expressed in RMB million, unless otherwise stated)	2024			2023		
	Average balance	Interest expense	Average cost rate (%)	Average balance	Interest expense	Average cost rate (%)
Deposits and placements with banks and other financial institutions	84,242.0	1,910.3	2.27	111,611.3	2,659.7	2.38
Financial assets sold under repurchase agreements	68,792.5	1,232.1	1.79	64,817.2	1,153.3	1.78
Total amount due to banks and other financial institutions	153,034.5	3,142.4	2.05	176,428.5	3,813.0	2.16

In 2024, the Group's interest expense on due to banks and other financial institutions amounted to RMB3.142 billion, representing a year-on-year decrease of RMB671 million or 17.59%, mainly due to the fact that the Group optimized the liability structure, reduced the scale of interbank financing and lowered the cost of interbank liabilities.

④ Interest Expense on Issued Debt Securities

The average balance, interest expense and average cost rate for each component of issued debt securities of the Group are set forth as follows:

(Expressed in RMB million, unless otherwise stated)	2024			2023		
	Average balance	Interest expense	Average cost rate (%)	Average balance	Interest expense	Average cost rate (%)
Debt securities payable	17,502.9	554.0	3.17	21,074.8	727.0	3.45
Interbank deposit certificate	123,327.7	2,654.3	2.15	127,885.9	3,019.9	2.36
Total issued debt securities	140,830.6	3,208.3	2.28	148,960.7	3,746.9	2.52

Management Discussion and Analysis

In 2024, the interest expenses on issued debt securities of the Group amounted to RMB3.208 billion, representing a year-on-year decrease of RMB539 million or 14.37%. The Group strengthened its research and judgement on interest rate trends and continued to reduce its debt costs.

(3) Net interest spread and net interest margin

The table below sets forth, for the years indicated, the average balances of interest-bearing assets and interest-bearing liabilities of the Group, related interest income or interest expense and average yields (for assets) or average costs rate (for liabilities). The analysis below excludes the impact of lease liabilities on the interest expense and average balances.

(Expressed in RMB million, unless otherwise stated)	2024			2023		
	Average balance	Interest income/ expense	Average yield/ cost rate (%)	Average balance	Interest income/ expense	Average yield/ cost rate (%)
Assets						
Loans and advances to customers	701,222.4	27,504.3	3.92	666,395.4	29,137.2	4.37
Financial investment	513,199.7	15,784.4	3.08	500,381.5	16,710.4	3.34
Balances with Central Bank	49,269.7	773.4	1.57	52,227.2	807.3	1.55
Due from banks and other financial institutions	134,729.8	3,025.7	2.25	138,542.7	3,232.2	2.33
Total interest-bearing assets	1,398,421.6	47,087.8	3.37	1,357,546.8	49,887.1	3.67
Liabilities						
Deposits from customers	922,651.7	15,954.7	1.73	882,838.9	16,638.9	1.88
Borrowings from Central Bank	103,703.5	2,284.4	2.20	91,926.5	2,189.6	2.38
Due to banks and other financial institutions	153,034.5	3,142.4	2.05	176,428.5	3,813.0	2.16
Debt securities issued	140,830.6	3,208.3	2.28	148,960.7	3,746.9	2.52
Total interest-bearing liabilities	1,320,220.3	24,589.8	1.86	1,300,154.6	26,388.4	2.03
Net interest income		22,498.0			23,498.7	
Net interest spread⁽¹⁾			1.51%			1.64%
Net interest margin⁽¹⁾			1.61%			1.73%

Note: (1) Net interest spread refers to the difference between the average yield of interest-bearing assets and the average cost rate of interest-bearing liabilities. Net interest margin is the ratio of net interest income to the average balance of interest-earning assets.

Management Discussion and Analysis

In 2024, the Group's net interest spread was 1.51%, representing a year-on-year decrease of 13 basis points, and the net interest margin was 1.61%, representing a year-on-year decrease of 12 basis points. The decrease has narrowed as compared to the previous year. From the perspective of assets, the Group seized significant strategic opportunities, increased its support for real economy and achieved steady growth in the credit scale; enhanced the pricing capacity to achieve a balance development of loan volume and price; strengthened its research and judgement on the market to continuously increase the investment efficiency of financial assets. Due to the comprehensive impact of surrendering profits to the real economy, repricing of existing loans and decline in the interest rate of the capital market, the yield of assets declined. From the perspective of liabilities, the Group continued to leverage its deposit advantages, strengthened proactive management and control of deposit costs, flexibly optimized and adjusted its liability structure, promoted the continuous decrease in financing costs of liabilities and mitigated the impact from the decline of asset yields.

The following table sets forth the changes in the Group's interest income and interest expenses due to changes in volume and interest rate. Changes in volume are measured by the movement of the average balance, while changes in the interest rate are measured by the movement of the average interest rate:

(Expressed in RMB million, unless otherwise stated)	Volume factor	Interest rate factor	Changes in amount of interest income and expenses
Assets			
Loans and advances to customers	1,365.2	(2,998.1)	(1,632.9)
Financial investments	394.8	(1,320.8)	(926.0)
Balances with Central Bank	(46.4)	12.5	(33.9)
Due from banks and other financial institutions	(85.8)	(120.7)	(206.5)
Changes in interest income	<u>1,627.8</u>	<u>(4,427.1)</u>	<u>(2,799.3)</u>
Liabilities			
Deposits from customers	688.8	(1,373.0)	(684.2)
Borrowings from Central Bank	259.1	(164.3)	94.8
Due to banks and other financial institutions	(479.6)	(191.0)	(670.6)
Debt securities issued	(185.4)	(353.2)	(538.6)
Changes in interest expenses	<u>282.9</u>	<u>(2,081.5)</u>	<u>(1,798.6)</u>
Changes in net interest income	<u>1,344.9</u>	<u>(2,345.6)</u>	<u>(1,000.7)</u>

The year-on-year decrease in the net interest income was mainly due to the fact that the increase of RMB1.345 billion of net interest income was driven by the changes in the average balance of various assets and liabilities, and the decrease of RMB2.346 billion of net interest income was attributable to the changes in the average yield and the cost rate.

2. Net non-interest income

The Group strengthened the analysis, research and judgements on the market and seized the trading opportunities to enhance the contribution of non-interest income. In 2024, the net non-interest income amounted to RMB5.737 billion, representing a year-on-year increase of RMB1.273 billion or 28.51%, accounting for 20.32% of the operating income, representing a year-on-year increase of 4.35 percentage points.

(1) Net fee and commission income

The following table sets forth, for the years indicated, net fee and commission income of the Group:

(Expressed in RMB million, unless otherwise stated)	2024	2023	Change in amount	Rate of change (%)
Subtotal fee and commission income	1,976.4	2,235.9	(259.5)	(11.61)
Agency and fiduciary service fees	736.2	697.0	39.2	5.62
Wealth management fees	336.5	227.1	109.4	48.17
Bank card fees	293.9	556.7	(262.8)	(47.21)
Settlement and clearing fees	160.0	148.0	12.0	8.11
Others	449.8	607.1	(157.3)	(25.91)
Fee and commission expense	(364.3)	(444.6)	80.3	(18.06)
Total net fee and commission income	1,612.1	1,791.3	(179.2)	(10.00)

In 2024, the net fee and commission income of the Group amounted to RMB1.612 billion, representing a year-on-year decrease of RMB179 million or 10.00%. The net fee and commission income accounted for 5.71% of the operating income.

Agency and fiduciary service fees amounted to RMB736 million, representing a year-on-year increase of RMB39 million, which was mainly due to the fact that the Group promoted the development of investment banking business and the income from underwriting business fees increased.

Management Discussion and Analysis

Wealth management fees amounted to RMB337 million, representing a year-on-year increase of RMB109 million, which was mainly due to the fact that the wealth management market has rebounded, and the Group further strengthened the pricing management of wealth management products and the income from wealth management fees increased.

Bank card fees amounted to RMB294 million. The Group continued to innovate its merchant cooperation model, deeply cultivated grid operation, strengthened product research and development and customer maintenance and recorded a new high in the total number of merchant customers, further consolidating the foundation for business development.

Settlement and clearing fees amounted to RMB160 million, representing a year-on-year increase of RMB12 million, which mainly due to the fact that the Group established digital online settlement channels and broadened the sources of non-interest income, leading to the increase in fee income from online payment and settlement business.

Other fee and commission income amounted to RMB450 million. The Group adjusted its intermediate business based on market changes and the rates of some businesses declined.

(2) Other net non-interest income

The following table sets forth, for the years indicated, net other non-interest income of the Group:

(Expressed in RMB million, unless otherwise stated)	2024	2023	Change in amount	Rate of change (%)
Net trading gain	2,388.2	1,886.4	501.8	26.60
Net other business gain	302.6	474.5	(171.9)	(36.23)
Share of profits from associates	34.6	22.7	11.9	52.42
Net gain resulted from derecognition of financial assets at fair value through other comprehensive income	131.4	243.8	(112.4)	(46.10)
Net gain resulted from derecognition of financial assets measured at amortised cost	1,267.9	45.4	1,222.5	2,692.73
Total net other non-interest income	<u>4,124.7</u>	<u>2,672.8</u>	<u>1,451.9</u>	<u>54.32</u>

In 2024, the Group's other net non-interest income amounted to RMB4.125 billion, representing a year-on-year increase of RMB1.452 billion or 54.32%, which was mainly due to the fact that the Group reasonably arranged investment portfolios, strengthened research and judgment on the market, optimized transaction strategies, enriched investment varieties, seized the transaction opportunities and increased overall gains from financial assets.

3. Operating expenses

The following table sets forth, for the years indicated, the operating expenses of the Group:

(Expressed in RMB million, unless otherwise stated)	2024	2023	Change in amount	Rate of change (%)
Staff costs	5,532.9	5,734.7	(201.8)	(3.52)
Salaries, bonuses and allowances	3,890.1	3,934.5	(44.4)	(1.13)
Staff benefits, social insurance premiums and housing provident fund	1,432.9	1,400.0	32.9	2.35
Others	209.9	400.2	(190.3)	(47.55)
Taxes and surcharges	307.8	277.4	30.4	10.96
Depreciation and amortisation	796.1	803.2	(7.1)	(0.88)
Other general and administrative costs	2,675.5	2,951.2	(275.7)	(9.34)
Other operating cost	81.4	53.5	27.9	52.15
Total operating expenses	9,393.7	9,820.0	(426.3)	(4.34)

In 2024, the Group continued to improve its refined management level. The operating expenses amounted to RMB9.394 billion, representing a year-on-year decrease of RMB426 million or 4.34%.

(1) Staff Costs

Staff costs were the largest component of operating expenses of the Group, accounting for 58.90% and 58.40% of its total operating expenses for 2024 and 2023 respectively.

In 2024, staff costs amounted to RMB5.533 billion, representing a year-on-year decrease of RMB202 million or 3.52%. The Group optimized and adjusted the supplemental medical insurance plan, resulting in a corresponding decrease in staff actuarial costs.

(2) Taxes and Surcharges

Taxes and surcharges mainly relate to revenue generated from loans (interest income), transfer of securities and other financial products and services. In 2024, taxes and surcharges amounted to RMB308 million, which was mainly due to the increase in taxable income of the Group, leading to the increase in taxes including value-added taxes and surcharges.

(3) Depreciation and Amortization

In 2024, the depreciation and amortization amounted to RMB796 million, representing a year-on-year decrease of RMB7 million, which was basically stable.

(4) Other General and Administrative Expenses

In 2024, other general and administrative expenses amounted to RMB2.676 billion, representing a year-on-year decrease of RMB276 million or 9.34%. The Group actively optimized resource allocation, adopted the “four-step method” of cost reduction and efficiency increase, carried out cost operation analysis, formulated cost reduction measures, established a long-term mechanism, improved supervision and assessment and promote the implementation of cost reduction and efficiency improvement.

(5) Other Operating Cost

In 2024, the Group’s other operating cost amounted to RMB81 million, representing a year-on-year increase of RMB28 million, which was mainly due to the fact that the Group carried out operating lease business, resulting in the increase in operating lease cost.

4. Impairment loss

The following table sets forth, for the years indicated, the impairment loss of the Group:

(Expressed in RMB million, unless otherwise stated)	2024	2023	Change in amount	Rate of change (%)
Impairment loss on credit on loans and advances to customers	5,525.3	4,225.9	1,299.4	30.75
Impairment loss on credit on financial investments	394.1	1,071.9	(677.8)	(63.23)
Impairment losses on other credit	37.5	643.5	(606.0)	(94.17)
Impairment losses on other assets	63.3	–	63.3	N/A
Total impairment loss	6,020.2	5,941.3	78.9	1.33

In 2024, the Group's impairment losses amounted to RMB6.020 billion, representing a year-on-year increase of RMB79 million or 1.33%. Among which, the credit impairment losses on loans and advances to customers increased by RMB1.299 billion year-on-year, mainly due to the fact that the Group realized disposal and recovery of large-amount non-performing assets in the previous year and the basis of comparison of impairment loss on credit on loans and advances to customers is lower.

The credit impairment losses of financial investments decreased by RMB678 million year-on-year and impairment losses on other credit decreased by RMB606 million year-on-year, mainly due to the fact that the Group made forward-looking impairment provision for credit risk and the asset quality has improved steadily. The impairment losses of other assets increased by RMB63 million year-on-year, mainly due to the provision of impairment for operating lease assets of the Group.

Management Discussion and Analysis

5. Income tax expense

The following table sets forth the profit before tax and income tax expense of the Group for the years indicated:

(Expressed in RMB million, unless otherwise stated)	2024	2023	Change in amount	Rate of change (%)
Profit before tax	12,817.4	12,195.9	621.5	5.10
Tax calculated at applicable statutory tax rate	3,201.9	2,921.7	280.2	9.59
Add/(less) the tax effect of the following items:				
Non-deductible expenses	105.7	112.8	(7.1)	(6.29)
Deductible/Non-taxable income	(1,962.4)	(1,967.5)	5.1	(0.26)
Others	(316.9)	3.7	(320.6)	(8,664.86)
Income tax expense	1,028.3	1,070.7	(42.4)	(3.96)

In 2024, income tax expense amounted to RMB1.028 billion, representing a decrease of RMB42 million year-on-year. The effective income tax rate was 8.02%, which was mainly due to the following reasons: firstly, the Group continued to optimize the investment structure of its business and held certain statutory tax-exempt treasury bonds and local government bonds on the basis of balancing risks and returns, thereby reducing the effective income tax rate; secondly, due to the change in income tax rate of the Group's subsidiaries, the re-measurement of deferred income tax assets resulted in a decrease in income tax expenses.

(II) Analysis on Balance Sheet

1. Assets

The following table sets forth, as at the dates indicated, the composition of the Group's total assets:

(Expressed in RMB million, unless otherwise stated)	31 December 2024		31 December 2023		Change in amount	Rate of change (%)
	Amount	Percentage (%)	Amount	Percentage (%)		
Net loans and advances to customers	683,830.7	45.13	647,276.8	44.90	36,553.9	5.65
Carrying balance of loans and advances to customers	714,273.0	47.14	676,710.6	46.94	37,562.4	5.55
Allowances for impairment on loans and advances to customers ⁽¹⁾	(30,442.3)	(2.01)	(29,433.8)	(2.04)	(1,008.5)	3.43
Financial investments	628,003.1	41.44	598,782.9	41.53	29,220.2	4.88
Financial assets measured at fair value through profit and loss	84,554.8	5.58	110,775.0	7.68	(26,220.2)	(23.67)
Financial assets measured at fair value through other comprehensive income	246,200.3	16.25	166,235.8	11.53	79,964.5	48.10
Financial assets measured at amortised cost	297,248.0	19.61	321,772.1	22.32	(24,524.1)	(7.62)
Cash and balances with Central Bank	51,204.0	3.38	55,782.7	3.87	(4,578.7)	(8.21)
Deposits and placements with banks and other financial institutions	111,473.4	7.36	108,646.0	7.54	2,827.4	2.60
Financial assets held under resale agreements	20,937.3	1.38	11,451.8	0.79	9,485.5	82.83
Investment in associates	509.7	0.03	477.3	0.03	32.4	6.79
Goodwill	440.1	0.03	440.1	0.03	–	–
Other assets	18,983.5	1.25	18,664.5	1.31	319.0	1.71
Total Assets	1,515,381.8	100.00	1,441,522.1	100.00	73,859.7	5.12

Note:

- (1) Includes only the provision for impairment on loans and advances to customers measured at amortised cost.

Management Discussion and Analysis

As of the end of 2024, the Group's total assets amounted to RMB1,515.382 billion, representing an increase of RMB73.86 billion or 5.12% as compared to the end of the previous year. The increase in the asset size of the Group was mainly due to the increase in loans and advances to customers and financial investments with detailed analysis as below:

(1) Loans and Advances to Customers

The following table sets forth, as at the dates indicated, the composition of the Group's loans and advances to customers:

(Expressed in RMB million, unless otherwise stated)	31 December 2024		31 December 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate loans and advances	358,133.4	50.14	327,783.7	48.44
Short-term loans	52,027.6	7.28	47,453.4	7.01
Medium and long-term loans	306,105.8	42.86	280,330.3	41.43
Retail loans and advances	292,506.0	40.95	290,920.1	42.99
Personal business loans ⁽¹⁾	123,582.8	17.30	120,119.1	17.75
Personal mortgage loans ⁽²⁾	88,697.5	12.42	91,489.2	13.52
Other loans ⁽³⁾	80,225.7	11.23	79,311.8	11.72
Discounted bills	63,633.6	8.91	58,006.8	8.57
Total loans and advances to customers	714,273.0	100.00	676,710.6	100.00

Notes:

- (1) Personal business loans primarily consist of personal loans for business purposes and personal working capital loans.
- (2) Personal mortgage loans primarily consist of residential mortgage loans and commercial property mortgage loans.
- (3) Other loans primarily consist of individual consumption loans and credit card loans.

As of the end of 2024, the carrying balance of loans and advances to customers of the Group amounted to RMB714.273 billion, representing an increase of RMB37.562 billion, or 5.55% as compared to the end of the previous year. Loans and advances to customers accounted for 47.14% of the total assets, representing an increase of 0.20 percentage point as compared to the end of the previous year.

The gross amount of corporate loans and advances was RMB358.133 billion, representing an increase of RMB30.35 billion, or 9.26% as compared to the end of the previous year. Among which, short-term loans increased by RMB4.574 billion, and medium-and long-term loans increased by RMB25.776 billion. The Group made every effort on “five major areas” of finance, and seized new opportunities from major projects. The Company paid close attention to major projects in the construction of the Chengdu-Chongqing Economic Circle, integrated in the construction of the New International Land-Sea Corridor, focused on the “33618” modern manufacturing cluster system, and optimized the financial supply and enhanced its layout. The Group innovated investment and financing service model to promote the growth of green credit, introduced distinctive credit products to support the development and expansion of agricultural industry, and dedicated full efforts to serving rural revitalization.

Total retail loans and advances amounted to RMB292.506 billion, representing an increase of RMB1.586 billion or 0.55% over the end of the previous year. The Group centered on the strategic orientation of “anchoring the Bank with retail”, created distinctive service models, and continued to promote the high-quality development of inclusive finance.

Among which, total personal business loans amounted to RMB123.583 billion, representing an increase of RMB3.464 billion or 2.88% over the end of the previous year. The Group has established a grid-based distinctive service model, customized and launched distinctive products to precisely meet customer needs, applied financial technology and other technologies to streamline business processes, improved financing accessibility, and supported the development of personal business loans business in all aspects.

Total personal mortgage loans amounted to RMB88.698 billion, representing a decrease of RMB2.792 billion or 3.05% over the end of the previous year, mainly due to the major support for the local citizens’ reasonable financing requirement for owner-occupied houses.

Total other loans amounted to RMB80.226 billion, representing an increase of RMB914 million or 1.15% over the end of the previous year. The Group continued to improve the product system, enriched service scenarios, and enhanced the quality and efficiency of consumption finance services through fintech, resulting in a steady growth of the consumer loans.

Discounted bills amounted to RMB63.634 billion, representing an increase of RMB5.627 billion or 9.70% as compared to the end of the previous year, which was mainly attributable to the fact that the Group met the needs of enterprises for discounted financing based on the operating situation of the real economy.

Management Discussion and Analysis

The following table sets forth, as at the dates indicated, the composition of the Group's loans by industry classification:

(Expressed in RMB million, unless otherwise stated)	31 December 2024		31 December 2023	
	Loan amount	Percentage of total amount (%)	Loan amount	Percentage of total amount (%)
Corporate loans and advances	358,133.4	50.14	327,783.7	48.44
Leasing and commercial services	93,852.9	13.14	84,266.6	12.45
Manufacturing	76,096.3	10.65	65,672.4	9.70
Water conservancy, environment and public utility management	65,673.1	9.19	74,605.7	11.02
Transportation, warehousing and postal services	34,806.5	4.87	27,286.1	4.03
Production and supply of electricity, heating, gas and water	27,601.5	3.86	26,913.1	3.98
Wholesale and retail	21,350.0	2.99	17,242.5	2.55
Construction	11,911.1	1.67	9,444.6	1.40
Sanitation and social work	6,828.8	0.96	6,849.2	1.01
Real estate	4,422.4	0.62	3,458.1	0.51
Agriculture, forestry, animal husbandry, fishery	3,893.2	0.55	2,575.1	0.38
Others	11,697.6	1.64	9,470.3	1.41
Retail loans and advances	292,506.0	40.95	290,920.1	42.99
Discounted bills	63,633.6	8.91	58,006.8	8.57
Total loans and advances to customers	714,273.0	100.00	676,710.6	100.00

In 2024, the Group has solidly made efforts on the “five major areas” of finance, continuously optimized financial services and facilitated the development of local economy. As of the end of 2024, the balance of the Group's corporate loans invested in leasing and business service, manufacturing, water, environmental and public facilities management industries were RMB93.853 billion, RMB76.096 billion and RMB65.673 billion respectively, accounting for 13.14%, 10.65% and 9.19% of the Group's total loans and advances, respectively.

(2) Financial Investments

The following table sets forth, as at the dates indicated, the composition of the Group's financial investments:

(Expressed in RMB million, unless otherwise stated)	31 December 2024		31 December 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Financial assets measured at fair value through profit and loss	84,554.8	13.46	110,775.0	18.50
Financial assets measured at fair value through other comprehensive income	246,200.3	39.20	166,235.8	27.76
Financial assets measured at amortised cost	297,248.0	47.34	321,772.1	53.74
Total financial investments	628,003.1	100.00	598,782.9	100.00

The Group conducted in-depth research and judgment on the investment market, seized market opportunities, optimized investment structure, and reasonably arranged and made efforts on the multi-tiered financial product investment portfolio. As of the end of 2024, the financial investments amounted to RMB628.003 billion, representing an increase of RMB29.22 billion or 4.88% as compared to the end of the previous year. Among which, financial assets measured at fair value through profit and loss amounted to RMB84.555 billion, representing a decrease of RMB26.22 billion or 23.67% as compared to the end of the previous year; financial assets measured at amortised cost amounted to RMB297.248 billion, representing a decrease of RMB24.524 billion or 7.62% as compared to the end of the previous year; financial assets measured at fair value through other comprehensive income amounted to RMB246.20 billion, representing an increase of RMB79.965 billion or 48.10% as compared to the end of the previous year.

Management Discussion and Analysis

The following table sets forth, as at the dates indicated, the composition of the Group's financial investments by product type:

(Expressed in RMB million, unless otherwise stated)	31 December 2024		31 December 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Bonds investment	514,505.2	81.93	479,848.8	80.14
Fund	57,170.0	9.10	36,105.8	6.03
Interbank certificates of deposit	52,466.0	8.35	75,647.0	12.63
Others	3,861.9	0.62	7,181.3	1.20
Total financial investments	628,003.1	100.00	598,782.9	100.00

The following table sets forth, as at the dates indicated, the composition of the Group's bond investments by issuer:

(Expressed in RMB million, unless otherwise stated)	31 December 2024		31 December 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Government bonds	204,125.5	39.68	204,281.3	42.56
Public institutions and quasi-government bonds	156,884.8	30.49	139,089.6	28.99
Financial institution bonds	107,320.6	20.86	85,299.2	17.78
Corporate bonds	46,174.3	8.97	51,178.7	10.67
Total bonds investment	514,505.2	100.00	479,848.8	100.00

The Group optimized the structure of financial investment. As of the end of 2024, the public institutions and quasi-government bonds increased by RMB17.795 billion as compared to the end of the previous year and the financial institution bonds increased by RMB22.021 billion as compared to the end of the previous year.

(3) Cash and balances with Central Bank

As of the end of 2024, total cash and balances with the Central Bank of the Group amounted to RMB51.204 billion, representing a decrease of RMB4.579 billion or 8.21% as compared to the end of the previous year, which was mainly to the corresponding decrease in reserve deposits as a result of the lowering of deposit reserve ratio by the PBOC.

(4) Deposits and placements with banks and other financial institutions

As of the end of 2024, deposits and placements with banks and other financial institutions of the Group amounted to RMB111.473 billion, representing an increase of RMB2.827 billion or 2.60% as compared to the end of the previous year, which was mainly due to the fact that the Group rationally utilized funds and adjusted its asset structure based on its own business needs.

(5) Financial assets held under resale agreements

As of the end of 2024, financial assets held under resale agreements of the Group amounted to RMB20.937 billion, representing an increase of RMB9.486 billion or 82.83% as compared to the end of the previous year, which was mainly due to the fact that the Group adjusted its capital utilization structure after comprehensively taking into account the needs of asset-liability and liquidity management.

(6) Investment in associates

As of the end of 2024, the Group's investment in associates amounted to RMB510 million, representing an increase of RMB32 million or 6.79% as compared to the end of the previous year.

(7) Other assets

As of the end of 2024, other assets of the Group amounted to RMB18.984 billion, representing an increase of RMB319 million or 1.71% as compared to the end of the previous year. Other assets include fixed assets, deferred income tax assets, right-of-use assets, other receivables and foreclosed assets, etc. Among which, the Group's foreclosed assets was RMB255 million, and the balance of impairment allowances for foreclosed assets was RMB9 million. Foreclosed assets referred to that the Group may obtain the title of the collateral, through legal actions or voluntary delivery of the borrowers, as compensation for the losses on loans and advances and interest receivable, when recovering impaired loans and advances. Please refer to "Other Assets" under Notes to the Financial Statements for details.

Management Discussion and Analysis

2. Liabilities

The following table sets forth, as at the dates indicated, the composition of the Group's total liabilities:

(Expressed in RMB million, unless otherwise stated)	31 December 2024		31 December 2023		Change in amount	Rate of change (%)
	Amount	Percentage (%)	Amount	Percentage (%)		
Deposits from customers	941,946.2	68.19	896,202.2	68.02	45,744.0	5.10
Deposits and placements from banks and other financial institutions	64,597.5	4.68	107,264.2	8.14	(42,666.7)	(39.78)
Debt securities issued	171,657.5	12.43	119,579.4	9.08	52,078.1	43.55
Borrowings from Central Bank	103,007.6	7.46	107,161.7	8.13	(4,154.1)	(3.88)
Financial assets sold under repurchase agreements	71,937.7	5.21	63,309.7	4.80	8,628.0	13.63
Other liabilities	28,186.4	2.03	24,063.1	1.83	4,123.3	17.14
Total liabilities	1,381,332.9	100.00	1,317,580.3	100.00	63,752.6	4.84

As of the end of 2024, the total liabilities of the Group amounted to RMB1,381.333 billion, representing an increase of RMB63.753 billion or 4.84% as compared with the end of the previous year. Deposits from customers are the most core liabilities source of the Group. The increase in the scale of the Group's liabilities was mainly attributable to the increase in the deposits from customers with detailed analysis as below:

(1) Deposits from customers

The following table sets forth, as at the dates indicated, the composition of deposits from customers of the Group:

(Expressed in RMB million, unless otherwise stated)	31 December 2024		31 December 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Subtotal corporate deposits	129,601.7	13.76	141,843.0	15.83
Demand deposit	92,421.9	9.81	95,349.9	10.64
Time deposit	37,179.8	3.95	46,493.1	5.19
Subtotal personal deposits	808,536.7	85.84	747,178.0	83.37
Demand deposit	153,751.7	16.33	145,705.7	16.26
Time deposit	654,785.0	69.51	601,472.3	67.11
Pledged deposits	3,802.1	0.40	7,171.9	0.80
Other deposits	5.7	-	9.3	-
Total deposits from customers	941,946.2	100.00	896,202.2	100.00

As of the end of 2024, total deposits from customers amounted to RMB941.946 billion, representing an increase of RMB45.744 billion or 5.10% as compared to the end of the previous year. The Group leveraged its advantage of outlets, services and products, continued to build a classification management system, explored the potential of customers, resulting in steady growth in deposits from customers.

In terms of customer structure, corporate deposits amounted to RMB129.602 billion, representing a decrease of RMB12.241 billion or 8.63% over the end of the previous year, the percentage of deposits from customers recorded a decrease of 2.07 percentage points as compared to the end of the previous year; personal deposits amounted to RMB808.537 billion, representing an increase of RMB61.359 billion or 8.21% over the end of the previous year, the percentage of total deposits from customers recorded a further increase of 2.47 percentage points as compared to the end of the previous year.

In terms of term structure, the demand deposits amounted to RMB246.174 billion, representing an increase of RMB5.118 billion or 2.12% over the end of the previous year, and accounted for 26.14% of total deposits from customers. Time deposits amounted to RMB691.965 billion, representing an increase of RMB43.999 billion or 6.79% over the end of the previous year, with the proportion of total deposits from customers of 73.46%.

Management Discussion and Analysis

(2) Deposits and placements from banks and other financial institutions

As of the end of 2024, the Group's deposits and placements from banks and other financial institutions decreased by RMB42.667 billion or 39.78% as compared with the end of the previous year. The Group flexibly arranged interbank funds based on the market trend.

(3) Debt securities issued

As of the end of 2024, the Group's debt securities issued increased by RMB52.078 billion or 43.55% as compared with the end of the previous year, which was mainly due to the fact that the Group appropriately updated its active debt structure and financing structure and actively reduced the costs of debt financing. The Group has not issued any corporate bonds that are required to be disclosed in accordance with the requirements of the "Rules No. 2 on Contents and Format of Information Disclosure by Companies Publicly Issuing Securities – Contents and Format of Annual Report (Revision 2021)" and the "Administrative Measures on Information Disclosure of Corporate Credit Bonds". For details, please refer to "Debt securities issued" under Notes to the Financial Statements.

(4) Borrowings from Central Bank

As of the end of 2024, the Group's borrowings from Central Bank decreased by RMB4.154 billion or 3.88% as compared with the end of the previous year, which basically remained stable. The Group continued to proactively use the Central Bank's funds for monetary policy tools including re-loans in support of agriculture and micro and small enterprises, etc.

(5) Financial assets sold under repurchase agreements

As of the end of 2024, the financial assets sold under repurchase agreements of the Group increased by RMB8.628 billion or 13.63% as compared to the end of the previous year, mainly due to the adjustment of liabilities structure of the Group based on the market condition.

(6) Other liabilities

As of the end of 2024, other liabilities of the Group amounted to RMB28.186 billion, representing an increase of RMB4.123 billion or 17.14% as compared with the end of the previous year. Other liabilities include other payables, dividends payable, deferred income, etc.

(7) Liability quality analysis

The Group attached great importance to liability quality management and has established a liability quality management system corresponding to the scale and complexity of liabilities. It adhered to a steady and prudent strategy, continued to strengthen refined management of the total amount, structure and cost of liabilities, and promoted the high-quality development of liability business. The Bank adhered to the management and balanced development of volume and price of liabilities business, implemented quota management on deposits with high interest payment rate, fully leveraged the pricing guidance of FTP, adjusted and optimized deposit maturity structure, and promoted a steady decline in the interest-bearing rate of deposits. The Bank made proper arrangements for active liabilities, formulated the issuance plans for active liabilities such as inter-bank liabilities and financial liabilities on an annual basis, reasonably arranged monthly issuance scale and term structure, so as to meet the needs of liquidity management and business development. At the same time, the Bank strengthened the research and judgement on the trend of market interest rate and grasped the issuance frequency of active liabilities to effectively control the interest payment costs.

In 2024, the Group's liability business grew steadily, and the indicator related to liability quality indicators shown a sound performance. In particular, the net stable fund ratio of the Group was 130.73%, and the liquidity coverage ratio was 562.36%, both of which were better than the regulatory requirements and internal limit requirements. The interest-bearing liability cost ratio was 1.86%, representing a decrease of 17 basis points as compared with the end of the previous year.

Management Discussion and Analysis

3. Shareholders' Equity

The following table sets forth, as at the dates indicated, the composition of shareholders' equity of the Group:

(Expressed in RMB million, unless otherwise stated)	31 December 2024		31 December 2023		Change in amount	Rate of change (%)
	Amount	Percentage (%)	Amount	Percentage (%)		
Share capital	11,357.0	8.47	11,357.0	9.16	–	–
Other equity instruments	5,997.6	4.47	5,997.6	4.84	–	–
Capital reserve	20,892.6	15.59	20,895.1	16.86	(2.5)	(0.01)
Investment revaluation reserve	5,011.0	3.74	694.9	0.56	4,316.1	621.11
Actuarial change reserve	(863.5)	(0.64)	(719.3)	(0.58)	(144.2)	20.05
Surplus reserve	15,872.2	11.84	14,822.2	11.96	1,050.0	7.08
General risk reserve	20,379.7	15.20	19,117.7	15.42	1,262.0	6.60
Retained earnings	53,487.1	39.90	50,008.6	40.35	3,478.5	6.96
Equity attributable to						
shareholders of the Bank	132,133.7	98.57	122,173.8	98.57	9,959.9	8.15
Non-controlling interests	1,915.2	1.43	1,768.0	1.43	147.2	8.33
Total shareholders' equity	134,048.9	100.00	123,941.8	100.00	10,107.1	8.15

As of the end of 2024, total equity of the Group amounted to RMB134.049 billion, representing an increase of RMB10.107 billion as compared to the end of the previous year, mainly attributable to the increase in investment revaluation reserve and retained earnings. In particular, investment revaluation reserve increased by RMB4.316 billion as compared to the end of the previous year, mainly due to the changes in the fair value of financial assets measured at fair value through other comprehensive income invested by the Group; general risk reserve increased by RMB1.262 billion as compared to the end of the previous year, mainly due to provision with an amount of 1.5% of the balance of risk assets at the end of the previous year.

4. Off-Balance-Sheet Items

As of the end of 2024, off-balance-sheet items of the Group mainly include unused credit card limit, acceptances, letters of guarantee issued and letters of credit issued, and their respective balances amounted to RMB28.583 billion, RMB6.539 billion, RMB1.441 billion and RMB1.048 billion, respectively. All the Group's capital expenditure commitments which have been approved but were unnecessary to be presented on the balance sheet were approved but not contracted or unfulfilled contracts with amount of RMB430 million. The operating lease commitments of the Group that are not included in the measurement of lease liabilities were not significant.

(III) Cash Flows Statement Analysis

The following table sets forth, for the years indicated, the Group's cash flow statement:

(Expressed in RMB million, unless otherwise stated)	2024	2023
Net cash flow from operating activities	4,597.5	39,459.4
Net cash flow from investing activities	(53,098.1)	30,839.5
Net cash flow from financing activities	45,251.3	(58,624.6)

Net cash inflows from operating activities amounted to RMB4.598 billion, representing a year-on-year decrease of RMB34.862 billion, among which, the cash inflow was RMB104.018 billion, representing a year-on-year decrease of RMB62.582 billion, mainly due to a year-on-year decrease in the net increase in the deposits from customers and deposits from banks and other financial institutions; and the cash outflow was RMB99.421 billion, representing a year-on-year decrease of RMB27.720 billion, mainly due to a year-on-year decrease in the net increase in financial assets held for trading purpose.

Net cash outflow from investing activities amounted to RMB53.098 billion, while the net cash inflow amounted to RMB30.840 billion in the previous year. In particular, cash inflow amounted to RMB278.980 billion, representing a year-on-year decrease of RMB34.319 billion, which was mainly due to the decrease in cash received from recovery of investments; cash outflow amounted to RMB332.078 billion, representing a year-on-year increase of RMB49.619 billion, which was mainly due to the increase in cash payments on investments.

Net cash inflow from financing activities amounted to RMB45.251 billion, while the net cash outflow amounted to RMB58.625 billion in the previous year. In particular, cash inflow amounted to RMB294.183 billion, representing a year-on-year increase of RMB59.207 billion, which was mainly due to the increase in the cash received from the issuance of debt bonds by the Group; cash outflow amounted to RMB248.932 billion, representing a year-on-year decrease of RMB44.669 billion, which was mainly due to the decrease in the cash paid for repayment of debt bonds.

III. Loan Quality Analysis

(I) Breakdown of Loans by the five-category classification

The following table sets forth, as at the dates indicated, the distribution of the Group's loans by the five-category loan classification under which NPLs include those classified into substandard, doubtful and loss categories:

(Expressed in RMB million, unless otherwise stated)	31 December 2024		31 December 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Normal	695,406.9	97.36	660,952.9	97.67
Special mention	10,446.2	1.46	7,698.5	1.14
Substandard	3,625.7	0.51	3,527.7	0.52
Doubtful	3,581.0	0.50	3,750.1	0.55
Loss	1,213.2	0.17	781.4	0.12
Total loans and advances to customers	714,273.0	100.00	676,710.6	100.00
Balance of NPLs	8,419.9		8,059.2	
NPL ratio (%)		1.18		1.19

In 2024, the Group adhered to the principle of prudent classification, continuously monitored and controlled the asset quality, further intensified efforts on the recovery and disposal of non-performing assets and comprehensively consolidated the asset quality. As of the end of 2024, balance of NPLs of the Group was RMB8.420 billion, representing an increase of RMB361 million as compared to that of the end of the previous year. The NPL ratio was 1.18%, representing a decrease of 0.01 percentage point as compared to that of the end of the previous year. Among which, the balance of NPLs of urban area and the balance of NPLs of county area accounted for 60.83% and 39.17% of the Group, respectively.

(II) Concentration of Loans

1. Concentration by industry and distribution of NPL

The following table sets forth, as at the dates indicated, the loans and non-performing loans by industry:

(Expressed in RMB million, unless otherwise stated)	31 December 2024				31 December 2023			
	Loan amount	Percentage (%)	Non- performing loan amount	Non- performing loan ratio (%)	Loan amount	Percentage (%)	Non- performing loan amount	Non- performing loan ratio (%)
Corporate loans and advances	358,133.4	50.14	3,732.9	1.04	327,783.7	48.44	3,395.7	1.04
Manufacturing	76,096.3	10.65	1,117.9	1.47	65,672.4	9.70	592.7	0.90
Production and supply of electricity, heating, gas and water	27,601.5	3.86	10.5	0.04	26,913.1	3.98	247.1	0.92
Real estate	4,422.4	0.62	-	-	3,458.1	0.51	320.6	9.27
Leasing and commercial services	93,852.9	13.14	629.5	0.67	84,266.6	12.45	302.8	0.36
Water conservancy, environment and public utility management	65,673.1	9.19	236.0	0.36	74,605.7	11.02	406.3	0.54
Construction	11,911.1	1.67	248.2	2.08	9,444.6	1.40	65.7	0.70
Wholesale and retail	21,350.0	2.99	543.4	2.55	17,242.5	2.55	498.7	2.89
Others	57,226.1	8.02	947.4	1.66	46,180.7	6.83	961.8	2.08
Retail loans and advances	292,506.0	40.95	4,686.0	1.60	290,920.1	42.99	4,662.5	1.60
Discounted bills	63,633.6	8.91	1.0	0.00	58,006.8	8.57	1.0	0.00
Total loans and advances to customers	714,273.0	100.00	8,419.9	1.18	676,710.6	100.00	8,059.2	1.19

Since 2024, the Group has fully researched and judged regulatory policies, strictly implemented the guidelines on credit supply, strictly controlled credit access, strengthened post-loan management, and continuously strengthened the risk monitoring of customers in key fields and the key industry. As of the end of 2024, the non-performing loan ratio of corporate loans and retail loans of the Group remained unchanged as compared to the previous year. However, the traditional manufacturing industry was affected by factors such as market competition and declining demand, which had a certain impact on the Group's asset quality control.

Management Discussion and Analysis

2. Concentration of borrowers

As of the end of 2024, the Group's total loans to its largest single borrower accounted for 3.20% of its net capital and total loans to its top ten clients accounted for 22.83% of its net capital. All the Group's loans to top ten largest single borrowers were not NPLs as of the end of 2024.

(1) Indicators of concentration

Major Regulatory Indicators (%)	Regulatory standard	31 December 2024	31 December 2023	31 December 2022
Percentage of the loans to largest single client to the net capital	≤10	3.20	3.72	3.21
Percentage of the loans to single group client to the net capital	≤15	6.75	6.29	6.73
Percentage of the loans to top ten clients to the net capital	-	22.83	22.98	22.37

(2) Top ten largest single borrowers

(Expressed in RMB million, unless otherwise stated)		31 December 2024	
Industry		Amount	Percentage of total loans and advances (%)
Client A	Water conservancy, environment and public utility management	4,576.8	0.64
Client B	Transportation, warehousing and postal services	4,462.7	0.62
Client C	Leasing and commercial service	3,752.9	0.53
Client D	Leasing and commercial service	3,236.6	0.45
Client E	Leasing and commercial service	3,029.2	0.42
Client F	Manufacturing	3,003.0	0.42
Client G	Production and supply of electricity, heating, gas and water	2,741.7	0.38
Client H	Leasing and commercial service	2,735.1	0.38
Client I	Leasing and commercial service	2,726.9	0.38
Client J	Leasing and commercial service	2,411.9	0.34

(III) Distribution of Loans and NPLs by Product Type

The following table sets forth, for the dates indicated, the loans and NPLs of the Group by product type:

(Expressed in RMB million, unless otherwise stated)	31 December 2024			31 December 2023		
	Loan amount	Non- performing loan amount	Non- performing loan ratio (%)	Loan amount	Non- performing loan amount	Non- performing loan ratio (%)
Corporate loans and advances	358,133.4	3,732.9	1.04	327,783.7	3,395.7	1.04
Short-term loans	52,027.6	1,013.1	1.95	47,453.4	957.0	2.02
Medium and long-term loans	306,105.8	2,719.8	0.89	280,330.3	2,438.7	0.87
Retail loans and advances	292,506.0	4,686.0	1.60	290,920.1	4,662.5	1.60
Personal mortgage loans	88,697.5	1,018.5	1.15	91,489.2	1,019.8	1.11
Personal business and re-employment loans	123,582.8	2,059.0	1.67	120,119.1	2,464.1	2.05
Other loans	80,225.7	1,608.5	2.00	79,311.8	1,178.6	1.49
Discounted bills	63,633.6	1.0	0.00	58,006.8	1.0	0.00
Total loans and advances to customers	714,273.0	8,419.9	1.18	676,710.6	8,059.2	1.19

As of the end of 2024, the non-performing ratio of corporate loans and retail loans of the Group remained stable as compared with the end of the previous year.

(IV) Restructured Loans and Advances to Customers

The following table sets forth, for the dates indicated, the Group's restructured loans and advances to customers:

(Expressed in RMB million, unless otherwise stated)	31 December 2024		31 December 2023	
	Amount	Percentage of the total amount of loans and advances (%)	Amount	Percentage of the total amount of loans and advances (%)
Restructured loans and advances to customers	3,631.0	0.51	614.5	0.09

(V) Overdue Loans and Advances to Customers

The following table sets forth, for the dates indicated, the aging analysis of the Group's overdue loans and advances to customers:

(Expressed in RMB million, unless otherwise stated)	31 December 2024		31 December 2023	
	Amount	Percentage of the total amount of loans and advances (%)	Amount	Percentage of the total amount of loans and advances (%)
Overdue within 3 months	2,991.3	0.42	3,312.8	0.49
Overdue for 3 months to 1 year	3,743.3	0.52	3,167.5	0.47
Overdue for over 1 year and within 3 years	1,943.2	0.27	2,509.9	0.37
Overdue for more than 3 years	773.7	0.11	613.9	0.09
Total overdue loans and advances to customers	9,451.5	1.32	9,604.1	1.42

As of the end of 2024, the total overdue loans of the Group amounted to RMB9.452 billion, representing a decrease of RMB152 million from the end of the previous year; overdue loans accounted for 1.32%, representing a decrease of 0.10 percentage point from the end of the previous year.

(VI) Changes in Provision for Loans Impairment

The following table sets forth, for the periods indicated, the changes in the Group's provision for loans impairment:

(Expressed in RMB million, unless otherwise stated)	Stage 1	Stage 2	Stage 3	Total
Balance as at 31 December 2023	17,125.5	5,416.4	6,891.9	29,433.8
Transfer:				
To stage 1	1,586.0	(1,135.4)	(450.6)	-
To stage 2	(324.7)	564.2	(239.5)	-
To stage 3	(443.9)	(1,258.5)	1,702.4	-
Provision for the period	(12.3)	1,692.1	3,805.4	5,485.2
Write-off and others for the period	-	-	(5,805.2)	(5,805.2)
Recovery of loans written-off for the period	-	-	1,328.5	1,328.5
Balance as at 31 December 2024	17,930.6	5,278.8	7,232.9	30,442.3

(VII) Distribution of Loans by Type of Collateral

The following table sets forth, for the dates indicated, the Group's distribution of loans and advances to customers by type of collateral:

(Expressed in RMB million, unless otherwise stated)	31 December 2024		31 December 2023	
	Amount	Percentage of the total amount of loans and advances (%)	Amount	Percentage of the total amount of loans and advances (%)
Credit loans	158,929.8	22.26	134,003.1	19.80
Guaranteed loans	183,530.0	25.69	177,830.1	26.28
Collateralised loans	260,280.2	36.44	256,972.4	37.97
Pledged loans	111,533.0	15.61	107,905.0	15.95
Total loans and advances to customers	714,273.0	100.00	676,710.6	100.00

(VIII) Loan Migration Ratios

Items (%)	31 December 2024	31 December 2023	31 December 2022
Migration ratios of normal loans	1.73	1.43	1.54
Migration ratios of special-mentioned loans	31.39	26.60	38.49
Migration ratios of substandard loans	41.55	51.25	29.81
Migration ratios of doubtful loans	19.75	16.98	2.77

Loan migration ratio is calculated according to 1104 statement of the National Financial Regulatory Administration and is the data of the Group.

IV. Capital Management

The Group implemented comprehensive capital management, including the formulation of capital management policies, capital planning, capital adequacy ratio management plans, capital measurement, internal capital adequacy assessment, capital allocation and capital assessment management. The goal of the Group's capital management is to mainly accumulate internal capital, with external capital as supplement, to effectively balance capital supply and demand, to strengthen capital restrictions and guidance to the business, so as to maintain a capital level that is in excess of the regulatory minimum, and to reserve capital buffers as risk absorber for ensuring a more resilient financial system.

The Group has comprehensively complied with the requirements of the Regulation Governing Capital of Commercial Banks, consolidated the foundation of capital management systems, formulated the Capital Planning for 2024-2026, set planning target values for capital adequacy ratios at each tier and developed an internal and external capital replenishment plan with a focus on endogenous replenishment supplemented by exogenous sources. The Group formulated the 2024 Capital Adequacy Ratio Management Plan, implemented a risk-weighted asset limit management and dynamic adjustment mechanism, and developed business with capital constraints as the guidance to ensure that the capital tolerance threshold is not exceeded. The Group coordinated and promoted the construction of the second pillar and established an Internal Capital Adequacy Assessment Process (ICAAP). The Group conducted an internal capital adequacy assessment annually. By identifying and assessing the primary risks, the assessment scores of primary risks are aggregated to form an overall risk assessment score. The interpolation method was used to convert the overall risk assessment score into capital surcharge. The Group prepared for potential capital shortfalls in combination with stress tests results and through capital planning. The Group formulated capital cost assessment mechanism, allocated capital cost quarterly based on business objectives, enhanced assessment guidance, strengthened the concept of capital constraint and incentivized institutions to focus on input and output to enhance value returns.

In 2024, the Group continued to promote the refinement of capital management, implemented the capital planning and capital adequacy ratio management plan, rationally arranged risk-weighted asset limits, adjusted business structure, improved capital utilization efficiency, maintained continuous growth of capital, further consolidated capital strength of the Bank, and constantly enhanced the capability for serving real economy. During the year, various capital indicators performed well, providing a strong guarantee for the Group's stable business development and strategic implementation.

(I) Capital Adequacy Ratio

Since 2024, the Group has calculated the core tier 1 capital adequacy ratios, tier 1 capital adequacy ratios, and capital adequacy ratios in accordance with the Regulation Governing Capital of Commercial Banks and relevant provisions, among which, the credit risk was measured at weight method, the market risk was measured at simplified standard method and the operational risk was measured at standard method. The calculation range of capital adequacy ratio includes all branches of the Bank, its subsidiary village and township banks, CQRC Financial Leasing and CQRC Wealth Management.

As at the end of 2024, the Group's capital adequacy ratio was 16.12%, representing an increase of 0.13 percentage point from the end of the previous year; the core tier 1 capital adequacy ratio and the tier 1 capital adequacy ratio were 14.24% and 14.93%, respectively, representing an increase of 0.71 percentage point and 0.69 percentage point respectively from the end of the previous year. In 2024, the Regulation Governing Capital of Commercial Banks was officially implemented, which comprehensively restructured the risk-weighted asset measurement framework. The growth rate of the Group's risk-weighted assets declined year-on-year. The core tier 1 capital adequacy ratio, the tier 1 capital adequacy ratio and the capital adequacy ratio increased from the end of the previous year.

The following table sets forth the Group's and the Bank's capital adequacy ratio at each tier as at the end of 2024 calculated in accordance with the Regulation Governing Capital of Commercial Banks and the calculation of capital adequacy ratio at each tier as at the end of 2023 in accordance with the Regulation Governing Capital of Commercial Banks (Provisional).

Calculation results of capital adequacy ratio of the Group and the Bank

(Expressed in RMB million, unless otherwise stated)	31 December 2024		31 December 2023	
	The Group	The Bank	The Group	The Bank
Core tier 1 capital, net	126,455.9	112,123.4	116,457.3	104,057.3
Net tier 1 capital	132,591.9	118,121.1	122,587.9	110,054.9
Net capital	143,120.0	127,600.0	137,660.4	124,143.1
Risk-weighted assets	888,052.6	820,287.5	860,884.9	796,915.7
Include: Credit risk				
weighted assets	830,354.1	767,797.8	794,324.4	736,145.7
Market risk				
weighted assets	5,924.0	5,923.9	11,692.8	10,523.5
Operational risk				
weighted assets	51,774.5	46,565.8	54,867.7	50,246.5
Core tier 1 capital adequacy ratio (%)	14.24	13.67	13.53	13.06
Tier 1 capital adequacy ratio (%)	14.93	14.40	14.24	13.81
Capital adequacy ratio (%)	16.12	15.56	15.99	15.58

Management Discussion and Analysis

Capital Adequacy Ratio of the Group

(Expressed in RMB million, unless otherwise stated)	31 December 2024	31 December 2023
Core tier 1 capital	127,174.0	117,173.6
Portion of paid-in capital that may be included	11,357.0	11,357.0
Portion of capital reserve that may be included	20,892.6	20,895.1
Surplus reserve and general risk reserve	36,251.9	33,939.9
Retained earnings	53,487.1	50,008.6
Non-controlling interests	1,037.9	997.4
Others	4,147.5	(24.4)
Core tier 1 capital deductible items	(718.1)	(716.3)
Goodwill, net of relevant deferred tax liabilities	(440.1)	(440.1)
Other intangible assets (excluding land use rights), net of relevant deferred tax liabilities	(283.2)	(284.0)
Total of others that should be deducted from core tier 1 capital	5.2	7.8
Core tier 1 capital, net	126,455.9	116,457.3
Other tier 1 capital	6,136.0	6,130.6
Undated capital bonds	5,997.6	5,997.6
Non-controlling interests	138.4	133.0
Net tier 1 capital	132,591.9	122,587.9
Tier 2 capital	10,528.1	15,072.5
Tier 2 capital instruments and related premium that may be included	–	5,000.0
Excessive loss allowances	10,251.3	9,806.5
Non-controlling interests	276.8	266.0
Net capital	143,120.0	137,660.4
Total risk-weighted assets	888,052.6	860,884.9
Core tier 1 capital adequacy ratio (%)	14.24	13.53
Tier 1 capital adequacy ratio (%)	14.93	14.24
Capital adequacy ratio (%)	16.12	15.99

The following table sets forth the credit risk exposure as at the end of 2024 as measured by credit risk weighting method calculated in accordance with the Regulation Governing Capital of Commercial Banks and the credit risk exposure as at the end of 2023 in accordance with the Regulation Governing Capital of Commercial Banks (Provisional).

(Expressed in RMB million, unless otherwise stated)	31 December 2024		31 December 2023	
	Risk exposure	Unmitigated risk exposure	Risk exposure	Unmitigated risk exposure
On-balance sheet credit risk	1,503,484.9	1,461,019.5	1,370,980.6	1,340,003.1
Off-balance sheet credit risk	48,854.1	26,837.7	19,972.7	12,393.3
Counterparty credit risk	1,509.7	1,509.7	20,989.7	20,989.7
Total	1,553,848.7	1,489,366.9	1,411,943.0	1,373,386.1

(II) Leverage Ratio

As at the end of 2024, the Group's leverage ratio was 8.48%, representing an increase of 0.08 percentage point from the end of the previous year, mainly because the growth rate of net tier 1 capital was higher than the growth rate of on-balance sheet and off-balance sheet assets.

The following table sets out Group's leverage ratio as at the end of 2024 calculated in accordance with the Regulation Governing Capital of Commercial Banks and the calculation of the leverage ratio as at the end of 2023 in accordance with the Regulation Governing Capital of Commercial Banks (Provisional).

(Expressed in RMB million, unless otherwise stated)	31 December 2024	31 December 2023
Tier 1 capital, net	132,591.9	122,587.9
The balance of assets on and off-balance sheet after adjustments	1,563,557.2	1,459,669.7
Leverage ratio (%)	8.48	8.40

According to the requirements of the Regulation Governing Capital of Commercial Banks, more details of the regulatory consolidation, key prudential regulatory indicators, the main characteristics of the capital instrument and the leverage ratio of the Reporting Period will be further disclosed in the "investor relations – capital supervision" column on the website of the Bank (www.cqrcb.com).

V. Segment Information

(I) Summary of Geographical Segment

(Expressed in percentage)	31 December 2024		31 December 2023	
	County Area	Urban Area	County Area	Urban Area
Deposits	73.53	26.47	72.18	27.82
Loans	48.38	51.62	49.30	50.70
Assets	52.77	47.23	51.93	48.07
Deposit-loan ratio	49.89	147.87	51.57	137.62

In 2024, the Group's deposits in county area accounted for 73.53%, an increase of 1.35 percentage points over the end of the previous year. The loans in county area accounted for 48.38%, a decrease of 0.92 percentage point over the end of the previous year, and the assets in county area accounted for 52.77%, an increase of 0.84 percentage point over the end of the previous year; county-level deposit to loan ratio was 49.89%, a decrease of 1.68 percentage points over the end of the previous year. Taking root in Chongqing, the Group deeply cultivates the rural economy, continuously increases the loans, insists on improving the county's financial service capabilities, and supports the development of county economy.

(II) Summary of Business Segment

(Expressed in RMB million, unless otherwise stated)	2024		2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate banking business	8,633.8	30.58	9,165.6	32.79
Retail banking business	11,832.4	41.92	12,337.4	44.13
Financial market business	7,699.2	27.27	6,406.0	22.91
Unallocated	65.9	0.23	48.2	0.17
Total operating income	28,231.3	100.00	27,957.2	100.00

In 2024, the Group's operating income of corporate banking business was RMB8.634 billion, accounting for 30.58%, representing a year-on-year decrease of 2.21 percentage points; operating income of retail banking business was RMB11.832 billion, accounting for 41.92%, representing a year-on-year decrease of 2.21 percentage points; operating income of financial market business was RMB7.699 billion, accounting for 27.27%, representing a year-on-year increase of 4.36 percentage points. In recent years, the Bank has been adhering to the strategy of "anchoring the Bank with retail, propelling the Bank with technology and empowering the Bank with talents", served real economy and continuously focused on the development of retail banking business. The retail business continued to maintain a leading position in the local market share.

VI. Business Overview

(I) Inclusive Finance Business

1. *Personal Deposit and Loan Business*

Personal deposit business. The Bank continued to build a “functional, characteristic and scenario-based” deposit product classification management system, optimized the deposit structure, tapped the deposit potential and contribution of key customer groups, and created characteristic deposit products for merchant customers, customers for social security pension agency payment services, payroll agency payment customers and key festivals to enhance the customers’ sense of exclusivity and inject strong momentum into precision marketing. As at the end of 2024, the balance of personal deposits amounted to RMB808.537 billion, representing an increase of RMB61.359 billion or 8.21% over the end of the previous year. Total personal deposits and increment market share ranked the first in Chongqing. The interest payment rate of personal deposits was 1.80%, representing a year-on-year decrease of 17 basis points.

Personal loan business. The Bank successfully promoted the restructuring of pledged fast loan products, effectively promoting the coordinated development of deposit and loan businesses. The Bank added “Yukuai Zhenhao Loan” with a term of three years and with interest paid first and principal paid later as well as with a term of five years and with interest paid first and principal paid later, and took various measures to promote the development of retail loan business. The loan balance of the hit product, “Yukuai Zhenhao Loan”, amounted to RMB24.193 billion, representing an increase of RMB6.36 billion as compared to the end of the previous year.

2. *Bank Card Business*

Debit card business. The Bank has continuously improved the “Jiangyu” branded debit card product system, continuously improved the functions of products, enriched industry collaboration scenarios and promoted the steady growth of debit card business. As of the end of 2024, the total number of debit cards issued by the Group reached 30,482.3 thousand, representing a net increase of 1,010 thousand compared to the end of the previous year. Among which, the number of nostalgia series of debit cards issued with the function of subsidizing offsite remittance fees reached 12,571.1 thousand. A total of 446.9 thousand Jiangyu Growth Cards were issued, representing a net increase of 15.4 thousand compared to the end of the previous year.

Credit card business. The Bank added the function of online credit card application for pure new customers, realizing online self-service credit card application for all customers. The Bank implemented the first “head office-head office” installment product for new energy vehicles- Xiaomi Auto Project, becoming the first local corporate bank among the official partners of Xiaomi Automobile Finance Service. The Bank created a “one district/county, one characteristic” credit card use scenario, collaborated with local government authorities, well-known shopping areas and merchants to carry out credit card marketing activities with local characteristics around food, shopping, car washing and other scenarios, and made efforts to improve the credit balance in multiple dimensions. In 2024, the Bank issued 105,100 new credit cards and increased 80,100 customers, with a net increase of RMB1.674 billion in credit balance.

Merchant business. The Bank cooperated with Chongqing Yuyin Financial Technology Co., Ltd. to launch a Yukuai intelligent cashiering product, providing a one-stop solution to solve the pain points of the “payment + digital solution” needs of supermarkets and the catering industry. The Bank introduced a system service provider in the merchant industry, and strengthened the role of tapping the value of merchants’ traffic for acquiring and revitalizing customers. The Bank deeply cultivated grid operation, and strengthened the research and development of industry system products and promoted the actual and careful maintenance of customer relationships in accordance with two paths, i.e. vertical industry scenario and regional grid scenario. In 2024, the total number of merchant customers exceeded 1 million for the first time, and the Bank created 903 merchant grid scenarios and established cooperative relationships with 65 system service providers. The average daily balance of merchants AUM+LUM was RMB155.145 billion, representing a net increase of RMB13.006 billion or 9.15% as compared to the end of the previous year.

3. *Wealth Management Business*

Continue to optimize customer structure. The number of VIP customers recorded a net increase of 230 thousand as compared to the end of the previous year, representing an additional increase of 11 thousand on a year-on-year basis. The AUM per account increased by RMB5000. The proportion of the operating income from individual VIP customers to the operating income from all individual customers increased by 2.79 percentage points. The number of high-net-worth customers (diamond or above grade) exceeded 100 thousand, representing a net increase of more than 10,000 or 11.05% as compared to the end of the previous year; the average daily balance of AUM amounted to RMB123.154 billion, representing a net increase of RMB15.618 billion or 14.52% as compared to the end of the previous year. The number of active customers of wealth management products reached 554 thousand, representing an increase of 2,900 as compared to the end of the previous year.

Continue to enrich wealth management products. In 2024, the Bank launched 35 new agency insurance products, 82 new precious metal products and 26 new fund products to effectively meet the financial needs of customer groups with different risks. Among which, two customized initial agency fund products were successfully issued with raising funds of nearly RMB400 million. The Bank customized exclusive low-volatility and stable wealth management products for middle-aged and elderly customers with raising funds of RMB308 million, so as to meet the asset allocation needs of middle-aged and elderly customers for lower-risk products.

4. *Small and Micro Businesses*

The inclusive small and micro businesses of the Bank continued to maintain the development trend of incremental expansion, quality improvement and efficiency enhancement. As of the end of 2024, the number of customers of inclusive small and micro enterprise loans reached 209 thousand, exceeding 200 thousand; the balance of loans amounted to RMB139.929 billion, representing an increase of RMB11.413 billion as compared to the end of the previous year, ranking the first in Chongqing and achieving the goal of “two increases”. The regulatory evaluation of financial services for small and micro enterprises maintained the “first-class” rating and the Bank won three awards of “Outstanding Institution”, “Outstanding Product” and “Typical Case” in the 2024 Chongqing Small and Micro Enterprise Financing Service Action.

Deepen the implementation of the financing coordination mechanism. The Bank established special working classes in the Head Office as well as branches and sub-branches respectively, implemented the responsibility system for the top leaders, issued 20 key measures, established a green channel for loan handling, and made full use of digital channels to further improve the efficiency of loan handling. The Bank built a “four-level connection service system” for districts and counties, towns, streets, village (neighborhood) committees and grass-roots grids, deeply carried out “visits to thousands of enterprises and households”, delivered products, policies and services to households, strengthened financing connection and credit supply, and provided loans of RMB41.3 billion to 42,000 small and micro market entities.

Strengthen services for regional leading industries. The Bank made great efforts to build a characteristic service model of “one industry, one product” and “one group, one policy”. Focusing on key areas such as the “33618” modern manufacturing cluster system and scientific and technological innovation, the Bank created exclusive products such as the “Specialized, Refined, Differential and Innovative” special loan and technical renovation special loan, and focused on characteristic industries in districts and counties such as Yunyang Flour Industry and Shizhu Coptis Chinensis as well as large-scale professional markets such as Jiangjin Shuangfu International Agricultural Trade City, and customized financing schemes, so as to support characteristic industries to become bigger and stronger. In the field of inclusive finance, the Bank provided financing services to more than a quarter of the “Specialized, Refined, Differential and Innovative” enterprises in Chongqing, strongly promoting the coordinated development of the “five major areas” of finance.

Upgrade and create a merchant financing service ecosystem. The Bank optimized the incubation platform of “Yukuai Revitalization Loan 2.0” product through repeated calculation, deepened the application of big data, cloud computing and artificial intelligence technologies and built intelligent loan application process and differentiated risk control model, thereby creating a new diversified merchant financing ecosystem. Meanwhile, the Bank optimized its active credit granting strategy, implemented pre-credit granting for the merchants groups of “Yukuai Life Payment”, visited and contacted with the customers on the “white list” and promoted the loans of individual industrial and commercial households in inclusive small and micro enterprise loans to increase by more than RMB3 billion.

(II) Corporate Financial Business

1. Corporate Business

As at the end of 2024, the balance of corporate loans of the Group amounted to RMB358.133 billion, representing an increase of RMB30.350 billion as compared to the end of the previous year. The balance of corporate deposit was RMB129.602 billion.

Focus on major strategies, enhance the credit support and increase “quantity”, expand “coverage” and improve “quality”. Focusing on major strategies, key fields and municipal key projects in Chongqing such as Chengdu-Chongqing Economic Circle, the New International Land-Sea Corridor and “33618” modern manufacturing industry cluster system, the Bank provided comprehensive financial services including loans, debts, investments, and leases, achieving full coverage of major projects and established good cooperative relationships with a majority of projects of central enterprises in Chongqing and leading companies, ensuring sufficient reserves of business resources. At the same time, the Bank introduced special preferential policies to strengthen guidance in assessment areas such as task indicators and progress, enhancing the quality and efficiency of financial services for major projects. As of the end of 2024, the cooperation rate of the major projects in the Chengdu-Chongqing Economic Circle exceeded 50%, and the Bank had granted RMB126.241 billion to the major projects in the Chengdu-Chongqing Economic Circle and major municipal projects in Chongqing and provided support for 176 projects with a loan balance of RMB26.473 billion. The Bank provided support for more than 3,900 enterprises in “33618” modern manufacturing industry cluster system with a loan balance exceeding RMB66 billion. The financing balance of the Bank in terms of supporting the construction of the New International Land-Sea Corridor amounted to RMB54.556 billion, representing an increase of RMB7.493 billion as compared to the end of the previous year. The Bank provided support for more than 1,900 municipal “specialized, refined, differential, and innovative” enterprises with the loan balance of RMB30.024 billion. The credit coverage rate was 37%.

Focus on the “five major areas” of finance, innovatively serve new quality productive forces, strengthen “foundation”, highlight “green” and improve “achievements”. The Bank strengthened support for emerging industries and focused on supporting intelligent network new energy vehicles, new generation electronic information manufacturing industry, advanced materials and other industries. The Bank actively implemented the “Dual Carbon” strategy and promoted the construction of a green industrial development system that integrated green finance + green manufacturing, energy, construction, transportation, agriculture and forestry. The Bank successfully implemented the first “Green Cross-Border Loan for Land-Sea New Channel” through bank-government linkage and innovatively introduced the government risk compensation to mitigate the risk of corporate credit through a risk-sharing model, helping enterprises to issue foreign exchange guarantees and achieve overseas financing. As of the end of 2024, the loan balance of manufacturing industry amounted to RMB76.096 billion, representing an increase of RMB10.424 billion as compared to the end of the previous year. The market share of loans of manufacturing industry ranked the first in Chongqing. The balance of green credit amounted to RMB73.219 billion, representing a net increase of RMB11.237 billion as compared to the end of the previous year. The target plan completion rate was 140%.

Focus on digital transformation, improve the financial ecology of scenarios, enrich the “tool chain”, extend the “customer chain” and smooth the “work chain”. Focusing on the needs of customers for cash management, financing management, settlement management and treasury management, the Bank consistently provided digital tool services based on the hierarchy and types of clients. The Bank continuously enhanced the function construction of the treasurer system, added new functions such as bill pool, optimized bill management and other functions, strengthened the application of big data and risk control models and will continue to optimize and upgrade. As of the end of 2024, the Bank has successfully signed contracts in respect of such system with 417 corporate customers.

The Bank built a public-private linkage marketing system centered on the “BBC Financial Ecosystem”. As of the end of 2024, among corporate customers, the number of new individual customers of valid payroll agency payment reached 126 thousand. The total payroll agency payment amount was RMB28.54 billion, among which, the valid payroll agency payment amounted to RMB23.86 billion, accounting for 83.6%. AUM of RMB109.16 billion and LUM of RMB22.36 billion were derived from the individual customers of payroll agency payment, representing an increase of RMB9.34 billion and RMB2.01 billion as compared to the end of the previous year, respectively. The interest payment rates on deposits of individual customers of all agency payment and valid agency payment were 1.66% and 1.50%, respectively, representing a decrease of 14 basis points and 30 basis points as compared with the interest payment rates on deposits of all individual customers. The liabilities cost reduced by RMB120 million and RMB90 million, respectively.

Focusing on the “seven requirements (banking, accounting, channelization, professionalism, grading, ecology and net value)” operation ideas of the whole process services for customers, the Bank enriched the “customer-centered” indicator library and made every effort to optimize the structure of key customer groups. The Bank realized the full quantitative management of customers through FPA, achieving “four ones”: doing the local and foreign currency businesses of customers together, doing the deposit, loan, debt, investment and lease together, doing the asset, liability and intermediary businesses together, and doing the corporate and personal businesses together. As of the end of 2024, the number of VIP, full-product and asset-based customers, all being key customer groups of the corporate business line, recorded a net increase of 90, 3,010 and 210 as compared with the end of the previous year, with a growth rate of 7.1%, 8.9% and 12.6% respectively. The number of active trading customers of the corporate business line recorded a net increase of 11,347 or 9.0% as compared to the end of the previous year.

2. *Institutional Business*

Strengthen tripartite cooperation among banks, governments and enterprises to promote the high-quality development of the private economy. The Bank hosted the Promotion Meeting for the Listing Services of Private Enterprises in Chongqing and leveraged the advantages of the “Listing Loan (上市貸)” credit products to empower enterprises with the listing potential. The Bank comprehensively carried out integrated marketing activities of grid-based chamber of commerce and opened up the “Last Kilometer” of financial services to fully promote the high-quality development of the private economy. The Bank fully leveraged the advantages of the extensive network and presence and collaborated with the Chongqing Civil Affairs Bureau on the “Civil Capital Verification Connection” system, meeting the needs of registered enterprises for “nearby handling”.

Adopt five major measures to comprehensively capitalize on low interest for fund settlement. The Bank adopted five major measures including KPI guidance, annual special financial resource allocation, incentives for specific activities, quality improvement and potential tapping of existing customer groups, and treasurer system signing to continuously optimize the structure of corporate deposits. Guided by KPI indicators, the Bank clarified the marketing direction for settlement funds, guided to capture settlement funds of customers and exerted efforts on current account settlement funds. The Bank incentivized branches and sub-branches to accelerate the expansion of settlement accounts and settlement funds through special campaigns, gave full play to the “frontline” role of grassroots outlets and conducted special marketing activities to enhance quality of existing customer groups and tap their potential. The Bank activated 1,494 dormant accounts, and the daily maximum balance of long-tail customers increased by RMB2.383 billion as compared to that before the marketing activities. The number of long-tail customers with a daily average balance exceeding RMB100,000 reached 2,376. As of the end of 2024, the interest payment rate on corporate deposits was 1.30%, representing a decrease of 17 base points as compared to the end of the previous year.

3. *Transaction Banking Business*

In 2024, the Bank recorded the international settlement of USD4.317 billion, foreign exchange settlement and sale of USD1.091 billion and the balance of discounted bills of RMB63.634 billion, and the international rating continued to maintain at Moody's Baa2 (stable). Taking the "Yunyang Miangong Digital Service Platform" as a model, the Bank has realized a new business scenario of three-side interconnection and cooperation through the empowerment of Miangong (面工) information exchange, the empowerment of Mianfang (面坊) transaction and the empowerment of government management as well as the empowerment of acquisition, revitalization and retention of customers by banks, and created a scenario-based and ecological financial service platform "model room" for supply chain "scenario + customer group", which has become a benchmark for the ecological services of the Bank's characteristic industries. The Bank has successively launched characteristic industrial service plans such as Fuling Pickled Mustard, Shizhu Coptis Chinensis, ship transportation, Fengjie Navel Orange and Live Pig. The Bank launched cross-border remittance services in 120 small currencies, such as Thai Baht and Vietnamese Dong, achieving full coverage of small currency settlement services in ASEAN countries, and helping enterprises to carry out economic and trade exchanges with countries and regions along the New International Land-Sea Corridor and the "Belt and Road Initiative".

4. *Investment Banking Business*

The Bank led underwriting of 49 debt financing instruments of non-financial enterprises, with an underwriting scale of RMB12.079 billion, representing an increase of 52% as compared with the same period of last year. The Bank led underwriting of 3 financial bonds, with an aggregate underwriting share of RMB650 million. The Bank also successfully obtained the approval on the issuance of tier-two capital bonds, with the approved limit not exceeding RMB10 billion. At the same time, the Bank continued to intensify the efforts on internal risk prevention and control, and the quality of subsequent management remained stable.

(III) **Financial Market Business**

1. *Financial Inter-bank Business*

During the Reporting Period, the Bank steadily improved market influence and brand awareness. The Bank continued to obtain the first-class dealer qualification in open market business in 2024 and was the only corporate institution in Chongqing that was granted this qualification. In the evaluation on the high-quality development of members of the inter-bank local currency market, the Bank won the awards of the Institution with Market Impact of the Year and the Institution with Mark Innovation Business, and was the only corporate institution in Chongqing that obtained such awards.

Management Discussion and Analysis

Bond investment. As of the end of 2024, the investment balance of the Group's bonds amounted to RMB514.505 billion, of which government bonds, public institutions and quasi-government bonds amounted to RMB361.01 billion in total, representing an increase of RMB17.639 billion as compared with the end of the previous year. Among other bonds, AAA¹ rated bonds were RMB119.088 billion, representing an increase of RMB22.636 billion as compared to the end of the previous year. Among other bonds, AA+ rated bonds were RMB24.884 billion, representing a decrease of RMB1.639 billion as compared to the end of the previous year. Among other bonds, AA rated bonds were RMB9.431 billion, representing a decrease of RMB4.072 billion as compared to the end of the previous year.

Holding of financial bonds. As of the end of 2024, the carrying value of the Group's financial institution bonds amounted to RMB263.095 billion which consisted of debt securities issued by policy banks of RMB154.866 billion, commercial banking debts of RMB83.58 billion, asset securitization products of RMB13.95 billion and bonds issued by other financial institutions of RMB10.699 billion. The breakdown of the top ten financial bonds held is as follows:

Unit: RMB million

Name of debt securities	Nominal value	Annualised interest rate (%)	Maturity date	Impairment provision
Debt securities issued by policy banks in 2022	10,470.0	2.97	2032/10/14	–
Debt securities issued by policy banks in 2021	10,240.0	3.66	2031/3/1	–
Debt securities issued by policy banks in 2019	10,000.0	3.48	2029/1/8	–
Debt securities issued by policy banks in 2022	7,530.0	2.90	2032/8/19	–
Debt securities issued by policy banks in 2024	4,560.0	2.63	2034/1/8	–
Debt securities issued by policy banks in 2023	4,510.0	2.82	2033/5/22	–
Debt securities issued by policy banks in 2018	4,290.0	4.88	2028/2/9	–
2023 commercial banking debts	4,030.0	2.59	2026/7/20	–
Debt securities issued by policy banks in 2018	4,000.0	4.00	2025/11/12	–
Debt securities issued by policy banks in 2021	3,990.0	3.41	2031/6/7	–

Note: (1) "Impairment provision" excludes stage 1 impairment provision made in accordance with the expected credit loss model.

¹ Bond rating: Debt rating is prioritized. If there is no debt rating, the subject rating is used.

2. *Asset Management Business*

CQRC Wealth Management, based on the position of the Group, achieved steady progress in business indicators, gradually demonstrated its product brands, and significantly improved its market recognition. CQRC Wealth Management actively integrated itself into the Group's digital transformation strategy, and established a technology and finance business line to realize intensive management. At present, the proportion of talents of such business line exceeds 20%. The first batch of direct selling systems of wealth management has been launched, and various sectors such as product operation, investment transactions, sales management and risk prevention and control achieved digital empowerment. The company strove to create diversified and distinctive product lines, created multiple brands characterized by rural revitalization, the Chengdu-Chongqing Economic Circle, the construction of the New International Land-Sea Corridor, and the Jiangyu legacy, and formed a solid, reasonably layered "3+5+N" product system, improved customer-oriented service mechanisms and comprehensively enhanced customer experience. As of the end of 2024, the balance of wealth management products of the company was RMB137.813 billion, representing an increase of RMB17.302 billion as compared to the end of the previous year, and the total number of sales agents reached 111, representing an increase of 65 as compared to the end of the previous year.

3. *Asset Custodial Business*

In 2024, the Bank closely followed the direction of bank-wide digital transformation, improved the construction of assets custodial system, strengthened technical support on systems, and improved the daily operational efficiency, realizing the steady development of the custodial business.

(IV) Financial Technology

Lay out the application of cutting-edge technology and improve the quality and efficiency of operation management. The Bank steadily promoted the construction of AI capabilities, and formulated the "121" project plan-fully building a financial-grade AI middle office, introducing two vertical domain models, namely code assistant and knowledge base, and combining and encapsulating AI capabilities to build a digital employee system integrating financial technology. As of the end of 2024, the Bank had completed the construction of and applied the intelligent call platform, adding six outbound call scenarios; the Bank steadily promoted the construction of the video banking platform, connected with 10 channels, and continued to carry out localization transformation; the Bank has initiated the Intelligent Voice 2.0 project and conducted communication to improve voice performance; the Bank has completed the preliminary work of the facial living body detection platform, entering the development stage, and has launched basic functions, comprehensively improving the level of financial technology services.

Consolidate the data base of banks and give full play to the potential of data value.

The Bank continued to optimize the basic data application platform, and establish models for customer multi-scenario precision marketing, peak and off-peak seasons voucher prediction, intelligent counter cash inventory prediction, and customer fraud identification. The Bank actively promoted the support of information technology application innovation and the application of new technologies to ensure that the Bank can independently control key capabilities such as technical architecture, development and design. In 2024, the intelligent data decision-making platform provided a total of 301 million decision-making services, with an average of 822,000 per day and a success rate of 99.9%. There was a total of more than 11 billion events in respect of collecting tagging data of customer behavior through the operating analysis system, representing an increase of 10% as compared with the same period of last year. There was a total of 340 customer reach programs driven by data, and customers accessed through multiple channels exceeded 25 million, with a success rate of customer access of 98.6%.

Improve digital product and service system and steadily improve the quality and efficiency of the business.

Digital products have successfully covered credit, mortgage, pledge, discounting, installment and other conventional businesses, extending across personal, SMEs, credit cards, Sannong, direct-sales, corporate and other diversified business sectors. The Bank has independently innovated 14 digital products, and four tens of billions of products, such as “Yukuai Loan”, “Housing Fast Loan”, “Jie Housing Loan” and “Piao Fast Discount”, have become strong engines for business growth. The Bank achieved breakthroughs in intelligent risk control, completed the online strategy formulation for big retail loan products and construction and operation of system platforms such as anti-fraud and digital decision-making, realized management of digital credits over the full lifecycle, and comprehensively enhanced the capacity of credit risk control by launching differentiated interest rates.

Create a featured “patent pool” and “standard library” and construct the core competitiveness of financial technology.

As of the end of 2024, all kinds of patents (including the acceptance and publicity stage) of the Bank exceeded 180, with 22 authorized invention patents and 22 software copyrights. The Bank participated in the formulation of a total of 18 financial industry standards, 6 of which have been published, participated in the formulation of 25 group standards, 17 of which have been published, and completed the formulation and updating of 11 corporate standards. Three enterprise standards were included in the list of “leaders” of enterprise standards in the financial field for consecutive years.

Continue to optimize electronic distribution channels and create a high-quality experience for digital rural commercial bank.

The Bank continuously deepened the high-quality services of telephone banking. During the Reporting Period, the Bank received 7,308.4 thousand calls from customers, and the manual response rate was 93.35%, representing a year-on-year increase of 1.78 percentage points. The customer satisfaction rate was 99.73%. There were 8,871.7 thousand outbound calls, representing a year-on-year increase of 67.29%, including 8,707.5 thousand outbound calls from robots, accounting for 98.15% and representing a year-on-year increase of 73.09%. The efficiency of business outreach has been significantly improved and service capacity has been further enhanced.

The Bank completed the native HarmonyOS adaptation of mobile banking, and became one of the first banks to launch the HarmonyOS NEXT application market. The Bank enhanced the value contribution of loan business by reconstructing the design of mobile banking loan homepage, iterating the rules for intelligent loan recommendation and reforming the guidance process of question-and-answer recommendation. The Bank launched the convenient payment platform of “Yukuai Payment”, integrating various settlement functions such as intra-bank payment, WeChat payment and Alipay payment, simplifying the business process and empowering a new digital business model. As of the end of 2024, the number of mobile banking users of the Group amounted to 15,050,500, representing a net increase of 668,100 or 4.65%. The transaction amount for the year amounted to RMB1,225.646 billion, and there were 74,552,500 financial transactions.

The Bank completed the launch of a new bank-enterprise direct connection pre-agent software, and successfully launched the first customer-oriented PC-side information technology application innovation product- “Information Technology Application Innovation Edition of Bank-Enterprise Direct Connection Agent Software”, further realizing the domestic substitution in the field of financial software. The Bank expanded the construction of functions such as bank-enterprise direct connection system electricity bill and bill pool, and completed the construction of the functions of digital channel products such as deposit, loan, wealth management, detailed inquiry of agent issuance, bank-agriculture direct connection, authorized contract signing between enterprises and networks, and batch transfer. As of the end of 2024, the number of customers of corporate online banking amounted to 171,700, representing a net increase of 12,000, and an increase of 7.51% as compared with the end of the previous year. The transaction amount for the year amounted to RMB1,110.585 billion, and there were 12,735,600 financial transactions.

Topic: Three service platforms for benefiting farmers facilitate the enhancement of quality and efficiency of rural revitalization

The Bank built and improved the “integrated” digital rural service platform, optimized and upgraded three systems, namely, “Intelligent Management of Chongqing Agricultural Assets”, “Digital Financial Service Platform for Rural Revitalization” and “Jiangyu Kuaiji”, promoted interconnection and intercommunication, deeply explored the value of data, accurately matched financial services in combination with the characteristics of agricultural subjects and differentiated financial needs, promoted the comprehensive upgrade of financial products, service channels and business processes, integrated itself into the “trinity” reform, empowered the construction of the rural credit system, and promoted the construction of a new ecology of digital inclusive finance. As of the end of 2024, the “Intelligent Management of Chongqing Agricultural Assets” has been applied to serve 100% of rural collective economic organizations in Chongqing. Relying on the digital financial service platform of rural revitalization, the Bank launched “whole village credit extension” in all agricultural districts and counties in Chongqing. The “Jiangyu Kuaiji” platform provided intelligent fiscal and taxation services for small and micro enterprises, farmers’ cooperatives and other market entities. The “three” platforms for benefiting farmers served more than 3 million households of customer groups, including farmers, farmers’ cooperatives and collective economic organizations.

(V) Financial Business in County Area

County area is the principal base where the Group carries out financial services. Deepening financial services in county area is both the starting point and the ultimate goal of the reform and development of the Group. The Group always adhered to the market positioning of “serving Sannong, serving small and medium-sized enterprises and serving county-level economy”, intensively cultivated the financial business market in the county area, leveraged the characteristics of “many outlets and many personnel” and implemented the service model of “Party building + finance”. The Group vigorously extended the reach of financial services by deep integration of business outlets with grassroots grids and effective promotion of digital empowerment and financial innovation and strove to meet the increasingly diversified financial service needs in the county area. As of the end of 2024, the balance of agricultural loans of the Group amounted to RMB244.737 billion¹. Personal deposits in county areas were RMB636.127 billion, representing a net increase of RMB51.518 billion as compared with the end of the previous year, accounting for 78.68% of the Group’s personal deposits balance.

1. Channel Construction

As of the end of 2024, the Group had established 5 branches, 26 first-class sub-branches, 127 second-class sub-branches, 1,282 branch offices, 1 community branch and 12 village and township banks in county areas. At the same time, the Group has established 2,448 CRSs, 203 ATMs, 38 multimedia inquiry machines and 2,119 smart integrated counters, and built and put into operation 381 rural convenience financial self-service outlets. The Bank intensified the construction and delivery of electronic channels in the county area and proactively promoted Jiangyu Card, Rural Revitalization Card, etc. As of the end of 2024, the Bank had issued a total of 20,527.4 thousand debit cards in county areas, accounting for 67.34%, of which 922.3 thousand were rural revitalization cards. 11,946.1 thousand users opened mobile banking with the Bank, accounting for 79.37%, representing an increase of 518.3 thousand as compared to the end of the previous year.

¹ The Bank calculated the agricultural loan in accordance with the Notice of the People’s Bank of China on Matters Related to Financial Statistics of Financial Institutions in 2024 (Yin Fa [2024] No.1).

2. Business Support

Focusing on leading enterprises in agricultural industrialization at national, municipal, district and county levels, the Bank supported relevant supporting enterprises, new agricultural operation entities, farmers and other industrial chain financing, and opened up the whole chain of financial support for industrial operation from planting and breeding to food processing and to commercial operation. The Bank supported the integration of agriculture and tourism and helped to upgrade the eco-tourism industry. The Bank seized the opportunity of upgrading the 4A level and above scenic spots in Chongqing to promote the in-depth integration and development of culture and tourism in rural areas according to local conditions and promote tourism consumption to drive rural industries. The Bank vigorously supported the construction of rural infrastructure such as water supply, power supply and gas supply, focusing on supporting new energy segments such as wind power, photovoltaic and energy storage.

The Bank made great efforts to promote the grid transformation, continued to carry out the grid marketing activities of “Party building + finance”, gave full play to its traditional advantage of “familiarity with people, places and regions”, smoothed the business marketing channels through carrying out activities such as Party building and joint construction, and extended the marketing tentacle to the grassroots level. In 2024, the Bank carried out a total of 25 thousand grid marketing activities, and 246 thousand customers participated in the activities.

The Bank built a digital business model of “social banking” customer groups, reshaped the customer service process, sank the coverage of customer groups, broadened the service radius, and fully practiced the inclusiveness and popularity of financial services. The Bank continued to carry out the live broadcast goods-bringing activities of “there are good things in rural areas, and Yukuai helps revitalization”, boosted consumption through “providing subsidies, distributing coupons and providing welfare lottery”, continuously broadened the sales channels of agricultural and sideline products, polished the brand of Chongqing’s “local special products”, and improved the quality and efficiency of supporting agriculture. In 2024, the Bank carried out 12 live broadcast goods-bringing activities, attracting more than 1,600 thousand person-time audiences, winning 5,370 thousand likes, and selling 245 types of special agricultural and sideline products, with the sale quantity of nearly 90,000 pieces and the sales amount of more than RMB5 million. CQRC Financial Leasing focused on supporting culture and tourism, ecological engineering, rural revitalization, modern agriculture and other projects, innovated products and business models and precisely connected with micro, small and medium-sized entity enterprises and Sannong customers. The balance of leased assets in Chongqing amounted to RMB15.038 billion with the proportion of 78.71% in county areas. In 2024, the amount of newly invested rental projects in Chongqing amounted to RMB6.112 billion, with the proportion of 70.29% in county areas. CQRC Wealth Management took the lead in launching the “rural revitalization” series wealth management products and created a new model of “wealth management + rural revitalization”, providing rural customers with the caring services of “investing in the wealth management products during the slack season, and providing support with gains from investment for the busy season”. The cumulative issuance amount of series products exceeded RMB20 billion. The number of products released ranked among the top in the market. CQRC Wealth Management is committed to being the most trustworthy wealth management expert for customers in county areas.

(VI) Principal Controlled and Investee Companies

1. Information on Controlled Subsidiaries

Village and township banks. CQRC Village and Township Bank is a general name for the village and township banks established by the Bank as the major promoter. The establishment of village and township banks is of great significance for the Bank to practice the Rural Revitalization Strategy, fulfill social responsibility, further broaden and deepen the service to new rural construction, explore the development of business growth and build a sustainable profit growth model. As of the end of the Reporting Period, the Bank has established 12 CQRC Village and Township Banks in 12 counties (districts/cities) across 5 provinces, of which the shareholding ratio is not less than 51% for all, with aggregate registered capital amounting to RMB1.662 billion, total assets amounting to RMB5.253 billion, net assets amounting to RMB1.936 billion, the respective balance of deposits and loans amounting to RMB2.406 billion and RMB4.6 billion, NPL ratio and provision coverage rate of 1.07% and 395.85%, respectively, and net profits amounting to RMB49 million.

CQRC Financial Leasing Co., Ltd. CQRC Financial Leasing is a controlling subsidiary of the Bank. It was established in December 2014 with a registered capital of RMB2.5 billion. It is mainly engaged in financial leasing business, assign and transfer of finance lease assets, fixed income securities investment business, interbank lending, borrowing from financial institutions, sales and disposals of leased property business, brokerage consulting, and establishment of project companies in domestic bonded districts to conduct leasing business, etc. The Bank held 80% equity interests in CQRC Financial Leasing. As of the end of the Reporting Period, the total assets and net assets of CQRC Financial Leasing were RMB68.268 billion and RMB8.258 billion, respectively, recording a net profit of RMB1.371 billion during the Reporting Period.

CQRC Wealth Management Co., Ltd. CQRC Wealth Management is a wholly-owned subsidiary of the Bank. It was established in June 2020. It is the first wealth management subsidiary of rural commercial banks in China and corporate banks in western China, with a registered capital of RMB2 billion. It is primarily engaged in public offering of wealth management products to the general public, investment and management of properties entrusted by investors; private placement of wealth management products to qualified investors, investment and management of properties entrusted by investors; wealth management advisory and consulting services; and other businesses approved by the banking supervisory authorities of the State Council. As of the end of the Reporting Period, the total assets and net assets of CQRC Wealth Management were RMB3.067 billion and RMB3.003 billion, respectively, recording a net profit of RMB245 million during the Reporting Period.

2. Principal Investee Companies

Chongqing Xiaomi Consumer Finance Co., Ltd. is the second licensed consumer finance company in Chongqing. It was established in May 2020 and is mainly engaged in granting personal consumption loans business. Its registered capital was RMB1.5 billion. The Bank held its 30% equity interests. As of the end of the Reporting Period, the total assets and net assets of Chongqing Xiaomi Consumer Finance Co., Ltd. were RMB21.68 billion and RMB1.699 billion, respectively, recording a net profit of RMB115 million. (Unaudited financial information)

VII. Key Concerns of Investors

(I) About Profit Growth

During the Reporting Period, based on the improved operating income, the Group advanced its management objective of cost reduction and efficiency enhancement in a coordinated manner. Net profit recorded a year-on-year increase of RMB664 million or 5.97%, and the operating performance maintained steady growth.

Looking forward to 2025, the Group will continue to tap the potential of operating expenses and optimize the expenditure structure while pursuing high-quality business development, striving to achieve steady growth in operating results. **The first** is to improve the resource allocation efficiency and strengthen the output efficiency evaluation. The Group will vigorously reduce ineffective expenditures, prioritize resource allocation to front-end business, facilitate the precise allocation of financial resources to effective business, and guarantee the breakthroughs in business through optimized resources allocation. **The second** is to reinforce risk prevention and control and continuously improve the capacity of intelligent risk control. The Group will strengthen the forward-looking identification of large-amount risk, enhance the process controls over credit assets, and effectively prevent against the deterioration of asset quality. Meanwhile, the Group will persist in seeking profitability from non-performing assets, promote centralized management by levels, intensify efforts on the recovery and disposal, and enhance the profitability contribution of non-performing assets.

(II) About the Growth of Operating Income

During the Reporting Period, the Group enhanced its asset and liability management, and achieved a return from negative to positive in operating income on a year-on-year basis. The Group recorded an operating income of RMB28.231 billion, representing a year-on-year increase of RMB274 million or 0.98%.

Looking forward to 2025, while closely following the market trend and improving the responsiveness, the Group will focus on its advantages and continue to advance the high-quality development of all business, striving to maintain stable business performance. **The first** is to make further breakthroughs in business scale. The Group will seize opportunities of industrial development of Chongqing, improve the “grid-based” service, deeply tap into characteristic industries and customer groups, and proactively align with financial needs of customers in the whole chain and whole cycle by leveraging on a portfolio of “dedicated institution + customized products + tailored services”. **The second** is to further expand intermediary business. The Group will focus on customer needs and optimize and innovate product system. Meanwhile, the Group will intensify the construction of specialized digital service scenarios, develop new channels to acquire customers and revitalize customers, stimulate the growth of transaction volume, and create new growth drivers for revenue from intermediary business. **The third** is to further optimize proprietary business. The Group will diversify assets allocation and trading strategies, strengthen market analysis and study, capitalize on the fluctuations of interest rate to increase income, continuously improve the capital utilization efficiency, and stabilize the contribution of income from proprietary business.

(III) About Net Interest Margin

During the Reporting Period, the Group's net interest margin was 1.61%, representing a year-on-year decrease of 12 basis points, and the decline was narrowed by 12 basis points as compared with last year. **On the asset side**, the asset yield of the Group recorded a year-on-year decrease of 30 basis points. Firstly, under the background of surrendering of profits to the real economy and the continuous downward adjustment of LPR, which drove the new interest rate to continue to decline, and the decrease of the existing housing loan interest rate, the loan yield continued to fall. Secondly, the market benchmark interest rate continued to decline, driving the rate of return of the self-operated funds business to decline simultaneously. **On the liability side**, the Group's debt interest payment rate decreased by 17 basis points on a year-on-year basis, with an additional reduction of 7 basis points as compared with the same period of the previous year, mitigating some downward pressure on interest margin. Firstly, the Group further optimized the overall debt structure, and the percentage of deposits reached 68.19%, representing an increase of 0.17 percentage point from the end of the previous year, achieving an increase for three consecutive years. Secondly, the Bank strengthened the control over the limit of deposit term structure, and the deposit interest rate decreased by 15 basis points on a year-on-year basis, representing an additional decrease of 6 basis points as compared with the same period of the previous year.

Looking forward to 2025, the orientation of repricing assets and reducing the comprehensive financing cost of entities will remain unchanged. It is expected that the interest rates of assets and liabilities will continue to decline and the net interest margin will continue to narrow. However, the Group will take various measures to strive to keep the net interest margin within a reasonable range. **On the asset side, firstly**, the Group will optimize the allocation of assets, strengthen collaborative management of large-type assets, continuously increase the proportion of credit assets, give full play to the advantages of outlets and personnel, promote grid marketing, properly provide financial services by focusing on the "five major areas", and at the same time increase the use of technology, empower offline outlets, and promote further expansion and increment of the loan business. **Secondly**, the Group will effectively make use of channel, platform and science and technology empowerment to enhance the differentiated pricing and strengthen the balance between the volume and price of loans. **Thirdly**, the Group will strengthen the forward-looking analysis of market interest rates, follow the market rhythm, flexibly allocate the investment scale and direction and improve the efficiency of asset investment. **On the liability side, firstly**, the Group will adhere to the concept of core liabilities and maintain a steady growth in the scale of deposits. **Secondly**, the Group will continue to optimize the deposit structure, actively carry out source marketing, expand the sources of high-quality deposits, promote the growth of low-cost deposits, and drive the proportions of short-term and transactional funds to increase. **Thirdly**, the Group will continue to strengthen the debt organizers, flexibly arrange the absorption of active liabilities, optimize the structure and rhythm of active liabilities, and maintain the cost advantage of liabilities.

(IV) About Dividend Policy

In 2024, the Bank implemented the interim and annual dividends distribution in accordance with relevant requirements of the “Regulatory Guideline No. 3 for Listed Companies — Cash Dividend of Listed Companies”, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and the Articles of Association, maintaining a relatively stable dividend level.

Looking forward to 2025, the Bank will remain focusing on delivering reasonable returns to investors, subsequently give consideration to the long-term interests of the Bank, the interests of the shareholders as a whole and the sustainable development of the Bank, and rationally determine the dividend policy in accordance with the strategic direction and capital planning of the Group.

(V) About Asset Quality

In 2024, the national economy made progress while maintaining stable operation, and Chongqing’s economy continued to show positive momentum of recovery. However, there were still challenges such as complex and severe internal and external environment and insufficient domestic demand, and individual household and small and micro enterprise owners faced operational pressure, while the Group still faced pressure from the generation of non-performing personal loan. Meanwhile, as the traditional manufacturing industry faced market competition and declining demand and the real estate market still required further recovery, the Group’s asset quality management faced challenges. Since 2024, the Group has continued to enhance the credit risk monitoring, rigorously controlled substantive risks, dynamically implemented classification management, and prospectively made impairment provision, thus the quality of assets showed a sound momentum of “two reductions and one stability”.

The non-performing ratio remained stable with a slight decline and continued to maintain a good level. As of the end of 2024, the Group’s non-performing loan ratio was 1.18%, representing a decrease of 0.01 percentage point as compared with the end of the previous year.

The overdue ratio decreased year-on-year, and the overdue control achieved results. As of the end of 2024, the percentage of the Group’s overdue loans was 1.32%, representing a decrease of 0.10 percentage point over the end of the previous year.

The provision level remained stable, with strong risk resistance ability. As of the end of 2024, the provision coverage ratio of the Group was 363.44%, which maintained stable as compared to the end of the previous year.

In particular, the asset quality performance of the Group in 2024 is set out as below:

The asset quality of corporate loans remained generally stable. As of the end of 2024, the non-performing ratio of corporate loans of the Group was 1.04%, which was the same as that of the end of the previous year. Among which, the asset quality of traditional manufacturing industry faced downward pressure to certain extent due to market competition and declined demand.

While the pressure from the generation of non-performing retail loans still existed, the overall risks remained controllable. As of the end of 2024, the non-performing ratio of retail loans of the Group was the same as that of the end of the previous year, and remained overall stable. There were sufficient secondary repayment sources for retail loans of the Group. Secured loans accounted for 82.78% of the non-performing loans, of which, mortgaged and pledged loans accounted for 73.44% of the non-performing retail loans. The collateral value covered 1.97 times of the principal of loans, with good risk mitigation capabilities.

Looking forward to 2025, the general tone of the “positive” fiscal policy will continue, and it is expected that the domestic economy will continue to recover and improve. The Group will closely follow the policy orientation, make efforts on the “five major areas” of finance, and provide financial support for the high-quality development of local economy. At the same time, the Group will further strengthen the risk assessment before, during and after lending, classify and manage financial assets in strict accordance with the Measures for the Risk Classification of Financial Assets of Commercial Banks, complete the reclassification work during the transitional period and make forward-looking impairment provision for loans. The Group will strengthen the collection and disposal of non-performing assets and facilitate the improvement of operating efficiency. On the whole, it is expected that the quality of the assets of the Group will remain stable, and relevant indicators will remain controllable and maintain a good level.

VIII. Risk Management

Since 2024, the Group has adhered to seeking progress while maintaining stability, focused on the “five major areas” of finance and digital transformation strategy to constantly improve the capacity and efficiency of risk management, and actively responded to external risk situation and changes in industry trend. In its daily operation and management, the Group conducts assessment on risk status based on the business activities, sets the unified risk appetite across the Group, transmits the risk appetite to all business activities through risk limit, risk strategy and process, and evaluates the operating institutions in combination with inspection and supervision, performance evaluation, etc., so as to urge the operating institutions to adjust their business activities according to the risk status of the Group.

Improve the management system and enhance the “comprehensiveness” of risk management.

The Group published annual risk preference, and clarified the qualitative requirements and quantitative indicators of various major risks. The Group issued annual risk management opinions, clarified the Group’s risk management orientation and deployed key work at all levels and used management tools such as risk limit and performance assessment to promote the implementation of risk preference and work opinions. The Group implemented new regulatory regulations, formulated or revised the internal systems, continuously improved the ESG risk management, established a unified management system and collective review mechanism for credit products and created a closed loop for credit product management.

Optimize management measures and improve the “initiative” of risk management. The Group formulated the guidelines on credit supply to reinforce the business access, optimize the credit approval system and strengthen the risk control process; established a regular mechanism for asset quality inspection to solidify asset quality; made good efforts on the risk management and control in key areas and supported the stable and healthy development of the real estate in a prudent and orderly manner and steadily advanced the resolution of debts from existing financing platforms; optimized the authorization policy of science and technology innovation, small and micro enterprises and supported the “five major areas” of finance to better serve the inclusive finance fields such as new citizen, urbanization and rural revitalization; and established a multi-dimensional and frequency-based risk monitoring, early warning and disposal mechanism. All risk quantitative indicators performed well during the Reporting Period.

Increase efforts in transformation and improve the “intelligence” of risk management. The Group vigorously advanced the construction and optimization of intelligent risk control system clusters to establish a professional management system that covered all major risk categories of the Bank; initiated the reconstruction of the capital management system in accordance with new capital regulations; completed the launch of the comprehensive risk monitoring system (Yufeng) to proactively prevent credit risk; completed the trial operation of the market risk management system to enrich management tools; steadily advanced the construction and optimization of systems for liquidity and banking book interest rate risk to enhance functionality and flexibility; implemented the optimization project of operational risk management system and launched the construction of the system; promoted the construction of a model risk management system and empowered the improvement of the Group’s digital risk control level.

Conduct stress tests and improve the “forward-looking” nature of risk research and judgment. In view of the macroeconomic situation and actual operation and management, the Group adopted various methods such as scenario analysis, sensitivity analysis and gap analysis to conduct the capital adequacy stress test as well as stress tests for credit, market, liquidity and operational risks on a regular basis. At the same time, the Group carried out special stress tests on key areas, analyzed the impact of stress factors on the business under different scenarios based on different stress levels such as light, moderate and severe, and prospectively and quantitatively evaluated the impact of extreme risks on capital adequacy. The results can be applied to make strategic business decisions, prepare operational and capital plans, formulate contingency measures and recovery plans, etc.

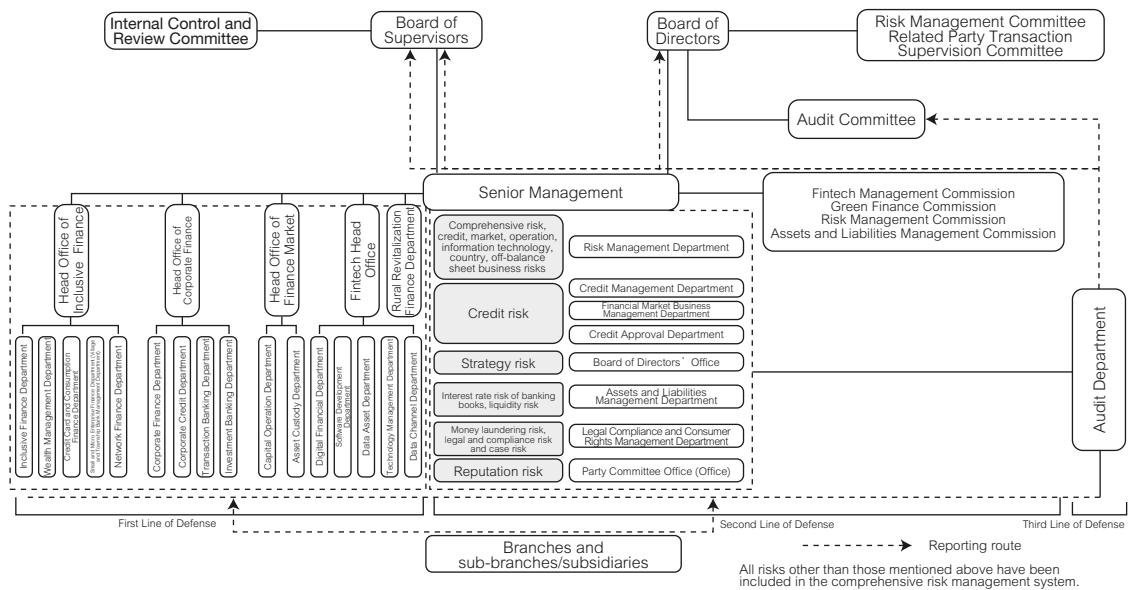
(I) Risk Management Structure

The Board of Directors assumed the ultimate responsibility for comprehensive risk management, set up a risk management committee to perform responsibilities related to comprehensive risk management with the Board’s authorization, reviewed the risk appetite statement of the Group on a regular basis and transmitted it through appropriate policies. The senior management assumed the responsibilities for implementing comprehensive risk management, implementing the risk strategy formulated by the Board, and setting up risk management commission to make collective decisions on major matters related to risk management. The Board of Supervisors assumed the responsibilities for overseeing comprehensive risk management, supervising and inspecting the due diligence performance of the Board of Directors and senior management in respect of risk management and supervising their rectification.

The headquarter's risk management department is the leading department of comprehensive risk management, and is responsible for leading the implementation of comprehensive risk management system and timely reporting to the senior management on the Group's comprehensive risks and various major risks. Each department of the headquarter assumed direct responsibility for the risk management of the line and the department, and managed various risks of the Bank including credit risk, market risk, liquidity risk, and operational risk in accordance with the division of responsibilities. The audit department of the headquarter is responsible for performing internal audits on relevant performance of duties. Each branch is responsible for the daily management of comprehensive risks of the branch. Each subsidiary institution has established the risk appetite and risk management policy that is appropriate to the business nature, scale and complexity of its business, focused on its main business and high-quality development, improved the "three lines of defense" mechanism of its own risk management and reported risks to the promoter according to the prescribed route and frequency.

Risk Management Structure

The Bank's comprehensive risk management structure consists of the Board of Directors, the Board of Supervisors, senior management and special committees authorized by it, the headquarters' risk management department, other relevant functional departments, the audit department and branches and sub-branches and subsidiaries.



(II) Credit Risk Management

Credit risk refers to the risk of losses of banking business arising from the failure of the borrower or the counterparty of the Bank to fulfill relevant obligations as per the contract for various reasons.

In 2024, the Group constantly strengthened the management and control of credit risks. The Group continued to improve credit risk management system, issued the annual credit investment guidelines, promoted the optimization of credit asset structure, advanced the digitization of credit management in an orderly manner, optimized intelligent post-loan function, and conducted research and judgment on credit risk in advance. The Group enhanced risk assessment, continued to conduct risk assessment on financial assets in combination with the new regulatory requirements of risk classification, reinforced risk identification and monitoring in key areas and customers, and urged business entities to conduct dynamic classification management. Meanwhile, the Group made full use of early warning information to identify early signs of risks in a timely manner, enhanced the comprehensive assessment on the risk status of customers, and prospectively conducted credit management. The Group strengthened the technical support of risk measurement, conducted special stress test on credit risk and key areas, and quantitatively evaluated the risk tolerance level of the Group under various stress scenarios. The Group strictly controlled the concentration risk, carried out the large-amount risk exposure management, continuously optimized the functions of large-amount risk exposure system, and promoted the application of various functions. As of the end of 2024, the relevant indicators of large-amount risk exposure of the Group were better than the regulatory standards.

(III) Market Risk Management

Market risk refers to the risk of losses from on-balance-sheet and off-balance-sheet businesses of the Group arising from adverse changes in the market price (such as interest rate, exchange rate, stock price and commodity price, etc.). The market risks faced by the Group primarily include interest rate risk and exchange rate risk. The purpose of market risk management is to control potential market risk losses through identification, measurement, evaluation, monitoring and other measures to the extent that the Group can bear, thus maximizing risk-adjusted returns.

The Group proactively managed the interest rate risk and exchange rate risk in accordance with the regulatory requirements and based on the actual operation and management, and formulated a management system for market risks through regulations on authorization, credit extension and risk appetite and risk limit, monitoring and reporting.

In 2024, the Group continuously improved proactive market risk management capabilities and steadily advanced various management work. The Group formulated an annual market risk appetite and limit plan, enhanced monitoring on the execution and properly made risk warnings. The Group revised the systems and measures in accordance with regulatory requirements and internal organizational adjustments to further consolidate its management foundation. The Group properly conducted daily valuation and forward-looking analysis, and conducted analysis with different frequencies on a regular basis. The Group reasonably adjusted stress test scenarios according to the macro policies and economic situation and conducted stress test on a regular basis, and assessed the impact of different stress scenarios on capital. The Group strengthened the research and judgement of interest rates and exchange rates, and regularly conducted analysis on national and international economic fundamentals and financial data to improve the foresight of market risk analysis. In addition, the Group closely followed regulatory requirements and financial market trends, continuously improved the market risk management system for the trading book, promoted the construction of the market risk management system, strengthened support for market risk measurement and enhanced market risk measurement capabilities.

1. *Interest Rate Risk Management*

Interest rate risk refers to risks of losses in economic value and overall income of the Group arising from adverse changes in interest rate level, term structure and other factors. Interest rate risk is the major market risk faced by the Group, including trading books and banking books. The Group adopted corresponding methods of identifying, measuring, monitoring and controlling market risk according to the different nature and characteristics of books.

In 2024, the national monetary policy continuously remained flexible and moderate, the liquidity of the banking system generally remained reasonably abundant and the momentum of the domestic economy was weak. The yield of 10-year government bonds broke through 1.68% downward. According to the existing economic situation and monetary policy direction, it is expected that the market interest rate will remain at a low level in the first half of 2025. The Group will pay close attention to the policy changes and the recovery of economic fundamentals, improve the forward-looking management of interest rate risks, and strengthen the differential and refined pricing of internal and external interest rates, so as to ensure the continuous improvement of the Group's revenue and market value.

Management Discussion and Analysis

The structure of the Group's interest rate risk gap on the contract re-pricing date or maturity date (whichever was earlier) is as follows:

(Expressed in RMB million)	Within 3 months	3 months- 1 year	1-5 years	Over 5 years	Non- interest bearing	Total
Interest rate gap as at 31 December 2024	<u>(174,763.7)</u>	<u>(99,031.5)</u>	<u>164,970.2</u>	<u>195,895.7</u>	<u>35,750.4</u>	<u>122,821.1</u>
Interest rate gap as at 31 December 2023	<u>(138,132.8)</u>	<u>(72,605.0)</u>	<u>100,665.4</u>	<u>204,573.6</u>	<u>18,351.3</u>	<u>112,852.5</u>

Note: (1) The data in the above table included data in trading books.

As of the end of December 2024, the Group's accumulated gaps of interest rate risk for all maturities amounted to RMB122.82 billion, representing an increase of RMB9.97 billion over the end of the previous year.

The following table illustrates the interest rate sensitivity analysis of the Group on the assumption that the overall interest rate in the market moves in parallel and not considering any risk management actions the management may take to mitigate interest rate risk:

(Expressed in RMB million)	31 December 2024		31 December 2023	
	Impact on net profit	Impact on other comprehensive income	Impact on net profit	Impact on other comprehensive income
Change in interest rate basis points				
Increase in 100 basis points	(57.2)	(4,199.4)	149.9	(3,663.5)
Decrease in 100 basis points	<u>57.2</u>	<u>4,439.5</u>	<u>(151.2)</u>	<u>3,920.4</u>

1.1 Trading book interest rate risk management

The Group assesses trading book interest rate risk through the duration model. The Group has established the limit management system, mainly including transaction limit, risk limit and stop-loss limit. The Group monitors the valuation and quota implementation of the bond business of trading books on a daily basis. In 2024, no limit was triggered. The Group conducts market risk stress tests on a quarterly basis to assess the expected loss of market risk exposure under extreme scenarios. The stress test results in 2024 show that there is minor interest rate risk of trading books.

1.2 *Banking book interest rate risk management*

The Group measures interest rate sensitivity gap on a regular basis, evaluates interest rate risk through gap analysis, and further assesses the impact of interest rate changes on economic value and net interest income in varied interest rate scenarios. The stress test results show that the interest rate risk of banking books is controllable.

2. *Exchange Rate Risk Management*

Exchange rate risk primarily results from mismatches in the currency denomination of the Group's assets and liabilities and currency position mismatches caused by currency mismatched between capitals and foreign exchange transactions. The Group mainly adopts foreign exchange exposure analysis, sensitivity analysis and other means to measure exchange rate risk. The Group is mainly engaged in the Renminbi business with certain transactions related to USD, Euro and HKD, but seldom conducts transactions in other currencies. Transactions in foreign currencies are mainly the Group's self-operated and agency spot business, self-operated and agency swaps business and agency forward business.

In 2024, the exchange rate of USD against RMB showed an overall uptrend mainly because the market lowered the Fed's interest rate cut expectation and domestic economy showed a slow recovery. The overall exchange rate of USD against RMB rose as compared to the beginning of the year. As of the end of December, the spot exchange rate of USD against RMB in the inter-bank foreign exchange market closed at 7.2988, representing an increase of 2.92% as compared to the beginning of the year. As of the end of December, the total foreign exchange exposure was a positive exposure of RMB980 million, and the foreign exchange risk was generally controllable. Looking forward to 2025, it is expected that the Fed may slow down the pace of interest rate cuts and the exchange rate of USD against RMB may continue to increase. The Group will continuously pay attention to global economic situation and policies, strengthen the study and judgment on the trend of foreign exchange rate and reasonably allocate local and foreign currency assets. The Group will strengthen its management capability of its exposure to foreign exchange risks and the management standard of foreign exchange assets and liabilities by enhancing the dynamic management of the deposits and loans of foreign exchange and arranging the utilization of foreign exchange capital reasonably.

Management Discussion and Analysis

As of the end of 2024, the position of foreign currencies on the Group's balance sheet denominated in RMB is as follows:

(Expressed in RMB million)	RMB	US dollars RMB equivalent	HK dollars RMB equivalent	Other currencies RMB equivalent	Total
Net position as at 31 December 2024	<u>121,887.4</u>	<u>721.3</u>	<u>187.0</u>	<u>25.4</u>	<u>122,821.1</u>
Net position as at 31 December 2023	<u>111,969.6</u>	<u>681.6</u>	<u>185.4</u>	<u>15.9</u>	<u>112,852.5</u>

The following table illustrates the exchange rate sensitivity analysis of the Group on the assumption that the RMB spot and forward exchange rate against USD in the market changes and not considering any risk management actions the management may take to mitigate exchange rate risk:

(Expressed in RMB million)	31 December 2024 Impact on net profit	31 December 2023 Impact on net profit
Exchange rate changes		
RMB 5% appreciation	(27.0)	(25.6)
RMB 5% depreciation	<u>27.0</u>	<u>25.6</u>

(IV) Liquidity Risk Management

Liquidity risk refers to the risk of inability in getting sufficient funds at reasonable costs in a timely manner to meet the due liabilities or other obligations for payments or other capital needs required for the conduction of normal business. The objective of liquidity risk management of the Group is to meet the liquidity needs of asset, liability and off-balance sheet activities and meet its payment obligation to external parties on a timely basis, to maintain stable operation with overall security, to protect the interests of depositors, and to effectively balance fund profitability and overall security no matter during the normal operation or at a highly stressed condition through the development of a scientific and comprehensive liquidity risk management mechanism and the implementation of effective identification, measurement, monitoring and reporting measures on liquidity risk. The Board of Directors of the Group is ultimately responsible for liquidity risk management. The Asset and Liability Management Commission and Risk Management Commission under senior management are responsible for establishing policies and strategies relating to the Group's overall management of liquidity risk. The Assets and Liabilities Management Department, the Risk Management Department, the Capital Operation Department and other related departments cooperated with each other to form an organizational structure of liquidity risk management with division of work and cooperation, clear responsibilities and efficient operation. The Group ensured payment through continuous monitoring and management of positions across the Bank. The Group, leveraging its unremitting efforts in strengthening liquidity monitoring as well as the application of the FTP, a system for internal fund transfer pricing, had improved the management of internal fund allocation under the system. The Group updated liquidity pressure tests scenarios annually and carried out liquidity pressure tests quarterly to examine the ability of the Group to withstand risks under extreme pressure. The results showed that the management of liquidity risks under pressure, though more difficult, was controllable.

In 2024, the Group adhered to the prudent and compliant business philosophy, set the liquidity risk preference for 2024, evaluated and revised the annual liquidity risk limit control plan according to the Detailed Rules for the Management of Liquidity Risk Limits of Chongqing Rural Commercial Banks, and continuously carried out forward-looking liquidity risk indicator measurement with the limit control as the guidance; in addition, the Group made arrangements in advance and dynamically adjusted the liquidity risk management strategy according to the forward-looking measurement results, continuously monitored various liquidity risk indicators, and regularly conducted internal notification to help the liquidity risk indicators continuously meet the standards. The Group strengthened daytime liquidity risk management, ensured the security of payment and settlement, and continuously optimized the liquidity risk management information system, so as to promote the implementation of refined management. The Group organized bank-wide liquidity risk emergency exercises, and constantly reviewed and improved the emergency response mechanism.

Management Discussion and Analysis

1. Liquidity risk analysis

In 2024, the momentum of global economic growth remained weak, and the monetary policy entered into the interest rate cut cycle. The domestic economy maintained overall stable while making progress, and high-quality development has been advanced solidly. However, it still faced difficulties and challenges such as insufficient demand and persistent hidden risks. The central bank has intensified monetary policy adjustments, and the liquidity of the inter-bank market has remained reasonably sufficient. The Group strictly implemented the liquidity risk limit management mechanism and maintained satisfactory liquidity. As of the end of 2024, the main indicators reflecting liquidity status of the Group met regulatory requirements. The Group appraised the liquidity risk conditions by means of liquidity gap analysis. As of the end of 2024, the liquidity gap analysis of the Group is as follows:

(Expressed in RMB million)	Undiscounted contractual cash flows categorised by contractual maturities							Total
	Overdue/ Indefinite	On demand	Within 1 month	1-3 months	3 months- 1 year	1-5 years	Over 5 years	
Net position of assets and liabilities as at 31 December 2024	<u>52,409.8</u>	<u>(229,080.0)</u>	<u>(101,555.5)</u>	<u>(168,882.5)</u>	<u>(81,762.1)</u>	<u>345,788.3</u>	<u>563,524.0</u>	<u>380,442.0</u>
Net position of assets and liabilities as at 31 December 2023	<u>52,679.6</u>	<u>(238,674.4)</u>	<u>(103,291.0)</u>	<u>(115,683.0)</u>	<u>(72,255.8)</u>	<u>282,536.6</u>	<u>561,664.5</u>	<u>366,976.5</u>

The Group measured and disclosed its liquidity ratio, net stable funding ratio and liquidity coverage ratio in accordance with the relevant requirements of Methods for Liquidity Risk Management in Commercial Banks (《商業銀行流動性風險管理辦法》). As at the end of 2024, the liquidity ratio of the Group is as follows:

Liquidity ratio (%)	31 December 2024	31 December 2023	31 December 2022
RMB	93.99	91.42	87.55
Foreign currency	53.58	87.62	236.85

Liquidity ratio is calculated by dividing current assets by current liabilities.

As of the end of 2024, the net stable funding ratio of the Group is as follows:

Expressed in RMB million	31 December 2024	30 September 2024
Available stable funding	1,060,822.30	1,058,065.70
Required stable funding	811,482.52	816,859.58
Net stable funding ratio (%)	130.73	129.53

Net stable funding ratio is calculated by dividing available stable funding by the required stable funding. It is used to evaluate whether commercial banks have sufficient and stable funding sources to meet the needs of stable funding from various assets and off-balance sheet risk exposures.

As of the end of 2024, the liquidity coverage ratio of the Group is as follows:

Expressed in RMB million	31 December 2024
Qualified and high-quality liquid assets	149,186.04
Net cash outflows in future 30 days	26,528.76
Liquidity coverage rate (%)	562.36

The qualified and high-quality liquid assets mean various assets which can be cashed quickly in the financial market through sale or mortgage (pledge) without loss or with minimal loss in the pressure scenarios set by the liquidity coverage ratio. The net cash outflow in future 30 days means the balance between the expected total cash outflow and the expected total cash inflow in the future 30 days in the pressure scenarios set by the liquidity coverage ratio. The expected total cash outflow is the sum of the products of the balance of the relevant liabilities and off-balance-sheet items and its expected churn rate or extraction rate in the pressure scenarios set by the liquidity coverage ratio. The expected total cash inflow is the sum of the products of the balance of the relevant on and off-balance-sheet contractual receivables and its expected inflow rate in the pressure scenarios set by the liquidity coverage ratio. The expected total cash inflow which can be included shall not exceed 75% of the expected total cash outflow.

(V) Operational Risk Management

Operational risk refers to the risk of loss due to errors in internal procedures, personnel and scientific and technological information systems or external events. Adhering to the principle of comprehensiveness and prudence and based on a comprehensive risk management system, the Group implements an operational risk management strategy that matches the asset size and business complexity in compliance with the overall risk appetite.

During the Reporting Period, the Group continued to strengthen its operational risk management, and the overall operational risk remained under control. The Group improved its operational risk management system, conducted a consulting project for the optimization and improvement of the operational risk management system, advanced the improvement and refinement of the operational risk management policies, process, tools and system, etc. The Group continued to deepen the application of three fundamental management tools of operational risk, optimized operational risk monitoring indicators, enhanced the collection and analysis of loss data, perfected the operational risk self-assessment mechanism, improved capacities of risk monitoring and prediction, and enhanced the effectiveness and pertinence of risk prevention and control. The Group carried out various risk investigations, organized and conducted the special investigation on employee behavior, case risks, hidden safety hazards, etc., and continuously strengthened risk prevention in key areas. The Group constantly strengthened the quality and efficiency of business continuity management, comprehensively formulated exercise plans, coordinated technology and business departments to enhance collaboration and cooperation, and conducted centralized switching exercises, ensuring the stable operation of critical business.

(VI) Reputation Risk

Reputation risk refers to the risk of negative evaluation of the Group by the stakeholders, the public and the media due to the Group's operations, management and other actions, external events or vicious interpretation from medias, thereby damaging the brand value of the Group, adversely affecting the normal operation of the Group, or even affecting the stability of the market value of the Group and social stability.

During the Reporting Period, the Group further clarified the "dual-way" reporting mechanism for reputation risk events, strengthened the reputation risk emergency drills, and further enhanced the classification management of reputation risks, customer emergency and complaint handling, emergency handling of sudden public opinion, information release process management, and standardized management of publicity work, etc. At the same time, the Group implemented the 7×24 hours public sentiment monitoring mechanism, kept an eye on and analyzed the emerging trends of public sentiment in real time, dynamically adjusted the response and handling plan, and made every effort to eliminate potential negative public sentiment or reputation risk events at their nascent stages, and actively protected the Bank's good market image to achieve the overall goal of reputation risk management.

(VII) Information Technology Risk

Information technology risks refer to operational, legal, and reputational risks arising from the use of information technology due to natural factors, human factors, technical loopholes, and management defects.

During the Reporting Period, the Group continued to improve the information technology risk management system and enhance the efficiency of information technology risk management, without any major information technology risk emergency. The Group optimized the institutional system, updated the Measures for Information Technology Risk Management and other systems, and further standardized various aspects of information technology risk management to enhance the comprehensiveness, effectiveness and operability of the systems. The Group implemented operation and maintenance management and control, strengthened the 7×24 operation and maintenance on-duty management, strove to maintain network security at important points such as Spring Festival and National Day, and effectively maintained the stable operation of important businesses. The Group also promoted assessment and monitoring, applying the expert group review mechanism to implement the risk assessment links before the construction of important information system projects, regularly carried out information technology risk monitoring and analysis, organized and carried out information technology outsourcing risk management assessment, overall information technology risk assessment and pre-launch risk assessment for major projects, fully identified the shortcomings in the information technology risk management and continuously improved risk control measures to enhance the information technology risk management level of the Group.

(VIII) Anti-Money Laundering Risks

The Group adhered to the risk-oriented concept, proactively explored the close integration of anti-money laundering with corporate governance, continued to promote the transformation of anti-money work towards risk-oriented, and deepened the establishment of proactive management accountability mechanism, thereby improving the capacity of risk prevention. During the Reporting Period, the Group actively implemented the deployment of Chongqing Anti-Money Laundering Work Conference and completed various tasks of anti-money laundering work: revised the internal control system of anti-money laundering, improved the internal control mechanism, and conducted assessments on product and channel risks; actively carried out technological innovation in the field of anti-money laundering, and used new technologies such as big data and machine learning to build AI models for intelligent scoring of suspicious cases and re-evaluation of excluded cases, and efficiently and accurately screen suspicious transactions of money laundering crimes; took “off-site” and “on-site” methods to carry out inspections of performance of duties, informed and prompted common problems, and promoted standardized operations; held anti-money laundering work meetings, accurately transmitted anti-money laundering information, and gave play to the synergy and linkage of the “three lines of defense”; carried out special training publicity and work assessments, improved the professional quality of the anti-money laundering team, and built a solid foundation for anti-money laundering work.

(IX) Internal Audit

The Group has established a sound internal audit system according to laws and regulations. The internal audit team works under the leadership of the Party Committee and the Board, and is accountable to and reports to the Party Committee and the Board. The Articles of Association clearly stated that the Board was responsible for establishing and maintaining an effective internal audit system to ensure that internal audit had sufficient independence. The internal audit departments were equipped with designated audit personnel, which was in compliance with the regulatory requirements.

During the Reporting Period, the internal audit focused on the main responsibility and business, deepened the reform and innovation, continued to improve the quality and efficiency of audit supervision, and guaranteed the high-quality development of the Bank with superior-quality audit. The Group highlighted the priorities of supervision, carried out audit supervision around major decisions, state-owned enterprise reforms, regulatory policies and strategy of the headquarter, and vigorously and effectively promoted the implementation of the superior policy and the strategy of the Bank. The Bank adhered to upholding integrity and making innovation, conducted research-oriented audits, deepened digital audits and optimized on-site audits, so as to comprehensively improve the efficiency of audit supervision. The Bank focused on the source governance, solidly and properly carried out the “second half of the work” of the audit, and promoted the deepening and consolidation of rectification, so as to promote the construction and governance through rectification and continuously improve the governance level of the Bank.

(X) Related Party Transactions

During the Reporting Period, in accordance with the requirements for listed banks, the Bank continued to improve its management of related party transaction. The Bank strengthened the management of the list of related parties. It communicated with shareholders, directors, supervisors and senior management and other persons about the importance and principles of related party transaction management, regularly collected information on related parties, conducted dynamic management and timely update of the list, strengthened identification of related parties, thereby laying a solid foundation for related party transaction management. The Bank strictly examined and approved related party transactions, controlled the compliance risks of related party transactions, standardized the implementation of the review and disclosure standards of related party transactions, and performed the obligation of filing or submitting transactions in a timely manner. The Bank strengthened the concentration management and control of related party transactions, and regularly monitored its concentration indicators to prevent concentration risk. During the Reporting Period, all relevant indicators met the regulatory requirements.

1. Related party transactions during the ordinary course of business

During the Reporting Period, the Bank conducted related party transactions by following the regulatory requirements and the Administrative Measures for the Related Party Transactions (《關聯交易管理辦法》) of the Bank, the related party transactions were priced fairly and in line with the overall interests of the Bank and shareholders.

- (1) In accordance with the relevant regulations of the regulatory authority of the banking industry, a total of 12 significant related party transactions were approved during the Reporting Period. The credit balance was RMB23.002 billion as at the end of the Reporting Period, as follows:

Unit: RMB0'000

No.	Name of related party	Transaction type	Credit balance	Percentage of net capital (%)
1	Chongqing Yufu Holding Group Co., Ltd. (重慶渝富控股集團有限公司) and group members	Group credit	1,076,705.03	8.44
2	Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司) and group members	Group credit	492,271.44	3.86
3	Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司)	Single credit of legal person	468,532.44	3.67
4	Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司) and group members	Group credit	428,376.20	3.36
5	Chongqing Yufu Holding Group Co., Ltd. (重慶渝富控股集團有限公司)	Single credit of legal person	375,000.00	2.94
6	Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司)	Single credit of legal person	293,658.20	2.30
7	Chongqing Airport Group Co., Ltd. (重慶機場集團有限公司)	Single credit of legal person	156,600.00	1.23
8	Chongqing Airport Group Co., Ltd. (重慶機場集團有限公司)	Group credit	156,600.00	1.23
9	Bank of Chongqing Co., Ltd.	Single credit of legal person	146,296.81	1.15
10	Chongqing Development and Real Estate Management Co., Ltd. (重慶發展置業管理有限公司)	Single credit of legal person	9,400.00	0.07
11	CQRC Wealth Management Co., Ltd.	Single credit of legal person	0	0
12	Chongqing Chengtong Shuguanghu Construction Co., Ltd. (重慶城投曙光湖建設有限公司)	Credit change	0	0

Note: (1) The single credit of legal person extended to Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司), Chongqing Yufu Holding Group Co., Ltd. (重慶渝富控股集團有限公司), Chongqing Development and Real Estate Management Co., Ltd. (重慶發展置業管理有限公司), Chongqing Airport Group Co., Ltd. (重慶機場集團有限公司) and Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司) and their group members was included in the scope of relevant group credits.

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- (2) In accordance with the relevant regulations of the Shanghai Stock Exchange, during the Reporting Period, related party transactions that occurred between the Bank and related parties under the relevant regulations of the Shanghai Stock Exchange considered by the Board or general meetings are as follows:

The 40th meeting of the fifth session of the Board of Directors of the Bank considered and approved “the resolution in relation to the related party transaction with Chongqing Airport Group Co., Ltd. (重慶機場集團有限公司)” on 1 March 2024, agreeing to grant credit of RMB3.5 billion to Chongqing Airport Group Co., Ltd. (重慶機場集團有限公司) with a credit period of 1 year. For details, please refer to the “Announcement on Related Party Transactions of Chongqing Rural Commercial Bank Co., Ltd.” (Announcement No.: 2024-006) published by the Bank on the website of the Shanghai Stock Exchange.

The 43rd meeting of the fifth session of the Board of Directors and the 2023 annual general meeting of the Bank considered and approved “the resolution in relation to the related party transactions with Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司) and its related parties”, “the resolution in relation to the related party transactions with Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司) and its related parties” and “the resolution in relation to the related party transactions with Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司) and its related parties” on 8 May 2024 and 28 May 2024 respectively, agreeing on the group comprehensive credit limit of RMB17,699.67 million to Chongqing Yufu Holding Group Co., Ltd. (重慶渝富控股集團有限公司) with a credit period of 1 year, the group comprehensive credit limit of RMB18,500 million to Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司) with a credit period of 1 year and the group comprehensive credit limit of RMB18,500 million to Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司) with a credit period of 1 year. For details, please refer to the “Announcement on Related Party Transactions of Chongqing Rural Commercial Bank Co., Ltd.” (Announcement No.: 2024-022) published by the Bank on the website of the Shanghai Stock Exchange.

2. *Related party transactions in connection with purchase or sale of assets or equity interests*

During the Reporting Period, the Bank was not involved in significant related party transaction in connection with purchase or sale of assets or equity interest.

3. *Related party transactions in connection with joint external investment*

During the Reporting Period, the Bank was not involved in significant related party transaction in connection with joint external investment.

4. *Claims, Debt Transactions with Related Parties*

During the Reporting Period, the Bank was not involved in significant claims or debt transactions of a non-operating nature with related parties.

5. *Business transactions with related finance companies*

During the Reporting Period, there was no finance company controlled by the Bank. The Bank was not involved in significant related party transactions in connection with deposits, loans, credit or other financial business with related finance companies.

6. *Other significant related party transactions*

During the Reporting Period, apart from the transactions mentioned above, the Bank did not have any other significant related party transactions that met the requirements of the securities regulatory authorities.

IX. Differences between the Financial Statements Prepared in accordance with Chinese Accounting Standards and IFRS Accounting Standards

(I) Differences between the Financial Statements prepared in accordance with Chinese Accounting Standards and IFRS Accounting Standards

As a financial institution incorporated in the People's Republic of China, the Bank prepares consolidated financial statements of the Bank and its subsidiaries in accordance with the Accounting Standards for Enterprises promulgated by the Ministry of Finance of the People's Republic of China, relevant regulations issued by the CSRC and other regulatory agencies (collectively referred to as "Accounting Standards for Enterprises").

The Group also compiles consolidated financial statements in accordance with the International Financial Reporting Standards and their interpretations issued by the International Accounting Standards Board and the disclosure regulations applicable to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. There are some differences between the financial statements in this report and the Group's financial statements prepared in accordance with Accounting Standards for Enterprises. The differentiated items and amounts are listed below:

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(Expressed in RMB million, unless otherwise stated)	Net Assets (Consolidated)		
	31 December 2024	31 December 2023	31 December 2022
In accordance with Accounting Standards for Enterprises	133,608.8	123,501.7	115,016.2
Differentiated items and amount			
– Goodwill from acquisitions	440.1	440.1	440.1
In accordance with IFRS Accounting Standards	134,048.9	123,941.8	115,456.3

(II) Reasons for the Differences between the Financial Statements prepared in accordance with Chinese Accounting Standards and IFRS Accounting Standards

The Bank was incorporated on 27 June 2008 as a limited company by shares, and the newly incorporated company acquired the assets and liabilities of 38 County/District Rural Credit Cooperative Unions, including the former Chongqing Rural Credit Cooperative (重慶市農村信用合作社), Chongqing Yuzhong District Rural Credit Cooperative Union (重慶市渝中區農村信用合作社聯合社) and Chongqing Wulong Rural Cooperative Bank (重慶武隆農村合作銀行) (“Acquisition”). The Bank first implemented the Accounting Standards for Enterprises on 1 January 2009 and was not required to recognize the goodwill generated from the Acquisition. The Bank made an initial public offering of overseas listed foreign shares (H shares) on the Hong Kong Stock Exchange on 16 December 2010 and adopted IFRS Accounting Standards for the first time in the same year. The goodwill generated from the Acquisition was retrospectively recognized in accordance with the relevant requirements of the first implementation of IFRS Accounting Standards.

X. Changes in Material Accounting Policies and Critical Accounting Estimates and Judgments

In determining the carrying amounts of some assets and liabilities and the related profit or loss during the Reporting Period in accordance with its accounting policies, the Group makes estimates and judgments in certain aspects. The Group makes estimates and assumptions based on historical experience and expectations of future events, and reviews them on a regular basis. In addition, the Group needs to make further judgments in respect of the application of accounting policies. The Group’s management believes that the estimates and judgments made by the Group reflect appropriately the economic context which the Group was subject to. The major areas affected by the estimates and judgments include expected credit loss measurement, fair value of financial instruments, consolidation of structured entities, and deferred taxes. For changes in material accounting policies during the Reporting Period, please refer to Note II. 1.1 to financial statements.

XI. Outlook

(I) Industry Pattern and Trend

In 2024, China's economy showed strong resilience in the complicated and severe internal and external environment. The GDP reached RMB134.9 trillion with a growth rate of 5%. The economic aggregate recorded a new high, the cultivation of new kinetic energy was accelerated, and the high-quality development was solidly promoted, contributing nearly one-third to global economic growth and continuing to lead the world's major economies. The year 2025 is the closing year of the "14th Five-Year" Plan and the layout year of the "15th Five-Year" Plan. By implementing a more active fiscal policy and a moderately loose monetary policy, China will expand domestic demand in an all-round way, vigorously boost consumption, improve investment efficiency, promote the construction of a modern industrial system, and deepen the reform and opening up, so as to achieve the economic development goal of GDP growth of about 5%.

As far as Chongqing's regional economy is concerned, in 2024, Chongqing's total output value was RMB3.2 trillion, representing a growth rate of 5.7%, ranking fourth among the cities with the gross product exceeding RMB1 trillion in China. In 2025, Chongqing will promote the construction of high-quality development pioneer areas in the western region, enlarge and strengthen the "33618" modern manufacturing industry cluster system, innovate and develop the digital economy, expand domestic demand in all directions, and make all-round efforts in reform deepening, urban governance, urban-rural integration, ecological protection, cultural tourism and other fields. The growth rate of the regional GDP is expected to reach approximately 6%.

(II) Development Strategy and Operating Plan of the Company

In 2025, the Bank will continue to promote the development strategy of “anchoring the Bank with retail, propelling the Bank with technology and empowering the Bank with talents”, systematically promote the development system of “all-in-one four-wheel drive”, firmly establish the development philosophy of “customer-centered”, give full play to the advantages of all business segments, and promote its high-quality development in the process of serving customers. Firstly, the Bank will make every effort to do a good job in the “five major areas”. The Bank will create a technology finance that adheres to integrity and innovation and expands its scope and increment, create a green finance with perfect system, steady progress and efficiency improvement, create an inclusive finance that deeply cultivates and taps the potential and cultivates an excellent brand, create a pension finance that explores breakthroughs and focuses on precise efforts, and create a digital finance that reduces burden, empowers, enhances speed and improves efficiency. Secondly, the Bank will comprehensively seize major strategic opportunities, actively seize the strategic and policy opportunities such as the large-scale development of the western region in the new era, the high-quality development of the Yangtze River Economic Belt, the Chengdu-Chongqing Economic Circle, the New International Land-Sea Corridor, the construction of the national strategic hinterland, the “33618” modern manufacturing industry cluster system, and the “416” scientific and technological innovation layout, seize major strategic projects, continue to build a diversified service system covering credit, bonds, investment banking, financial leasing and wealth management, enrich financial products and improve service quality and efficiency. Thirdly, the Bank will optimize “grid” services, actively expand customer groups such as small and medium-sized enterprises and inclusive customers, and make every effort to serve rural revitalization. The Bank will support the development and growth of agricultural industries with “One Policy for One Industry”. The Bank will deepen the “whole village credit extension”, build a characteristic financial service system for rural revitalization, and continue to help the construction of the rural credit system by providing full coverage services to key groups and characteristic industrial chains. Fourthly, the Bank will accelerate its “digital” transformation, lay a solid foundation for innovation, strengthen the empowerment effect, improve the efficiency of reducing burdens, and improve customer experience and internal efficiency. Fifthly, the Bank will strengthen “systematic” risk control, focus on controlling credit risks, strictly prevent and control case risks, continuously prevent compliance risks, resolutely eliminate security risks, attach great importance to the prevention and control of reputation risks, improve various emergency disposal capabilities, and promote the orderly implementation of all work.

Corporate Governance Report

I. Corporate Governance Structure

For details of the corporate governance structure of the Bank, please refer to the “Organization Chart” to this report.

II. Overview of Corporate Governance

During the Reporting Period, the Bank strengthened the system construction and improved the system mechanism in the areas of party leadership, shareholder governance, board governance, board of supervisors and senior management, stakeholder and social responsibility, incentive and restraint mechanism, information disclosure, risk management and internal control. The Board of Directors performed the function of inspection and evaluation of corporate governance, and carefully examined and evaluated the construction of corporate governance, so as to further enhance the scientificity, robustness and effectiveness of the governance system. The Bank continued to improve the transparency of corporate governance to ensure a high level of corporate governance, so as to protect shareholders’ rights and interests and enhance corporate value.

Save as disclosed in this report, the Bank has strictly complied with the principles and code provisions in Part 2 of Appendix C1 to the Hong Kong Listing Rules (the “CG Code”) and also complied with most of the recommended best practices therein. During the Reporting Period, the legal action which the directors of the Bank may face is basically covered in the internal risk management and control scope of the Bank. Meanwhile, the Bank purchased the “liability insurance for directors, supervisors and senior management” for all directors.

The Bank also strictly complied with the requirements under the relevant laws and regulations, and the Hong Kong Listing Rules in respect of management of inside information. There is no significant difference between the corporate governance of the Bank and that as required by the laws including the Company Law of the People’s Republic of China and administrative regulations and the relevant requirements to the corporate governance for listed company of the CSRC and Hong Kong Stock Exchange.

The Bank will continue to review and enhance its corporate governance to ensure that it will continue to meet the requirements of the CG Code and the rising expectations of shareholders and investors.

For details about the Bank’s corporate culture, the basis for generating or retaining value in the long term, and strategies for achieving the Bank’s goals, please refer to “President’s Statement” and Chapter 3 “Management Discussion and Analysis”.

III. Details of the General Meeting

The general meetings shall be an organ of power of the Bank and shall exercise relevant powers in accordance with the law. During the Reporting Period, the Bank convened and held the general meetings in strict accordance with relevant laws and regulations and the Articles of Association of the Bank. Details are as follows:

Session of meeting	Convening date	Resolutions	Website to publish resolutions
2023 annual general meeting	28 May 2024	12 resolutions and 3 reports including the 2023 work report of the Board of Directors of Chongqing Rural Commercial Bank Co., Ltd.	Official website of the Bank (www.cqrcb.com) and website of Shanghai Stock Exchange (www.sse.com.cn) and the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk)
2024 first extraordinary general meeting	16 December 2024	1 resolution in relation to consideration of the 2024 interim profit distribution plan of Chongqing Rural Commercial Bank Co., Ltd.	

IV. Information on Directors, Supervisors and Senior Management

(I) Basic information on Directors, Supervisors and Senior Management

1. Information on Existing Directors, Supervisors and Senior Management

(1) Directors:

Name	Position	Gender	Age	Term of office ¹
Sui Jun	Deputy Secretary to the Party Committee, President, Executive Director	Male	56	July 2023 –
Hu Chun	Non-executive Director	Female	52	October 2022 –
Yin Xianglin	Non-executive Director	Male	43	December 2020 –
Peng Yulong	Non-executive Director	Male	46	December 2024 –
Zhang Qiaoyun	Independent Non-executive Director	Male	61	December 2018 –
Lee Ming Hau	Independent Non-executive Director	Male	46	June 2019 –
Li Jiaming	Independent Non-executive Director	Male	59	December 2020 –
Bi Qian	Independent Non-executive Director	Female	56	December 2020 –

¹ The term of office of directors shown in this table was the duty performance date approved by the regulatory authority of the banking industry.

(2) Supervisors:

Name	Position	Gender	Age	Term of office
Huang Qingqing	Shareholder Representative Supervisor	Female	40	October 2020 –
Zhang Jinruo	External Supervisor	Male	44	October 2020 –
Hu Yuancong	External Supervisor	Male	50	October 2020 –
Zhang Yingyi	External Supervisor	Male	51	October 2020 –
Zheng Yi	Employee Representative Supervisor	Male	59	November 2011 –
Le Xiaoming	Employee Representative Supervisor	Male	48	June 2019 –
Zhou Wei	Employee Representative Supervisor	Female	47	November 2021 –

(3) Senior Management:

Name	Position	Gender	Age	Term of office ²
Sui Jun	Deputy Secretary to the Party Committee, President, Executive Director	Male	56	March 2023 –
Zhou Guohua	Member of the Party Committee, Vice President	Male	59	October 2023 –
Tan Bin	Member of the Party Committee, Vice President	Male	49	December 2023 –
Zhang Jin	Member of the Party Committee, Vice President	Male	52	March 2024 –

² The term of office of the president and vice president shown in this table was the time appointed or nominated by superior departments.

2. *Changes in Directors, Supervisors and Senior Management*

(1) Engagement and resignation

Due to job transfer, Mr. Xie Wenhui ceased to be the Secretary to the Party Committee of the Bank since September 2024, and ceased to be the chairman, the executive director and a member of relevant special committees of the Board of the Bank since October 2024.

Due to job transfer, Mr. Zhang Peizong ceased to be the member of the Party Committee of the Bank since December 2024, and ceased to be the vice president, the Secretary to the Board, the executive director and a member of relevant special committees of the Board of the Bank since January 2025.

Mr. Peng Yulong was appointed as the non-executive director of the Bank by the general meeting in May 2024 and obtained the qualification approval for appointment as the director from the National Financial Regulatory Administration Chongqing Office and officially performed his duty in December 2024. Mr. Peng Yulong has obtained the legal advice referred to in Rule 3.09D of the Hong Kong Listing Rules on 11 December 2024 before his appointment becoming effective, and has confirmed that he understood his obligations as a director of the Bank.

Due to personal work arrangement, Ms. Gu Xiaoxu resigned from a non-executive director and the positions of relevant special committees of the Board of the Bank since January 2024.

Due to job transfer, Ms. Dong Lu ceased to be a member of the Party Committee of the Bank since December 2023 and ceased to be the vice president of the Bank since January 2024.

Mr. Tan Bin has served as a member of the Party Committee of the Bank since December 2023 and was appointed as the vice president of the Bank by the Board in January 2024 and obtained the qualification approval for appointment as the vice president from National Financial Regulatory Administration Chongqing Office and officially performed his duty in February 2024.

Mr. Zhang Jin has served as a member of the Party Committee of the Bank since March 2024 and was appointed as the vice president of the Bank by the Board in March 2024 and obtained the qualification approval for appointment as the vice president from National Financial Regulatory Administration Chongqing Office and officially performed his duty in April 2024.

(2) Change in information

Mr. Yin Xianglin has served as the secretary of the Party Committee and the chairman of Chongqing Development and Real Estate Management Co., Ltd. (重慶發展置業管理有限公司) and ceased to be the general manager since November 2024.

Mr. Peng Yulong ceased to be the co-president of insurance division in Fosun since March 2024 and ceased to be the president of Fosun Financial Services Group since June 2024.

Mr. Lee Ming Hau ceased to be the managing director of The Carlyle Group in January 2024 and served as the partner of Ares Management since January 2024.

Mr. Zhang Jinruo ceased to be the external independent director of Chongqing Iron & Steel Company Limited since June 2024.

3. *Particulars of Changes in Shareholdings of Directors, Supervisors and Senior Management*

Unit: Share

Name	Position	Number of shares held at the beginning of the period	Number of shares held at the end of the period	Increase/ (Decrease) in the number of shares during the Reporting Period	Reasons for Increase/ (Decrease)
Existing					
Sui Jun	Deputy Secretary to the Party Committee, President, Executive Director	75,400	75,400	0	-
Yin Xianglin	Non-executive Director	2,900	2,900	0	-
Zhou Guohua	Member of the Party Committee, Vice President	0	10,000	10,000	Increase in shareholding
Resigned					
Xie Wenhui	Secretary to the Party Committee, Chairman, Executive Director	46,500	46,500	0	-
Zhang Peizong	Member of the Party Committee, Vice President, Executive Director, Secretary to the Board	39,300	39,300	0	-
Dong Lu	Member of the Party Committee, Vice President	39,000	30,000	(9,000)	Decrease in shareholding

(II) Biographies of Existing Directors, Supervisors and Senior Management

1. *Biographies of the Directors*

SUI Jun Deputy Secretary to the Party Committee, President, Executive Director

Primary positions: he has served as the deputy secretary to the Party Committee and the president of the Bank since March 2023 and the executive director of the Bank since July 2023. He acted on behalf of the chairman and the legal representative of the Bank since October 2024.

Professional background: he is a professor-level senior economist and obtained a doctoral degree of economics from Southwestern University of Finance and Economics in 2020.

Work experience: he served as a member of the Party Committee and vice president of Bank of Chongqing Co., Ltd., the secretary to the Party Committee and the chairman of Chongqing Automotive Finance Co., Ltd., a member of the Party Committee, vice president, executive director, the secretary to the Board and general manager of the sales department of the Bank, the secretary to the Party Committee and the president of Jiangjin sub-branch, the secretary to the Party Committee and chairman of Jiangjin Rural Credit Cooperatives Union and general manager of the sales department of Nanchong branch of China Construction Bank, etc.

HU Chun Non-executive Director

Primary positions: she has served as a non-executive director since October 2022 and a member of the Party Committee and the chief financial officer of Chongqing Yufu Holding Group Co., Ltd. (重慶渝富控股集團有限公司) since October 2020.

Professional background: she is a senior accountant, obtained a master degree in accounting from Renmin University of China in 2013.

Work experience: she served as a member of the Party Committee, the chief financial officer and assistant to the general manager of Chongqing Airport Group Co., Ltd. (重慶機場集團有限公司), a member of the Party Committee and the chief financial officer of Zhong Hang Xin Gang Guarantee Co., Ltd. (中航鑫港擔保有限公司), the manager of the finance department of Beijing Airport Ground Services Co., Ltd. (北京空港航空地面服務有限公司), the manager assistant of the finance department and the deputy manager of the finance department of Chongqing Airport Group Co., Ltd. (重慶機場集團有限公司) and deputy chief and the director of the accounting section of the finance department of the Civil Aviation Administration of China Chongqing Bureau (民航重慶市管理局).

YIN Xianglin Non-executive Director

Primary positions: he has served as a non-executive director of the Bank since December 2020. He has been the secretary of the Party Committee and the chairman of Chongqing Development and Real Estate Management Co., Ltd. (重慶發展置業管理有限公司), the Shareholder of the Bank, since November 2024.

Professional background: he is an engineer and obtained a master degree in agricultural extension (land utilization) from Sichuan Agricultural University in 2009.

Work experience: he served as the general manager of Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司), the chairman and the general manager of Chongqing Cairong Housing Leasing Co., Ltd. (重慶財融住房租賃有限公司), the general manager and the deputy general manager of Chongqing Transport and Travel Investment Group Company Limited (重慶交通旅遊投資集團有限公司) (now renamed as Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司)), the deputy director of the Land Reserve and Renovation Division 2 and the deputy director of the Reserve Division 4 of Chongqing Land Group and the chief of the Engineering Construction Division of the Administrative Committee of Chongqing Central Business (Southern) Development Zone.

PENG Yulong Non-executive Director

Primary positions: he has served as a non-executive director of the Bank since December 2024. He has served as the senior assistant to president and the global partner of Shanghai Fosun Hi-tech (Group) Co., Ltd., the Shareholder of the Bank, since January 2019.

Other positions: he serves as the co-president of the banking and insurance industry operation committee of Shanghai Fosun Hi-tech (Group) Co., Ltd., the director of Yong An Property Insurance Company Limited, the chairman of the board of supervisors of Pramerica Fosun Life Insurance Co., Ltd., the executive director of Foster Insurance Agency Co., Ltd., the director of Zhejiang E-Commerce Bank Co., Ltd. and Fosun United Health Insurance Co., Ltd.

Professional background: he is Chinese certified public accountant and obtained a doctoral degree in management from Shanghai University of Finance and Economics in 2007.

Work experience: he served as the president of Fosun Financial Services Group, an analyst in the research institute of Guotai Junan Securities Co., Ltd., executive general manager, managing director, vice president, executive president, the co-president and other roles in the insurance division of Shanghai Fosun Hitech (Group) Co., Ltd. and the director of New China Life Insurance Co., Ltd.

ZHANG Qiaoyun Independent Non-executive Director

Primary positions: he has served as an independent non-executive director of the Bank since December 2018 and a professor and doctoral advisor in School of Finance of Southwestern University of Finance and Economics since January 2017.

Other positions: he serves as a member of the advisory committee of Sichuan Province, an independent director of Leshan Commercial Bank Co., Ltd. (樂山市商業銀行股份有限公司), Sichuan Agricultural Credit Guarantee Company Limited (四川省農業信貸擔保有限公司), Chengdu Wisdom World Technology Co., Ltd. and HAUXI Securities Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 002926). He is the legal representative of Yangtze River Financial Research Institute of Southwestern University of Finance and Economics in Yibin.

Professional background: he obtained a doctoral degree in economics from Southwestern University of Finance and Economics in 2002.

Work experience: he was a visiting scholar of Duquesne University, University of California, San Diego in the United States and served as the executive dean of the School of Finance of Southwestern University of Finance and Economics, deputy director and director of the Graduate School of Southwestern University of Finance and Economics. He concurrently served as a member of the 7th Applied Economics discipline review panel of the Academic Degrees Committee of the State Council and a member of the first and second session of the National Financial Professional Degree Steering Committee, the counselor of Chengdu Municipal People's Government, an external supervisor of Leshan Commercial Bank Co., Ltd. (樂山市商業銀行股份有限公司) and independent director of Liangshan Rural Commercial Bank Co., Ltd. (涼山農村商業銀行股份有限公司), Luzhou Laojiao Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000568), Chengdu Xingrong Investment Co., Ltd. (currently renamed as Chengdu Xingrong Environmental Co., Ltd. (成都市興蓉環境股份有限公司) and a company listed on the Shenzhen Stock Exchange, stock code: 000598), Guangxi Beibu Gulf Bank and Yibin Tianyuan Group Co., Ltd.

LEE Ming Hau Independent Non-executive Director

Primary positions: he has served as an independent non-executive director of the Bank since June 2019 and a partner of Ares Management since January 2024.

Professional background: he obtained a master degree in business administration from the Wharton School of the University of Pennsylvania in 2009.

Work experience: he served as the managing director of The Carlyle Group, an investment director of Clearwater Capital Partners and a project manager of The Boston Consulting Group.

LI Jiaming Independent Non-executive Director

Primary positions: he has served as an independent non-executive director of the Bank since December 2020 and professor and doctoral supervisor of School of Economics and Business Administration, Chongqing University since September 2014.

Other positions: he serves as a member of Chongqing Senior Accountant and Senior Auditor Qualification Evaluation Committee (重慶市高級會計師、高級審計師資格評審委員會), vice chairman of Chongqing Internal Audit Association (重慶市內部審計協會) and executive director of Chongqing Audit Society (重慶市審計學會). He also serves as an independent director of Chongqing Jianshe Vehicle System Co., Ltd. (重慶建設汽車系統股份有限公司) and Guangxi Liugong Machinery Company Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000528).

Professional background: he obtained a doctoral degree in management from Chongqing University in 2006.

Work experience: he served as the chairman and general manager of Chongqing University Asset Management Co., Ltd. (重慶大學資產經營有限責任公司), the chief and the deputy chief of the Audit Division of Chongqing University, the executive deputy dean of City College of Science and Technology, Chongqing University, the general manager of Chongqing University Science and Technology Enterprise Group (重慶大學科技企業集團), and the officer of the Disciplinary Supervision and Review Office of Chongqing University.

BI Qian Independent Non-executive Director

Primary positions: she has served as an independent non-executive director of the Bank since December 2020. She has been a professor, and a doctoral supervisor, and head of the accounting department of the College of Economics and Management, Southwest University since July 2018 and October 2018, respectively.

Other positions: she serves as an independent director of Senci Mechatronic Co., Ltd. (神馳機電股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 603109).

Professional background: she obtained a doctoral degree in management from Southwest University in 2010.

Work experience: she served as an associate professor of the College of Economics and Management of Southwest University and was awarded a scholarship by the China Scholarship Council to visit and study in Oregon State University in the United States. She successively served as a lecturer at the College of Basic Science and Technology, a lecturer and associate professor at the College of Economics and Management, Southwest Agricultural University.

2. *Biographies of the Supervisors*

HUANG Qingqing Shareholder Representative Supervisor

Primary positions: she has served as the shareholder representative supervisor of the Bank since October 2020 and legal person, the executive director and general manager of Xiamen Huishanghong Equity Investment Co., Ltd., a shareholder of the Bank, since March 2022.

Other positions: she serves as a director of Zhongshan Securities Co., Ltd. (中山證券有限責任公司).

Professional background: she is an intermediate economist and obtained a master degree in Finance from Xiamen University in 2010.

Work experience: she served as a supervisor of Zhongshan Securities Co., Ltd. (中山證券有限責任公司), the investment director, the investment manager and a senior analyst of Xiamen Gaoxinhong Equity Investment Co., Ltd. (currently renamed as Xiamen Huishanghong Equity Investment Co., Ltd. (廈門市匯尚泓股權投資有限公司)).

ZHANG Jinruo External Supervisor

Primary positions: he has served as an external supervisor of the Bank since October 2020. He has also served as the professor, a doctoral supervisor and head of accounting department of the School of Economics and Business Administration, Chongqing University since September 2014, September 2015 and November 2018, respectively.

Other positions: he serves as the part-time professor of Center for Accounting Studies of Xiamen University, the consulting experts on accounting of Chongqing Finance Bureau and the external independent director of Chongqing Zhenbao Technology Co., Ltd.

Professional background: he is listed in the Excellent Talent – Outstanding Individual (accounting) (重慶市英才–名家名師(會計類)) and is an Academic Pioneer of Accounting of the Ministry of Finance and a Chinese certified public accountant. He obtained a doctoral degree in accounting from Xiamen University in 2008 and was a student of Professor Ge Jiashu, an accounting expert.

Work experience: he served as the associate professor at School of Economics and Business Administration, Chongqing University and the external independent director of Chongqing Iron & Steel Company Limited.

HU Yuancong External Supervisor

Primary positions: he has served as the external supervisor of the Bank since October 2020. He has been a master tutor of Southwest University of Political Science and Law since July 2009 and a professor, doctoral supervisor and postdoctoral co-advisor at the Economic Law School of Southwest University of Political Science and Law since September 2013, July 2015 and July 2018, respectively.

Other positions: nil

Professional background: he obtained a doctoral degree in economic law from Southwest University of Political Science and Law in 2009.

Work experience: he served as a lecturer and associate professor at the Economic Law School of Southwest University of Political Science and Law.

ZHANG Yingyi External Supervisor

Primary positions: he has served as an external supervisor of the Bank since October 2020. He has also served as the partner of Chongqing Zhongding Certified Public Accountants (Special General Partnership) (重慶中鼎會計師事務所(特殊普通合夥)) since March 2012.

Other positions: he is a member of the Disciplinary Committee of the Chongqing Institute of Certified Public Accountants and an off-campus tutor for the master of accounting in Chongqing University of Technology.

Professional background: he is a Certified Public Accountant, lawyer and asset appraiser and obtained a bachelor degree from Southwestern University of Finance and Economics in 1995.

Work experience: he served as the manager of the audit department and the deputy director of Chongqing Zhongding Certified Public Accountants Co., Ltd. (重慶中鼎會計師事務所有限責任公司) (now renamed as Chongqing Zhongding Certified Public Accountants (Special General Partnership) (重慶中鼎會計師事務所(特殊普通合夥))), a certified public accountant and manager of the audit department of Chongqing Yuzhong Certified Public Accountants (重慶渝中會計師事務所) and the chief accountant of Chongqing Automobile Standard Parts Factory (重慶汽車標準件廠).

ZHENG Yi Employee Representative Supervisor

Primary positions: he has been an employee representative supervisor of the Bank since November 2011.

Professional background: he is an economist and graduated from the Correspondence College of Chongqing Municipal Party Committee in December 1999.

Work experience: he served as the credit approval senior specialist, the chief credit officer, the chief credit approval officer, a general manager of the credit approval department, a general manager of the credit management department and a general manager of the compliance management department of the Bank. He also served as a general manager, a vice general manager of the operation management department, a vice general manager of the risk management department and a deputy director of the credit management division of Chongqing Rural Credit Cooperative Union.

LE Xiaoming Employee Representative Supervisor

Primary positions: he has been an employee representative supervisor of the Bank since June 2019 and the Deputy Chief of the Discipline Inspection and Supervision Team of Municipal Commission for Discipline Inspection and Supervision stationed in Chongqing Rural Commercial Bank Co., Ltd. since May 2020.

Professional background: he obtained a master degree in agricultural extension from Southwest University in 2012.

Work experience: he served as the director of the party committee office, the director of the party-masses work department and the director of the security department of the Bank. He also served as the division chief of the Personnel Secretariat, deputy division chief of the Personnel Secretariat and deputy division chief of the General Division of the Research Office of Chongqing Municipal People's Government.

ZHOU Wei Employee Representative Supervisor

Primary positions: she has served as an employee representative supervisor of the Bank since November 2021; and the director of the party-masses work department of the Bank since January 2024.

Professional background: she obtained a bachelor degree of arts from Sichuan International Studies University in 1999 and a bachelor's degree in economics from Southwestern University of Finance and Economics in 2008.

Work experience: she served as a director of office of the Board of Supervisors, the director of the training center and the deputy director of office of the Board of Supervisors (being responsible for overall work), a member of the Party Committee and a vice president of Beibei Branch, a vice general manager of the risk management department and a vice general manager of the credit management department of the Bank.

3. *Biographies of the Senior Management*

SUI Jun Deputy Secretary to the Party Committee, President, Executive Director

Please refer to the section headed “Biographies of the Directors” of this annual report for biographic details of Mr. Sui Jun.

ZHOU Guohua Member of the Party Committee, Vice President

Primary positions: he has served as a member of the Party Committee and vice president of the Bank since October 2023.

Professional background: he is an assistant economist and graduated from Sichuan Agricultural University in 1991 with a major in agricultural and animal husbandry economic management.

Work experience: he served as a member of the party committee, the vice president and chief operation officer, the president of great hall sub-branch, the president of Hi-tech industrial development zone branch of Bank of Chongqing Co., Ltd., the vice president of Yubei sub-branch (in charge) and the chief of the office of the Board of Supervisors of Chongqing Commercial Bank.

TAN Bin Member of the Party Committee, Vice President

Primary positions: he served as a member of the Party Committee and vice president of the Bank since December 2023.

Professional background: he is a professor-level senior economist and obtained a bachelor degree in engineering from Chongqing University in 1998.

Work experience: he has served as the general manager of the rural revitalization finance department, the Sannong business management department, the small and micro financial business department, the village and township bank management department and the personal business department, the secretary to the party committee and the president of Zhong County branch, the deputy general manager of the corporate business department and a member of the party committee and vice president of Wanzhou branch of the Bank, the deputy director of Chongqing Wanzhou District Rural Credit Cooperative Union and the assistant to the director of Chongqing Tongliang District Rural Credit Cooperative Union.

ZHANG Jin Member of the Party Committee, Vice President

Primary positions: he served as a member of the Party Committee and vice president of the Bank since March 2024.

Professional background: he is an economist and obtained an executive master of business administration degree from Chongqing University in 2011.

Work experience: he has served as the general manager of the digital banking department, the general manager of the internet finance department, the director of board office of Bank of Chongqing Co., Ltd., the general manager of the personal banking department, the general manager of the personal business department, the general manager and the deputy general manager of the market development department (in charge of work), the deputy Director and the assistant to the director of the international business department of Chongqing Commercial Bank, etc.

(III) Remuneration of Directors, Supervisors and Senior Management in 2024

1. Remuneration

Unit: RMB0'000

Name	Position	Paid Remuneration (before tax)	Social Insurance, Housing Provident Fund, Supplementary Medical Insurance, Corporate Annuity Unit Payment Part	Other Monetary Income	Part-time Fee	Total Salary Before Tax in 2024	Whether to get paid from Associated Company
Existing							
Sui Jun	Deputy Secretary to the Party Committee, President, Executive Director	41.47	13.48	4.80	-	59.75	No
Hu Chun	Non-executive Director	-	-	-	9.00	9.00	Yes
Yin Xianglin	Non-executive Director	-	-	-	9.00	9.00	Yes
Peng Yulong	Non-executive Director	-	-	-	-	-	Yes
Zhang Qiaoyun	Independent Non-executive Director	-	-	-	18.00	18.00	Yes
Lee Ming Hau	Independent Non-executive Director	-	-	-	18.00	18.00	Yes
Li Jiaming	Independent Non-executive Director	-	-	-	18.00	18.00	Yes
Bi Qian	Independent Non-executive Director	-	-	-	18.00	18.00	Yes
Huang Qingqing	Shareholder Representative Supervisor	-	-	-	7.50	7.50	Yes
Zhang Jinruo	External Supervisor	-	-	-	12.00	12.00	Yes
Hu Yuancong	External Supervisor	-	-	-	12.00	12.00	No
Zhang Yingyi	External Supervisor	-	-	-	12.00	12.00	Yes
Zheng Yi	Employee Representative Supervisor	-	-	-	-	-	No
Le Xiaoming	Employee Representative Supervisor	-	-	-	-	-	No
Zhou Wei	Employee Representative Supervisor	-	-	-	-	-	No
Zhou Guohua	Member of the Party Committee, Vice President	33.17	13.48	3.84	-	50.49	No
Tan Bin	Member of the Party Committee, Vice President	33.17	13.48	3.84	-	50.49	No
Zhang Jin	Member of the Party Committee, Vice President	24.88	10.22	2.88	-	37.98	No

Corporate Governance Report

Name	Position	Paid Remuneration (before tax)	Social Insurance, Housing Provident Fund, Supplementary Medical Insurance, Corporate Annuity Unit Payment Part	Other Monetary Income	Part-time Fee	Total Salary Before Tax in 2024	Whether to get paid from Associated Company
Resigned							
Xie Wenhui	Secretary to the Party Committee, Chairman, Executive Director	31.10	10.14	-	-	41.24	No
Zhang Peizong	Member of the Party Committee, Vice President, Executive Director, Secretary to the Board	33.17	13.48	3.84	-	50.49	No
Gu Xiaoxu	Non-executive Director	-	-	-	-	-	Yes
Dong Lu	Member of the Party Committee, Vice President	-	-	-	-	-	No

Notes:

- (1) According to relevant regulations, from 1 January 2015, the remuneration of the Chairman, Head of Supervisors, President and other responsible persons of the Bank will be implemented in accordance with the opinions on the supervision of the remuneration system reform of the responsible persons of relevant enterprises.
- (2) The 2024 final assessment of remuneration for the former Chairman, and senior management of the Bank are still in the process of confirming. The Bank will issue a separate announcement.
- (3) Paid remuneration refers to paid remuneration to directors, supervisors, and senior management in the current year approved by the regulatory body in accordance with internal and external regulatory requirements, including the basic annual salary and advance performance salary for 2024 that was issued in accordance with external regulatory requirements.
- (4) The employee representative supervisors of the Bank do not receive remuneration as employee representative supervisors.
- (5) Other monetary income is the business transportation subsidy issued to senior management in the form of currency in accordance with the regulations of relevant authorities.
- (6) Ms. Gu Xiaoxu and Mr. Peng Yulong issued the written commitments, stating that they are voluntary to waive their allowance or remuneration as the director during their term of office as the director of the Bank.

2. *Salary decision-making procedure and basis*

The Bank provides remuneration to non-executive directors, independent directors, shareholder representative supervisors and external supervisors according to the Proposal on Directors' Remuneration of Chongqing Rural Commercial Bank Co., Ltd. and the Proposal on Supervisors' Remuneration of Chongqing Rural Commercial Bank Co., Ltd., which were considered and adopted at the 2017 annual general meeting of shareholders, provides remuneration to executive directors and other senior management personnel according to the Management Measures for the Remuneration of the Heads of Chongqing Rural Commercial Bank, and provides remuneration to employee representative supervisors according to the Management Measures for Remuneration of Chongqing Rural Commercial Bank.

The Board of Directors of the Bank assesses the senior management personnel according to the Measures for Performance Evaluation of Financial Enterprises, the Interim Management Measures for Salaries of Responsible Persons of Municipal State-owned Key Enterprises, and the Management Measures for Salaries of Responsible Persons of Chongqing Rural Commercial Bank. The Board of Supervisors conducts daily supervision on the performance of duties by directors, supervisors and senior management according to the Evaluation Method for the Performance of Duties by Directors, Senior Management and Members of Chongqing Rural Commercial Bank Co., Ltd., and the Evaluation Method for the Performance of Duties by Supervisors of Chongqing Rural Commercial Bank Co., Ltd. At the same time, the Board of Supervisors evaluates the annual performance of duties by directors, supervisors and senior management by attending the meetings of the Board of Supervisors, attending the meetings of the Board of Directors as non-voting members, consulting the annual duty performance evaluation summary, and reviewing the information in the annual personal debriefing reports (including but not limited to attending meetings, participating in investigation and research, training and learning, expressing opinions and suggestions, working hours of performing duties in the company, etc.), and reports to the general meeting of shareholders and the regulatory authorities.

V. Board of Directors and Special Committees

(I) Responsibility and operation of the Board

The Board shall be responsible for the general meeting of shareholders, bear the ultimate responsibility for operation and management, and exercise its functions and powers within the scope of laws, regulations, regulatory requirements, the Articles of Association of the Bank and the powers granted by the general meeting of shareholders to safeguard the legitimate rights and interests of the Bank and its shareholders. The major responsibilities are as follows: convening the general meeting of shareholders and make a report on work to the meeting; implementing the resolutions adopted by the shareholders' general meeting; determining our business plans and development strategies and overseeing its implementation; formulating the Bank's profit distribution, financial budget and final accounts; determining such matters as the Bank's significant external investment, significant merger & acquisitions, significant acquisition of assets, significant assets disposal, significant assets cancellation after verification and significant external guarantee within the authorization limits of the general meeting of shareholders; formulating the proposal program for amending the Bank's Articles of Association, the Rules and Procedures of the General Meetings and the Rules and Procedures of the Meetings of the Board; and hearing the work report of the President.

Pursuant to the CG Code and the Articles of Association of the Bank, the Board Meetings are divided into regular meetings and interim meetings. The regular meetings of the Board shall be held for at least one time each quarter, and shall be convened by the chairman. A meeting notice should be delivered in writing to all directors and supervisors fourteen days before the meeting. At Board meetings, directors can put forward their opinions freely, and major decisions are made after detailed discussions. If any director has material interests in a proposal to be reviewed by the Board of Directors, the director concerned must abstain from discussion and voting on the relevant proposal, and is not counted in the quorum of the relevant proposal. Detailed minutes of the board meetings are kept, and minutes are circulated to all attending directors for review after the meeting. Directors that have attended the meetings will provide comments for modification after receiving the minutes. According to relevant requirement, the minutes will be circulated to all directors in time as it is finalised. Minutes of the board meetings are kept according to the requirements of documents management stipulated by the Bank, and are available for inspection by directors at any time.

All directors maintain communication with the secretary to the Board of Directors so as to ensure the compliance with board procedures and all applicable rules and regulations. Communication and reporting mechanism has been established between the Board of Directors, directors and senior management. The president of the Bank reports his work to the Board of Directors on a regular basis, and under its supervision. Relevant senior management is invited to attend board meetings from time to time to give explanations or reply to enquiries.

The Board of Directors has set up a Board office as its acting agency, which is responsible for preparation of the general meetings, board meetings, and meetings of the special committees under the Board of Directors, information disclosure and other daily work.

(II) The Board of Directors' Implementation of Resolutions of the General Meeting

In 2024, the Board of Directors strictly implemented the resolutions passed at the 2023 annual general meeting and the 2024 first extraordinary general meeting, earnestly implemented the resolutions regarding the 2023 profit distribution plan, the 2024 financial budget, the appointment of accounting firm for 2024, the related party transactions regarding to group credit limits of Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司), Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司) and Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司), issuance of financial bonds, election of Mr. Peng Yulong as the non-executive director of the Bank and the 2024 interim profit distribution plan considered and passed at the general meetings.

(III) Composition of the Board of Directors

As of the date of this report, the Board of Directors comprised 8 directors, including 1 executive director, namely, Mr. Sui Jun (president, acting on behalf of the chairman of the Board); 3 non-executive directors, namely, Ms. Hu Chun, Mr. Yin Xianglin and Mr. Peng Yulong; 4 independent non-executive directors, namely, Mr. Zhang Qiaoyun, Mr. Lee Ming Hau, Mr. Li Jiaming and Ms. Bi Qian.

The list of directors (by category) is disclosed in all corporate communications issued by the Bank pursuant to the Hong Kong Listing Rules. Directors shall be elected or replaced at the shareholders' general meeting and may be dismissed by the shareholders' general meeting prior to the expiration of their term of office. The term of office of a director shall be three years. Upon the expiry of the term, a director shall be eligible for re-election and re-appointment. The office term of a re-elected and re-appointed director is effective upon approval by the general meeting while the term of office of a new director is effective upon approval by the banking regulatory agency until expiration of the term of the current session of the Board of Directors.

The Board of Directors is responsible for the performance of the functions of corporate governance. During the year ended 31 December 2024, the Board of Directors performed the functions of corporate governance as set out in code provision A.2.1 in the CG Code.

(IV) Board Meetings

During the Reporting Period, the 38th meeting (9 January), the 39th meeting (18 January), the 40th meeting (1 March), the 41st meeting (28 March), the 42nd meeting (26 April), the 43rd meeting (8 May), the 44th meeting (28 June), the 45th meeting (28 August), the 46th meeting (25 September), the 47th meeting (16 October), the 48th meeting (29 October), the 49th meeting (26 November), the 50th meeting (13 December) and the 51st meeting (26 December) of the fifth session of the Board of Directors of the Bank were convened. The Bank convened a total of 14 Board meetings including 11 on-site meetings and 3 meetings by way of resolutions. 143 resolutions and reports were considered and reviewed at such meetings including those regarding 2023 annual report, 2024 interim report, 2023 corporate social responsibility report and 2023 work report of the Board of Directors. Special committees under the Board of Directors convened 43 meetings and 101 resolutions and reports were considered and reviewed at such meetings. During the Reporting Period, the directors of the Bank did not raise any objection to the Board resolutions.

During the Reporting Period, the attendance of the directors of the Bank at the general meetings, Board meetings and meetings of the special committees under the Board of Directors (directors who are involved in related party transactions and required to be abstained from the meetings of the special committees under the Board of Directors are also deemed as present) are set out as follows:

Attendances in person/meetings required to attend during the term of office

Special Committees of the Board of Directors										
Directors	General meeting	Board meeting	Strategic	Risk	Audit Committee	Nomination Committee	Remuneration Committee	Related	Sannong	Consumer
			Development Committee	Management Committee				Party Transaction Supervision Committee	Financial Services Committee	Rights Protection Committee
Executive Director										
Sui Jun	2/2	14/14	6/6	11/11		1/1	4/4		0/0	
Non-executive Directors										
Hu Chun	1/2	14/14	6/6		6/6	3/3			2/2	
Yin Xianglin	2/2	14/14						8/8	2/2	3/3
Peng Yulong	1/1	2/2								
Independent Non-executive Directors										
Zhang Qiaoyun	1/2	14/14	6/6	11/11	6/6	3/3				3/3
Lee Ming Hau	2/2	14/14			6/6	3/3	4/4	8/8		3/3
Li Jiaming	1/2	14/14			6/6	3/3	4/4	8/8	2/2	
Bi Qian	2/2	14/14	6/6	11/11	6/6		4/4	8/8	2/2	
Resigned Directors										
Xie Wenhui	1/1	9/9	5/5			2/2			2/2	
Zhang Peizong	2/2	14/14		11/11				8/8		3/3
Gu Xiaoxu	0/0	0/0		0/0			0/0			0/0

Notes:

- (1) “Attendances in person” refers to attending meetings in person or on telephone or by video conference.
- (2) For details of the change of directors, please refer to the section headed “Information on Directors, Supervisors and Senior Management”.

(V) Independent Non-executive Directors

During the Reporting Period, the Bank has 4 independent non-executive directors, and the qualifications are in compliance with domestic and overseas regulatory requirements. The independent non-executive directors of the Bank do not have any business or financial interests in the Bank and its subsidiaries, nor do they hold any management positions in the Bank, so as to ensure their independence. The Bank has received from each of the independent non-executive directors an annual confirmation of his/her independence. Upon assessment, the Board of Directors considers that all of the independent non-executive directors still meet the independence requirements and are independent.

All of the existing independent non-executive directors of the Bank are elected for a term of three years. They are eligible for re-election as the Bank's independent non-executive directors upon expiry of the three-year term of office, provided that their terms of office shall not exceed six consecutive years. For details of the duty performance of independent non-executive directors of the Bank during the Reporting Period, please refer to the 2024 Work Report of the Independent Non-executive Directors of Chongqing Rural Commercial Bank Co., Ltd. published on the website of Shanghai Stock Exchange and the HKEXnews website of the Hong Kong Stock Exchange.

The Bank has established relevant mechanism to ensure that the Board of Directors can obtain independent views and opinions, including but not limited to reviewing from time to time if the independent non-executive directors have appropriate qualifications and expertise and sufficient time devoted to the Group, and if the number of independent non-executive directors complies with the requirements of the Hong Kong Listing Rules. The Board of Directors will review the implementation and effectiveness of such mechanism annually.

(VI) Directors' Responsibility for the Preparation of Financial Reports

The directors of the Bank acknowledge their responsibility for preparing the financial statements of the Bank for the year ended 31 December 2024. Directors are responsible for monitoring financial reports of each accounting or fiscal period to make sure such financial reports give a true and fair view of the Bank's financial conditions, operation results and cash flows. The directors adopted and implemented the applicable accounting policies and exercised prudent and reasonable judgment when preparing financial reports for the year ended 31 December 2024.

(VII) Continuous Professional Development Programme for Directors

Each newly appointed director should be given official, comprehensive and tailor-made information for his/her respective appointment upon his/her first appointment for the assurance of his/her appropriate understanding on the business and operation of the Bank and sufficient knowledge of the duties and responsibilities under the Hong Kong Listing Rules, laws and relevant regulatory requirements.

The training for directors shall be carried out on an on-going basis. The Bank encourages all directors to participate in continuous professional development for developing and updating their knowledge and skills. During the Reporting Period, the Bank continued to improve directors' capabilities to perform their duties, and organized all directors to participate in diversified training: completing the follow-up training for independent directors and the follow-up training for secretary to the Board organized by the Shanghai Stock Exchange; completing the practices seminar and training on the new Company Law, special training on Party discipline learning and education, special training on the "Three Fights and One Revitalization" reform of the state-owned enterprises, legal compliance forum, special training on the "Analysis of Typical Cases of Violation of Laws and Non-compliance of Listed Companies" in 2024 and special training on comprehensive punishment and prevention of financial fraud in the capital market, etc.

The Bank also from time to time provided information to the directors on the latest development of the Hong Kong Listing Rules and other applicable regulatory requirements, so as to ensure the directors are equipped with comprehensive information and are in line with the actual needs for their continuous contribution to the Board of Directors and satisfactorily comply with the CG Code, as well as to enhance their sense of the corporate governance practices.

(VIII) Special Committees of the Board

There are eight special committees established under the Board of Directors of the Bank, namely the strategic development committee, risk management committee, audit committee, nomination committee, remuneration committee, related party transaction supervision committee, Sannong financial services committee and consumer rights protection committee. As at the date of this report, compositions of the special committees of the Board of Directors are set out as follows:

Directors	Strategic Development Committee	Risk Management Committee	Audit Committee	Nomination Committee	Remuneration Committee	Related Party Transaction Supervision Committee	Sannong Financial Services Committee	Consumer Rights Protection Committee
Executive Director								
Sui Jun	Chairman	Chairman		member	member		Chairman	
Non-executive Directors								
Hu Chun	member		member	member			member	
Yin Xianglin						member	member	member
Peng Yulong								
Independent Non-executive Directors								
Zhang Qiaoyun	member	member	member	Chairman				member
Lee Ming Hau			member	member	member	member		member
Li Jiaming			Chairman	member	Chairman	member	member	
Bi Qian	member	member	member		member	Chairman	member	

Notes:

- (1) Mr. Xie Wenhui ceased to serve as a chairman of the strategic development committee, a chairman of the Sannong financial services committee and a member of the nomination committee, with effect from 16 October 2024.
- (2) Mr. Zhang Peizong ceased to serve as a chairman of the consumer rights protection committee, a member of the risk management committee and a member of the related party transaction supervision committee, with effect from 17 January 2025.

During the Reporting Period, the special committees of the Board of Directors agreed with various resolutions and gave advice and recommendations to our related work without objection in accordance with the regulatory regulations and the terms of reference. The duty performance of the special committees are set out as follows:

1. Strategic Development Committee

The primary responsibilities of the strategic development committee include: formulating the strategies and development plans and annual operation plans of the Bank; reviewing the annual financial budgets; making a study on the significant reorganizations and agency arrangement of the Bank as well as the structure plan for its controlled subsidiaries and make recommendations; reviewing significant investment, financing, acquisition and merger plans of the Bank; formulating the green finance development strategy, green finance goal of the Bank, and monitoring and evaluating the implementation of the green finance development strategy.

During the Reporting Period, the strategic development committee held six meetings on 4 January, 22 February, 22 March, 15 August, 25 September and 20 December, respectively, and considered and reviewed 10 proposals of the Bank, including work report of the president for 2023, planning of institutional outlets in 2024, the work report of green finance in 2023, the medium-term capital plan for 2024-2026, the financial budget for 2024, issuance of financial bonds, the digital transformation plan (2024-2025), the implementation plan of the “Three Fights and One Revitalization” reform to build a highly capable and efficient headquarters and the “14th Five-Year” strategic plan (2021-2025).

2. Risk Management Committee

The primary responsibilities of the risk management committee include: reviewing the risk management policy, risk preference and overall structure of risk management of the Bank based on the overall strategy of the Bank; guiding the construction of risk management and compliance management system; monitoring and evaluating the legal construction, risk management, risk resistance and anti-money laundering of the Bank; evaluating risks and compliance of the Bank on a regular basis; putting forward the overall requirements for risk prevention and making assessment on the effectiveness of risky cases management of the Bank; assessing and supervising the development of new products and major change to existing products; and supervising and evaluating the annual financial innovation plan and the performance.

During the Reporting Period, the risk management committee held 11 meetings on 22 February, 22 March, 11 April, 18 April, 14 June, 28 June, 12 August, 20 September, 16 October, 21 November and 27 December, respectively, and considered and reviewed 27 proposals and reports of the Bank, including the innovative product plan for 2024, the implementation report of innovative products for 2023, the compliance management evaluation report for 2023, the internal capital adequacy evaluation report for 2023, the anti-money laundering work report for 2023, the risk management evaluation report for 2023, the report on write-off of doubtful debts for 2023, the risk appetite statement for 2024, information technology risk management report for 2023, consolidated management report for 2023, the case prevention and employee behavior evaluation report for 2023, opinions on the case prevention and control work for 2024 and market risk limit management plan for 2024.

3. *Audit Committee*

Members of the audit committee consist of four independent non-executive directors and one non-executive director and meet the requirements of Rule 3.21 of the Hong Kong Listing Rules. The primary responsibilities of the audit committee include: supervising the internal control of the Bank, and examining and evaluating the compliance of significant operating activities of the Bank; reviewing the major financial policies of the Bank and their implementation and supervising the financial operation; supervising and evaluating the internal audit work of the Bank; proposing to appoint or change the external auditor; reviewing the annual audit report, interim report on financial review and other financial and accounting reports of the Bank and other disclosable financial information prepared by the external auditor; reviewing important regulations and reports such as the internal audit charter, medium and long-term audit plans and annual audit plans; coordinating between the internal audit department and the external auditor; ensuring that attention will be drawn to the improprieties of the employees of the Bank that may occur in financial reporting, internal control or other areas, and procuring the Bank to carry out fair and independent investigation and take appropriate actions in respect of such matters; reviewing the financial information of the Bank and its disclosure; and supervising and evaluating the internal control of the Bank.

During the Reporting Period, the audit committee held 6 meetings on 29 January, 27 March, 25 April, 24 June, 27 August and 28 October, respectively, and considered and reviewed 24 proposals and reports, including the internal audit work report for 2023, the internal audit work plan for 2024, the financial final accounts plan for 2023, the engagement of accounting firm for 2024, the annual report for 2023 and its summary and results announcement, the first quarter report for 2024, the interim report for 2024 and its summary and results announcement, and the third quarter report for 2024. According to the provisions of the CG Code, the Bank held three meetings between the audit committee and auditors during the Reporting Period.

The audit committee of the Board of Directors of the Bank considered the unaudited financial statements of the Bank for 2024 in the course of preparing its 2024 annual report. In the course of audit and after the issue of a preliminary audit opinion by the auditors in charge of annual audit, the audit committee listened to the report on the operation of the Bank for 2024, exchanged opinions on the significant matters and audit progress with the auditors in charge of annual audit and reviewed the financial statements of the Bank. Before the convening of the annual meeting of the Board of Directors, the audit committee reviewed the Bank's 2024 annual report and agreed to submit the same to the Board of Directors for consideration.

4. *Nomination Committee*

The primary responsibilities of the nomination committee include: assessing the structure, and composition of the Board of Directors; formulating the standard and procedures for the selection of directors and senior management members of the Bank; selecting and reviewing suitable candidates with relevant qualifications for directors and senior management members; formulating, reviewing and discussing the diversity policy of the Board of Directors and supervising the implementation of the diversity policy of the Board of Directors; and assessing the independence of independent directors.

During the Reporting Period, the nomination committee held 3 meetings on 17 January, 27 March and 25 December, respectively, and considered and reviewed 4 proposals, including the engagement of the vice president of the Bank and the nomination of Mr. Peng Yulong as a candidate for a non-executive director of the Bank.

The Bank adopted the diversity policy of the Board of Directors. In determining the composition of members, the Board of Directors considers the diversity of members from various aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The Board of Directors consists of executive directors, non-executive directors and independent non-executive directors, proportion of which shall satisfy domestic laws and regulations, administrative rules and the requirements of the Hong Kong Listing Rules. The nomination committee will evaluate the structure, size and composition of the Board of Directors from time to time to ensure the achievement of the objectives of diversity and the implementation of diversity policy. As of the disclose date of this report, the Board of Directors of the Bank has 1 executive director, 3 non-executive directors (including 1 female non-executive director) and 4 independent non-executive directors (including 1 female independent non-executive director), and the independent non-executive directors account for more than one third of the total members of the Board of Directors. The current composition of the Board of Directors of the Bank has complied with the Listing Rules regarding gender diversity of members of the Board and the diversity policy of the Board of the Bank.

Working procedures of the nomination committee: the nomination committee shall, in accordance with relevant laws, regulations, administrative rules, and provisions of the Articles of Association of the Bank, and in consideration of the Bank's actual conditions, review the procedures and criteria for electing the Bank's directors and senior management members, and their terms of office; and shall submit to the Board of Directors the resolution thereof; and implement such resolution if it is considered by the Board of Directors.

Procedures for electing directors and senior management members: the nomination committee shall, in consideration of the Bank's actual conditions, present the Bank's requirements for new directors and senior management members; the nomination committee shall collect the information about the candidates' occupations, education backgrounds, professional titles, work experiences and their part-time jobs, etc.; the nomination committee shall seek the nominated persons' agreement of the nomination, or they may not be selected as candidates for directors or senior management members; the nomination committee shall call a meeting of the nomination committee to review the qualifications of the preliminary elected candidates for the positions of directors and senior management members according to their credentials, and make recommendation to the Board of Directors; the nomination committee shall carry out other subsequent work according to the Board of Directors' decision and feedback. During the Reporting Period, the Nomination Committee has nominated candidates for directors and senior management to the Board in compliance with the diversity policy of the Board of the Bank and the above-mentioned procedures for electing directors and senior management. The Nomination Committee and the Board have reviewed the diversity policy of the Board and the director nomination policy, and considered the diversity policy of the Board and the director nomination policy were effective.

5. *Remuneration Committee*

The primary responsibilities of the remuneration committee include: reviewing and considering the Bank's fundamental system and policy of remuneration management; studying and reviewing the remuneration policies and remuneration package for the directors and senior management; reviewing the appraisal of performance of duties of directors and senior management and making recommendation on remuneration allocation of directors and senior management.

During the Reporting Period, the remuneration committee held 4 meetings on 27 March, 18 April, 23 October and 20 December, respectively, and considered and reviewed 6 proposals and reports, including the report of the Board of Directors on the evaluation of directors, senior executives and mutual evaluation of independent directors in 2023, the completion of business objectives in 2023, and the tenure targets of the head of the Head Office in 2024.

Working procedures of the remuneration committee: the office of the Board of Directors shall be responsible for the preparation for the remuneration committee's decision-making, providing the key financial indicators and achievement in reaching the business objectives of the Bank, the information about achievement of performance targets of directors and senior management and their business innovation ability and operation performance based on such ability and the basis of calculation in the formulation of the remuneration allocation plans and method in accordance with the performance of the Bank, studying, discussing and reviewing the information submitted by the office of the Board one by one, submitting to the Board of Directors for consideration the recommendation on the remuneration for the directors and senior management, and the rewarding method in accordance with the result of appraisal of performance of duties and the remuneration allocation policy, after it is passed by voting.

6. *Related Party Transaction Supervision Committee*

The primary responsibilities of the related party transaction supervision committee include: formulating the fundamental system of related transaction management; identifying the related parties of the Bank, reviewing the significant related party transactions of the Bank and reporting to the Board of Directors and the Board of Supervisors; and receiving filings of general related party transactions.

During the Reporting Period, the related party transaction supervision committee held 8 meetings on 29 January, 22 March, 30 April, 23 August, 24 September, 29 November, 12 December and 20 December, respectively, and considered and reviewed 22 proposals and reports, including the list of related parties of the Bank, the funds occupied by the controlling shareholders and other related parties in 2023, the related party transaction report in 2023, the related party transaction of CQRC Wealth Management Co., Ltd., the related party transaction of Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司) and its related parties, the related party transaction of Chongqing City Construction Investment (Group) Co., Ltd. (重慶市城市建設投資(集團)有限公司) and its related parties, the related party transaction of Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司) and its related parties, and the filing report of general related party transactions.

7. *Sannong Financial Services Committee*

The primary responsibilities of the Sannong financial services committee include: examining and approving the Bank's Sannong financial services development strategy planning and annual Sannong financial services development goal; examining and approving the Bank's Sannong financial services resource allocation plan; and supervising and evaluating the implementation situation of Sannong financial services by the Bank's operation and management layer.

During the Reporting Period, the Sannong financial services committee held 2 meetings on 22 March and 12 August, respectively, and considered and reviewed 3 proposals and reports, including the Bank's guiding opinions on comprehensively promoting rural revitalization with financial support in 2024, the work report on rural revitalization financial services for 2023 and the work report on rural revitalization in the first half of 2024.

8. *Consumer Rights Protection Committee*

The primary responsibilities of the consumer rights protection committee include: reviewing the administrative measures for the consumer rights protection of the Bank; reviewing and evaluating the Bank's plan on consumer rights protection; reviewing the report on the consumer rights protection, the audit of consumer rights protection and the rectification report on consumer rights protection problem.

During the Reporting Period, the consumer rights protection committee held 3 meetings on 29 January, 11 April and 12 August, respectively, and considered and reviewed 5 proposals and reports, including the assessment results of consumer rights protection in 2023, the report on consumer rights protection in 2023, the special audit report on consumer rights protection in 2023, the opinions on financial consumer rights protection in 2024.

VI. Board of Supervisors and Special Committees

(I) **Composition of the Board of Supervisors**

The Board of Supervisors as the internal supervisory body in the Bank, shall be responsible to the shareholders' general meeting, and exercise the following powers: supervising and checking the Bank's financial matters; supervising the Bank's directors, president and other senior managers when they perform their duties in the Bank; reviewing the periodic reports prepared by the Board of Directors and submitting written audit opinions; conducting an outgoing audit for directors and senior managers; supervising the Board of Directors in establishing sound operating philosophy, value criterion and setting development strategies that meet requirement of the practices of the Bank; supervising the Bank's business decision-making, risk management and internal control and urging its rectification; supervising the procedure of the election and appointment of directors; conducting a comprehensive evaluation for duty performance of directors, supervisors and senior management; and supervising the compensation management system and policy of the Bank and whether the compensation program for senior management is scientific and appropriate.

Our supervisors are elected for a term of three years and may be subject to re-election upon expiration of their terms of office. Our external supervisors are elected for a term of three years and are eligible for re-election, provided that their terms of office shall not exceed six consecutive years.

As at the end of the Reporting Period, the Board of Supervisors comprised 7 supervisors, including 1 shareholder representative supervisor, namely Ms. Huang Qingqing, 3 external supervisors, namely Mr. Zhang Jinruo, Mr. Hu Yuancong and Mr. Zhang Yingyi; 3 employee representative supervisors, namely Mr. Zheng Yi, Mr. Le Xiaoming and Ms. Zhou Wei. Ms. Huang Qingqing was nominated by Xiamen Huishanghong Equity Investment Co., Ltd. (廈門市匯尚泓股權投資有限公司).

(II) Special Committees of the Board of Supervisors

The Board of Supervisors may set up a nomination committee, an audit committee, a due diligence supervision committee, and an internal control and review committee. The Board of Supervisors may establish other special committees or adjust the existing committees based on its work needs. Each special committee under the Board of Supervisors shall be responsible to the Board of Supervisors and assist the Board of Supervisors in performing its duties.

Among which, Zhang Jinruo serves as the chairman of the nomination committee and Zhang Yingyi and Le Xiaoming serve as members. The nomination committee is primarily responsible for preparing the selection and appointment procedures and criteria of non-employee supervisors, making a preliminary review for qualification of candidates for non-employee supervisors and proposing suggestions to the Board of Supervisors.

Zhang Yingyi serves as the chairman of the audit committee and Huang Qingqing and Zheng Yi serve as members. The audit committee is primarily responsible to formulate inspection and supervision programs for the financial activities of the Bank; to formulate an audit program for the business decision-making, risk management and internal control of the Bank.

Hu Yuancong serves as the chairman of the due diligence supervision committee and Le Xiaoming and Zhou Wei serve as members. The due diligence supervision committee is primarily responsible to supervise due diligence situations of the Board of Directors, the Board of Supervisors and senior management and their members, conducting a comprehensive evaluation and reporting to the Board of Supervisors.

Hu Yuancong serves as the chairman of the internal control and review committee and Zheng Yi and Zhou Wei serve as members. The internal control and review committee is primarily responsible for organizing the audit and assessment of the Bank's business decision-making, risk management and internal control.

(III) Meetings of the Board of Supervisors

During the Reporting Period, the Board of Supervisors held 9 meetings at which proposals and reports mainly including annual conclusion of the Board of Supervisors, report on centralized supervision and inspection, special investigation reports on core business, financial budgets and accounts, profit distribution and report on internal control evaluation were considered and heard. During the Reporting Period, the supervisors of the Bank did not raise any objection to various supervisory matters.

Attendance records of the supervisors at general meetings, meetings of the Board of Supervisors and meetings of special committees of the Board of Supervisors during the Reporting Period are set out as follows:

Supervisors	Special Committees of the Board of Supervisors					
	General Meeting	Board of Supervisors	Due Diligence Supervision Committee	Internal Control and Review Committee	Audit Committee	Nomination Committee
Shareholder Representative Supervisor						
Huang Qingqing	2/2	9/9			4/4	
External Supervisors						
Zhang Jinruo	2/2	9/9				0/0
Hu Yuancong	2/2	9/9	1/1	1/1		
Zhang Yingyi	2/2	9/9			4/4	0/0
Employee Representative Supervisors						
Zheng Yi	2/2	9/9		1/1	4/4	
Le Xiaoming	2/2	9/9	1/1			0/0
Zhou Wei	2/2	9/9	1/1	1/1		

Notes:

- (1) “Attendances in person” refers to attending meetings in person or on telephone or by video conference.
- (2) For the change of supervisors, please refer to the section headed “Information on Directors, Supervisors and Senior Management”.

VII. Senior Management

The senior management, as the executive body of the Bank, shall report to the Board of Directors and the Board of Supervisors the Bank's operating performance, important contracts, financial conditions, risk status and business prospects in a timely, accurate and complete manner as required.

The Bank implements the president responsibility system under the leadership of the Board of Directors. The president is appointed by the Board of Directors and is responsible to the Board of Directors. The president has the right to organize operating and management activities in accordance with laws and regulations, the Articles of Association of the Bank and the authorization of the Board of Directors. His/her main responsibilities include: presiding over the daily administrative, business and financial management of the Bank, and reporting to the Board of Directors; organizing and implementing the resolutions of the Board of Directors, the annual plan and investment plan of the Bank; formulating the internal management and organization establishment plans, basic management systems and specific regulations and rules of the Bank; establishing the accountability system of the president, and assessing the heads of business departments, functional departments and branches; authorizing the members of the senior management and the heads of internal functional departments and branches to engage in operating activities, etc.

VIII. Information on Employees and Institutes

(I) Employees

As of the end of 2024, the Group had 14,542 regular employees, among which, the Bank had 14,111 employees and subsidiaries had 431 employees.

Number of regular employees of the Bank

Position Structure

Business development	10,354
Technical information	581
Risk control	1,022
Operation and general management	2,154

Age Structure

30 and below	1,619
31-40	6,617
41-50	3,299
Above 51	2,576

Academic Background Structure

Master's degree and above	1,149
Bachelor's degree	10,412
College's degree and below	2,550

Notes:

1. In addition, the Bank had 387 dispatch workers, 244 internally retired employees and 7,798 retired employees;
2. The ratio of male to female employees in the Bank is approximately 1.12:1. The Bank has realized diversity in 2024, with a relatively balanced gender ratio, and there are no other factors and circumstances that are challengeable or irrelevant to the diversity.

(II) Overall Situation of Human Resources Management Work

In 2024, the Bank insisted on party management of cadres and party management of talent, adhered to the standards of excellent politics, excellent ability and excellent work style, adhered to taking the purity, professionalism and combat effectiveness of the team as the important support, and strove to forge a loyal, clean, and responsible high-quality professional cadre talent team to provide talent support and intellectual support for promoting the high-quality development of the Bank.

Optimized organizational structure. Adhering to the philosophy of “customer-centered”, the Bank optimized the setting of inclusive finance, corporate finance, financial markets and financial technology segments, and realized the integrated design of customer value, the package service of businesses by the Head Office, the one-stop connection of branches and the all-round optimization of financial technology system. The Bank created a lean Head Office, and iteratively improved the organizational structure.

Strengthen cadres and talents. The Bank focused on selecting talents and appointing talents and implemented the full-chain mechanism for cadre selection and use. The Bank strengthened the education on the “five major areas” of finance and other situation, promoted horse racing competition and guided cadres to actively take on responsibilities. The Bank improved the exchange of core business and scientific and technological employees and the post rotation cultivation mechanism of management trainees and reserve employees. The Bank organised nearly 1,500 sessions of trainings, with more than 255,000 participants and 100% employee coverage.

Consolidate the employee management. The Bank gave play to the decisive role of the market in the allocation of human resources, accelerated the construction of customer manager team, guided employees to flow to the front desk and marketing reasonably, and optimized the employee structure. The Bank promoted the collectivization of manpower management, the accuracy of employee portraits, and improved the quality of all employees, with the proportion of employees with bachelor degree or above increasing to 81.94%.

(III) Employee Remuneration Policy

The Bank adheres to the principle of combining remuneration management with enterprise strategic goals and linking it to operating performance, and refines and improves the restraint mechanism and build a stable, fair and efficient remuneration system in accordance with relevant state regulation, regulatory requirements and corporate governance procedures, so as to guarantee the basic lives of employees with fixed remuneration and reflect the employees’ performance and contribution with variable remuneration as well as match remuneration with performance and contribution. The Bank fully mobilizes the enthusiasm of employees at all levels to promote the business development and improve the operating efficiency of the Bank. At the same time, in order to promote the balance between risks and incentives, the Bank established a mechanism for deferred payment, recourse and deduction of performance remuneration in accordance with regulatory requirements and based on the needs of operation and management. During the Reporting Period, the recovered and deduced performance remuneration amounted to RMB1.439 million in total.

(IV) Training Plan

The Bank adhered to the guidance of Xi Jinping's Thought on Socialism, Chinese characteristics in the New Era, implemented the requirements of the regulations on cadre education and training, closely focused on the strategy of "empowering the Bank with talents" to anchor goals, target policies and make precise efforts, constantly optimized and improved the employee education and training system, and promoted the training contents to be more contemporary and systematic. The training methods were more targeted and effective, the training guarantee was more solid and powerful, the training system was more standardized and complete, and the training mechanism was more synergistic and efficient, promoting the quality and efficiency of the education and training of the Bank.

(V) The Distribution of Branches

Operating outlets are the primary distribution channels of the Bank. By the end of 2024, the Bank had 1,743 branches, including the Head Office and the business department, 7 branches, 35 first-class sub-branches, 157 second-class sub-branches, 1 community sub-branch, and 1,541 branch offices. Among which, Yunnan Qujing Branch is the first off-site branch of a rural commercial bank in China. The network of sub-branches covers all the 38 administrative districts and counties with 1,439 distribution outlets in the county area of Chongqing and 302 outlets in the city's urban area. The Bank has put the construction of distribution channels into its medium and long-term strategic development plan and stepped up optimising the layout of outlets and restructuring to improve its service coverage, service capabilities and operational efficiency.

By the end of 2024, the Bank established 68 24-hour self-service banking centers, 6,175 self-service equipment (including: 2,709 smart counters, 3,155 deposit and withdrawal machines, 273 self-service cash machines, and 38 self-service inquiry machines), and the proportion of machine to outlet was 3.54:1. The Bank continued to deepen the basic financial services in rural areas, increased the support for rural revitalization. 388 convenient rural financial service centers had been established and put into use. The Bank extended its financial service coverage whilst bringing convenience and benefits to the people in rural area. It won widespread recognition from the local government and the general public.

Corporate Governance Report

Name	Address	Number of Outlet	Number of staff	Assets Size (RMB100 million)
Head Office and Business Department	No. 36 Jinshamen Road, Jiangbei District, Chongqing City	2	1,705	3,552.09
Yuzhong Branch	No. 142 Xinhua Road, Yuzhong District, Chongqing City	8	142	196.37
Dadukou Branch	1-3, 1-4-1-1, Block 1; 1-4-1-2, 1-4-2-2, Block 1, 11 Tianchenhuafu, Chunhui Road Street, Dadukou District, Chongqing City	13	155	127.69
Jiangbei Branch	1-1, No. 10, Yanghe Road East, Jiangbei District, Chongqing City	28	278	276.82
Shapingba Branch	Annex 37, 38, 39, No. 118 Xiaoyanggong Bridge, Shapingba District, Chongqing City	28	276	280.68
Jiulongpo Branch	Annex 1, No. 2 Xijiao Road, Yang Jia Ping, Jiulongpo District, Chongqing City	40	305	335.39
Kexuecheng Branch	No. 28, Xiyong Avenue, High-tech Zone, Chongqing City	16	141	165.39
Nan'an Branch	No. 24 Jiangnan Avenue, Nanping, Nan'an District, Chongqing City	30	314	251.53
Beibei Branch	No. 20 Beixia West Road, Beibei District, Chongqing City	27	253	258.41
Yubei Branch	1-1, Block 1, No. 91 Shuanglong Avenue, Shuanglonghu Street, Yubei District, Chongqing City	37	294	275.81
Liangjiang Branch	No. 21, 23, 25 Jintong Road, New North Zone, Chongqing City	17	230	288.75
Ba'nan Branch	No. 145 Longzhou Avenue, Ba'nan District, Chongqing City	56	362	341.71
Wansheng Branch	No. 36 Wandong North Road, Wansheng District, Chongqing City	13	125	90.73
Fuling Branch	Block 1, Hongfu Building No. 55 Xinghua Middle Road, Fuling District, Chongqing City	74	415	355.36
Changshou Branch	No. 13 Xiangyang Road, Fengcheng Street Office, Changshou District, Chongqing City	46	310	258.23
Jiangjin Branch	Annex 6, 7, No. 183, Xijiang Avenue, Shengquan Street, Jiangjin District, Chongqing City	83	479	519.95
Hechuan Branch	No. 2 Jiuchang Road, Hechuan District, Chongqing City	89	554	583.49
Yongchuan Branch	No. 399, Honghe Middle Road, Yongchuan District, Chongqing City	56	346	316.68
Nanchuan Branch	No. 24 Jinfa Avenue, Nanchuan District, Chongqing City	40	279	196.89
Qijiang Branch	No. 34 Jiulong Avenue, Wenlong Street, Qijiang District, Chongqing City	43	294	228.70
Tongnan Branch	No. 4, Xingtong Avenue, Guilin Street Office, Tongnan District, Chongqing City	40	258	204.53
Tongliang Branch	No. 102 Zhongxing Road, Bachuan Street, Tongliang District, Chongqing City	50	332	271.14
Dazu Branch	Annex 1, No. 227 Middle Section of Wuxing Avenue, Tangxiang Street, Dazu District, Chongqing City	39	288	225.75
Rongchang Branch	No. 106 Haitang Avenue, Changzhou Street, Rongchang District, Chongqing City	36	269	202.39
Bishan Branch	No. 4 Bitong Road, Bicheng Street, Bishan District, Chongqing City	40	312	271.21
Wanzhou Branch	No. 91 Taibai Road, Wanzhou District, Chongqing City	92	613	578.55
Liangping Branch	No. 1, Block 26, Minghao Commercial Area, Liangshan Street, Liangping District, Chongqing City	45	327	294.14
Chengkou Branch	No. 30 South Street, Gecheng Town, Chengkou County, Chongqing City	25	154	83.39
Fengdu Branch	No. 187 2nd Shangye Road, Sanhe Street, Fengdu County, Chongqing City	47	316	271.17
Dianjiang Branch	No. 371 Renmin East Road, Guixi Street, Dianjiang County, Chongqing City	47	298	232.69
Zhong County Branch	No. 49 Ba Wang Road, Zhongzhou Town, Zhong County, Chongqing City	60	359	282.23
Kaizhou Branch	(Shimin Plaza) Kaizhou Avenue, Hanfeng Street Office, Kaizhou District, Chongqing City	63	452	511.73
Yunyang Branch	No. 1335 Yunjiang Avenue, Qinglong Street, Yunyang County, Chongqing City	68	435	374.56
Fengjie Branch	No. 32 Gongping Lane, Yufu Street, Fengjie County, Chongqing City	46	331	243.96
Wushan Branch	No. 258 Guangdong Middle Road, Wushan County, Chongqing City	31	240	130.41
Wuxi Branch	Unit 1-1, No. 7 Yanghe Garden, No. 25 Binhe Zhilu, Boyang Street, Wuxi County, Chongqing City	38	263	145.14
Qianjiang Branch	No. 217 Jiefang Road, Chengdong Street, Qianjiang District, Chongqing City	35	268	135.38
Wulong Branch	No. 36 Furong Middle Road, Furong Street, Wulong District, Chongqing City	34	255	164.56
Shizhu Branch	Annex 6, No. 10 Wanshou Avenue, Nanbin Street, Shizhu Tujia Autonomous County, Chongqing City	33	211	178.28
Xiushan Branch	No. 35, Yuxi Avenue, Zhonghe Street, Xiushan Tujia and Miao Autonomous County, Chongqing City	34	242	146.71
Youyang Branch	No. 6, Middle Section of Taohuayuan Avenue, Taohuayuan Street, Youyang Tujia and Miao Autonomous County, Chongqing City	46	285	197.55
Pengshui Branch	Annex 4, No. 2 Shizui Street, Hanjia Street, Pengshui Miao and Tujia Autonomous County, Chongqing City	46	292	166.24
Qujing Branch	No. 460, Qilin West Road, Qilin District, Qujing City, Yunnan Province	2	54	53.38
Total		1,743	14,111	14,266.31

IX. Profit and Dividends

(I) Formulation and implementation of the cash dividend policy

According to the Articles of Association, the Bank may distribute dividend in the form of cash, share, or a combination of cash and share. The profit distribution policy of the Bank shall be focused on generating reasonable return for investors. The profit distribution policy shall maintain its continuity and stability and, meanwhile, give consideration to the long-term interests of the Bank, the interests of the shareholders as a whole and the sustainable development of the Bank. Cash shall be the main form of dividend distributed by the Bank. If required under the regulatory requirements of the securities regulatory authorities at the places where the shares of the Bank are listed, the Bank shall provide online voting platform when the profit distribution plan is considered and deliberated. Except under special circumstances, the Bank shall distribute profit to shareholders of ordinary shares in the form of cash every year with an aggregate amount not less than 10% of the net profit attributed to shareholders of the Bank.

During the Reporting Period, the Bank's profit distribution plan for 2023 was strictly implemented in accordance with the relevant provisions of the Articles of Association of the Bank, and the standard and proportion for dividend distribution were clear and distinct. According to the resolution passed at the 2023 Annual General Meeting of the Bank held on 28 May 2024, a cash dividend of RMB0.2885 per share (tax inclusive) for 2023 will be distributed to all shareholders with a total of RMB3.276 billion (tax inclusive) distributed, based on the total share capital of 11.357 billion shares. Specifically: cash dividend of RMB2.551 billion (tax inclusive) will be distributed for A shares on 28 June 2024; cash dividend of RMB725 million (tax inclusive) will be distributed for H shares in HKD on 28 June 2024.

The Bank implemented the interim profit distribution plan in 2024. According to the resolution passed at the 2024 first extraordinary general meeting of the Bank held on 16 December 2024, the interim cash dividend of RMB0.1944 per share (tax inclusive) for 2024 will be distributed to all shareholders with a total of RMB2.208 billion (tax inclusive) distributed, based on the total share capital of 11.357 billion shares. Specifically: cash dividend of RMB1.719 billion (tax inclusive) was distributed for A shares on 23 January 2025; cash dividend of RMB489 million (tax inclusive) was distributed for H shares in HKD on 23 January 2025.

The Bank's profit distribution plan for 2024 will also be implemented in strict accordance with the relevant provisions of the Articles of Association of the Bank and will be submitted to the Bank's 2024 annual general meeting for consideration upon consideration and approval by the Bank's Board of Directors. The independent directors of the Bank have issued independent opinions on the profit distribution plans for 2023 and 2024 and the 2024 interim profit distribution plan, and the Bank has fully protected the legitimate rights and interests of small and medium-sized investors during the process of equity distribution plans and implementation of plans.

(II) 2024 Profit Distribution Plan

On the basis of the audited after tax profit of the Bank for 2024 in the amount of RMB10.5 billion, 10% of such profit (being RMB1.05 billion) was appropriated for statutory surplus reserve. On the basis of the remaining amount of risk assets, RMB1.09 billion was provided for the general risk reserve. The cash dividends of RMB2.208 billion (tax inclusive) have been distributed to all the shareholders at a par value of RMB1.944 per 10 shares (tax inclusive) during the 2024 interim period. The Board of Directors recommended a distribution of final cash dividends for 2024 to all the shareholders at a par value of RMB1.102 per 10 shares (tax inclusive) with an aggregate amount of RMB1.252 billion (tax inclusive) and a distribution of cash dividends for the whole year to all the shareholders at a par value of RMB3.046 per 10 shares (tax inclusive) with an aggregate amount of RMB3.459 billion (tax inclusive), and the remaining profit after tax will be transferred to unappropriated profit. The final cash dividends for 2024 will be distributed on Friday, 27 June 2025. Such proposed dividends will be denominated in RMB. Dividends payable to holders of A shares shall be paid in RMB, whereas dividends payable to holders of H shares shall be paid in HKD. The applicable exchange rate for dividends payable in HKD shall be the average of the central parity rates of RMB to HKD of the five business days preceding the date of declaration (including first date) of such dividends at the 2024 annual general meeting of the Bank as announced by the PBOC.

(III) Profit distribution in the past three years

The profit distribution of the Bank in the past three year is as follows:

Year of dividend distribution	Dividend per 10 shares (RMB, Tax inclusive)	Total cash dividends (RMB100 million, Tax inclusive)	As a percentage of net profit attributable to shareholders of list company (%)
2024	3.046	34.59	30.05
2023	2.885	32.76	30.05
2022	2.714	30.82	30.00

Note: The profit distribution plan for 2024 shall be subject to the consideration and approval at the 2024 annual general meeting.

X. Incentive Measures

During the Reporting Period, the Bank had no equity incentive plan, employee stock ownership plan or other employee incentives.

XI. Risk Management and Internal Control

The Bank formulated the Outline of Internal Control Management of Chongqing Rural Commercial Bank Co., Ltd. (《重慶農村商業銀行內部控制管理大綱》) and Basic System of Risk Management of Chongqing Rural Commercial Bank Co., Ltd. (《重慶農村商業銀行風險管理基本制度》). With a sound organizational structure and clear levels of responsibilities and reporting procedures, the Bank has established a risk management and internal control framework. Among them, the Board of Directors is responsible for the establishment, improvement and effective implementation of the risk management and internal control system. The Board of Supervisors supervises the establishment and implementation of risk management and internal control by the Board of Directors and senior management. The senior management is responsible for the ordinary operation of risk management and internal control of the Bank. In addition, the Board of Directors established committees, such as Audit Committee, Risk Management Committee and Related Party Transaction Supervision Committee to assist the Board of Directors in performing its supervisory and corporate governance duties, covering the Group's compliance management, risk management, internal control, financial resources and internal audit functions. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

During the Reporting Period, the Bank carried out the construction, supervision and evaluation of internal control system, the activity of “Year of Establishing and Strengthening the Compliance System”, case risk investigation, employee abnormal behavior investigation, consumer protection special inspection, etc. according to the regulatory requirements and in combination with the Bank's actual situation, continuously improving the duty performance capabilities and effect of lines, continuously enhancing employees' compliance awareness, and further improving the compliance of business development and the effectiveness of internal control management.

During the Reporting Period, the Bank evaluated the internal control status of the whole bank in 2024, and no major defects were found in the internal control of the Bank after review by the Board of Directors of the Bank. For details, please refer to the 2024 Internal Control Evaluation Report of Chongqing Rural Commercial Bank Co., Ltd. published on the websites of Shanghai Stock Exchange and the HKEXnews website of the Hong Kong Stock Exchange and the 2024 Internal Control Audit Report of Chongqing Rural Commercial Bank Co., Ltd. issued by KPMG Huazhen LLP with standard unqualified opinion.

The Bank has established a risk management system of “comprehensive, full-service, all-staff” to achieve full coverage management of all kinds of risks, all kinds of institutions and all kinds of product risks, and regularly conducts comprehensive evaluations on the risk management at the group level, the contents of which include the construction of risk management system, implementation of risk preference and limit, capital management, stress test, emergency response mechanism, consolidated management, credit/liquidity/market/operational risk/information technology risk/reputation risk/money laundering risk, etc., as well as information system and data quality, covering the management situation, development trend and next step plan, etc. The evaluation results shall be reported to the senior management and the Board of Directors.

The Bank adhered to the risk management concept of “risk-oriented and capital constraint”, implemented prudent risk culture, and promoted the understanding and implementation of all employees through trainings, appraisal, supervision and other mechanism. For branches and sub-branches, compliance management indicators and risk management indicators outweighed other indicators, which guided employees to adhere to compliance bottom line and strengthened risk management.

Please refer to the “Chapter 3 Management Discussion and Analysis – VIII. Risk Management” of this report for information about the Bank’s risk management in 2024.

During the Reporting Period, the Board of Directors of the Bank have completed overall assessment on the effectiveness of the risk management systems of the Bank for 2023 and the first half year of 2024. The Board of Directors believes that, the overall operation of the Bank’s risk management and internal control systems is sufficient and effective. No major issues should be especially concerned with during the year.

XII. Chairman and President

Pursuant to the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. In 2024, Mr. Xie Wenhui served as the chairman of the Board of the Bank, and Mr. Sui Jun served as the president of the Bank. After the resignation of Mr. Xie Wenhui in October 2024, the Board of Directors elected Mr. Sui Jun to act on behalf of the chairman until the date when a new chairman is elected by the Bank pursuant to the Articles of Association and his qualification is approved by the regulatory authority. During the period when Mr. Sui acts on behalf of the chairman of the Board of the Bank, under the supervision of the Board, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Bank and its shareholders. In addition, the Board of Directors of the Bank is the decision-making organ, and the senior management is the executive organ, the main body of governance featured clear responsibilities, and all major events are decided by collective decision-making at relevant meetings. Meanwhile, the duties of the chairman and the president of the Bank are clearly defined. The chairman is responsible for leading the Board of Directors so as to ensure that it functions efficiently and discusses all material matters in a timely manner. The president is responsible for the operation and management of the Bank and discharges his duties in accordance with the Articles of Association and the authorization of the Board of Directors. The Board of Directors and senior management of the Bank assumed their respective positions and fulfilled their respective responsibilities, and the Group operated in an orderly and efficient manner. Therefore, the Bank considers that the above arrangements will not affect the balance of rights among the governance entities of the Bank and can ensure the effective operation of the Bank under a sound corporate governance structure.

XIII. Securities Transactions by Directors and Supervisors

The Bank has adopted, in respect of securities transactions by directors and supervisors, the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Hong Kong Listing Rules. Having made specific enquiries with all directors and supervisors, all directors and supervisors confirmed that they have complied with the Model Code for the year ended 31 December 2024.

XIV. External Auditors’ and Auditors’ Remuneration

As considered and approved by the 2021 annual general meeting of the Bank, the Bank appointed KPMG Huazhen LLP and KPMG as external auditors of the Bank of 2022. As considered and approved by the 2022 annual general meeting of the Bank, the Bank re-appointed KPMG Huazhen LLP and KPMG as external auditors of the Bank for 2023. As considered and approved by the 2023 annual general meeting of the Bank, the Bank re-appointed KPMG Huazhen LLP and KPMG as external auditors of the Bank for 2024. The Bank’s 2024 financial statements prepared by the Bank in accordance with the Chinese Accounting Standards and internal control in 2024 have been audited by KPMG Huazhen LLP, and signed by certified public accountants Xue Chenjun and Wang Weishun. The 2024 financial statements prepared in accordance with the International Financial Reporting Standards have been audited by KPMG, and signed by accountant Pang Shing Chor Eric. KPMG Huazhen LLP and KPMG served as the external auditors of the Bank for the third consecutive year. Xue Chenjun acted in the capacity of undersigning accountants of the Bank for the third consecutive year, Wang Weishun acted in the capacity of undersigning accountant of the Bank for the second consecutive year, and Pang Shing Chor Eric acted in the capacity of undersigning accountant of the Bank for the first year. The Bank has not changed its auditors in the last three years.

The remuneration for the auditors of 2024 amounted to RMB5.769 million (tax inclusive), including internal control audit expenses of RMB650,000.

XV. Company Secretary

On 9 January 2024, the Bank appointed Ms. Leung Wing Han Sharon of Tricor Services Limited, an external service provider, as the company secretary of the Bank to take the place of Mr. Leung Chi Kit of TMF Hong Kong Limited, an external service provider, which took effect from 9 January 2024. Ms. Leung Wing Han Sharon complied with the requirements under Rule 3.29 of the Hong Kong Listing Rules by receiving relevant professional training for not less than 15 hours during the Reporting Period.

During the Reporting Period, Mr. Zhang Peizong, the secretary to the Board of the Bank, was the primary contact person for the external company secretary. Due to the job transfer, Mr. Zhang Peizong ceased to be the secretary to the Board of the Bank since January 2025. Mr. Sui Jun, acting on behalf of the secretary to the Board of the Bank, was the primary contact person for the external company secretary.

XVI. Rights of Shareholders

(I) Rights of shareholders to request the convening of an extraordinary general meeting

Upon the requisition in writing of shareholders, individually or jointly, holding more than 10% of the Bank's issued shares carrying the voting rights, the Bank shall convene an extraordinary general meeting within 2 months.

The Board of Directors shall make a written feedback within ten days from the date of receiving the request. Where the Board agrees to convene the meeting, it shall issue a notice regarding the convening within five days from the date of the resolution concerned. Where the Board disagrees with the convening, or makes no feedback, the Shareholders who propose to convene the meeting shall make a written request to the Board of Supervisors. Where the Board of Supervisors agrees with the convening, it shall release a notice regarding the convening within five days from the date of receiving the request. Where Board of Supervisors fails to issue such a notice, the shareholders individually or jointly having more than 10 percent of the Bank's shares carrying the voting rights for more than 90 consecutive days may convene and preside over an extraordinary general meeting.

(II) Rights of shareholders to make provisional proposals for the general meeting

As for the general meeting in the Bank, the shareholders individually or jointly holding more than 3% of the total voting shares in the Bank, shall all have the right to present new proposals in writing to the Bank, and the Bank shall place into the agenda of the meeting the matters in such proposals falling within the functions of the general meeting.

The shareholders individually or jointly holding more than 3% of the total voting shares in the Bank, may make written provisional proposals to the Bank ten days before the meeting, and submit such proposals to the convener. The convener shall, within two days after receiving such proposals, issue a supplementary notice to the general meeting, stating such provisional proposals.

(III) Shareholder's inquiry right

After a shareholder provides the Bank with written documents certifying the class and number of shares of the Bank he/she held and verifying his/her identity, he/she shall have the right to inspect the relevant information of the Bank in accordance with the Articles of Association of the Bank, including the Articles of Association, the minutes or resolutions of the general meeting, the resolutions of the Board of Directors, the resolutions of the Board of Supervisors, and the periodic reports announced by the Bank.

XVII. Information Disclosure and Investor Relations

(I) Information Disclosure

During the Reporting Period, the Bank strictly complied with relevant laws and regulations on information disclosure, and earnestly performed its obligation of information disclosure. The Bank continued to standardize the information disclosure acts of the Bank and relevant information disclosure obligors to ensure that information disclosure was true, accurate, complete and timely, and operated in accordance with the law, effectively safeguarding the legitimate rights and interests of the Bank, investors and other stakeholders.

At the same time, the Bank formulated the Management Measures for Registration of Insiders of Inside Information, and strictly implemented the management of confidentiality and registration of insiders of inside information according to such Measures. During the Reporting Period, no insider was found to use insider information to buy or sell the shares of the Bank.

(II) Investor Relations

The Bank strictly complied with relevant requirements of the “Shareholder Communication Policy” of the Hong Kong Listing Rules and formulated the shareholder communication policy of the Bank. During the Reporting Period, the Bank communicated with investors many times about the Bank’s development strategy, business situation, financial conditions and other matters through performance briefing, analyst meeting, acceptance of investor research, SSE e-interaction, IR email, investor hotline, etc., keeping good information transparency and effectively meeting the communication needs of domestic and foreign investors. Based on the above, during the Reporting Period, the Bank has reviewed the implementation of the shareholder communication policy and considered such policy was effective.

(III) Amendments to the Articles of Association

During the Reporting Period, the Bank did not make amendments to the Articles of Association.

(IV) Shareholders' Enquiries

Any enquiries related to the shareholding, including the transfer of shares, change of address, loss of share certificates and dividend warrants, should be sent in writing to the following address:

A Shares:

Shanghai branch of China Securities Depository and Clearing Company Limited
No.188, Yanggao South Road, Pudong New District, Shanghai
Tel: 4008058058 (customer service center)

H Shares:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Telephone: (852) 2862 2863
Facsimile: (852) 2865 0990/(852) 2529 6087

(V) Investor Relations Contact Information

Shareholders and investors may send enquiries to the Board of Directors to the following:

Office of the Board of Directors of the Bank
Address: No. 36 Jinshamen Road, Jiangbei District, Chongqing, China
Telephone: (86) 23-6111 0637
Facsimile: (86) 23-6111 0844
Email: ir@cqrcb.com

Principal Place of Business in Hong Kong of the Bank:
Room 1920, 19th Floor, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong

This report is available on the website of the Bank (www.cqrcb.com), the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of Shanghai Stock Exchange (www.sse.com.cn).

XVIII. Other Information

The Bank holds a financial license number B0335H250000001 approved by the regulatory authority of the banking industry, and was authorized by the Market Supervision Administration of Chongqing Municipality to obtain a corporate legal person business license with a unified social credit code 91500000676129728J. The Bank is not an authorized institution in accordance with the Hong Kong 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 deposit-taking business in Hong Kong.

Environmental and Social Responsibilities

The Bank and its subsidiaries are not the key pollutant discharge units announced by the environmental protection department, and there was no environmental violation information during the Reporting Period. For details of the performance of social responsibilities of the Bank, please refer to the 2024 Report on Corporate Social Responsibilities of Chongqing Rural Commercial Bank Co., Ltd. published on the website of the Bank, the HKEXnews website of the Hong Kong Stock Exchange and the website of Shanghai Stock Exchange.

I. Develop Green Finance

Improve the construction of green financial mechanism. The Bank issued the Measures for the Management of Environmental and Social Risks of Chongqing Rural Commercial Bank to clarify the classification standards of environmental and social risks and incorporate the classification results into the whole process management before, during and after lending. Besides, the Bank included three environmental rights and interests, namely “sewage discharge right”, “expected income right of forestry carbon sink” and “water intake right”, in the Guidelines on Collateral Access of Chongqing Rural Commercial Bank, providing the foundation and basis for financing through creating pledge on environmental rights and interests, so as to enrich the green financial service methods.

Realize precise grant of green credit. The Bank continued to play the role of monetary policy tools such as re-lending in targeted support for green development. Since obtaining the carbon emission reduction support tools, the Bank has issued a total of RMB2.903 billion of carbon emission reduction loans, driving the annual carbon emission reduction to exceed 2.13 million tons. The Bank formulated the Plan for Special Activities of Green Credit in 2024, strengthening the assessment and incentives and enhancing the supply of green credit. Relying on the data source of “Yangtze River Lvrongtong”, the Bank issued 350 green projects to carry out targeted green credit marketing.

Continuously implement product innovation and standard application. The Bank issued a “carbon-linked” loan product scheme and issued a “carbon-linked” loan of RMB70 million. The Bank continued to apply the standards of the Common Ground Taxonomy (CGT), and carried out labeling and certification of the standards of the CGT for green loans of the Bank. As the drafting unit, the Bank participated in the formulation of the financial group standards of the Operation Guide for “Carbon-linked” Loan Business in Chongqing issued by Chongqing Finance Institute, and participated in the formulation the standards of the Evaluation Guide for Green Transformation of Financial Support Power Terminal Consumer Enterprises and the Evaluation Guide for Financial Support Power Grid Supply Chain Green Enterprises led by the State Grid Corporation.

II. Facilitate Rural Revitalization

The Bank conscientiously implemented the deployment requirements for accelerating the construction of beautiful rural areas in Chongqing, practiced the political and people-oriented nature of financial work, made continuous efforts in deployment implementation, digital empowerment and industrial boosting, fully supported the deepening of urban-rural integration and comprehensive rural revitalization, and provided financial services for the high-quality development of local economy.

Improve the effectiveness of assistance through “dedicating to farming industry and supporting farmers”. The Bank clarified the responsibilities of the top leaders of the departments at all levels, established a number of special mechanisms such as strong fixed-point contact, service team, assessment and incentives, and kept the assistance policy unchanged and the intensity undiminished. The Bank gave full play to the characteristics of “more outlets and more people” to implement the “Party building + finance” grid service, selected “financial grid manager” and “financial village official”, and sank the service focus. The Bank promoted the “whole village credit extension” in 100% administrative villages in Chongqing, providing pre-credit extension of more than RMB23 billion to more than 1.4 million farmers. The Bank issued the annual work opinions and special assessment plans for finance serving rural revitalization, separately listed agricultural credit plans, increased the tolerance for non-performing loans, and increased financial support in key areas. As of the end of 2024, the balance of the Group’s agricultural loans was RMB244.737 billion.

“One Policy for One Industry” supported people-enriching industries. The Bank gave full play to the advantages of the service system of “Special Committee for Rural Revitalization + Finance Department for Rural Revitalization + Special Team for Rural Revitalization”, and provided financial support for the development of ecological characteristic agriculture based on the mountain and the situation. By focusing on the industrial development plan of the “One Main and Two Auxiliaries” in all districts and counties, the Bank has built 85 characteristic institutions for rural revitalization, sank and clarified the agricultural industry, implemented the service mode of “One Policy for One Industry”, innovated over 30 characteristic credit products, and provided characteristic, professional and branded financial services for the agricultural industry.

“Diversified investment” in the construction of beautiful rural areas. The Bank implemented “offline + online” omni-channel financial services such as physical outlets, rural convenience service points and online banking, and promoted rural version of mobile banking, “Dialect Bank”, “Air Bank” and other services to help farmers and facilitate the people to meet the financial needs suitable for agriculture and the elderly. The Bank, in conjunction with the Chongqing Municipal Agriculture and Rural Committee and the Finance Office of Chongqing Municipal Party Committee, held the First Chongqing Financial Assistance for Rural Wealth Leaders Entrepreneurship Competition, and carried out public welfare activities in gathering places for migrant workers in nearly 30 provinces and cities, including Ningbo, Zhejiang and Dongguan, Guangdong, to deepen inclusive financial services. The Bank upgraded diversified financial assistance, enriched consumer assistance forms such as live broadcast goods-bringing, integral mall and fixed-point purchasing, and carried out activities for helping farmers and facilitating the people such as agricultural technology going to the countryside, consultation with Chinese medicine and “going to beautiful countryside”. The depth, breadth, accuracy and warmth of financial services for “Sannong” have been continuously improved.

III. Protection of Consumer Rights and Interests

The Board of Directors of the Bank bore the ultimate responsibility for protection of consumer rights and interests, and the Consumer Rights and Interests Protection Committee of the Board of Directors was established. The Bank established the Leading Group for Consumer Rights and Interests of the senior management, and established the Legal Compliance and Consumer Rights and Interests Management Department to take the lead in organizing and conducting the protection of consumer rights and interests. Besides, the Bank continued to improve consumer protection mechanisms such as consumer protection assessment, consumer protection review, complaint handling and information disclosure to ensure the smooth operation of consumer rights and interests protection and promote the Bank's legal and compliant operation.

By focusing on the image of "Yu Xiaomei" and relying on the "one-point, three-channel" propaganda and education scene, the Bank regularly published WeChat pictures and texts, short videos, audio posters and risk prevention tips, actively participated centralized publicity activities such as "3.15 Education and Publicity Week on the Protection of Financial Consumers' Rights and Interests" and "Financial Consumer Rights and Interests Protection Education and Publicity Month", and made detailed, in-depth and practical regular education publicity. The Bank established a volunteer team for financial knowledge publicity, focused on the elderly groups, rural resident groups, new citizen groups and youth groups, launched three major theme activities, namely "Glimmer of Protection of Consumers' Rights and Interests", "Escort of Protection of Consumers' Rights and Interests" and "Growth of Protection of Consumers' Rights and Interests", and carried out targeted education and publicity in the form of "Rural Loudspeaker", "Hard Study of Financial Knowledge" and "Financial Knowledge Class". During the Reporting Period, the Bank conducted more than 21,000 financial knowledge publicity activities with more than 3.65 million person-time audiences.

The Bank continuously improved the long-term mechanism for preventing and resolving complaints and disputes, held regular complaint analysis meetings, issued consumer protection tips and complaint analysis reports, optimized the functions of the complaint management system, and strengthened the monitoring and analysis of complaint risks. During the Reporting Period, all channels accepted a total of 1,662 consumer complaints, mainly involving 12 business categories including RMB savings, loans and bank cards, 10 complaint handling channels including business sites, middle and back office business channels and third-party channels, and 12 complaint reasons including service attitude and quality, business system and facilities, systems and business rules and procedures. The Head Office and the business department as well as 42 branches and sub-branches of the Bank were involved, including 1 branch in Yunnan and the Head Office and the business department as well as 41 branches and sub-branches in Chongqing.

Major Events

I. Performances of Undertakings

During the Reporting Period, the Bank and its Shareholders, directors, supervisors and senior management strictly fulfilled various obligations and responsibilities undertaken in the Prospectus for Initial Public Offering disclosed on 20 September 2019 and the Announcement on the Listing of the Shares under Initial Public Offering disclosed on 28 October 2019.

Undertaking background	Type of undertaking	Undertaking party	Contents of the undertaking	Effective date of undertaking	Duration of undertaking
Undertakings in relation to the initial public offer	Limited sales of shares	Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司), Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司), Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司) and Loncin Holdings Co., Ltd. (隆鑫控股有限公司) ¹	<p>Within 36 months from the listing of the shares issued by Chongqing Rural Commercial Bank, the company shall not transfer or entrust others to manage the domestic shares issued by Chongqing Rural Commercial Bank directly or indirectly held by the company before the initial public offering of A shares, and the part of those shares held by the company will not be repurchased by Chongqing Rural Commercial Bank.</p> <p>Shareholders' intention to hold shares and undertakings in relation to reducing their holdings:</p> <ol style="list-style-type: none"> 1. Within 6 months from the listing date of shares issued by Chongqing Rural Commercial Bank, if the closing price of A shares of Chongqing Rural Commercial Bank is lower than the issue price for 20 consecutive trading days, or the closing price is lower than the issue price as at the end of the 6-month period upon the listing (if the day is not a trading day, it will be the first trading day after that day), the lock-up period of the shares of Chongqing Rural Commercial Bank held by it will be automatically extended for another 6 months on the basis of 36 months. If Chongqing Rural Commercial Bank has any ex-rights and ex-dividend events such as dividend distribution, bonus shares of issue, and capitalisation of capital reserves after the issuance and listing, the issue price will be adjusted by ex-rights and ex-dividend. 2. Within 2 years after the expiry of the above lock-up period (including the extended lock-up period), if it reduces its holdings in Chongqing Rural Commercial Bank's A shares which were directly or indirectly held by it before this issuance of Chongqing Rural Commercial Bank (excluding A shares newly purchased from the public market after this issuance of Chongqing Rural Commercial Bank), the reduction price shall not be lower than the issue price of the issuance. If Chongqing Rural Commercial Bank has any ex-rights and ex-dividend events such as dividend distribution, bonus shares of issue, and capitalisation of capital reserves after the issuance and listing, the issue price will be adjusted by ex-rights and ex-dividend. 3. After the expiry of the lock-up period (including the extended lock-up period) of the shares of Chongqing Rural Commercial Bank held by it, when it reduces its holdings of Chongqing Rural Commercial Bank's A shares, it will notify Chongqing Rural Commercial Bank in writing of the intention to reduce its holdings and the amount of its proposed reduction and Chongqing Rural Commercial Bank shall perform the announcement obligation (if required) in accordance with the rules in force at that time. After 3 trading days from the date of the announcement of Chongqing Rural Commercial Bank, it can reduce its holdings of Chongqing Rural Commercial Bank's A shares. 	29 October 2019	29 October 2019-29 April 2025

¹ 522 million shares and 48 million shares of the Bank held by Loncin Holdings Co., Ltd. (隆鑫控股有限公司) were judicially transferred by Chongqing No. 5 Intermediate People's Court to Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司) and Chongqing Land Properties Group Co., Ltd. (重慶市地產集團有限公司). The transferee, Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司) and Chongqing Land Properties Group Co., Ltd. (重慶市地產集團有限公司) will continue to fulfill the above commitments regarding such transferred shares.

Major Events

Undertaking background	Type of undertaking	Undertaking party	Contents of the undertaking	Effective date of undertaking	Duration of undertaking
Undertakings in relation to the initial public offer	Limited sales of shares	Individuals of the Bank who hold more than 50,000 internal employee shares of the Bank	The shares of Chongqing Rural Commercial Bank that I hold will not be transferred within 3 years from the listing date of the A shares of Chongqing Rural Commercial Bank. After the expiry of the above 3-year lock-up period, the shares of Chongqing Rural Commercial Bank sold by me in each year shall not exceed 15% of my total shareholdings in Chongqing Rural Commercial Bank. The total number of shares of the Chongqing Rural Commercial Bank transferred by me within 5 years from the expiry of the above 3-year lock-up period shall not exceed 50% of my total shareholdings in Chongqing Rural Commercial Bank.	29 October 2019	29 October 2019 – 29 October 2027
Undertakings in relation to the initial public offer	Shareholding reduction	Domestic Shareholders holding over 1% of shares of the Bank ²	The company will comply with Several Provisions on the Reduction of Shares Held by the Shareholders, Directors, Supervisors, and Senior Executives of the Listed Company (《上市公司股東、董監高減持股份的若干規定》) issued by the CSRC, and relevant requirements under the Rules Governing the Listing of Stocks (《股票上市規則》) and the Detailed Implementing Rules of the Shanghai Stock Exchange for Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Executives of Listed Companies (《上海證券交易所上市公司股東及董事、監事、高級管理人員減持股份實施細則》) issued by the Shanghai Stock Exchange. ³	29 October 2019	29 October 2019 – permanent

² Prior to the initial public offering of A Shares of the Bank, domestic Shareholders holding over 1% of shares of the Bank include Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司), Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司), Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司), Loncin Holdings Co., Ltd. (隆鑫控股有限公司), Chongqing Casin Group Co., Ltd. (重慶財信企業集團有限公司), Beijing Jiuding Real Estate Development Co., Ltd. (北京九鼎房地產開發有限責任公司), Xiamen Huishanghong Equity Investment Co., Ltd. (廈門市匯尚泓股權投資有限公司), Chongqing Yerui Property Development Co., Ltd. (重慶業瑞房地產開發有限公司), Jiangsu Huaxi Group Co., Ltd. (江蘇華西集團有限公司), Chongqing Water Group Co., Ltd. (重慶水務集團股份有限公司), Panhua Group Co., Ltd. (攀華集團有限公司), Chongqing Guanghua Holding (Group) Co., Ltd. (重慶光華控股(集團)有限公司) and Chongqing Jinyuan Times Shopping Mall Co., Ltd. (重慶金源時代購物廣場有限公司).

³ On 24 May 2024, the Several Provisions on the Reduction of Shares Held by the Shareholders, Directors, Supervisors, and Senior Executives of the Listed Company (《上市公司股東、董監高減持股份的若干規定》) issued by the CSRC was replaced by the Provisional Measures for the Management of Reduction of Shareholding by Shareholders of Listed Companies (上市公司股東減持股份管理暫行辦法), and on 24 May 2024, the Detailed Implementing Rules of the Shanghai Stock Exchange for Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Executives of Listed Companies (《上海證券交易所上市公司股東及董事、監事、高級管理人員減持股份實施細則》) was replaced by the Guidelines for Self-regulation of Listed Companies on the Shanghai Stock Exchange No. 15 – the Reduction of Shareholdings by Shareholders, Directors, Supervisors and Senior Management (《上海證券交易所上市公司自律監管指引第15號—股東及董事、監事、高級管理人員減持股份》). The shareholding reduction by shareholders will comply with new regulatory rules.

Major Events

Undertaking background	Type of undertaking	Undertaking party	Contents of the undertaking	Effective date of undertaking	Duration of undertaking
Undertakings in relation to the initial public offer	Resolution of horizontal competition	Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司)	<ol style="list-style-type: none"> 1. The existing main business of the company and its subsidiaries (including wholly-owned, holding subsidiaries and enterprises that the company has actual controls over them) does not involve commercial banking business, and has no horizontal competition with Chongqing Rural Commercial Bank. 2. During the period of the company as a substantial shareholder of Chongqing Rural Commercial Bank, the company and its subsidiaries (including wholly-owned, holding subsidiaries and enterprises that the company has actual controls over them) will not, directly or indirectly, engage in business activities that compete with or may compete with the main business of Chongqing Rural Commercial Bank in any way. The company will supervise its subsidiaries in accordance with this undertaking and exercise necessary rights to ensure them to comply with this undertaking. 3. Notwithstanding Articles 1 and 2 above, considering that the company is a wholly state-owned company whose establishment has been approved by Chongqing Municipal People's Government and engaged in comprehensive investment and management of state-owned asset and carries out businesses including financial businesses such as investment in securities companies, banks and insurance companies, and manages relevant financial assets, the company and the enterprises controlled by the company may invest in enterprises engaged in commercial banking business, to the extent authorized by Chongqing Municipal People's Government, in any form permitted by laws and regulations (including but not limited to sole proprietorship, joint venture, cooperative operation and direct or indirect ownership of shares or other interests in other companies or enterprises). As at the date of giving the undertakings, the company invested in Bank of Chongqing Co., Ltd. and held 13.02% of shares of the bank, in addition to investment in Chongqing Rural Commercial Bank Co., Ltd. 4. The company undertakes to fairly treat the commercial banks in which the company and the enterprises controlled by the company invest, and will not grant or provide to any commercial banks, government approval, authorization, license or business opportunities obtained or possibly obtained by the company and the enterprises controlled by the company for carrying out commercial banking business, or use the status as a major shareholder of Chongqing Rural Commercial Bank or the information obtained with such status, to make any decision or judgment which is adverse to Chongqing Rural Commercial Bank but beneficial to other commercial banks in which the company or the enterprises controlled by the company invest, and will make efforts to avoid the occurrence of such event. In exercising the rights of a shareholder of Chongqing Rural Commercial Bank, the company will act in the best interests of Chongqing Rural Commercial Bank as if the Chongqing Rural Commercial Bank is the sole commercial bank in which the company invests, and the business judgment of the company as a shareholder of Chongqing Rural Commercial Bank to seek the best interests for Chongqing Rural Commercial Bank will not be affected as a result of the investment of the company and the enterprises controlled by the company in other commercial banks. 5. The company warrants that it will strictly comply with relevant rules and regulations of CSRC and the stock exchange where Chongqing Rural Commercial Bank is listed, the Articles of Association of Chongqing Rural Commercial Bank, measures for management of related party transactions and other corporate management policies, exercise the rights of a shareholder and perform obligations of a shareholder equally with other shareholders, and will not use the status as a major shareholder to seek improper advantage, or damage the legitimate rights and interests of Chongqing Rural Commercial Bank and other shareholders. 	20 September 2019	20 September 2019—permanent

II. Misappropriation of the Funds by Controlling Shareholder or Other Related Parties

During the Reporting Period, the Bank had no misappropriation of the Bank's funds by controlling shareholders or other related parties for non-operating purposes.

III. Matters Relating to Insolvency or Restructuring

During the Reporting Period, the Bank had no matters relating to insolvency or restructuring.

IV. Material Legal Proceedings and Arbitrations

During the Reporting Period, there were no material legal proceedings or arbitrations which had substantial impact on the operating activities of the Group.

As of the end of the Reporting Period, pending legal proceedings in which the Group was a defendant or a third party involved an amount of RMB2.7114 million. In the view of the Bank, these will not have any material effect on the Bank's operating activities.

V. Penalties Imposed on the Bank and Directors, Supervisors and Senior Management of the Bank

During the Reporting Period, none of the Bank or its directors, supervisors and senior management was investigated or subject to compulsory measures in accordance with the law, subject to criminal penalties, investigated by the CSRC or subject to administrative penalties, significant administrative penalties by other competent authorities, subject to detention measures by disciplinary inspection and supervision authorities and affecting the performance of their duties, subject to disciplinary punishment by the stock exchanges, or subject to compulsory measures by other competent authorities and affecting the performance of their duties.

VI. Integrity

During the Reporting Period, the Bank did not exist the situations neither of refusing the execution of effective court judgments nor unsettling significant due debts.

VII. Material Related Party Transactions

During the Reporting Period, for details of related party transactions of the Bank, please refer to the section headed "Chapter 3 Management Discussion and Analysis – VIII. Risk Management – (X) Related Party Transactions" of this report.

VIII. Material Contracts and their Performance

During the Reporting Period, the Bank did not have any major custody, contracting or leasing of the assets of other companies or other custody, contracting or leasing of the assets of the Bank. The guarantee business is the daily business of the Bank. During the Reporting Period, except for the financial guarantee business within the business scope approved by the regulatory authorities, the Bank had no other major guarantee matters that needed to be disclosed.

IX. Acquisition and Disposal of Assets and Merger of Enterprises

During the Reporting Period, the Bank had no material acquisition and disposal of assets and merger of enterprises.

X. Others

This report was prepared in both Chinese and English versions, where there is a discrepancy between the Chinese and English versions, the Chinese version shall prevail.

Changes in Shares and Particulars of Shareholders

I. Changes in Share Capital

(I) Table of Changes in Shares

Unit: share

	31 December 2023		Change for the Reporting Period	31 December 2024	
	Number of shares	Percentage (%)		Number of shares	Percentage (%)
I. Shares with selling restrictions	7,590,170	0.07	(1,626,465)	5,963,705	0.05
1. State-owned shares	-	-	-	-	-
2. Shares held by state-owned legal persons	0	0.00	0	0	0.00
3. Shares held by other domestic investors	7,590,170	0.07	(1,626,465)	5,963,705	0.05
Among which: Shares held by domestic non-state-owned legal persons	0	0.00	0	0	0.00
Shares held by domestic natural persons	7,590,170	0.07	(1,626,465)	5,963,705	0.05
4. Shares held by foreign investors	-	-	-	-	-
II. Tradable shares without selling restrictions	11,349,409,830	99.93	1,626,465	11,351,036,295	99.95
1. RMB-denominated ordinary shares	8,836,073,789	77.80	1,626,465	8,837,700,254	77.82
2. Domestic listed foreign shares	-	-	-	-	-
3. Overseas listed foreign share	2,513,336,041	22.13	-	2,513,336,041	22.13
4. Others	-	-	-	-	-
III. Total ordinary shares	11,357,000,000	100.00	-	11,357,000,000	100.00

Changes in Shares and Particulars of Shareholders

(II) Explanation of Changes in Shares

During the Reporting Period, there was no change in the total share capital of the Bank. The number of shares with selling restrictions decreased by 1,626,465 shares and number of shares without selling restrictions increased by 1,626,465 shares, which was due to the lawful releasing of 1,626,465 shares with selling restrictions under the Bank's initial public offering of A shares and the listing and trading thereof from 30 October 2024 upon the expiration of the 60-month lock-up period

II. Securities Issuance and Listing

(I) Securities Issuance during the Reporting Period

During the Reporting Period, the Bank has not issued new ordinary shares; publicly issued any corporate bonds listed on the stock exchanges, or issued new financial bonds in the national interbank bond market.

(II) Existing Internal Employee Shares

Existing A shares held by internal employees of the Bank are mainly obtained through the following methods: (1) at the time of the establishment of the Bank, shares obtained by the former 39 districts and counties' on-the-job full-time employees or short-term contract workers in the business category when participating in the establishment of the Bank as promoters and shareholders; (2) after the establishment of the Bank, the Bank's shares obtained through agreement transfer, inheritance and judicial judgments. On 30 October 2020, part of the restricted shares of the Bank have been released and issued and traded. It's unable to accurately verify the shareholdings after trading of the domestic employee shares.

III. Particulars of Shareholders

(I) Total Number of Shareholders

As at the end of the Reporting Period, the total number of shareholders of the Bank was 149,711 holders. Of which, 148,580 was the shareholders of A shares and 1,131 was the shareholders of H shares. As of 28 February 2025 (i.e. the end of the previous month on the publication date of the Bank's A-share annual report), the total number of shareholders of the Bank was 146,121 holders. Of which, 144,998 was the shareholders of A shares and 1,123 was the shareholders of H shares.

Changes in Shares and Particulars of Shareholders

(II) Shareholdings of the Top Ten Shareholders

1. Particulars of shareholdings of the top ten shareholders

Unit: share

Name of shareholder (Full name)	Particulars of shareholdings of the top ten shareholders				Pledged or frozen		
	Increase/ (Decrease) during the Reporting Period	Number of shares held at the end of the period	Percentage (%)	Type of shares	Condition of shares	Number of shares	Nature of shareholder
HKSCC Nominees Limited	5,142,840	2,506,309,531	22.07	H shares	Unknown		Overseas legal person
Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司)	0	988,000,000	8.70	A shares	Nil		State-owned legal person
Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司)	0	797,087,430	7.02	A shares	Nil		State-owned legal person
Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司)	0	589,084,181	5.19	A shares	Nil		State-owned legal person
Chongqing Water Conservancy Investment Group Co., Ltd. (重慶市水利投資(集團)有限公司)	0	566,714,256	4.99	A shares	Nil		State-owned legal person
Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司)	36,778,711	470,000,000	4.14	A shares	Nil		State-owned legal person
Hong Kong Securities Clearing Company Limited	0	23,814,000	0.21	H shares			
	50,753,334	433,157,302	3.81	A shares	Unknown		Overseas legal person
Chongqing Casin Group Co., Ltd. (重慶財信企業集團有限公司)	0	160,000,000	1.41	A shares	Pledged, judicial freezing	160,000,000	Domestic non-state-owned legal person
Chongqing Water Group Co., Ltd. (重慶水務集團股份有限公司)	0	125,000,000	1.10	A shares	Nil		State-owned legal person
Loncin Holdings Co., Ltd. (隆鑫控股有限公司)	(36,778,711)	100,000,000	0.88	A shares	Pledged, judicial freezing	100,000,000	Domestic non-state-owned legal person
Statement on specific repurchase accounts of top ten shareholders	Nil						
Statement on aforesaid shareholder's entrusted voting rights, trusted voting rights and abandoned voting rights	Nil						
Statement on the related relations or concerted actions among the shareholders above	HKSCC Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited and Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司) is the person acting-in-concert with Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司).						
Statement on preference shareholders with resumed voting right and their number of shares held	Nil						

Changes in Shares and Particulars of Shareholders

Notes:

- (1) The number of shares held by HKSCC Nominees Limited refers to the total number of H shares of the Bank held by all institutional and individual investors who maintained an account with it as at the end of the Reporting Period, which includes the H shares of the Bank held by Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司) as set out in the above table.
- (2) The number of shares held by Hong Kong Securities Clearing Company Limited represents the total number of A shares of the Bank (northbound shares under Shanghai-Hong Kong Stock Connect) held by it as a nominee designated by and on behalf of investors from Hong Kong and overseas.
- (3) The shares held by above shareholders are shares without selling restrictions.
- (4) As at the record date of the 2024 first extraordinary general meeting, the total number of shares of the Bank pledged by the shareholders who have pledged 50% or above of A shares they held was 523,252,873 in total, and such shareholders held a total of 554,375,911 shares, representing 4.88% of the total share capital of the Bank. The Bank restricted the voting rights of the above shareholders at general meetings in accordance with the Articles of Association. The above shareholders did not assign directors to the Bank.
- (5) The top ten shareholders did not participate in securities margin trading and refinancing business during the Reporting Period.
- (6) Based on the reorganization plan of Loncin Holdings Co., Ltd. (隆鑫控股有限公司), Chongqing No. 5 Intermediate People's Court has ruled to transfer 36,778,711 A shares of the Bank held by Loncin Holdings Co., Ltd. (隆鑫控股有限公司) to Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司) on 27 December 2024, and to transfer 52 million A shares and 48 million A shares out of 100 million A shares of the Bank held by Loncin Holdings Co., Ltd. (隆鑫控股有限公司) to Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司) and Chongqing Land Properties Group Co., Ltd. (重慶市地產集團有限公司) respectively, on 17 January 2025. As at the date of this report, Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司) held 522,000,000 A shares of the Bank, representing 4.60% of total share capital of the Bank and Loncin Holdings Co., Ltd. (隆鑫控股有限公司) no longer held any shares of the Bank. Chongqing Casin Group Co., Ltd. (重慶財信企業集團有限公司) held 112,500,000 A shares of the Bank, representing 0.99% of total share capital of the Bank.

Changes in Shares and Particulars of Shareholders

2. Number of shares held by and selling restriction of the top ten shareholders with selling restrictions

Unit: share

No.	Name of shareholder with selling restrictions	Number of shares held with selling restrictions	Details of approved tradable shares with selling restrictions		Selling restrictions
			Time available for trading	Additional number of approved tradable shares	
1	Zhang Li	145,090	Release in batches: October 2025: 13,190 shares; October 2027: 131,900 shares;	39,570	72 months and 96 months from the date of the Bank's listing, respectively
2	Chen Kaiming	129,470	Release in batches: October 2025: 11,770 shares; October 2027: 117,700 shares;	35,310	72 months and 96 months from the date of the Bank's listing, respectively
3	Xu Min	85,965	Release in batches: October 2025: 7,815 shares; October 2027: 78,150 shares;	23,445	72 months and 96 months from the date of the Bank's listing, respectively
4	Zhu Jingmei	75,625	Release in batches: October 2025: 6,875 shares; October 2027: 68,750 shares;	20,625	72 months and 96 months from the date of the Bank's listing, respectively
5	Wang Shaoji	72,710	Release in batches: October 2025: 6,610 shares; October 2027: 66,100 shares;	19,830	72 months and 96 months from the date of the Bank's listing, respectively
6	Luo Jing	72,215	Release in batches: October 2025: 6,565 shares; October 2027: 65,650 shares;	19,695	72 months and 96 months from the date of the Bank's listing, respectively
7	Xu Xiaohong	68,750	Release in batches: October 2025: 6,250 shares; October 2027: 62,500 shares;	18,750	72 months and 96 months from the date of the Bank's listing, respectively
8	Zeng Lifeng	66,000	Release in batches: October 2025: 6,000 shares; October 2027: 60,000 shares;	18,000	72 months and 96 months from the date of the Bank's listing, respectively

Changes in Shares and Particulars of Shareholders

No.	Name of shareholder with selling restrictions	Number of shares held with selling restrictions	Details of approved tradable shares with selling restrictions		
			Time available for trading	Additional number of approved tradable shares	Selling restrictions
9	Yang Hongkun	62,590	Release in batches: October 2025: 5,690 shares; October 2027: 56,900 shares;	17,070	72 months and 96 months from the date of the Bank's listing, respectively
10	Liang Shuang	61,875	Release in batches: October 2025: 5,625 shares; October 2027: 56,250 shares;	16,875	72 months and 96 months from the date of the Bank's listing, respectively
Statement on the related relations or concerted actions among the shareholders above			Not aware of related relations or concerted actions existing among the shareholders above		

(III) Explanation of the Absence of Controlling Shareholders and Actual Controllers of the Company

The shareholding structure of the Bank is diversified and no controlling shareholders and actual controller existed. As of the end of the Reporting Period, the Bank does not have any shareholders whose voting rights in respect of their shares are sufficient to make a material influence to resolutions approved at general meetings. The Bank does not have any person who can actually control the Bank through investment relations, agreements or other arrangements.

(VI) Particulars of Major Shareholders

1. Major shareholders holding more than 5% of the shares

- (1) Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司) was established in February 2004 with a registered capital of RMB10 billion. It is a state-owned assets operation company organized under the approval of Chongqing Municipal Government and mainly engaged in the acquisition and disposal of assets and relevant property investment, investment advisory, financial consultancy, consultancy and agency for corporate reorganizations and mergers, custody of enterprises and assets under the authority of the municipal government.

As at the end of the Reporting Period, Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司) held 988,000,000 A shares of the Bank, representing 8.70% of the total share capital of the Bank, and its related party Chongqing Yufu (Hong Kong) Co., Ltd. (重慶渝富(香港)有限公司) held 13,246,000 H shares of the Bank. Chongqing Chuanyi Automation Co., Ltd. (重慶川儀自動化股份有限公司) and Chongqing Sanxia Financing Guarantee Group Corporation (重慶三峽融資擔保集團股份有限公司), all being the related parties of Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司), respectively held 10,000,000 A shares and 15,000,454 A shares of the Bank, respectively. Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司) and above related parties jointly hold 1,026,246,454 shares of the Bank, accounting for 9.04% of the total share capital of the Bank collectively.

Note: In order to deepen the reform of state-owned enterprises, on 31 August 2023, Chongqing SASAC decided to transfer its 80% equity interest in Chongqing Water & Environment Holdings Group Ltd. (重慶水務環境控股集團有限公司) to Chongqing Yufu Holding Group Co., Ltd. (重慶渝富控股集團有限公司) at nil consideration. Upon the transfer, Chongqing Water Group Co., Ltd. (重慶水務集團股份有限公司), a shareholder of the Bank became a related party of Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司). Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司) and its related parties jointly hold 1,151,246,454 shares of the Bank, accounting for 10.14% of the total share capital of the Bank collectively. As at the date of this report, the transfer matter at nil consideration was subject to the completion of the relevant transfer registration procedures.

Changes in Shares and Particulars of Shareholders

- (2) Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司) was established in February 1993 with a registered capital of RMB20 billion. The company fulfills its strategic mission and tasks, as well as the goal of the western leadership, national advancement and Chongqing recognition, focusing on the three core businesses of urban development, urban construction, and investment and operation around the development and construction.

As at the end of the Reporting Period, Chongqing City Construction Investment (Group) Company Co., Ltd. (重慶市城市建設投資(集團)有限公司) held 797,087,430 A shares of the Bank, representing 7.02% of the total share capital of the Bank, and its related party Chongqing Yukaifa Co., Ltd. (重慶渝開發股份有限公司) held 30,000,000 A shares of the Bank. Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司) and its related party jointly hold 827,087,430 A shares of the Bank, accounting for 7.28% of the total share capital of the Bank collectively.

- (3) Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司) (formerly known as “Chongqing Transport and Travel Investment Group Company Limited” (重慶交通旅遊投資集團有限公司)) was established in December 2002 with a registered capital of RMB5.287 billion. It is a wholly-owned controlling subsidiary of Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司). It coordinates the full-chain operation and management of municipal-level public rental housing business and parking space assets, forming a dual main business development pattern of “operating asset investment, operation and management, and financial equity investment”.

Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司) was established in August 2018 with a registered capital of RMB20 billion. It is a solely state-owned enterprise established under the approval of the municipal government. The company serves major strategies of the city and is engaged in investment and financing, capital operation, asset management, fund operation, industrial investment, comprehensive security, human resources services, etc.

As at the end of the Reporting Period, Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司) held 589,084,181 A shares of the Bank, representing 5.19% of the total share capital of the Bank, and its related party Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司) held 470,000,000 A shares and 23,814,000 H shares of the Bank, collectively representing 4.35% of the total share capital of the Bank. Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司) and its related party jointly hold 1,082,898,181 shares of the Bank, accounting for 9.54% of the total share capital of the Bank collectively.

2. Other major shareholders under regulations

- (1) Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司) was established in November 1987 with a registered capital of RMB3,894 million. It is an A-share listed company. Its business segments include: jewellery and fashion, cultural catering, wine industry, cultural and commercial development of Big Yu Garden, beauty and health, Chinese fashion watches, real estates with composite functions and Foyo Life.

As at the end of the Reporting Period, Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司) held 150,549,000 H shares of the Bank, representing 1.33% of the total share capital of the Bank, and its related parties Fosun International Limited, Fidelidade-Companhia de Seguros, S.A., Shanghai Fosun High Technology (Group) Co., Ltd., Peak Reinsurance Company Limited, Fosun Hani Securities Limited, Hong Kong Xinmao Investment Co., Limited (香港鑫茂投資有限公司) and Hainan Mining Co., Ltd. held 190,170,000 H shares of the Bank in total. Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司) and its related parties jointly hold 340,719,000 H shares of the Bank, accounting for 3.00% of the total share capital of the Bank collectively. Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司) and its related parties are major shareholders of the Bank who have assigned a director to the Bank.

Note: Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司) has pledged all the 150,549,000 H shares it held in the Bank.

- (2) Xiamen Huishanghong Equity Investment Co., Ltd. (廈門市匯尚泓股權投資有限公司), formerly known as “Xiamen Gaoxinhong Equity Investment Co., Ltd.” (廈門市高鑫泓股權投資有限公司), was established in May 2001 with a registered capital of RMB0.1 billion, and its business scope includes private fund equity investment, investment management, asset management and other activities.

As at the end of the Reporting Period, Xiamen Huishanghong Equity Investment Co., Ltd. (廈門市匯尚泓股權投資有限公司) held 57,423,332 A shares of the Bank, representing 0.51% of the total share capital of the Bank. Xiamen Huishanghong Equity Investment Co., Ltd. is a major shareholder of the Bank who has assigned a supervisor to the Bank.

Changes in Shares and Particulars of Shareholders

Name of shareholder	Controlling shareholder	Actual controller	Ultimate beneficiary
Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司)	Chongqing Yufu Holding Group Co., Ltd. (重慶渝富控股集團有限公司)	Chongqing SASAC	Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司)
Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司)	Chongqing SASAC	Chongqing SASAC	Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司)
Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司)	Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司)	Chongqing SASAC	Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司)
Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司)	Chongqing SASAC	Chongqing SASAC	Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司)
Xiamen Huishanghong Equity Investment Co., Ltd. (廈門市匯尚泓股權投資有限公司)	Xiamen Huishangcheng Trade Co., Ltd. (廈門匯尚成貿易有限公司)	Zhou Yongwei, Zhou Shaoxiong and Zhou Shaoming	Xiamen Huishanghong Equity Investment Co., Ltd. (廈門市匯尚泓股權投資有限公司)
Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司)	Shanghai Fosun High Technology (Group) Co., Ltd. (上海複星高科技(集團)有限公司)	Guo Guangchang	Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司)

Note: As at the end of the Reporting Period, there were no major shareholders holding 10% or more of the shares (as defined under the Hong Kong Listing Rules) of the Bank.

(V) Substantial Interests and Short Positions

As at the end of the Reporting Period, to the knowledge of the Bank, the following individuals (other than the directors, supervisors and chief executives) had an interest and short position in the shares of the Bank which would fall to be disclosed to the Bank and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance of Hong Kong, or interests and short positions in the shares of the Bank as recorded in the register required to be kept by the Bank under Section 336 of the Securities and Futures Ordinance of Hong Kong:

A Shares

Unit: share

Name of shareholder	Capacity	Number of shares held	Percentage of the A shares (%)	Percentage of the total share capital of the Bank (%)
Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司)	Beneficial Owner	988,000,000	11.17	8.70
Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司)	Beneficial Owner	797,087,430	9.01	7.02
Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司)	Beneficial Owner	589,084,181	6.66	5.19
Chongqing Water Conservancy Investment Group Co., Ltd. (重慶市水利投資(集團)有限公司)	Beneficial Owner	566,714,256	6.41	4.99
Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司)	Beneficial Owner	470,000,000	5.31	4.14

Changes in Shares and Particulars of Shareholders

H Shares

Unit: share

Name of shareholder	Capacity	Number of shares held ⁽³⁾	Percentage of the H shares (%)	Percentage of the total share capital of the Bank (%)
BlackRock Global Funds	Beneficial Owner	132,885,000 (L)	5.29	1.17
Guo Guangchang ⁽¹⁾⁽²⁾	Interest of controlled corporations	340,719,000 (L)	13.56	3.00
Fosun International Holdings Ltd. ⁽¹⁾⁽²⁾	Interest of controlled corporations	340,719,000 (L)	13.56	3.00
Fosun Holdings Limited ⁽¹⁾⁽²⁾	Interest of controlled corporations	340,719,000 (L)	13.56	3.00
Fosun International Limited ⁽¹⁾⁽²⁾	Interest of controlled corporations	340,719,000 (L)	13.56	3.00
Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司) ⁽²⁾	Beneficial Owner	150,549,000 (L)	5.99	1.33

Notes:

- (1) Guo Guangchang holds 85.29% equity interests in Fosun International Holdings Ltd. Fosun International Holdings Ltd. holds 100% equity interests in Fosun Holdings Limited. Fosun Holdings Limited holds 71.05% equity interests in Fosun International Limited. Therefore, Guo Guangchang, Fosun International Holdings Ltd. and Fosun Holdings Limited are all deemed to be interested in the shares of the Bank held by Fosun International Limited and various corporations controlled by it. Guo Guangchang holds jointly a long position in 340,719,000 H shares of the Bank through Fosun International Limited and other corporations controlled by it.
- (2) According to Notice of Disclosure of Corporate Substantial Shareholders' Interests filed by Guo Guangchang, Fosun International Holdings Ltd. and Fosun International Limited on 13 October 2020, the long position of 340,719,000 H shares of the Bank that they are deemed to hold, compose of a long position of 150,549,000 H shares of the Bank directly held by Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司). Fosun International Limited holds 100% equity interests in Shanghai Fosun High Technology (Group) Co., Ltd. and Shanghai Fosun High Technology (Group) Co., Ltd. directly and indirectly (through its subsidiary) holds 68.59% equity interests in Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司) in total, therefore, Guo Guangchang, Fosun International Holdings Ltd., Fosun Holdings Limited and Fosun International Limited are all deemed to be interested in a long position in 150,549,000 H shares of the Bank held by Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司).
- (3) (L) – Long position.

Report of the Board of Directors

The Board of Directors is pleased to present its report together with the audited financial statements of the Group for the year ended 31 December 2024.

I. Principal Activities

The Group is principally engaged in a range of banking services and related financial services in mainland China.

II. Financial Information

(I) Summary of Financial Information

Please refer to the section headed “Chapter 2 Financial Summary” of this report for the summary of the operating results, assets and liabilities of the Group for the latest five years.

(II) Reserves

Please refer to the section headed “Consolidated Statement of Changes in Equity” of this report for details of the movements in the reserves available for distribution to shareholders of the Group during the Reporting Period.

(III) Donations

In 2024, the Bank made a total of one donation of RMB4.8 million. In particular, the Bank donated RMB4.8 million to Huatian Township, Youyang County, Chongqing to support rural revitalization in Youyang County.

(IV) Property and Equipment

Please refer to the section of “Notes to the Consolidated Financial Statements – IV. Notes to the Consolidated Financial Statements – 19. Property and Equipment” of this report for details of movements in the property and equipment of the Group during the Reporting Period.

(V) Retirement Benefits

Please refer to the section of “Notes to the Consolidated Financial Statements – IV. Notes to the Consolidated Financial Statements – 31. Accrued Staff Costs” of this report for details of the retirement benefits provided to employees of the Group.

(VI) Ultimate Parent Company and Subsidiaries

As of the end of the Reporting Period, the Bank did not have any ultimate parent companies. For details of subsidiaries, please refer to the “Notes to the Consolidated Financial Statements – IV. Notes to the Consolidated Financial Statements – 18. Investments in Subsidiaries, Associates and Structured Entities” of this report.

III. Shares and Shareholders

(I) Purchase, Sale and Redemption of Securities

Saved as disclosed in this report, neither the Bank nor its subsidiaries had purchased, sold or redeemed any shares and bonds of the Bank (including sale of treasury shares) during the Reporting Period. As of the end of the Reporting Period, the Bank did not hold any treasury shares.

In June 2019, the Bank issued the tier-two capital bonds with an issuing scale of RMB5 billion in the national interbank bond market. Such tier-two capital bonds are subject to the redemption option of the issuer, pursuant to which the Bank has redeemed the tier-two capital bonds on 14 June 2024. For details of the redemption of the bonds, please refer to the announcement published by the Bank on the website of China Bond on 7 May 2024.

(II) Pre-emptive Rights

Neither the Articles of Association of the Bank nor the relevant PRC laws have such provisions under which the Bank's shareholders have pre-emptive rights. In accordance with the provisions of the Articles of Association of the Bank, the Bank may increase its capital in the following ways: issue new shares to non-specified investors, place or allot new shares to existing shareholders, issue new shares to targeted investors, convert new shares from capital reserve, or through other means as permitted by laws or administrative regulations.

(III) Equity-linked Agreement

As of the end of the Reporting Period, the Bank has not entered into any equity-linked agreement.

(IV) Sufficiency of Public Float

During the Reporting Period, the total share capital of the Bank remained unchanged. As of the end of the Reporting Period, the total share capital of ordinary shares of the Bank was 11,357,000,000 shares (including 8,843,663,959 A shares and 2,513,336,041 H shares). Based on information that is publicly available to the Bank and to the knowledge of the directors, the Bank has maintained sufficient public float as required by the Hong Kong Stock Exchange as at the end of the Reporting Period.

(V) Particulars of Shareholdings of the Top Ten Shareholders and Major Shareholders

For the details of shareholdings of the top ten shareholders and major shareholders of the Bank as of the end of the Reporting Period, please refer to the section headed "Chapter 7 Changes in Shares and Particulars of Shareholders" of this report.

IV. Directors, Supervisors and Senior Management

(I) Information on Directors, Supervisors and Senior Management

For details of directors, supervisors and senior management of the Bank, please refer to the section of “Chapter 4 Corporate Governance Report – IV. Information on Directors, Supervisors and Senior Management” of this report.

(II) Directors’, Supervisors’ and the Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures of the Bank

As of 31 December 2024, the interests of the directors, supervisors and the chief executive of the Bank and their associates in the shares, underlying shares and debentures of the Bank or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance of Hong Kong or as otherwise notified to the Bank and Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Name	Position	Capacity	Number of A shares held	% of the A shares (%)	% of the total share capital (%)
Sui Jun	Deputy Secretary to the Party Committee, President, Executive Director	Beneficial Owner	75,400	0.00085	0.00066
Zhang Peizong	Member of the Party Committee, Vice President, Executive Director, Secretary to the Board	Beneficial Owner	39,300	0.00044	0.00035
Yin Xianglin	Non-executive Director	Beneficial Owner	2,900	0.00003	0.00003

- Notes:
1. Mr. Zhang Peizong ceased to serve as a member of the Party Committee of the Bank since December 2024, and ceased to serve as the vice president, secretary to the Board and the executive director and other positions of the Bank since January 2025.
 2. The above number of shares of the Bank refers to long position.

Other than as disclosed above, none of the directors, supervisors or the chief executive of the Bank or their associates had any interests or short positions in any shares, underlying shares or debentures of the Bank or any of its associated corporations as of 31 December 2024.

(III) Directors', Supervisors' and Senior Management's Financial, Business and Family Relationships

There are no relationships among the directors, supervisors and senior management of the Bank, including financial, business, family or other material/relevant relationships.

(IV) Arrangements to Purchase Shares or Debentures

During the Reporting Period, neither the Bank nor its subsidiaries entered into any arrangements to enable the directors and supervisors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

(V) Directors' and Supervisors' Interests in Material Transactions, Arrangements and Contracts

Save for those continuing connected transactions which can be exempted from the reporting, annual review, announcement and independent shareholder's approval requirements under Chapter 14A of the Hong Kong Listing Rules, no director, supervisor or entity which is related to such persons of the Bank had a material interest, whether directly or indirectly, in material transactions, arrangements and contracts in relation to the Group's businesses to which the Bank, its holding company, any of its subsidiaries or fellow subsidiaries was a party at any time during the year (excluding service contracts).

(VI) Directors' and Supervisors' Service Contracts

None of the directors and supervisors of the Bank entered into service contracts with the Bank that cannot be terminated by the Bank or any of its subsidiaries within one year without payment of compensation (other than statutory compensation).

(VII) Permitted Indemnity Provision

There is no permitted indemnity provision was or is in effect which benefit for the directors of the Bank (whether entered into by the Bank or otherwise) or any director of the associates of the Bank (if it is entered into by the Bank) at any time during the financial year of the Bank and up to the date of the report of the Board of Directors of the Bank.

(VIII) Directors' and Supervisors' Interests in Competing Businesses

None of the directors and supervisors of the Bank had any interests in businesses that compete or may compete, directly or indirectly, with the business of the Bank.

(IX) Remuneration Policy for the Directors, Supervisors and Senior Management

For details of the remuneration policy for directors, supervisors and senior management of the Bank, please refer to the section of "Chapter 4 Corporate Governance Report – IV. Information on Directors, Supervisors and Senior Management – (III) Remuneration of Directors, Supervisors and Senior Management in 2024" of this report.

V. Major Customer

During the Reporting Period, aggregate amount of interest income and other operating income from the top five customers of the Bank was less than 30% of the total amount of interest income and other operating income of the Group.

VI. Management Contracts

As of the end of the Reporting Period, there was no management and administrative contract in respect of all or any of the principal activities of the Bank being entered into by or existed in the Bank.

VII. Corporate Governance

The Bank is committed to maintaining a high level of corporate governance. For details of the manner in which the principles and code provisions in the CG Code are applied and implemented by the Bank, please refer to the section of “Chapter 4 Corporate Governance Report” of this report.

VIII. Connected Transactions

Transactions between the Bank and the Bank’s connected persons (as defined under the Hong Kong Listing Rules) will constitute connected transactions of the Bank under Chapter 14A of the Hong Kong Listing Rules. However, the relevant connected transactions can be exempted from the reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Hong Kong Listing Rules. The Bank has reviewed all its connected transactions and acknowledged that it had complied with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules.

The definition of connected persons under Chapter 14A of the Hong Kong Listing Rules is different from the definition of related parties under International Accounting Standard 24, “Related Party Disclosures”, and its interpretations by the International Accounting Standards Board. The transactions set out in the section headed “Notes to the Consolidated Financial Statements – IV. Notes to the Consolidated Financial Statements – 43. Related Party Relationships and Transactions” in this report did not constitute connected transactions under Chapter 14A of the Hong Kong Listing Rules.

IX. Tax

Shareholders of the Bank are taxed in accordance with the following tax regulations and the amendments thereof from time to time. They shall enjoy possible tax relief according to the actual situation, and shall seek professional advice from their tax and legal advisors on specific payment matters. The following cited laws, regulations and stipulations are all relevant provisions issued as of 31 December 2024.

(I) A Share Holders

1. *Natural person shareholders and securities investment funds*

In accordance with the provisions of the Notice on Issues concerning the Implementation of Differential Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (Cai Shui [2012] No. 85) (《關於實施上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2012]85號)) and the Notice on Issues concerning the Differential Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (Cai Shui [2015] No. 101) (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2015]101號)) issued jointly by Ministry of Finance, State Administration of Taxation and CSRC, for shares of listed companies obtained by individuals from public offerings and the transfer market, where the holding period is less than 1 month (inclusive), the dividends and bonuses shall be counted as taxable income in the full amount; where the holding period is more than 1 month and less than 1 year (inclusive), 50% of the dividends and bonuses shall be counted as taxable income on a provisional basis; and where the holding period exceeds 1 year, the dividends and bonuses shall be exempted from individual income tax on a provisional basis. Individual income taxes on the aforesaid incomes shall be levied at the uniform rate of 20%. Individual income taxes levied on dividends and bonuses obtained by securities investment funds from listed companies are also calculated in accordance with the afore-mentioned rules. The individual shareholders of restricted shares shall calculate and levy individual income tax at the applicable tax rate of 20% after deducting 50% of the dividend income obtained before the lifting of the ban on shares, and implement differential tax policies on the dividend income obtained after the lifting of the ban on shares according to the shareholding time, which shall start from the lifting of the ban.

2. *Shareholders of resident enterprises*

In accordance with the provisions of Article 26(2) of the Enterprise Income Tax Law (《企業所得稅法》), dividends, bonuses and other equity investment proceeds distributed between qualified resident enterprises are tax-exempt income. In accordance with Article 83 of the Regulation on the Implementation of the Enterprise Income Tax Law (《企業所得稅法實施條例》), dividends, bonuses and other equity investment proceeds distributed between qualified resident enterprises referred to in Article 26(2) of the Enterprise Income Tax Law mean those investment proceeds obtained from direct investment of resident enterprises into other resident enterprises. Dividends, bonuses and other equity investment proceeds referred to in Article 26(2) of the Enterprise Income Tax Law exclude those investment proceeds obtained from publicly offered and tradable stocks of resident enterprises held for less than 12 months on a continuing basis.

3. *QFII*

In accordance with the provisions of the Notice of the State Administration of Taxation on Issues Concerning Withholding of Corporate Income Tax on the Dividends, Bonus and Interest paid by Chinese Resident Enterprises to QFII (Guo Shui Han [2009] No. 47), 10% of the enterprise income tax on the dividend income derived from the territory of China by QFII shall be paid in accordance with the provisions of the Enterprise Income Tax Law, and shall be withheld and paid by the enterprises that distribute dividends. Where QFII obtains dividend income and needs to enjoy the treatment under tax agreements (arrangements), it may file an application with the competent tax authority in accordance with the requirements of the Measures for the Administration of Non- resident Taxpayers Enjoying the Treatment under Agreements (SAT Announcement [2019] No. 35).

4. *Investors in Hong Kong Market*

Pursuant to the Notice on Tax Policy Regarding Shanghai-Hong Kong Stock Connect Pilot Programs (Cai Shui [2014] No. 81) 《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號) issued by the Ministry of Finance, the State Administration of Taxation and the CSRC, for dividend incomes obtained by investors (including enterprises and individuals) in the Hong Kong market from investing in A shares listed on the Shanghai Stock Exchange, the implementation of differentiated taxation is suspended before the Hong Kong Securities Clearing Company Limited (“HKSCC”) meets the conditions of providing identification, term of shareholding and other specific data of investors to the China Securities Depository and Clearing Corporation Limited; the income taxes thereof are withheld and paid by the listed company at the rate of 10%, which should be duly declared to the governing taxation authority. For Hong Kong investors who are tax residents of foreign countries that have entered into a tax treaty with the PRC specifying an income tax rate for dividend and bonus incomes below 10%, the enterprises or individuals may by themselves apply to the governing tax authority of the listed company to claim the preferential treatment as stipulated in such tax treaties.

(II) H Share Holders

1. *Non-resident Enterprise Shareholders*

Pursuant to the Enterprise Income Tax Law of the People's Republic of China and related implementation rules, relevant requirements of the "Notice of the State Administration of Taxation on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises" (Guo Shui Han [2008] No. 897) and relevant regulations, the Bank withholds the enterprise income tax at the rate of 10% for dividends paid to non-resident enterprise shareholders.

2. *Non-resident Individual Shareholders*

According to Guo Shui Han [2011] No. 348 documents issued by the State Administration of Taxation, the Bank is required to withhold individual income tax for non-resident individual holders of H Shares, who are entitled to relevant preferential tax arrangement pursuant to the taxation agreements between the countries where they are residing with China and the regulation on taxation arrangement between the Mainland and Hong Kong (Macau).

- (1) As for non-resident individual holders of H shares in countries which have entered into an agreement with China in respect of a tax rate lower than 10%, the Bank temporarily withholds individual income tax at the rate of 10%. Where non-resident individual holders of H shares need to enjoy the treatment under tax agreements (arrangements), it may file an application with the competent tax authority in accordance with the requirements of the Measures for the Administration of Non-resident Taxpayers Enjoying the Treatment under Agreements (SAT Announcement [2019] No. 35).
- (2) As for non-resident individual holders of H shares in countries and regions which have entered into an agreement with China in respect of a 10% tax rate, the Bank withholds individual income tax at the rate of 10%.
- (3) As for non-resident individual holders of H shares in countries which have entered into an agreement with China in respect of a tax rate between 10% and 20%, the Bank withholds individual income tax at the actual rate agreed thereunder.
- (4) As for non-resident individual holders of H shares in countries which have no tax agreement with China or are under any other circumstances, the Bank withholds individual income tax at the tax rate of 20%.

(III) Investors of Southbound Trading

1. *Individual shareholders in the Mainland of Southbound Trading*

Shanghai-Hong Kong Stock Connect: Pursuant to the Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No. 81), for the distribution of final dividends to mainland individual shareholders who invest in the H shares of the Bank through Shanghai-Hong Kong Stock Connect (these H shares are registered in the name of HKSCC Nominees Limited and is held by China Securities Depository and Clearing Corporation Limited as the nominal holder), the Bank will withhold the payment of personal income tax at the rate of 20%. For the distribution of final dividends to shareholders of mainland securities investment funds investing in the H shares of the Bank through Shanghai-Hong Kong Stock Connect (these H shares are registered in the name of HKSCC Nominees Limited and is held by held by China Securities Depository and Clearing Corporation Limited as the nominal holder), the Bank will withhold the payment of personal income tax at the rate of 20%.

Shenzhen-Hong Kong Stock Connect: Pursuant to the Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No. 127), for the distribution of final dividends to mainland individual shareholders who invest in the H shares of the Bank through Shenzhen-Hong Kong Stock Connect (these H shares are registered in the name of HKSCC Nominees Limited and is held by China Securities Depository and Clearing Corporation Limited as the nominal holder), the Bank will withhold the payment of personal income tax at the rate of 20%. For the distribution of final dividends to shareholders of mainland securities investment funds investing in the H shares of the Bank through Shenzhen-Hong Kong Stock Connect (these H shares are registered in the name of HKSCC Nominees Limited and is held by China Securities Depository and Clearing Corporation Limited as the nominal holder), the Bank will withhold the payment of personal income tax at the rate of 20%.

2. *Shareholders of mainland enterprises of Southbound Trading*

Shanghai-Hong Kong Stock Connect: Pursuant to the Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No. 81), for the distribution of final dividends to mainland corporate shareholders investing in the H shares of the Bank through Shanghai-Hong Kong Stock Connect (these H shares are registered in the name of HKSCC Nominees Limited and is held by China Securities Depository and Clearing Corporation Limited as the nominal holder), the Bank will not withhold corporate income tax, and the tax payable shall be submitted and paid by the shareholders of the mainland enterprises themselves. Among them, dividends obtained by shareholders of mainland enterprises who hold H shares of the Bank for 12 consecutive months are exempt from corporate income tax.

Shenzhen-Hong Kong Stock Connect: Pursuant to the Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No. 127), for the distribution of final dividends to mainland corporate shareholders investing in the H shares of the Bank through Shenzhen-Hong Kong Stock Connect (these H shares are registered in the name of HKSCC Nominees Limited and is held by China Securities Depository and Clearing Corporation Limited as the nominal holder) the Bank will not withhold corporate income tax, and the tax payable shall be submitted and paid by the shareholders of the mainland enterprises themselves. Among them, dividends obtained by shareholders of mainland enterprises who hold H shares of the Bank for 12 consecutive months are exempt from corporate income tax.

X. Business Review

(I) Examining the Company's Business and Revealing the Possible Future Development of the Company's Business

The Group is mainly engaged in banking and related financial services in mainland China, and the discussion and analysis of business review are detailed in the section of "Chapter 3 Management Discussion and Analysis — VI. Business Overview" of this report. The main risks of the Group and the possible future development plan for the Group's business are detailed in the section of "Chapter 3 Management Discussion and Analysis – VIII. Risk Management and XI. Outlook" of this report.

(II) Compliance with Laws and Regulations

The Board of Directors paid close attention to the policies and regulations in relation to relevant laws and regulations which the Group has to comply with. The Bank has employed legal advisers for mainland China and Hong Kong laws to ensure the transactions and businesses of the Group are carried out under the applicable laws. Relevant employees and operation units will be informed by update on applicable laws and regulations from time to time. Laws and Regulations are the basis and foundation for the legal and compliant operation of the Bank, and also the guidance for the Bank to conduct operating and management activities within the regulatory framework. According to the requirements and changes of laws and regulations, the Bank evaluates the effect on operation and management and make necessary adjustments to ensure healthy business development with legal compliance.

(III) Relations with Employees, Customers and Suppliers

The Bank placed utmost emphasis on the corporate culture construction, employee management and training, and is committed to build harmonious and stable employment relations. The Bank treasures employees as one of the most important and most valuable assets and has been always cherishing the employees' contribution and support. The Bank has made great efforts to provide comfortable and harmonious working environment, sound welfare and compensation system and reasonable career planning. By means of appropriate trainings and opportunities provided, the Bank has helped employees in career development and promotion.

The Bank has been always perfecting the financial services to the customers to win the clients' understanding, trust and support. The Bank insists on the market principle for all clients who apply for loans, especially the related clients, and avoids special credit aid priority.

The Bank attaches importance to the cooperation with suppliers, and adheres to the principle of fair competition when selecting suppliers. In view of the business nature of the Bank, the Bank did not have major suppliers.

(IV) Environmental Protection Policy and Implementation of the Bank

For details of the Bank's compliance of laws and regulations that have a significant impact on environmental policies, please refer to the 2024 Corporate Social Responsibility and ESG Report of Chongqing Rural Commercial Bank Co., Ltd.

(V) Details of Major Events Subsequent to the End of Financial Year under Review with Significant Influence on the Company

The Bank conducted a comprehensive review on the financial performance of 2024 pursuant to the national laws and regulatory requirements and prepared annual report for the year of 2024. Save for the above, no major event or case with any significant influence on the Group has occurred after completion of annual financial review and up to the date of this report.

On behalf of the Board

Sui Jun

Acting on behalf of the Chairman

25 March 2025

Report of the Board of Supervisors

The Board of Supervisors of the Bank conscientiously fulfilled the responsibility assigned by the Articles of Association. The Board of Supervisors was in line with the principles that were conducive to the sustainable and steady development of the Bank's business, the reform and innovation of the Bank, and the protection of shareholders' rights and interests, so as to carry out work with emphasis on performance supervision, financial supervision, internal control and risk supervision, continuously improve the working methods and enhance the effectiveness of supervision, promoting the steady operation and healthy development of the Bank and effectively playing a role of supervision and balance in corporate governance.

I. Major Work

(I) Supervision on Meetings

As at the end of the Reporting Period, the Board of Supervisors of the Bank convened 9 meetings in total in 2024, at which resolutions including the financial budget and account, profit distribution, and internal control evaluation report were considered and approved. The Board of Supervisors played its role as a special committee and convened 6 related meetings, at which the Audit Committee has 4 meetings, the Internal Control Review Committee has 1 meeting and the Performance Due Diligence Supervision Committee has 1 meeting. To ensure that the meetings were effective, before each meeting, the issues were submitted to the reviewers as required, opinions were fully discussed at the meetings and implementation of resolutions formed after the meetings. In addition, the Board of Supervisors attended 2 general meetings and 11 on-site conferences of the Board of Directors as non-voting delegates to supervise the meeting process.

(II) Daily Supervision

In terms of the duty performance supervision, the Board of Supervisors continued to pay attention to the compliance of the Board of Directors, senior management and its members with the laws and regulations and the Articles of Association of the Bank, strengthened the supervision of the implementation of the development strategies, and conducted remuneration post- strategy assessment. The Bank focused on the implementation of the Bank's strategy, and whether the salary system is conducive to promoting the high-quality development of the Bank. In view of the shortcomings existing in the actual implementation and in combination with the current business development priorities, constructive suggestions were put forward from the perspective of the Board of Supervisors. The Board of Supervisors paid attention to the supervision of the performance of duties, and collected relevant information on corporate governance, operation and management, risk management and control, and internal supervision, and deepened the supervision of the performance of duties through measures such as attending Board meetings, accessing information, conducting performance evaluations.

In terms of financial supervision, the Board of Supervisors focused on supervising the Bank's important financial decisions, profit distribution plan and financial budget control, and strengthened the supervision of financial compliance and authenticity, and the effectiveness of financial resources allocation. The Board of Supervisors reviewed the annual report, interim report and quarterly report on a regular basis, focusing on the operating efficiency, the main financial revenue and expenditure, the development of deposit and loan business, and the trend of changes in asset quality. The Board of Supervisors paid attention to the communication with the external auditors, and regularly debriefed the auditing reports.

In terms of internal control and risk supervision, the Board of Supervisors continued to strengthen the effectiveness of internal control and supervision over the compliance with laws and regulations. The Board of Supervisors focused on the organizational structure of internal control, system construction and implementation, quality of internal control inspection, problem rectification and accountability, etc., listened to the Bank's internal control evaluation report, intensified the use of internal auditing results, seriously reviewed various internal audit reports, and continued tracking the implementation of the rectification of supervision and revelation of issues, so as to promote the improvement of such rectification.

(III) Concentrated Supervision

The Board of Supervisors focused on the implementation of national policies, laws and regulations and the "Three Important and One Major" system, main business indicators, strategic sustainable development capabilities, and internal control management and risk prevention, through measures such as on-site inspections, investigations on grassroots operation institutions, meetings with auditors, and reviews on relevant archives, so as to organize and implement its concentrated supervision and inspection. In general, the Board of Supervisors believes that the Bank strictly implements all national policies and laws and regulations, maintains prudent risk appetite, establishes a good sense of compliance management, and upholds the principle of strict governance. The Bank completed the annual plan relatively well in various operation indicators, and the internal control management and risk prevention level has been improved continuously.

(IV) Self-establishment of the Board of Supervisors

Continuous efforts have been made to strengthen the construction of the Board of Supervisors in terms of system, personnel and knowledge. The Board of Supervisors improved its supervision groundwork to improve operational efficiency, through regularly collecting and analyzing the key operational data, financial indicators and asset quality data of the Bank as reference for the Board of Supervisors in making comments. For problems in relation to system construction and implementation, effectiveness of internal control, risk prevention and financial compliance, the Board of Supervisors refined its supervision mechanism for rectifications by establishing rectification ledger from the perspective of the Board of Supervisors to conduct targeted interviews and track the progress of rectification regularly. It will conduct comprehensive evaluation on the rectification progress for the whole year to promote the effective use of supervision results.

II. Independent Opinions on Relevant Matters of the Bank

(I) Operations in Compliance with Laws and Regulations

During the Reporting Period, the Bank had been operating in compliance with relevant laws and regulations. Its decision-making procedures complied with the provisions of laws, regulations and the Articles of Association of the Bank. As at the date of this report, existing directors and senior management of the Bank were faithful and honest, and diligent in carrying out their duties. They were not found to have contravened any laws, regulations or the Articles of Association of the Bank; neither did they commit any acts detrimental to the interests of the Bank.

(II) Financial Reporting

KPMG Huazhen LLP and KPMG have audited the financial report for the year 2024 of the Bank prepared in accordance with the Chinese Accounting Standards and the International Accounting Standards respectively, and have issued unqualified audit report respectively. The Board of Supervisors considered the financial report of the Bank for 2024 gave a true, objective and accurate view of the financial position and operating results of the Bank.

(III) Acquisition and Disposal of Assets

During the Reporting Period, the Board of Supervisors was not aware of any insider transactions or any acts in acquisition or disposal of assets that were detrimental to the interests of the shareholders or leading to a loss on the Bank's assets.

(IV) Related Party Transactions

During the Reporting Period, the Bank's related party transactions had been conducted in accordance with relevant regulations and systems and the Board of Supervisors was not aware of any actions in the transactions that were detrimental to the interests of the Bank.

(V) Internal Control

The Board of Supervisors has reviewed the 2024 Annual Internal Control Evaluation Report of Chongqing Rural Commercial Bank Co., Ltd. and was not aware of any significant defect in the Bank's internal control system and its implementation.

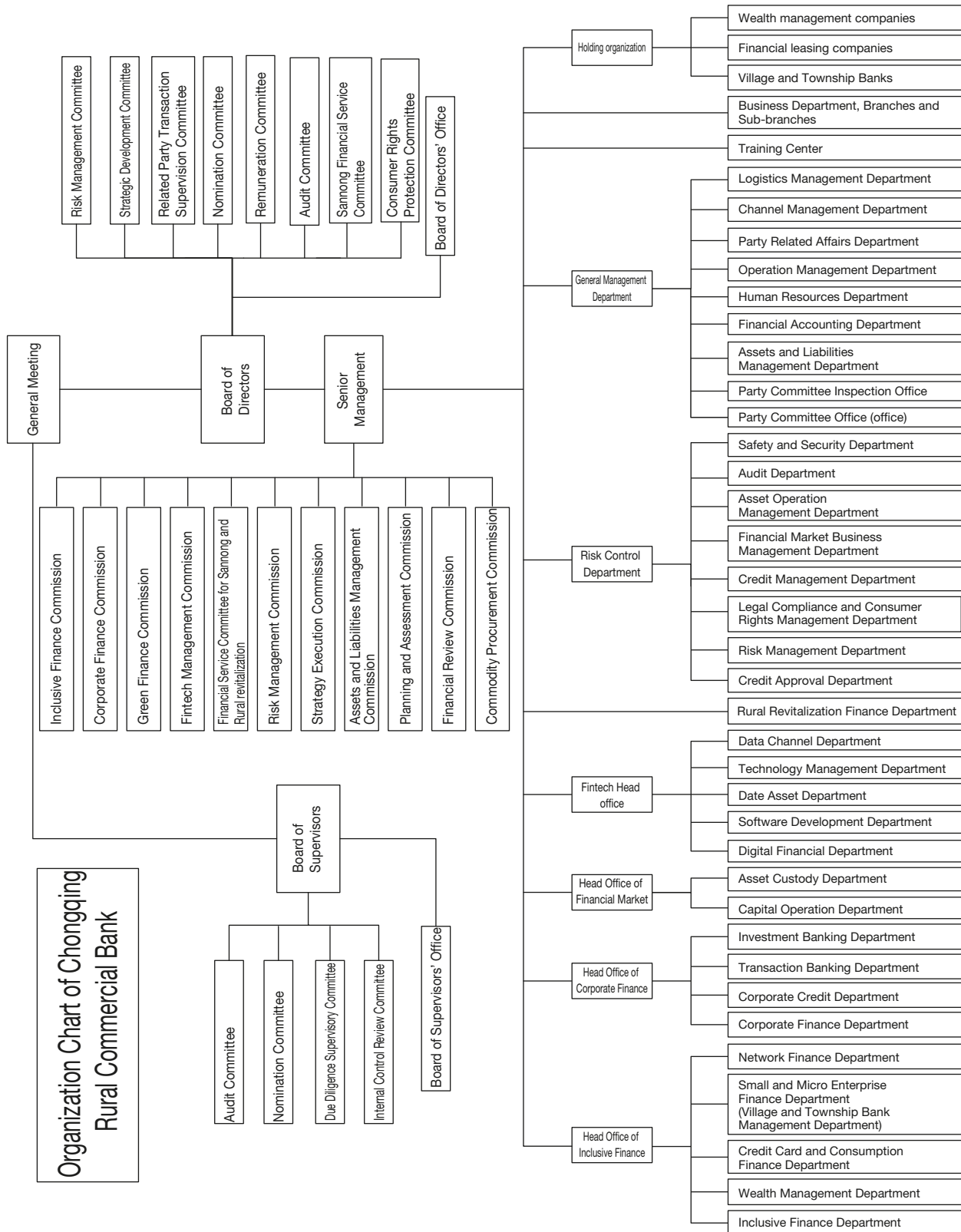
(VI) Performance of Social Responsibility

During the Reporting Period, the Bank vigorously performed social responsibilities. The Board of Supervisors has no disagreement with the 2024 Corporate Social Responsibility and ESG Report of Chongqing Rural Commercial Bank Co., Ltd..

Board of Supervisors of Chongqing Rural Commercial Bank Co., Ltd.

25 March 2025

Organizational Chart



Branches and Subsidiaries

Branches

Qujing Branch

Address: No. 460, Qilin West Road, Qilin District, Qujing City, Yunnan Province
Postal Code: 655000
Tel: 0874-3193599

Liangjiang Branch

Address: No. 21, 23, 25 Jintong Road, New North Zone, Chongqing City
Postal Code: 401122
Tel: 023-88502278

Kexuecheng Branch

Address: No. 28, Xiyong Avenue, High-tech Zone, Chongqing City
Postal Code: 401332
Tel: 023-65002879

Wanzhou Branch

Address: No. 91 Taibai Road, Wanzhou District, Chongqing City
Postal Code: 404100
Tel: 023-58156261

Jiangjin Branch

Address: Annex 6 and 7, No.183 Xijiang Avenue, Shengquan Street, Jiangjin District, Chongqing City
Postal Code: 402260
Tel: 023-47522632

Hechuan Branch

Address: No. 2 Jiuchang Road, Hechuan District, Chongqing City
Postal Code: 401520
Tel: 023-42835185

Fuling Branch

Address: Block 1, Hongfu Building No. 55 Xinghua Middle Road, Fuling District, Chongqing City
Postal Code: 408000
Tel: 023-72238022

Sub-branches

Yuzhong Branch

Address: No. 142 Xinhua Road, Yuzhong District, Chongqing City
Postal Code: 400011
Tel: 023-63716557

Jiangbei Branch

Address: 1-1, No. 10, Yanghe Road East, Jiangbei District, Chongqing City
Postal Code: 400020
Tel: 023-61310036

Shapingba Branch

Address: Annex 37, 38 and 39, No. 118 Xiaoyanggong Bridge, Shapingba District, Chongqing City
Postal Code: 400030
Tel: 023-65356886

Dadukou Branch

Address: 1-3, 1-4-1-1, Block 1, 1-4-1-2, 1-4-2-2, Block 1,11 Tianchenhuafu, Chunhui Road Street, Dadukou District, Chongqing City
Postal Code: 400084
Tel: 023-68836636

Nan'an Branch

Address: No. 24 Jiangnan Avenue, Nanping, Nan'an District, Chongqing City
Postal Code: 400060
Tel: 023-62947517

Jiulongpo Branch

Address: Annex No. 1, No. 2 Xijiao Road, Yang Jia Ping, Jiulongpo District, Chongqing City
Postal Code: 400050
Tel: 023-68437557

Beibei Branch

Address: No. 20 Beixia West Road, Beibei District, Chongqing City
Postal Code: 400700
Tel: 023-68864083

Yubei Branch

Address: 1-1, Block 1, No. 91 Shuanglong Avenue, Shuanglonghu Street, Yubei District, Chongqing City

Postal Code: 401120

Tel: 023-67824010

Ba'nan Branch

Address: No. 145 Longzhou Avenue, Ba'nan District, Chongqing City

Postal Code: 400055

Tel: 023-66222960

Wansheng Branch

Address: No. 36 Wandong North Road, Wansheng District, Chongqing City

Postal Code: 400800

Tel: 023-48299505

Changshou Branch

Address: No. 13 Xiangyang Road, Fengcheng Street Office, Changshou District, Chongqing City

Postal Code: 401220

Tel: 023-40245293

Yongchuan Branch

Address: No. 399, Honghe Middle Road, Yongchuan District, Chongqing City

Postal Code: 402160

Tel: 023-49863765

Nanchuan Branch

Address: No. 24 Jinfo Avenue, Nanchuan District, Chongqing City

Postal Code: 408400

Tel: 023-71423626

Qijiang Branch

Address: No. 34 Jiulong Avenue, Wenlong Street, Qijiang District, Chongqing City

Postal Code: 401420

Tel: 023-48663139

Tongnan Branch

Address: No. 4, Xingtong Avenue, Guilin Street Office, Tongnan District, Chongqing City

Postal Code: 402660

Tel: 023-44551908

Tongliang Branch

Address: No. 102 Zhongxing Road, Bachuan Street, Tongliang District, Chongqing City

Postal Code: 402560

Tel: 023-45682975

Dazu Branch

Address: Annex No. 1, No. 227 Middle Section of Wuxing Avenue, Tangxiang Street, Dazu District, Chongqing City

Postal Code: 402360

Tel: 023-43711711

Rongchang Branch

Address: No. 106 Haitang Avenue, Changzhou Street, Rongchang District, Chongqing City

Postal Code: 402460

Tel: 023-46732980

Bishan Branch

Address: No. 4 Bitong Road, Bicheng Street, Bishan District, Chongqing City

Postal Code: 402760

Tel: 023-41427834

Liangping Branch

Address: No. 1, Block 26, Minghao Commercial Area, Liangshan Street, Liangping District, Chongqing City

Postal Code: 405200

Tel: 023-53223401

Chengkou Branch

Address: No. 30 South Street, Gecheng Street, Chengkou County, Chongqing City

Postal Code: 405900

Tel: 023-59221503

Branches and Subsidiaries

Fengdu Branch

Address: No. 187 2nd Shangye Road, Sanhe Street, Fengdu County, Chongqing City
Postal Code: 408299
Tel: 023-70736661

Dianjiang Branch

Address: No. 371 Renmin East Road, Guixi Street, Dianjiang County, Chongqing City
Postal Code: 408300
Tel: 023-74512937

Zhong County Branch

Address: No. 49 Ba Wang Road, Zhongzhou Street, Zhong County, Chongqing City
Postal Code: 404300
Tel: 023-54235902

Kaizhou Branch

Address: (Shimin Plaza) Kaizhou Avenue, Hanfeng Street Office, Kaizhou District, Chongqing City
Postal Code: 405400
Tel: 023-52250812

Yunyang Branch

Address: No. 1335 Yunjiang Avenue, Qinglong Street, Yunyang County, Chongqing City
Postal Code: 404500
Tel: 023-55161480

Fengjie Branch

Address: No. 32 Gongping Lane, Yufu Street, Fengjie County, Chongqing City
Postal Code: 404699
Tel: 023-56560373

Wushan Branch

Address: No. 258 Guangdong Middle Road, Wushan County, Chongqing City
Postal Code: 404700
Tel: 023-57680904

Wuxi Branch

Address: Unit 1-1, No. 7 Yanghe Garden, No. 25, Binhe Zhilu, Boyang Street, Wuxi County, Chongqing City
Postal Code: 405899
Tel: 023-51529828

Qianjiang Branch

Address: No. 217 Jiefang Road, Chengdong Street, Qianjiang District, Chongqing City
Postal Code: 409000
Tel: 023-79236496

Shizhu Branch

Address: Annex No. 6, No. 10 Wanshou Avenue, Nanbin Street, Shizhu Tujia Autonomous County, Chongqing City
Postal Code: 409100
Tel: 023-85093666

Wulong Branch

Address: No. 36 Furong Middle Road, Furong Street, Wulong District, Chongqing City
Postal Code: 408500
Tel: 023-77723233

Xiushan Branch

Address: No. 35, Yuxiu Avenue, Zhonghe Street, Xiushan Tujia and Miao Autonomous County, Chongqing City
Postal Code: 409900
Tel: 023-76662163

Youyang Branch

Address: No. 6 Middle Section of Taohuayuan Avenue, Taohuayuan Street, Youyang Tujia and Miao Autonomous County, Chongqing City
Postal Code: 409800
Tel: 023-75556144

Pengshui Branch

Address: Annex 4, No. 2 Shizui Street, Hanjia Street, Pengshui Miao and Tujia Autonomous County, Chongqing City

Postal Code: 409600

Tel: 023-78848842

Subsidiaries**Jiangsu Zhangjiagang CQRC Village and Township Bank Co., Ltd. (江蘇張家港渝農商村鎮銀行股份有限公司)**

Address: No. M101, Block 2, Panhua International Plaza, Yangshe Town, Zhangjiagang City, Jiangsu Province

Postal Code: 215600

Tel: 0512-58918959

Sichuan Dazhu CQRC Village and Township Bank Co., Ltd. (四川大竹渝農商村鎮銀行股份有限公司)

Address: Block H8/9, Huangge Commercial Plaza, Xinhua Road East, Zhuyang Town, Dazhu County, Sichuan Province

Postal Code: 635100

Tel: 0818-6256123

Yunnan Dali CQRC Village and Township Bank Co., Ltd. (雲南大理渝農商村鎮銀行有限公司)

Address: No. 176 Yangbi Road, Economic Development Zone, Dali Prefecture, Yunnan Province

Postal Code: 671000

Tel: 0872-2188667

Yunnan Xiangyun CQRC Village and Township Bank Co., Ltd. (雲南祥雲渝農商村鎮銀行有限公司)

Address: No. 16, Block 11, "Yinxiang Garden", Wenyuan Road north side, Xiangcheng Town, Xiangyun County, Dali Prefecture, Yunnan Province

Postal Code: 672100

Tel: 0872-3997552

Yunnan Heqing CQRC Village and Township Bank Co., Ltd. (雲南鶴慶渝農商村鎮銀行有限公司)

Address: No. 15 Xinghe Road, Yunhe Town, Heqing County, Dali Prefecture, Yunnan Province

Postal Code: 671500

Tel: 0872-4123500

Guangxi Luzhai CQRC Village and Township Bank Co., Ltd. (廣西鹿寨渝農商村鎮銀行有限公司)

Address: Shops 4-7, 1/F and 2/F, Annex Building, Huiyilian Business Tower, No. 8 Guiyuan Road, Luzhai Town, Luzhai County, Liuzhou City, Guangxi Zhuang Autonomous Region

Postal Code: 545600

Tel: 0772-6822818

Fujian Shaxian CQRC Village and Township Bank Co., Ltd. (福建沙縣渝農商村鎮銀行有限公司)

Address: Floor 1 & 2, North Tower of Yongshun Building, Xincheng Central Road, Sha County, Sanming City, Fujian Province

Postal Code: 365050

Tel: 0598-5758880

Branches and Subsidiaries

Fujian Fuan CQRC Village and Township Bank Co., Ltd. (福建福安渝農商村鎮銀行有限責任公司)

Address: No. 1 Guanhang Road, Cheng Bei,
Fu'an City, Fujian Province
Postal Code: 355000
Tel: 0593-8988906

Yunnan Shangri-La CQRC Village and Township Bank Co., Ltd. (雲南香格里拉渝農商村鎮銀行有限責任公司)

Address: No. 7 Changzheng Avenue, Shangri-La City, Diqing Prefecture, Yunnan Province
Postal Code: 674499
Tel: 0887-8980066

Fujian Shishi CQRC Village and Township Bank Co., Ltd. (福建石獅渝農商村鎮銀行有限責任公司)

Address: No. 2454, 2456, 2458, Hong Xing International Building, Baqi Road, Shishi City, Fujian Province
Postal Code: 362700
Tel: 0595-82269866

Fujian Pingtan CQRC Village and Township Bank Co., Ltd. (福建平潭渝農商村鎮銀行有限責任公司)

Address: A3-A6, 19th Row, Kangde Huayuan Villa, Tancheng Town, Pingtan County, Fujian Province
Postal Code: 350400
Tel: 0591-86175991

Yunnan Xishan CQRC Village and Township Bank Co., Ltd. (雲南西山渝農商村鎮銀行有限責任公司)

Address: No. 924, 926, 928 Dianchi Road, Dianchi National Tourist Resort, Kunming City, Yunnan Province
Postal Code: 650000
Tel: 0871-68188973

CQRC Financial Leasing Co., Ltd. (渝農商金融租賃有限責任公司)

Address: Annex No. 11 and 12, No. 99 Jinkai Avenue, Liangjiang New District, Chongqing
Postal Code: 401121
Tel: 023-63569568

CQRC Wealth Management Co., Ltd. (渝農商理財有限責任公司)

Address: 20/F and 21/F, Chengda-Jinjia International Building, No.10, Guihua Street Branch Road, Jiangbei District, Chongqing
Postal Code: 400024
Tel: 023-61111693

Independent Auditor's Report

To the shareholders of Chongqing Rural Commercial Bank Co., Ltd.

(Incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of Chongqing Rural Commercial Bank Co., Ltd. (the "Bank") and its subsidiaries (the "Group") set out on pages 187 to 362, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants ("the Code"), together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the People's Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report (Continued)

Key audit matters (Continued)

Expected credit loss allowances for loans and advances to customers

Refer to Note IV 7 Credit impairment losses, Note IV 16 Loans and advances to customers and Note IV 47(1) Credit risk and the accounting policies in Note II 8.5 Impairment of financial instruments and Note III 1 Measurement of the expected credit loss allowance.

The Key Audit Matter	How the matter was addressed in our audit
<p>The Group adopts an expected credit loss ("ECL") model according to International Financial Reporting Standard 9, Financial instruments.</p> <p>The determination of ECL allowances is subject to the application of a number of key parameters and assumptions, including the identification of loss stages, estimates of probability of default, loss given default, exposures at default and discount rate, as well as adjustments for forward-looking information and other adjustment factors. Significant management judgement is involved in the selection of those parameters and the application of the assumptions.</p> <p>In particular, the determination of ECL allowances is heavily dependent on the external macro environment and the Group's internal credit risk management strategy. The ECL allowances for corporate loans and advances to customers are derived from estimates whereby management takes into consideration the historical losses, internal and external credit grading and other factors. The ECL for personal loans are derived from estimates whereby management takes into consideration historical overdue data, the historical loss experience for personal loans and other factors.</p>	<p>Our audit procedures to assess ECL allowances for loans and advances to customers included the following:</p> <ul style="list-style-type: none"> assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the approval, recording and monitoring of loans and advances to customers, as well as the credit grading process and the measurement of ECL; involving KPMG's information technology specialists in understanding and evaluating the design and operating effectiveness of information system controls, including: general information technology control, logics and compilation of the overdue information, operational process of the credit grading of corporate customers, inter-system data transmission, mapping of parameters of ECL model and system calculation logic of ECL allowances of loans and advances to customers; involving KPMG's financial risk specialists in assessing the appropriateness of the ECL model used in determining ECL allowances, and assessing the reasonableness of the key parameters and assumptions in the ECL model, including the identification of loss stages, probability of default, loss given default, exposure at default, discount rate, adjustments for forward-looking information and other management overlays;

Independent Auditor's Report (Continued)

Key audit matters (Continued)

Expected credit loss allowances for loans and advances to customers (Continued)

Refer to Note IV 7 Credit impairment losses, Note IV 16 Loans and advances to customers and Note IV 47(1) Credit risk and the accounting policies in Note II 8.5 Impairment of financial instruments and Note III 1 Measurement of the expected credit loss allowance.

The Key Audit Matter	How the matter was addressed in our audit
<p>Management also exercises judgement in determining the quantum of loss given default and ECL allowances of stage 3 loans and advances to customers based on a range of factors. These include available remedies for recovery, the financial situation of the borrower, the recoverable amount of any collateral, the seniority of the claim, the existence and cooperativeness of other creditors. Management refers to valuation reports issued by qualified third-party valuers and considers the influence of various factors including the market price, location and use when assessing the value of collateral. The enforceability, timing and means of realisation of collateral can also have an impact on the recoverable amount of collateral.</p> <p>We identified the measurement of ECL allowances for loans and advances to customers as a key audit matter because of the inherent uncertainty and management judgement involved and because of its significance to the financial results and capital of the Group.</p>	<ul style="list-style-type: none">• assessing the completeness and accuracy of data used in the ECL model. For key parameters derived from internal data relating to original agreements, we compared the total balance of the list of loans and advances to customers used by management to assess the ECL allowances with the general ledger to evaluate the completeness of the list, selecting samples and comparing individual information of the loans and advances to customers with the underlying agreements and other related documentation to evaluate the compilation accuracy of the list. For key parameters derived from external data, we assessed the accuracy by selecting samples comparing them with public resources;• for key parameters involving judgement, critically assessing input parameters by seeking evidence from external sources and comparing to the internal records including historical loss experience and type of collateral. As part of these procedures, we inquired the reasons for management's revisions to estimates and input parameters and considered the consistency of judgement. We compared the economic factors used in the models with market information to assess whether they were aligned with market and economic development and whether signs of management bias exist;

Independent Auditor's Report (Continued)

Key audit matters (Continued)

Expected credit loss allowances for loans and advances to customers (Continued)

Refer to Note IV 7 Credit impairment losses, Note IV 16 Loans and advances to customers and Note IV 47(1) Credit risk and the accounting policies in Note II 8.5 Impairment of financial instruments and Note III 1 Measurement of the expected credit loss allowance.

The Key Audit Matter	How the matter was addressed in our audit
	<ul style="list-style-type: none">• for key parameters used in the ECL model which were derived from system-generated internal data, assessing the accuracy of input data by comparing the input data with original documents on a sample basis;• evaluating the reasonableness of management's assessment on whether the credit risk of loans and advances to customers has, or has not, increased significantly since initial recognition and whether loans and advances to customers are credit-impaired by selecting risk-based samples. We analysed the portfolio by industry sector to select samples in industries more vulnerable to the current economic situation and samples which met specific risk criteria. We checked loan overdue information, making enquiries of the credit managers about the borrowers' business operations, checking borrowers' financial information and researching market information about borrowers' businesses;

Independent Auditor's Report (Continued)

Key audit matters (Continued)

Expected credit loss allowances for loans and advances to customers (Continued)

Refer to Note IV 7 Credit impairment losses, Note IV 16 Loans and advances to customers and Note IV 47(1) Credit risk and the accounting policies in Note II 8.5 Impairment of financial instruments and Note III 1 Measurement of the expected credit loss allowance.

The Key Audit Matter	How the matter was addressed in our audit
	<ul style="list-style-type: none">• for selected samples of loans and advances to customers that are credit-impaired, evaluating the appropriateness of ECL allowances and management's assessment of the value of any property collateral held by comparison with market prices based on the location and use of the property and the prices of neighbouring properties. We also evaluated the timing and means of realisation of collateral, evaluated the forecast cash flows, challenged the viability of the Group's recovery plans and evaluated other credit enhancements that are integral to the contract terms;• recalculating the amount of ECL allowances for 12 months and lifetime credit losses using the ECL model based on the above parameters and assumptions for a sample of loans and advances to customers;• evaluating the reasonableness of disclosures regarding ECL allowances of loans and advances to customers against prevailing accounting standards.

Independent Auditor's Report (Continued)

Key audit matters (Continued)

Consolidation of structured entities

Refer to Note IV 44 Structured entities and the accounting policies in Note II 2 Consolidation and Note III 4 Consolidation of structured entities.

The Key Audit Matter	How the matter was addressed in our audit
<p>Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities.</p> <p>The Group may acquire an ownership interest in, or act as a sponsor to a structured entity, through issuing a fund, a trust plan, an asset-backed security, a wealth management product or an asset management plan.</p> <p>In determining whether the Group should consolidate a structured entity, management is required to consider the power that the Group is able to exercise, the variable returns that the Group receives and its ability to influence the variable returns. These factors are not purely quantitative and need to be considered collectively in the overall substance of the transactions.</p>	<p>Our audit procedures to assess the consolidation of structured entities included the following:</p> <ul style="list-style-type: none">• understanding and assessing the design, implementation and operating effectiveness of key internal controls over consolidation of structured entities;• selecting samples on structured entities and performing the following audit procedures:<ul style="list-style-type: none">– inspecting the related contracts, internal establishment documents and information disclosed to the investors to understand the purpose of the establishment of the structured entity and the involvement that the Group has with the structured entity and assessing management's judgement over whether the Group has the ability to exercise power over the structured entity;

Independent Auditor's Report (Continued)

Key audit matters (Continued)

Consolidation of structured entities (Continued)

Refer to Note IV 44 Structured entities and the accounting policies in Note II 2 Consolidation and Note III 4 Consolidation of structured entities.

The Key Audit Matter	How the matter was addressed in our audit
We identified the consolidation of structured entities as a key audit matter because of the complex nature of certain of these structured entities and because of the judgement exercised by management in the qualitative assessment of the terms and nature of each structured entity.	<ul style="list-style-type: none">– inspecting the risk and reward structure of the structured entity, including any capital or return guarantee, provision of liquidity support, commission paid and distribution of the returns, to assess management's judgement as to the exposure, or variable returns from the Group's involvement in such an entity;– evaluating management's analysis of the structured entity, including qualitative analysis and the calculation of the magnitude and variability associated with the Group's economic interests in the structured entity, to assess management's judgement over the Group's ability to influence its own returns from the structured entity;– assessing management's judgement over whether the structured entity should be consolidated or not. <ul style="list-style-type: none">• evaluating the reasonableness of disclosures regarding consolidation of structured entities against prevailing accounting standards.

Independent Auditor's Report (Continued)

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Independent Auditor's Report (Continued)

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report (Continued)

Auditor's responsibilities for the audit of the consolidated financial statements *(Continued)*

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Pang, Shing Chor, Eric.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

25 March 2025

Consolidated Statement of Profit or Loss

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

	Note	Year ended 31 December	
	IV	2024	2023
Interest income		47,087,838	49,887,063
Interest expense		(24,593,354)	(26,393,954)
Net interest income	1	<u>22,494,484</u>	<u>23,493,109</u>
Fee and commission income		1,976,423	2,235,859
Fee and commission expense		(364,346)	(444,571)
Net fee and commission income	2	<u>1,612,077</u>	<u>1,791,288</u>
Net trading gains	3	2,388,145	1,886,356
Share of profits of associates		34,605	22,658
Other operating income, net	4	302,628	474,519
Net gains on derecognition of financial assets measured at fair value through other comprehensive income		131,365	243,816
Net gains on derecognition of financial assets measured at amortised cost		<u>1,267,935</u>	<u>45,417</u>
Operating income		28,231,239	27,957,163
Operating expenses	5	(9,393,644)	(9,820,014)
Credit impairment losses	7	(5,956,910)	(5,941,276)
Impairment losses on other assets		(63,322)	–
Profit before tax		12,817,363	12,195,873
Income tax expense	8	(1,028,284)	(1,070,721)
Profit for the year		<u>11,789,079</u>	<u>11,125,152</u>
Attributable to:			
– Shareholders of the Bank		11,512,747	10,902,355
– Non-controlling interests		276,332	222,797
Earnings per share (Expressed in Renminbi (“RMB”) Yuan per share)			
Basic and diluted	9	<u>0.99</u>	<u>0.94</u>

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of Comprehensive Income

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

	Year ended 31 December	
	2024	2023
Profit for the year	<u>11,789,079</u>	<u>11,125,152</u>
Other comprehensive income, after tax:		
Items that will not be reclassified to profit or loss:		
– Changes in remeasurement of defined benefit plans	(144,272)	(143,181)
– Changes in fair value of equity instruments measured at fair value through other comprehensive income	45,138	(303,367)
Items that may be reclassified:		
– Changes in fair value of debt instruments measured at fair value through other comprehensive income	4,088,949	1,151,765
– Credit impairment losses of debt instruments measured at fair value through other comprehensive income	<u>182,013</u>	<u>192,290</u>
Other comprehensive income for the year (net of tax)	<u>4,171,828</u>	<u>897,507</u>
Total comprehensive income for the year	<u><u>15,960,907</u></u>	<u><u>12,022,659</u></u>
Total comprehensive income attributable to:		
Shareholders of the Bank	15,684,685	11,799,937
Non-controlling interests	<u>276,222</u>	<u>222,722</u>

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of Financial Position

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

	Note	As at 31 December	
	IV	2024	2023
Assets			
Cash and balances with central bank	11	51,204,006	55,782,700
Deposits with banks and other financial institutions	12	21,032,927	15,434,655
Placements with banks and other financial institutions	13	90,440,520	93,211,313
Derivative financial assets	14	5,295	20,911
Financial assets held under resale agreements	15	20,937,314	11,451,770
Loans and advances to customers	16	683,830,682	647,276,750
Financial investments:	17		
– Financial assets measured at fair value through profit or loss		84,554,813	110,774,968
– Financial assets measured at fair value through other comprehensive income		246,200,311	166,235,752
– Financial assets measured at amortised cost		297,248,006	321,772,087
Investments in associates	18	509,682	477,343
Property and equipment	19	4,397,996	4,835,972
Rights-of-use assets	20	170,349	188,534
Goodwill	21	440,129	440,129
Deferred tax assets	23	11,705,083	11,541,786
Other assets	24	2,704,686	2,077,402
Total assets		1,515,381,799	1,441,522,072
Liabilities			
Borrowings from central bank	25	103,007,638	107,161,736
Deposits from banks and other financial institutions	26	3,031,742	55,923,696
Placements from banks and other financial institutions	27	61,565,758	51,340,489
Financial liabilities measured at fair value through profit or loss	28	9,878,249	8,748,274
Derivative financial liabilities	14	3,140	15,061
Financial assets sold under repurchase agreements	29	71,937,669	63,309,673
Deposits from customers	30	941,946,157	896,202,230
Accrued staff costs	31	6,110,069	5,765,320
Debt securities issued	32	171,657,542	119,579,392
Income tax payable		642,907	466,000
Lease liabilities		146,181	165,213
Other liabilities	33	11,405,831	8,903,238
Total liabilities		1,381,332,883	1,317,580,322

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of Financial Position (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

	Note	As at 31 December	
	IV	2024	2023
Equity			
Share capital	34	11,357,000	11,357,000
Other equity instruments	35	5,997,648	5,997,648
Capital reserve	36	20,892,772	20,895,218
Investment revaluation reserve	37	5,011,026	694,926
Actuarial changes reserve		(863,476)	(719,314)
Surplus reserve	38	15,872,212	14,822,232
General reserve	39	20,379,718	19,117,715
Retained earnings	40	53,486,813	50,008,344
Equity attributable shareholders of the Bank		132,133,713	122,173,769
Non-controlling interests		1,915,203	1,767,981
Total equity		<u>134,048,916</u>	<u>123,941,750</u>
Total equity and liabilities		<u>1,515,381,799</u>	<u>1,441,522,072</u>

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 25 March 2025.

SUI JUN
EXECUTIVE DIRECTOR
AND PRESIDENT

ZHANG JIN
HEAD OF ACCOUNTING
DEPARTMENT

(COMPANY CHOP)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of Changes in Equity

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

		Attributable to shareholders of the Bank										
	Note /V	Share capital	Other equity instrument	Capital reserve	Investment revaluation reserve	Actuarial changes reserve	Surplus reserve	General reserve	Retained earnings	Subtotal	Non- controlling interests	Total
As at 1 January 2024		11,357,000	5,997,648	20,895,218	694,926	(719,314)	14,822,232	19,117,715	50,008,344	122,173,769	1,767,981	123,941,750
Profit for the year		-	-	-	-	-	-	-	11,512,747	11,512,747	276,332	11,789,079
Other comprehensive income		-	-	-	4,316,100	(144,162)	-	-	-	4,171,938	(110)	4,171,828
Total comprehensive income for the year		-	-	-	4,316,100	(144,162)	-	-	11,512,747	15,684,685	276,222	15,960,907
Acquisition of subsidiary with non-controlling interests	36	-	-	(2,446)	-	-	-	-	-	(2,446)	(99,000)	(101,446)
Appropriation to surplus reserve	38	-	-	-	-	-	1,049,980	-	(1,049,980)	-	-	-
Appropriation to general reserve	39	-	-	-	-	-	-	1,262,003	(1,262,003)	-	-	-
Dividends paid to ordinary equity holders	10	-	-	-	-	-	-	-	(5,484,295)	(5,484,295)	(30,000)	(5,514,295)
Dividends paid to other equity instrument holders	10	-	-	-	-	-	-	-	(238,000)	(238,000)	-	(238,000)
As at 31 December 2024		11,357,000	5,997,648	20,892,772	5,011,026	(863,476)	15,872,212	20,379,718	53,486,813	132,133,713	1,915,203	134,048,916

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of Changes in Equity (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

	Note IV	Attributable to shareholders of the Bank								Non- controlling interests	Total	
		Share capital	Other equity instrument	Capital reserve	Investment revaluation reserve	Actuarial changes reserve	Surplus reserve	General reserve	Retained earnings			Subtotal
As at 1 January 2023		11,357,000	5,997,648	20,924,618	(345,762)	(576,208)	13,841,815	17,848,932	44,675,479	113,723,522	1,732,759	115,456,281
Profit for the year		-	-	-	-	-	-	-	10,902,355	10,902,355	222,797	11,125,152
Other comprehensive income		-	-	-	1,040,688	(143,106)	-	-	-	897,582	(75)	897,507
Total comprehensive income for the year		-	-	-	1,040,688	(143,106)	-	-	10,902,355	11,799,937	222,722	12,022,659
Acquisition of subsidiary with non-controlling interests	36	-	-	(29,400)	-	-	-	-	-	(29,400)	(187,500)	(216,900)
Appropriation to surplus reserve	38	-	-	-	-	-	980,417	-	(980,417)	-	-	-
Appropriation to general reserve	39	-	-	-	-	-	-	1,268,783	(1,268,783)	-	-	-
Dividends paid to ordinary equity holders	10	-	-	-	-	-	-	-	(3,082,290)	(3,082,290)	-	(3,082,290)
Dividends paid to other equity instrument holders	10	-	-	-	-	-	-	-	(238,000)	(238,000)	-	(238,000)
As at 31 December 2023		11,357,000	5,997,648	20,895,218	694,926	(719,314)	14,822,232	19,117,715	50,008,344	122,173,769	1,767,981	123,941,750

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of Cash Flows

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

	As at 31 December	
	2024	2023
Operating activities		
Profit before tax	12,817,363	12,195,873
<i>Adjustments for:</i>		
Depreciation and amortisation	877,312	856,657
Credit impairment losses	5,956,910	5,941,276
Impairment losses on other assets	63,322	–
Interest income arising from investment securities	(15,784,445)	(16,710,400)
Interest expense arising from debt securities issued	3,208,253	3,746,873
Net gains on disposal of investment securities	(2,752,530)	(1,504,134)
Net gains on investments in associates	(34,605)	(22,658)
Dividend income from investment securities	(25,619)	(14,783)
Net gains on disposal of property, equipment and other assets	(30,896)	(23,035)
Fair value losses/(gains)	350,830	(43,964)
Foreign exchange gains	(17,434)	(23,001)
Operating cash flows before movements in working capital	4,628,461	4,398,704
Net change in operating assets and operating liabilities:		
(Increase)/decrease in balances with central bank, deposits with banks and other financial institutions	(9,442,572)	801,838
Increase in placements with banks and other financial institutions	(2,117,132)	(9,015,675)
Decrease/(increase) in financial assets held under resale agreements	191,499	(69)
Decrease/(increase) in financial assets held for trading purpose	46,943,755	(38,902,555)
Increase in loans and advances to customers	(41,203,398)	(44,946,580)
Increase in financial assets sold under repurchase agreements	8,699,831	20,865,236
(Decrease)/increase in borrowings from central bank	(3,974,942)	20,706,205
Increase in placements from banks and other financial institutions	10,289,606	9,644,145
(Decrease)/increase in deposits from customers, deposits from banks and other financial institutions	(7,044,424)	71,500,491
Increase in financial liabilities measured at fair value through profit or loss	1,130,247	5,502,971
Increase in other operating assets	(1,093,955)	(2,897,312)
(Decrease)/increase in other operating liabilities	(4,347)	4,128,829

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of Cash Flows (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

	As at 31 December	
	2024	2023
Cash from operating activities	7,002,629	41,786,228
Income tax paid	(2,405,144)	(2,326,847)
Net cash generated from operating activities	4,597,485	39,459,381
Investing activities		
Cash received from disposal and redemption of investment securities	263,309,618	296,515,086
Interest income received from investment securities	15,542,290	16,634,996
Cash received from disposal of property, equipment and other assets	101,977	133,795
Dividends income from investment securities	25,619	14,783
Cash paid for purchase of investment securities	(331,584,971)	(281,393,391)
Cash paid for purchase of property, equipment and other assets	(490,214)	(1,036,331)
Cash paid for acquisition of subsidiary with non-controlling interests	(2,446)	(29,400)
Net cash (used)/generated in investing activities	(53,098,127)	30,839,538
Financing activities		
Cash received from debt securities issued	294,183,097	234,975,743
Repayments of debt securities issued	(244,580,000)	(289,310,000)
Dividends paid to shareholders of the Bank	(3,514,464)	(3,320,269)
Dividends paid to shareholders of non-controlling interests	(30,000)	–
Interest paid on debt securities issued	(733,200)	(902,400)
Cash paid in other financing activities	(74,143)	(67,670)
Net cash generated/(used) in financing activities	45,251,290	(58,624,596)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of Cash Flows (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

	Note	As at 31 December	
	IV	2024	2023
Net (decrease)/increase in cash and cash equivalents		(3,249,352)	11,674,323
Cash and cash equivalents as at 1 January		43,210,418	31,518,342
Effect of foreign exchange rate changes		17,337	17,753
Cash and cash equivalents as at 31 December	41	<u>39,978,403</u>	<u>43,210,418</u>
Net cash from operating activities include:			
Interest received		30,725,114	31,724,583
Interest paid		(21,800,744)	(18,755,337)
Net interest received from operating activities		<u>8,924,370</u>	<u>12,969,246</u>

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

I GENERAL INFORMATION

Chongqing Rural Commercial Bank Co., Ltd. (the “Bank”) is a joint-stock commercial bank incorporated in the People’s Republic of China (the “PRC”) on 27 June 2008. Prior to its incorporation, the business acquired by the Bank (the “Business”) was carried out by 38 rural credit cooperative unions and Chongqing Wulong Rural Cooperative Bank in Chongqing of the PRC (collectively, the “39 Rural Credit Unions”). All of them were managed by the Chongqing Rural Credit Cooperative Union (the “CRCCU”) at the municipal level of Chongqing, the PRC.

Pursuant to the promoters’ agreement among the promoters of the Bank, the Bank acquired all the assets and liabilities of the 39 Rural Credit Unions and the CRCCU on 27 June 2008, and the Business was transferred to the Bank.

The Bank was listed on the Stock Exchange of Hong Kong Limited on 16 December 2010 and was listed on Shanghai Stock Exchange on 29 October 2019.

The Bank has financial services certificate No. B0335H250000001 issued by the China’s National Financial Regulatory Administration (the former “China Banking and Insurance Regulatory Commission”, hereinafter referred to as “NFRA”), and a corporate legal person business license with a unified social credit code 91500000676129728J issued by the Chongqing Administration of Industry and Commerce.

The principal activities of the Bank and its subsidiaries (together referred to as the “Group”) comprise provision of banking services, which includes deposit taking, loan lending, payment and settlement services, wealth management, financial leasing and other services as approved by NFRA.

II SUMMARY OF MATERIAL ACCOUNTING POLICIES

1 Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board (“IASB”) and the disclosure requirement of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note II 1.1 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

1 Basis of preparation (Continued)

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of consideration given in exchange for assets and that is received (or in some circumstances the amount expected to be paid) with respect to liabilities.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note III.

1.1 Other amendments to the standards effective in 2024 relevant to and adopted by the Group

The Group has adopted the following amendments to the IFRS Accounting Standards issued by the IASB that are first effective for the financial year ended 31 December 2024.

			Notes
(1)	Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	(i)
(2)	Amendments to IAS 1 (2020)	Classification of Liabilities as Current or Non-current	(ii)
(3)	Amendments to IAS 1 (2022)	Non-current Liabilities with Covenants	(ii)
(4)	Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	(iii)

(i) *Amendments to IFRS 16: Lease Liability in a Sale and Leaseback*

The amendments add to the requirements explaining how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains, including cases with variable lease payments in the leaseback.

The adoption of the amendments does not have a significant impact on the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

1.1 Other amendments to the standards effective in 2024 relevant to and adopted by the Group (Continued)

(ii) *Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants*

The amendments to IAS 1 (2020) concern the requirements on determining if a liability is current or non-current. In particular, the amendments specify the condition of an entity to classify a liability as non-current requires that a right to defer settlement must exist at the end of the reporting period and have substance, and clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement.

The amendments also specify the classification of liabilities that will or may be settled by issuing an entity's own equity instruments. When a liability includes a counterparty conversion option that involves a transfer of the entity's own equity instruments, the classification of such liability is not affected only when the conversion option is recognised separately from the host liability as an equity component under IAS 32.

The amendments to IAS 1 (2022) specify that only covenants with which an entity must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the entity must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, an entity is required to disclose information regarding the risk that the non-current liabilities subject to future covenants could become repayable within twelve months after the end of the reporting period.

The 2022 amendments defer the effective date of the 2020 amendments to annual reporting periods beginning on or after 1 January 2024. If an entity applies one of these two amendments for an earlier period, the other amendments should also be applied for that period.

The adoption of the amendments does not have a significant impact on the Group's consolidated financial statements.

(iii) *Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements*

The amendments contain disclosure requirements to enhance transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk.

The adoption of the amendments does not have a significant impact on the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

1.2 Standards and amendments relevant to the Group that are not yet effective and have not been adopted before their effective dates in 2024

The Group has not adopted the following new standards and amendments that have been issued by the IASB but are not yet effective.

		Effective for annual periods beginning on or after	Notes
(1)	Amendments to IAS 21 Lack of Exchangeability	1 January 2025	(i)
(2)	Amendments to IFRS 7 and IFRS 9 Classification and measurement of financial assets	1 January 2026	(ii)
(3)	Amendments to IFRS 7 and IFRS 9 Contracts referencing nature-dependent electricity	1 January 2026	(ii)
(4)	Annual improvements to IFRS Accounting Standards	Volume 11 1 January 2026	(iii)
(5)	IFRS 18 Presentation and disclosure in financial statements	1 January 2027	(iv)
(6)	IFRS 19 Subsidiaries without public accountability: Disclosures	1 January 2027	(v)
(7)	Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The effective date has now been deferred	(vi)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

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II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

1.2 Standards and amendments relevant to the Group that are not yet effective and have not been adopted before their effective dates in 2024 (Continued)

(i) Amendments to IAS 21: Lack of exchangeability

The amendments specify when a currency is exchangeable into another currency and when it is not, and how an entity determines a spot rate when a currency lacks exchangeability.

Under the amendments, entities are required to provide additional disclosures to help users evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

(ii) Amendments to IFRS 7 and IFRS 9: Classification and measurement of financial assets and Contracts referencing nature-dependent electricity

The amendments on May 2024 concerned the requirements of classification and measurement of financial assets. The amendments include clarification on the classification of financial assets with ESG and slimier features, new requirements on settlement of financial liabilities through electronic payment system and additional disclosure requirements regarding investment in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent feature.

The amendments on December 2024 targeted contracts referencing nature-dependent electricity. The amendments include guidance on clarifying the application of the "own-use" requirements, permitting hedge accounting if these contracts are used as hedging instruments and adding new disclosure requirements for specific power purchase agreements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements (Continued)

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II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

1.2 Standards and amendments relevant to the Group that are not yet effective and have not been adopted before their effective dates in 2024 (Continued)

(iii) Annual improvements to IFRS Accounting Standards – Volume 11

On 18 July 2024, the IASB published the Annual Improvements to IFRS Accounting Standards Volume 11 which contains narrow amendments to IFRS Accounting Standards and accompanying guidance as part of its regular maintenance of the Standards.

The amended standards and guidance are:

- IFRS 1 First time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows

The amendments are effective for annual periods beginning on or after 1 January 2026, with earlier application permitted.

The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

(iv) IFRS 18: Presentation and Disclosure in Financial Statements

On April 2024, the IASB published its new standard IFRS 18: Presentation and Disclosure in Financial Statements. The main changes in IFRS 18 compared with the previous requirements in IAS 1 comprise a more structured income statement, disclosures on management defined performance measures and enhanced aggregation and disaggregation of information etc. The Group anticipates that the adoption of the amendments will have no impact on the Group's consolidated financial statements.

The Group has not completed its assessment of the impact on the Group's consolidated financial statements of adopting IFRS 18.

Notes to the Consolidated Financial Statements (Continued)

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II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

1.2 Standards and amendments relevant to the Group that are not yet effective and have not been adopted before their effective dates in 2024 (Continued)

(v) *IFRS 19: Subsidiaries without public accountability: Disclosures*

On 9 May 2024, the IASB issued a new IFRS Accounting Standard-IFRS 19 Subsidiaries without Public Accountability: Disclosures, which allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements.

A subsidiary may elect to apply IFRS 19 in its consolidated, separate or individual financial statements provided that, at the reporting date: it does not have public accountability; and its parent produces consolidated financial statements that are available for public use under IFRS Accounting Standards.

A subsidiary applying IFRS 19 is required to clearly state in its explicit and unreserved statement of compliance with IFRS Accounting Standards that IFRS 19 has been adopted. IFRS 19 is effective for reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

(vi) *Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture*

The amendments address an inconsistency between IFRS 10 and IAS 28 in the sale and contribution of assets between an investor and its associate or joint venture.

A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary.

The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements (Continued)

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II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2 Consolidation

Basis of consolidation

The consolidated financial statements include the financial statements of the Bank and its subsidiaries as well as structured entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date of acquisition or up to the date on which control ceases, respectively.

Adjustments are made to the financial statements of subsidiaries, where appropriate, to consistently reflect the accounting policies of the Group.

When merging, all intra-group transactions, balances and unrealized gains on transactions are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Non-controlling interests of consolidated subsidiaries are presented separately from the controlling party's equity therein.

The carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Further, total comprehensive income of a subsidiary is attributed, based on the proportion of their respective holdings, to the equity holders of the Bank and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

In the Bank's statement of financial position, its investments in subsidiaries are stated at cost, less impairment losses, if any.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2 Consolidation (Continued)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair value of the assets transferred by the Group, liabilities incurred or assumed by the Group, and any equity interests issued by the Group. Acquisition related costs are recognized in the consolidated statement of profit or loss as incurred.

At the acquisition date, irrespective of non-controlling interests, the identifiable assets acquired and liabilities and contingent liabilities assumed are recognized at their fair values; except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 – Income Taxes and IAS 19 – Employee Benefits, respectively.

Non-controlling interests that represent ownership interests in the acquiree, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are accounted for at either fair value or the non-controlling interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

Goodwill

Goodwill represents the excess of the cost of an acquisition less the fair value of the Group's share of the net identifiable assets of acquired subsidiaries and associates at the date of acquisition. Goodwill on acquisitions of subsidiaries is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") or groups of CGUs that is expected to benefit from the synergies of the business combination.

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

A CGU to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the CGU, which is the higher of fair value less costs to sell and value in use, is less than its carrying amount, the deficit, reflecting an impairment loss, is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis, based on the carrying amount of each asset in the CGU. Any goodwill impairment loss is recognized directly in the consolidated statement of profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2 Consolidation (Continued)

Investment in associate and joint venture

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement through a separate entity, and have rights to the net assets of the arrangement based on legal form, contract terms, and other facts and circumstances. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not constitute control or joint control over those policy decisions. Joint control is the contractually agreed sharing of control over an activity, and exists only when the decisions relating to the activity require the unanimous consent of the Group and other parties sharing the control.

The post-acquisition profit or loss of an associate or a joint venture is incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investment in an associate or a joint venture is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of loss of an associate or a joint venture equals or exceeds its interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further loss. Additional loss is recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate or joint venture.

At the end of each reporting period, the Group considers whether there are circumstances that indicate the possibility of impairment of the Group's investment in an associate or a joint venture; when that is the case, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 – Impairment of Assets, as a single asset by comparing its recoverable amount (the higher of fair value less costs to sell and value in use) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of an impairment loss is recognized in accordance with IAS 36, to the extent that the recoverable amount of the investment subsequently increases.

When an entity in the Group transacts with the Group's associate or joint venture, profits and losses resulting from the transaction are recognized in the Group's consolidated financial statements only to the extent of the interest in the associate or joint venture that are not related to the Group. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

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II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3 Interest income and expenses

Interest income and expenses of financial instruments are calculated using the effective interest method and included in the current profit and loss.

The Group uses the effective interest method to calculate the interest income and expenses of financial assets and liabilities measured at amortized cost or at fair value through other comprehensive income, presented as “interest income” and “interest expenses” respectively. For specific accounting policies, please refer to the Note II 8.4 subsequent measurement of financial instruments.

4 Fee and commission income

Fee and commission income is recognized when the Group fulfills its performance obligation, either over time or at a point in time when a customer obtains control of the service.

For the performance obligations satisfied at a point in time, the Group recognizes revenue when control is passed to the customer at a certain point in time, including insurance agency fee, merchant acquiring service fee, settlement & clearing services and bond underwriting fee, etc. For the performance obligations satisfied over time, the Group recognizes revenue according to the progress toward satisfaction of the obligation over the time, including consultancy and advisory fee and custodial fee, etc.

5 Foreign currency translation

The functional currency of the Domestic Operations is RMB. The presentation currency of the Group and the Bank is RMB.

In preparing the financial statements of each individual Group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

5 Foreign currency translation (Continued)

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in the consolidated statement of profit or loss in the period in which they arise, except for the following:

- changes in the fair value of monetary assets denominated in foreign currency classified as financial investments at fair value through other comprehensive income are analyzed between translation differences resulting from changes in the amortized cost of the monetary assets and other changes in the carrying amount. Translation differences related to changes in the amortized cost are recognized in the consolidated statement of profit or loss, and other changes in the carrying amount are recognized in other comprehensive income.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the consolidated statement of profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

6 Taxation

Income tax comprises current and deferred income tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

6 Taxation (Continued)

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax is not recognised for temporary differences arising from the initial recognition of assets or liabilities in a single transaction that is not a business combination, affects neither accounting profit nor taxable profit (or deductible loss) and does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries associates and joint ventures, except where the Group is able to control the timing of reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that the temporary difference will not reverse in the foreseeable future or it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognized in the consolidated statement of profit or loss, except when it relates to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Notes to the Consolidated Financial Statements (Continued)

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II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

7 Employee benefits

Employee benefits are all forms of consideration given and other relevant expenditure incurred by the Group in exchange for services rendered by employees or for termination of the employment contracts. These benefits include short-term employee benefits, post-employment benefits and early retirement benefits.

7.1 Short-term employee benefits

Short-term employee benefits include salaries, bonuses, allowance and subsidies, staff welfare, medical insurance, employment injury insurance, maternity insurance, housing funds as well as labor union fees and staff education expenses. In the reporting period in which an employee has rendered services, the Group recognizes the short-term employee benefits payable for those services as a liability with a corresponding increase in the expenses in the consolidated statement of profit or loss or capitalization as cost of related assets.

7.2 Post-employment benefits

The Group divides post-employment benefit plans into defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions. Defined benefit plans are post-employment benefit plans other than defined contribution plans. For defined contribution plans, the Group pays contributions to basic retirement insurance, annuity scheme and unemployment insurance for the employees during the reporting period, while defined benefit plans are mainly supplementary retirement benefits.

Defined contribution plans

Defined contribution retirement schemes

The Group has joined defined contribution retirement schemes for the employees arranged by local government labor and security authorities. The Group makes contributions to the retirement schemes monthly at the applicable rates based on the amounts stipulated by the local government organisations. When employees retire, the local government labor and security authorities are responsible for the payment of the basic retirement benefits to the retired employees. During the accounting period in which the employees provide services, the amount payable in accordance with the above regulations are recognised as a liability and charged to the profit or loss.

Notes to the Consolidated Financial Statements (Continued)

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(Amounts in thousands of Renminbi, unless otherwise stated)

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

7.2 Post-employment benefits (Continued)

Defined contribution plans (Continued)

Annuity plan

In addition to the statutory provision contributions, the Group's employees retired after 1 January 2019 have voluntarily joined the annuity scheme set up in accordance with state enterprise annuity regulations. The Group contributes to the annuity plan in proportion to the total wages of employees in the previous year. For employees who would soon retire after participating in the annuity scheme, the Group will make compensatory contributions during the transition period in accordance with the policies of the relevant national authorities. After employees' retirement, the enterprise annuity pays pensions to retired employees. During the accounting period in which services are rendered, the Group recognises the calculated payable amount as a liability, and charged to the profit or loss or the cost of relevant assets.

Defined benefit plans

The Group pays supplementary retirement benefits for its retired employees, consisting of supplementary pension for employees retired on or before 31 December 2018 and supplementary medical benefits for all retired employees. Such supplementary retirement benefits are defined benefit plans. The Group's obligations in respect of supplementary retirement benefits are calculated by estimating the amount of obligations that the Group is committed to pay to the employees after their retirement using actuarial techniques. At the end of each reporting period, such obligations are discounted with interest yield of government bonds with similar duration. The service cost and net interest from the supplementary retirement benefits are recognised in profit or loss, and the remeasurements are recognised in other comprehensive income which will not be reclassified to profit or loss in subsequent accounting periods.

7.3 Early retirement benefits

Early retirement benefits have been paid to those employees who accept voluntary retirement before the normal retirement date, as approved by management. The related benefit payments are made from the date of early retirement to the normal retirement date.

The accounting treatment of the Group's early retirement benefits is in accordance with termination benefits as determined in IAS 19. The liability is recognized for the early retirement benefit payments from the date of early retirement to the normal retirement date when the criteria for recognition as termination benefit is met with a corresponding charge in the consolidated statement of profit or loss. Differences arising from changes in assumptions and estimates of the present value of the liabilities are recognized in the consolidated statement of profit or loss when incurred.

Notes to the Consolidated Financial Statements (Continued)

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II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

8 Financial instruments

8.1 Initial recognition, classification and measurement of financial instruments

Financial assets or financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

For purchases or sales of financial assets in a regular way, the related assets and liabilities are recognized or sold assets are derecognized at the trade date, along with the recognition of gains or losses on disposal and the receivables due from the buyer. The trade date is the date on which the Group commits to purchase or sell the financial asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. For other classes of financial assets or financial liabilities, the relevant transaction costs are included in the initial recognized value.

(1) Financial assets

Financial assets are classified in the following measurement categories based on the Group's business model for managing the asset and the cash flow characteristics of the assets:

- (i) Amortized cost ("AC");
- (ii) Fair value through other comprehensive income ("FVOCI"); or
- (iii) Fair value through profit or loss ("FVTPL").

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model and measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Notes to the Consolidated Financial Statements (Continued)

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II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

8.1 Initial recognition, classification and measurement of financial instruments (Continued)

(1) Financial assets (Continued)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest ("SPPI"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes consideration for the time value of money, credit risk associated with the principal amount outstanding during a particular period of time, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

The classification requirements for debt instruments and equity instruments in the Group are described as below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds. Classification and measurement of debt instruments depend on the Group's business models for managing the asset and the cash flow characteristics of the asset.

Notes to the Consolidated Financial Statements (Continued)

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II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

8.1 Initial recognition, classification and measurement of financial instruments (Continued)

(1) Financial assets (Continued)

Debt instruments (Continued)

Based on these factors, the debt instruments of the Group are classified into three categories below:

- (i) AC: Debt instruments that are held within a business model whose objective is to hold assets to collect contractual cash flows; and contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and that are not designated as at FVTPL, are measured at amortized cost.
- (ii) FVOCI: Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and that are not designated as at FVTPL, are measured at FVOCI.
- (iii) FVTPL: All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

The Group may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective referring to Note II 8.9, and examples of equity instruments include basic ordinary shares. The Group subsequently measures all equity investments at FVTPL, except for the equity investment not held for trading where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI.

Notes to the Consolidated Financial Statements (Continued)

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(Amounts in thousands of Renminbi, unless otherwise stated)

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

8.1 Initial recognition, classification and measurement of financial instruments (Continued)

(2) Financial liabilities

The Group's financial liabilities are classified into financial liabilities at FVTPL and other financial liabilities carried at amortized cost on initial recognition. Financial liabilities at FVTPL is applied to derivatives, financial liabilities held for trading and financial liabilities designated as such at initial recognition.

The Group may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss when doing so results in more relevant information, because either:

- (i) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- (ii) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the entity's key management personnel.

Once the designation is made, it shall not be revoked.

Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, if the enterprise retains substantially all the risks and rewards of the ownership of the transferred financial asset and does not qualified for derecognition, the Group shall continue to recognize the transferred financial asset in its entirety and recognize a financial liability for the consideration received. In applying the continued involvement approach of accounting, please refer to the Note II 8.7 Derecognition of financial assets for the measurement of the transferred liability.

8.2 Reclassification of financial assets

When the Group changes the business model for managing its financial assets, it shall reclassify all affected financial assets, and apply the reclassification prospectively from the reclassification date. The Group does not restate any previously recognized gains, losses (including impairment gains or losses) or interest. Reclassification date is the first day of the first reporting period following the change in business model that results in the Group reclassifying financial assets.

Notes to the Consolidated Financial Statements (Continued)

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(Amounts in thousands of Renminbi, unless otherwise stated)

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

8.3 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For financial instruments traded in active markets the determination of fair values of financial assets and financial liabilities is based on quoted market prices. Active market is a place in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. In an active market, the quoted prices of relevant assets or liabilities should be readily and regularly available from exchanges, dealers, brokers, industry groups, pricing institutions or regulatory institutions by the enterprise. The current market may not be active when there is a significant decline in the volume of transaction or level of activity, price quotations vary substantially either over time or among market-makers and current prices are not available. For financial instruments not traded in active markets, fair value is determined using appropriate valuation techniques. Valuation techniques include the use of recent transaction prices, fair value of other financial instruments that are substantially the same, discounted cash flow analysis, option pricing models and others commonly used by market participants. When measuring the asset or liability at fair value, the Group shall use valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value, select inputs that are consistent with the characteristics of the asset or liability that market participants would take into account in a transaction for the asset or liability. These valuation techniques include the use of observable and/or unobservable inputs, and observable inputs are preferred.

8.4 Subsequent measurement of financial instruments

Subsequent measurement of financial instruments depends on the categories:

(1) Amortized cost

The amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition: (i) minus the principal repayments; (ii) plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount; (iii) for financial assets, adjusted for any loss allowance. Interest income and interest expenses from these financial assets and liabilities are included in “interest income” and “interest expenses” using the effective interest rate method.

Notes to the Consolidated Financial Statements (Continued)

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(Amounts in thousands of Renminbi, unless otherwise stated)

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

8.4 Subsequent measurement of financial instruments (Continued)

(1) Amortized cost (Continued)

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortized cost before any impairment allowance) or to the amortized cost of a financial liability. The calculation does not consider expected credit losses (“ECL”) and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate. For purchased or originated credit-impaired (“POCI”) financial assets, the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortized cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets and is included in “interest income”, except for:

- (i) POCI financial assets, whose interest income is calculated, since initial recognition, by applying the credit-adjusted effective interest rate to their amortized cost; and
- (ii) financial assets that are not POCI but have subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to their amortized cost (i.e. net of the expected credit loss provision). If, in a subsequent period, the financial assets improve their qualities so that they are no longer credit-impaired and the improvement in credit quality is related objectively to a certain event occurring after the application of the above-mentioned rules, then the interest income is calculated by applying the effective interest rate to their gross carrying amount.

(2) Fair value through other comprehensive income

Debt instruments

Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument’s amortized cost which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in “interest income” using the effective interest rate method.

Notes to the Consolidated Financial Statements (Continued)

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II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

8.4 Subsequent measurement of financial instruments (Continued)

(2) Fair value through other comprehensive income (Continued)

Equity instruments

The equity instrument investments that are not held for trading are designated as FVOCI. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as investment income when the Group's right to receive payments is established. Other net gains or losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(3) Financial assets at fair value through profit or loss

The financial asset is measured at fair value and net gains or losses are recognized in profit or loss.

(4) Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL are measured at fair value with all gains or losses recognized in the profit or loss of the current period, except for financial liabilities designated as at fair value through profit or loss, where gains or losses on the financial liabilities are treated as follows:

- (i) changes in fair value of such financial liabilities due to changes in the Group's own credit risk are recognized in other comprehensive income; and
- (ii) other changes in fair value of such financial liabilities are recognized in profit or loss of the current period. If the accounting of changes in the credit risk of the financial liabilities in accordance with (i) will create or enlarge accounting mismatches in profit or loss, the Group recognizes all gains or losses on such financial liabilities (including amounts arising from changes in its own credit risk) in the profit or loss.

When the liabilities designated as at fair value through profit or loss is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to retained earnings.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

8.5 Impairment of financial instruments

The Group assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortized cost and FVOCI and exposures arising from some loan commitments and financial guarantee contracts.

ECL is the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, which are all cash shortfalls, discounted at the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets).

The Group measures ECL of a financial instrument reflecting:

- (i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (ii) the time value of money; and
- (iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

For financial instruments whose impairment losses are measured using the ECL models, the Group applies a three-stage impairment model to calculate their impairment allowance and recognize their ECL, as follows:

- Stage 1: If the credit risk has not increased significantly since its initial recognition, the financial asset is included in stage 1.
- Stage 2: If the credit risk has increased significantly since its initial recognition but is not yet deemed to be credit-impaired, the financial instrument is moved to Stage 2. The description of how the Group determines when a significant increase in credit risk has occurred is disclosed in Note IV 47(1).
- Stage 3: If the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3. The definition of credit-impaired financial assets is disclosed in Note IV 47(1).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

8.5 Impairment of financial instruments (Continued)

Financial instruments in Stage 1 have their ECL measured at an amount equivalent to the ECL of the financial asset for the next 12 months ("12m ECL"). Financial instruments in Stage 2 or Stage 3 have their ECL measured at an amount equivalent to the ECL over the lifetime of the financial instruments ("Lifetime ECL"). The description of inputs, assumptions and estimation techniques used in measuring the ECL is disclosed in Note IV 47(1).

For accounts receivable, lease receivables and contract assets, the Group always recognize lifetime expected credit losses. The Group uses provision matrix based on its historical credit loss experience for above-mentioned financial assets to estimate ECLs. The historical credit experience is appropriately adjusted to reflect the specific factors of borrowers, current events and forecast future conditions as at reporting date.

The Group applies the impairment requirements for the recognition and measurement of a loss allowance for debt instruments that are measured at FVOCI. The loss allowance is recognized in other comprehensive income and the impairment loss is recognized in profit or loss, and it should not reduce the carrying amount of the financial asset in the statement of financial position.

If the Group has measured the loss allowance for a financial instrument other than POCI at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on the financial instruments has increased significantly since initial recognition is no longer met, the Group measures the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date and the amount of expected credit losses reversal is recognized in profit or loss. For POCI financial assets, at the reporting date, the Group only recognizes the cumulative changes in lifetime expected credit losses since initial recognition.

8.6 Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether the new terms are substantially different to the original terms.

If the terms are substantially different, the Group derecognizes the original financial asset and recognizes a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognized in profit or loss as a gain or loss on derecognition.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

8.6 Modification of loans (Continued)

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets).

8.7 Derecognition of financial assets

Financial asset is derecognized when one of the following conditions is met:

- (1) the Group's contractual rights to the cash flows from the financial asset expire;
- (2) the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or
- (3) the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

The financial asset has been transferred, if the Group neither transfers nor retains substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset, whereby the related liability is recognized accordingly.

On derecognition of a financial asset in its entirety, the difference between the sum of the consideration received for the part derecognized any cumulative amount of fair value recognized in other comprehensive income (if the transfer involves any debt investments measured at fair value through other comprehensive income) and the carrying amount allocated to the part derecognized on the date of derecognition shall be included in profit and loss for the current period.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

8.8 Derecognition of financial liabilities

A financial liability (or a part of a financial liability) is removed when the obligation specified in the contract is discharged or cancelled or expires in whole or in part. An exchange between the Group and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss.

8.9 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. A financial instrument is an equity instrument if, and only if, both conditions (1) and (2) below are met: (1) The financial instrument includes no contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; and (2) If the financial instrument will or may be settled in the Group's own equity instruments, it is a non-derivative instrument that includes no contractual obligations for the Group to deliver a variable number of its own equity instruments; or a derivative that will be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Equity instruments issued by the Group are recorded at the fair value of proceeds received, net of direct issuance expenses.

8.10 Derivative financial instruments

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of the reporting period. The changes in fair value are recognized in the consolidated statement of profit or loss.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

8.11 Embedded derivative financial instruments

Certain derivatives are embedded in hybrid contracts. If the hybrid contract contains a host that is a financial asset, then the Group assesses the entire contract as described in the financial assets section above for classification and measurement purposes. Otherwise, the embedded derivatives are treated as separate derivatives when:

- (1) Their economic characteristics and risks are not closely related to those of the host contract;
- (2) A separate instrument with the same terms would meet the definition of a derivative; and
- (3) The hybrid contract is not measured at fair value through profit or loss.

Where an embedded derivative is separated from a hybrid contract, the Group accounts for the host contract of the hybrid contract in accordance with the provisions of the applicable accounting standards. Where the fair value of the embedded derivative is unable to be reliably measured on the basis of the terms and conditions, the fair value of the embedded derivative is determined as the difference between the fair value of the hybrid contract and the fair value of the host contract. If, after using the above method, the fair value of the embedded derivative at the acquisition date or at the end of a subsequent financial reporting period is still unable to separately measured, the Group designates the entire hybrid contract as a fair value through profit or loss.

8.12 Offsetting financial assets and financial liabilities

When the Group has a legal right to set off the recognized amounts and the legal right is currently enforceable, and the Group intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position. Otherwise, financial assets and liabilities shall be settled respectively but not offset each other. The legally enforceable right of set-off must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

8.13 Financial assets held under resale agreements and financial assets sold under repurchase agreements

Financial assets transferred as collateral in connection with repurchase agreements, involving fixed repurchase dates and prices, are not derecognized. They continue to be recorded as investments classified as financial assets before sale or loan. The corresponding liability is included in financial assets sold under repurchase agreements. The items which are not derecognized are disclosed in Note IV 45 Contingent liabilities and commitments – Collateral.

Consideration paid for financial assets held under agreements to resell are recorded as Financial assets held under resale agreements, the related financial assets accepted is not recognized in the consolidated financial statements (Note IV 45 Contingent liabilities and commitments – Collateral).

The difference between the purchase and sale price is recognized as gain or loss in profit or loss of the current period using the effective interest method.

9 Property and equipment

Property and equipment including buildings held for use in the supply of services, or for administrative purpose (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any. When the costs attributable to the land use rights cannot be reliably measured and separated from that of the building at inception, the costs are included in the cost of buildings and recorded in property and equipment.

Subsequent expenditure incurred for the property and equipment (other than construction in progress) is included in the cost of the property and equipment (other than construction in progress) if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditure can be measured, and the carrying amount of the replaced part is derecognized. Other subsequent expenditure is recognized in the consolidated statement of profit or loss in the period in which they are incurred.

Depreciation is recognized as a component of operating expenses in the consolidated statement of profit or loss so as to recognize the consumption of the economic value of property and equipment (other than construction in progress), less their estimated residual values, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation rates are reviewed at the end of each reporting period.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

9 Property and equipment (Continued)

The useful lives, estimated residual value rates and annual depreciation rates of each class of property and equipment are as follows:

Classes	Useful lives	Estimated residual value rates	Annual depreciation rates
Buildings	20 years	3%	4.85%
Electronic equipment	4, 5 years	3%	24.25%, 19.40%
Motor vehicles	5 years	3%	19.40%
Furniture and fixtures	5 years	3%	19.40%

Properties in the course of construction for supply of services or administrative purposes are carried at cost, as construction in progress, less any impairment loss. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property and equipment, commences when the assets are ready for their intended use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from its continued use. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in other operating income or operating expenses in the consolidated statement of profit or loss. The accounting policies of impairment of property and equipment are included in Note II 15 Impairment of non-financial assets other than goodwill.

10 Land use rights

Land use rights are classified in other assets and amortized over a straight-line basis over their authorized useful lives.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

11 Foreclosed assets

The Group initially recognizes at fair value the foreclosed financial assets. Non-financial foreclosed assets are initially recognized at the fair value of the rights given up by creditors and other costs such as taxes directly attributable to the asset.

When the debtor pays off the debts with multiple assets or in form of restructuring arrangement, the Group firstly recognizes and measures the foreclosed financial assets and restructured rights according to provision illustrated in Note II 8.1 Initial recognition, classification and measurement of financial instruments. The net amount, of the fair value of the rights given up by creditor deducted the initial amount recognized for the transferred financial assets and restructured rights, should be distributed in accordance with the proportion of the fair value of each non-financial asset. The distributed amount should be recognized as the initial book value of each non-financial foreclosed assets.

The difference between the fair value and book value of the rights given up by creditor is recorded in profit and loss.

12 Investment property

Investment property is property held to earn rental income or for capital appreciation, or both.

Investment properties are measured using the cost model. Depreciation and amortization is recognized the same way as property and equipment and land use rights. Subsequent expenditure incurred for the investment property is included in the cost of the investment property if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditure can be measured reliably. Other subsequent expenditure is recognized in the consolidated statement of profit or loss in the period in which they are incurred.

The accounting policies of impairment of investment property are included in Note II 15 Impairment of non-financial assets other than goodwill.

Where an impairment loss subsequently reverses, the carrying amount of the investment property is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount had no impairment loss been recognized. A reversal of an impairment loss is recognized in the consolidated statement of profit or loss.

When an investment property is sold, transferred, retired or damaged, the Group recognizes the amount of any proceeds on disposal, net of the carrying amount and related taxes, in the consolidated statement of profit or loss.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

13 Leasing

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, the customer has both of the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset.

The Group as lessee

The Group recognized the right-of-use assets at the commencement date, and recognized the lease liabilities at the present value of the outstanding lease payments. Lease payments include fixed payments, the amounts expected to be payable by the Group if the Group is reasonably certain to exercise a purchase option or an option to terminate the lease. Variable lease payments not included in the measurement of the lease liability are recognized as an expense in profit or loss when incurred.

The right-of-use assets of the Group are measured at costs, which include the amount of the initial measurement of lease liabilities, any lease payments made at or before the commencement date, any initial direct costs and less any lease incentives received. If the Group could reasonably determine the ownership of the leased asset when the lease term expires, the right-of-use assets are depreciated over the asset's remaining useful life. Otherwise, the right-of-use assets are depreciated over the shorter period of the asset's useful life and the lease term on a straight-line basis. When the recoverable costs of right-of-use assets are lower than the carrying amount, the value of right-of-use assets will be decreased down to the recoverable costs.

Short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Leases of low value assets are the underlying assets are of low value when new.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

13 Leasing (Continued)

The Group as lessee (Continued)

The Group accounts for a modification to a finance lease as a separate lease if both: (1) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and (2) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification, the Group remeasures the lease term and the lease liability by discounting the revised lease payments using a revised discount rate. The Group decreases the carrying amount of the right-of-use asset for lease modifications that decrease the scope or term of the lease, and recognised the gain or loss relating to the partial or full termination of the lease in profit or loss. The Group makes a corresponding adjustment to the right-of-use asset for all other lease modifications.

The Group as lessor

When the Group is the lessor in a finance lease, a finance lease receivable as an amount equal to the net lease investment is recognized and the finance lease asset is derecognized at the commencement date. The finance lease receivables are recorded in the consolidated statement of financial position as Loans and advances to customers.

When the Group is the lessor in an operating lease, rental income from operating leases is recognized as other operating income in the consolidated statement of profit or loss on a straight-line basis over the term of the related lease. The initial direct costs are included in the carrying amount of the underlying assets and is recognized as expenses over the lease term on the same basis as the lease income.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

14 Intangible assets

Intangible assets acquired separately and with finite useful lives are carried at cost less accumulated amortization and any accumulated impairment loss. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives.

Intangible assets with indefinite useful lives are not amortized, but are subject to annual impairment assessment.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss.

Expenditures on the Group's internal research and development projects are classified into expenditures during the research phase and expenditures during the development phase. Expenditures during the research phase are expensed when incurred. Expenditures during the development phase are capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Group has sufficient resources and the intention to complete the development. Capitalised development costs are stated in the balance sheet at cost less impairment losses (see Note II 15). Other development expenditures are recognised as expenses in the period in which they are incurred.

15 Impairment of non-financial assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized in the consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount had no impairment loss been recognized. A reversal of an impairment loss is recognized in the consolidated statement of profit or loss.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

16 Cash and cash equivalents

Cash and cash equivalents are short-term and highly liquid assets, which are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value. Cash and cash equivalents include cash and assets with original maturity of three months or less under cash and balances with central banks, deposits with banks and other financial institutions, placements with banks and other financial institutions and financial assets held under resale agreements.

17 Dividend distribution

Dividend distribution to the Bank's ordinary equity holders is recognized as a liability in the Group's and the Bank's financial statements in the period in which the dividends are approved by the ordinary equity holders in the annual general meeting of the Bank.

18 Contingent liabilities and provisions

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

19 Fiduciary activities

According to the signed agency agreements with securities investment funds, insurance companies, trust companies and other institutions or individuals, the Group acts as an asset manager, trustee or other fiduciary capacities on behalf of its customers. The Group receives fees in return for its services provided under the custody agreements and does not have any interest in the economic risks and rewards related to assets under custody. Assets under custody are not recognized in the Group's consolidated statement of financial position.

The Group conducts entrusted lending arrangements for its customers. Under the terms of entrusted loan arrangements, the Group grants loans to borrowers, as an intermediary, according to the loan object, purpose, amount, interest rate and repayment plan determined by the principal. The Group is responsible for the arrangement and collection of the entrusted loans and receives a commission for the services rendered and does not assume the economic risks and rewards of the entrusted loans. The entrusted loans and funding for entrusted funds are not recognized in the Group's consolidated statement of financial position.

Income from fiduciary activities is recognized in accordance with the accounting policy described in Note II 4.

20 Financial guarantee contracts and loan commitments

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, in accordance with the original or revised terms of a debt instrument.

Financial guarantees are initially recognized at fair value on the date the guarantee was given. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial amount, less amortization of guarantee fees, and the expected credit loss provision required to settle the guarantee. Any increase in the liability relating to guarantees is taken to the consolidated statement of profit or loss.

The impairment allowance of loan commitments provided by the Group is measured using ECL models. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

20 Financial guarantee contracts and loan commitments (Continued)

For loan commitments and financial guarantee contracts, the loss allowance is recognized as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognized together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognized as a provision.

21 Segment reporting

The Group identifies operating segments based on the internal organizational structure, management requirements and internal reporting system. Two or more operating segments may be aggregated into a single operating segment if they have similar economic characteristics and at the same time share the same or similar characteristics in terms of the nature of the individual products or services, the nature of the process of providing the products or services, the type of customers for the products or services, the manner in which the products or services are provided, and the impact of laws and administrative regulations on the provision of the products or services. The Group determines segment reporting based on operating segments taking into account the principle of materiality.

In preparing segment reporting, the Group measures revenue from inter-segment transactions on the basis of actual transaction prices. The accounting policies used in the preparation of segment reporting are consistent with those used in the preparation of the Group's financial statements.

22 Related parties

The Group determines the Group's related parties in accordance with IFRS Accounting Standards and other relevant provisions.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

III CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In the application of the Group's accounting policies, which are described in Note II, management is required to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities. The judgements, estimates and related assumptions are based on historical experience and other relevant factors including reasonable expectations for future events.

The judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods as appropriate.

The following are the critical judgements and key estimates management has made in the process of applying the Group's accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

1 Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortized cost and FVOCI and for exposures arising from some loan commitments and financial guarantee contracts, is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note IV 47(1) Credit risk.

2 Deferred taxes

There are certain transactions and activities in the ordinary course of the Group's business for which the ultimate tax effect is uncertain. The Group made certain estimation and judgement for items of uncertainty in the application of tax legislations, taking into account existing tax legislation and past practice of tax authorities. Where the final tax outcome of these matters is different from the amounts that were initially estimated, such differences will affect the current income tax, deferred income tax and VAT during the period in which such a determination is made.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

III CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (Continued)

3 Fair value of financial instruments

The Group uses valuation techniques to estimate the fair value of financial instruments which are not quoted in an active market. These valuation techniques include the use of recent transaction prices of the same or similar instruments, discounted cash flow analysis and generally accepted pricing models. To the extent practical, market observable inputs and data, such as interest rate yield curves, foreign currency rates and implied option volatilities, are used when estimating fair value through a valuation technique. Where market observable inputs are not available, they are estimated using assumptions that are calibrated as closely as possible to market observable data. However, areas such as the credit risk of the Group and the counterparty, liquidity, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the estimated fair value of financial instruments.

With respect to PRC government obligations related to large-scale policy directed financing transactions, fair value is determined using the stated terms of the related instrument and with reference to terms determined by the PRC government in similar transactions engaged in or directed by the PRC government. In this regard, there are no other relevant market prices or yields reflecting arm's length transactions of a comparable size and tenor.

4 Consolidation of structured entities

Where the Group acts as asset manager of or investor in structured entities, the Group makes significant judgement on whether the Group controls and should consolidate these structured entities. When performing this assessment, the Group assesses the Group's contractual rights and obligations in light of the transaction structures, and evaluates the Group's power over the structured entities, performs analysis and tests on the variable returns from the structured entities, including but not limited to commission income and asset management fees earned as the asset manager, the retention of residual income, and, if any, the liquidity and other support provided to the structured entities. The Group also assesses whether it acts as a principal or an agent through analysis of the scope of its decision-making authority over the structured entities, the remuneration to which it is entitled for asset management services, the Group's exposure to variability of returns from its other interests in the structured entities, and the rights held by other parties in the structured entities.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 NET INTEREST INCOME

	Year ended 31 December	
	2024	2023
Interest income		
Loans and advances to customers	27,504,218	29,137,204
Including: Corporate loans and advances	14,471,712	14,302,509
Personal loans and advances	12,233,053	14,005,647
Discounted bills	799,453	829,048
Financial investments	15,784,445	16,710,400
Including: Financial assets measured at amortised cost	10,669,762	13,345,066
Financial assets measured at fair value through other comprehensive income	5,114,683	3,365,334
Placements with banks and other financial institutions	2,295,964	2,445,579
Balances with central bank	773,414	807,270
Financial assets held under resale agreements	478,733	637,816
Deposits with banks and other financial institutions	251,064	148,794
Subtotal	47,087,838	49,887,063
Interest expense		
Deposits from customers	(15,954,712)	(16,638,843)
Debt securities issued	(3,208,253)	(3,746,873)
Borrowings from central bank	(2,284,407)	(2,189,645)
Placements from banks and other financial institutions	(1,391,751)	(1,521,782)
Financial assets sold under repurchase agreements	(1,232,104)	(1,153,327)
Deposits from banks and other financial institutions	(518,564)	(1,137,910)
Lease liabilities	(3,563)	(5,574)
Subtotal	(24,593,354)	(26,393,954)
Net interest income	22,494,484	23,493,109
Included in interest income		
Interest income on listed investments	15,730,814	16,208,060
Interest income on unlisted investments	53,631	502,340
Total	15,784,445	16,710,400

Listed investments mainly include securities traded in the interbank bond market in Mainland China and securities listed on the stock exchange.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 NET FEE AND COMMISSION INCOME

	Year ended 31 December	
	2024	2023
Fee and commission income		
Agency and fiduciary service fees	736,156	696,972
Wealth management fees	336,453	227,074
Bank card fees	293,855	556,726
Settlement and clearing fees	160,023	148,040
Others	449,936	607,047
Subtotal	1,976,423	2,235,859
Fee and commission expense		
Bank card fees	(267,176)	(344,174)
Settlement and clearing fees	(47,144)	(41,031)
Others	(50,026)	(59,366)
Subtotal	(364,346)	(444,571)
Total	1,612,077	1,791,288

3 NET TRADING GAINS

	Year ended 31 December	
	2024	2023
Net gains on financial assets measured at fair value through profit	2,403,914	1,903,487
Net losses on financial liabilities measured at fair value through profit or loss	(419)	(2,619)
Net losses on derivative financial instruments	(15,350)	(14,512)
Total	2,388,145	1,886,356

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4 OTHER OPERATING INCOME, NET

	Year ended 31 December	
	2024	2023
Government grants	138,234	316,972
Rental income	119,770	89,732
Foreign exchange gains	17,434	23,001
Net gains on disposal of property, equipment and other assets	29,246	23,046
Penalty and compensation income	5,351	7,013
Donation	(4,800)	(4,900)
Others, net	(2,607)	19,655
Total	<u>302,628</u>	<u>474,519</u>

5 OPERATING EXPENSES

	Notes	Year ended 31 December	
		2024	2023
Staff costs	(1)	5,532,918	5,734,678
General operating and administrative expenses		2,516,437	2,742,554
Depreciation and amortisation		796,053	803,225
Tax and surcharges		307,845	277,446
Costs of operating lease business		81,259	53,432
Others	(2)	159,132	208,679
Total		<u>9,393,644</u>	<u>9,820,014</u>

Notes to the Consolidated Financial Statements (Continued)

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(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5 OPERATING EXPENSES (Continued)

(1) Staff costs

	Note IV	Year ended 31 December	
		2024	2023
Salaries, bonuses and allowances		3,890,150	3,934,402
Social insurance		880,670	824,788
Housing funds		393,291	398,828
Enterprise annuity		188,237	90,547
Staff welfare		158,919	176,441
Labor union fees and staff education expenses		140,871	170,272
Supplementary retirement benefits	31(1)	(122,180)	132,480
Early retirement benefits	31(2)	2,960	6,920
Total		<u>5,532,918</u>	<u>5,734,678</u>

- (2) The principal auditor's remuneration of RMB5.8 million for the year ended 31 December 2024 is included in other expenses.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6 EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details of the directors' and supervisors' emoluments are as follows:

Name	Notes	Year ended 31 December 2024				Total
		Part-time Fee	Paid Remuneration (before tax)	Contribution to Pension Schemes	Other Monetary Income	
Executive directors						
Xie Wenhui	(1)	–	311	101	–	412
Sui Jun	(2)	–	415	135	48	598
Zhang Peizong	(3)	–	332	135	38	505
Non-executive directors						
Hu Chun		90	–	–	–	90
Yin Xianglin		90	–	–	–	90
Peng Yulong	(4)	–	–	–	–	–
Gu Xiaoxu	(5)	–	–	–	–	–
Independent non-executive directors						
Zhang Qiaoyun		180	–	–	–	180
Lee Ming Hau		180	–	–	–	180
Li Jiaming		180	–	–	–	180
Bi qian		180	–	–	–	180
Supervisors						
Huang Qingqing		75	–	–	–	75
Zhang Jinruo		120	–	–	–	120
Hu Yuancong		120	–	–	–	120
Zhang Yingyi		120	–	–	–	120
Zheng Yi	(6)	–	–	–	–	–
Le Xiaoming	(6)	–	–	–	–	–
Zhou Wei	(6)	–	–	–	–	–
Total		1,335	1,058	371	86	2,850

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6 EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (Continued)

		Year ended 31 December 2023				
			Paid	Contribution	Other	
Name	Notes	Part-time Fee	Remuneration (before tax)	to Pension Schemes	Monetary Income	Total
Executive directors						
Xie Wenhui	(1)	–	415	128	–	543
Sui Jun	(2)	–	311	87	36	434
Zhang Peizong	(3)	–	332	128	38	498
Non-executive directors						
Hu Chun		90	–	–	–	90
Zhang Peng	(7)	60	–	–	–	60
Yin Xianglin		90	–	–	–	90
Gu Xiaoxu	(5)	–	–	–	–	–
Independent non-executive directors						
Song Qinghua	(8)	135	–	–	–	135
Zhang Qiaoyun		180	–	–	–	180
Lee Ming Hau		180	–	–	–	180
Li Jiaming		180	–	–	–	180
Bi qian		180	–	–	–	180
Supervisors						
Yang Xiaotao	(9)	–	346	107	40	493
Huang Qingqing		75	–	–	–	75
Zhang Jinruo		120	–	–	–	120
Hu Yuancong		120	–	–	–	120
Zhang Yingyi		120	–	–	–	120
Zheng Yi	(6)	–	–	–	–	–
Le Xiaoming	(6)	–	–	–	–	–
Zhou Wei	(6)	–	–	–	–	–
Total		1,530	1,404	450	114	3,498

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6 EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (Continued)

- (1) Mr. Xie Wenhui resigned from the chairman, executive director and the positions of relevant special committees under the Board since October 2024.
- (2) Mr. Sui Jun has been serving as the president, and executive director of the Bank since July 2023.
- (3) Mr. Zhang Peizong resigned from the vice president, secretary to the Board, executive director and the positions of relevant special committees under the Board since January 2025.
- (4) Mr. Peng Yulong has been serving as non-executive director and the positions of relevant special committees under the Board since December 2024. During the years ended 31 December 2024, Mr. Peng Yulong did not receive remuneration from the Bank.
- (5) Ms. Gu Xiaoxu resigned from the non-executive director and the positions of relevant special committees under the Board since January 2024. During the years ended 31 December 2024 and 2023, Ms. Gu Xiaoxu did not receive remuneration from the Bank.
- (6) During the years ended 31 December 2024 and 2023, the Bank's employee representatives in the Board of Supervisors did not receive remuneration as the employee representative supervisors.
- (7) Mr. Zhang Peng resigned from the non-executive director and the positions of relevant special committees under the Board since August 2023.
- (8) Mr. Song Qinghua resigned from the non-executive director and the positions of relevant special committees under the Board since September 2023.
- (9) Ms. Yang Xiaotao resigned from the head of supervisor (chairman of the board of supervisors) since October 2023.

The total compensation packages for the directors, supervisors and senior management are determined based on the performances.

On account of certain regulations of relevant state authorities, the total remuneration for certain directors, supervisors and senior management members in 2024 has not been finalized, but the management of the Group expects the difference between the current estimate and the final remuneration shall not have a significant impact on the 2024 consolidated financial statements. The 2024 remuneration disclosed herein includes only the basic annual salaries approved for the current year and the proposed performance-based salaries, and the actual total remuneration shall be further disclosed when the determination is finalized by the Bank and duly approved.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6 EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (Continued)

Five highest paid individuals

Of the five individuals with the highest emoluments, none of them are directors or supervisors. The emoluments payable to the five individuals whose emoluments were the highest in the Group during the year are as follows:

	Notes	Year ended 31 December	
		2024	2023
Salaries and other emoluments	(1)	7,508	7,746
Contribution to pension schemes		734	640
Total		8,242	8,386

- (1) Salaries and other emoluments include basic salaries, discretionary bonuses and other allowances and benefits.

Emoluments of the individuals were within the following bands:

	Number of individuals	
	2024	2023
HKD0 – HKD1,000,000	–	–
HKD1,000,001 – HKD1,500,000	–	–
HKD1,500,001 – HKD2,000,000	5	5

During the years ended 31 December 2024 and 2023, no emolument was paid by the Group to any of the directors, supervisors or the five highest paid individuals (including directors, supervisors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. Except for Ms. Gu Xiaoxu and Mr. Peng Yulong none of the directors or supervisors waived any emoluments during the year ended 31 December 2024 and 2023.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7 CREDIT IMPAIRMENT LOSSES

	Year ended 31 December	
	2024	2023
Loans and advances to customers:		
Measured at amortised cost	5,485,172	4,120,310
Measured at fair value through other comprehensive income	40,166	105,553
Financial investments:		
Financial assets measured at amortised cost	191,567	920,981
Financial assets measured at fair value through other comprehensive income	202,518	150,934
Placements with banks and other financial institutions measured at amortised cost	62,799	260,003
Loan commitments	(154,535)	216,085
Other assets	14,642	113,929
Financial assets held under resale agreements	95,316	33,369
Deposits with banks and other financial institutions	19,265	20,212
Placements with banks and other financial institutions measured at fair value through other comprehensive income	—	(100)
Total	5,956,910	5,941,276

8 INCOME TAX EXPENSE

(1) *Income tax expense*

	Note IV	Year ended 31 December	
		2024	2023
Income tax expense comprises:			
Current income tax			
– PRC Enterprise Income Tax		2,582,051	2,138,408
Deferred tax	23(2)	(1,553,767)	(1,067,687)
Total		1,028,284	1,070,721

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8 INCOME TAX EXPENSE (Continued)

- (2) *Reconciliation between income tax expense and profit before tax per the consolidated income statement:*

The tax charges for 2024 and 2023 can be reconciled to the profit per the consolidated income statement as follows:

	Notes	Year ended 31 December	
		2024	2023
Profit before tax		<u>12,817,363</u>	<u>12,195,873</u>
Tax calculated at applicable statutory tax rate of 25%		3,204,341	3,048,968
Difference of income tax calculated at subsidiaries' applicable statutory tax rate of 15%		(2,432)	(127,327)
Tax effect of non-taxable income and tax reduction	(a)	(1,902,861)	(1,907,992)
Tax effect of expenses not deductible for tax purpose	(b)	105,747	112,785
Tax effect of perpetual bonds interest expense		(59,500)	(59,500)
Impact of changes in tax rates of subsidiary on prior-period deferred tax assets		(336,092)	–
Others		<u>19,081</u>	<u>3,787</u>
Income tax expense		<u>1,028,284</u>	<u>1,070,721</u>

- (a) Interest income from government bonds and local government bonds is not subject to income tax; and interest income from railway construction bonds is subject to income tax levied at half in accordance with the relevant PRC tax regulations.
- (b) Non-deductible expenses mainly include staff costs and entertainment expenses in excess of deduction allowed under the relevant PRC tax regulations.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is as follows:

	Year ended 31 December	
	2024	2023
Earnings:		
Profit for the year attributable to shareholders of the Bank	11,512,747	10,902,355
Less: profit for the year attributable to other equity instrument holders of the Bank	<u>(238,000)</u>	<u>(238,000)</u>
Profit for the year attributable to ordinary equity holders of the Bank	<u>11,274,747</u>	<u>10,664,355</u>
Number of shares:		
Weighted average number of shares in issue (thousand)	<u>11,357,000</u>	<u>11,357,000</u>
Basic and diluted earnings per share (RMB Yuan)	<u>0.99</u>	<u>0.94</u>

There was no potential dilutive ordinary share outstanding for 2024 and 2023. Accordingly, diluted earnings per share was the same as basic earnings per share.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10 DIVIDENDS

	Notes	Year ended 31 December	
		2024	2023
Dividends on ordinary shares declared			
Cash dividend related to 2024 interim	(1)	2,207,800	–
Cash dividend related to 2023	(2)	3,276,495	–
Cash dividend related to 2022	(3)	–	3,082,290
		<u>5,484,295</u>	<u>3,082,290</u>
Interest on perpetual bonds declared and paid	(4)	<u>238,000</u>	<u>238,000</u>

A dividend of RMB11.02 cents per share (tax inclusive) in respect of final 2024 with a total of RMB1,252 million has been proposed by the Board of Directors on 25 March 2025 and to be approved by the shareholders in the 2024 annual general meeting.

- (1) A dividend of RMB19.44cents per share (tax inclusive) in respect of interim 2024 with a total of RMB2,208million has been proposed by the Board of Directors on 29 October 2024 and was approved by the shareholders in the 2024 first extraordarily general meeting on 16 December 2024.
- (2) A dividend of RMB28.85cents per share (tax inclusive) in respect of the year ended 31 December 2023 with a total of RMB3,276million has been proposed by the Board of Directors on 28 March 2024 and was approved by the shareholders in the 2023 annual general meeting on 28 May 2024.
- (3) A dividend of RMB27.14 cents per share (tax inclusive) in respect of the year ended 31 December 2022 with a total of RMB3,082 million has been proposed by the Board of Directors on 30 March 2023 and was approved by the shareholders in the 2022 annual general meeting on 25 May 2023.
- (4) As at 26 April 2024 and 24 August 2024, the Bank distributed the interest of perpetual bonds amounting to RMB78 million and RMB160 million respectively.

As at 26 April 2023 and 24 August 2023, the Bank distributed the interest of perpetual bonds amounting to RMB78 million and RMB160 million respectively.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11 CASH AND BALANCES WITH CENTRAL BANK

	Notes	As at 31 December	
		2024	2023
Cash		3,004,558	3,086,789
Statutory reserve deposits with central bank	(1)	46,632,482	46,597,530
Surplus reserve deposits with central bank	(2)	947,780	6,047,798
Other deposits with central bank	(3)	619,186	50,583
Total		51,204,006	55,782,700

- (1) The Group places statutory reserve deposits with The People's Bank of China ("PBOC"). These statutory reserve deposits are not available for the Group's daily operations.

The Bank's statutory reserve deposits rates as at the balance sheet date are as follows:

	As at 31 December	
	2024	2023
– RMB statutory reserve deposits rates	5.00%	5.25%
– Foreign currency statutory reserve deposits rates	4.00%	4.00%

Statutory reserve deposits rates of the Bank's subsidiaries are subject to relevant PBOC requirements.

- (2) The surplus reserve deposits are maintained with PBOC for clearing purposes.
- (3) The majority of other deposits with central bank are fiscal deposits placed with PBOC. Fiscal deposits refer to funds from fiscal institutions and deposited with PBOC in accordance with regulations, which cannot be used for daily business operations. Fiscal deposits placed with PBOC are non-interest bearing.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12 DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December	
	2024	2023
Deposits with:		
Domestic banks	19,620,654	13,167,704
Other domestic financial institutions	939,639	1,806,313
Overseas banks	521,815	490,554
Gross amount	21,082,108	15,464,571
Expected credit loss (“ECL”) allowances	(49,181)	(29,916)
Carrying amount	<u>21,032,927</u>	<u>15,434,655</u>

- (1) As at 31 December 2024, deposits with banks and other financial institutions of the Group included RMB285.25 million security deposits, etc. There were restrictions on the Group’s ability to use these deposits (As at 31 December 2023: RMB0.96 million security deposits for the Group).
- (2) As at 31 December 2024 and 31 December 2023, the carrying amount of deposits with banks and other financial institutions of the Group and the Bank were both classified to Stage 1 which their provision measured at an amount equivalent to the ECL for the next 12 months, and neither the carrying amount nor the ECLs of deposits with banks and other financial institutions of the Group and the Bank were transferred among Stages. For the amount of the provision for deposits with banks and other financial institutions of the Group and the Bank for the year and the basis for determining whether credit risk has significantly increased, refer to Note IV 47(1).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13 PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December	
	2024	2023
Placements with:		
Other domestic financial institutions	90,791,448	93,499,442
ECL allowances	(350,928)	(288,129)
Carrying amount	<u>90,440,520</u>	<u>93,211,313</u>

- (1) As at 31 December 2024 and 31 December 2023, the carrying amount of placements with banks and other financial institutions of the Group and the Bank were both classified to Stage 1 which their provision measured at an amount equivalent to the ECL for the next 12 months, and neither the carrying amount nor the ECLs of placements with banks and other financial institutions of the Group and the Bank were transferred among Stages. For the amount of the provision for placements with banks and other financial institutions of the Group and the Bank for the year and the basis for determining whether credit risk has significantly increased, refer to Note IV 47(1).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

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IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

	31 December 2024			31 December 2023		
	Contract/ Nominal amount	Fair Value		Contract/ Nominal amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities
Currency derivatives						
Currency forward	461,211	1,200	(2,683)	22,459	685	(569)
Foreign exchange swap	35,654	354	(329)	392,522	12,496	(12,329)
Interest derivatives						
Interest swap	230,000	115	(115)	7,618,760	2,163	(2,163)
Others	552,000	3,626	(13)	732,000	5,567	–
Total	1,278,865	5,295	(3,140)	8,765,741	20,911	(15,061)

The nominal amount of derivative financial instruments only provides a basis for comparison with the fair value of the assets or liabilities recognized in the balance sheet, and does not represent the future cash flow or current fair value, and therefore does not reflect the credit risk or market risk faced by the Group.

The Group manages foreign exchange risk by implementing the foreign exchange net position limit. The Group monitors the trading volume and balance of its business in various currencies on a daily basis, matches assets and liabilities in different currencies through foreign exchange transactions, and manages the portfolios and structural positions of assets and liabilities in foreign currency with the appropriate derivative financial instruments. As the portfolios managed by foreign currency derivatives were constantly changing and the gains and losses arising from the underlying foreign currency derivatives and from exchange rate fluctuations of the assets or liabilities in foreign currency have been recognised in foreign exchange gains and losses, the Group does not adopt hedge accounting for this type of business.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

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IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	As at 31 December	
	2024	2023
Analysed by collateral type:		
Debt securities	21,073,469	11,492,609
ECL allowances	(136,155)	(40,839)
Carrying amount	<u>20,937,314</u>	<u>11,451,770</u>

- (1) As at 31 December 2024 and 31 December 2023, the carrying amount of financial assets held under resale agreements of the Group and the Bank were both classified to Stage 1 which their provision measured at an amount equivalent to the ECL for the next 12 months, and neither the carrying amount nor the ECLs of financial assets held under resale agreements of the Group and the Bank were transferred among Stages. For the amount of the provision for financial assets held under resale agreements of the Group and the Bank for the year and the basis for determining whether credit risk has significantly increased, refer to Note IV 47(1).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

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IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16 LOANS AND ADVANCES TO CUSTOMERS

(1) Analysis of loans and advances to customers

	Notes	As at 31 December	
		2024	2023
Gross amount of loans and advances to customers measured at amortised cost		650,639,379	618,703,855
ECL allowances		<u>(30,442,333)</u>	<u>(29,433,889)</u>
Carrying amount of loans and advances measured at amortised cost	(a)	620,197,046	589,269,966
Carrying amount of loans and advances measured at fair value through other comprehensive income		<u>63,633,636</u>	<u>58,006,784</u>
Total		<u>683,830,682</u>	<u>647,276,750</u>

As at the balance sheet date, certain discounted bills were pledged as collaterals in repurchase agreement transactions, see Note IV 45(5).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(1) Analysis of loans and advances to customers (Continued)

(a) Carrying amount of loans and advances measured at amortised cost

	As at 31 December	
	2024	2023
Corporate loans and advances	355,799,604	324,562,236
Trade financing	2,333,813	3,221,503
Subtotal	358,133,417	327,783,739
Personal loans and advances		
– Loans to private business	123,582,801	120,119,147
– Mortgages	88,697,511	91,489,198
– Personal consumption loan	63,543,140	64,312,194
– Credit cards	16,682,510	14,999,577
Subtotal	292,505,962	290,920,116
ECL allowances	(30,442,333)	(29,433,889)
Carrying amount of loans and advances measured at amortised cost	620,197,046	589,269,966

(2) Loans and advances to customers analysed by security type

	As at 31 December	
	2024	2023
Unsecured loans	158,929,799	134,003,092
Guaranteed loans	183,530,014	177,830,133
Collateralised and other secured loans		
Including: Collateralised loans	260,280,243	256,972,411
Pledged loans	111,532,959	107,905,003
Total	714,273,015	676,710,639

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(3) Loans and advances to customers analysed by industry

	31 December 2024		31 December 2023	
	Amount	%	Amount	%
Leasing and commercial services	93,852,861	13.14	84,266,594	12.45
Manufacturing	76,096,261	10.65	65,672,415	9.70
Water conservancy, environment and public facilities management	65,673,063	9.19	74,605,653	11.02
Transportation, logistics and postal services	34,806,458	4.87	27,286,084	4.03
Production and supply of electricity, heating, gas and water	27,601,542	3.86	26,913,078	3.98
Retail and wholesale	21,350,021	2.99	17,242,540	2.55
Construction	11,911,143	1.67	9,444,560	1.40
Sanitation and social work	6,828,821	0.96	6,849,205	1.01
Real estate	4,422,446	0.62	3,458,108	0.51
Agriculture, forestry, animal husbandry, fishery	3,893,247	0.55	2,575,130	0.38
Education	3,235,156	0.45	2,469,242	0.37
Culture, sports and entertainment	2,571,439	0.36	2,433,645	0.36
Information transmission, software and information technology services	1,735,238	0.24	1,156,509	0.17
Financial business	630,352	0.09	1,129,611	0.17
Others	3,525,369	0.50	2,281,365	0.34
Subtotal of corporate loans and advances	358,133,417	50.14	327,783,739	48.44
Personal loans and advances	292,505,962	40.95	290,920,116	42.99
Discounted bills	63,633,636	8.91	58,006,784	8.57
Total	714,273,015	100.00	676,710,639	100.00

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(4) Overdue loans analysed by security type and overdue period

	As at 31 December 2024				
	Overdue within three months (including three months)	Overdue between three months and one year (including one year)	Overdue between one year and three years (including three years)	Overdue over three years	Total
Unsecured loans	571,401	848,828	373,046	58,598	1,851,873
Guaranteed loans	414,589	357,578	111,927	623,243	1,507,337
Collateralised loans	1,877,631	2,534,022	1,392,178	90,614	5,894,445
Pledged loans	127,688	2,833	66,066	1,264	197,851
Total	2,991,309	3,743,261	1,943,217	773,719	9,451,506

	As at 31 December 2023				
	Overdue within three months (including three months)	Overdue between three months and one year (including one year)	Overdue between one year and three years (including three years)	Overdue over three years	Total
Unsecured loans	712,192	548,331	339,581	40,329	1,640,433
Guaranteed loans	927,014	232,659	398,793	514,951	2,073,417
Collateralised loans	1,671,381	2,358,264	1,707,489	57,352	5,794,486
Pledged loans	2,258	28,256	64,000	1,264	95,778
Total	3,312,845	3,167,510	2,509,863	613,896	9,604,114

Overdue loans refer to all or part of the principal or interest overdue for more than one day.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(5) Loans and advances to customers analysed by credit risk and ECL

(a) Movements of ECL allowances on loans and advances to customers measured at amortised cost

	Year ended 31 December 2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	17,125,680	5,416,324	6,891,885	29,433,889
Transfer:				
to stage 1	1,586,023	(1,135,411)	(450,612)	–
to stage 2	(324,719)	564,244	(239,525)	–
to stage 3	(443,874)	(1,258,491)	1,702,365	–
(Reverse)/additions during the year	(12,558)	1,692,171	3,805,559	5,485,172
Written-off and transfers out during the year	–	–	(5,805,234)	(5,805,234)
Recoveries during the year	–	–	1,328,506	1,328,506
As at 31 December 2024	<u>17,930,552</u>	<u>5,278,837</u>	<u>7,232,944</u>	<u>30,442,333</u>
	Year ended 31 December 2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	14,175,856	6,246,569	7,169,211	27,591,636
Transfer:				
to stage 1	959,797	(848,410)	(111,387)	–
to stage 2	(271,305)	580,919	(309,614)	–
to stage 3	(116,227)	(650,398)	766,625	–
Additions during the year	2,377,559	87,644	1,655,107	4,120,310
Written-off and transfers out during the year	–	–	(4,209,740)	(4,209,740)
Recoveries during the year	–	–	1,931,683	1,931,683
As at 31 December 2023	<u>17,125,680</u>	<u>5,416,324</u>	<u>6,891,885</u>	<u>29,433,889</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(5) Loans and advances to customers analysed by credit risk and ECL (Continued)

(b) Movements of ECL allowances on loans and advances to customers measured at fair value through other comprehensive income

	Year ended 31 December 2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	118,085	–	1,000	119,085
Transfer:				
to stage 1	–	–	–	–
to stage 2	–	–	–	–
to stage 3	–	–	–	–
Additions during the year	40,166	–	–	40,166
As at 31 December 2024	<u>158,251</u>	<u>–</u>	<u>1,000</u>	<u>159,251</u>

	Year ended 31 December 2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	12,532	–	1,000	13,532
Transfer:				
to stage 1	–	–	–	–
to stage 2	–	–	–	–
to stage 3	–	–	–	–
Additions during the year	105,553	–	–	105,553
As at 31 December 2023	<u>118,085</u>	<u>–</u>	<u>1,000</u>	<u>119,085</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(5) *Loans and advances to customers analysed by credit risk and ECL (Continued)*

- (b) Movements of ECL allowances on loans and advances to customers measured at fair value through other comprehensive income (Continued)

ECL allowances on loans and advances to customers measured at fair value through other comprehensive income is recognised in other comprehensive income. Impairment losses is recognised in profit or loss for the current period and does not influence the carrying amount of the financial asset in the balance sheet.

For the ECL allowances on loans and advances to customers measured at fair value through other comprehensive income held by the Group and the Bank and the basis for evaluating whether the credit risk has increased significantly, see Note IV 47(1).

17 FINANCIAL INVESTMENTS

	Notes	As at 31 December	
		2024	2023
Financial assets measured at fair value through profit or loss	(1)	84,554,813	110,774,968
Financial assets measured at fair value through other comprehensive income	(2)	246,200,311	166,235,752
– Debt instruments		244,824,694	164,925,901
– Equity instruments		1,375,617	1,309,851
Financial assets measured at amortised cost	(3)	297,248,006	321,772,087
Total		628,003,130	598,782,807

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17 FINANCIAL INVESTMENTS (Continued)

(1) Financial assets measured at fair value through profit or loss

By nature

	Notes	As at 31 December	
		2024	2023
Funds		57,169,951	36,105,825
Debt securities	(a)	14,941,035	14,923,382
Interbank deposit certificates		10,086,339	57,160,877
Asset management plans		856,652	755,842
Investment in wealth management products ("WMPs")		848,009	731,975
Trust plans		323,667	747,852
Other investments		329,160	349,215
Total		84,554,813	110,774,968
Analysed as:			
Listed outside Hong Kong		25,347,579	72,423,423
Unlisted		59,207,234	38,351,545
Total		84,554,813	110,774,968

(a) Debt securities analysed by type of issuers

	As at 31 December	
	2024	2023
Debt securities issued by:		
Corporations	7,092,014	6,071,192
Financial institutions	6,635,036	7,347,529
Public sector and quasi-governments	929,873	641,731
Government	284,112	862,930
Total	14,941,035	14,923,382

Bond investments in financial assets measured at fair value through profit or loss are all traded in bond market in mainland China.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17 FINANCIAL INVESTMENTS (Continued)

(2) Financial assets measured at fair value through other comprehensive income

	Notes	As at 31 December	
		2024	2023
Debt instruments:			
Public sector and quasi-government bonds		95,423,805	76,178,520
Financial institutions bonds		72,147,405	44,283,746
Interbank deposit certificates		40,499,007	18,486,086
Government bonds		26,246,259	17,054,664
Corporate bonds		<u>10,508,218</u>	<u>8,922,885</u>
Subtotal	(a)	<u>244,824,694</u>	<u>164,925,901</u>
Equity instruments:			
Corporations		1,290,668	1,244,139
Banks and other financial institutions		<u>84,949</u>	<u>65,712</u>
Subtotal		<u>1,375,617</u>	<u>1,309,851</u>
Total		<u>246,200,311</u>	<u>166,235,752</u>
Analysed as:			
Listed outside Hong Kong	(b)	245,425,255	165,467,700
Unlisted		<u>775,056</u>	<u>768,052</u>
Total		<u>246,200,311</u>	<u>166,235,752</u>

(a) As at balance sheet date, part of the financial assets measured at fair value through other comprehensive income were pledged as collaterals for repurchase and other transactions, see Note IV 45(5).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17 FINANCIAL INVESTMENTS (Continued)

(2) Financial assets measured at fair value through other comprehensive income (Continued)

- (b) Debt instruments measured at fair value through other comprehensive income presented as “Listed outside Hong Kong” are traded in bond market in mainland China; equity instruments presented as “Listed outside Hong Kong” are all listed in mainland China.

Movements of ECL allowances on financial assets measured at fair value through other comprehensive income

	Year ended 31 December 2024			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 1 January 2024	162,094	–	–	162,094
Transfer:				
to stage 1	–	–	–	–
to stage 2	(2,622)	2,622	–	–
to stage 3	–	–	–	–
Charge	192,120	10,398	–	202,518
As at 31 December 2024	<u>351,592</u>	<u>13,020</u>	<u>–</u>	<u>364,612</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17 FINANCIAL INVESTMENTS (Continued)

(2) Financial assets measured at fair value through other comprehensive income (Continued)

- (b) Debt instruments measured at fair value through other comprehensive income presented as “Listed outside Hong Kong” are traded in bond market in mainland China; equity instruments presented as “Listed outside Hong Kong” are all listed in mainland China.
(Continued)

	Year ended 31 December 2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	11,160	–	–	11,160
Transfer:				
to stage 1	–	–	–	–
to stage 2	–	–	–	–
to stage 3	–	–	–	–
Charge	150,934	–	–	150,934
As at 31 December 2023	162,094	–	–	162,094

ECL allowances on debt instruments measured at fair value through other comprehensive income is recognised in other comprehensive income. Impairment losses is recognised in profit or loss for the current period and does not influence the carrying amount of the financial asset in the balance sheet.

For the ECL allowances on debt instruments measured at fair value through other comprehensive income held by the Group and the basis for evaluating whether the credit risk has increased significantly, see Note IV 47(1).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17 FINANCIAL INVESTMENTS (Continued)

(3) Financial assets measured at amortised cost

	As at 31 December	
	2024	2023
Debt securities (analysed by type of issuers):		
Government bonds	177,959,666	186,675,740
Public sector and quasi-government bonds	60,535,879	62,273,765
Corporate bonds	28,812,822	36,473,890
Financial institutions bonds	<u>28,608,846</u>	<u>33,735,884</u>
Subtotal	295,917,213	319,159,279
Trust plans	2,538,135	2,538,135
Interbank deposit certificates	1,886,499	–
Debt financing plans	<u>–</u>	<u>2,976,947</u>
Gross balances	300,341,847	324,674,361
ECL allowances	<u>(3,093,841)</u>	<u>(2,902,274)</u>
Net balances	<u><u>297,248,006</u></u>	<u><u>321,772,087</u></u>
Analysed as:		
Listed outside Hong Kong	291,573,966	312,940,891
Listed in Hong Kong	145,047	142,163
Unlisted	<u>5,528,993</u>	<u>8,689,033</u>
Total	<u><u>297,248,006</u></u>	<u><u>321,772,087</u></u>

As at the balance sheet date, certain financial assets measured at amortised cost were pledged as collaterals in repurchase and other transactions, see Note IV 45(5).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17 FINANCIAL INVESTMENTS (Continued)

(3) Financial assets measured at amortised cost (Continued)

Movements of ECL allowances on financial assets measured at amortised cost

	Year ended 31 December 2024			Total
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	
As at 1 January 2024	709,660	42,554	2,150,060	2,902,274
Transfer:				
to stage 1	17,156	(17,156)	–	–
to stage 2	(6,255)	6,255	–	–
to stage 3	–	–	–	–
(Reverse)/charge	(64,894)	(2,765)	259,226	191,567
As at 31 December 2024	<u>655,667</u>	<u>28,888</u>	<u>2,409,286</u>	<u>3,093,841</u>

	Year ended 31 December 2023			Total
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	
As at 1 January 2023	686,334	6,669	1,622,303	2,315,306
Transfer:				
to stage 1	6,669	(6,669)	–	–
to stage 2	(2,067)	2,067	–	–
to stage 3	–	–	–	–
Charge	18,724	40,487	861,770	920,981
Transfer out	–	–	(334,013)	(334,013)
As at 31 December 2023	<u>709,660</u>	<u>42,554</u>	<u>2,150,060</u>	<u>2,902,274</u>

For the ECL allowances on financial assets measured at amortised cost held by the Group and the basis for evaluating whether the credit risk has increased significantly, see Note IV 47(1).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18 INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND STRUCTURED ENTITIES

(1) Investments in subsidiaries

As at 31 December 2024, details of the Bank's subsidiaries are set out below:

Name of entity	Date of incorporation	Nature of entity	Place of incorporation/ Principal place of operation	Paid-in capital (RMB, million)	Proportion of equity interest (%)	Proportion of voting rights in the general meeting (%)	Principal activities
Jiangsu Zhangjiagang CQRC Village and Township Bank Co., Ltd.	23/04/2010	Joint stock company	Jiangsu	200	90.00%	90.00%	Banking
Sichuan Dazhu CQRC Village and Township Bank Co., Ltd.	12/11/2010	Joint stock company	Sichuan	100	91.00%	91.00%	Banking
Yunnan Dali CQRC Village and Township Bank Co., Ltd.	14/12/2010	Limited liability company	Yunnan	200	100.00%	100.00%	Banking
Yunnan Xiangyun CQRC Village and Township Bank Co., Ltd.	04/12/2012	Limited liability company	Yunnan	100	100.00%	100.00%	Banking
Yunnan Heqing CQRC Village and Township Bank Co., Ltd.	09/01/2013	Limited liability company	Yunnan	100	100.00%	100.00%	Banking
Guangxi Luzhai CQRC Village and Township Bank Co., Ltd.	09/01/2013	Limited liability company	Guangxi	100	100.00%	100.00%	Banking
Fujian Shaxian CQRC Village and Township Bank Co., Ltd.	04/02/2013	Limited liability company	Fujian	100	100.00%	100.00%	Banking
Fujian Fu'an CQRC Village and Township Bank Co., Ltd.	05/02/2013	Limited liability company	Fujian	200	91.00%	91.00%	Banking
Yunnan Shangri-La CQRC Village and Township Bank Co., Ltd.	23/04/2013	Limited liability company	Yunnan	62	100.00%	100.00%	Banking
Fujian Pingtan CQRC Village and Township Bank Co., Ltd.	09/08/2013	Limited liability company	Fujian	100	93.50%	93.50%	Banking
CQRC Financial Leasing Co., Ltd.	19/12/2014	Limited liability company	Chongqing	2,500	80.00%	80.00%	Financial Leasing
Fujian Shishi CQRC Village and Township Bank Co., Ltd.	02/09/2015	Limited liability company	Fujian	200	91.00%	91.00%	Banking
Yunnan Xishan CQRC Village and Township Bank Co., Ltd.	05/01/2016	Limited liability company	Yunnan	200	100.00%	100.00%	Banking
CQRC Wealth Management Co., Ltd.	28/06/2020	Limited liability company	Chongqing	2,000	100.00%	100.00%	Wealth Management

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18 INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND STRUCTURED ENTITIES (Continued)

(1) Investments in subsidiaries (Continued)

For the year ended 31 December 2024, the Bank acquired additional interests from non-controlling shareholders of its subsidiaries Jiangsu Zhangjiagang CQRC Village and Township Bank Co., Ltd., resulting in increases in long-term equity investment by RMB68 million. The proportion of equity and voting rights in the Board of Directors increased by 31.50%.

For the year ended 31 December 2024, the Bank acquired additional interests from non-controlling shareholders of its subsidiaries Sichuan Dazhu CQRC Village and Township Bank Co., Ltd., resulting in increases in long-term equity investment by RMB7 million. The proportion of equity and voting rights in the Board of Directors increased by 10%.

For the year ended 31 December 2024, the Bank acquired additional interests from non-controlling shareholders of its subsidiaries Yunnan Heqing CQRC Village and Township Bank Co., Ltd., resulting in increases in long-term equity investment by RMB21 million. The proportion of equity and voting rights in the Board of Directors increased by 19%.

For the year ended 31 December 2024, the Bank acquired additional interests from non-controlling shareholders of its subsidiaries Fujian Shaxian CQRC Village and Township Bank Co., Ltd., resulting in increases in long-term equity investment by RMB5 million. The proportion of equity and voting rights in the Board of Directors increased by 7%.

In addition to the above matters, for the year ended 31 December 2024, there was no change in the proportion of equity interest or voting rights the Bank held in its subsidiaries.

All the 14 subsidiaries above were sponsored to establish by the Bank. As at 31 December 2024 and 31 December 2023, the amount of non-controlling interests of each subsidiary of the Bank, individually or collectively, was insignificant to the Group and hence not disclosed further.

There was no significant restriction on the Bank's or its subsidiaries' ability to access or use its assets and settle its liabilities.

As at 31 December 2024, the Bank believes that there was no need to make provisions for impairment of investments in subsidiaries (As at 31 December 2023: Nil).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18 INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND STRUCTURED ENTITIES (Continued)

(2) Investments in associates

Name of entity	Date of incorporation	Nature of entity	Place of incorporation/ Principal place of operation	Paid-in capital (RMB, million)	Proportion of equity interest (%)	Proportion of voting rights in the general meeting (%)	Principal activities
Chongqing Xiaomi Consumer Finance Co., Ltd.	29/05/2020	Limited liability company	Chongqing	1,500	30.00	30.00	Consumer Finance

Details of the Group's interests in associates are as follows:

	As at 31 December	
	2024	2023
Investment cost:		
Non-listed	477,343	454,685
Proportion of the Group in consolidated income and other comprehensive income after deducting profit distribution	32,339	22,658
	<u>509,682</u>	<u>477,343</u>

The key financial information of Chongqing Xiaomi Consumer Finance Co., Ltd. is as follows:

	As at 31 December	
	2024	2023
Total assets	<u>21,680,068</u>	<u>16,415,591</u>

	Year ended 31 December	
	2024	2023
Profit for the year	<u>115,350</u>	<u>75,528</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18 INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND STRUCTURED ENTITIES (Continued)

(2) Investments in associates (Continued)

Investment income enjoyed by the Group is recognized according to the financial position of Chongqing Xiaomi Consumer Finance Co., Ltd. is as follows:

	As at 31 December	
	2024	2023
Net assets of associates	1,698,941	1,591,144
Share of entity interest	30.00%	30.00%
Shares of net assets of the Group in associates	<u>509,682</u>	<u>477,343</u>

There was no significant restriction on the associate's ability to remit funds to the Group in the form of cash dividends, or to repay loans or prepayments to the Group.

As at 31 December 2024, the Bank believes that there was no need to make provisions for impairment of investments in associates (As at 31 December 2023: Nil).

(3) The Group also consolidated structured entities as disclosed in Note IV 44 Structured Entities.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19 PROPERTY AND EQUIPMENT

	Buildings	Electronic equipment	Motor vehicles	Furniture and Fixtures	Construction in progress	Total
Cost						
As at 1 January 2023	7,712,575	1,575,568	85,052	1,223,478	512,810	11,109,483
Additions	69,622	177,312	–	457,906	193,881	898,721
Transferred in/(out)	273,831	21,176	11,627	16,356	(322,990)	–
Reductions	(59,480)	(63,334)	(9,415)	(58,535)	(87,059)	(277,823)
As at 31 December 2023	7,996,548	1,710,722	87,264	1,639,205	296,642	11,730,381
Additions	34,943	140,634	–	27,084	212,595	415,256
Transferred in/(out)	131,712	1,530	–	3,342	(136,584)	–
Reductions	(85,577)	(62,294)	(7,303)	(57,640)	(47,479)	(260,293)
As at 31 December 2024	8,077,626	1,790,592	79,961	1,611,991	325,174	11,885,344
Accumulated depreciation						
As at 1 January 2023	(4,317,385)	(1,216,447)	(72,801)	(764,372)	–	(6,371,005)
Charge for the year	(417,599)	(164,428)	(3,529)	(116,450)	–	(702,006)
Reductions	51,400	61,416	9,132	56,654	–	178,602
As at 31 December 2023	(4,683,584)	(1,319,459)	(67,198)	(824,168)	–	(6,894,409)
Charge for the year	(425,395)	(160,745)	(4,887)	(133,825)	–	(724,852)
Reductions	66,730	60,058	7,084	55,868	–	189,740
As at 31 December 2024	(5,042,249)	(1,420,146)	(65,001)	(902,125)	–	(7,429,521)
Allowance for impairment losses						
As at 1 January 2023 and 31 December 2023	–	–	–	–	–	–
Impairment loss	–	–	–	(57,827)	–	(57,827)
As at 31 December 2024	–	–	–	(57,827)	–	(57,827)
Carrying amount						
As at 31 December 2024	3,035,377	370,446	14,960	652,039	325,174	4,397,996
As at 31 December 2023	3,312,964	391,263	20,066	815,037	296,642	4,835,972

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

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IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19 PROPERTY AND EQUIPMENT (Continued)

As at 31 December 2024, the Group had no significant amount of temporarily idle assets. (As at 31 December 2023: Nil).

According to relevant laws and regulations, the legal title of fixed assets previously held by the predecessor entity are to be transferred to the Bank, subsequent to the Bank's transformation into a joint stock company. As at 31 December 2024, the registration transfer process of certain properties have not been completed. Management believes that the incomplete registration transfer process does not affect the Bank's right to inherit these assets or adversely affect the Bank's operations.

As at 31 December 2024, the carrying amount of furniture and fixtures leased out through operating leases in the course of the Group's leasing business was RMB538 million (As at 31 December 2023: RMB677 million).

20 RIGHT-OF-USE ASSETS

As at 31 December 2024, the right-of-use assets recognized by the Group mainly include operation buildings, and are mainly used for daily business. Depreciation expense for the year ended 31 December 2024 amounted to RMB67 million (For the year ended 31 December 2023: RMB66 million), and the accumulated depreciation as at 31 December 2024 amounted to RMB156 million (As at 31 December 2023: RMB156 million).

21 GOODWILL

	As at 31 December	
	2024	2023
Cost and carrying amount	440,129	440,129

As at 31 December 2024, based on assessment performed by the Bank, there was no impairment for the goodwill (As at 31 December 2023: Nil).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

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IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22 IMPAIRMENT TESTING ON GOODWILL

For the purpose of impairment testing, goodwill set out in Note IV 21 has been allocated to three individual cash generating units (CGUs), including corporate banking, personal banking and treasury operations. The carrying amounts of goodwill as at 31 December 2024 and 31 December 2023 allocated to these units are as follows:

	As at 31 December	
	2024	2023
Corporate banking (Unit A)	234,934	234,934
Personal banking (Unit B)	108,019	108,019
Treasury operations (Unit C)	97,176	97,176
Total	440,129	440,129

During the years ended 31 December 2024 and 31 December 2023, the directors of the Bank determine that there is no impairment of any of its CGUs containing goodwill.

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

The recoverable amount of corporate banking unit, personal banking unit and treasury operations unit has been determined based on calculation of a value in use. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. The future cash flow used is free cash flow to equity (FCFE), discounted by the cost of equity capital of 8.66% (31 December 2023: 8.56%). The discount rate used reflects specific risks relating to the relevant CGUs. Cash flows beyond the five-year period are extrapolated using a 3% steady growth rate. This growth rate is based on the relevant domestic industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

Notes to the Consolidated Financial Statements (Continued)

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(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23 DEFERRED TAXATION

(1) Recognised deferred tax assets and liabilities which have not been offset:

	As at 31 December 2024				
	Deductible temporary differences	Deferred tax assets	Taxable temporary differences	Deferred tax liabilities	Net balance
ECL allowances	48,134,793	12,027,035	–	–	12,027,035
Accrued and unpaid staff costs	3,401,856	848,878	(52,812)	(13,203)	835,675
Retirement benefits	1,212,464	303,116	–	–	303,116
Provision	353,851	88,463	–	–	88,463
Government grants	67,858	16,965	–	–	16,965
Adjustments of book value of assets and liabilities on the date of establishment	32,926	8,232	(149,448)	(37,362)	(29,130)
Changes in fair value of financial instruments	120,804	30,201	(6,157,532)	(1,539,383)	(1,509,182)
Depreciation expense and others	<u>472,069</u>	<u>118,018</u>	<u>(583,503)</u>	<u>(145,877)</u>	<u>(27,859)</u>
Total	<u>53,796,621</u>	<u>13,440,908</u>	<u>(6,943,295)</u>	<u>(1,735,825)</u>	<u>11,705,083</u>

	As at 31 December 2023				
	Deductible temporary differences	Deferred tax assets	Taxable temporary differences	Deferred tax liabilities	Net balance
ECL allowances	43,750,286	10,601,703	–	–	10,601,703
Accrued and unpaid staff costs	3,032,660	749,955	(52,812)	(13,203)	736,752
Retirement benefits	1,041,488	260,234	–	–	260,234
Provision	504,372	126,093	–	–	126,093
Government grants	70,455	17,614	–	–	17,614
Adjustments of book value of assets and liabilities on the date of establishment	53,583	13,396	(152,600)	(38,150)	(24,754)
Changes in fair value of financial instruments	206,341	41,991	(725,172)	(181,293)	(139,302)
Depreciation expense and others	<u>422,407</u>	<u>105,602</u>	<u>(568,624)</u>	<u>(142,156)</u>	<u>(36,554)</u>
Total	<u>49,081,592</u>	<u>11,916,588</u>	<u>(1,499,208)</u>	<u>(374,802)</u>	<u>11,541,786</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23 DEFERRED TAXATION (Continued)

(2) The followings are the major deferred tax assets and liabilities recognised and movements thereon:

	Year ended 31 December 2024			
	1 January 2024	Recognised in profit or loss	Recognised in equity	31 December 2024
Deferred tax				
– ECL allowances	10,601,703	1,486,003	(60,671)	12,027,035
– Accrued and unpaid staff costs	736,752	98,923	–	835,675
– Retirement benefits	260,234	(5,347)	48,229	303,116
– Provision	126,093	(37,630)	–	88,463
– Government grants	17,614	(649)	–	16,965
– Adjustment of book value of assets and liabilities on the date of establishment	(24,754)	(4,376)	–	(29,130)
– Changes in fair value of financial instruments	(139,302)	8,148	(1,378,028)	(1,509,182)
– Depreciation expense and others	(36,554)	8,695	–	(27,859)
Total	11,541,786	1,553,767	(1,390,470)	11,705,083

	Year ended 31 December 2023			
	1 January 2023	Recognised in profit or loss	Recognised in equity	31 December 2023
Deferred tax				
– ECL allowances	9,731,170	934,630	(64,097)	10,601,703
– Accrued and unpaid staff costs	685,041	51,711	–	736,752
– Retirement benefits	219,602	(7,037)	47,669	260,234
– Provision	76,036	50,057	–	126,093
– Government grants	18,263	(649)	–	17,614
– Adjustment of book value of assets and liabilities on the date of establishment	(20,646)	(4,108)	–	(24,754)
– Changes in fair value of financial instruments	134,037	9,460	(282,799)	(139,302)
– Depreciation expense and others	(70,177)	33,623	–	(36,554)
Total	10,773,326	1,067,687	(299,227)	11,541,786

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

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IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24 OTHER ASSETS

	Notes	As at 31 December	
		2024	2023
Other receivables	(1)	1,012,777	908,564
Pre-paid tax		782,146	449,979
Land use rights		315,629	330,000
Intangible assets	(2)	283,216	283,999
Foreclosed assets	(3)	246,745	31,955
Interest receivable	(4)	20,611	34,097
Others		43,562	38,808
Total		2,704,686	2,077,402

(1) The amounts mainly represent receivables from suppliers, decoration fees of leased assets, temporary payments of other receivables, deferred expenditure.

(2) Intangible assets are mainly computer software which are amortised from 1 year to 10 years.

As at 31 December 2024, the proportion of the carrying amount of intangible assets arising from the Group's internal research and development projects to the total year-end carrying amount of intangible assets was not significant (As at 31 December 2023: Nil).

(3) Foreclosed assets

Analysed by type

	As at 31 December	
	2024	2023
Land use rights and buildings	255,448	35,503
Allowance for impairment losses	(8,703)	(3,548)
Total	246,745	31,955

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

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IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24 OTHER ASSETS (Continued)

- (4) Interest receivable

As at 31 December 2024 and 31 December 2023, the Group included the interests on financial instruments, accrued using the effective interest rate method, in the carrying amounts of the corresponding financial instruments, and recorded the interests on related financial instruments that had become due and receivable but not yet been received as at the balance sheet date in interest receivable under other assets.

25 BORROWINGS FROM CENTRAL BANK

As at 31 December 2024, borrowings from central bank mainly contain the medium-term lending facilities from PBOC, PBOC special refinancing and refinancing for supporting agricultural and small companies. As at 31 December 2024, the principal of the Bank's medium-term lending facilities from PBOC amounted to RMB51,300 million (As at 31 December 2023: RMB55,500 million).

26 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December	
	2024	2023
Analysed by location and type of counterparties:		
Deposits from domestic banks	12,040	3,637,780
Deposits from other domestic financial institutions	3,019,702	52,285,916
Total	3,031,742	55,923,696

Deposits from banks and other financial institutions are interest bearing at prevailing market rate.

Notes to the Consolidated Financial Statements (Continued)

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IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

27 PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December	
	2024	2023
Analysed by location and type of counterparties:		
Placements from domestic banks	59,926,197	48,054,606
Placements from other domestic financial institutions	1,639,561	3,285,883
Total	61,565,758	51,340,489

28 FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2024	2023
Shares of combined structured entities belong to third party holders	9,878,249	8,647,320
Short selling of bonds	–	100,954
Total	9,878,249	8,748,274

29 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at 31 December	
	2024	2023
Analysed by collateral type:		
– Debt securities	53,944,284	40,746,323
– Bill	17,993,385	22,563,350
Total	71,937,669	63,309,673

Notes to the Consolidated Financial Statements (Continued)

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IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 DEPOSITS FROM CUSTOMERS

	Notes	As at 31 December	
		2024	2023
Demand deposits			
Corporate customers		92,421,924	95,349,857
Individual customers		153,751,668	145,705,680
Time deposits			
Corporate customers		37,179,836	46,493,197
Individual customers		654,784,965	601,472,318
Pledged deposits	(1)	3,802,052	7,171,896
Others (Including outward remittance and remittance outstanding)		5,712	9,282
Total		941,946,157	896,202,230

(1) Analysed by products for which pledged deposits are required:

		As at 31 December	
		2024	2023
Bank acceptances		2,397,915	5,247,430
Loans and receivables		904,954	1,241,861
Letters of credit		181,557	351,648
Letters of guarantee		47,836	39,383
Others		269,790	291,574
Total		3,802,052	7,171,896

Notes to the Consolidated Financial Statements (Continued)

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IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31 ACCRUED STAFF COSTS

	Notes	As at 31 December	
		2024	2023
Salaries, bonuses and allowances		3,055,477	2,704,793
Supplementary retirement benefits	(1)	2,602,887	2,619,070
Labor union fees and staff education expenses		397,285	365,647
Early retirement benefits	(2)	54,420	75,810
Total		6,110,069	5,765,320

(1) Supplementary retirement benefits

The Group sponsors defined benefit plans for qualified employees. The defined benefit plans include supplementary retirement benefits. Supplemental retirement benefits include supplemental pensions and medical benefits.

The plans mainly expose the Group to actuarial risks such as: interest rate risk, longevity risk and employee benefit risk.

- Interest risk: A decrease in the bond interest rate will increase the plan liability.
- Longevity risk: Present value of the defined benefit plan liability is calculated with reference to the best estimate of the mortality or survival ages of the participants both during and after their employment. An increase in life expectancy of the participants will increase the plan's liability.
- Employee benefit risk: Present value of the defined benefit plan liabilities are calculated with reference to the future benefits of the participants. As such, an increase in the benefit of the participants will increase the plan's liability.

The Group's obligation in respect of the supplementary retirement benefits at the end of the reporting period was calculated using the projected accumulated unit credit method by Willis Towers Watson, an external independent actuary.

Notes to the Consolidated Financial Statements (Continued)

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IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31 ACCRUED STAFF COSTS (Continued)

(1) Supplementary retirement benefits (Continued)

The principal assumptions used for the purpose of actuarial valuation for supplementary retirement benefits were as follows:

	As at 31 December	
	2024	2023
Discount rate-supplementary retirement benefits	2.00%	2.75%
Discount rate-early retirement benefits	1.25%	2.25%
Annual growth rate of enterprise annuity payment	6.00%	6.00%
Annual average medical expense inflation rate	7.00%	7.00%
Expected increase rate of cost of living for beneficiaries	4.50%	4.50%
Mortality rate	China Insurance Industry Experience Mortality Table 2010-2013	

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31 ACCRUED STAFF COSTS (Continued)

(1) Supplementary retirement benefits (Continued)

Amounts recognised in comprehensive income in respect of the supplementary retirement benefits are as follows:

	Notes	As at 31 December	
		2024	2023
Service cost:			
– Current service cost		55,470	54,900
– Past service cost	(a)	(240,660)	1,320
Net interest expense		<u>63,010</u>	<u>76,260</u>
Components of supplementary retirement benefit costs recognised in profit or loss		<u>(122,180)</u>	<u>132,480</u>
Remeasurement of the net defined benefit liability:			
– Actuarial gains resulting from experience adjustments	(a)	(184,809)	(64,700)
– Actuarial losses arising from changes in financial assumptions		<u>377,310</u>	<u>255,550</u>
Components of supplementary retirement benefit cost recognised in other comprehensive income		<u>192,501</u>	<u>190,850</u>
Total		<u><u>70,321</u></u>	<u><u>323,330</u></u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

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IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31 ACCRUED STAFF COSTS (Continued)

(1) Supplementary retirement benefits (Continued)

Movements in present value of the supplementary retirement benefits in the current year were as follows:

	Notes	Year ended 31 December	
		2024	2023
Defined benefit obligation at the beginning of the year		2,619,070	2,384,904
Interest cost		63,010	76,260
(Gains)/losses arising from remeasurement of the defined benefit liability			
– Actuarial gains resulting from experience adjustments	(a)	(184,809)	(64,700)
– Actuarial losses arising from changes in actuarial assumptions		377,310	255,550
Current service cost		55,470	54,900
Past service cost	(a)	(240,660)	1,320
Benefits paid		(86,504)	(89,164)
Defined benefit obligation at the end of the year		<u>2,602,887</u>	<u>2,619,070</u>

(a) The changes resulting from the plan amendments recognised in profit or loss in past service cost and the remeasurement of the net liabilities of the defined benefit plans are mainly caused by the actuarial difference of insurance premium.

(2) Early retirement benefits

Early retirement benefits include basic salary and allowances paid monthly/annually, social insurance premiums and housing funds, annuities and supplemental medical benefits in excess of the statutory level paid by the government-mandated basic medical program to original and new retired staffs until they reach their normal retirement age. As early retired staffs no longer bring economic benefits to the Group, the accounting treatment of the Group's early retirement benefits provided to early retired staffs is in accordance with termination benefits.

For the year ended 31 December 2024, the Group incurred RMB3 million (year ended 31 December 2023: RMB7 million) and paid RMB24 million (year ended 31 December 2023: RMB35 million) in respect of the early retirement benefits plan.

Notes to the Consolidated Financial Statements (Continued)

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IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32 DEBT SECURITIES ISSUED

(1) Debt securities issued analysed by type:

	As at 31 December	
	2024	2023
Interbank certificates of deposit issued	157,504,687	97,247,336
Bonds issued	14,152,855	22,332,056
Total	171,657,542	119,579,392

(2) Movements of debt securities issued:

		Year ended 31 December 2024				
		Beginning Balance	Issued during the year	Paid during the year	Interest and Amortisation	Ending Balance
Notes						
Interbank certificates of deposit issued	(a)	97,247,336	294,183,097	(236,580,000)	2,654,254	157,504,687
Bonds issued	(b)	22,332,056	–	(8,733,200)	553,999	14,152,855
Total		119,579,392	294,183,097	(245,313,200)	3,208,253	171,657,542

		Year ended 31 December 2023				
		Beginning Balance	Issued during the year	Paid during the year	Interest and Amortisation	Ending Balance
Notes						
Interbank certificates of deposit issued	(a)	143,558,606	227,978,856	(277,310,000)	3,019,874	97,247,336
Bonds issued	(b)	27,510,570	6,996,887	(12,902,400)	726,999	22,332,056
Total		171,069,176	234,975,743	(290,212,400)	3,746,873	119,579,392

As at 31 December 2024, none of the above debt securities issued are in default (As at 31 December 2023: None in default).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

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IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32 DEBT SECURITIES ISSUED (Continued)

(2) Movements of debt securities issued: (Continued)

- (a) As at 31 December 2024, there were 137 outstanding interbank deposit certificates issued by the Group and the Bank with maximum maturity of 365 days. (As at 31 December 2023: there were 92 outstanding interbank deposit certificates issued by the Group and the Bank with maximum maturity of 366 days.)

- (b) As at the balance sheet date, details of bonds issued by the Group are shown as follows:

	Notes	As at 31 December	
		2024	2023
Fixed rate green financial bond maturing in June 2024	(i)	–	3,055,796
Fixed rate financial bond maturing in July 2025	(ii)	5,071,152	5,070,190
Fixed rate green financial bond maturing in December 2025	(iii)	2,003,632	2,003,143
Fixed rate financial bond for “agriculture, rural areas and farmers” maturing in April 2026	(iv)	2,039,429	2,039,052
Fixed rate financial bond for maturing in September 2026	(v)	5,038,642	5,037,991
Tier-two capital fixed rate bond maturing in June 2029	(vi)	–	5,125,884
Total		14,152,855	22,332,056

Notes to the Consolidated Financial Statements (Continued)

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IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32 DEBT SECURITIES ISSUED (Continued)

(2) Movements of debt securities issued: (Continued)

(b) As at the balance sheet date, details of bonds issued by the Group are shown as follows:
(Continued)

- (i) On 3 June 2021, the Bank issued a three-year fixed rate green financial bond, with a coupon rate of 3.29%, payable annually.
- (ii) On 5 July 2022, the Bank issued a three-year fixed rate financial bond, with a coupon rate of 2.93%, payable annually.
- (iii) On 6 December 2022, the Bank issued a three-year fixed rate green financial bond, with a coupon rate of 3.00%, payable annually.
- (iv) On 24 April 2023, the Bank issued a three-year fixed rate financial bond for “agriculture, rural areas and farmers”, with a coupon rate of 2.90%, payable annually.
- (v) On 19 September 2023, the Bank issued a three-year fixed rate financial bond, with a coupon rate of 2.80%, payable annually.
- (vi) On 13 June 2019, the Bank issued a 10-year tier-two capital fixed rate bonds with a coupon rate of 4.60%, payable annually. The Bank has an option to redeem all of the bond at face value on 14 June 2024 if specified redemption conditions stipulated in the offering documents are met, subject to regulatory approval. The tier-two capital bond has the write-down feature, which allows the Bank to write down the entire principals of the bond when regulatory triggering events as stipulated in the offering documents occur and any accumulated unpaid interest would become not payable.

The Bank exercised the redemption right and redeem the bonds at the per value as a whole on 14 June 2024.

Notes to the Consolidated Financial Statements (Continued)

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(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

33 OTHER LIABILITIES

	Notes	As at 31 December	
		2024	2023
Other payables	(1)	7,445,040	6,744,819
Dividends payable		2,251,033	43,202
Notes payable		797,429	844,417
Tax payable (excluding corporate income tax payable)	(2)	361,738	406,906
Provision	(3)	353,902	504,749
Deferred income	(4)	175,283	290,667
Contract liabilities		21,406	68,478
Total		11,405,831	8,903,238

(1) Other payables

	Notes	As at 31 December	
		2024	2023
Leasing business related payables		4,812,112	4,341,154
Payables from providing agency services		1,495,101	882,534
Accrued expenses		281,667	250,279
Items in process of clearing and settlement		156,852	377,870
Long term loans	(a)	29,752	31,331
Others		669,556	861,651
Total		7,445,040	6,744,819

(a) The amount represents special-purpose loans from International Fund for Agriculture Development ("IFAD") to support petty loans in the PRC.

As at 31 December 2024 and 31 December 2023, the loans bear a fixed interest rate of 0.75% per annum. As at 31 December 2024, these loans have 19 years to maturity with similar terms with related loans granted to customers.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

33 OTHER LIABILITIES (Continued)

- (2) Tax payable (excluding corporate income tax payable)

	As at 31 December	
	2024	2023
Value added tax	323,437	350,322
Urban maintenance and construction tax	17,919	26,976
Individual income tax	5,223	5,106
Others	15,159	24,502
Total	361,738	406,906

- (3) Provision

	Notes	As at 31 December	
		2024	2023
ECL allowances for loan commitments	(a)	253,288	407,823
Others		100,614	96,926
Total		353,902	504,749

- (a) ECL allowances for loan commitments

	Year ended 31 December 2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	344,802	53,743	9,278	407,823
Transfer:				
to stage 1	1,477	(542)	(935)	—
to stage 2	(41)	43	(2)	—
to stage 3	(117)	(232)	349	—
(Reverse)/Charge	(108,592)	(51,653)	5,710	(154,535)
As at 31 December 2024	237,529	1,359	14,400	253,288

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

33 OTHER LIABILITIES (Continued)

(3) Provision (Continued)

(a) ECL allowances for loan commitments (Continued)

	Year ended 31 December 2023			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 1 January 2023	152,252	29,549	9,937	191,738
Transfer:				
to stage 1	2,729	(543)	(2,186)	–
to stage 2	(8)	14	(6)	–
to stage 3	(10)	(148)	158	–
Charge	189,839	24,871	1,375	216,085
As at 31 December 2023	344,802	53,743	9,278	407,823

(4) Deferred income

Deferred income mainly represents deferred financial leasing income and government grants, for which the income will be amortised and recognised over the periods necessary to match them with the related costs.

	As at 31 December	
	2024	2023
Deferred leasing income	108,532	221,463
Government grants	66,751	69,204
Total	175,283	290,667

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

34 SHARE CAPITAL

	As at 31 December	
	2024	2023
Listed domestically (A shares), with par value of RMB1.00 per share	8,843,664	8,843,664
Listed overseas (H shares), with par value of RMB1.00 per share	2,513,336	2,513,336
Share capital	<u>11,357,000</u>	<u>11,357,000</u>

35 OTHER EQUITY INSTRUMENTS

	As at 31 December	
	2024	2023
Perpetual bonds	<u>5,997,648</u>	<u>5,997,648</u>

(1) Perpetual bonds outstanding at the end of the year:

Financial instruments issued	Issue date	Accounting classification	Original interest	Issue price (Yuan)	Amount in shares (in millions)	In RMB (in millions)	Maturity	Conversion conditions	Conversion status
2021 Perpetual bond in RMB	24/08/2021	Equity	4.00%	100	40	4,000	No fixed maturity date	N/A	N/A
2022 Perpetual bond in RMB	28/04/2022	Equity	3.90%	100	20	2,000	No fixed maturity date	N/A	N/A
Less: Issuance costs						(2)			
Carrying amount						<u>5,998</u>			

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

35 OTHER EQUITY INSTRUMENTS (Continued)

(2) Main clauses

The Bank issued perpetual bond with the amount of RMB2 billion in the national interbank bond market on 28 April 2022. The denomination of the Bonds is RMB100 each. The Bonds do not have any step-up mechanism or any other incentive to redeem. The distribution rate of the Bonds will be adjusted at defined intervals and determined by a benchmark rate plus a fixed spread, with a distribution rate adjustment period every 5 years, and the annual coupon rate for the first five years is 3.90%.

The Bank issued perpetual bond with the amount of RMB4 billion in the national interbank bond market on 24 August 2021. The denomination of the Bonds is RMB100 each. The Bonds do not have any step-up mechanism or any other incentive to redeem. The distribution rate of the Bonds will be adjusted at defined intervals and determined by a benchmark rate plus a fixed spread, with a distribution rate adjustment period every 5 years, and the annual coupon rate for the first five years is 4.00%.

The perpetual bonds will continue to be outstanding so long as the Bank's business continues to operate. The bonds have set forth terms regarding the Bank's redemption with pre-conditions, by which the Bank is entitled to redeem the bonds after five years since the issue date in whole or in part on the annual interest payment date (including the interest payment date of the fifth year after the issue date). If, after the issuance, the perpetual bonds no longer qualify as additional tier-one capital as a result of an unforeseeable change or amendment to relevant provisions of supervisory regulations, the Bank may redeem the whole but not part of the perpetual bonds.

The claims in respect of the perpetual bonds are subordinated to the claims of depositors, general creditors, and subordinated indebtedness that rank senior to the perpetual bonds; and will rank in priority to all classes of equity shares held by the Bank's shareholders and rank pari passu with the claims in respect of any other additional tier-one capital instruments of the Bank that rank pari passu with the perpetual bonds.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

35 OTHER EQUITY INSTRUMENTS (Continued)

(2) Main clauses (Continued)

Upon the occurrence of a Non-Viability Triggering Event, the Bank has the right to write down in whole or in part, without the need for the consent of the holders of the bonds. The bonds are written down according to the proportion of their outstanding par value in the total outstanding par value of all other tier-one capital instruments with the same trigger event.

The distributions on the perpetual bonds are non-cumulative, and the Bank shall have the right to cancel, in whole or in part, distributions on the bonds and any such cancellation shall not constitute an event of default. The Bank may, at its sole discretion, use the proceeds from the cancelled distributions to meet other obligations as they fall due. Cancellation of any distributions on the bonds, no matter in whole or in part, will not impose any other restriction on the Bank, except in relation to dividend distributions to ordinary shares.

(3) Statement of changes in perpetual bonds outstanding at the end of the year

	Beginning Balance		Changed during the year		Ending Balance	
	Amount	Book value	Amount	Book value	Amount	Book value
Financial instruments in issued	(In millions)	(In thousand Yuan)	(In millions)	(In thousand Yuan)	(In millions)	(In thousand Yuan)
2021 perpetual bonds in RMB	40	3,998,338	-	-	40	3,998,338
2022 perpetual bonds in RMB	20	1,999,310	-	-	20	1,999,310
Total	60	5,997,648	-	-	60	5,997,648

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

35 OTHER EQUITY INSTRUMENTS (Continued)

(4) Equity attributable to equity instrument holders

	As at 31 December	
	2024	2023
Total equity attributable to equity holders of the parent company	132,133,713	122,173,769
Equity attributable to ordinary equity holders of the parent company	126,136,065	116,176,121
Equity attributable to other equity holders of the parent company	5,997,648	5,997,648
Total equity attributable to non-controlling interests	1,915,203	1,767,981
Equity attributable to non-controlling interests of ordinary shares	<u>1,915,203</u>	<u>1,767,981</u>

Dividends paid to other equity instrument holders by the Bank, please refer to the Note IV 40.

36 CAPITAL RESERVE

The Bank issued shares at a premium. Share premium was recorded in capital reserve after deducting direct issuance costs which mainly included underwriting fees and professional fees. Where the Bank acquired equity interests from non-controlling shareholders, which is assessed as equity transactions. The difference between fair value of any considerations paid and the relevant share acquired of the carrying amount of net assets of the subsidiary was recorded in capital reserve.

The acquisition of additional interests from the non-controlling shareholders of its subsidiaries is equity transaction. The capital premium of discount amount was charged to capital reserve.

Capital reserve of the Bank included premium of RMB910 million from the placement of ordinary shares in 2010, premium of RMB7,706 million from the initial public offering of overseas listed foreign shares on the Hong Kong Stock Exchange in 2010, premium of RMB3,291 million from the placement of ordinary shares in 2017, and premium of RMB8,531 million from the initial public offering of A shares on the Shanghai Stock Exchange in 2019. Equity premium excluding direct issue costs is included in capital reserve. Direct issue costs mainly include underwriting fees and professional agency service fees.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

37 INVESTMENT REVALUATION RESERVE

	Pre-tax amount	Tax impact	Net-of-tax amount
As at 1 January 2023	(461,016)	115,254	(345,762)
Fair value gains/(losses) for the year			
Amount reclassified to profit or loss upon disposal of financial assets measured at fair value through other comprehensive income	1,792,073	(448,018)	1,344,055
Amount that cannot be reclassified to profit or loss upon disposal of financial assets measured at fair value through other comprehensive income	(404,489)	101,122	(303,367)
As at 31 December 2023	926,568	(231,642)	694,926
Fair value gains/(losses) for the year			
Amount reclassified to profit or loss upon disposal of financial assets measured at fair value through other comprehensive income	5,694,615	(1,423,653)	4,270,962
Amount that cannot be reclassified to profit or loss upon disposal of financial assets measured at fair value through other comprehensive income	60,184	(15,046)	45,138
As at 31 December 2024	6,681,367	(1,670,341)	5,011,026

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

38 SURPLUS RESERVE

Under the relevant PRC Laws, the Bank and its subsidiaries are required to appropriate 10% of its net profit to a non-distributable statutory surplus reserve. Appropriation to statutory surplus reserve may cease when the balance of such reserves has reached 50% of the share capital.

After making the appropriation to the statutory surplus reserve, the Bank may also appropriate its profit for the year determined under the Generally Accepted Accounting Principles of the PRC ("PRC GAAP") to the discretionary surplus reserve upon approval by the shareholders in the general meetings. The discretionary surplus reserve may be used to offset accumulated loss of the Bank, if any, and may be converted into capital.

For the year ended 31 December 2024, the Bank proposed to appropriate approximately RMB1,050 million to the statutory surplus reserve (For the year ended 31 December 2023: RMB980 million). For the year ended 31 December 2024, the Bank did not make any appropriation to discretionary surplus reserve (For the year ended 31 December 2023: Nil).

39 GENERAL RESERVE

Pursuant to the Administrative Measures for the Provision of Reserves of Financial Enterprises (Cai Jin [2012] No. 20) issued by the Ministry of Finance of the PRC, in addition to the allowances for impairment losses, the Bank is required to establish and maintain a general reserve within equity to address potential unidentified impairment losses. The general reserve should not be less than 1.5% of the aggregate amount of risk assets as defined by the above measures.

For the year ended 31 December 2024, the Bank transferred RMB1,073 million to general reserve pursuant to the regulatory requirement (For the year ended 31 December 2023: RMB1,124 million).

The Group's general reserve also includes other general reserve made by the Bank's subsidiaries in accordance with the applicable regulations of their respective industries.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

40 RETAINED EARNINGS

The movements of retained earnings of the Group are set out below:

	As at 31 December	
	2024	2023
Retained earnings at the beginning of the year	50,008,344	44,675,479
Profit for the year	11,512,747	10,902,355
Appropriation to surplus reserve	(1,049,980)	(980,417)
Appropriation to general reserve	(1,262,003)	(1,268,783)
Dividends paid to ordinary equity holders	(5,484,295)	(3,082,290)
Dividends paid to other equity instrument holders	(238,000)	(238,000)
Retained earnings at the end of the year	<u>53,486,813</u>	<u>50,008,344</u>

41 CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include the following balances with an original maturity of less than three months:

	As at 31 December	
	2024	2023
Cash	3,004,558	3,086,789
Surplus reserve deposits with central bank	947,780	6,047,798
Deposits with banks and other financial institutions	10,486,670	13,786,582
Placements with banks and other financial institutions	4,469,449	8,998,857
Financial assets held under resale agreements	<u>21,069,946</u>	<u>11,290,392</u>
Total	<u>39,978,403</u>	<u>43,210,418</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

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IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

42 SEGMENT ANALYSIS

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the board of directors and relevant management committees (chief operating decision maker) for the purposes of allocating resources to segments and assessing their performance. The Group operates mainly in Chongqing, the PRC. Majority of its customers and non-current assets are located in Chongqing, the PRC. The Group's chief operating decision maker reviews financial information based on business activities for the purpose of allocating resources and performance assessment.

The measurement of segment assets and liabilities, segment income and results is based on the Group's accounting policies in accordance with accounting rules and financial regulations applicable to PRC enterprises. There is no significant difference between the segment accounting policies and the policies applied in preparing the consolidated financial statements.

Internal charges and transfer pricing are determined with reference to market rates and have been reflected in the performance of each segment. Interest income and expense arising from internal charges and transfer pricing adjustments are referred to as "inter-segment interest income/expense". Interest income and expense earned from third parties are referred to as "external interest income/expense".

Corporate banking

The corporate banking segment provides financial products and services to corporations, government agencies and financial institutions. The products and services include current account, deposits, overdraft, loans, trade related products, other types of credit services and foreign currency services.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

42 SEGMENT ANALYSIS (Continued)

Personal banking

The personal banking segment provides financial products and services to individual customers. The products and services include personal loans, deposit products, card business, personal wealth management services and other types of personal intermediary services.

Financial market operations

The Group's financial market operations segment conducts money market or repurchase transactions. The operating results of this segment include the impact of profit or loss on internal fund surpluses or shortages between segments due to interest-bearing assets and interest-bearing liabilities.

Unallocated

Unallocated include other businesses not included in the above reporting segments or businesses that cannot be allocated on a reasonable basis, including equity investment businesses and income tax expense.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

42 SEGMENT ANALYSIS (Continued)

	Year ended 31 December 2024					
	Corporate banking	Personal banking	Financial market operations	Segment total	Unallocated	Total
External interest income	15,409,091	12,868,541	18,810,206	47,087,838	-	47,087,838
External interest expense	(1,720,184)	(14,169,706)	(8,703,464)	(24,593,354)	-	(24,593,354)
Net inter-segment interest (expense)/income	(5,603,084)	12,568,047	(6,964,963)	-	-	-
Net interest income	8,085,823	11,266,882	3,141,779	22,494,484	-	22,494,484
Fee and commission income	412,837	787,333	776,253	1,976,423	-	1,976,423
Fee and commission expense	(16,111)	(302,213)	(46,022)	(364,346)	-	(364,346)
Net fee and commission income	396,726	485,120	730,231	1,612,077	-	1,612,077
Net trading gains	-	-	2,388,145	2,388,145	-	2,388,145
Share of profits of associates	-	-	-	-	34,605	34,605
Other operating income, net	151,173	80,409	39,786	271,368	31,260	302,628
Net gains on derecognition of financial assets measured at fair value through other comprehensive income	-	-	131,365	131,365	-	131,365
Net gains on derecognition of financial assets measured at amortised cost	-	-	1,267,935	1,267,935	-	1,267,935
Operating income	8,633,722	11,832,411	7,699,241	28,165,374	65,865	28,231,239
Operating expenses	(2,686,937)	(4,519,937)	(2,186,770)	(9,393,644)	-	(9,393,644)
Credit impairment losses	(3,703,084)	(1,693,479)	(560,347)	(5,956,910)	-	(5,956,910)
Impairment losses on other assets	(63,322)	-	-	(63,322)	-	(63,322)
Profit before tax	2,180,379	5,618,995	4,952,124	12,751,498	65,865	12,817,363
Income tax expense	-	-	-	-	(1,028,284)	(1,028,284)
Profit for the year	2,180,379	5,618,995	4,952,124	12,751,498	(962,419)	11,789,079
Depreciation and amortisation included in operating expenses	308,960	383,037	185,315	877,312	-	877,312
Capital expenditure	140,220	235,876	114,118	490,214	-	490,214

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

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IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

42 SEGMENT ANALYSIS (Continued)

	As at 31 December 2024					
	Corporate banking	Personal banking	Financial market operations	Segment total	Unallocated	Total
Segment assets	<u>363,526,720</u>	<u>281,460,092</u>	<u>852,560,723</u>	<u>1,497,547,535</u>	<u>17,834,264</u>	<u>1,515,381,799</u>
Segment liabilities	<u>142,714,838</u>	<u>812,870,066</u>	<u>423,541,375</u>	<u>1,379,126,279</u>	<u>2,206,604</u>	<u>1,381,332,883</u>
Supplementary information						
– Credit commitments	<u>9,027,283</u>	<u>28,583,019</u>	<u>–</u>	<u>37,610,302</u>	<u>–</u>	<u>37,610,302</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

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IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

42 SEGMENT ANALYSIS (Continued)

	Year ended 31 December 2023					
	Corporate banking	Personal banking	Financial market operations	Segment total	Unallocated	Total
External interest income	15,275,532	14,668,942	19,942,589	49,887,063	–	49,887,063
External interest expense	(2,161,984)	(14,328,543)	(9,903,427)	(26,393,954)	–	(26,393,954)
Net inter-segment interest (expense)/income	(4,550,344)	11,094,510	(6,544,166)	–	–	–
Net interest income	8,563,204	11,434,909	3,494,996	23,493,109	–	23,493,109
Fee and commission income	444,817	1,079,598	711,444	2,235,859	–	2,235,859
Fee and commission expense	(19,478)	(369,822)	(55,271)	(444,571)	–	(444,571)
Net fee and commission income	425,339	709,776	656,173	1,791,288	–	1,791,288
Net trading gains	–	–	1,886,356	1,886,356	–	1,886,356
Share of profits of associates	–	–	–	–	22,658	22,658
Other operating income, net	177,063	192,730	79,238	449,031	25,488	474,519
Net gains on derecognition of financial assets measured at fair value through other comprehensive income	–	–	243,816	243,816	–	243,816
Net gains on derecognition of financial assets measured at amortised cost	–	–	45,417	45,417	–	45,417
Operating income	9,165,606	12,337,415	6,405,996	27,909,017	48,146	27,957,163
Operating expenses	(2,805,214)	(4,687,567)	(2,327,233)	(9,820,014)	–	(9,820,014)
Credit impairment losses	(924,298)	(3,592,765)	(1,424,213)	(5,941,276)	–	(5,941,276)
Profit before tax	5,436,094	4,057,083	2,654,550	12,147,727	48,146	12,195,873
Income tax expense	–	–	–	–	(1,070,721)	(1,070,721)
Profit for the year	5,436,094	4,057,083	2,654,550	12,147,727	(1,022,575)	11,125,152
Depreciation and amortisation included in operating expenses	282,884	383,418	190,355	856,657	–	856,657
Capital expenditure	296,041	494,691	245,599	1,036,331	–	1,036,331

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IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

42 SEGMENT ANALYSIS (Continued)

	As at 31 December 2023					
	Corporate banking	Personal banking	Financial market operations	Segment total	Unallocated	Total
Segment assets	<u>335,008,162</u>	<u>278,136,025</u>	<u>810,268,113</u>	<u>1,423,412,300</u>	<u>18,109,772</u>	<u>1,441,522,072</u>
Segment liabilities	<u>156,940,069</u>	<u>750,845,802</u>	<u>407,840,958</u>	<u>1,315,626,829</u>	<u>1,953,493</u>	<u>1,317,580,322</u>
Supplementary information						
– Credit commitments	<u>15,387,795</u>	<u>27,898,120</u>	<u>–</u>	<u>43,285,915</u>	<u>–</u>	<u>43,285,915</u>

There was no significant transactions with a single external customer that the Group mainly relied on.

Notes to the Consolidated Financial Statements (Continued)

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IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

43 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(1) Information about subsidiaries of the Bank

Information about subsidiaries of the Bank is disclosed in Note IV 18(1).

(2) Information about associates of the Bank

Information about insignificant associates of the Bank is disclosed in Note IV 18(2).

(3) Related parties with no controlling relationship

There are certain related party transactions between the Bank and related parties with no controlling relationship. The conditions and prices of these transactions are determined on the basis of market price and normal business procedure or contractual terms. They are assessed based on transaction type and approved by corresponding decision-making authority.

Principal shareholders identified as related parties of the Bank

The names and share of equity interests of shareholders with more than 5% (including 5%) shares of the Bank, or shareholders who hold less than 5% of the total shares or capital but have significant influence on the Bank's operation and management are as follows:

Name of shareholders	As at 31 December	
	2024	2023
Chongqing Yufu Capital Operation Group Co., Ltd. ("Yufu Group") 重慶渝富資本運營集團有限公司	8.70%	8.70%
Chongqing City Construction Investment (Group) Co., Ltd. ("City Investment Group") 重慶市城市建設投資(集團)有限公司	7.02%	7.02%
Chongqing Development and Real Estate Management Co., Ltd. ("Development and Real Estate Company") 重慶發展置業管理有限公司	5.19%	5.19%
Chongqing Development Investment Co., Ltd. ("Development Investment Company") 重慶發展投資有限公司	4.35%	4.02%
Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. 上海豫園旅遊商城(集團)股份有限公司	1.33%	1.33%
Xiamen Huishanghong Equity Investment Co., Ltd. 廈門市匯尚泓股權投資有限公司	0.51%	0.98%

Notes to the Consolidated Financial Statements (Continued)

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IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

43 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(4) Related party transactions

The amounts of significant transactions, significant transaction balances and significant off balance sheet items between the Group and its related parties as at the balance sheet date were as follows:

	Yufu Group and its affiliates	City Investment Group and its affiliates	Development and Real Estate Company and its affiliates	Other related legal entities	Related personnel	Total	Proportion in amount/ balance of similar transactions
Significant transactions for the year ended 31 December 2024:							
Interest income	337,223	141,981	154,677	633	2,055	636,569	1.35%
Interest expense	(154,409)	(619)	(22,208)	(6,331)	(20,086)	(203,653)	0.83%
Fee and commission income	7,656	4	30	28	8	7,726	0.39%
Net trading gains	13,182	(13,345)	1,115	22,682	-	23,634	0.99%
Operating expenses	-	-	-	(66,419)	-	(66,419)	0.71%
Other comprehensive income	44,681	3,604	37,147	14,463	-	99,895	2.39%
Significant transaction balances as at 31 December 2024:							
Deposits with banks and other financial institutions	-	2	-	620,959	-	620,961	2.95%
Derivative financial assets	-	-	51	-	-	51	0.96%
Loans and advances to customers	10,342,953	3,270,150	5,390,389	-	42,688	19,046,180	2.67%
Financial assets measured at amortised cost	246,146	657,100	153,567	-	-	1,056,813	0.35%
Financial assets measured at fair value through profit or loss	934,213	320,204	-	848,009	-	2,102,426	2.49%
Financial assets measured at fair value through other comprehensive income	1,650,786	234,768	1,314,696	416,547	-	3,616,797	1.47%
Deposits from banks and other financial institutions	(497,920)	(3)	-	(740)	-	(498,663)	16.45%
Placements from banks and other financial institutions	(502,838)	(100,568)	-	-	-	(603,406)	0.98%
Derivative financial liabilities	-	-	(51)	-	-	(51)	1.62%
Deposits from customers	(4,010,641)	(272,274)	(1,716,901)	(611,298)	(128,968)	(6,740,082)	0.72%
Debt securities issued	-	-	-	(400,000)	-	(400,000)	0.23%

Notes to the Consolidated Financial Statements (Continued)

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IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

43 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(4) Related party transactions (Continued)

	Yufu Group and its affiliates	City Investment Group and its affiliates	Development and Real Estate Company and its affiliates	Other related legal entities	Related personnel	Total	Proportion in amount/ balance of similar transactions
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Significant off-balance sheet items as at
31 December 2024:

Unutilised credit card facilities	-	-	-	-	206,257	206,257	0.72%
Letters of guarantee	35,000	400,000	21,726	-	-	456,726	31.70%
The balance of the loan guaranteed by related guarantee companies	6,534,447	-	224,706	-	-	6,759,153	0.95%
The balance of financial investments guaranteed by related guarantee companies	690,000	-	-	-	-	690,000	0.11%
Related parties' investment in WMPs issued by the Group	10,000	-	-	-	148,706	158,706	0.12%

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

43 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(4) Related party transactions (Continued)

	Yufu Group and its affiliates	City Investment Group and its affiliates	Development and Real Estate Company and its affiliates	Other related legal entities	Related personnel	Total	Proportion in amount/balance of similar transactions
Significant transactions for the year ended 31 December 2023:							
Interest income	365,042	92,097	102,863	16,260	2,931	579,193	1.16%
Interest expense	(131,170)	(5,039)	(29,444)	(193,033)	(5,772)	(364,458)	1.38%
Fee and commission income	7,400	4	213	14	4	7,635	0.34%
Net trading gains	2,136	273	-	(4,210)	-	(1,801)	(0.10%)
Other comprehensive income	19,217	85	19,344	(53,575)	-	(14,929)	(1.66%)
Significant transaction balances as at 31 December 2023:							
Deposits with banks and other financial institutions	-	2	-	1,134,987	-	1,134,989	7.34%
Derivative financial assets	778	-	87	4,057	-	4,922	23.54%
Loans and advances to customers	11,043,621	2,812,860	2,294,193	-	93,880	16,244,554	2.40%
Financial assets measured at amortised cost	-	111,607	153,557	258,258	-	523,422	0.16%
Financial assets measured at fair value through other comprehensive income	1,640,283	231,162	921,757	402,084	-	3,195,286	1.92%
Placements from banks and other financial institutions	(613,620)	(100,930)	-	(800,507)	-	(1,515,057)	2.95%
Derivative financial liabilities	(778)	-	(87)	-	-	(865)	5.74%
Deposits from customers	(4,477,448)	(91,845)	(1,443,436)	(662,514)	(117,754)	(6,792,997)	0.76%
Debt securities issued	-	-	-	(7,650,000)	-	(7,650,000)	6.40%
Significant off-balance sheet items as at 31 December 2023:							
Unutilised credit card facilities	-	-	-	-	397,937	397,937	1.43%
Letters of guarantee	55,000	400,000	-	-	-	455,000	28.43%
The balance of the loan guaranteed by related guarantee companies	6,149,183	-	194,269	-	-	6,343,452	0.94%
The balance of financial investments guaranteed by related guarantee companies	2,106,820	-	-	-	-	2,106,820	0.35%
Related parties' investment in WMPs issued by the Group	9,679	-	-	-	334,881	344,560	0.29%

The above transactions with related parties were conducted on normal commercial terms and in the normal course of business and were priced in accordance with the principles of transactions with independent third parties.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

43 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(5) Key management personnel remuneration

Key management personnel are those persons in the Group who have the authority and responsibility to plan, direct and control the activities of the Bank or the Group.

The remuneration of directors and other members of key management during the year was as follows:

	Year ended 31 December	
	2024	2023
Paid remuneration (before tax)	1,970	2,592
Part-time fee	900	1,095
Retirement plan contributions	743	910
Others	192	252
Total	<u>3,805</u>	<u>4,849</u>

Key management personnel remuneration refers to paid remuneration to directors and key management personnel in the current year approved in accordance with internal and external management requirements, including basic annual salary and advance performance salary for the year ended 31 December 2024 that was paid in accordance with external regulatory requirements.

Certain key management personnel's final emoluments for the year ended 31 December 2024 have not been finalised on report date as required by relevant authorities. Management of the Group believes that difference in emoluments will not have significant impact on the consolidated financial statements of the Group for the year ended 31 December 2024.

For the year ended 31 December 2024, both the loans made to key management personnel and their relatives, and the corresponding interest income were not significant.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

43 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(6) Transactions between the Bank and its subsidiaries

Amounts of significant transactions between the Bank and its subsidiaries during the reporting period were as follows:

	Year ended 31 December	
	2024	2023
Interest income	170,817	188,722
Interest expense	(2,104)	(2,101)

For the year ended 31 December 2024 and the year ended 31 December 2023, transactions between the Bank and its subsidiaries other than the transactions above were not significant.

Amounts of significant transaction balances between the Bank and its subsidiaries as at the balance sheet date were as follows:

	As at 31 December	
	2024	2023
Deposits with banks and other financial institutions	1,168,053	1,282,785
Placements with banks and other financial institutions	5,629,670	7,251,131
Deposits from banks and other financial institutions	(1,174,182)	(1,281,143)

For the year ended 31 December 2024 and the year ended 31 December 2023, outstanding balances between the Bank and its subsidiaries other than the balances above were not significant.

All intra-group transactions and balances have been off set when preparing the consolidated financial statements.

As at 31 December 2024 and 31 December 2023, the principal balance of WMPs issued by the Bank's subsidiary and purchased by the Bank amounted to RMB3,772 million and RMB4,174 million.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

43 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(7) Transactions between the Group and its associates

Amounts of significant transaction balances between the Bank and its associates as at the balance sheet date were as follows:

	As at 31 December 2024	As at 31 December 2023
Placements with banks and other financial institutions	504,176	–
Deposits from banks and other financial institutions	(122,411)	(227,612)

(8) Transactions with enterprise annuity plan

In addition to contributions to the Group's enterprise annuity fund, no related party transactions have been made during the reporting period.

44 STRUCTURED ENTITIES

(1) Rights and interests in unconsolidated structured entities initiated and established by the Group

Structured entities initiated and established by the Group that are not included in the scope of the consolidated financial statements mainly comprise wealth management products ("WMPs") issued by the Group. The nature and purpose of these structured entities are mainly to manage investors' assets and receive management fees, which are financed by issuing investment products to investors. The Group's rights and interests in these unconsolidated structured entities mainly consists of holding investments directly or receiving income from management fees through the management of these structured entities.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 STRUCTURED ENTITIES (Continued)

- (1) *Rights and interests in unconsolidated structured entities initiated and established by the Group (Continued)*

As at 31 December 2024, the overall size of outstanding unconsolidated WMPs initiated and established by the Group was RMB129,670 million (As at 31 December 2023: RMB109,564 million). The management fee income received by the Group from the aforesaid WMPs amounted to RMB336 million for the year ended 31 December 2024 (For the year ended 31 December 2023: RMB227 million).

There was no contractual liquidity arrangement, guarantee or other commitment among or between the Group, WMP vehicles or any third parties that could increase the level of the Group's risk from or reduce its interest in WMP vehicles disclosed above for the year ended 31 December 2024 and the year ended 31 December 2023. The Group is not required to absorb any loss incurred by WMPs before other parties.

The WMPs issued by the Group did not cause losses to the interests of the Group, nor did they encounter financial difficulties for the year ended 31 December 2024 and the year ended 31 December 2023.

- (2) *Unconsolidated structured entities held by the Group*

The Group invests in a number of other unconsolidated structured entities which are issued or managed by other entities for investment return, and records trading gains or losses and interest income therefrom. As at 31 December 2024 and 31 December 2023, the Group's maximum risk exposure from these unconsolidated structured entities is summarised in the table below.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 STRUCTURED ENTITIES (Continued)

(2) Unconsolidated structured entities held by the Group (Continued)

	As at 31 December 2024			Total
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets measured at amortised cost	
Asset-backed securities	256,901	865,034	12,828,426	13,950,361
Funds	55,766,866	–	–	55,766,866
Asset management plans and trust plans	1,180,319	–	128,849	1,309,168
Investments in WMPs	848,009	–	–	848,009
Other investments	8,956	767,056	–	776,012
Total	<u>58,061,051</u>	<u>1,632,090</u>	<u>12,957,275</u>	<u>72,650,416</u>

	As at 31 December 2023			Total
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets measured at amortised cost	
Asset-backed securities	–	1,974,648	24,528,045	26,502,693
Funds	34,986,334	–	–	34,986,334
Asset management plans and trust plans	1,503,694	–	388,075	1,891,769
Investments in WMPs	731,975	–	–	731,975
Other investments	10,051	760,052	–	770,103
Total	<u>37,232,054</u>	<u>2,734,700</u>	<u>24,916,120</u>	<u>64,882,874</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 STRUCTURED ENTITIES (Continued)

(2) Unconsolidated structured entities held by the Group (Continued)

The underlying assets of trust plans and asset-backed securities primarily include trust loans and credit assets. The underlying assets of funds, asset management plans and WMPs primarily include interbank assets and bonds. Asset-backed securities were all issued by financial institutions. Other investments were primarily foreclosed assets acquired in connection with debt restructuring.

(3) Consolidated structured entities

The Group managed or invested in several structured entities, including funds, asset management plans, trust plans, WMPs and asset-backed securities. The Group mainly assesses its overall economic interests (including the expected return from direct ownership and management fee) in the structured entities and its decision-making rights covered through its involvement in the decisions on the establishment of the structured entities and relevant contract arrangements. If the Group has power over a structured entity and variable returns and the ability to use that power to affect its returns from the structured entity through arrangements such as investment contracts, then the Group believes that it has control over the structured entity and include it in the consolidated financial statements. If the Group has no substantive power over principal activities of a structured entity, or enjoys immaterial economic interests and thus acts as an agent rather than a principal, the Group does not need to include it in the consolidated financial statements.

The Group's consolidated structured entities included certain funds, asset management plans and certain WMPs issued by CQRC Wealth Management Co., Ltd., held by the Group. As at 31 December 2024, the Group's consolidated structured entities amounted to RMB25,807 million (As at 31 December 2023: RMB25,933 million). The Group included these investments and corresponding liabilities in the corresponding financial assets and financial liabilities based on their nature according to the accounting policies of the Group.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

45 CONTINGENT LIABILITIES AND COMMITMENTS

(1) Legal proceedings

The Group has certain legal proceedings in its normal business. As at 31 December 2024, the carrying amount of contingent liabilities estimated based on court judgment or advice of legal counsel was not significant (As at 31 December 2023, the carrying amount of contingent liabilities estimated based on court judgment or advice of legal counsel was not significant). As final results of these lawsuits are uncertain, management of the Group believes final results of these lawsuits will not have a material impact on the financial position or operations of the Group after consulting with legal counsel.

(2) Capital commitments

	As at 31 December	
	2024	2023
Approved but not contracted or provided for	<u>429,723</u>	<u>414,624</u>

(3) Loan commitments

Loan commitments include unutilised credit card facilities, issued acceptances, financial guarantees and letters of credit.

The amount of credit card facilities represents the amount when unutilised credit card facilities are fully drawn. Acceptances represent commitments of the Group to pay acceptances issued by customers. The Group expects most acceptances to be settled simultaneously with reimbursements from customers. The amounts of guarantees and letters of credit represent the maximum potential loss that would be recognised if counterparties failed to completely perform as contracted.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

45 CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

(3) Loan commitments (Continued)

As credit card facilities may not be utilised before expiration, the amounts set out in the following table do not represent expected future cash outflows.

	As at 31 December	
	2024	2023
Unutilised credit card facilities	28,583,019	27,898,120
Acceptances	6,538,581	11,051,344
Letters of guarantee	1,440,792	1,600,443
Letters of credit issued	1,047,910	2,736,008
Total	37,610,302	43,285,915

The Group grants loan commitments to specific customers. The directors of the Group are of the opinion that such commitments are conditional and revocable and are therefore not included in the commitment's disclosure above.

Credit risk weighted amount of loan commitments

	As at 31 December	
	2024	2023
Loan commitments	27,469,109	12,266,527

Credit risk-weighted amount of loan commitments are calculated in accordance with guidelines issued by NFRA based on, among other things, the counterparty's credit worthiness and maturity. Contingent liabilities and loan commitments are subject to risk weights ranging from 0% to 100%.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

45 CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

(4) Operating lease commitments

As at the balance sheet date, the Group's operating lease commitments not recognized as lease liabilities were not significant.

(5) Collaterals

Assets pledged as collaterals

The carrying amounts of assets pledged by the Group as collaterals and respective liabilities were as follows:

	As at 31 December 2024		As at 31 December 2023	
	Collaterals	Liabilities	Collaterals	Liabilities
Bonds	181,066,451	160,450,736	171,231,094	151,012,190
Bills	18,110,798	17,993,385	22,557,512	22,563,350
Total	199,177,249	178,444,121	193,788,606	173,575,540

Collaterals accepted

As part of the repurchase agreements, the Group has accepted collateral that is allowed to sell or repledge in the absence of default by their owners. As at 31 December 2024, the Group did not hold any collateral that could be sold or reused for security without any default by the collateral owner. On December 31, 2023, the fair value of the securities accepted by the Group as collateral that can be sold or re used as collateral without any default of the collateral owner is RMB207 million. As at 31 December 2023, the Group had sold or re-pledged, but was obligated to return all the collateral mentioned above. These transactions are conducted under standard terms in the normal course of business.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

45 CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

(6) Bond underwriting commitments and redemption obligations

The Group and the Bank did not have any irrevocable bond underwriting commitment as at the balance sheet date.

As an underwriting agent of PRC government bonds, the Group has the obligation to buy back if bond holders decided to redeem the bonds before maturity. The redemption price is the principal value of the Bonds plus unpaid interest till redemption date. Accrued interest payables to the bond holders are calculated in accordance with relevant requirements set by Ministry of Finance or PBOC. The redemption price may be different from the fair value of similar instruments traded at the redemption date.

The redemption obligations of the Group for government bonds sold but not yet matured as at the balance sheet date based on their principal value were as follows:

	As at 31 December	
	2024	2023
Redemption obligations	<u>7,907,447</u>	<u>6,845,294</u>

46 TRANSFER OF FINANCIAL ASSETS

(1) Credit asset securitisation

During securitisation transactions, the Group sells assets to special purpose trusts from whom the asset-backed securities are subsequently sold to investors. The Group may hold some asset-backed securities in these businesses, thus reserving part of risks and rewards of transferred credit assets. The Group analyses and judges whether to derecognize relevant credit assets based on degree of risk and reward retention.

As at 31 December 2024 and 31 December 2023, the Group has no outstanding balance of credit asset securitization business.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

46 TRANSFER OF FINANCIAL ASSETS (Continued)

(2) Transfer of credit assets

For the year ended 31 December 2024, the Group disposed non-performing loans with carrying amount of RMB4.2 million (For the year ended 31 December 2023: RMB184 million) by transferring them to third parties. The Group analysed whether to derecognise related credit assets based on degree of risk and reward retention. The Group has derecognised relevant credit assets after assessment.

(3) Repurchase agreements

In daily operating activities, the Group entered repurchase agreements with certain counterparties. The Group sold debt securities and bills to certain counterparties and were subject to the simultaneous agreements with commitments to repurchase at specified future dates and prices. As stipulated in the repurchase agreements, there is no transfer of the legal ownership of these debt securities and bills to the counterparties during the covered period. However, the Group is not allowed to sell or pledge these securities during the covered period unless both parties mutually agree with such arrangement. Accordingly, the Group has determined that it retains substantially all the risks and rewards of these debt securities and therefore has not derecognised from the consolidated financial statements but regarded as “collateral” for the secured lending from the counterparties.

(4) Securities lending transactions

For debt securities lent to counterparties under securities lending agreements, the counterparties are allowed to sell or repledge these securities in the absence of default by the Group, but have an obligation to return the securities at the maturity of the contract. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. As at 31 December 2024, the carrying amount of debt securities lent to counterparties was RMB23,160 million (As at 31 December 2023: RMB22,950 million).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks in its operating activities, including:

- Credit risk
- Market risk
- Liquidity risk

The primary risk management purpose of the Group is to maintain risk within acceptable parameters and satisfy the regulatory requirements.

The Group has designed risk management policies and has set up controls to identify, analyse, monitor and report risks by means of relevant and up-to-date information systems. The Group regularly reviews its risk management policies and systems to address changes in markets, products and emerging best practice.

Risk Management Framework

The Board of Directors sets out a risk management committee. The risk management committee is responsible for setting the overall risk management and internal control strategies of the Group and the Bank, monitoring credit risk, market risk, liquidity risk and operation risk, periodically assessing the overall risk position, risk acceptance and management capabilities, and making recommendations and suggestions on risk management and internal control of the Group and the Bank.

Following the risk management strategies sets by the risk management committee, the Risk Management Department of the Group formulates and implements relevant risk management policies and procedures to monitor the risk arising from financial instruments of the Group.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(1) Credit risk

Credit risk represents the potential loss that may arise from a customer or counterparty's failure to meet its obligations. Credit risk can also arise from operational failures that result in an unauthorised or inappropriate advance, commitment or investment of funds. The major credit risk of the Group comes from loans and advances to customers and other on-balance sheet and off-balance sheet credit risk exposures.

The Bank measures and manages the quality of financial assets containing both on-balance sheet and off-balance sheet credit risk exposures, in accordance with the Rules on Risk Classification of Financial Assets of Commercial Banks, Guidelines on Risk Classification of Credit Assets of Rural Cooperative Financial Institutions and other relevant regulatory requirements. The Bank has established a complete risk classification management system and clarified the responsibilities for risk classification management; The Bank has formulated internal risk classification management policies, which specifies the risk classification methodology for each type of financial assets and the risk classification management process of "preliminary classification, determination and approval". Financial assets are classified by their risk level into the five categories of Normal, Special-Mention, Substandard, Doubtful, and Loss, with the latter three collectively referred to as non-performing assets.

The core definition of the five categories are defined as follows:

Normal:	The debtor is able to fulfill the contract without objective evidence that the principal, interest, or income cannot be paid in full and on time.
Special-mention:	The debtor is currently capable of paying the principal, interests, and income notwithstanding a number of factors that might adversely affect its capacity to meet its contractual obligations.
Substandard:	The debtor is incapable of paying the principal, interests, or income in full or the financial assets have undergone credit impairment.
Doubtful:	The debtor is incapable of paying the principal, interests, or income in full and the financial assets have undergone significant credit impairment.
Loss:	None or only a minimum fraction of the financial assets can be recovered after exhausting all available options.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(1) Credit risk (Continued)

The Group implements the “Measures for Management of Bad Debt Verification of Financial Enterprises” issued by Ministry of Finance. For those claims that have taken necessary measures and implemented necessary procedures and are still unable to recover, they will be written off after approval if complying with the conditions for the recognition of bad debts. For the year ended 31 December 2024, the Group wrote off non-performing loans of RMB5,755 million (For the year ended 31 December 2023: RMB4,176 million).

Loans and advances to customers

The Group exercises standardised credit management procedures, including credit investigation and proposals, credit limit review, loan disbursement, post lending monitoring, and non-performing loans management. The Group enhances its credit risk management by strict access and standard credit management procedures; strengthening customer investigation, lending approval and post lending monitoring; enhancing risk mitigation effect of loans through collateral; accelerating disposal process of non-performing loans and continuously upgrade of Credit Management System.

Due from banks and other financial institutions

The Group adopts a Group-to-Group principle for credit to financial institutions. The Group sets credit lines for financial institutions and single financial institution that has financial transactions with the Group.

Bonds and other notes

The Group manages the credit risk exposure of bonds and other notes by controlling the scale of investment, setting the list of granting entities, rating access, Group-to-Group credit, and post-investment management.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(1) Credit risk (Continued)

Other financial assets

Other financial assets mainly include asset management products, debt financing plans, funds, trust plans, wealth management plans issued by other banks, etc. The Group implements a rating system for cooperating with financial institutions and sets credit lines for the ultimate financing party of the asset management products and debt financing plans, and conducts subsequent risk management on a regular basis.

Loan commitments

The main purpose of the loan commitments is to ensure that customers receive the funds they need. The letters of guarantee, acceptances and letters of credit issued are an irrevocable undertaking of the Group, that is, the Group undertakes to pay on behalf of its customer to the third party or to perform the payment on behalf of customers upon their failure to perform under the terms of the contract. There is a possibility that customer violates the terms of the contract and the Group needs to perform the payment on behalf of its customers. Risks arising from financial guarantees are similar to those associated with loans and advances. These transactions are, therefore, subject to the same risk management procedures and policies.

(a) ECL Measurement

Portfolio segmentation of credit risk exposures

For measurement of ECL, portfolio segmentation is based on similar credit risk characteristics. In performing the portfolio segmentation of credit assets, the Group considers product types, customer types, industry, customer size, risk mitigation method and market distribution. The Group retests and revises the rationality of portfolio segmentation of credit risk exposures every year.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(1) Credit risk (Continued)

(a) ECL Measurement (Continued)

Financial Instrument Stages

The Group decide the stage of each financial instrument and estimate the ECL based on whether a significant increase in credit risk has occurred since initial recognition or whether a financial asset is considered to be credit-impaired. The major definitions of three stages of financial instruments are set out below.

Stage 1: Financials instruments with no significant increase in credit risk after initial recognition. ECL losses in the next 12 months is recognised.

Stage 2: There are significant increase in credit risk since initial recognition, but no objective evidence of impairment of the financial instrument. Lifetime ECL of financial instruments is recognised.

Stage 3: Financial instruments show objective evidence of impairment as at the balance sheet date. Lifetime ECL of financial instruments is recognised.

Significant Increase in Credit Risk

The Group sufficiently considers available and valid information in order to decide the stage of financial assets, which reflects the significant increase in credit risk, including the forward-looking information. The major factors considered include internal and external credit grading, repayment ability, operation capacity, contract terms of the loan, repayment behaviors, etc. The Group evaluates the change in default risk on reporting date and initial recognition of one financial instrument or a portfolio of financial instruments that shares the similar credit risk features.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(1) Credit risk (Continued)

(a) ECL Measurement (Continued)

Significant Increase in Credit Risk (Continued)

The Group sets a series of quantitative and qualitative criteria to determine whether there are significant changes in credit risk of financial instruments since initial recognition. The following factors are mainly considered:

- Interest or principal paid by debtors is overdue for more than 30 days but less than 90 days;
- A significant decrease in debtor's credit rating compared to that of initial recognition;
- Significant adverse changes in the debtor's operations or financial situation;
- Other objective evidence indicating there are significant changes in credit risk.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(1) Credit risk (Continued)

(a) ECL Measurement (Continued)

Definition on Default and Credit-impaired Assets

The Group determined whether the assets were credit impaired based on a series of quantitative and qualitative standards such as credit ratings, and the risk profile changes of the debtor. The Group defines a financial instrument as in default when it meets one or more of the following criteria. In order to evaluate whether a financial asset is credit impaired, the Group considers the following criteria:

- Credit rating grade is D;
- Significant financial difficulty of the borrower or issuer;
- Breach of contract term, such as a default or delinquency in interest or principal payments for over 90 days;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the Group would not otherwise consider;
- It becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- Disappearance of an active market for financial assets because of financial difficulties;
- Other objective evidence indicating there is an impairment of the financial asset.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(1) Credit risk (Continued)

(a) ECL Measurement (Continued)

Parameters in Measuring ECL

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is the discounted product of the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD), defined as follows:

The PD represents the likelihood of a borrower breaching the contractual terms or defaulting on its financial obligation over a specific time, either the next 12 months, or the remaining lifetime of the obligation.

The LGD refers to the extent of loss on a defaulted exposure, which is the ratio of the expected loss in the total amount of a loan. The Group's LGD is calculated in line with recovery amount according to different types of guarantees.

The EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

The Group measures ECL of credit-impaired financial assets with large amount and high risk with discounted cash flow modelling approach. The ECL of financial assets using the discounted cash flow modelling approach is measured based on the difference between the book value and the present value of estimated future cash flows discounted at a certain discount rate.

The Group reviews assumptions related to ECL model periodically, including but not limited to changes in PD and LGD.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(1) Credit risk (Continued)

(a) ECL Measurement (Continued)

Forward-looking Information

The Group incorporates forward-looking information when assess measuring ECL.

The Group has performed historical analysis and identified the key economic indicators impacting credit risk and ECL for each portfolio, mainly including growth rate of Gross Domestic Product (the “GDP”) in Chongqing Province, M2, urban residents’ per capita disposable income, etc, to calculate the forward-looking impact of the macro-economic environment on ECL. The Group regularly forecasts these economic indicators and provides the best estimate of economic conditions for the next future year.

The Group has established forecast model along with time series data collection of the above key economic indicators from Wind China Macro and Industry Database and internal data. On this basis, combined with the experience of experts, a certain proportion of the predicted value of the model is used as the forecast value of future key economic indicators and the weights of the three scenarios, optimistic, baseline and pessimistic are determined.

Similar to other economic projections, there is a high degree of inherent uncertainty in the estimation of expected values and likelihood of occurrence, so actual results may differ from forecasts. The Group updates the expected values of macroeconomic indicators periodically. The Group believes that these projections reflect the Group’s best estimate of possible outcomes to determine that the scenarios selected are appropriate to represent possible scenarios.

For the year ended 31 December 2024, the forecast value range of the Group’s baseline scenario for the year-on-year growth rate of Chongqing’s gross product (GDP) is 4.4% – 6.6% The Group fully considered the uncertainty of internal and external economic environment when evaluating the forecast information used in the ECL model, and then made careful adjustments to the macroeconomic forecast.

Combined with expert judgement, the Group set the weighting of multiple scenarios based on the principle of taking the baseline scenario as the main and the rest scenarios as a supplement. The weight of the baseline scenario of the Group as at 31 December 2024 is slightly higher than the weights of other scenarios.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(1) Credit risk (Continued)

(a) ECL Measurement (Continued)

Sensitivity Analysis

ECL are sensitive to the parameters used in the model, the macro-economic variables of the forecast, the weight probabilities in the three scenarios, and other factors considered in the application of expert judgement. Changes in these inputs, assumptions, models, and judgements will have an impact on the significant increase in credit risk and the measurement of ECL.

As at 31 December 2024, the Group's credit impairment provision would increase by RMB608 million, assuming that the weighting of the optimistic scenario is reduced by 10% while the weighting of the baseline scenario is increased by 10%. The Group's credit impairment provision would decrease by RMB1,191 million, if the weighting of the pessimistic scenario is reduced by 10%, and the weight of baseline scenario is increased by 10%.

As at 31 December 2023, the Group's credit impairment provision would increase by RMB502 million, assuming that the weighting of the optimistic scenario is reduced by 10% while the weighting of the baseline scenario is increased by 10%. The Group's credit impairment provision would decrease by RMB1,198 million, if the weighting of the pessimistic scenario is reduced by 10%, and the weight of baseline scenario is increased by 10%.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(1) Credit risk (Continued)

(b) Maximum exposure to credit risk

As at the balance sheet date, the maximum exposure to credit risk of the Group without considering any collateral held or other credit enhancements are as follows:

	As at 31 December	
	2024	2023
Balances with central bank	48,199,448	52,695,911
Deposits with banks and other financial institutions	21,032,927	15,434,655
Placements with banks and other financial institutions	90,440,520	93,211,313
Derivative financial assets	5,295	20,911
Financial assets held under resale agreements	20,937,314	11,451,770
Loans and advances to customers	683,830,682	647,276,750
Financial investments		
– Financial assets measured at fair value through profit or loss	84,554,813	110,774,968
– Financial assets measured at fair value through other comprehensive income	246,200,311	166,235,752
– Financial assets measured at amortised cost	297,248,006	321,772,087
Other financial assets	1,034,786	969,833
Subtotal	1,493,484,102	1,419,843,950
Off-balance sheet loan commitments	37,357,014	42,878,092
Total	<u>1,530,841,116</u>	<u>1,462,722,042</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(1) Credit risk (Continued)

(b) Maximum exposure to credit risk (Continued)

The Group conducts internal stratified management of asset risk characteristics according to the quality status of assets. Financial assets included in the ECL are further classified into “Risk level 1”, “Risk level 2”, “Risk level 3” and “Default” within each stage according to internal rating scales and overdue days, the results of this layered management are used by the Bank for internal credit risk management purposes. “Risk level 1” means that the asset quality is good, and the rating is high, or there is no overdue situation, or there is no reason to suspect that the asset is expected to default; “Risk level 2” means medium rating, or although there is a certain overdue situation, the asset quality is good or there may be factors that have an adverse effect, but there is no sufficient reason to suspect that the asset is expected to default. “Risk level 3” means that the rating is low or the overdue situation is more serious, which means that there are factors that have a significantly adverse effect on the asset default, but there is no event indicating that the default has occurred. The criteria for “Default” is consistent with definition of credit impairment that has occurred.

Maximum exposure to credit risk of loans and advances to customers measured at amortised cost analysed by internal stratified management:

	As at 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Credit rating				
Risk level 1	524,590,950	4,113,438	–	528,704,388
Risk level 2	101,514,111	8,592,704	–	110,106,815
Risk level 3	–	3,144,018	–	3,144,018
Default	–	–	8,684,158	8,684,158
Gross carrying amount	626,105,061	15,850,160	8,684,158	650,639,379
ECL allowance	(17,930,552)	(5,278,837)	(7,232,944)	(30,442,333)
Carrying amount	<u>608,174,509</u>	<u>10,571,323</u>	<u>1,451,214</u>	<u>620,197,046</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(1) Credit risk (Continued)

(b) Maximum exposure to credit risk (Continued)

	As at 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Credit rating				
Risk level 1	509,133,682	1,568,195	–	510,701,877
Risk level 2	85,302,465	10,986,806	–	96,289,271
Risk level 3	–	3,306,339	–	3,306,339
Default	–	–	8,406,368	8,406,368
Gross carrying amount	594,436,147	15,861,340	8,406,368	618,703,855
ECL allowance	(17,125,680)	(5,416,324)	(6,891,885)	(29,433,889)
Carrying amount	<u>577,310,467</u>	<u>10,445,016</u>	<u>1,514,483</u>	<u>589,269,966</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(1) Credit risk (Continued)

(c) Analysis of credit quality on financial assets

As at 31 December 2024, the Group's credit risk stages of financial instruments included in impairment assessment are as follows:

	As at 31 December 2024							
	Book value				ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<i>Financial assets measured at amortised cost</i>								
Balances with central bank	48,199,448	-	-	48,199,448	-	-	-	-
Deposits with banks and other financial institutions	21,082,108	-	-	21,082,108	(49,181)	-	-	(49,181)
Placements with banks and other financial institutions	90,791,448	-	-	90,791,448	(350,928)	-	-	(350,928)
Financial assets held under resale agreements	21,073,469	-	-	21,073,469	(136,155)	-	-	(136,155)
Loans and advances to customers	626,105,061	15,850,160	8,684,158	650,639,379	(17,930,552)	(5,278,837)	(7,232,944)	(30,442,333)
Financial assets measured at amortised cost	296,925,281	878,431	2,538,135	300,341,847	(655,667)	(28,888)	(2,409,286)	(3,093,841)
Other financial assets	1,044,109	24,500	242,376	1,310,985	(44,197)	(7,572)	(224,430)	(276,199)
Total	1,105,220,924	16,753,091	11,464,669	1,133,438,684	(19,166,680)	(5,315,297)	(9,866,660)	(34,348,637)
<i>Financial assets measured at fair value through other comprehensive income</i>								
Loans and advances to customers	63,632,636	-	1,000	63,633,636	(158,251)	-	(1,000)	(159,251)
Financial assets measured at fair value through other comprehensive income	244,517,847	306,847	-	244,824,694	(351,592)	(13,020)	-	(364,612)
Total	308,150,483	306,847	1,000	308,458,330	(509,843)	(13,020)	(1,000)	(523,863)
Loan commitments	37,520,041	16,968	73,293	37,610,302	(237,529)	(1,359)	(14,400)	(253,288)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(1) Credit risk (Continued)

(c) Analysis of credit quality on financial assets (Continued)

As at 31 December 2023, the Group's credit risk stages of financial instruments included in impairment assessment are as follows:

	As at 31 December 2023							
	Book value				ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<i>Financial assets measured at amortised cost</i>								
Balances with central bank	52,695,911	-	-	52,695,911	-	-	-	-
Deposits with banks and other financial institutions	15,464,571	-	-	15,464,571	(29,916)	-	-	(29,916)
Placements with banks and other financial institutions	93,499,442	-	-	93,499,442	(288,129)	-	-	(288,129)
Financial assets held under resale agreements	11,492,609	-	-	11,492,609	(40,839)	-	-	(40,839)
Loans and advances to customers	594,436,147	15,861,340	8,406,368	618,703,855	(17,125,680)	(5,416,324)	(6,891,885)	(29,433,889)
Financial assets measured at amortised cost	320,929,644	1,206,582	2,538,135	324,674,361	(709,660)	(42,554)	(2,150,060)	(2,902,274)
Other financial assets	973,554	38,900	222,896	1,235,350	(49,776)	(12,107)	(203,634)	(265,517)
Total	1,089,491,878	17,106,822	11,167,399	1,117,766,099	(18,244,000)	(5,470,985)	(9,245,579)	(32,960,564)
<i>Financial assets measured at fair value through other comprehensive income</i>								
Loans and advances to customers	58,005,784	-	1,000	58,006,784	(118,085)	-	(1,000)	(119,085)
Financial assets measured at fair value through other comprehensive income	164,925,901	-	-	164,925,901	(162,094)	-	-	(162,094)
Total	222,931,685	-	1,000	222,932,685	(280,179)	-	(1,000)	(281,179)
Loan commitments	43,047,892	191,045	46,978	43,285,915	(344,802)	(53,743)	(9,278)	(407,823)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(1) Credit risk (Continued)

(d) Concentration risk

If counterparties are concentrated in a particular industry or region, or share certain economic characteristics, their credit risk will generally increase accordingly. Meanwhile, different industries and regions have their own unique characteristics of economic development, and therefore the credit risk of different industries and regions is different.

(i) Loans and advances to customers

The industry concentration risk of loans and advances to customers refers to Note IV 16(3).

(ii) Bonds and other investments

The Group uses credit ratings to monitor the credit risk positions of its debt investment portfolio. The ratings can refer to the rating evaluated by the rating agencies recognised by PBOC.

As at the balance sheet date, the gross carrying amounts of bonds and other investments by investment ratings were as follows:

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(1) Credit risk (Continued)

(d) Concentration risk (Continued)

(ii) Bonds and other investments (Continued)

	As at 31 December 2024			
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets measured at amortised cost	Total
Debt securities:				
AAA	6,066,197	78,294,824	95,843,675	180,204,696
AA	1,737,743	663,182	6,070,123	8,471,048
Unrated debt securities and others:				
Public sector and quasi-government bonds	929,873	95,423,805	59,423,033	155,776,711
Government bonds	263,251	16,909,811	106,892,950	124,066,012
Funds	57,169,951	–	–	57,169,951
Interbank deposit certificates	10,086,339	40,499,007	1,886,499	52,471,845
Corporate bonds	5,943,971	8,101,223	18,281,205	32,326,399
Financial institutions bonds	–	4,932,842	9,406,227	14,339,069
Trust and asset management plans	1,180,319	–	2,538,135	3,718,454
Wealth management products	848,009	–	–	848,009
Others	329,160	–	–	329,160
Total	<u>84,554,813</u>	<u>244,824,694</u>	<u>300,341,847</u>	<u>629,721,354</u>

Notes to the Consolidated Financial Statements (Continued)

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IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(1) Credit risk (Continued)

(d) Concentration risk (Continued)

(ii) Bonds and other investments (Continued)

	As at 31 December 2023			Total
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets measured at amortised cost	
Debt securities:				
AAA	7,197,313	45,814,430	115,897,863	168,909,606
AA	1,221,560	656,543	8,383,285	10,261,388
Unrated debt securities and others:				
Public sector and quasi-government bonds	641,731	76,178,520	60,657,551	137,477,802
Government bonds	862,930	16,206,864	105,375,429	122,445,223
Interbank deposit certificates	57,160,877	18,486,086	–	75,646,963
Funds	36,105,825	–	–	36,105,825
Corporate bonds	4,999,848	7,381,470	23,431,725	35,813,043
Financial institutions bonds	–	201,988	5,413,426	5,615,414
Trust and asset management plans	1,503,694	–	2,538,135	4,041,829
Wealth management products	731,975	–	–	731,975
Others	349,215	–	2,976,947	3,326,162
Total	<u>110,774,968</u>	<u>164,925,901</u>	<u>324,674,361</u>	<u>600,375,230</u>

Notes to the Consolidated Financial Statements (Continued)

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(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(1) Credit risk (Continued)

(e) Restructured loans and advances

According to the latest regulation of loan risk classification which released by NFRA, restructured loans and advances are financial assets made by commercial banks in favor of the debtor's adjustment of debt contracts or the provision of refinancing for the debtor's existing debts, to encourage the debtor to repay debts due to financial difficulties. As at 31 December 2024, the restructured loans and advances which meet above definition amounted to RMB3,631 million. (As at 31 December 2023, the restructured loans and advances which meet above definition amounted to RMB614 million).

(f) Credit-impaired loans and advances

The portions covered and not covered by collaterals held are as follows:

	As at 31 December	
	2024	2023
Portion covered	5,119,228	5,503,604
Portion not covered	3,565,930	2,903,764
Total	8,685,158	8,407,368

Notes to the Consolidated Financial Statements (Continued)

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IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(1) Credit risk (Continued)

(g) Modification of contractual cash flows

To achieve maximum collection, the Group may occasionally modify loan contract terms due to commercial negotiations or borrower financial difficulties. Such modifications include loan extensions, payment holidays, and grace periods for repayment. The Group has established specific restructuring policies and operational procedures for loans where management judges that customers are likely to continue repayments, with ongoing reviews of these policies. Loan restructurings are most common in medium-to-long term loan management.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Group monitors the subsequent performance of modified assets. If the Group determines that the credit risk has significantly improved after modified, the relevant assets are transferred from Stage 3 or Stage 2 to Stage 1, and the impairment allowance of these assets will be measured on the basis of 12 months ECL instead of the lifetime ECL. Assets must meet specific criteria through at least six consecutive months of observation before being reclassified.

The Group employs specialized models to continuously monitor whether financial assets with modified contract terms subsequently demonstrate significant credit risk deterioration.

Notes to the Consolidated Financial Statements (Continued)

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(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(2) Market risk

Market risk is the risk of loss, in respect of the Group's on and off-balance sheet activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, and stock prices.

The Group is primarily exposed to interest rate risk arising from the structural interest rate risk from commercial banking business and the risk of its capital trading position. Interest rate risk originates from multiple businesses and largely arises from mismatches between the re-pricing dates of assets and liabilities.

The Group's foreign currency risk is the risk of loss in respect of its foreign currency exposures, arising from transactions taken on foreign currency denominated assets and liabilities, which results from movements in foreign exchange rates.

(a) Interest rate risk

The Group's interest rate risk arises from the mismatches between contractual maturities or re-pricing dates of interest-generating assets and interest-bearing liabilities, as well as the inconsistent variations in the benchmark interest rate on which the assets and liabilities are based.

The Group continuously monitor the macro-economic factors that may impact on PBOC benchmark interest rates. The Group optimize internal and external pricing strategy according to market changes, use pricing tools such as Funds Transfer Pricing (FTP) to guide and adjust the repricing period of business portfolio, and strengthen interest rate risk management through limit management system.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(2) Market risk (Continued)

(a) Interest rate risk (Continued)

(i) Analysis of repricing date structure

The tables below summarise the contractual repricing or maturity date, whichever is earlier, of the Group's financial assets and liabilities.

	As at 31 December 2024					Total
	Non-interest bearing	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	
Financial assets						
Cash and balances with central bank	3,667,566	47,536,440	-	-	-	51,204,006
Deposits with banks and other financial institutions	92,472	10,811,182	9,845,413	283,860	-	21,032,927
Placements with banks and other financial institutions	789,036	30,416,268	53,757,703	5,477,513	-	90,440,520
Derivative financial assets	5,295	-	-	-	-	5,295
Financial assets held under resale agreements	3,524	20,933,790	-	-	-	20,937,314
Loans and advances to customers (Note i)	1,783,748	359,784,177	219,632,546	88,466,016	14,164,195	683,830,682
Financial investments (Note ii)	68,475,365	44,727,196	90,244,627	242,787,186	181,768,756	628,003,130
Other financial assets	1,034,786	-	-	-	-	1,034,786
Total financial assets	75,851,792	514,209,053	373,480,289	337,014,575	195,932,951	1,496,488,660
Financial liabilities						
Borrowings from central bank	296,481	16,143,802	86,567,355	-	-	103,007,638
Deposits from banks and other financial institutions	6,266	1,025,476	2,000,000	-	-	3,031,742
Placements from banks and other financial institutions	353,954	12,616,550	43,804,000	4,791,254	-	61,565,758
Financial liabilities measured at fair value through profit or loss	9,878,249	-	-	-	-	9,878,249
Derivative financial liabilities	3,140	-	-	-	-	3,140
Financial assets sold under repurchase agreements	97,304	64,450,007	7,390,358	-	-	71,937,669
Deposits from customers	18,848,007	581,748,628	181,151,799	160,197,720	3	941,946,157
Debt securities issued	154,238	12,925,929	151,578,153	6,999,222	-	171,657,542
Lease liabilities	-	62,377	20,116	56,155	7,533	146,181
Other financial liabilities	10,463,750	-	-	-	29,752	10,493,502
Total financial liabilities	40,101,389	688,972,769	472,511,781	172,044,351	37,288	1,373,667,578
Interest rate risk gap	35,750,403	(174,763,716)	(99,031,492)	164,970,224	195,895,663	122,821,082

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IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(2) Market risk (Continued)

(a) Interest rate risk (Continued)

(i) Analysis of repricing date structure (Continued)

	As at 31 December 2023					Total
	Non-interest bearing	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	
Financial assets						
Cash and balances with central bank	3,163,907	52,618,793	–	–	–	55,782,700
Deposits with banks and other financial institutions	14,027	14,204,055	1,207,582	8,991	–	15,434,655
Placements with banks and other financial institutions	1,084,753	41,548,423	49,779,741	798,396	–	93,211,313
Derivative financial assets	20,911	–	–	–	–	20,911
Financial assets held under resale agreements	10,717	11,441,053	–	–	–	11,451,770
Loans and advances to customers (Note i)	1,891,885	345,556,747	196,189,454	86,615,045	17,023,619	647,276,750
Financial investments (Note ii)	47,917,100	54,235,821	91,427,391	212,602,097	192,600,398	598,782,807
Other financial assets	969,833	–	–	–	–	969,833
Total financial assets	55,073,133	519,604,892	338,604,168	300,024,529	209,624,017	1,422,930,739
Financial liabilities						
Borrowings from central bank	475,864	18,225,000	88,460,872	–	–	107,161,736
Deposits from banks and other financial institutions	351,993	21,901,703	33,670,000	–	–	55,923,696
Placements from banks and other financial institutions	418,290	15,512,895	34,859,304	550,000	–	51,340,489
Financial liabilities measured at fair value through profit or loss	8,748,274	–	–	–	–	8,748,274
Derivative financial liabilities	15,061	–	–	–	–	15,061
Financial assets sold under repurchase agreements	169,139	58,530,630	4,609,904	–	–	63,309,673
Deposits from customers	18,605,885	503,879,065	188,995,460	184,721,820	–	896,202,230
Debt securities issued	336,220	39,673,625	60,573,415	13,996,560	4,999,572	119,579,392
Lease liabilities	–	14,768	40,243	90,736	19,466	165,213
Other financial liabilities	7,601,107	–	–	–	31,331	7,632,438
Total financial liabilities	36,721,833	657,737,686	411,209,198	199,359,116	5,050,369	1,310,078,202
Interest rate risk gap	18,351,300	(138,132,794)	(72,605,030)	100,665,413	204,573,648	112,852,537

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(2) Market risk (Continued)

(a) Interest rate risk (Continued)

(i) Analysis of repricing date structure (Continued)

Note i For loans and advances to customers, the “3 months or less” category includes overdue amounts as at 31 December 2024 and 31 December 2023 net of allowances for impairment losses. Overdue amounts represent loans of which the whole or part of the principals or interests were overdue.

Note ii Financial investments comprise financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income and financial assets measured at amortised cost.

(ii) Interest rate sensitivity analysis

The following table illustrates the potential impact after taxation of a parallel upward or downward shift of 100 basis points of the yields of all the currencies on the net profit and comprehensive income of the Group, based on the structure of interest-earning assets and interest-bearing liabilities as at the balance sheet date.

	As at 31 December 2024		As at 31 December 2023	
	Net profit	Other comprehensive income	Net profit	Other comprehensive income
+100 basis points	<u>(57,229)</u>	<u>(4,199,403)</u>	<u>149,907</u>	<u>(3,663,547)</u>
- 100 basis points	<u>57,229</u>	<u>4,439,505</u>	<u>(151,180)</u>	<u>3,920,444</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(2) Market risk (Continued)

(a) Interest rate risk (Continued)

(ii) Interest rate sensitivity analysis (Continued)

Given the nature of demand deposits, their interest rate fluctuations are less volatile than those of other products; therefore the impact of yield curves movement on interest expenses related to demand deposits has been excluded.

The impact on net profits reflects the effect of certain interest rate changes on the net profits of financial assets and financial liabilities held at the end of the year and expected to be repriced or matured within the next year.

The impact on other comprehensive income reflects the effect of certain interest rate changes on fair value of debt instruments measured at fair value through other comprehensive income held at the end of the year, whose fair value changes are recorded as an element of other comprehensive income.

The above interest rate sensitivity analysis assumes that all assets and liabilities repriced or matured within three months and three months to one year are to be repriced or matured in the middle of the relevant period, and the yield curve moves in parallel with the change of interest rate, does not incorporate actions that would be taken by management to mitigate the impact of interest rate risk. As the actual situation and assumptions maybe different, the actual changes in the Group's net interest income and equity caused by the increase or decrease in interest rates may be different from the results of this sensitivity analysis.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(2) Market risk (Continued)

(b) Foreign currency risk

Foreign currency risk is the risk of loss, which results from negative movements in foreign exchange rates. The Group conducts its businesses mainly in RMB, with certain transactions denominated in USD, HKD and to a lesser extent in other currencies. The Group's foreign currency transactions mainly involve foreign currency treasury business, deposits, loans and advances, foreign exchanges and derivatives. The Group's foreign currency risk mainly arises from currency mismatch between foreign currency assets and liabilities and currency derivatives.

The Group controls foreign currency risk by setting relevant limits, taking the initiative to adjust the structure of foreign currency assets for a proper matching of currency structure of assets and liabilities, and applying appropriate exchange rate financial derivatives to manage foreign currency asset and liability portfolios and structural positions. Meanwhile, the Group conducts foreign currency sensitivity analysis on a regular basis.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(2) Market risk (Continued)

(b) Foreign currency risk (Continued)

(i) Exposure to foreign currency risk

As at the balance sheet date, the exposure to foreign currency risk are as follows:

	As at 31 December 2024				Total
	RMB	USD RMB equivalent	HKD RMB equivalent	Other currencies RMB equivalent	
Financial assets					
Cash and balances with central bank	51,164,570	39,022	414	-	51,204,006
Deposits with banks and other financial institutions	20,332,663	439,728	197,306	63,230	21,032,927
Placements with banks and other financial institutions	89,851,725	588,795	-	-	90,440,520
Derivative financial assets	3,776	1,519	-	-	5,295
Financial assets held under resale agreements	20,937,314	-	-	-	20,937,314
Loans and advances to customers	683,421,414	409,268	-	-	683,830,682
Financial investments (Note i)	627,611,723	391,407	-	-	628,003,130
Other financial assets	1,034,786	-	-	-	1,034,786
Total financial assets	1,494,357,971	1,869,739	197,720	63,230	1,496,488,660
Financial liabilities					
Borrowings from central bank	103,007,638	-	-	-	103,007,638
Deposits from banks and other financial institutions	3,031,742	-	-	-	3,031,742
Placements from banks and other financial institutions	60,899,925	665,833	-	-	61,565,758
Financial liabilities measured at fair value through profit or loss	9,878,249	-	-	-	9,878,249
Derivative financial liabilities	146	331	2,663	-	3,140
Financial assets sold under repurchase agreements	71,937,669	-	-	-	71,937,669
Deposits from customers	941,453,420	447,214	8,065	37,458	941,946,157
Debt securities issued	171,657,542	-	-	-	171,657,542
Lease liabilities	146,181	-	-	-	146,181
Other financial liabilities	10,458,076	35,090	-	336	10,493,502
Total financial liabilities	1,372,470,588	1,148,468	10,728	37,794	1,373,667,578
Net position	121,887,383	721,271	186,992	25,436	122,821,082
Loan commitments	37,526,153	82,587	-	1,562	37,610,302

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(2) Market risk (Continued)

(b) Foreign currency risk (Continued)

(i) Exposure to foreign currency risk (Continued)

	As at 31 December 2023				Total
	RMB	USD RMB equivalent	HKD RMB equivalent	Other currencies RMB equivalent	
Financial assets					
Cash and balances with central bank	55,759,424	23,149	127	-	55,782,700
Deposits with banks and other financial institutions	14,829,309	365,311	185,655	54,380	15,434,655
Placements with banks and other financial institutions	92,535,373	675,940	-	-	93,211,313
Derivative financial assets	8,415	12,425	71	-	20,911
Financial assets held under resale agreements	11,451,770	-	-	-	11,451,770
Loans and advances to customers	647,059,149	217,601	-	-	647,276,750
Financial investments (Note i)	598,640,644	142,163	-	-	598,782,807
Other financial assets	969,833	-	-	-	969,833
Total financial assets	1,421,253,917	1,436,589	185,853	54,380	1,422,930,739
Financial liabilities					
Borrowings from central bank	107,161,736	-	-	-	107,161,736
Deposits from banks and other financial institutions	55,923,696	-	-	-	55,923,696
Placements from banks and other financial institutions	51,092,141	248,348	-	-	51,340,489
Financial liabilities measured at fair value through profit or loss	8,748,274	-	-	-	8,748,274
Derivative financial liabilities	2,162	632	101	12,166	15,061
Financial assets sold under repurchase agreements	63,309,673	-	-	-	63,309,673
Deposits from customers	895,711,509	464,090	309	26,322	896,202,230
Debt securities issued	119,579,392	-	-	-	119,579,392
Lease liabilities	165,213	-	-	-	165,213
Other financial liabilities	7,590,481	41,955	-	2	7,632,438
Total financial liabilities	1,309,284,277	755,025	410	38,490	1,310,078,202
Net position	111,969,640	681,564	185,443	15,890	112,852,537
Loan commitments	42,909,358	370,075	-	6,482	43,285,915

Note i Financial investments comprise financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income and financial assets measured at amortised cost.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(2) Market risk (Continued)

(b) Foreign currency risk (Continued)

(ii) Foreign currency sensitivity analysis

The table below indicates the potential effect of an appreciation or depreciation of RMB spot and forward exchange rate against USD by 5% on net profit and equity.

	Sensitivity of net profit and equity	
	As at 31 December 2024	As at 31 December 2023
RMB5% appreciation	(27,048)	(25,559)
RMB5% depreciation	27,048	25,559

The impact on the net profit arises from the effects of movement in RMB exchange rate on the net positions of foreign monetary assets and liabilities. Changes in foreign exchange rate will not affect other comprehensive income.

The effect on the net profit is based on the assumption that the Group's net foreign currency at the end of the reporting period remains unchanged. The Group mitigates its foreign currency risk through active management of its foreign currency exposures, based on the management expectation of future foreign currency movements, and therefore the above sensitivity analysis may differ to the actual situation.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(3) Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due. This may arise from cash flow or maturity mismatches of assets and liabilities.

The Asset and Liability Management Committee of the Group mapped out the index management system of the ratios of asset and liability structure, based on the principles of liquidity, safety, and profitability; determines annual target values of these indexes in accordance with regulatory requirement and business plan; and allocates the tasks to branches for implementation.

The Group established the supervision system of indexes of asset and liability management, the liquidity reverse system, and relevant emergency management measures, to reduce the liquidity risk of the Group. The Group worked out the regulatory indicators of liquidity in accordance with the requirement of the regulator, and reported to the regulator periodically.

The assets which can be used for repaying debt and paying for the outstanding credit commitments contain cash and balances with central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions, financial assets measured at fair value through profit or loss, and so forth. In normal operation, majority of deposits will not be withdrawn immediately on the maturity date. Therefore, the Group will retain this part of cash flow.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(3) Liquidity risk (Continued)

(a) Maturity analysis

The table below summarises the maturity analysis of financial assets and liabilities by remaining contractual maturities at the end of the reporting period.

	As at 31 December 2024							Total
	Overdue/ undated	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	
Financial assets								
Cash and balances with central bank	47,228,520	3,952,338	-	23,148	-	-	-	51,204,006
Deposits with banks and other financial institutions	-	8,636,864	1,531,334	652,453	9,928,135	284,141	-	21,032,927
Placements with banks and other financial institutions	-	-	10,261,571	20,512,250	54,185,451	5,481,248	-	90,440,520
Derivative financial assets	-	-	118	1,650	2,508	1,019	-	5,295
Financial assets held under resale agreements	-	-	20,937,314	-	-	-	-	20,937,314
Loans and advances to customers	2,568,624	-	38,297,029	38,196,544	211,962,731	188,917,530	203,888,224	683,830,682
Financial investments (Note i)	1,833,626	36,419,015	5,091,419	19,188,740	97,396,914	271,073,035	197,000,381	628,003,130
Other financial assets	20,613	1,014,173	-	-	-	-	-	1,034,786
Total financial assets	51,651,383	50,022,390	76,118,785	78,574,785	373,475,739	465,756,973	400,888,605	1,496,488,660
Financial liabilities								
Borrowings from central bank	-	-	3,618,123	12,596,920	86,792,595	-	-	103,007,638
Deposits from banks and other financial institutions	-	1,026,093	-	-	2,005,649	-	-	3,031,742
Placements from banks and other financial institutions	-	-	5,491,801	7,207,708	44,047,803	4,818,446	-	61,565,758
Financial liabilities measured at fair value through profit or loss	-	4,395,322	-	353,339	4,718,586	411,002	-	9,878,249
Derivative financial liabilities	-	-	2,779	96	265	-	-	3,140
Financial assets sold under repurchase agreements	-	-	64,442,895	68,618	7,426,156	-	-	71,937,669
Deposits from customers	-	268,632,900	100,452,031	223,265,496	183,904,191	165,691,536	3	941,946,157
Debt securities issued	-	-	5,666,477	7,259,452	151,653,542	7,078,071	-	171,657,542
Lease liabilities	-	-	61,826	551	20,116	56,155	7,533	146,181
Other financial liabilities	-	5,048,060	191,410	425,753	845,192	3,449,886	533,201	10,493,502
Total financial liabilities	-	279,102,375	179,927,342	251,177,933	481,414,095	181,505,096	540,737	1,373,667,578
Net position	51,651,383	(229,079,985)	(103,808,557)	(172,603,148)	(107,938,356)	284,251,877	400,347,868	122,821,082

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(3) Liquidity risk (Continued)

(a) Maturity analysis (Continued)

	As at 31 December 2023							Total
	Overdue/ undated	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	
Financial assets								
Cash and balances with central bank	46,624,950	9,134,587	-	23,163	-	-	-	55,782,700
Deposits with banks and other financial institutions	-	10,848,825	3,204,631	159,009	1,213,164	9,026	-	15,434,655
Placements with banks and other financial institutions	-	-	9,540,096	32,604,867	50,267,253	799,097	-	93,211,313
Derivative financial assets	-	-	71	966	14,959	4,915	-	20,911
Financial assets held under resale agreements	-	-	11,451,770	-	-	-	-	11,451,770
Loans and advances to customers	2,936,734	-	39,288,110	44,366,199	181,023,146	194,993,275	184,669,286	647,276,750
Financial investments (Note i)	2,047,141	15,705,570	6,197,002	26,502,691	94,806,923	237,509,474	216,014,006	598,782,807
Other financial assets	34,097	935,736	-	-	-	-	-	969,833
Total financial assets	51,642,922	36,624,718	69,681,680	103,656,895	327,325,445	433,315,787	400,683,292	1,422,930,739
Financial liabilities								
Borrowings from central bank	-	-	7,965,619	10,735,009	88,461,108	-	-	107,161,736
Deposits from banks and other financial institutions	-	981,149	7,971,122	13,083,565	33,887,860	-	-	55,923,696
Placements from banks and other financial institutions	-	-	5,593,514	10,151,722	35,044,732	550,521	-	51,340,489
Financial liabilities measured at fair value through profit or loss	-	1,409,284	100,954	2,121,080	3,078,590	2,038,366	-	8,748,274
Derivative financial liabilities	-	-	-	-	14,139	922	-	15,061
Financial assets sold under repurchase agreements	-	-	54,617,236	4,061,709	4,630,728	-	-	63,309,673
Deposits from customers	-	270,407,938	91,828,273	148,710,246	191,224,856	194,030,917	-	896,202,230
Debt securities issued	-	-	6,462,481	33,211,144	60,629,506	14,150,377	5,125,884	119,579,392
Lease liabilities	-	-	5,554	9,214	40,243	90,736	19,466	165,213
Other financial liabilities	-	2,500,788	133,260	278,461	1,116,067	3,320,116	283,746	7,632,438
Total financial liabilities	-	275,299,159	174,678,013	222,362,150	418,127,829	214,181,955	5,429,096	1,310,078,202
Net position	51,642,922	(238,674,441)	(104,996,333)	(118,705,255)	(90,802,384)	219,133,832	395,254,196	112,852,537

Note i Financial investments comprise financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income and financial assets measured at amortised cost.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

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IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(3) Liquidity risk (Continued)

(b) Analysis of the undiscounted contractual cash flows

The tables below presents the cash flows of financial assets and financial liabilities by remaining contractual maturities at the end of each reporting period. The Group's actual cash flows on these instruments may vary significantly from this analysis.

	As at 31 December 2024							Total
	Overdue/ undated	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	
Financial assets								
Cash and balances with central bank	47,228,520	3,952,338	-	23,148	-	-	-	51,204,006
Deposits with banks and other financial institutions	-	8,636,864	1,531,520	654,444	10,041,313	290,472	-	21,154,613
Placements with banks and other financial institutions	-	-	10,270,103	20,588,030	54,823,910	5,670,699	-	91,352,742
Financial assets held under resale agreements	-	-	20,941,031	-	-	-	-	20,941,031
Loans and advances to customers	3,326,994	-	39,510,754	40,167,263	231,752,194	220,192,023	344,174,850	879,124,078
Financial investments (Note i)	1,833,626	36,419,015	6,405,663	21,809,439	108,496,588	308,580,160	219,890,423	703,434,914
Other financial assets	20,613	1,014,173	-	-	-	-	-	1,034,786
Total financial assets	52,409,753	50,022,390	78,659,071	83,242,324	405,114,005	534,733,354	564,065,273	1,768,246,170
Financial liabilities								
Borrowings from central bank	-	-	3,781,097	12,759,100	87,769,528	-	-	104,309,725
Deposits from banks and other financial institutions	-	1,026,093	-	-	2,027,130	-	-	3,053,223
Placements from banks and other financial institutions	-	-	5,496,804	7,242,633	44,645,567	5,027,724	-	62,412,728
Financial liabilities measured at fair value through profit or loss	-	4,395,322	-	353,339	4,718,586	411,002	-	9,878,249
Financial assets sold under repurchase agreements	-	-	64,453,940	68,820	7,463,401	-	-	71,986,161
Deposits from customers	-	268,632,900	100,559,162	223,984,070	185,868,103	172,719,515	4	951,763,754
Debt securities issued	-	-	5,670,000	7,290,000	153,516,153	7,276,071	-	173,752,224
Lease liabilities	-	-	62,151	1,147	22,440	60,866	7,989	154,593
Other financial liabilities	-	5,048,060	191,410	425,753	845,192	3,449,886	533,201	10,493,502
Total financial liabilities	-	279,102,375	180,214,564	252,124,862	486,876,100	188,945,064	541,194	1,387,804,159
Net position	52,409,753	(229,079,985)	(101,555,493)	(168,882,538)	(81,762,095)	345,788,290	563,524,079	380,442,011
Derivative financial instruments								
Settled by total amount								
-Total inflows	-	-	252,617	10,755	234,626	1,019	-	499,017
-Total outflows	-	-	(255,277)	(9,201)	(232,383)	-	-	(496,861)
Net position	-	-	(96)	-	(19)	-	-	(115)
Total derivative financial instruments	-	-	(2,756)	1,554	2,224	1,019	-	2,041
Loan commitments	756,772	28,583,019	1,698,407	2,607,619	2,624,035	1,309,958	30,492	37,610,302

Notes to the Consolidated Financial Statements (Continued)

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IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(3) Liquidity risk (Continued)

(b) Analysis of the undiscounted contractual cash flows (Continued)

	As at 31 December 2023							Total
	Overdue/ undated	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	
Financial assets								
Cash and balances with central bank	46,624,950	9,134,587	-	23,163	-	-	-	55,782,700
Deposits with banks and other financial institutions	-	10,848,825	3,204,675	159,838	1,226,046	9,032	-	15,448,416
Placements with banks and other financial institutions	-	-	9,547,327	32,770,608	51,020,490	823,397	-	94,161,822
Financial assets held under resale agreements	-	-	11,453,571	-	-	-	-	11,453,571
Loans and advances to customers	3,973,362	-	39,976,948	45,754,217	193,199,050	226,987,279	321,491,780	831,382,636
Financial investments (Note i)	2,047,141	15,705,570	7,529,307	28,957,746	105,881,853	280,030,146	245,834,364	685,986,127
Other financial assets	34,097	935,736	-	-	-	-	-	969,833
Total financial assets	52,679,550	36,624,718	71,711,828	107,665,572	351,327,439	507,849,854	567,326,144	1,695,185,105
Financial liabilities								
Borrowings from central bank	-	-	8,168,439	10,928,306	89,658,795	-	-	108,755,540
Deposits from banks and other financial institutions	-	981,149	7,978,393	13,114,992	34,235,192	-	-	56,309,726
Placements from banks and other financial institutions	-	-	5,601,080	10,208,472	35,656,779	584,621	-	52,050,952
Financial liabilities measured at fair value through profit or loss	-	1,409,284	100,954	2,121,080	3,078,590	2,038,366	-	8,748,274
Financial assets sold under repurchase agreements	-	-	54,624,159	4,069,565	4,659,704	-	-	63,353,428
Deposits from customers	-	270,407,938	91,920,590	149,257,635	193,518,831	203,598,312	-	908,703,306
Debt securities issued	-	-	6,470,000	33,360,000	61,615,873	15,673,507	5,355,884	122,475,264
Lease liabilities	-	-	5,971	10,053	43,428	98,304	21,993	179,749
Other financial liabilities	-	2,500,788	133,260	278,461	1,116,067	3,320,116	283,746	7,632,438
Total financial liabilities	-	275,299,159	175,002,846	223,348,564	423,583,259	225,313,226	5,661,623	1,328,208,677
Net position	52,679,550	(238,674,441)	(103,291,018)	(115,682,992)	(72,255,820)	282,536,628	561,664,521	366,976,428
Derivative financial instruments								
Settled by total amount								
-Total inflows	-	-	4,391	11,760	408,330	8,314	-	432,795
-Total outflows	-	-	(4,320)	-	(405,655)	(4,320)	-	(414,295)
Net position	-	-	-	-	(1,304)	(858)	-	(2,162)
Total derivative financial instruments	-	-	71	11,760	1,371	3,136	-	16,338
Loan commitments	1,031,915	27,898,120	2,790,064	5,135,678	5,200,103	1,202,035	28,000	43,285,915

Note i Financial investments comprise financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income and financial assets measured at amortised cost.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

48 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

- (1) *Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis*

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In estimating fair value of an asset or a liability, the Group uses market-observable data to the extent it is available such as the market price of listed equity securities on exchanges. Where Level 1 inputs are not available, fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models, including discounted cash flow analysis, using prices from observable current market transactions for similar instruments to the extent available.

The main valuation techniques used by the Group is the discounted cash flow model for financial instruments. The main inputs used in discounted cash flow model include recent transaction prices, interest rates and counterparty credit spreads, as appropriate. If these parameters used are substantively based on observable market data and/or obtainable from active open market, the instruments are classified as Level 2.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

48 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

- (1) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

The following tables give the three levels of the fair value hierarchies about carrying amount of the Group's financial instruments measured at fair value:

	As at 31 December 2024			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
Recurring fair value measurement				
Assets				
Derivative financial assets	–	5,295	–	5,295
Loans and advances to customers	–	–	63,633,636	63,633,636
Financial assets measured at fair value through profit or loss				
– Debt securities	–	14,941,035	–	14,941,035
– Funds	34,914,102	22,255,849	–	57,169,951
– Asset management plans and trust plans	1,156,803	–	23,516	1,180,319
– Interbank deposit certificates	–	10,086,339	–	10,086,339
– Wealth management products	324,594	523,415	–	848,009
– Other investments	320,204	–	8,956	329,160
Financial assets measured at fair value through other comprehensive income				
– Debt securities	–	204,325,687	–	204,325,687
– Interbank deposit certificates	–	40,499,007	–	40,499,007
– Equity instruments:	600,561	–	775,056	1,375,617
Total assets measured at fair value on a recurring basis	37,316,264	292,636,627	64,441,164	394,394,055
Liabilities				
Derivative financial liabilities	–	(3,140)	–	(3,140)
Financial liabilities measured at fair value through profit or loss	(4,395,322)	(5,482,927)	–	(9,878,249)
Total liabilities measured at fair value on a recurring basis	(4,395,322)	(5,486,067)	–	(9,881,389)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

48 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(1) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

	As at 31 December 2023			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
Recurring fair value measurement				
Assets				
Derivative financial assets	-	19,400	1,511	20,911
Loans and advances to customers	-	-	58,006,784	58,006,784
Financial assets measured at fair value through profit or loss				
– Debt securities	-	14,923,382	-	14,923,382
– Funds	13,521,392	22,584,433	-	36,105,825
– Asset management plans and trust plans	1,229,054	-	274,640	1,503,694
– Interbank deposit certificates	-	57,160,877	-	57,160,877
– Wealth management products	324,435	407,540	-	731,975
– Other investments	339,164	-	10,051	349,215
Financial assets measured at fair value through other comprehensive income				
– Debt securities	-	146,439,815	-	146,439,815
– Interbank deposit certificates	-	18,486,086	-	18,486,086
– Equity instruments:	541,799	-	768,052	1,309,851
Total assets measured at fair value on a recurring basis	<u>15,955,844</u>	<u>260,021,533</u>	<u>59,061,038</u>	<u>335,038,415</u>
Liabilities				
Derivative financial liabilities	-	(15,061)	-	(15,061)
Financial liabilities measured at fair value through profit or loss	<u>(1,409,284)</u>	<u>(7,338,990)</u>	<u>-</u>	<u>(8,748,274)</u>
Total liabilities measured at fair value on a recurring basis	<u>(1,409,284)</u>	<u>(7,354,051)</u>	<u>-</u>	<u>(8,763,335)</u>

There were no significant transfers of the Group's financial assets and liabilities between all levels during the reporting period.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

48 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(1) *Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)*

(a) Level 1 fair value measurement

If there is a reliable quoted price in an active market (such as an authorized stock exchange or an active open-end fund manager), the closing price or redemption price in the active market on the last trading day before balance sheet date shall be used as fair value.

(b) Level 2 fair value measurement

Financial instruments of the Group that are classified as level 2 mainly include debt securities, interbank deposit certificates, open-ended funds with fixed open term and WMPs.

The fair value of debt securities and interbank deposit certificates are determined using valuation results provided by the securities clearing institutions and exchanges. The fair value of open-ended funds with fixed open term and WMPs are based on net value per unit provided by managers. Observable inputs that reflect market conditions were adopted by relevant institutions in the valuation process.

(c) Level 3 fair value measurement

The Group has developed relevant processes to determine the appropriate valuation techniques and inputs used in continuous level 3 fair value measurement, and regularly review the relevant processes and the appropriateness of the determination of fair value.

Financial instruments of the Group that are classified as level 3 mainly include discounted bills, asset management plans, trust plans and unlisted foreclosed equity. Their fair values are based on net asset provided by third parties or fair values of underlying assets (mainly include bonds traded in inter-bank bond market and money market financial instruments), or calculated using discounted cash flows with unobservable inputs including risk adjusted discount rate.

The above assumptions and methods provide a unified basis for calculation of fair value of the Group's assets and liabilities. However, since other institutions may use different methods and assumptions, the fair values disclosed by different financial institutions may not be completely comparable.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

48 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

- (2) Reconciliation from the opening balances to the ending balances for fair value measurement in level 3 of the fair value hierarchy

For the year ended 31 December 2024

	As at 1 January 2024	Recognised in profit or loss	Total gains and losses during the year Recognised in other comprehensive income	Additions and settlements		As at 31 December 2024	For asset held and liabilities assumed at the end of the year, unrealized gains or losses recognised in profit or loss during the year
				Purchases	Settlements		
Assets							
Derivative instruments							
- Derivative financial assets	1,511	(709)	-	-	(802)	-	-
Loans and advances to customers							
- Loans and advances measured at fair value through other comprehensive income	58,006,784	799,453	37,897	160,242,832	(155,453,330)	63,633,636	-
Financial assets measured at fair value through profit or loss							
- Asset management plans and trust plans	274,640	(247,580)	-	-	(3,544)	23,516	(247,782)
- Other investments	10,051	2,378	-	-	(3,473)	8,956	(1,095)
Financial assets measured at fair value through other comprehensive income							
- Unlisted equity securities	768,052	-	6,730	274	-	775,056	-
Total	<u>59,061,038</u>	<u>553,542</u>	<u>44,627</u>	<u>160,243,106</u>	<u>(155,461,149)</u>	<u>64,441,164</u>	<u>(248,877)</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

48 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

- (2) Reconciliation from the opening balances to the ending balances for fair value measurement in level 3 of the fair value hierarchy (Continued)

For the year ended 31 December 2023

	As at 1 January 2023	Recognised in profit or loss	Total gains and losses during the year Recognised in other comprehensive income	Additions and settlements		As at 31 December 2023	For asset held and liabilities assumed at the end of the year, unrealized gains or losses recognised in profit or loss during the year
				Purchases	Settlements		
Assets							
Derivative instruments							
– Derivative financial assets	1,473	(4,682)	-	4,720	-	1,511	(4,682)
Loans and advances to customers							
– Loans and advances measured at fair value through other comprehensive income	51,220,270	829,048	60,529	125,261,880	(119,364,943)	58,006,784	-
Financial assets measured at fair value through profit or loss							
– Asset management plans and trust plans	8,317,248	(696,840)	-	195	(7,345,963)	274,640	(697,042)
– Other investments	12,630	(2,579)	-	-	-	10,051	(2,579)
Financial assets measured at fair value through other comprehensive income							
– Unlisted equity securities	8,000	-	(321,691)	1,081,743	-	768,052	-
Total	59,559,621	124,947	(261,162)	126,348,538	(126,710,906)	59,061,038	(704,303)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

48 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

- (3) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not measured at their fair values. Financial assets and liabilities for which the carrying amounts approximate their fair values, such as balances with central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions, financial assets held under resale agreements, loans and advances to customers, borrowings from central bank, deposits from banks and other financial institutions, placements from banks and other financial institutions, financial assets sold under repurchase agreements and Deposits from customers are not included in the table below.

	As at 31 December 2024		As at 31 December 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets measured at amortised cost	<u>297,248,006</u>	<u>318,104,431</u>	<u>321,772,087</u>	<u>333,257,319</u>
Financial liabilities				
Debt securities issued	<u>171,657,542</u>	<u>172,087,632</u>	<u>119,579,392</u>	<u>119,751,404</u>

Fair values of these financial assets and financial liabilities not measured at fair value are determined as follows:

- Fair values of investments in debt securities, interbank deposit certificates and debt securities issued are measured based on the quotes provided by the securities clearing institutions. Observable inputs that reflect market conditions are used by quotation institutions when preparing the quotation.
- There is no quoted price of market or referable organisations for trust plans and debt financing plans included in financial assets measured at amortised cost. Therefore, fair values of those investments are determined by using the discounted cash flow method with credit risk adjusted yield curve of relevant investments at the end of the reporting period.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

49 CAPITAL MANAGEMENT

The goal of the Group's capital management is to mainly accumulate internal capital, with external capital as supplement, to effectively balance capital supply and demand, to strengthen capital restrictions and guidance to the business, so as to maintain a capital level that is consistently higher than regulatory requirements, and to reserve a certain room for margin and buffer as security.

The Group calculate capital adequacy ratios in accordance with the Administrative Measures on the Capital of Commercial Banks issued by NFRA from January 1, 2024. The credit risk was measured at weight method, the market risk was measured at simplified standard method and the operational risk was measured at standard method. As at 31 December 2024 and 31 December 2023, the Group is in compliance with these legal and regulatory requirements.

More details of capital management, please refer to the 2024 Pillar 3 Report published in the "investor relations – capital supervision" column on the website of the Bank.

	As at 31 December	
	2024	2023
Net core tier-one capital	<u>126,455,855</u>	<u>116,457,176</u>
Net tier-one capital	<u>132,591,896</u>	<u>122,587,810</u>
Net capital base	<u>143,119,967</u>	<u>137,660,257</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

50 STATEMENT OF FINANCIAL POSITION AND MOVEMENT OF RESERVES OF THE BANK

	Note IV	As at 31 December	
		2024	2023
Assets			
Cash and balances with central bank		51,033,250	55,589,974
Deposits with banks and other financial institutions		16,615,217	9,960,822
Placements with banks and other financial institutions		95,716,854	98,683,759
Derivative financial assets		5,295	20,911
Financial assets held under resale agreements		20,046,623	7,776,567
Loans and advances to customers		617,652,748	585,073,500
Financial investments:			
– Financial assets measured at fair value through profit or loss		92,681,870	121,458,132
– Financial assets measured at fair value through other comprehensive income		212,286,948	137,674,113
– Financial assets measured at amortised cost		297,044,653	321,772,087
Investment in subsidiaries	18 (1)	5,721,725	5,620,279
Investments in associates	18 (2)	509,682	477,343
Property and equipment		3,725,153	4,016,672
Rights-of-use assets		156,120	156,218
Goodwill		440,129	440,129
Deferred tax assets		11,296,158	11,198,161
Other assets		1,698,580	1,466,983
Total assets		1,426,631,005	1,361,385,650

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

50 STATEMENT OF FINANCIAL POSITION AND MOVEMENT OF RESERVES OF THE BANK (Continued)

	Note IV	As at 31 December	
		2024	2023
Liabilities			
Borrowings from central bank		102,992,205	107,119,117
Deposits from banks and other financial institutions		3,485,466	56,335,177
Placements from banks and other financial institutions		13,275,998	6,081,883
Financial liabilities measured at fair value through profit or loss		–	100,954
Derivative financial liabilities		3,140	15,061
Financial assets sold under repurchase agreements		59,100,800	51,725,106
Deposits from customers		939,463,267	893,928,148
Accrued staff costs		5,926,256	5,599,618
Debt securities issued		171,657,542	119,579,392
Income tax payable		452,700	399,934
Lease liabilities		138,954	135,495
Other liabilities		5,506,539	3,259,955
Total liabilities		<u>1,302,002,867</u>	<u>1,244,279,840</u>
Equity			
Share capital	34	11,357,000	11,357,000
Other equity instruments	35	5,997,648	5,997,648
Capital reserve		21,023,997	21,023,997
Investment revaluation reserve		3,016,459	127,915
Actuarial changes reserve		(862,331)	(718,608)
Surplus reserve	38	15,872,212	14,822,232
General reserve		19,090,015	18,017,334
Retained earnings		49,133,138	46,478,292
Total equity		<u>124,628,138</u>	<u>117,105,810</u>
Total liabilities and equity		<u>1,426,631,005</u>	<u>1,361,385,650</u>

The financial statements were approved and authorised for issue by the Board of Directors on 25 March 2025.

SUI JUN
EXECUTIVE DIRECTOR
AND PRESIDENT

ZHANG JIN
HEAD OF ACCOUNTING
DEPARTMENT

(COMPANY CHOP)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

50 STATEMENT OF FINANCIAL POSITION AND MOVEMENT OF RESERVES OF THE BANK (Continued)

Reserve movement of the Bank

	Capital reserve	Other equity instruments	Investment revaluation reserve	Actuarial changes reserve	Surplus reserve	General reserve	Retained earnings
As at 1 January 2024	21,023,997	5,997,648	127,915	(718,608)	14,822,232	18,017,334	46,478,292
Profit for the year	-	-	-	-	-	-	10,499,802
Other comprehensive income	-	-	2,888,544	(143,723)	-	-	-
Total comprehensive income for the year	-	-	2,888,544	(143,723)	-	-	10,499,802
Appropriation to surplus reserve	-	-	-	-	1,049,980	-	(1,049,980)
Appropriation to general reserve	-	-	-	-	-	1,072,681	(1,072,681)
Dividends paid to ordinary equity holders	-	-	-	-	-	-	(5,484,295)
Dividends paid to other equity instrument holders	-	-	-	-	-	-	(238,000)
As at 31 December 2024	21,023,997	5,997,648	3,016,459	(862,331)	15,872,212	19,090,015	49,133,138

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

50 STATEMENT OF FINANCIAL POSITION AND MOVEMENT OF RESERVES OF THE BANK (Continued)

Reserve movement of the Bank (Continued)

	Capital reserve	Other equity instruments	Investment revaluation reserve	Actuarial changes reserve	Surplus reserve	General reserve	Retained earnings
As at 1 January 2023	21,023,997	5,997,648	(538,501)	(575,800)	13,841,815	16,892,911	42,099,254
Profit for the year	-	-	-	-	-	-	9,804,168
Other comprehensive income	-	-	666,416	(142,808)	-	-	-
Total comprehensive income for the year	-	-	666,416	(142,808)	-	-	9,804,168
Appropriation to surplus reserve	-	-	-	-	980,417	-	(980,417)
Appropriation to general reserve	-	-	-	-	-	1,124,423	(1,124,423)
Dividends paid to ordinary equity holders	-	-	-	-	-	-	(3,082,290)
Dividends paid to other equity instrument holders	-	-	-	-	-	-	(238,000)
As at 31 December 2023	21,023,997	5,997,648	127,915	(718,608)	14,822,232	18,017,334	46,478,292

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

51 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS

- (1) According to section 383 of the Hong Kong Companies Ordinance, the emoluments and retirement benefits of directors for the year ended 31 December 2024 and 31 December 2023 are disclosed in Note IV 6, payments or benefits in respect of termination of directors' services, material interests of directors in transactions, arrangements or contracts entered into by the Bank or another company in the same group of companies, and consideration provided to or receivable by third parties for making available the services of a person as a director or in any other capacity is not material during the year 2024 (2023: not material).
- (2) Principal balance of loans and credit transactions provided to certain controlled body corporates and connected entities of directors and supervisors:

Name of the borrower	As at 31 December 2023	As at 31 December 2024	Maximum outstanding during the year 2024	Amounts fallen due but not been paid as at 31 December 2024	Provisions as at 31 December 2024	Term	Interest Rate (%)	Security
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Connected entities	3,460,000	3,750,000	3,750,000	-	17,698	2 years	2.23 – 3.65	Guarantee
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Name of the borrower	As at 31 December 2022	As at 31 December 2023	Maximum outstanding during the year 2023	Amounts fallen due but not been paid as at 31 December 2023	Provisions as at 31 December 2023	Term	Interest Rate (%)	Security
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Connected entities	5,596,505	3,460,000	3,525,000	-	75,556	3 years	2.43 – 3.90	Guarantee
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Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

52 EVENTS AFTER THE REPORTING PERIOD

On 25 March 2025, as proposed by the Board of Directors of the Bank, the Bank passed the 2024 annual profit distribution plan, which was disclosed in Note IV 10 Dividends, Note IV 38 Surplus Reserve and Note IV 39 General Reserve. It takes effect after the resolution is passed at the shareholders' meeting.

Besides the items mentioned above, the Group and the Bank have no significant events after the reporting period.

Unaudited Supplementary Financial Information

For the year ended 31 December 2024

(Amounts in millions of Renminbi, unless otherwise stated)

LIQUIDITY RATIO

(EXPRESSED IN PERCENTAGE)

The Group

	As at 31 December	
	2024	2023
RMB current assets to RMB current liabilities	93.99	91.42
Foreign currency current assets to foreign currency current liabilities	<u>53.58</u>	<u>87.62</u>

LIQUIDITY COVERAGE RATIO

(EXPRESSED IN PERCENTAGE)

The Group

	As at 31 December	
	2024	2023
Liquidity coverage ratio	<u>562.36</u>	<u>414.05</u>

Unaudited Supplementary Financial Information (Continued)

For the year ended 31 December 2024

(Amounts in millions of Renminbi, unless otherwise stated)

CURRENCY CONCENTRATIONS

The Group

	Equivalent in Renminbi			
	USD	HKD	Others	Total
As at 31 December 2024				
Spot assets	1,627.1	198.2	63.5	1,888.8
Spot liabilities	(924.6)	(199.3)	(37.8)	(1,161.7)
Forward purchases	122.3	253.3	–	375.6
Forward sales	(122.1)	–	–	(122.1)
Net position	702.7	252.2	25.7	980.6

	Equivalent in Renminbi			
	USD	HKD	Others	Total
As at 31 December 2023				
Spot assets	1,415.7	186.9	52.9	1,655.5
Spot liabilities	(784.2)	(187.5)	(4,438.6)	(5,410.3)
Forward purchases	209.2	–	4,412.2	4,621.4
Forward sales	(216.9)	–	–	(216.9)
Net position	623.8	(0.6)	26.5	649.7

Unaudited Supplementary Financial Information (Continued)

For the year ended 31 December 2024

(Amounts in millions of Renminbi, unless otherwise stated)

INTERNATIONAL CLAIMS

The Group is principally engaged in business operations within Mainland China, the Group's international claims are the sum of cross-border claims in all currencies and local claims in foreign currencies.

International claims include balances with central banks, deposits with banks and other financial institutions, placements with banks and other financial institutions and loans and advances to customers.

International claims are disclosed based on different countries or regions. A country or region is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfer. Risk transfer is only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

	Banks and other financial institutions	Non-bank private sectors	Total
As at 31 December 2024			
Asia Pacific	1,127.9	807.9	1,935.8
– of which attributed to Hong Kong	320.0	–	320.0
North America	188.6	–	188.6
Europe	16.2	–	16.2
Total	1,332.7	807.9	2,140.6

	Banks and other financial institutions	Non-bank private sectors	Total
As at 31 December 2023			
Asia Pacific	1,081.6	364.2	1,445.8
– of which attributed to Hong Kong	265.6	–	265.6
North America	193.1	–	193.1
Europe	31.2	–	31.2
Total	1,305.9	364.2	1,670.1

Unaudited Supplementary Financial Information (Continued)

For the year ended 31 December 2024

(Amounts in millions of Renminbi, unless otherwise stated)

SUMMARY OF INFORMATION ON GEOGRAPHICAL SEGMENTS

When information is prepared based on the geographical segments, total operating income is allocated in accordance with the locations of branches recording the income. The table below sets forth the total operating income attributable to county area branches and urban area branches for the periods indicated.

	Year ended 31 December 2024			Year ended 31 December 2023		
	Country Area ⁽¹⁾	Urban Area	Total	Country Area ⁽¹⁾	Urban Area	Total
Net interest income	12,973.5	9,521.0	22,494.5	5,658.9	17,834.2	23,493.1
Net fee and commission income	720.8	891.3	1,612.1	802.1	989.2	1,791.3
Net trading gains	0.1	2,388.0	2,388.1	0.1	1,886.3	1,886.4
Share of profits of associates	–	34.6	34.6	–	22.7	22.7
Other operating income, net	28.9	273.7	302.6	29.4	445.1	474.5
Net gains on derecognition of financial assets measured at fair value through other comprehensive income	–	131.4	131.4	–	243.8	243.8
Net gains on derecognition of financial assets measured at amortised cost	–	1,267.9	1,267.9	–	45.4	45.4
Total operating income	13,723.3	14,507.9	28,231.2	6,490.5	21,466.7	27,957.2
Internal transfer of income and expenses	–	–	–	8,098.2	(8,098.2)	–
Income after adjustment	<u>13,723.3</u>	<u>14,507.9</u>	<u>28,231.2</u>	<u>14,588.7</u>	<u>13,368.5</u>	<u>27,957.2</u>

- (1) County Area refers to regions other than Urban Area of Chongqing City. The information of County Area also includes the information of the twelve village and township bank subsidiaries and the information of Qujing Branch.

Unaudited Supplementary Financial Information (Continued)

For the year ended 31 December 2024

(Amounts in millions of Renminbi, unless otherwise stated)

ABSTRACT OF GEOGRAPHICAL SEGMENTS

(Expressed in percentage)	As at 31 December 2024		As at 31 December 2023	
	Country Area	Urban Area	Country Area	Urban Area
Deposits	73.53	26.47	72.18	27.82
Loans	48.38	51.62	49.30	50.70
Assets	52.77	47.23	51.93	48.07
Loan-deposit ratio	<u>49.89</u>	<u>147.87</u>	<u>51.57</u>	<u>137.62</u>

(Expressed in percentage)	As at 31 December 2024		As at 31 December 2023	
	Country Area	Urban Area	Country Area	Urban Area
Return on average total assets	0.76	0.85	0.86	0.73
Net fee and commission income to operating income	5.25	6.14	5.50	7.40
Cost-to-income ratio	<u>33.74</u>	<u>30.71</u>	<u>34.08</u>	<u>34.20</u>

Unaudited Supplementary Financial Information (Continued)

For the year ended 31 December 2024

(Amounts in millions of Renminbi, unless otherwise stated)

CAPITAL ADEQUACY RATION

The Group calculated the following core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio in accordance with the Administrative Measures on the Capital of Commercial Banks and relevant requirements promulgated by regulator.

	As at 31 December	
	2024	2023
Core tier-one capital adequacy ratio	14.24%	13.53%
Tier-one capital adequacy ratio	14.93%	14.24%
Capital adequacy ratio	16.12%	15.99%
Components of capital base		
Core tier-one capital:		
Share capital	11,357,000	11,357,000
Valid portion of capital reserve	20,892,772	20,895,218
Surplus reserve and general reserve	36,251,930	33,939,947
Retained earnings	53,486,813	50,008,344
Valid portion of non-controlling interests	1,037,946	997,399
Others	4,147,550	(24,388)
Total core tier-one capital	127,174,011	117,173,520
Deductions:		
Goodwill	(440,129)	(440,129)
Other intangible assets	(283,217)	(283,999)
Other deductible items from core tier-one capital	5,190	7,784
Net core tier-one capital	126,455,855	116,457,176
Other tier-one capital:		
Other equity instruments	5,997,648	5,997,648
Non-controlling interests	138,393	132,986
Net tier-one capital	132,591,896	122,587,810
Tier-two capital		
Valid portion of tier-two capital instruments issued and related premium	–	5,000,000
Surplus provision for loan impairment	10,251,285	9,806,474
Valid portion of non-controlling interests	276,786	265,973
Net capital base	143,119,967	137,660,257
Risk-weighted assets:		
Credit risk-weighted assets	830,354,125	794,324,413
Market risk-weighted assets	5,923,987	11,692,838
Operational risk-weighted assets	51,774,504	54,867,679