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泸州银行股份有限公司*
LUZHOU BANK CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock code: 1983)

2024 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the "**Board**") of Luzhou Bank Co., Ltd. (the "**Bank**") hereby announces the audited consolidated annual results of the Bank for the year ended December 31, 2024. This results announcement, containing the full text of the 2024 annual report of the Bank, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of annual results.

The Bank's 2024 annual report will be available for viewing on the HKEXnews website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Bank at www.lzccb.cn in due course.

By order of the Board
Luzhou Bank Co., Ltd.*
YOU Jiang
Chairman

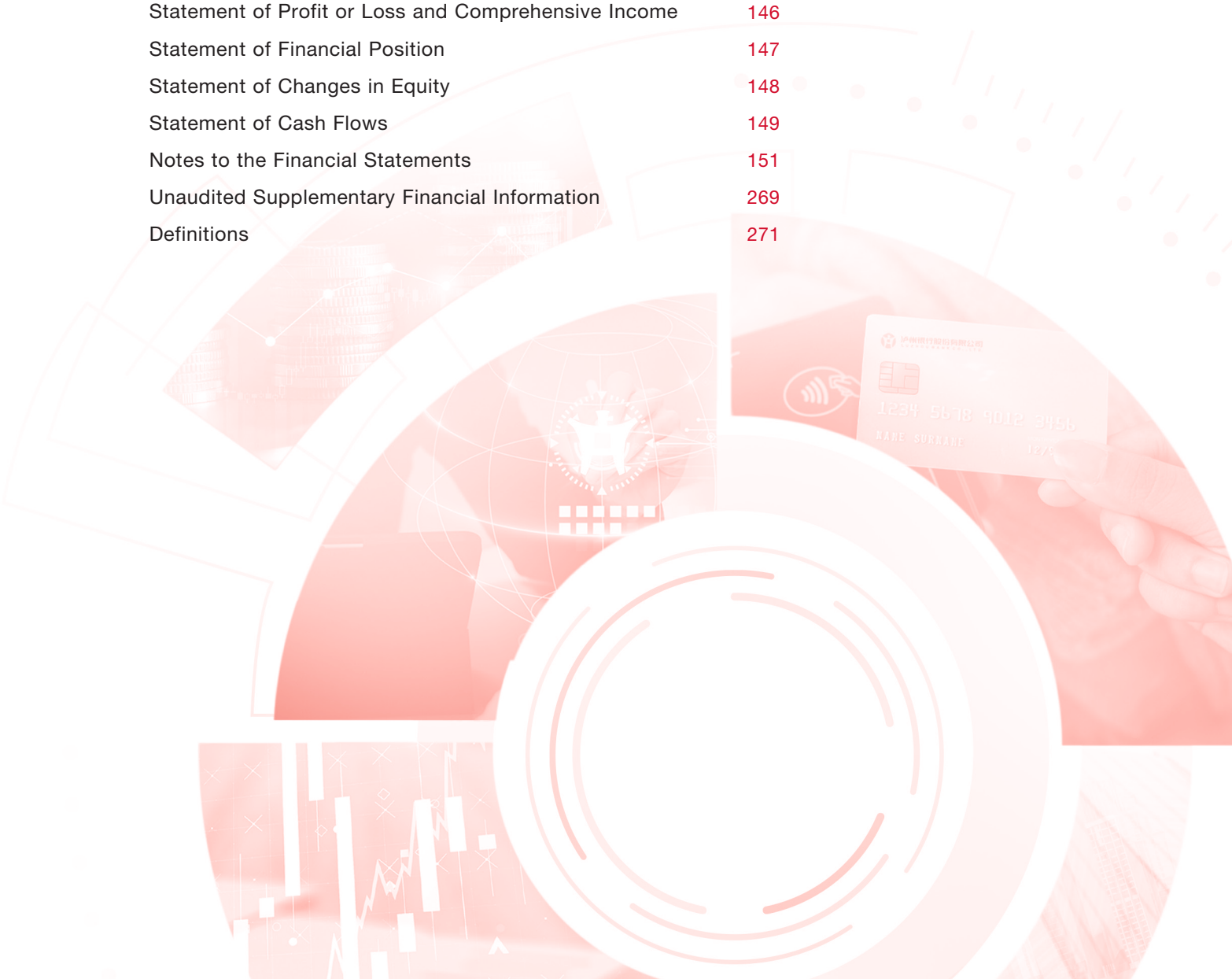
Luzhou, the PRC, March 26, 2025

As at the date of this announcement, the Board comprises Mr. YOU Jiang and Mr. LIU Shirong as executive Directors, Ms. PAN Lina, Mr. XIONG Guoming, Mr. LUO Huoming and Ms. CHEN Ping as non-executive Directors and Mr. ZHONG Jin, Mr. GAO Jinkang, Mr. CHING Yu Lung and Mr. HAN Zirong as independent non-executive Directors.

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

Contents

Corporate Overview	2
Accounting Data and Financial Indicators Summary	5
Chairman's Statement	7
President's Statement	9
Management Discussion and Analysis	11
Changes in Share Capital and Information on Shareholders	53
Directors, Supervisors, Senior Management and Employees	60
Corporate Governance Report	85
Directors' Report	126
Report of the Board of Supervisors	135
Important Events	138
Independent Auditor's Report	140
Statement of Profit or Loss and Comprehensive Income	146
Statement of Financial Position	147
Statement of Changes in Equity	148
Statement of Cash Flows	149
Notes to the Financial Statements	151
Unaudited Supplementary Financial Information	269
Definitions	271



Corporate Overview

I. CORPORATE PROFILE

(I) Legal Names

1. Legal Chinese name: 泸州银行股份有限公司
   (Abbreviation in Chinese: 泸州银行)
2. Legal English name: LUZHOU BANK CO., LTD.
   (Abbreviation in English: LUZHOU BANK)

(II) Registered Capital: RMB2,717,752,062

(III) Legal Representative: Mr. YOU Jiang

(IV) Authorized Representatives: Mr. LIU Shirong, Ms. ZHANG Xiao

(V) Joint Company Secretary: Mr. MING Yang, Ms. ZHANG Xiao

(VI) Listing Exchange of H Shares: The Stock Exchange of Hong Kong Limited

(VII) Abbreviated Stock Name and Stock Code: LUZHOU BANK (1983.HK)

(VIII) Registered Address: Building 1, No. 18, Section 3, Jiucheng Avenue, Jiangyang District, Luzhou City, Sichuan Province, the PRC

(IX) Principal Place of Business in Hong Kong: 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong

(X) Contact Address:
Building 1, No. 18 Section 3 Jiucheng Avenue, Jiangyang District, Luzhou City, Sichuan Province, the PRC
Post Code: 646000
Website: www.lzccb.cn

(XI) Address for Inspection of this Annual Report: Office of the Board of Directors of the Bank

(XII) Auditor
International: *PricewaterhouseCoopers*
Address: 22/F, Prince's Building, Central, Hong Kong

Domestic: *PricewaterhouseCoopers Zhong Tian Limited Liability Partnership (Special General Partnership)*
Address: 11/F, PricewaterhouseCoopers Center, 2 Corporate Avenue, 202 Hu Bin Road, Huangpu District, Shanghai, PRC

(XIII) PRC Legal Advisor: JunHe LLP, Shanghai Office

(XIV) Hong Kong Legal Advisor: Clifford Chance

(XV) H Share Registrar and Transfer Office: Computershare Hong Kong Investor Services Limited

(XVI) Registration Date: September 15, 1997

(XVII) Registration Authority: Luzhou City Administration for Market Regulation in Sichuan Province, the PRC

(XVIII) Unified Social Credit Code: 91510500708926271U

(XIX) Financial License Institution Number: B0210H251050001

(XX) Customer Service and Complaints Hotline: 0830-96830

(XXI) Tel: 0830-2362606

(XXII) Fax: 0830-3100625

(XXIII) E-mail: ir@lzccb.cn

II. CORPORATE INFORMATION

Headquartered in Luzhou City, the PRC, Luzhou Bank was established on September 15, 1997 as approved by the PBOC. The Bank has Chengdu Branch, Meishan Branch and Suining Branch, with a total of 41 operating outlets established. As of the end of the Reporting Period, our total assets amounted to RMB171,000 million; our total customer loans amounted to RMB103,928 million, and our total customer deposits amounted to RMB135,314 million.

Our H Shares have been listed on the Main Board of Hong Kong Stock Exchange on December 17, 2018 (stock code: 1983).

III. MAJOR HONORS ACHIEVED IN 2024

In the 2024 "GYROSCOPE" evaluation system of the China Banking Association, it ranked 15th overall, and ranked 1st in terms of employee's communication and coordination skills;

Selected as one of the "Top 1000 World Banks 2024" by The Banker;

In the Banking ESG Development Report released by China Financial Media Corporation, it was included in the "TOP 20 of ESG Comprehensive Performance of City Commercial Banks";

Its new generation of e-banking business platform won the "Best Technological Innovation Award" in the 2024 Informatization Innovation "Competition" Financial Special Session co-sponsored by the Information Technology Application Innovation Working Committee of the China Electronics Standardization Association and other organizations;

Won the "2024 Excellent Case in Inclusive Finance Service Innovation" issued by The Chinese Banker;

Won the "2024 Excellence Award for Mobile Banking" at the 2024 Annual Conference of Hexun Finance China & the 22nd China's Financial Annual Champion Awards;

Awarded the title of "Caring Unit" by the Red Cross Society of China Luzhou Branch.

Accounting Data and Financial Indicators Summary

Item	2024	2023	Year-on-year change	2022	2021	2020
Operating results (RMB'000)			**change (%)**			
Net interest income	**3,518,668**	3,088,261	13.94	3,258,171	2,938,204	2,756,442
Net fee and commission income	**173,506**	102,948	68.54	94,051	57,420	5,085
Operating income	**5,209,013**	4,770,347	9.20	3,901,997	3,776,319	3,154,720
Operating expenses	**(1,794,319)**	(1,722,652)	4.16	(1,575,183)	(1,507,790)	(1,176,666)
Expected credit losses/other impairment losses	**(1,632,529)**	(1,799,374)	(9.27)	(1,315,882)	(1,337,972)	(1,242,241)
Profit before income tax	**1,784,764**	1,250,790	42.69	1,014,482	934,306	740,250
Net profit	**1,275,665**	994,237	28.31	807,529	734,257	576,074
Net profit attributable to shareholders of the Bank	**1,275,665**	994,237	28.31	807,529	734,257	576,074
Per share (RMB)			**change**			
Net assets per share attributable to our shareholders [1]	**3.73**	3.40	0.33	3.13	2.95	3.20
Basic earnings per share [2]	**0.43**	0.33	0.10	0.26	0.24	0.21
Diluted earnings per share	**0.43**	0.33	0.10	0.26	0.24	0.21

Item	2024	2023	Year-on-year change	2022	2021	2020
Scale indicators (RMB'000)			**change (%)**			
Total assets	**170,999,572**	157,636,383	8.48	148,629,827	134,510,128	118,886,259
Of which: net customer loans [3]	**98,585,035**	88,465,685	11.44	79,999,395	72,236,192	57,585,311
Total liabilities	**158,559,168**	146,709,384	8.08	138,434,211	124,807,971	109,937,310
Of which: customer deposits	**135,314,340**	117,624,516	15.04	109,445,657	94,768,521	85,223,104
Share capital	**2,717,752**	2,717,752	–	2,717,752	2,717,752	2,264,793
Equity attributable to our shareholders of the Bank	**12,440,404**	10,926,999	13.85	10,195,616	9,702,157	8,948,949
Total equity	**12,440,404**	10,926,999	13.85	10,195,616	9,702,157	8,948,949
Profitability indicators (%)			**change**			
Return on average total assets [4]	**0.78**	0.65	0.13	0.57	0.58	0.55
Return on average equity [5]	**11.24**	9.36	1.88	8.13	7.89	7.11
Net interest spread [6]	**2.71**	2.69	0.02	2.51	2.59	2.75
Net interest margin [7]	**2.49**	2.39	0.10	2.46	2.49	2.78
Net fee and commission income to operating income [8]	**3.33**	2.16	1.17	2.41	1.52	0.16
Cost-to-income ratio [9]	**32.57**	34.86	(2.29)	38.87	38.59	36.09
Asset quality indicators (%)			**change**			
NPL ratio	**1.19**	1.35	(0.16)	1.53	1.42	1.83
Allowance coverage ratio	**435.19**	372.42	62.77	256.93	262.49	187.43
Allowance to gross loan ratio	**5.18**	5.01	0.17	3.93	3.72	3.43

Accounting Data and Financial Indicators Summary

Item	2024	2023	Year-on-year change	2022	2021	2020
Capital adequacy indicators (%)			**change**			
Core tier-one capital adequacy ratio [10]	**8.27**	8.12	0.15	8.10	8.05	8.11
Tier-one capital adequacy ratio [10]	**10.15**	9.61	0.54	9.72	9.75	10.01
Capital adequacy ratio [10]	**13.12**	12.74	0.38	13.01	13.36	13.87
Other indicators (%)			**change**			
Liquidity ratio	**84.10**	80.14	3.96	73.47	87.79	83.02

Notes:

(1) Net assets per share attributable to our shareholders = (equity attributable to our shareholders – other equity instruments)/the number of ordinary shares at the end of the period.

(2) Basic earnings per share are calculated by dividing the net profit for the year/period attributable to our shareholders by the weighted average number of ordinary shares during the period.

(3) Net customer loans = total customer loans – impairment allowance on customer loans.

(4) Return on average total assets = net profit/the average balance of total assets at the beginning and the end of the period.

(5) Return on average equity = net profit attributable to our shareholders of ordinary shares/the weighted average balance of equity attributable to our shareholders of ordinary shares at the beginning and the end of the period.

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

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

(8) Net fee and commission income to operating income = net fee and commission income/operating income.

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

(10) The capital adequacy ratio related indicators in the above table were calculated in accordance with the Capital Administrative Measures for Commercial Banks《(商業銀行資本管理辦法》) and other relevant regulatory requirements.

Chairman's Statement

The year 2024 has been one of resilience and determination, marked by steadfast progress despite challenges. Under the strong leadership of the Luzhou Municipal Committee of the Communist Party of China (the "Party") (the "Luzhou Municipal Party Committee") and the Luzhou Municipal People's Government, and with the unwavering support of our Shareholders, we have remained committed to the overarching principle of seeking progress while maintaining stability. Adhering to our original aspiration of providing people-centered financial services, we have dedicated ourselves to making the right but often difficult decisions, diligently advancing our business operations and management. As a result, we have delivered an outstanding performance with high-quality and efficient results.

Over the past year, we have taken more resolute steps toward high-quality growth. Proactively responding to market dynamics, we have adopted a coordinated approach across both assets and liabilities, driving deep business transformation to achieve a dynamic balance and development among quality, efficiency, and scale. Our deposit interest rate and liability costs decreased by 33 and 30 basis points (BP), respectively, while our net interest margin and net interest spread increased by 10 and 2 BPs, respectively. Notably, the net profit growth has exceeded 20% for two consecutive years. Innovation has played a pivotal role in our progress. After four years of dedicated effort, we successfully issued RMB500 million Small and Micro Enterprise Loan Asset-Backed Securities (SME Loan ABS), becoming the first bank in Sichuan Province to do so. This initiative has established a long-term mechanism for securitizing existing loans, securing additional funding, and expanding our lending capacity. Our reputation has continued to improve, and in the 2024 "GYROSCOPE" evaluation system ranking by the China Banking Association, we ranked 15th among city commercial banks nationwide, with our employees' communication and coordination skills ranked No. 1.

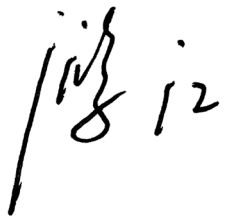
Over the past year, we have enhanced our governance to unleash greater internal momentum. We have upheld the integration of Party leadership with the enhancement of corporate governance. In line with regulatory requirements and both domestic and international legal frameworks, we revised our Articles of Association and refined our "3-Vital-1-Major" Decision-making System, further strengthening our governance framework. We have also enhanced our board structure construction by actively appointing new independent directors and improving the operations of special committees under the Board of Directors, leading to continuous improvements in the Board's professionalism and effectiveness. Additionally, we have bolstered capital management and replenishment, successfully issuing RMB600 million in perpetual bonds, further enhancing our risk resilience. Comprehensive rectification of issues identified through internal inspections has been completed, with effective long-term mechanisms established to sustain these improvements. Furthermore, we have thoroughly implemented Party discipline learning and education in line with the directives of higher-level Party committees.

Chairman's Statement

Over the past year, we have strengthened our foundation to cultivate long-term development advantages. Institutional optimization efforts have accelerated significantly, with 85% of our current institutional development plan completed. We have actively embraced financial technology advancements trend, increasing resource investment and accelerating the research and application of artificial intelligence, the Internet of Things, and other emerging technologies. Seven key projects, including corporate credit lending and next-generation electronic banking, have been successfully launched, significantly enhancing our technological capabilities and fostering a culture of innovation that supports overall business growth. Talent building has been a key focus, with improvements to the management of cadres and personnel. We have expanded career development channels and recruited 188 new employees, with 86% holding a bachelor's degree or higher, further optimizing our workforce structure and enhancing organizational vitality. By identifying and promoting exemplary management practices, we have fostered greater learning and collaboration across branches and departments, strengthening our corporate culture of mutual support and shared growth.

Over the past year, we have served the real economy with unwavering dedication and passion. We remain steadfast in our mission to support the real economy, aligning our resource allocation optimisation and product service innovation efforts with the "five priorities" of financial development. We have continuously strengthened our support for key local sectors and advantageous industries, launching over 30 specialized products, 23 of which are available for online processing, making us the first bank in Sichuan Province to offer online real estate mortgage loans. Our loan balance in Luzhou has reached RMB69.27 billion, reflecting a 13.6% increase, solidifying our position as the city's largest lender for the seventh consecutive year. We have also contributed RMB1.383 billion in tax payments, an increase of 21.1%, ranking as Luzhou's third-largest taxpayer. To broaden funding sources and reduce financing costs for small and micro enterprises, we issued RMB1.8 billion in dedicated financial bonds for small and micro business loans and utilized RMB6.2 billion in PBOC's relending to support the development of small and micro enterprises, ranking first among city commercial banks in Sichuan Province in terms of scale. During the third round of Sichuan's financial policy interaction (2021 to the first quarter of 2024), we facilitated RMB193 million in interest subsidies for small and micro enterprises, accounting for 30.68% of the province's total and ranking first among Sichuan's banking institutions.

Great achievements stem from great aspirations, and broad success is built on diligence. Our Board of Directors will continue working alongside the management team and all employees to foster a strong and ambitious mindset. On our journey toward precision, speed, and strength, we will remain committed to high-quality development, striving to create greater value for our customers, Shareholders, and employees while making a more significant contribution to the real economy.



Chairman
YOU Jiang

President's Statement

In 2024, against the backdrop of a complex and evolving macroeconomic landscape and intensifying industry competition, our management team, together with all employees, demonstrated resilience and determination. We deeply advanced business transformation and internal reforms, continuously refined our capabilities in precision management, and maintained a steady growth trajectory with sustained progress.

Over the past year, we have achieved sustained growth in business performance. Centered on the operational objectives set by the Board of Directors, we were committed to driving balanced, coordinated, and sustainable business development. Our assets and liabilities scale grew steadily, with total assets, deposits, and loans increasing by 8.48%, 15.04%, and 11.70%, respectively. The business structure was further optimized, with the proportion of deposits in total liabilities increasing by 5.16 percentage points to 85.34%, while personal deposits accounted for 58.92% of total deposits, increasing by 1.32 percentage points. Profitability improved steadily, with revenue and net profit rising by 9.2% and 28.3%, respectively. Our net interest margin expanded by 10 BPs to 2.49%, return on capital increased by 1.88 percentage points to 11.24%, and return on assets improved by 0.13 percentage point to 0.78%.

Over the past year, we have deepened our business transformation. Amid profound shifts in the external environment, we proactively adapted to change, encouraged the entire bank to face challenges head-on, maintained marketing resilience, and advanced business transformation with determination. We continued to drive down liability costs, adjusting deposit rates five times in response to policy trends and business needs, while expanding our low-cost deposit base, leading to a 33-BP decline in deposit interest rate. By optimizing our product offerings and enhancing service quality, we strengthened our engagement with high-quality enterprises, resulting in an increase of 79,000 customers to a total of 1.531 million. Our base of high-quality clients expanded both in size and quality, with acquiring customers growing by 18%, driving a 27% increase in current deposit balances. We also optimized credit resource allocation and diversified our funding channels, successfully issuing RMB1.8 billion in SME bonds and RMB500 million in SME Loan ABS, making us the first bank in Sichuan Province to issue SME Loan ABS.

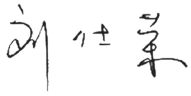
Over the past year, we have reinforced our risk management with greater effectiveness. We remained steadfast in upholding our risk management principles, continuously enhancing our risk control framework, and implementing targeted measures to mitigate legacy risks while preventing new loan risks. By reinforcing differentiated risk management across branches, we effectively balanced growth with security. We adhered strictly to non-performing loan (NPL) classification standards, ensuring that all loans overdue for more than 90 days were classified as non-performing, representing 85.16% of total NPLs, with over half of loans overdue for 60 to 90 days also classified as non-performing. We intensified risk management in key industries and priority sectors, ramped up efforts in non-performing asset recovery and disposal, and established a top-level response mechanism where major risk loans were directly addressed by the Chairman and President. As a

President's Statement

result, both the volume and ratio of NPLs declined, with the NPL ratio falling by 0.16 percentage point to 1.19%, 0.57 percentage point lower than the national average for urban commercial banks, marking our Bank's best level in the past five years. At the same time, we significantly increased provisioning, raising our provision coverage ratio by 62.77 percentage points to 435.19%, further strengthening our risk buffer.

Over the past year, we have enhanced precision in internal management. We have made every effort to strengthen our development foundation, continuously building internal growth momentum. Institutional and policy frameworks were continuously refined, with 137 new or revised policies introduced – an increase of 57% over the previous year – demonstrating a notable acceleration in policy optimization and enhancement in quality. Our technological and management systems constructions were also strengthened, unleashing the potential of digital innovation. We successfully integrated and upgraded key projects, including our corporate credit and next-generation electronic banking platform, significantly improving responsiveness and system development efficiency. We strengthened team building and cultivation, with 188 high-caliber professionals recruited, a second round of comprehensive employee assessments completed, and 79 outstanding employees promoted, while 38 employees were either demoted or had their salaries adjusted. This reinforced a performance-driven culture where promotions, workforce mobility, and compensation adjustments were based on merit. As a result, our teams further enhanced their capabilities in business development, risk management, and comprehensive operations.

With new challenges ahead and the journey far from over, we press forward with unwavering determination. In 2025, we will remain firmly aligned with the strategic direction and objectives set by the Board of Directors, steadfast in our commitment to business transformation. We will strengthen asset-liability coordination, continuously enhance our operational strength and core competitiveness, and strive for high-quality development.



President
LIU Shirong

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

1 ENVIRONMENT AND PROSPECT

In 2024, the global economy faced weakening growth momentum, competition between major powers, escalating geopolitical conflicts, and intensifying trade protectionism, exacerbating the adverse effects of external uncertainties. Confronted with mounting external pressures and increasing internal challenges, the Chinese government responded with composure, implementing a comprehensive and adaptive macroeconomic policy framework. Through dynamic adjustments and innovative regulatory measures, China maintained overall economic stability, achieved steady progress, and successfully met its key development objectives, reinforcing the trajectory of high-quality growth. The country's GDP exceeded RMB134 trillion, growing by 5% year-on-year, placing China among the leaders in economic growth among major global economies. The Chengdu-Chongqing Double City Economic Circle recorded a GDP of RMB8.6 trillion, reflecting a 4.9% year-on-year growth, with its share of national GDP rising from 6.3% to over 6.5%. This significantly enhanced its role in driving high-quality development in both Western China and the nation as a whole. Sichuan Province maintained steady economic progress, with its GDP reaching RMB6.47 trillion, ranking fifth nationwide, reflecting a 5.7% year-on-year growth, exceeding the national average by 0.7 percentage point, and demonstrating new achievements in high-quality development.

Looking ahead, while the adverse impacts of external changes may continue to deepen and the pains of domestic economic transformation may persist, the fundamental strengths underpinning China's economy – its stability, numerous advantages, resilience, and vast potential – remain unchanged. The long-term positive trajectory and favorable structural conditions continue to provide strong support, positioning China as the primary engine of global economic growth. Sichuan Province, where our bank primarily operates, boasts a strategic location, abundant resources, a large population, and a solid industrial foundation. Benefiting from multiple policy incentives, the province is actively advancing its development strategy of "synchronous development of new industrialization, informatization, urbanization and agricultural modernization, integration of urban and rural, and co-prosperity of five districts" ("四化同步、城鄉融合、五區共興"). This strategic approach is expected to further drive economic recovery and sustained growth. As a key hub on the southern flank of the Chengdu-Chongqing Double City Economic Circle, Luzhou has demonstrated strong development momentum in recent years through deepening regional collaboration, optimizing industrial planning, enhancing infrastructure, and expanding openness and cooperation.

The new year presents both opportunities and challenges. We will thoroughly implement the guiding principles of the Central Financial Work Conference, and the decisions and plans of the central, provincial and municipal governments. We will continue to move forward with greater determination, align ourselves with the evolving trends of the times, and proactively embrace the new challenges and changes in the banking industry. During this ongoing reform process, we will strengthen risk management, consolidate our business foundation, and further enhance our development capacity, so as to deliver outstanding performance and generate greater returns for our valued investors.

2 DEVELOPMENT STRATEGIES

In 2025, the Bank will focus on high-quality development goals, adhere to the advancement of business transformation and the continuous optimization of asset structure. It constantly reduces debt costs through innovation measures, increases the proportion of high-quality customers, and further strengthens the whole-process management and control of credit risks, to proactively prevent reputational risks. It consistently enhances the investment in the financial technology field, to consolidate the financial technology foundation, and actively integrates into the overall regional economic development layout closely centering around the characteristic development strategy of the Chengdu-Chongqing Double City Economic Circle and the development of Luzhou "One body Two Wings". It strives to build a distinctive city commercial bank in the process of serving local economic development for coordinated development, mutual benefit and a win-win situation between itself and the regional economy.

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

3 CORPORATE CULTURE

In 2024, the Bank vigorously cultivates corporate culture, outlines, refines, summarizes and improves its spiritual and cultural connotations, adhering to the principle of "launching a core system" and the "three long-term loves", namely continuously guiding our staff to love the financial business, love Luzhou Bank and love all the staff of Luzhou Bank for a long time, so as to provide quality, efficient, convenient and value-added comprehensive financial services to our customers with strong cultural strength and enthusiasm and forged ahead towards the goals of being more accurate, faster, and stronger.

4 ANALYSIS OF STATEMENTS OF PROFITS

4.1 Financial results highlights

Unit: RMB'000

Item	2024	2023
Net interest income	**3,518,668**	3,088,261
Net fee and commission income	**173,506**	102,948
Net gains on trading activities, net gains on financial investments and other operating income	**1,516,839**	1,579,138
Operating expenses	**(1,794,319)**	(1,722,652)
Expected credit losses/other impairment losses	**(1,632,529)**	(1,799,374)
Share of profits of associates	**2,599**	2,469
Profit before income tax	**1,784,764**	1,250,790
Income tax expenses	**(509,099)**	(256,553)
Net profit	**1,275,665**	994,237
Of which: net profit attributable to shareholders of the Bank	**1,275,665**	994,237

In 2024, the Bank's profit before income tax amounted to RMB1,785 million, representing an increase of RMB534 million or 42.69% as compared to the previous year, and the net profit amounted to RMB1,276 million, representing an increase of RMB281 million or 28.31% as compared to the previous year. The following table sets forth the impacts of changes in the Bank's major profit or loss items on profit before income tax for the year 2024.

Unit: RMB'000

Item	Amount
Profit before income tax in 2023	1,250,790
Changes in 2024	
Changes in net interest income	**430,407**
Changes in net fee and commission income	**70,558**
Changes in net gains on trading activities, net gains on financial investments and other operating income	**(62,299)**
Changes in operating expenses	**(71,667)**
Changes in expected credit losses/other impairment losses	**166,845**
Changes in share of profits of an associate	**130**
Profit before income tax in 2024	**1,784,764**

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

4.2 Operating income

In 2024, the Bank's operating income amounted to RMB5,209 million, representing an increase of RMB439 million or 9.20% as compared to the previous year, of which net interest income accounted for 67.55%, representing an increase of 2.81 percentage points as compared to the previous year. Net non-interest income amounted to RMB1,690 million, accounting for 32.45%. The following table sets forth the year-on-year comparison of the components of the Bank's operating income in the past five years.

Unit: %

Item	2024	2023	2022	2021	2020
Net interest income	**67.55**	64.74	83.50	77.81	87.38
Net fee and commission income	**3.33**	2.16	2.41	1.52	0.16
Net gains on trading activities, net gains on financial investments and other operating income	**29.12**	33.10	14.09	20.67	12.46
Total	**100.00**	100.00	100.00	100.00	100.00

4.3 Net interest income

In 2024, the Bank's net interest income amounted to RMB3,519 million, representing an increase of RMB430 million or 13.94% as compared to the previous year, mainly due to the expansion of the scale of interest-earning assets and decrease in the average cost rate of interest-bearing liabilities. The following table sets forth the average balance, interest income/expense and average yield/cost rate of the assets and liabilities of the Bank for the periods indicated. The average balances of interest-earning assets and interest-bearing liabilities are daily average balances.

Unit: RMB'000

Item	2024 Average balance	2024 Interest income/ expense (audited)	2024 Average yield/cost rate	2023 Average balance	2023 Interest income/ expense (audited)	2023 Average yield/cost rate
Interest-earning assets						
Customer loans	**103,199,273**	**6,294,893**	**6.10%**	89,336,658	5,798,101	6.49%
Investments [1]	**25,032,464**	**1,034,877**	**4.13%**	26,921,724	1,239,347	4.60%
Due from and placements with banks and other financial institutions [2]	**3,911,236**	**71,552**	**1.83%**	3,916,139	77,241	1.97%
Balances with central bank	**9,388,738**	**116,453**	**1.24%**	8,950,451	108,894	1.22%
Total	**141,531,711**	**7,517,775**	**5.31%**	129,124,972	7,223,583	5.59%

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

Unit: RMB'000

Item	2024 Average balance	2024 Interest income/ expense (audited)	2024 Average yield/cost rate	2023 Average balance	2023 Interest income/ expense (audited)	2023 Average yield/cost rate
Interest-bearing liabilities						
Customer deposits	**129,917,106**	**3,393,775**	**2.61%**	119,810,615	3,522,977	2.94%
Due to and placements with banks and other financial institutions (3)	**5,529,923**	**124,379**	**2.25%**	6,771,571	145,122	2.14%
Debt securities issued	**12,319,432**	**361,890**	**2.94%**	11,054,889	360,377	3.26%
Others	**6,163,449**	**119,063**	**1.93%**	5,154,391	106,846	2.07%
Total	**153,929,910**	**3,999,107**	**2.60%**	142,791,466	4,135,322	2.90%
Net interest income	**–**	**3,518,668**	**–**	–	3,088,261	–
Net interest spread	**–**	**–**	**2.71%**	–	–	2.69%
Net interest margin	**–**	**–**	**2.49%**	–	–	2.39%

Notes:

(1) Investments indicated in section 4.3 include credit related financial assets, financial assets at fair value through other comprehensive income and financial assets measured at amortised cost.

(2) Amounts due from and placements with banks and other financial institutions indicated in section 4.3 include financial assets held under resale agreements.

(3) Amounts due to and placements with banks and other financial institutions indicated in section 4.3 include financial assets sold under repurchase agreements.

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

In 2024, the average balance of interest-earning assets was RMB141,532 million, representing an increase of RMB12,407 million or 9.61% as compared to the previous year, mainly due to an increase in the scale of loans. Net interest margin was 2.49%, representing an increase of 0.10 percentage point as compared to the previous year, mainly due to a decrease in the cost rate on interest-earning liabilities, the increase in net interest income was higher than the increase in the scale of interest-earning assets. Net interest spread was 2.71%, representing an increase of 0.02 percentage point as compared to the previous year, mainly because the decrease in the average cost rate of the Bank's interest-bearing liabilities was higher than that of the average yield on interest-earning assets.

The following table sets forth the distribution of changes in the Bank's interest income and interest expense due to volume and interest rate changes for the periods indicated: the volume changes were measured by changes in average balance; interest rate changes were measured by changes in average interest rate, and changes in interest income and expense due to volume and interest rate changes were included in the changes in interest income and expense due to volume changes.

Unit: RMB'000

Item	2024 vs. 2023 Due to volume	2024 vs. 2023 Due to interest rate	2024 vs. 2023 Net increase (decrease)
Assets			
Customer loans	845,584	(348,792)	496,792
Investments	(78,104)	(126,366)	(204,470)
Due from and placements with banks and other financial institutions	(89)	(5,600)	(5,689)
Balances with central bank	5,436	2,123	7,559
Changes in interest income	**772,827**	**(478,635)**	**294,192**
Liabilities			
Customer deposits	264,008	(393,210)	(129,202)
Due to and placements with banks and other financial institutions	(27,927)	7,184	(20,743)
Debt securities issued	37,147	(35,634)	1,513
Others	19,492	(7,275)	12,217
Changes in interest expense	**292,720**	**(428,935)**	**(136,215)**
Changes in net interest income	**480,107**	**(49,700)**	**430,407**

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

4.4 Interest income

In 2024, the Bank's interest income amounted to RMB7,518 million, representing an increase of RMB294 million or 4.07% as compared to the previous year, mainly due to an increase in the average balance of interest-earning assets, provided that the increase in the interest income was partially offset by the decrease in the average yield on interest-earning assets. The interest income from customer loans and investments constituted the major part of the interest income of the Bank.

Interest income from customer loans

In 2024, the Bank's interest income from customer loans amounted to RMB6,295 million, representing an increase of RMB497 million or 8.57% as compared to the previous year. The following table sets forth the average balance, interest income and average yield of each component of the customer loans of the Bank for the periods indicated.

Unit: RMB'000

Item	2024 Average balance	2024 Interest income	2024 Average yield	2023 Average balance	2023 Interest income	2023 Average yield
Corporate loans	**89,697,357**	**5,570,681**	**6.21%**	76,118,961	5,013,256	6.59%
Personal loans	**13,501,916**	**724,212**	**5.36%**	13,217,697	784,845	5.94%
Total loans	**103,199,273**	**6,294,893**	**6.10%**	89,336,658	5,798,101	6.49%

Interest income from investments

In 2024, the Bank's interest income from investments amounted to RMB1,035 million, representing a decrease of RMB204 million or 16.50% as compared to the previous year, mainly due to a decrease in both the investment volume and the average yield.

Interest income from deposits and placements with banks and other financial institutions

In 2024, the Bank's interest income from deposits and placements with banks and other financial institutions amounted to RMB72 million, representing a decrease of RMB6 million or 7.37% as compared to the previous year, mainly due to a decrease in the average yield on deposits and placements with banks and other financial institutions.

Interest income from balances with central bank

In 2024, the Bank's interest income from balances with central bank amounted to RMB116 million, representing an increase of RMB8 million or 6.94% as compared to the previous year, mainly due to an increase in the average balance of deposits and placements with central bank.

4.5 Interest expense

In 2024, the Bank's interest expense amounted to RMB3,999 million, representing a decrease of RMB136 million or 3.29% as compared to the previous year, mainly due to a decrease in the average cost rate of interest-bearing liabilities. Interest expenses on customer deposits and debt securities issued constituted the major part of the interest expense of the Bank.

Interest expense on customer deposits

In 2024, the Bank's interest expense on customer deposits amounted to RMB3,394 million, representing a decrease of RMB129 million or 3.67% as compared to the previous year. The following table sets forth the average balance, interest expense and average cost rate of each component of the Bank's customer deposits for the periods indicated.

Unit: RMB'000

Item	2024 Average balance	2024 Interest income	2024 Average cost rate	2023 Average balance	2023 Interest income	2023 Average cost rate
Corporate deposits	**55,470,395**	**1,068,612**	**1.93%**	54,445,259	1,246,139	2.29%
Personal deposits	**74,446,711**	**2,325,163**	**3.12%**	65,365,356	2,276,838	3.48%
Total deposits	**129,917,106**	**3,393,775**	**2.61%**	119,810,615	3,522,977	2.94%

Interest expense on amounts due to and placements with banks and other financial institutions

In 2024, the Bank's interest expense on amounts due to and placements with banks and other financial institutions amounted to RMB124 million, representing a decrease of RMB21 million or 14.29% as compared to the previous year, mainly due to a decrease in the average balance of amounts due to and placements with banks and other financial institutions.

Interest expense on debt securities issued

In 2024, the Bank's interest expense on debt securities issued amounted to RMB362 million, which remained stable with the previous year.

4.6 Net non-interest income

In 2024, the Bank's net non-interest income amounted to RMB1,690 million, representing an increase of RMB8 million or 0.49% as compared to the previous year. The net fee and commission income as a percentage of operating income was 3.33%, representing an increase of 1.17 percentage points as compared to the previous year. The following table sets forth the major components of the Bank's net non-interest income for the periods indicated.

Unit: RMB'000

Item	2024	2023
Fee and commission income	**218,324**	138,329
Less: fee and commission expense	**(44,818)**	(35,381)
Net fee and commission income	**173,506**	102,948
Net gains on trading activities, net gains on financial investments and other operating income	**1,516,839**	1,579,138
Total net non-interest income	**1,690,345**	1,682,086

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

4.7 Net fee and commission income

In 2024, the Bank's net fee and commission income amounted to RMB173.506 million, representing an increase of RMB70.558 million or 68.54% as compared to the previous year.

Unit: RMB'000

Item	2024	2023
Commission income from settlement services	**2,773**	1,707
Commission income from bank card services	**1,317**	1,333
Commission income from agency services	**2,969**	2,172
Commission income from guarantees and credit commitments	**6,121**	3,771
Commission income from wealth management agency service	**199,652**	127,209
Commission income from investment banking services	**4,930**	1,698
Other commission income	**562**	439
Total	**218,324**	138,329
Fee and commission expenses	**(44,818)**	(35,381)
Net fee and commission income	**173,506**	102,948

In 2024, the Bank's commission income from settlement services amounted to RMB2.773 million, representing an increase of RMB1.066 million or 62.45% as compared to the previous year. Commission income from bank card services amounted to RMB1.317 million, representing a decrease of RMB16,000 or 1.20% as compared to the previous year. Commission income from agency services amounted to RMB2.969 million, representing an increase of RMB0.797 million or 36.69% as compared to the previous year. Commission income from guarantees and credit commitments amounted to RMB6.121 million, representing an increase of RMB2.350 million or 62.32% as compared to the previous year. Commission income from wealth management agency services amounted to RMB199.652 million, representing an increase of RMB72.443 million or 56.95% as compared to the previous year, mainly due to the increase in the fee income recognized from non-principal protected wealth management products issued. Commission income from investment banking services amounted to RMB4.930 million, representing an increase of RMB3.232 million or 190.34% as compared to the previous year. Other commission income amounted to RMB0.562 million, representing an increase of RMB0.123 million or 28.02% as compared to the previous year.

4.8 Net gains on trading activities, net gains on financial investments and other operating income

In 2024, the Bank's net gains on trading activities, net gains on financial investments and other operating income amounted to a total gain of RMB1,517 million, representing a decrease of RMB62 million or 3.95% as compared to the previous year. Among which, net gains on trading activities decreased by RMB231 million as compared to the previous year. Other operating income increased by RMB263 million as compared to the previous year, mainly due to the income from the disposal of foreclosed assets. The following table sets forth the major components of the Bank's net gains on trading activities, net gains on financial investments and other operating income for the periods indicated.

Unit: RMB'000

Item	2024	2023
Net gains on trading activities	**939,889**	1,170,999
Net gains on financial investments	**259,888**	354,063
Other operating income	**317,062**	54,076
Total	**1,516,839**	1,579,138

4.9 Operating expenses

In 2024, the Bank's operating expenses amounted to RMB1,794 million, representing an increase of RMB72 million or 4.16% as compared to the previous year. Among them, staff costs increased by RMB52 million or 6.18% as compared to the previous year; tax and surcharges increased by RMB38 million or 64.17% as compared to the previous year. The following table sets forth the major components of the Bank's operating expenses for the periods indicated.

Unit: RMB'000

Item	2024	2023
Staff costs (including Directors' and supervisors' emoluments (allowance inclusive))	**895,572**	843,484
Business and administrative expenses	**544,169**	582,009
Depreciation and amortization	**178,824**	167,300
Tax and surcharges	**97,677**	59,498
Professional service fees	**24,356**	28,843
Expenditures on public welfare donations	**7,341**	11,266
Rental fees	**3,550**	4,467
Auditors' remuneration	**3,180**	3,050
Others	**39,650**	22,735
Total	**1,794,319**	1,722,652

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

4.10 Expected credit losses/Other assets impairment losses

In 2024, the Bank's expected credit losses/other assets impairment losses amounted to RMB1,633 million, representing a decrease of RMB167 million or 9.27% as compared to the previous year. The following table sets forth the major components of the Bank's expected credit losses for the periods indicated.

Unit: RMB'000

Item	2024	2023
ECL for customer loans at amortised cost	**1,210,928**	1,558,980
ECL for customer loans – FVOCI	**(2,402)**	(12,790)
ECL for financial investments – credit related financial assets	**(145,602)**	200,435
ECL for financial assets measured at amortised cost	**478,168**	65,771
ECL for financial assets – FVOCI	**66,096**	(23,599)
ECL for financial assets held under resale agreements, due from other banks and financial institutions	**(5,241)**	359
Credit losses for guarantee commitments	**22,756**	3,359
ECL for other receivables	**102**	461
Other assets impairment losses	**7,724**	6,398
Total	**1,632,529**	1,799,374

Expected credit losses on loans constituted the largest part of expected credit losses/other impairment losses on assets. In 2024, the expected credit losses on loans (including discounted bills) amounted to RMB1,209 million, representing a decrease of RMB338 million or 21.84% as compared to the previous year.

(The financial data of the Bank expressed in RMB unless otherwise stated)

5 ANALYSIS OF MAJOR ITEMS OF THE STATEMENT OF FINANCIAL POSITION

5.1 Assets

As of the end of 2024, the Bank's total assets amounted to RMB171,000 million, representing an increase of RMB13,363 million or 8.48% as compared to the end of the previous year, mainly due to the increase of the Bank's customer loans. The following table sets forth the components of the Bank's total assets as of the dates indicated.

Unit: RMB'000

Item	December 31, 2024		December 31, 2023	
	Amount	**% of total**	Amount	% of total
Gross amount of customer loans	**103,927,573**	**60.78**	93,038,601	59.02
ECL allowance on loans at amortised cost	**(5,342,538)**	**(3.12)**	(4,572,916)	(2.90)
Net customer loans	**98,585,035**	**57.66**	88,465,685	56.12
Cash and balances with central bank	**10,234,384**	**5.99**	9,078,649	5.76
Due from and placements with banks and other financial institutions	**729,137**	**0.43**	5,050,528	3.20
Financial investments – credit related financial assets	**2,110,510**	**1.23**	1,738,496	1.10
Financial investments – financial assets at fair value through profit or loss	**32,867,602**	**19.22**	28,448,399	18.05
Financial investments – financial assets at fair value through other comprehensive income	**3,349,139**	**1.96**	6,568,084	4.17
Financial investments – amortised cost	**19,564,015**	**11.44**	14,793,402	9.38
Investment in associates	**57,542**	**0.03**	54,943	0.04
Fixed assets	**755,887**	**0.44**	780,104	0.49
Construction in progress	**298,682**	**0.17**	216,926	0.14
Deferred income tax assets	**1,708,908**	**1.00**	1,451,661	0.92
Other assets	**738,731**	**0.43**	989,506	0.63
Total assets	**170,999,572**	**100.00**	157,636,383	100.00

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

Customer loans

As of the end of 2024, the gross amount of customer loans amounted to RMB103,928 million, representing an increase of RMB10,889 million or 11.70% as compared to the end of the previous year; net customer loans amounted to RMB98,585 million, representing an increase of RMB10,119 million or 11.44% as compared to the end of the previous year. The following table sets forth the customer loans of the Bank by product type as of the dates indicated.

Unit: RMB'000

Item	December 31, 2024		December 31, 2023	
	Amount	**% of total**	Amount	% of total
Corporate loans	**89,635,993**	**86.25**	78,308,970	84.17
Discounted bills	**202,219**	**0.19**	277,686	0.30
Personal loans	**13,432,458**	**12.92**	13,869,937	14.91
Accrued interest	**656,903**	**0.64**	582,008	0.62
Gross amount of customer loans	**103,927,573**	**100.00**	93,038,601	100.00
Less: ECL allowance on loans at amortised cost	**(5,342,538)**	**–**	(4,572,916)	–
Net customer loans	**98,585,035**	**–**	88,465,685	–

Corporate loans

As of the end of 2024, the Bank's total corporate loans amounted to RMB89,636 million, representing an increase of RMB11,327 million or 14.46% as compared to the end of the previous year, accounting for 86.25% of the total customer loans, representing an increase of 2.08 percentage points as compared to the end of the previous year.

Discounted bills

As of the end of 2024, the Bank's total discounted bills amounted to RMB202 million, representing a decrease of RMB75 million or 27.18% as compared to the end of the previous year, accounting for 0.19% of the total customer loans, representing a decrease of 0.11 percentage point as compared to the end of the previous year. The decrease in the Bank's total discounted bills was primarily due to the Bank's decreased holding of discounted bills to balance its credit asset structure, taking into account market competition and its loan balance.

Personal loans

As of the end of 2024, the Bank's personal loans amounted to RMB13,432 million, representing a decrease of RMB437 million or 3.15% as compared to the end of the previous year, accounting for 12.92% of the total customer loans, representing a decrease of 1.99 percentage points as compared to the end of the previous year. The continual increase in the Bank's personal loans was primarily due to the Bank's successful development and marketing of its personal loan business, in particular personal business loans.

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

Investments

As of the end of 2024, the carrying value of the Bank's investments amounted to RMB57,891 million, representing an increase of RMB6,343 million or 12.30% as compared to the end of the previous year. The following table sets forth the components of the Bank's investment portfolio as of the dates indicated.

Unit: RMB'000

Item	December 31, 2024 Amount	December 31, 2024 % of total	December 31, 2023 Amount	December 31, 2023 % of total
Financial investments—credit related financial assets	**2,110,510**	**3.65**	1,738,496	3.37
Financial investments—financial assets at fair value through profit or loss	**32,867,602**	**56.77**	28,448,399	55.19
Financial investments—financial assets at fair value through other comprehensive income	**3,349,139**	**5.79**	6,568,084	12.74
Financial investments—amortised cost	**19,564,015**	**33.79**	14,793,402	28.70
Total	**57,891,266**	**100.00**	51,548,381	100.00

Financial investments – credit related financial assets

The Bank's credit related financial assets are corporate loans extended through consolidated structured entities (trust and asset management plans). The following table sets forth the components of the Bank's credit related financial assets as of the dates indicated.

Unit: RMB'000

Item	December 31, 2024	December 31, 2023
Financial investments—credit related financial assets —Trust and asset management plans	**2,449,967**	2,218,000
ECL allowance	**(513,551)**	(659,153)
Accrued interest	**174,094**	179,649
Total	**2,110,510**	1,738,496

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

Financial investments – financial assets at fair value through profit or loss

The following table sets forth the components of the Bank's financial assets at fair value through profit or loss as of the dates indicated.

Unit: RMB'000

Item	December 31, 2024	December 31, 2023
Financial investments – financial assets at fair value through profit or loss		
—Listed in Hong Kong	**128,184**	–
—Listed outside Hong Kong	**6,048,815**	5,909,543
—Unlisted	**26,690,603**	22,538,856
Total	**32,867,602**	28,448,399

Financial investments –financial assets at fair value through other comprehensive income

The following table sets forth the components of the Bank's financial assets at fair value through other comprehensive income as of the dates indicated.

Unit: RMB'000

Item	December 31, 2024	December 31, 2023
Financial investments –financial assets at FVOCI		
—Listed outside Hong Kong	**478,718**	1,553,584
—Listed in Hong Kong	**35,942**	35,453
—Unlisted	**2,773,642**	4,841,682
Subtotal	**3,288,302**	6,430,719
Accrued interest	**60,837**	137,365
Total	**3,349,139**	6,568,084

Financial investments – amortised cost

The following table sets forth the components of the Bank's financial assets measured at amortised cost as of the dates indicated.

Unit: RMB'000

Item	December 31, 2024	December 31, 2023
Financial investments – amortised cost		
—Listed in Hong Kong	**–**	35,414
—Listed outside Hong Kong	**2,701,168**	3,342,833
—Unlisted	**17,009,362**	11,801,932
Subtotal	**19,710,530**	15,180,179
Accrued interest	**430,980**	392,062
Less: ECL allowance	**(577,495)**	(778,839)
Total	**19,564,015**	14,793,402

5.2 Liabilities

As of the end of 2024, the Bank's total liabilities amounted to RMB158,559 million, representing an increase of RMB11,850 million or 8.08% as compared to the end of the previous year, mainly due to the stable increase in deposits from customers. The following table sets forth the components of the Bank's total liabilities as of the dates indicated.

Unit: RMB'000

Item	December 31, 2024 Amount	December 31, 2024 % of total	December 31, 2023 Amount	December 31, 2023 % of total
Customer deposits	**135,314,340**	**85.34**	117,624,516	80.17
Due to banks and other financial institutions	**2,591,181**	**1.63**	7,153,622	4.88
Borrowings from central bank	**6,258,007**	**3.95**	6,050,233	4.12
Tax payable	**566,790**	**0.36**	527,878	0.36
Debt securities issued	**12,746,164**	**8.04**	14,179,588	9.67
Other liabilities	**1,082,686**	**0.68**	1,173,547	0.80
Total liabilities	**158,559,168**	**100.00**	146,709,384	100.00

Customer deposits

As of the end of 2024, the Bank's total customer deposits amounted to RMB135,314 million, representing an increase of RMB17,690 million or 15.04% as compared to the end of the previous year, accounting for 85.34% of the Bank's total liabilities, being the Bank's primary source of funding. The following table sets forth the components of the Bank's deposits from customers by product type and customer type as of the dates indicated.

Unit: RMB'000

Item	December 31, 2024 Amount	December 31, 2024 % of total	December 31, 2023 Amount	December 31, 2023 % of total
Corporate deposits	**52,552,528**	**38.84**	47,318,577	40.23
Demand deposits	**40,296,213**	**29.78**	39,339,964	33.45
Time deposits	**12,256,315**	**9.06**	7,978,613	6.78
Personal deposits	**79,726,256**	**58.92**	67,750,902	57.60
Demand deposits	**17,656,345**	**13.05**	15,845,346	13.47
Time deposits	**62,069,911**	**45.87**	51,905,556	44.13
Accrued interest	**3,035,556**	**2.24**	2,555,037	2.17
Total deposits from customers	**135,314,340**	**100.00**	117,624,516	100.00

As of the end of 2024, the Bank's corporate demand deposits accounted for 29.78% of total deposits from customers, representing a decrease of 3.67 percentage points as compared to the end of the previous year. Among those deposits, corporate demand deposits accounted for 76.68% of corporate deposits, representing a decrease of 6.46 percentage points as compared to the end of the previous year; and personal demand deposits accounted for 22.15% of personal deposits, representing a decrease of 1.24 percentage points as compared to the end of the previous year.

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

Due to banks and other financial institutions

As of the end of 2024, the Bank's deposits from banks and other financial institutions amounted to RMB2,591 million, representing a decrease of RMB4,562 million or 63.78% as compared to the end of the previous year.

Debt securities issued

As of the end of 2024, the debt securities issued amounted to RMB12,746 million, representing a decrease of RMB1,433 million or 10.11% as compared to the end of the previous year.

5.3 Equity attributable to shareholders

As of the end of 2024, the Bank's equity attributable to shareholders amounted to RMB12,440 million, representing an increase of RMB1,513 million or 13.85% as compared to the end of the previous year.

Unit: RMB'000

Item	December 31, 2024	December 31, 2023
Share capital	**2,717,752**	2,717,752
Other equity instruments	**2,296,704**	1,696,824
Capital surplus	**1,786,355**	1,786,355
Other reserves	**3,012,101**	2,727,309
Retained earnings	**2,627,492**	1,998,759
Total equity attributable to shareholders	**12,440,404**	10,926,999

6 OTHER FINANCIAL INFORMATION

6.1 Analysis of off-balance sheet items

The Bank's off-balance sheet items include credit commitments, operating lease commitments and capital commitments. Credit commitments are the most principal components and as of the end of the Reporting Period, the balance of credit commitments amounted to RMB1,911 million.

6.2 Overdue and outstanding debts

As of the end of the Reporting Period, the Bank had no overdue or outstanding debts.

6.3 Assets pledged

As of the end of the Reporting Period, some of the Bank's assets were pledged as collaterals under repurchase agreements with banks and other financial institutions, please refer to Note 37 to the financial statements for details.

7 ANALYSIS OF LOAN QUALITY

During the Reporting Period, the Bank continued to strengthen its dynamic monitoring on loan quality, thoroughly implemented various regulatory policies, continuously strengthened internal management, resolved loan risks through multiple ways and channels, and enhanced risk control ability, with the level of provision coverage meeting regulatory requirements and the loan quality continuously maintaining stable. As at the end of the Reporting Period, the Bank's total principals of loans amounted to RMB103,271 million, representing an increase of 11.70% as compared to the end of the previous year; total NPLs amounted to RMB1,229 million, representing a decrease of RMB16 million as compared to the end of the previous year, and the NPL ratio was 1.19%, representing a decrease of 0.16 percentage point as compared to the end of the previous year.

Distribution of Loans by Five-Category Classification

Unit: RMB'000

Item	December 31, 2024 Amount	December 31, 2024 % of total	December 31, 2023 Amount	December 31, 2023 % of total
Normal loans	**99,875,487**	**96.71**	90,030,721	97.37
Special mention loans	**2,166,644**	**2.10**	1,181,332	1.28
Substandard loans	**408,984**	**0.39**	344,426	0.37
Doubtful loans	**336,845**	**0.33**	424,103	0.46
Loss loans	**482,710**	**0.47**	476,011	0.52
Total principals of customer loans	**103,270,670**	**100.00**	92,456,593	100.00
Total NPLs	**1,228,539**	**1.19**	1,244,540	1.35

Pursuant to the regulatory requirements on risk-based classification of loans, the Bank has adopted five-category classification to manage the quality of loans. NPLs include loans classified as substandard, doubtful and loss. As at the end of the Reporting Period, the percentage of substandard loans increased by 0.02 percentage point to 0.39% as compared to the previous year, the percentage of doubtful loans decreased by 0.13 percentage point to 0.33% as compared to the previous year, and the percentage of loss loans decreased by 0.05 percentage point to 0.47% as compared to the previous year.

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

Distribution of Loans and NPLs by Industry

Unit: RMB'000

Item	December 31, 2024 Amount of loans	% of total	Amount of NPLs	NPL ratio %	December 31, 2023 Amount of loans	% of total	Amount of NPLs	NPL ratio %
Corporate loans	**89,635,993**	**86.80**	**736,347**	**0.82**	78,308,970	84.70	827,210	1.06
Leasing and business services	**30,329,828**	**29.37**	**200,000**	**0.66**	28,855,608	31.21	200,000	0.69
Construction	**31,802,235**	**30.80**	**73,922**	**0.23**	25,676,793	27.77	91,811	0.36
Wholesale and retail	**9,723,067**	**9.42**	**36,095**	**0.37**	6,050,689	6.54	56,788	0.94
Manufacturing	**1,910,400**	**1.85**	**13,465**	**0.70**	2,270,505	2.46	–	–
Real estate	**8,056,124**	**7.80**	**399,400**	**4.96**	8,453,640	9.14	408,973	4.84
Accommodation and catering	**488,574**	**0.47**	**–**	**–**	447,779	0.48	–	–
Education	**111,050**	**0.11**	**–**	**–**	328,600	0.36	–	–
Administration of water, environment and public utilities	**1,373,235**	**1.33**	**–**	**–**	2,129,322	2.30	–	–
Transportation, warehousing and express services	**1,315,734**	**1.27**	**–**	**–**	363,653	0.39	25,669	7.06
Others	**4,525,746**	**4.38**	**13,465**	**0.30**	3,732,381	4.04	43,969	1.18
Discounted bills	**202,219**	**0.19**	**–**	**–**	277,686	0.30	63,500	22.87
Retail loans	**13,432,458**	**13.01**	**492,192**	**3.66**	13,869,937	15.00	353,830	2.55
Total principals of customer loans	**103,270,670**	**100.00**	**1,228,539**	**1.19**	92,456,593	100.00	1,244,540	1.35

In 2024, the Bank actively optimized the allocation of risk assets, served the real economy, proactively adjusted the credit structure, increased credit support to small and micro enterprises, agriculture-related economy and people's livelihood projects, and strictly controlled the credit investment in industries with overcapacity and uncertain outlook, so that the anti-risk capability of new credit assets was continuously enhanced. In terms of industry distribution, the Bank's corporate NPLs mainly included leasing and business services, real estate and construction, accounting for 91.44% of the total corporate NPLs.

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

Distribution of Loans and NPLs by Product Type

Unit: RMB'000

Item	December 31, 2024				December 31, 2023			
	Amount of loans	% of total	Amount of NPLs	NPL ratio %	Amount of loans	% of total	Amount of NPLs	NPL ratio %
Corporate loans	**89,635,993**	**86.80**	**736,347**	**0.82**	78,308,970	84.70	827,210	1.06
Working capital loans	**73,570,916**	**71.24**	**336,947**	**0.46**	61,280,704	66.28	406,012	0.66
Fixed asset loans	**16,065,077**	**15.56**	**399,400**	**2.49**	17,028,266	18.42	421,198	2.47
Discounted bills	**202,219**	**0.19**	**-**	**-**	277,686	0.30	63,500	22.87
Retail loans	**13,432,458**	**13.01**	**492,192**	**3.66**	13,869,937	15.00	353,830	2.55
Individual housing loans	**2,247,679**	**2.18**	**39,348**	**1.75**	2,633,552	2.85	31,587	1.20
Personal business loans	**9,304,998**	**9.01**	**428,942**	**4.61**	8,975,875	9.71	292,271	3.26
Personal consumption loans	**1,879,781**	**1.82**	**23,902**	**1.27**	2,260,510	2.44	29,972	1.33
Total principals of customer loans	**103,270,670**	**100.00**	**1,228,539**	**1.19**	92,456,593	100.00	1,244,540	1.35

Under the background of the transformation of old and new driving forces and the continuous promotion of supply-side reform, the Bank actively addressed the changes of demand for effective credits, and maintained solid growth of corporate loan scale while adhering to the principle of prudent extension. At the end of the Reporting Period, the proportion of corporate loans of the Bank increased by 2.1 percentage points to 86.80% compared with the end of the previous year.

The NPL ratio of corporate loans decreased by 0.24 percentage point to 0.82% compared with the end of the previous year.

The Bank steadily developed its retail loan business and actively innovated retail business products. The balance of retail loans amounted to RMB13,432 million, the proportion of retail loans decreased by 1.99 percentage points to 13.01%, and the NPL ratio of retail loans increased by 1.11 percentage points to 3.66% as compared with the end of the previous year.

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

Distribution of Loans and NPLs by Geographical Region

Unit: RMB'000

Region	December 31, 2024				December 31, 2023			
	Amount of loans	% of total	Amount of NPLs	NPL ratio %	Amount of loans	% of total	Amount of NPLs	NPL ratio %
Luzhou	**69,272,718**	**67.08**	**811,791**	**1.17**	60,972,936	65.95	781,774	1.28
Outside Luzhou	**33,997,952**	**32.92**	**416,748**	**1.23**	31,483,657	34.05	462,766	1.47
Total principals of customer loans	**103,270,670**	**100.00**	**1,228,539**	**1.19**	92,456,593	100.00	1,244,540	1.35

The Bank continuously optimized the regional allocation of credit resources and enhanced risk management and control in key industries by serving the economy of Luzhou and actively expanding its cross-regional business.

Distribution of Loans and NPLs by Type of Collateral

Unit: RMB'000

Item	December 31, 2024				December 31, 2023			
	Amount of loans	% of total	Amount of NPLs	NPL ratio %	Amount of loans	% of total	Amount of NPLs	NPL ratio %
Unsecured loan	**37,518,989**	**36.33**	**301,544**	**0.80**	26,643,591	28.82	159,510	0.60
Guaranteed loans	**49,914,638**	**48.33**	**392,645**	**0.79**	47,053,796	50.89	388,206	0.83
Collateralized loans	**12,834,062**	**12.43**	**532,238**	**4.15**	15,526,477	16.79	633,266	4.08
Pledged loans	**3,002,981**	**2.91**	**2,112**	**0.07**	3,232,729	3.50	63,558	1.97
Total principals of customer loans	**103,270,670**	**100.00**	**1,228,539**	**1.19**	92,456,593	100.00	1,244,540	1.35

The Bank enhanced risk prevention and control through risk mitigation measures such as adding in guarantors and collaterals, with guaranteed loans and collateralized loans accounting for 60.76%.

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

Concentration of Borrowers

In accordance with applicable PRC banking laws and regulations, the balance of loans to non-interbank single customers shall not exceed 10% of net capital, the total credit extension to single group customers shall not exceed 15% of net capital, the risk exposures to non-interbank single customers shall not exceed 15% of net tier-one capital, and the risk exposures to a group of non-interbank related customers shall not exceed 20% of net tier-one capital.

Unit: %

Key regulatory indicators (%)	Regulatory standard	December 31, 2024
Percentage of the balance of loans to the single largest customer in net capital	≤10	8.1
Percentage of total credit extension to single group customers in net capital	≤15	12.15
Percentage of the risk exposures to the single largest customer in net tier-one capital	≤15	10.21
Percentage of the risk exposures to single group customers in net tier-one capital	≤20	15.21

Loans to Our Ten Largest Single Borrowers

Unit: RMB'000

Name of borrowers	Industry	Amount of loans as at the end of the Reporting Period	% of total loans
A	Leasing and business services	1,300,000	1.26
B	Scientific research and technology services	1,293,500	1.25
C	Leasing and business services	1,198,000	1.16
D	Leasing and business services	1,100,000	1.07
E	Construction	1,040,000	1.01
F	Construction	992,065	0.96
G	Leasing and business services	900,000	0.87
H	Leasing and business services	900,000	0.87
I	Real estate	898,000	0.87
J	Real estate	866,490	0.84
Total		10,488,055	10.16

As at the end of the Reporting Period, the total loans of the ten largest single borrowers of the Bank amounted to RMB10,488 million, accounting for 10.16% of the Bank's total loans. The total loans of the largest single borrower amounted to RMB1,300 million, accounting for 1.26% of the Bank's total loans.

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

Distribution of Loans by Period Overdue (Excluding Accrued Interest)

Unit: RMB'000

Period overdue	December 31, 2024 Amount	December 31, 2024 % of total loans	December 31, 2023 Amount	December 31, 2023 % of total loans
Overdue for up to 3 months (inclusive)	**504,104**	**0.49**	364,811	0.39
Overdue for over 3 months up to 1 year (inclusive)	**470,955**	**0.45**	396,572	0.43
Overdue for over 1 year up to 3 years (inclusive)	**362,034**	**0.35**	516,345	0.56
Overdue for over 3 years	**213,188**	**0.21**	61,769	0.07
Total overdue loans	**1,550,281**	**1.50**	1,339,497	1.45
Total principals of customer loans	**103,270,670**	**100.00**	92,456,593	100.00

As at the end of the Reporting Period, the Bank's overdue loans amounted to RMB1,550 million, representing an increase of RMB211 million as compared to the end of the previous year. The percentage of overdue loans in the Bank's total loans was 1.50%, representing an increase of 0.05 percentage point as compared to the end of the previous year. Among them, loans overdue for up to 3 months (inclusive) amounted to RMB504 million, accounting for 32.52% of overdue loans. The Bank has adopted a stricter classification criterion, under which loans whose principal or interest has been overdue for over 1 day (inclusive) would be deemed as overdue loans.

Foreclosed Assets and Provision for Impairment Allowance

As at the end of the Reporting Period, the Bank's total foreclosed assets amounted to RMB54,415 thousand with provision for impairment allowance of RMB8,624 thousand, and the net foreclosed assets amounted to RMB45,791 thousand.

Provision for Credit Loss of Loans at Amortised Cost

The following table sets forth the changes in the Bank's provision for credit loss of loans at amortised cost in the years indicated:

Unit: RMB'000

Item	December 31, 2024	December 31, 2023
Balance at the beginning of the year	**4,572,916**	3,181,774
New financial assets originated	**1,348,194**	927,334
Remeasurement	**1,052,088**	1,502,752
Repayments	**(1,175,793)**	(871,106)
Disposals	**(13,561)**	–
Written-offs for the year	**(502,181)**	(238,388)
Recoveries of loans written-off in previous years	**31,147**	37,424
Unwinding of discount	**29,728**	33,154
Impact of exchange rate	**–**	(28)
Balance at the end of the year	**5,342,538**	4,572,916

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

Corresponding Measures Taken against Non-performing Assets

During the Reporting Period, the Bank adopted the following key measures to manage non-performing assets to enhance management and control of the asset quality, ensuring its stability:

Strengthening the monitoring of overdue loans and loans that were showing other early warning signs, and properly collecting and disposing of non-performing loans. Firstly, we have ensured in-advance intervention; specifically, we have strengthened asset quality screening and management of loans associated with risk warnings, formulated risk prevention and control measures in a timely manner, and firmly prevented loans from turning into non-performing loans; secondly, we have worked out "one-customer, one-policy" risk mitigation plan in light of the specific situations of non-performing loans, and enhanced collection efforts and efficiency and reduced collection costs through non-litigation collection, litigation or arbitration collection, and enforcement of notarization; thirdly, we have explored possibilities of resolving non-performing assets through multiple channels including assignment of creditor's rights based on the traditional collection means; fourthly, we have written off loans which could be written-off, if appropriate, to optimize the credit asset structure; fifthly, we have established good communication mechanisms with relevant government departments and peer institutions to maintain an open channel to convey information, and jointly address potential problems arising from corporate operations by concerted efforts.

Credit Extension to Group Customers and Risk Management

The Bank adhered to the principle of "implementing unified credit extension, providing an appropriate amount and conducting real-time monitoring" in extending credit to group customers. Firstly, the Bank strengthened the identification of group customers by identifying group customers based on the principle of "substance is more important than form" and the invisible relationship among enterprises. Secondly, to prevent large-sum credit risk, the Bank implemented unified management of credit extension to group customers and laid emphasis on prevention of customer risks associated with long position financing and excessive credit extension. Thirdly, the Bank controlled the credit limit through establishing credit account of group customers, combed and updated the list of group customers in a timely manner and prudently approved credit limit to prevent concentration risk and improve its group customer management level on an ongoing basis.

Discount Loans Representing over 20% (Inclusive) of the Total Loans as at the end of the Reporting Period

As at the end of the Reporting Period, the Bank had no discount loans representing 20% (inclusive) or more of the total loans.

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

8 ANALYSIS OF CAPITAL ADEQUACY RATIOS

The capital management of the Bank, while satisfying regulatory requirements, is targeted to constantly enhance the ability to resist risk of capital and boost return on capital, and on this basis, it reasonably sets the Bank's capital adequacy ratio target and guides business development by means including performance appraisal and capital allocation to achieve the coordinated development of its overall strategy, business development and capital management strategy.

We conduct regular internal capital evaluation to evaluate our capital adequacy and risk resistance ability by reference to stress testing. According to our internal capital evaluation and risk profile, we adjust our capital plans in a timely manner, optimize resources allocation and guide the transformation of branches and management departments to capital-light business to meet the planned capital adequacy ratio target.

We calculate our capital adequacy ratio in accordance with the Capital Administrative Measures for Commercial Banks (NFRA Order No. 4 of 2023) (《商業銀行資本管理辦法》(國家金融監督管理總局令2023年第4號)) issued by the National Financial Regulatory Administration and other relevant regulatory provisions. The on-balance-sheet credit risk-weighted assets are calculated with different risk weights determined in accordance with each asset, the credit of the counterparty, market and other relevant risks and by considering the effects of qualified pledge and guarantee; the same approach is also applied to the calculation of off-balance-sheet credit risk exposure. Market risk-weighted assets are calculated using the simplified standardized approach, and the operational risk-weighted assets are calculated using the basic indicator approach. During the Reporting Period, we complied with the capital requirements prescribed by regulatory authorities.

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

The following table sets forth the information of our capital adequacy ratio as at the dates indicated.

Unit: RMB'000

	December 31, 2024	December 31, 2023
Total capital before deductions	**16,046,230**	14,472,646
Of which: Core tier-one capital	**10,126,598**	9,230,175
Additional tier-one capital	**2,296,704**	1,696,824
Tier-two capital	**3,622,928**	3,545,647
Total net capital	**16,025,971**	14,453,601
Net core tier-one capital	**10,106,339**	9,211,130
Net additional tier-one capital	**2,296,704**	1,696,824
Net tier-one capital	**12,403,043**	10,907,954
Total risk-weighted assets	**122,189,986**	113,482,896
Core tier-one capital adequacy ratio	**8.27%**	8.12%
Tier-one capital adequacy ratio	**10.15%**	9.61%
Capital adequacy ratio[1]	**13.12%**	12.74%

At the end of the Reporting Period, the Bank had a capital adequacy ratio of 13.12%, representing an increase of 0.38 percentage point as compared to the end of the previous year, which was 2.62 percentage points higher than the regulatory requirement; and a tier-one capital adequacy ratio of 10.15%, representing an increase of 0.54 percentage point as compared to the end of the previous year, which was 1.65 percentage points higher than the regulatory requirement; and a core tier-one capital adequacy ratio of 8.27%, representing an increase of 0.15 percentage point as compared to the end of the previous year, which was 0.77 percentage point higher than the regulatory requirement. The change in our capital adequacy ratio during the Reporting Period was primarily because the endogenous capital of the Bank experienced sound growth, the Bank successfully issued perpetual bonds of RMB600 million, and the growth rates of various net capitals were higher than the growth rates of risk-weighted assets, resulting in an increase in the capital adequacy ratio at each tier as compared to the beginning of the year. Our capital adequacy ratio at each tier was higher than regulatory standards.

Note:

(1) Capital adequacy ratio = total net capital/total risk-weighted assets.

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

9 RISK MANAGEMENT

Credit Risk

We adhered to the risk control principle of "active compliance, strict risk control and internal control strengthening" and kept intensifying efforts for credit risk management through credit extension structure optimization, credit system improvement, credit staff cultivation and internal examination enhancement, non-performing loan reduction, etc. During the Reporting Period, we intensified credit risk management mainly in the following aspects:

1. Optimizing credit structure adjustment by adhering to the guidance of government policies. To actively respond to the national economic development strategy, focusing on the national direction of industrial structure adjustment, keeping up with the regional economic development strategy, further scientifically digging of and reasonably allocating our credit resources and promoting sustainable and healthy development of our credit business.

2. Strengthening credit extension review and approval, and strictly implementing hierarchical authorization management for credit business. We strengthened unified credit extension and unified management, and implemented hierarchical authorization for credit extension business according to our business development needs; enhanced credit extension risk review and strictly implemented the independent review and approval mechanism based on the principle of "objectivity and fairness, legal review, independent credit granting/approval, and responsibility for risks" and "substance is more important than form", with a focus on the review of industrial policies, credit policies, use of loan, repayment ability and guarantee ability. We reinforced credit extension management of the Group and laid emphasis on prevention of customer risks associated with long-position financing and excessive credit extension. We also effectively identified high-risk customers, focused on substantial risks and proposed risk prevention measures to strictly control risks.

3. Strengthening risk screening and risk management and control in key areas. In accordance with the requirements of the regulatory authorities and our risk management and control, the Bank actively carried out various types of risk screening.

4. Strengthening post-loan management and strictly controlling risks in the post-loan stage. In light of the industries to which borrowers belong and their business characteristics, we analyzed the changes in borrowers' business operations, financial conditions, credit status, payment behaviors, guarantees, and quantity and channels of financing through regular and irregular on-site inspections as well as off-site monitoring, timely identified unfavorable changes and closely monitored substantial risks to take promptly control measures in response to risk signals; enhanced role-based checks and balances, implemented supervision and inspections, and consolidated a risk defense line in the post-loan management process.

5. Strengthening the monitoring of loans that were showing early warning signs, and properly collecting and disposing of non-performing loans. We have strengthened asset quality screening and management of loans associated with risk warnings, formulated risk prevention and control measures in a timely manner, and firmly prevented loans from turning into non-performing loans; we have worked out "one-customer, one-policy" risk mitigation plans in light of the specific situations of non-performing loans, enhanced collection efforts and efficiency through non-litigation collection, litigation or arbitration collection, enforcement of notarization and debenture assignment and other ways; we have established good communication mechanisms with peer institutions and government departments to maintain an open channel to convey information, and jointly address potential problems arising from corporate operations by concerted efforts.

6. Strengthening the construction of credit team and promoting high-quality and effective development of the credit business. With the purpose of "reality in touch, demand satisfaction, rapid improvement and effectiveness", we conducted themed training through external experts and internal business backbone personnel. We kept enhancing the training and guidance for credit line staff, improved the business ability and risk compliance awareness of our credit line staff across the Bank and established an enterprise risk control culture that was able to prevent and control substantial risks and cases.

Operational risk

Operational risk refers to the risk of loss arising from inadequate or problematic internal procedures, employees and information technology systems, and external events.

We continuously strengthened the prevention and control measures of operational risk and prevent systematic operational risks and major operational risks losses. As of the end of the Reporting Period, there was no material operational risk event and case risk event.

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

As the top decision-making body of our operational risk management, our Board bears the ultimate responsibility for monitoring the effectiveness of operational risk management, works out operational risk management strategies and general policies that are consistent with our strategic objectives and applicable to the Bank, and regularly reviews the operational risk reports submitted by our senior management to fully understand our overall operational risk management and the effectiveness of major operational risk events handled by our senior management. Our Board of Supervisors is responsible for supervising the performance of duties by our Board and senior management on operational risk management and providing relevant supervision opinions. Our senior management is responsible for implementing the operational risk management strategies, overall policy and system approved by our Board, formulating, reviewing periodically and supervising the implementation of policies, procedures and operating regulations of the operational risk management, and adopting corresponding risk control measures to comprehensively prevent and control operational risks. The Bank has set up Operational Risk Management Committee which is responsible for operational risk prevention and control across the Bank. During the Reporting Period, the Bank constantly improved the prevention and control system of operational risk, gradually accomplished the operational risk prevention and control work structure of the case prevention prospect, the stage-gate ante – displacement and methods of case prevention, and improved the long-term mechanism of prevention and control of case and operational risk. We intensified operational risk management mainly in the following aspects.

1. Reinforce internal control level. We optimized the system, process and standards, strengthened special inspections and risk assessment of key businesses, established inspection and rectification implementation mechanism, and guarded against the potential dangers of operational risk based on the analysis of key indicators of risk control and early warnings.

2. Promote the publicity of compliance culture. We carried out publicity, training and competitions, adhered to the guidance of culture, strengthened business training, rooted in the concept of “internal control first, compliance-oriented”, built a solid line of defense for business development risks.

3. Strengthen the management and control of cases risks. We implemented inspections, work shift, compulsory vacation, observed the abnormal behavior of employees on a regular basis, and organized drills in accordance with emergency response plans, as well as conducting regular special investigations, to mitigate safety hazards; and continuously conducted inspections of risk accounts to prevent cases risks.

4. Raise the level of risk control in science and technology. We paid close attention to development, operation and maintenance and outsourcing business to improve the quality and efficiency of project construction; we carried out safe tests on Internet information systems, and strengthened prevention and control work, such as routine inspection and potential dangers of safety investigations to ensure the safe operation of the system; and conducted inspections on information technology outsourcing to ensure the completeness, compliance and effectiveness of the outsourcing management of information technology.

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

Market risk

Market risk refers to the risk of any loss in our on-balance-sheet and off-balance-sheet activities caused by any adverse change in market prices (interest rates, exchange rates, stock prices and commodity prices). The market risks we face mainly include interest rate risk and exchange rate risk. Our market risk management aims at controlling market risks at an acceptable and reasonable range and achieving continuous and healthy development of various businesses.

Our organizational system for market risk management is jointly constituted by the Board and its committees, the Board of Supervisors, senior management and its centralized risk management committee and market risk management committee, risk management department, internal audit department, assets and liabilities management department, international business department, financial markets department, each business department and branches of head office. The Board assumes ultimate responsibility for market risk management. The senior management assumes implementation responsibility of market risk management and is responsible for organizing bank-wide market risk management. The market risk management committee under the senior management is the Bank's deliberation and decision-making body for market risk management and is responsible for deliberating on major market risk management issues. Each department carries out its work in accordance with the division of responsibilities.

In accordance with the requirements of the Guidelines on Market Risk Management of Commercial Banks《商業銀行市場風險管理指引》, Guidelines for the Internal Control of Commercial Banks《商業銀行內部控制指引》and Guidelines of Bank Book Interest Rate Risk Management of Commercial Banks《商業銀行銀行賬簿利率風險管理指引》, we formulated the operation-suiting basic system of market risk and bank book interest rate risk management, set up market risk and bank book interest rate risk appetite and risk limit, and conducted classification management on transaction books and bank books. We optimized market risk management system and continued to improve risk management efficiency through such ways as authorization, credit extension, limit, inspection and report.

1. Interest rate risk analysis

Our interest rate risks arise primarily from the mismatch in the repricing periods of interest rates on assets and liabilities and the impact of changes in market interest rates on asset trading positions. We adopted corresponding measures such as identification, measure, inspection and control according to different nature and feature of bank books and transaction books.

With respect to the repricing risk in assets and liabilities businesses, we mainly measured the interest rate sensitivity gap periodically, analysed the interest rate risk we could bear through the gap and further evaluated the impacts of changes in interest rates on net profit and net values. We took measures in a timely manner to adjust the asset-liability product portfolio and ceiling and the pricing method of deposit and loan interest rate to ensure the risk level control is within the acceptable range, in line with internal and external management needs.

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

With respect to the interest rate risk of asset trading positions, we paid close attention to the domestic and oversea macro economy conditions and market liquidity changes and conducted market risk control through such measures as position setting and limit control. We used system to conduct measurement, inspection and daily management on market risk, implemented valuation to positions of transaction books every day, continuously inspected transaction limits, stop-loss limits and other indicators, and regularly and effectively monitored, managed and reported the implementation of risk limits.

2. Interest rate sensitivity analysis

We use sensitivity analysis to measure the potential effect of changes in interest rates on our net profit. The following table sets forth, as at December 31, 2024 and 2023, the results of our interest rate sensitivity analysis based on our assets and liabilities at the same date.

Unit: RMB'000

	Expected changes of net profit	
	December 31, 2024	December 31, 2023
+ 100 basis points parallel move in all yield curves	**(264,647)**	(221,530)
– 100 basis points parallel move in all yield curves	**264,647**	221,530

The table below illustrates the potential impact of 100 basis points move in all yield curves on the other comprehensive income of the Bank.

Unit: RMB'000

	Changes of other comprehensive income	
	December 31, 2024	December 31, 2023
+ 100 basis points parallel move in all yield curves	**(39,226)**	(89,286)
– 100 basis points parallel move in all yield curves	**40,507**	92,645

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

3. Exchange rate sensitivity analysis

Exchange rate risk is the risk of adverse movements of exchange rate resulting in losses on the foreign currency exposure, which is due to the currency structure's imbalance between foreign currency assets and liabilities. Currently, our exchange rate risk arises primarily from the temporary risk of conversion of proceeds of the Bank from intermarket and foreign exchange settlement and sale business on behalf of customers due to exchange rate fluctuations, and the percentage of such capital is low, therefore, the adverse effect of exchange rate risk has been kept under our control. The following table sets forth, as at December 31, 2024 and 2023, the results of our exchange rate sensitivity analysis based on our assets and liabilities at the same date.

Unit: RMB'000

	Expected changes of profit/(loss) before tax	
	December 31, 2024	December 31, 2023
1% increase in foreign exchange rate against RMB	**5,980**	998
1% decrease in foreign exchange rate against RMB	**(5,980)**	(998)

Liquidity Risk Management and Analysis

Liquidity risk refers to the risk that the commercial banks cannot timely obtain sufficient funds at reasonable costs for repaying mature debts, performing other payment obligations and satisfying other capital needs for normal business operation.

Our liquidity risk management aims at fully identifying, measuring and monitoring the liquidity risk in our business lines and links by establishing and continuously improving the strategies, policies, procedures and management systems of liquidity risk management; ensuring sufficient funds to meet the needs for paying debts due and funding business operation in normal operation and stressful situations; and achieving the coordination and unity between safety, liquidity and profitability in business development to promote our sustainable and healthy operation.

To improve the effectiveness of liquidity risk management, we have established a governance structure for liquidity risk management according to the principle of separating the functions of formulating, implementing and supervising liquidity risk management policies, which provides the duties and reporting lines of the Board and its committees, the Board of Supervisors, senior management and its centralized risk management committee, Liquidity Risk Management Committee and our related departments, branches and sub-branches in respect of liquidity risk management. We have implemented a stable liquidity risk appetite better suiting our current development. Currently, our liquidity risk management policies and systems are in line with regulatory requirements and our management needs.

We carry out centralized management on liquidity risk. By improving the system for liquidity risk management, we fully identify, accurately measure, continuously monitor, effectively control and timely report liquidity risk from two aspects: short-term provision and mid-and-long term structure with the information system for liquidity risk management, continuously monitor and analyse the future cash flow and various limits and indicators, and periodically conduct stress testing to judge whether we have the ability to meet the liquidity needs in extreme cases. In addition, we have formulated a liquidity risk contingency plan which we regularly test and evaluate.

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

We hold adequate high-quality liquid assets to ensure our liquidity needs, and have sufficient daytime liquidity positions and relevant financing arrangements to meet daytime payment requirements under both normal and stress scenarios. Most of our funds are from customer deposits, which constituted a stable fund resource due to their steady growth, wide varieties and diversified terms during the Reporting Period.

With a sound and compliant internal control system for liquidity risk management, we carry out special internal audit on liquidity risk in due course and form an audit report which will be submitted to the Board.

In 2024, while paying close attention to changes in macro finance and economy, we continuously enhanced fine management of liquidity risk. During the Reporting Period, we intensified liquidity risk management mainly in the following aspects:

1. We continuously optimized liquidity risk management and improved the system for liquidity risk management.

2. We intensified our efforts in marketing of deposits, particularly the marketing of personal savings and stable deposits from quality small and medium-sized customers, to promote the growth of various deposits and continuously improve the overall stability of our liabilities.

3. We paid close attention to financial and economic situations at home and abroad and changes of market liquidity, and made prudent and reasonable judgement to timely adjust our assets and liabilities management strategies; continuously and dynamically monitored various indicators and limits management of liquidity risk through the information system for liquidity risk management and made fund arrangements in advance to ensure sufficient provisions and controllable liquidity risks.

4. We continuously optimized asset-liability structure by constantly intensifying the bidirectional management of assets and liabilities, improving the stability of liabilities through multiple channels, rationally arranging for asset issuance and avoiding centralized maturity of liabilities.

5. We designed several stress scenarios and conducted periodic liquidity risk-related stress testing in strict accordance with relevant provisions under the Administrative Measures on Liquidity Risk Management of Commercial Banks (《商業銀行流動性風險管理辦法》), various macro and micro factors which might affect our liquidity and taking into account the features, scale, nature, complexity and risk profile of our business.

As of the end of the Reporting Period, we witnessed a liquidity ratio of 84.10%, 59.10 percentage points higher than relevant regulatory requirements; a high-quality liquidity asset adequacy ratio of 182.50%, 82.50 percentage points higher than relevant regulatory requirements; and a liquidity matching ratio of 151.88%, 51.88 percentage points higher than relevant regulatory requirements, which reflected that our major liquidity indicators were much higher than regulatory requirements.

Information Technology Risk Management

Information technology risks represent operational risk, legal risk, reputational risk and other types of risks caused by natural factors, human factors, technical loopholes and management failure arising from the process of using information technology in commercial banks.

The Bank has established a comprehensive information technology risk management system in accordance with Guidelines on the Information Technology Risk Management of Commercial Banks, Regulatory Guidelines on the Business Continuity of Commercial Banks, Measures for the Regulation of Risks in the Information Technology Outsourcing by Banking and Insurance Institutions and the Measures for the Commissioning and Change of Important Information Systems of Banking Institutions and has prevented major information technology risk events through technical and management measures, so as to ensure the smooth operation of the information system, and support rapid development of business. As of the end of the Reporting Period, there were no major information technology risk events.

The information technology risk management organization system of the Bank consists of the Board of Directors, senior management, information technology management committee, information technology risk management committee, system development department, IT department, IT innovation center, operation management department, statistics department, risk management department, internal audit department and information technology personnel at the level of branch and sub-branch. The Board of Directors assumes the ultimate responsibility for information technology risk management and reviews information technology risk management preferences, limits, and overall risk profile, etc. The senior management is responsible for organizing the Bank's information technology risk management, and the risk management department is responsible for taking the lead in conducting specific work. The information technology management committee is responsible for reviewing major issues, such as the construction of information technology projects and the annual information technology work plan. The Information technology risk management committee is responsible for reviewing major issues concerning information technology risks, such as risk assessment reports and risk profile reports.

The information technology risks of the Bank mainly include network security risk, business continuity risk and outsourcing risk. The network security risk is mainly reflected in the threat of hackers and viruses on the security of the internet information system and client applications. The business continuity risk is mainly reflected in the high reliance of business on information systems, and the information technology system becomes increasingly complex while customers' requirements for service levels are constantly rising. The outsourcing risk is mainly reflected in the high reliance of the construction and continuous upgrading of information systems on outsourcing companies, and thus there may be sensitive information leakage, unstable quality of development and testing, and abnormal service termination of outsourcers. The Bank mainly adopted the following measures to cope with the aforementioned risks.

1. We strictly divided the network area with logical separation between the internet information system and the internal system, and established the information security in-depth defense system through various technical measures; we regularly carried out system penetration testing and vulnerability scanning to guard against potential threats in time; we organized attack and defense drills to improve the practical security protection experience and skills of staff, and introduced third-party security services to assist in improving our safety protection capability.

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

2. We established the business continuity management system to identify important business and important information systems, and clarify business and system operation interruption recovery targets, and made a business continuity plan and contingency plans; we continuously promoted the construction of business continuity resources, and were equipped with capabilities for dealing with site-level and city-level disasters through high availability technology and the construction of disaster preparedness center.

3. We strengthened the outsourcing management, ensured data security through desensitization and other technical measures, formulated outsourcing contingency plans, and carried out outsourcing invalid drills and risk assessment of important outsourcers to improve outsourcing emergency response capabilities; we improved the percentage of labor outsourcing mode to reduce direct reliance on outsourcers; we signed the outsourcing service level agreement, introduced third-party testing institutions to help to conduct project testing, and specified requirements for project deliverables to control project quality.

Environmental and Social Risk

The Bank has effectively established an organizational structure for environmental and social risk management that functions at different levels. Acting as the supreme policy-making body for environmental and social risk management, the Board of Directors is responsible for the establishment of green finance management structure, determination of green finance development strategy, regular review of the achievement of environmental objectives, review of green finance and environment-related disclosures, and assessment of environmental and climate change related risks to ensure that an appropriate and effective risk management system is established to address environmental and social related risks. At the same time, the Bank has set up a Development Strategy Committee at the Board level to review the green credit development strategy and ensure a high-level, high-quality and high-efficiency development of green finance business.

Senior management is responsible for setting environment-related targets, establishing green credit mechanisms and processes, clearly defining responsibilities and authority, conducting internal control inspections and assessments, and reporting regularly to the Board of Directors on green credit and other environment-related developments. Each department of the head office of the Bank and each branch office shall be responsible for the implementation of specific work related to the environment according to their respective responsibilities. Among them, the Credit Approval Department is the lead management department for green finance of the whole bank, responsible for improving green finance system construction, collecting green finance-related statistical data and organizing green finance training; as the centralized risk management department, the risk management department is responsible for the risks related to green finance; other departments and branch offices are responsible for coordinating relevant specific work.

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

The Bank actively responds to the national carbon dioxide peaking and carbon neutrality goals, earnestly implements the provisions of the Guidelines on Green Finance for Banking and Insurance Industries (《銀行業保險業綠色金融指引》), Green Credit Guidelines (《綠色信貸指引》) and other regulations issued by the Former CBIRC, fully improves the early warning and response mechanism of environmental and social risks based on our actual situation, and constantly improves the environmental and social risk management system. In 2024, the Bank mainly adopted the following measures to strengthen environmental and social risk management:

1. The Bank implemented differentiated and dynamic credit extension strategies and risk management systems for industries and enterprises exposing to different environmental and social risks, and has set the overall credit strategy of "compliance with laws and regulations and controllable risks; optimizing investment and supporting on the basis of merit; innovating services and enhancing efficiency", established the access standards for green credit projects, and emphasized the support for green, low-carbon and circular economies, such as manufacturing green and energy-saving products, promoting infrastructure construction, leading the development of green agriculture, and promoting the improvement of ecological environment. Projects and enterprises that violate national policies and may have a significant adverse impact on the environment and society were rejected.

2. The Bank paid close attention to the potential environmental and social risks in the investment and financing business and continuously strengthened the identification, analysis, mitigation, control and reporting of environmental and social risks. The Bank incorporated environmental and social risk considerations in customer access, pre-credit investigation, credit approval, contract management, credit funds disbursement, post-loan management and other steps to identify potential environmental and social risks in the course of operation and formulate the countermeasures. Furthermore, the Bank regularly organized internal audits on green credit, accountability should be executed in case of any major issue and ensure the sustainable and effective development of green credit through corresponding incentive and restraint measures.

3. The Bank proactively undertook responsibility for green and low-carbon development through full accurate and comprehensive implementation of the new development philosophy, devoting ourselves and starting from us. Taking into account the actual situation and future development plan of the Bank, the Bank set and improved environmental targets in respect of emission reduction, waste reduction, energy conservation and water conservation, regularly reviewed the achievement of the targets, promoted green business development, publicized and implemented awareness of environmental protection, and continuously improved the performance of its own operating environment. Furthermore, the Bank actively addressed risks and challenges brought about by climate change. Based on the analysis of the Bank's own environmental and geographical location and the changes in policies, laws, technologies and markets brought about by climate change, the Bank analyzed the impact of potential risks from physical risks and transition risks and formulated relevant countermeasures to promote steady, green and sustainable development of the Bank.

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

10 SEGMENT REPORTING

The following segment operating results are presented by business segment. The Bank's main businesses include corporate banking, retail banking, financial market business and others. The following table sets forth a summary of the operating results of each business segment of the Bank for the periods indicated.

Unit: RMB'000

Item	2024 Segment profit before income tax	2024 Ratio %	2023 Segment profit before income tax	2023 Ratio %
Corporate banking	**588,212**	**32.96**	95,478	7.63
Retail banking	**308,483**	**17.28**	193,584	15.48
Financial markets	**626,005**	**35.08**	916,745	73.29
Others	**262,064**	**14.68**	44,983	3.60
Total	**1,784,764**	**100.00**	1,250,790	100.00

Unit: RMB'000

Item	2024 Segment operating income	2024 Ratio %	2023 Segment operating income	2023 Ratio %
Corporate banking	**2,653,727**	**50.94**	2,527,915	52.99
Retail banking	**754,828**	**14.49**	480,495	10.07
Financial markets	**1,482,879**	**28.47**	1,707,457	35.80
Others	**317,579**	**6.10**	54,480	1.14
Total	**5,209,013**	**100.00**	4,770,347	100.00

11 BUSINESS REVIEW

Corporate Banking Business

Adhering to the management tenet of "basing on local conditions, serving small and medium-sized enterprises, paying attention to the people's livelihood and caring for the citizens", we actively participate in economic construction and social development, and provide our corporate customers with diversified financial products and services to support their business needs.

Corporate loans

As at the end of the Reporting Period, the balance of our corporate loans amounted to RMB89,636 million, representing an increase of 14.46% as compared to the beginning of the year. In particular, our loans to medium to large enterprises amounted to RMB38,154 million, accounting for 42.57% of our total corporate loans as of the same date, our loans to small and micro enterprises amounted to RMB51,446 million, accounting for 57.39% of our total corporate loans as of the same date, our other corporate loans amounted to RMB36 million, accounting for 0.04% of our total corporate loans as of the same date. The majority of our corporate loan customers are enterprises incorporated or otherwise having their primary operations in Sichuan Province, in particular Chengdu and Luzhou. Corporate loans have been the largest component of our loan portfolio.

Bill discounting

Bill discounting refers to the bank acceptance bills and commercial acceptance bills purchased by the Bank from our corporate customers at prices lower than the par value. We only buy bank acceptance bills and commercial acceptance bills from corporate customers which meet our credit requirements, which is a form of providing short-term financing for such customers.

We also operate rediscounting and interbank bill discounting businesses in our financial markets business segment. Based on the said businesses, we can resell discounted bills to the PBOC or other commercial banks, which will bring us extra current assets and additional revenue in interest spread.

As at the end of the Reporting Period, our discounted bills amounted to RMB202 million.

Corporate deposits

As at the end of the Reporting Period, the balance of our corporate customer deposits amounted to RMB52,553 million, accounting for 38.84% of the total deposit balance. We offer our corporate customers RMB time and demand deposits. The RMB time deposits we offered to corporate customers have maturities ranging from three months to five years. We also offer negotiated deposit products that have customized interest rates and maturities and other terms. Besides, we provide call deposit products, which have higher interest rates than demand deposits and reserve certain flexibility of demand deposits (customers may send a notice in advance to withdraw the deposits). Our corporate deposit customers primarily include government agencies such as financial, transportation and social security institutions, public institutions, state-owned enterprises and large private corporations.

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

Corporate products

For financing needs of corporate customers, we innovated many customized products to meet customers' different financing needs.

We have rolled out "Tian Tian Loan C" featuring one-time credit extension, recycling and a favorable treatment of interest-free repayment in the first seven days during each extension; "Shui Jin Loan" and "Shui e Loan", which are credit products that take tax payment as the main basis of credit extension; "Piao e Loan", with the value-added tax invoicing amount as the main basis of credit extension; "Le Ye Dai", "Piao Bao Tong" and "E Lu Dai", which provide supply chain financial services around the upstream and downstream enterprises of core enterprises; we provide micro and small enterprises with "CBD Loan" without collateral and that can be borrowed and repaid at any time; "Fang Hao Loan", which are housing secured loan products providing the one-stop online mortgage registration rolled out based on the mode of "Internet + Real Estate Registration"; "Zheng Cai Loan", with the government purchase orders as the basis of credit extension; "Ying Shang Loan", which is a credit product that takes the transaction breakdown of acquiring business as the main basis of credit extension; "Ke Rong Loan", pledged and guaranteed by the future receivables of integration project of information technology application innovation system and other products, to offer customers efficient and convenient financing services by giving full play to the agile decision-making advantage of the local legal-person institution.

Corporate banking customer base

As at the end of the Reporting Period, we had a total of 53,633 corporate banking customers, representing an increase of 4,430 or 9.00% year-on-year. The rapid growth of our corporate banking business is underpinned by our strong customer base. By studying the specific financial needs of corporate banking customers, we have launched a broad range of products and services with specific features targeting selected groups of customers, and meanwhile, we have also established a special customer relationship management system, which allows us to closely track our customers' and their partners' business transactions with our Bank, enabling us to offer customized financial services to them.

Financial services for micro and small enterprises

We have earnestly implemented the spirit of the Central Financial Work Conference and the central economic work council, have put in more efforts to improve the quality and efficiency of financial services for micro and small enterprises by increasing efforts on the use of policies and instruments and strengthening the multiple cooperation among the banks, government, guarantors and enterprises from abroad and by strengthening the deployment of technology, building teams, innovating products, streamlining procedures, reducing fees and profits, optimizing services and deepening the assessment at home. Meanwhile, in order to better meet the financing requirements of micro and small enterprises, we have constructed the Huirongtong Small Micro Loan Center, an institution specialized in serving small and micro enterprises, and we can handle the micro and small business in a total of 17 branches and sub-branches and 35 outlets of the Bank.

During the Reporting Period, loan of RMB108,605 million was released to 8,351 micro and small enterprises by the Bank in total. As at the end of the Reporting Period, our loan balance to micro and small enterprises amounted to RMB58,434 million. The number of micro and small customers was 8,334. The balance of our inclusive finance loans to micro and small enterprises amounted to RMB12,971 million, where the number of micro and small customers was 8,047, with a cumulative weighted average loan interest rate of 5.86%.

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

Retail Banking Business

We provide our retail customers with a wide range of financial products and services, including deposits, loans, card services, wealth management as well as collection and remit tax and other intermediary businesses. We have a broad retail customer base.

As of December 31, 2024, we had 1,477.1 thousand retail banking customers, representing an increase of 74.7 thousand or 5.33% as compared to the end of 2023, and with total retail deposits of RMB79.7 billion and total retail loans of RMB13,432 million.

We classify our retail customers into basic customers (with financial assets balance of less than RMB500,000), value customers (with financial assets balance of RMB500,000 (inclusive) to RMB1,000,000), high-end customers (with financial assets balance of RMB1,000,000 (inclusive) to RMB3,000,000), and high-net-worth customers (with financial assets balance exceeding RMB3,000,000). As of December 31, 2024, we had 9,115 high-end customers, representing a decrease of 17 or 0.19% as compared to 2023, and 1,513 high-net-worth customers, representing a decrease of 115 or 7.06% as compared to 2023.

Retail deposits

The balance of retail deposits was RMB79.7 billion, representing an increase of RMB11,949 million or 17.64% as compared to 2023, of which, the large certificates of deposit business increased RMB3,212 million as compared to 2023.

Retail loans

We provide our retail customers with personal business loans, personal consumption loans as well as personal residential and commercial mortgage loans. As of December 31, 2024, the total retail loans were RMB13,432 million, representing a decrease of RMB438 million or 3.16% as compared to the previous year.

Bank cards

As of December 31, 2024, the number of historical accumulated cards issued to retail banking customers was 1,666.5 thousand and the stock of cards was 1,355.7 thousand, representing an increase of 52.2 thousand or 4% as compared to 2023.

Wealth management

We provide our customers with Jin Gui Hua series wealth management products based on their risk and return appetites. Our wealth management funds are mainly invested in assets such as debt securities and money market instruments.

In 2024, the total amount of the wealth management products sold by us was RMB11,464 million. As of December 31, 2024, we had 37,363 customers for our wealth management products, of which 37,347 were retail customers and 16 were institution customers, with a balance on current products of RMB9,882 million and the performance comparison benchmark of wealth management products ranging from 2.45% to 5.10%.

Trust

We began to provide retail customers with the service of acting as an agent for selling trust plans in 2024. In 2024, the total amount of trust plans sold by us on an agency basis was RMB383 million, and we served 233 customers.

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

Precious metal services

We provide our retail customers with precious metal products and services. We commenced sales agency service for precious metal from 2018. As of December 31, 2024, our agency sales of precious metal amounted to RMB3.5307 million, representing an increase of RMB1.6721 million or 89.97% as compared to the end of 2023.

Financial Market Business

In 2024, in the face of complex changes in the macro environment, market environment and regulatory environment, we fully analysed the macroeconomic and financial regulatory situation and implemented a series of regulatory requirements to prevent and control financial risks. As a result, all types of financial market business maintained a sound development.

Our financial market business mainly consists of money market transactions business and investment business.

Money market transactions business

Our money market transactions include: interbank deposits, interbank lending, bond repurchase, bill rediscount, and issuance of interbank certificates of deposit. During the Reporting Period, we actively participated in money market transactions and the total volume of money market transactions increased interbank market activity. We focused on the management and maintenance of interbank clients, maintained credit sustainability with them, and strived to increase interbank client stickiness while maintaining the diversification and dispersion of our counterparties.

1. Interbank deposits

At the end of the Reporting Period, the balance of deposits from banks and other financial institutions was RMB435 million, representing a year-on-year increase of RMB74 million or 20.50%. The balance of deposits with other banks was RMB229 million, representing a year-on-year decrease of RMB44 million or 16.12%. The large change in interbank deposits was mainly because the year-on-year base of interbank deposit of the Bank is small, while the scope of change is larger in respect of adjustment according to the business needs.

2. Interbank lending

At the end of the Reporting Period, the balance of our interbank placement was RMB1,560 million, representing a year-on-year decrease of RMB1,835 million or 54.05%; the balance of interbank lending was RMB300 million, representing a year-on-year increase of RMB288 million or 2400%. The main reasons were: first, we adjusted the business structure, reducing the interbank borrowing; second, the interbank lending base was small during the Reporting Period, resulting in a significant scope of change.

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

3. *Bond repurchase*

At the end of the Reporting Period, the balance of our positive buy-back was RMB589 million, representing a year-on-year decrease of RMB2,803 million or 82.64%, mainly because of the better growth in the Bank's basic deposits, thus reducing the inflow from the positive buy-back at the end of the period. The balance of counter buy-back was RMB200 million, representing a year-on-year decrease of RMB4,577 million or 95.81%, mainly based on the needs of business structure adjustment, which led to a corresponding decrease in business financing of counter buy-back.

4. *Bill rediscount*

At the end of the Reporting Period, we held RMB202 million of rediscounted bills, representing a year-on-year decrease of RMB8 million or 3.81%, mainly due to the general small size of rediscounted bills, while we decreased certain rediscounted bills according to the business needs this year.

5. *Issuance of interbank certificates of deposit*

At the end of the Reporting Period, the balance of our interbank certificates of deposit was RMB8,619 million, representing a year-on-year decrease of RMB1,193 million or 12.16%, mainly because of the better growth in the Bank's basic deposits, thus reducing the issuance of interbank certificates of deposit.

Investment business

1. *Bond investment*

As at the end of the Reporting Period, we optimized and adjusted the total amount and structure of bond investment according to the bond market conditions and our needs of asset allocation. At the end of the Reporting Period, our bond investment amounted to RMB39,795 million, representing a year-on-year increase of RMB5,588 million or 16.34%, among which, the balance of treasury bonds was RMB3,560 million, representing a year-on-year increase of RMB480 million or 15.58%; the balance of policy financial bonds was RMB12,610 million, representing a year-on-year increase of RMB2,690 million or 27.12%; the balance of debt securities issued by local governments was RMB609 million, representing a year-on-year decrease of RMB1,108 million or 64.53%; the balance of credit bonds was RMB15,496 million, representing a year-on-year increase of RMB3,216 million or 20.75%; the balance of debt securities issued by commercial banks was RMB7,520 million, representing a year-on-year increase of RMB310 million or 4.30%.

Management Discussion and Analysis

(The financial data of the Bank expressed in RMB unless otherwise stated)

2. SPV investment

At the end of the Reporting Period, our SPV investment was RMB15,908 million, including RMB8,980 million for public offering funds, RMB4,673 million for trust plans, and RMB2,255 million for asset management plans. Our SPV investment increased by RMB694 million or 4.56% as compared to the beginning of the year, mainly due to the increased investment in public offering funds.

Financial Consumer Rights Protection

During the Reporting Period, we closely followed the new developments in regulation in our work on consumer rights protection. Starting with the basic work, we optimized organizational structure, reinforced our awareness of responsibility, gave full play to the legal entity's institutional advantages, improved the financial service capability by focusing on product and service design, supplemented by promotional and educational campaigns for the public and internal inspection, and constantly improved the overall level of our work on consumer rights protection.

1. Establishing full-time organizations and strengthening organizational leadership. We set up a consumer rights protection committee under the Board of Directors to make unified plans and overall arrangements for the bank-wide work on consumer rights protection; and set up a consumer rights protection division under the Internal Control and Compliance Department to take up the work concerning consumer rights protection throughout the Bank. We continuously improved our organizational structure and effectively enhanced our consumer rights protection work.

2. Improving institutional system and consolidating management foundation. We rationalized the consumer rights protection system, established and improved a consumer rights protection system matching with our organizational structure and business development, in order to provide a system support for the effective development of our work on consumer rights protection.

3. Highlighting brand reputation and popularizing public education. Adhering to the concept of "customer-oriented" and "service-creating value", we provide standardized, rigorous, honest and reliable financial services to consumers to protect their legitimate rights. During the Reporting Period, we organized and carried out various centralized promotional and educational activities, such as "3.15 Consumer Rights Protection Publicity", "Popularization of Financial Knowledge Publicity", and "Month of Public Publicity on Financial Knowledge", to enhance consumers' risk awareness.

4. Enhancing the sense of responsibility and improving the level of consumer protection. We strictly abide by national laws and regulations, actively adapt to adjustments in regulatory policies, and implement relevant industry standards and operating guidelines. During the Reporting Period, we deeply rooted the concept of consumer protection in product design, services, pricing management, agreement formulation, examination and approval, marketing and publicity, etc., to achieve whole-process, full-coverage and all-round management of consumer rights protection.

Changes in Share Capital and Information on Shareholders

I. CHANGES IN SHARE CAPITAL

In 2024, the Bank's share capital remained unchanged.

II. STATEMENT OF SHAREHOLDING STRUCTURE

Unit: Share, %

	December 31, 2023		Increase (decrease) during the Reporting Period	December 31, 2024	
	Quantity	Percentage		**Quantity**	**Percentage**
Total share capital	2,717,752,062	100.00%	–	**2,717,752,062**	**100.00%**
Domestic Shares held by legal person	1,914,405,243	70.44%	290,726	**1,914,695,969**	**70.45%**
Domestic Shares held by natural person	50,226,819	1.85%	(290,726)	**49,936,093**	**1.84%**
H Shares	753,120,000	27.71%	–	**753,120,000**	**27.71%**

III. PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE BANK

During the Reporting Period, no listed securities of the Bank have been purchased, sold or redeemed by the Bank (including sales of treasury shares). As of the end of the Reporting Period, no treasury shares were held by the Bank.

Changes in Share Capital and Information on Shareholders

IV. DETAILS OF SHAREHOLDERS

As at the end of the Reporting Period, the total number of Shares of the Bank was 2,717,752,062 Shares, consisting of 1,964,632,062 Domestic Shares and 753,120,000 H Shares.

(I) Shareholding of Top 10 Holders of Domestic Shares of the Bank

Unit: Share

No.	Name of Shareholders	Class of shares	Number of Shares held at the end of the period	Shareholding percentage	Number of Shares pledged	Number of Share frozen
1	Luzhou Laojiao Group Co., Ltd.	Domestic Shares	390,528,000	14.37%	–	–
2	Sichuan Jiale Enterprise Group Co., Ltd.	Domestic Shares	325,440,000	11.97%	–	–
3	Luzhou Xinfu Mining Industry Group Co., Ltd.	Domestic Shares	325,440,000	11.97%	–	–
4	Luzhou Municipal Finance Bureau	Domestic Shares	193,853,760	7.13%	–	–
5	Luzhou State-owned Assets Operation Co., Ltd.	Domestic Shares	173,568,000	6.39%	–	–
6	Luzhou Xinglu Jutai Construction Engineering Group Co., Ltd.	Domestic Shares	110,059,035	4.05%	–	–
7	Chengdu Modern Agricultural Development Investment Co., Ltd.	Domestic Shares	97,252,320	3.58%	–	–
8	Luzhou Industrial Development Investment Group Co., Ltd.	Domestic Shares	88,154,722	3.24%	–	–
9	Luzhou Xinglu Investment Group Co., Ltd.	Domestic Shares	62,154,702	2.29%	–	–
10	Luzhou Laojiao Co., Ltd.	Domestic Shares	43,392,000	1.60%	–	–

Changes in Share Capital and Information on Shareholders

(II) Interests and Short Positions of Substantial Shareholders and Other Persons in Shares and Underlying Shares under the Regulations of Hong Kong

To the knowledge of the Directors or chief executives of the Bank, as of December 31, 2024, interests and short positions of the following persons (other than the Directors, Supervisors and chief executives of the Bank) had or were deemed to have in the Shares and underlying Shares of the Bank which would be required 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 SFO or, which were recorded in the register required to be kept pursuant to Section 336 of the SFO, were as follows:

Name of Shareholder	Nature of interest	Class of Shares	Long position/short position	Number of Shares directly or indirectly held (share)	Number of Shares owned with derivative interest (share)	Approximate % of issued Shares in the Bank	Approximate % of the relevant class of Shares in the Bank
Luzhou Laojiao Group Co., Ltd. (瀘州老窖集團有限責任公司)[1]	Beneficial owner	Domestic Shares	Long Position	390,528,000	–		
	Interest in controlled corporation	Domestic Shares	Long Position	43,392,000	–		
				433,920,000		15.97%	22.09%
Sichuan Jiale Enterprise Group Co., Ltd. (四川省佳樂企業集團有限公司)[2]	Beneficial owner	Domestic Shares	Long Position	325,440,000	–	11.97%	16.56%
JIANG Xiaoying (姜曉英)[2]	Interest in spouse	Domestic Shares	Long Position	334,118,400	–	12.29%	17.01%
Luzhou Xinfu Mining Industry Group Co., Ltd. (瀘州鑫福礦業集團有限公司)	Beneficial owner	Domestic Shares	Long Position	325,440,000	–	11.97%	16.56%
Sichuan Xinfu Industrial Group Co., Ltd. (四川鑫福產業集團有限公司)[3]	Interest in controlled corporation	Domestic Shares	Long Position	325,440,000	–	11.97%	16.56%
LAI Dafu (賴大福)[3]	Interest in controlled corporation	Domestic Shares	Long Position	325,440,000	–	11.97%	16.56%
GE Xiuqiong (葛修瓊)[3]	Interest in controlled corporation	Domestic Shares	Long Position	325,440,000	–	11.97%	16.56%
Luzhou Industrial Development Investment Group Co., Ltd. (瀘州產業發展投資集團有限公司)[4]	Beneficial owner	Domestic Shares	Long Position	88,154,722	–		
	Interest in controlled corporation	Domestic Shares	Long Position	173,809,911	–		
				261,964,633		9.64%	13.33%

Changes in Share Capital and Information on Shareholders

Name of Shareholder	Nature of interest	Class of Shares	Long position/short position	Number of Shares directly or indirectly held (share)	Number of Shares owned with derivative interest (share)	Approximate % of issued Shares in the Bank	Approximate % of the relevant class of Shares in the Bank
Luzhou Xinglu Investment Group Co., Ltd. (瀘州市興瀘投資集團有限公司)[5]	Interest in controlled corporation	Domestic Shares	Long Position	233,613,417	–	8.60%	11.89%
Luzhou Municipal Finance Bureau (瀘州市財政局)	Beneficial owner	Domestic Shares	Long Position	193,853,760	–	7.13%	9.87%
Luzhou State-owned Assets Operation Co., Ltd. (瀘州國有資產經營有限公司)	Beneficial owner	Domestic Shares	Long Position	173,568,000	–	6.39%	8.83%
OTX ADVISORY HOLDINGS, INC.[6]	Beneficial owner	H Shares	Long Position	135,672,000	–	4.99%	18.01%
CHEN Xia (陳霞)[6]	Interest in controlled corporation	H Shares	Long Position	135,672,000	–	4.99%	18.01%
JNR Asia Corporation Limited[7]	Beneficial owner	H Shares	Long Position	130,920,000	–	4.82%	17.38%
HUANG Chengping (黃成萍)[7]	Interest in controlled corporation	H Shares	Long Position	130,920,000	–	4.82%	17.38%
Luzhou Fundamental Infrastructure Construction Investment Co., Ltd. (瀘州市基礎建設投資有限公司)[8]	Beneficial owner	Domestic Shares	Long Position	18,007,680	–		
	Interest in controlled corporation	Domestic Shares	Long Position	110,059,035	–		
				128,066,715		4.71%	6.52%
Luzhou Xinglu Jutai Construction Engineering Group Co., Ltd. (瀘州興瀘居泰建設工程集團有限公司)[8]	Beneficial owner	Domestic Shares	Long Position	110,059,035	–	4.05%	5.60%
Luzhou Chengnan Construction Investment Co., Ltd. (瀘州市城南建設投資有限公司)[8]	Interest in controlled corporation	Domestic Shares	Long Position	110,059,035	–	4.05%	5.60%
China Development Fund Co., Ltd. (國開發展基金有限公司)[8]	Interest in controlled corporation	Domestic Shares	Long Position	110,059,035	–	4.05%	5.60%
Guotai Junan Securities Co., Ltd.[9]	Interest in controlled corporation	H Shares	Long Position	120,000,000	–	4.42%	15.93%
	Interest in controlled corporation	H Shares	Short Position	120,000,000	–	4.42%	15.93%
Guotai Junan International Holdings Limited[9]	Interest in controlled corporation	H Shares	Long Position	120,000,000	–	4.42%	15.93%
	Interest in controlled corporation	H Shares	Short Position	120,000,000	–	4.42%	15.93%
Luzhou High-tech Investment Group Co., Ltd. (瀘州市高新投資集團有限公司)	Beneficial owner	H Shares	Long Position	120,000,000	–	4.42%	15.93%
Luzhou Liquor Investment Co., Ltd. (瀘州酒業投資有限公司)	Beneficial owner	H Shares	Long Position	72,000,000	–	2.65%	9.56%
KAM CHING[10]	Beneficial owner	H Shares	Long Position	134,384,800	–	4.94%	17.84%
Mill Creek Asia Limited[10]	Beneficial owner	H Shares	Long Position	134,384,800	–	4.94%	17.84%
FAN YUE[11]	Interest in controlled corporation	H Shares	Long Position	112,560,800	–	4.14%	14.95%
MX Corporation Limited[11]	Beneficial owner	H Shares	Long Position	37,656,400	–	1.39%	5.00%

Changes in Share Capital and Information on Shareholders

Notes:

(1) Luzhou State-owned Assets Supervision and Administration Commission (瀘州市國有資產監督管理委員會) had 90% equity interest in Luzhou Laojiao Group Co., Ltd. Luzhou Laojiao Group Co., Ltd. directly held 390,528,000 Domestic Shares and indirectly held 43,392,000 Domestic Shares through its controlled company Luzhou Laojiao Co., Ltd. (瀘州老窖股份有限公司). By virtue of the SFO, Luzhou Laojiao Group Co., Ltd. is deemed to be interested in the Domestic Shares held by Luzhou Laojiao Co., Ltd.

(2) Mr. XIONG Guoming (熊國銘) (i) indirectly held 8,678,400 Domestic Shares through Sichuan Luzhou Jiale Real Estate Co., Ltd. (四川省瀘州市佳樂房地產有限責任公司). Luzhou Yijia Real Estate Development Co., Ltd. (瀘州益佳房地產開發有限公司) had approximately 92.68% equity interest in Sichuan Luzhou Jiale Real Estate Co., Ltd., Sichuan Jiale Yijia Industrial Co., Ltd. (四川佳樂益佳實業有限公司) had approximately 70.44% equity interest in Luzhou Yijia Real Estate Development Co., Ltd., and Mr. XIONG Guoming had 80% equity interest in Sichuan Jiale Yijia Industrial Co., Ltd.; and (ii) held 325,440,000 Domestic Shares through Sichuan Jiale Enterprise Group Co., Ltd. (四川省佳樂企業集團有限公司) and Mr. XIONG Guoming had 80% equity interest in Sichuan Jiale Enterprise Group Co., Ltd. By virtue of the SFO, Mr. XIONG Guoming is deemed to be interested in the Domestic Shares held by Sichuan Luzhou Jiale Real Estate Co., Ltd. and Sichuan Jiale Yijia Industrial Co., Ltd. Ms. JIANG Xiaoying (姜曉英) is the spouse of Mr. XIONG Guoming and is deemed to be interested in the Domestic Shares held by Mr. XIONG Guoming under the SFO.

(3) Mr. LAI Dafu and Ms. GE Xiuqiong held 60% and 40% equity interest in Sichuan Xinfu Industrial Group Co., Ltd., respectively. Sichuan Xinfu Industrial Group Co., Ltd. held 92% equity interest in Luzhou Xinfu Mining Industry Group Co., Ltd. By virtue of the SFO, each of Mr. LAI Dafu, Ms. GE Xiuqiong and Sichuan Xinfu Industrial Group Co., Ltd. is deemed to be interested in the Domestic Shares held by Luzhou Xinfu Mining Industry Group Co., Ltd.

(4) Luzhou Industrial Development Investment Group Co., Ltd. directly held 88,154,722 Domestic Shares and indirectly held 173,568,000 Domestic Shares through its wholly-owned subsidiary, Luzhou State-owned Assets Operation Co., Ltd. and indirectly held 241,911 Domestic Shares through its wholly-owned subsidiary, Lutianhua (Group) Co., Ltd. (瀘天化(集團)有限責任公司). By virtue of the SFO, Luzhou Industrial Development Investment Group Co., Ltd. is deemed to be interested in the Domestic Shares held by Luzhou State-owned Assets Operation Co., Ltd. and Lutianhua (Group) Co., Ltd.

(5) Luzhou Xinglu Investment Group Co., Ltd. (i) indirectly held 110,059,035 Domestic Shares, through its controlled corporation Luzhou Xinglu Jutai Construction Engineering Group Co., Ltd. (瀘州興瀘居泰建設工程集團有限公司), in which Luzhou Chengnan Construction Investment Co., Ltd. and Luzhou Xinglu Investment Group Co., Ltd. had 45.99% and 51.86% equity interest, respectively. Luzhou Fundamental Infrastructure Construction Investment Co., Ltd. had approximately 50.82% equity interest in Luzhou Chengnan Construction Investment Co., Ltd., and Luzhou Xinglu Investment Group Co., Ltd. had approximately 55.11% equity interest in Luzhou Fundamental Infrastructure Construction Investment Co., Ltd.; (ii) indirectly held 43,392,000 Domestic Shares through its controlled corporation Luzhou Laojiao Co., Ltd., in which Luzhou Xinglu Investment Group Co., Ltd. had approximately 24.86% equity interest. Luzhou Laojiao Group Co., Ltd. and Luzhou Xinglu Investment Group Co., Ltd. entered into an agreement on action in concert valid from June 1, 2024 to May 31, 2027 in respect of their respective equity in Luzhou Laojiao Co., Ltd.; (iii) indirectly held 62,154,702 Domestic Shares through its controlled corporation Luzhou Xinglu Asset Management Co., Ltd., in which Luzhou Xinglu Asset Management Co., Ltd. is wholly owned by Luzhou Xinglu Investment Group Co., Ltd.; and (iv) indirectly held 18,007,680 Domestic Shares through its controlled corporation Luzhou Fundamental Infrastructure Construction Investment Co., Ltd. By virtue of the SFO, Luzhou Xinglu Investment Group Co., Ltd. is deemed to be interested in the Domestic Shares held by Luzhou Xinglu Jutai Construction Engineering Group Co., Ltd., Luzhou Laojiao Co., Ltd., Luzhou Xinglu Asset Management Co., Ltd. and Luzhou Fundamental Infrastructure Construction Investment Co., Ltd.

Changes in Share Capital and Information on Shareholders

(6) OTX ADVISORY HOLDINGS, INC. is wholly owned by CHEN Xia. By virtue of the SFO, CHEN Xia is deemed to be interested in the H Shares held by OTX ADVISORY HOLDINGS, INC.

(7) JNR Asia Corporation Limited is wholly owned by HUANG Chengping. By virtue of the SFO, HUANG Chengping is deemed to be interested in the H Shares held by JNR Asia Corporation Limited.

(8) Luzhou Xinglu Jutai Construction Engineering Group Co., Ltd. is held as to 51.86% equity interest by Luzhou Xinglu Investment Group Co., Ltd. and as to 45.99% equity interest by Luzhou Chengnan Construction Investment Co., Ltd., in which Luzhou Fundamental Infrastructure Construction Investment Co., Ltd. and China Development Fund Co., Ltd. held approximately 50.82% and 41.18% equity interest, respectively. By virtue of the SFO, each of Luzhou Xinglu Investment Group Co., Ltd., Luzhou Fundamental Infrastructure Construction Investment Co., Ltd., China Development Fund Co., Ltd. and Luzhou Chengnan Construction Investment Co., Ltd. is deemed to be interested in the Domestic Shares held by Luzhou Xinglu Jutai Construction Engineering Group Co., Ltd.

(9) Guotai Junan Financial Products Limited is wholly owned by Guotai Junan International Holdings Limited. Guotai Junan Financial Holdings Limited had 73.74% equity interest in Guotai Junan International Holdings Limited. Guotai Junan Financial Holdings Limited is wholly owned by Guotai Junan Securities Co., Ltd. By virtue of the SFO, each of Guotai Junan International Holdings Limited, Guotai Junan Financial Holdings Limited and Guotai Junan Securities Co., Ltd. is deemed to be interested in the interests in H Shares of Guotai Junan Financial Products Limited.

(10) Mill Creek Asia Limited is wholly owned by KAM CHING. By virtue of the SFO, KAM CHING is deemed to be interested in the H Shares held by Mill Creek Asia Limited.

(11) FAN YUE directly held (i) 37,410,200 H Shares through the wholly owned GSX Corporation; (ii) 37,656,400 H Shares through the wholly owned MX Corporation Limited; and (iii) 37,494,200 H Shares through the wholly owned YO HO CO., LTD. By virtue of the SFO, FAN YUE is deemed to be interested in the H Shares held by GSX Corporation, MX Corporation Limited and YO HO CO., LTD.

Save as disclosed above, to the knowledge of the Directors, the Bank is not aware of any other person (other than a Director, Supervisor and chief executive of the Bank) having any interests or short positions in the Shares or underlying Shares of the Bank as of December 31, 2024 which are required to be recorded in the register pursuant to section 336 of the SFO.

(III) Substantial Shareholders of the Bank

For information about the substantial Shareholders [(1)] of the Bank, please refer to the Related party relationships and Related party transactions under note 40 to the financial statements of this annual report.

Note:

(1) According to the Interim Measures for the Equity Management of Commercial Banks of the Former CBIRC (CBRC Order 2018 No. 1), substantial shareholders of a commercial bank refer to shareholders who hold or control 5% or above shares or voting right of the commercial bank, or who hold less than 5% of total capital or total shares of the commercial bank but have significant impacts on the operation and management of the commercial bank. The significant impacts mentioned above include but are not limited to dispatching directors, supervisors or senior executives to a commercial bank.

Changes in Share Capital and Information on Shareholders

V. DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE BANK

As of December 31, 2024, based on the information available to the Bank and as far as our Directors are aware, the interests and short positions of our Directors, Supervisors and chief executives in the Shares, underlying Shares and debentures of our Bank or any associated corporations (as defined in Part XV of the SFO) which were required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register of interests kept pursuant to section 352 of the SFO, or as otherwise notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules were set out as follows:

		Interests in the Bank held by our Directors, Supervisors and chief executives					
Name	Position	Nature of interest	Class of Shares	Long position/ short position	Number of Shares directly or indirectly held (share)	Approximate % of interest in our Bank	Approximate % of the relevant class of Shares in the Bank
XIONG Guoming (熊國銘)	Non-executive Director	Interest in controlled corporation	Domestic Shares	Long position	334,118,400	12.29%	17.01%
LIU Shirong (劉仕榮)	Executive Director	Beneficial owner	Domestic Shares	Long position	13,018	0.0005%	0.0007%
CHEN Yong (陳勇)[1]	Supervisor	Interest of spouse	Domestic Shares	Long position	19,527	0.0007%	0.001%

Note:

(1) The Domestic Shares were held by Ms. LAN Ying (蘭英), the spouse of Mr. CHEN Yong. Mr. CHEN Yong is deemed to be interested in the Domestic Shares held by Ms. LAN Ying under the SFO.

Save as disclosed above, as of December 31, 2024, none of our Directors, Supervisors and chief executives had any interests or short positions in the Shares, underlying Shares or debentures of our Bank or any associated corporations (as defined in Part XV of the SFO) which were required to be recorded in the register kept pursuant to section 352 of the SFO or which were required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code.

Directors, Supervisors, Senior Management and Employees

I. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) Directors

Name	Gender	Age	Time of joining our Bank	Position	Time of taking the position as Director
YOU Jiang (游江)	Male	51	July 2014	Executive Director and chairman of the Board of Directors	August 28, 2014
LIU Shirong (劉仕榮)	Male	58	October 1997	Executive Director, president	February 22, 2010
PAN Lina (潘麗娜)	Female	41	May 2019	Non-executive Director	December 31, 2019
XIONG Guoming (熊國銘)	Male	62	February 2010	Non-executive Director	February 22, 2010
LUO Huoming (羅火明)	Male	48	September 2022	Non-executive Director	March 13, 2023
CHEN Ping (陳萍)	Female	52	September 2022	Non-executive Director	March 13, 2023
ZHONG Jin (鍾錦)	Male	63	May 2020	Independent non-executive Director	November 30, 2020
GAO Jinkang (高晉康)	Male	61	September 2022	Independent non-executive Director	March 13, 2023
CHING Yu Lung (程如龍)	Male	55	September 2022	Independent non-executive Director	March 13, 2023
HAN Zirong (韓子榮)	Male	61	May 2024	Independent non-executive Director	November 4, 2024

(II) Supervisors

Name	Gender	Age	Time of joining our Bank	Position	Time of taking the position as Supervisor
WU Wei (吳偉)	Male	55	December 2021	Shareholder representative Supervisor and chairman of the Board of Supervisors	September 20, 2022
LYU Hong (呂紅)	Male	64	September 2022	External Supervisor and chairman of the nomination committee under the Board of Supervisors	September 20, 2022
Guo Bing (郭兵)	Male	56	May 2019	External Supervisor and the chairman of the supervision committee under the Board of Supervisors	May 28, 2019
LIU Yongli (劉永麗)	Female	54	July 2002	Employee representative Supervisor and independent approver of the credit approval department	January 26, 2016
CHEN Yong (陳勇)	Male	52	July 2002	Employee representative Supervisor, the general manager of the administration department	January 26, 2016

Directors, Supervisors, Senior Management and Employees

(III) Senior Management

Name	Gender	Age	Time of joining our Bank	Position	Time of taking the position
LIU Shirong (劉仕榮)	Male	58	October 1997	Executive Director, president	June 8, 2022
YUAN Shihong (袁世泓)	Female	54	November 2015	Vice president	July 19, 2022
XUE Xiaoqin (薛曉芹), whose former name was XUE Defang (薛德芳)	Female	56	October 1997	Vice president	May 27, 2016
WU Ji (吳極)	Male	51	April 2016	Vice president	August 10, 2020
HAN Gang (韓剛)	Male	42	March 2016	Vice president and chief information officer	March 28, 2023
MING Yang (明洋)	Male	51	May 2019	Vice president and secretary of the Board, joint company secretary	March 28, 2023
HU Jia (胡嘉)	Male	45	November 2015	Vice president	March 28, 2023
YANG Bing (楊冰), whose former name was YANG Bin (楊斌)	Male	49	April 2016	Vice president	April 8, 2016
AI Yong (艾勇)	Male	52	September 1997	Assistant to president	December 28, 2012
LI Yan (李燕)	Female	43	August 2000	General manager of the internal audit department	November 10, 2022
WANG Lan (王蘭)	Female	49	August 2002	General manager of the accounting and finance department	November 10, 2022

Directors, Supervisors, Senior Management and Employees

II. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Changes in Directors

Mr. HAN Zirong was elected as the independent non-executive Director of the Bank at the general meeting on May 22, 2024. The appointment of Mr. HAN Zirong became effective after receiving the approval on the qualification of independent non-executive directorship issued by the Sichuan Bureau of the National Financial Regulatory Administration on November 4, 2024. On December 18, 2024, Mr. HAN Zirong was appointed by the Board as the chairperson of the consumer rights protection committee and a member of the nomination and remuneration committee of the Board.

Mr. HAN Zirong obtained legal advice in accordance with Rule 3.09D of the Listing Rules on November 1, 2024, and confirmed he understood his obligations as a Director.

Mr. FAN Jingdong was elected as the independent non-executive Director of the Bank at the general meeting on October 24, 2024 and was appointed by the Board as a member of the consumer rights protection committee of the Board on December 18, 2024. The appointment of Mr. FAN Jingdong to the abovementioned relevant positions are subject to the approval of the qualification of independent non-executive directorship from the Sichuan Bureau of the National Financial Regulatory Administration.

On November 26, 2024, Mr. TANG Baoqi ceased to serve as an independent non-executive Director of the Bank and the chairperson of the nomination and remuneration committee and a member of the consumer rights protection committee of the Board upon expiration of his six-year term.

For details of the above change, please refer to the relevant announcements published by the Bank.

2. Changes in Supervisors

During the Reporting Period and up to the Latest Practicable Date, there were no changes in Supervisors of the Bank.

3. Changes in Senior Management

On January 23, 2025, Mr. WANG Chong was appointed by the Board as a vice president and would formally perform his duties upon the approval of his qualification for the appointment of senior management by the Sichuan Bureau of the National Financial Regulatory Administration.

4. Changes in Information of Directors, Supervisors and President

Mr. GAO Jinkang, an independent non-executive Director of the Bank, has been the secretary of the Party Committee of Chengdu International Studies University (成都外國語學院) and supervisory personnel of provincial government (non-executive) since October 2024; he has ceased to be an independent director of Sichuan Jule Food Co., Ltd. (四川菊樂食品有限公司) since June 2024; and he has ceased to be an independent director of Pangang Group Vanadium & Titanium Resources Co., Ltd. (攀鋼集團釩鈦資源股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000629) since January 2025.

Save as disclosed above, from the date of the interim report of 2024 and up to the Latest Practicable Date, there is no change in information of Directors, Supervisors and presidents shall be disclosed in accordance with Article 13.51B(1) of the Listing Rules.

III. BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Directors

Executive Director YOU Jiang (游江)

Mr. YOU Jiang (游江), aged 51, has been an executive Director since August 2014 and the chairman of the Board of Directors since December 2014. Mr. You is also a member of each of the development and strategy committee, the nomination and remuneration committee and the risk management committee of our Bank.

Prior to joining our Bank, Mr. You served as the division director (處長) of the First Division of Supervision and Regulation of Small and Medium Rural Financial Institutions of former CBRC Sichuan Office (原中國銀監會四川監管局農村中小金融機構監管一處) from September 2013 to June 2014. He worked as the director-general (局長) of former CBRC Nanchong Branch (原中國銀監會南充監管分局) from May 2011 to September 2013. Mr. You worked as a deputy director-general (副局長) of former CBRC Ziyang Branch (原中國銀監會資陽監管分局) from December 2007 to April 2009 and then served as its director-general (局長) from April 2009 to May 2011. Mr. You served as a deputy division director (副處長) of the Division of Supervision and Regulation of Cooperative Financial Institutions of former CBRC Sichuan Office (原中國銀監會四川監管局合作金融機構監管處) from January 2007 to December 2007, during which period he also worked on secondment as a vice general manager of the risk management department of the Sichuan Provincial Branch of Industrial and Commercial Bank of China Limited ("ICBC") (中國工商銀行股份有限公司四川省分行) and a vice president of the Chunxi sub-branch of ICBC (中國工商銀行股份有限公司春熙支行) from May 2007 to December 2007. Mr. You worked at former CBRC Sichuan Office as a vice office director (辦公室副主任) from January 2005 to January 2007. He worked as a member of the planning group of former CBRC Ya'an Branch (原中國銀監會雅安監管分局) from November 2003 to February 2004 and then a deputy director-general (副局長) of the former CBRC Ya'an Branch from February 2004 to January 2005. Mr. You worked at PBOC Ziyang Central sub-branch (中國人民銀行資陽市中心支行) as the assistant to president from July 2002 to November 2003. Prior to that, Mr. You worked at the secretarial division of the CPC committee office of PBOC Chengdu Branch (中國人民銀行成都分行) as a staff member from December 1998 to January 2000 and then the section chief (科長) from January 2000 to July 2002. He worked at PBOC Sichuan Branch (中國人民銀行四川省分行) as a cadre of the business department from July 1995 to July 1996 and a staff member of the secretarial division of the general office from July 1996 to December 1998.

Mr. You obtained a bachelor's degree in economics, a master's degree in economics and a doctoral degree in economics from Southwestern University of Finance and Economics (西南財經大學) in Sichuan Province, the PRC, in July 1995, December 2002 and July 2010, respectively. Mr. You is an economist.

Directors, Supervisors, Senior Management and Employees

Executive Director LIU Shirong (劉仕榮)

Mr. LIU Shirong (劉仕榮), aged 58, has been an executive Director since February 2010 and the president of our Bank since June 2022. Mr. Liu is also a member of each of the related party (connected) transactions control committee and the risk management committee of our Bank.

Mr. Liu joined our Bank in October 1997. Mr. Liu served as the Vice President of our Bank from May 2016 to June 2022 (responsible for the executive work of the Bank since September 2019 and performing the duties on behalf of the president of the Bank since June 2021) and Secretary of the Board of Directors from December 2012 to January 2022 and Joint Company Secretary of our Bank from December 2018 to January 2022. Prior to that, Mr. Liu served as the head of the office of the Board of Directors from March 2012 to October 2014, and acted as the responsible person of the accounting and finance department of our Bank from November 2011 to March 2012. Mr. Liu worked as the head of the administration office (行政辦公室主任) of our Bank from February 2008 to November 2011. He served as the office head (辦公室主任) of our Bank from October 2005 to February 2008. Mr. Liu worked as the head of the credit management department of our Bank from January 2005 to October 2005. He worked as the president of Binjiang sub-branch (濱江支行) of our Bank from November 2002 to January 2004 and the president of Jiangyangzhonglu sub-branch (江陽中路支行) of our Bank from January 2004 to January 2005. Mr. Liu served as an acting vice president of Tongda sub-branch (通達支行) of our Bank from October 1997 to February 1998 and then its vice president from February 1998 to November 2002. Prior to joining our Bank, Mr. Liu served as a deputy office head (辦公室副主任) and the manager of the credit department of Haikou City Bo'ai Urban Credit Cooperative (海口市博愛城市信用社) from February 1993 to June 1993 and as a vice head (副主任), the manager of its treasury department and the manager of the credit department of the same Credit Cooperative from June 1993 to October 1997. Prior to that, Mr. Liu worked in the Naxi County Government of Luzhou City from August 1985 to January 1993 as a finance officer, an office clerk and a principal section staff successively.

Mr. Liu graduated from Luzhou Finance and Trade School (瀘州財貿學校) in the PRC in July 1985, majoring in finance and accounting. He passed the self-taught higher education exams of accounting at junior college level (會計專業專科自學考試) and was approved for graduation by Southwestern University of Finance and Economics (西南財經大學) in Sichuan Province, the PRC, in June 1989. Mr. Liu graduated from the Correspondence Institute of the Central Communist Party School of the CPC (中共中央黨校函授學院) in the PRC in December 2001, majoring in economic management (through correspondence study).

Mr. Liu obtained the intermediate level certificate in financial economics conferred by Ministry of Personnel of the PRC (中華人民共和國人事部) (currently known as Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部)) in November 2000. He was certified as a senior international finance manager jointly by China Association of Chief Financial Officers (中國總會計師協會), International Financial Management Association (國際財務管理協會), Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) and Research Center of State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會研究中心) in February 2013.

Directors, Supervisors, Senior Management and Employees

Non-executive Director PAN Lina (潘麗娜)

Ms. PAN Lina (潘麗娜), aged 41, has been a non-executive Director since December 2019. She is mainly responsible for providing strategic advice on the corporate developments and making recommendations on major operational and managerial decisions of our Bank. Ms. Pan is also the chairperson of the development and strategy committee and a member of the audit committee of our Bank.

Ms. Pan has been working at Luzhou Laojiao Group Co., Ltd. since November 2015. Ms. Pan has served as the chairman and general manager of Sichuan Shengsheng Huguo Condiment Co., Ltd. (四川生生護國調味品有限公司) since September 2023. Ms. Pan has served as the chairman of Luzhou Huguo Weiye Co., Ltd. (瀘州護國味業有限公司) since March 2023. Ms. Pan has been the chairman and general manager of Sichuan Yuanjingda Food Company Limited* (四川元景達食品有限公司) since October 2021. She served as the deputy group leader and CEO office director of Luzhou East Wing project promotion group of Luzhou Laojiao Group Co., Ltd. (瀘州老窖集團有限責任公司瀘州東翼項目推進組), head of "One Corridor, One Belt" working group of Luzhou Laojiao Group since August 2021. She served as the Executive Director and general manager of Zizi Sichuan Food Co., Ltd. (滋滋川味食品有限公司), being the wholly-owned subsidiary of Luzhou Laojiao Group Co., Ltd., since April 2021, the CEO of Luzhou Laojiao Group's food industry promotion project group (瀘州老窖集團食品產業推進項目組) from April 2020 to October 2021, and the CEO of the group party of Luzhou Laojiao Co., Ltd. COSCO strategic cooperation project group (瀘州老窖集團有限責任公司中遠戰略合作項目組) from January to April 2020, and served as general manager of the party and government management center, general manager of the human resources center, assistant to president, director of the group office, and general manager of the planning and publicity center of Luzhou Laojiao Group Co., Ltd. from November 2015 to January 2020. Prior to this, Ms. Pan worked at Luzhou Liquor Concentrated Development Zone Co., Ltd.* (瀘州酒業集中發展區有限公司) (renamed Luzhou Laojiao Industrial Investment Management Co., Ltd.* (瀘州老窖實業投資管理有限公司) since January 2016) from August 2010 to January 2016, and her last position was the general manager. In addition, Ms. Pan served as the full-time deputy secretary (temporary) of the Hejiang County Party Committee for Poverty Alleviation from April 2016 to August 2018. Ms. Pan was the deputy director of the Group Office of Luzhou Laojiao Group Co., Ltd. and the deputy director of the party committee office and general manager office of Luzhou Laojiao Co., Ltd. from August 2009 to August 2010, and served as the secretary of the president of Guangzhou Textile Industry and Trade Enterprise Group from July 2006 to August 2009.

Ms. Pan received a bachelor's degree of arts from the Department of Chinese Language and Literature of Peking University in July 2006, a bachelor's degree of economics from the China Economic Research Center (National Institute of Economic Development) of Peking University in July 2006, and in June 2017, she obtained a master's degree in business administration from the School of Economics and Management of the University of Electronic Science and Technology of China, majoring in senior business administration. Ms. Pan was certified as Intermediate Economist (Business Administration) by the Ministry of Human Resources and Social Security of Sichuan Province in November 2016.

Directors, Supervisors, Senior Management and Employees

Non-executive Director XIONG Guoming (熊國銘)

Mr. XIONG Guoming (熊國銘), aged 62, has been a non-executive Director since February 2010. He is primarily responsible for providing strategic advice on corporate developments and making recommendations on major operational and managerial decisions of our Bank. Mr. Xiong is also the chairperson of the risk management committee and a member of each of the development and strategy committee and the nomination and remuneration committee of our Bank.

Mr. Xiong has been the chairman of the Board of Directors of Sichuan Jiale Enterprise Group Co., Ltd. (四川省佳樂企業集團有限公司) and held positions at several subsidiaries of Sichuan Jiale Enterprise Group Co., Ltd. since September 1998, including chairman of the Board of Directors of Sichuan Jiale Yijia Industrial Co., Ltd. (四川佳樂益佳實業有限公司) since August 2018, a Director of Luzhou Jiaxi Industrial Co., Ltd. (瀘州佳希實業有限公司) since October 2017, the chairman of the Board of Directors of Luzhou Jiale Assets Management Co., Ltd. (瀘州市佳樂資產管理股份有限公司) since September 2017, the chairman of the Board of Directors of Hainan Wanjia Culture and Tourism Development Co., Ltd. (海南萬佳文旅發展有限公司) since May 2017, a Director of Luzhou Jiarun Industrial Development Co., Ltd. (瀘州佳潤實業發展有限公司) (formerly known as Luzhou Jiarun Real Estate Development Co., Ltd. (瀘州佳潤房地產開發有限公司)) since March 2014, the chairman of the Board of Directors of Luzhou Yijia Investment Co., Ltd. (瀘州益佳投資有限公司) since July 2012, the chairman of the Board of Directors and general manager of Luzhou Yijia Real Estate Development Co., Ltd. (瀘州益佳房地產開發有限公司) since January 2011, a Director of Chongqing Centennial Jiale Properties Co., Ltd. (重慶百年佳樂置業有限公司) since November 2004, a Director of Luzhou Nanyuan Taxi Co., Ltd. (瀘州南苑出租汽車有限公司) since January 2003 and a Director of Luzhou Nanyuan Hotel Co., Ltd. (瀘州南苑賓館有限公司) since December 2002. In addition, Mr. Xiong also served as a Director of Luzhou Rural Commercial Bank Co., Ltd. (瀘州農村商業銀行股份有限公司) since July 2017. Before that, Mr. Xiong served as a Director of Luzhou Longmatan Rural Commercial Bank Co., Ltd. (瀘州龍馬潭農村商業銀行股份有限公司) (one of the predecessors of Luzhou Rural Commercial Bank Co., Ltd.) from October 2013 to July 2017. Mr. Xiong served as the general manager of Jiale Real Estate from September 1994 to September 1998 and the branch manager and deputy general manager of Sichuan Luxian Second Construction Company (四川省瀘縣二建司) from September 1984 to September 1994.

Mr. Xiong obtained an executive master's degree in business administration from Tsinghua University (清華大學) in Beijing, the PRC, in July 2010 and another executive master's degree in business administration from Tsinghua University in Beijing, the PRC, in January 2015. Mr. Xiong was approved as a senior engineer by Sichuan Title Reform Leading Group (四川省職改領導小組) in June 1999.

Directors, Supervisors, Senior Management and Employees

Non-executive Director LUO Huoming (羅火明)

Mr. LUO Huoming (羅火明), aged 48, has been a non-executive Director since March 2023. He is primarily responsible for providing strategic advice on corporate developments and making recommendations on major operational and managerial decisions of our Bank. Mr. Luo is also a member of each of the development and strategy committee and the consumer rights protection committee.

Mr. Luo has been the general manager of Luzhou Industrial Development Investment Group Co., Ltd. (瀘州產業發展投資集團有限公司) since December 2021. Prior to that and from May 2019 to December 2021, Mr. Luo served as the general manager of Luzhou High-tech Investment Group Co., Ltd.; from March 2016 to May 2019, the deputy secretary of the Party Committee of Luzhou Xinglu Water (Group) Co., Ltd., the chairman of Luzhou Xinglu Sewage Treatment Co., Ltd. (瀘州市興瀘污水處理有限公司); from April 2015 to March 2016, he served as the deputy director of Luzhou Economic and Information Technology Committee (瀘州市經濟和信息化委員會); from October 2012 to April 2015, he served as the deputy general manager of Sichuan New Torch Chemical Co., Ltd. (四川新火炬化工有限責任公司); from July 2001 to October 2012, he successively served as a staff of the government of Xinle Town, Naxi District, Luzhou, an assistant to the town mayor and the director of the party and government office of Mianhuapo Town, Naxi District, Luzhou, the deputy director of the Economic and Commercial Bureau of Naxi District, Luzhou (瀘州市納溪區經商局), deputy director of the party committee office and director of the supervision office of Naxi District, Luzhou, the town mayor of Huguo Town, Naxi District, Luzhou, and the director of the Economic and Commercial Bureau of Naxi District, Luzhou.

Mr. Luo obtained a bachelor's degree in Food Science and Engineering from Sichuan Technological University in June 2001 and a master's degree in Economics from the Party School of Sichuan Provincial Committee of the Communist Party of China in June 2007.

Directors, Supervisors, Senior Management and Employees

Non-executive Director CHEN Ping (陳萍)

Ms. CHEN Ping (陳萍), aged 52, has been a non-executive Director since March 2023. She is mainly responsible for providing strategic advice on the corporate developments and making recommendations on major operational and managerial decisions of our Bank. Ms. Chen is also a member of the development and strategy committee.

Ms. Chen has been the chief financial officer of Luzhou Xinglu Investment Group Co., Ltd. since March 2018, the chairman of Luzhou Xinglu Industrial Development Co., Ltd. (瀘州市興瀘實業發展有限公司) since October 2023, a council member of the eighth council of Sichuan Accounting Society (四川省會計學會第八屆理事會) since July 2023, the vice president of the Women Entrepreneurs Branch of the Luzhou Entrepreneurs Association (瀘州市企業家協會女企業家分會) since January 2023, the secretary general of the Luzhou Accounting Association (瀘州市會計協會) since May 2021, a director of Luzhou Chengnan Construction Investment Co., Ltd. (瀘州市城南建設投資有限責任公司) since February 2021, and a director of Luzhou Jiangnan Construction Investment Co., Ltd. (瀘州市江南建設投資有限公司) since December 2018. Prior to that, Ms. Chen served as the chairman and general manager of Luzhou Xinglu Industrial Development Co., Ltd. (瀘州市興瀘實業發展有限公司) from February 2022 to October 2023 and the deputy manager and manager of the finance department of Luzhou Xinglu Investment Group Co., Ltd. from July 2003 to January 2019, and the chief financial officer of Luzhou Jiangyang Xinglu Hongyang Small Loan Co., Ltd.* (瀘州市江陽區興瀘鴻陽小額貸款有限公司) from April 2014 to July 2016. Ms. Chen served as a deputy manager of the finance department of Luzhou Fundamental Infrastructure Construction Investment Co., Ltd. (瀘州市基礎建設投資有限公司) from July 2001 to July 2003, a staff of Sichuan Luzhou Investment Co., Ltd.* (四川省瀘州投資公司) from April 1995 to July 2001, a staff of Luzhou Mineral Resources Development Corporation* (瀘州市礦產資源開發總公司) from May 1994 to April 1995, and a staff of Luzhou Economic Accounting Firm* (瀘州市經濟會計事務所) from October 1993 to May 1994.

Ms. Chen graduated from Southwestern University of Finance and Economics majoring in Accounting in October 1993 and obtained a bachelor's degree in Economic Management from the Correspondence College of the Party School of Sichuan Provincial Committee* (四川省委黨校函授學院) in December 1998. Ms. Chen is a senior accountant and an intermediate economist.

Directors, Supervisors, Senior Management and Employees

Independent non-executive Director ZHONG Jin (鍾錦)

Mr. ZHONG Jin (鍾錦), aged 63, has been an independent non-executive Director since November 2020. He is primarily responsible for supervising and providing independent advice on the operation and management of our Bank. Mr. Zhong is also a chairperson of the nomination and remuneration committee, a member of the related party (connected) transactions control committee and the risk management committee of our Bank.

Mr. Zhong has been approved by China CINDA Asset Management Co., Ltd. (中國信達資產管理股份有限公司) (formerly known as China CINDA Asset Management Corporation (中國信達資產管理公司)) (a company listed on Hong Kong Stock Exchange, stock code: 01359; preference share stock code: 04607) to resign his position since July 2020. Prior to this, Mr. Zhong served as a counsel (巡視員) of China CINDA Asset Management Co., Ltd. from June 2019 to July 2020 and the chairman of China CINDA (Hong Kong) Holdings Company Limited (中國信達(香港)控股有限公司) from October 2014 to May 2019, and served as the managing director of Well Kent International Investment Company Limited (華建國際投資有限公司) (now known as China CINDA (Hong Kong) Holdings Company Limited) from March 2011 to October 2014. From February 2005 to February 2011, he served as the director (主任) of the Chengdu Office of China CINDA Asset Management Co., Ltd., and from February 2002 to February 2005, he served as the deputy director (副主任) of the Guiyang Office of China CINDA Asset Management Co., Ltd. From February 1985 to February 2002, he successively served as a loan officer (信貸員) of the Sichuan Branch of China Construction Bank Co., Ltd. (CCB), deputy division head and vice president (副科長及副行長) of the Directly-affiliated Branch (直屬支行) of the Sichuan Branch of CCB, vice president and president (副行長及行長) of the Railway Sub-branch (鐵道支行) of the Sichuan Branch of CCB, president and the general manager of International Business Department (行長兼國際業務部總經理) of the Minjiang Sub-branch (岷江支行) of Sichuan Branch of CCB, and director (處長) of Information Statistics Division (信息統計處) of the Sichuan Branch of CCB, and he also served as a teacher at East China Jiaotong University (華東交通大學) from February 1982 to February 1985.

Mr. Zhong obtained a doctoral degree in finance from Southwestern University of Finance and Economics (西南財經大學) in Chengdu, the PRC in June 2006. Mr. Zhong was certified as a senior economist by the Sichuan Branch of CCB in March 1994.

Directors, Supervisors, Senior Management and Employees

Independent Non-executive Director GAO Jinkang (高晉康)

Mr. GAO Jinkang (高晉康), aged 61, has been an independent non-executive Director since March 2023. He is primarily responsible for supervising and providing independent advice on the operation and management of our Bank. Mr. GAO is also the chairperson of the related party (connected) transactions control committee of our Bank and a member of each of the nomination and remuneration committee and the audit committee of our Bank.

Mr. Gao has been teaching at Southwestern University of Finance and Economics (西南財經大學) since July 1985, and successively served as a teaching assistant, lecturer, deputy director, director and dean of the School of Law of Southwestern University of Finance and Economics (西南財經大學), during which he served as the assistant to the general manager (temporary training) of Shimian County Mining and Metallurgy Company (石棉縣礦冶公司) from August 1990 to August 1991; from November 1995 to November 2000, he was served as an associated professor of the School of Law, Southwestern University of Finance and Economics (西南財經大學); he has been served as a professor of the School of Law, Southwestern University of Finance and Economics (西南財經大學) since November 2000. Since April 2011, he has been the director (non-executive) of the China Financial Law Research Center of Sichuan Philosophy and Social Science Key Research Base of Southwestern University of Finance and Economics. He has been the secretary of the Party Committee of Chengdu International Studies University (成都外國語學院) and supervisory personnel of provincial government (non-executive) since October 2024. Mr. Gao has been an external supervisor of Chengdu Rural Commercial Bank Co., Ltd. (成都農村商業銀行股份有限公司) since April 2024 and an independent director of Mianyang Rural Commercial Bank Co., Ltd. (綿陽農村商業銀行股份有限公司) since July 2021. Mr. Gao has been an independent director of Sichuan Jule Food Co., Ltd. (四川菊樂食品有限公司) from May 2023 to June 2024, an independent director of Suzhou Fresh Drinks Co., Ltd. (蘇州鮮活飲品股份有限公司) from March 2022 to January 2024, an independent director of Pangang Group Vanadium & Titanium Resources Co., Ltd. (攀鋼集團釩鈦資源股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000629) from July 2021 to January 2025, and an independent director of Houpu Clean Energy Group Co., Ltd. (厚普清潔能源(集團)股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300471) from May 2021 to May 2023. Mr. Gao was a part-time external director of Shudao Investment Group Co., Ltd. (蜀道投資集團有限責任公司) from May 2021 to July 2022, an independent director of Chengdu Huge Construction Material Co., Ltd. (成都宏基建材股份有限公司) from September 2020 to December 2021, and an independent director of Sichuan Expressway Company Limited (四川成渝高速公路股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601107; and listed on the Stock Exchange, stock code: 00107) from September 2019 to March 2021; independent director of GSN Corporations Limited (新威斯頓集團有限公司) (a company listed on the Stock Exchange, stock code: 08242) from May 2019 to March 2021, independent director of Leshan Commercial Bank Co., Ltd. (樂山市商業銀行股份有限公司) from April 2019 to April 2022; the legal representative, executive director and general manager of Chengdu Global Chinese Economists Alliance Co., Ltd. (成都全球華人經濟學人聯盟有限公司) from August 2000 to November 2005.

Mr. Gao obtained a master's degree in Political Economics from Southwestern University of Finance and Economics in June 1995 and a doctoral degree in Political Economics from Southwestern University of Finance and Economics in September 2002.

Directors, Supervisors, Senior Management and Employees

Independent Non-executive Director CHING Yu Lung (程如龍)

Mr. CHING Yu Lung (程如龍), aged 55, has been an independent non-executive Director since March 2023. He is primarily responsible for supervising and providing independent advice on the operation and management of our Bank. Mr. Ching is also the chairperson of the audit committee, and a member of each of the related party (connected) transactions control committee and the risk management committee of the Bank.

Mr. Ching has been an independent non-executive director of Shenzhen Investment Holdings Bay Area Development Company Limited (a company listed on the Stock Exchange, stock code: 00737) since April 2018, an independent non-executive director of Hopson Development Holdings Limited (a company listed on the Stock Exchange, stock code: 00754) since July 2015, and an independent non-executive director of Ngai Hing Hong Company Limited (a company listed on the Stock Exchange, stock code: 01047) since February 2009. Prior to that, Mr. Ching was the chief financial officer of Hong Kong Shanghai Alliance Holdings Limited (a company listed on the Stock Exchange, stock code: 01001) from November 2018 to June 2023 and served as an independent non-executive director of Termbray Industries International (Holdings) Limited (a company listed on the Stock Exchange, stock code: 00093) from November 2016 to April 2022, an independent non-executive director of AMVIG Holdings Limited (澳科控股有限公司) (a company previously listed on the Stock Exchange, stock code: 02300 and currently delisted) from March 2020 to April 2021, an assistant to the chairman of Rongying Capital Management Limited* (熔盈資本管理有限公司) from May 2011 to July 2016, the chief financial officer and company secretary of Glorious Property Holdings Limited (a company listed on the Stock Exchange, stock code: 00845) from February 2008 to April 2011, the Vice President of Finance of Hong Kong & China Gas Investment Limited from June 2007 to February 2008, the chief financial officer of Evergrande Real Estate Group Limited from December 2006 to May 2007, an executive director, the finance director and company secretary of Ngai Hing Hong Company Limited from August 2000 to December 2006, the financial controller of Liaoning Panpan Group Co., Ltd. (遼寧盼盼集團有限公司) from September 1999 to July 2000, and the manager of the audit department of Arthur Andersen from September 1992 to June 1999.

Mr. Ching obtained a bachelor's degree in Business Administration from The Chinese University of Hong Kong in December 1992 and an executive master's degree in Business Administration from the School of Economics and Management, Tsinghua University in January 2006. Mr. Ching is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants and a member of the American Institute of Certified Public Accountants.

Directors, Supervisors, Senior Management and Employees

Independent Non-executive Director HAN Zirong (韓子榮)

Mr. HAN Zirong (韓子榮), aged 61, has been an independent non-executive Director since November 2024. He is primarily responsible for supervising and providing independent advice on the operation and management of our Bank. Mr. Han is also the chairperson of the consumer rights protection committee of the Bank and a member of the nomination and remuneration committee.

Mr. Han has been a director and manager of Shenzhen Tonglue Management Consulting Co., Ltd. (深圳市通略管理諮詢有限公司) since July 2024, a business consultant of the Shenzhen Branch of BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥)) since June 2024, an executive director and general manager of Shenzhen Jikan Traditional Chinese Medicine Health Massage Co., Ltd. (深圳汲康中醫養生推拿有限公司) since June 2024, the general manager of Shenzhen Qianqianxingyu Technology Co., Ltd. (深圳市千千星羽科技有限公司) since May 2024, and an executive director and general manager of Shenzhen Jikan Clinic (深圳汲康診所) since April 2022. Mr. Han has been an independent director of Chengdu Rural Commercial Bank Co., Ltd. (成都農村商業銀行股份有限公司) since March 2021 and a director of the seventh session of the Shenzhen Institute of Certified Public Accountants since March 2021. Mr. Han was an independent director of Xuzhou Rural Commercial Bank Co., Ltd. (徐州農村商業銀行股份有限公司) from June 2020 to December 2023, an external supervisor of Bank of Chengdu Co., Ltd. (成都銀行股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601838) from January 2017 to June 2024, and a director of the sixth session of the Shenzhen Institute of Certified Public Accountants from November 2016 to November 2020, an external supervisor of China Merchants Bank Co., Ltd. (招商銀行股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600036; and a company listed on the Stock Exchange, stock code: 3968) from June 2016 to June 2022, an independent director of Bank of Hainan Co., Ltd. (海南銀行股份有限公司) from July 2015 to March 2020, a partner of the Shenzhen Branch of BDO China Shu Lun Pan Certified Public Accountants LLP from November 2012 to June 2024, an independent director of Bank of Chengdu Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 601838) from March 2011 to January 2017, a deputy general manager and the executive general manager of the Shenzhen business headquarters of WUYIGE Certified Public Accountants LLP (大信會計師事務所(特殊普通合夥)) from October 2008 to November 2012, an independent director of Bank of Ningbo Co., Ltd. (寧波銀行股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002142) from January 2005 to December 2010, a managing partner of Shenzhen Rongxin Certified Public Accountants (Special General Partnership) (深圳融信會計師事務所(特殊普通合夥)) from September 1997 to October 2008, an assistant to director of Shenzhen Audit Firm (深圳市審計師事務所) from October 1992 to September 1997, and from July 1985 to October 1992, he worked in the credit department of Changchun Branch of Industrial and Commercial Bank of China Limited (a company listed on the Shanghai Stock Exchange, stock code: 601398; and a company listed on the Stock Exchange, stock code: 1398).

Mr. Han obtained a bachelor's degree in Commercial Economics from Jilin University of Finance and Economics in July 1985. Mr. Han is a practicing member of the Chinese Institute of Certified Public Accountants.

Directors, Supervisors, Senior Management and Employees

2. Supervisors

Mr. WU Wei (吳偉), aged 55, has been a Supervisor and the chairman of the Board of Supervisors since September 2022. He is primarily responsible for supervising the performance of duties by the Directors and the senior management of the Bank, convening and presiding over the meetings of the Board of Supervisors, organizing the performance of duties of the Board of Supervisors, signing the report of the Board of Supervisors and other important documents, reporting to the Shareholders' general meeting on behalf of the Board of Supervisors and other duties prescribed by laws, regulations and the Articles of Association or authorized by the Board of Supervisors.

Mr. Wu has been the deputy minister (副部長) of the Organization Department of the CPC Luzhou Municipal Committee (中共瀘州市委組織部) and the director (主任) of the Commission Office of Public Sectors Reform of the CPC Luzhou Municipal Committee (市委編辦) since August 2017, and served as a first-class researcher since September 2020. Prior to that, Mr. Wu served as the deputy secretary (副書記) of the CPC Luzhou Municipal Commission for Discipline Inspection (中共瀘州市紀委) from April 2016 to August 2017, the deputy secretary of the CPC Luzhou Municipal Commission for Political and Legal Affairs (中共瀘州市政法委) and the director of the Luzhou Public Security Comprehensive Management Office (市綜治辦) from August 2014 to April 2016, and the member of the Standing Committee of Luzhou Longmatan District of the CPC (中共瀘州市龍馬潭區委常委) and the secretary (書記) of the Political and Legal Affairs Committee of Luzhou Longmatan District of the CPC (中共瀘州市龍馬潭區委政法委) from October 2009 to August 2014. During this period, Mr. Wu served on a temporary basis as the deputy secretary of the Xiangcheng County Party Committee (鄉城縣委) from May 2010 to June 2012; he served as the member of the Standing Committee of Luzhou Longmatan District of the CPC, the head of the District Party Committee Office (區委辦公室), and the chairman of the District Federation of Trade Unions (區總工會) from October 2006 to October 2009; he served as the deputy district head (副區長) of the Luzhou Longmatan District Government (瀘州市龍馬潭區政府) from July 2003 to October 2006; he served as the deputy secretary of the Political and Legal Affairs Committee of Luzhou Longmatan District of the CPC from February 2003 to July 2003; and he served as the deputy secretary of the Party Committee of Anning Town, Longmatan District, Luzhou (瀘州市龍馬潭區安寧鎮黨委) and the town mayor (鎮長) of Anning Town, Longmatan District, Luzhou from February 2001 to February 2003. During that time, he worked in the Luzhou Municipal Committee Office of the CPC (中共瀘州市委辦公室) from June 2002 to December 2002; he worked in the Luzhou Procuratorate (瀘州市檢察院) from March 2002 to June 2002; he served as the deputy secretary of the Party Committee and the secretary of the Discipline Inspection Commission of Anning Town, Longmatan District, Luzhou of the CPC (中共瀘州市龍馬潭區安寧鎮紀委) from June 2000 to February 2001; he successively served as the clerk (書記員), assistant procurator (助理檢察員), deputy section chief (副科長) and section chief (科長) of the Political Engineering Department (政工科), and member of the Party Leadership Group (黨組) of the People's Procuratorate of Luzhou Longmatan District (瀘州市龍馬潭區人民檢察院) from January 1997 to June 2000; he served as the deputy director (副主任) and the Party branch secretary (黨支部書記) of the 95th grade office of the Second Department of Medicine (醫學二系九五級辦公室) of Luzhou Medical College (瀘州醫學院) from June 1995 to January 1997; and he served as a teacher in the anesthesiology office (麻醉辦公室) of Luzhou Medical College from July 1992 to June 1995.

Mr. Wu obtained a bachelor's degree in clinical medicine from Luzhou Medical College (瀘州醫學院) in July 1992 and a master's degree in public administration from Southwestern University of Finance and Economics (西南財經大學) in January 2009.

Directors, Supervisors, Senior Management and Employees

Mr. GUO Bing (郭兵), aged 56, has been an external Supervisor and the chairman of the supervision committee under the Board of Supervisors since May 2019. He is primarily responsible for supervising the performance of duties by the Directors and the senior management of the Bank, convening and presiding over the meetings of the supervision committee of the Board of Supervisors, organizing the performance of duties of the supervision committee of the Board of Supervisors and organizing audit work within the work scope of the Board of Supervisors.

Mr. Guo is a head of Sichuan Liguang Law Firm (四川理光律師事務所) and joined the firm in August 1996. Mr. Guo worked at the Sichuan Petroleum Administration Logging Company (四川石油管理局測井公司) as an engineer from July 1991 to May 2000. Mr. Guo worked at Luzhou Foreign-related Law Firm (瀘州涉外律師事務所) as a part-time job from August 1996 to May 2000 and as a full-time lawyer from May 2000 to May 2005. Mr. Guo worked at Sichuan Liguang Law Firm (四川理光律師事務所) as a deputy head from May 2005 to January 2009 and as a head since January 2009.

Mr. Guo obtained his undergraduate degree in field geophysics specialization from Southwest Petroleum University (西南石油學院) in June 1991, the lawyer's qualification certificate in the PRC in August 1996, and a lawyer's license in the PRC in 1997.

Mr. LYU Hong (呂紅), aged 64, has been an external Supervisor and the chairman of the nomination committee under the Board of Supervisors since September 2022. He is primarily responsible for supervising the performance of duties by the Directors and the senior management of the Bank, convening and presiding over the meetings of the nomination committee of the Board of Supervisors, and organizing the performance of duties of the nomination committee of the Board of Supervisors.

Mr. Lyu worked in the risk management department of Luzhou Branch of Agricultural Bank of China (中國農業銀行瀘州分行) (retired from the bank to enjoy the treatment of general manager) from November 2011 to November 2020; he served as the division director (處長) of credit division and the general manager of the risk management department of Luzhou Branch of Agricultural Bank of China from August 2002 to October 2011; he served as the secretary of the Party Committee and president (行長) of Xuyong Sub-branch of Luzhou Branch of Agricultural Bank of China (中國農業銀行瀘州分行敘永支行) from August 2000 to July 2002; he served as the deputy secretary of the Party Committee and vice president of Xuyong Sub-branch of Luzhou Branch of Agricultural Bank of China from March 1999 to July 2000; he was the head (負責人) of Luzhou Branch Railway Station Office of Agricultural Bank of China (中國農業銀行瀘州分行火車站分理處) from March 1998 to February 1999; he served as the cadre (幹部) of Jiangyang Sub-branch of Luzhou Branch of Agricultural Bank of China (中國農業銀行瀘州分行江陽支行) from March 1995 to February 1997; and he served as the cadre in the credit cooperation department of Luzhou Branch of Agricultural Bank of China from April 1986 to February 1995, during which time he served as the deputy section level auditor (副科級稽核員) of Luzhou Branch of Agricultural Bank of China in 1989. Mr. Lyu served as the cadre of credit cooperation department of Gulin Sub-branch of Agricultural Bank of China (中國農業銀行古藺支行) from September 1981 to March 1986.

Mr. Lyu graduated from Luzhou School of Finance and Trade (瀘州財貿學校) in July 1981, and graduated from Chongqing Normal University (重慶師範大學) with a major in financial securities in July 1996. Mr. Lyu is an intermediate economist.

Directors, Supervisors, Senior Management and Employees

Ms. LIU Yongli (劉永麗), aged 54, has been an employee representative Supervisor of our Bank since January 2016, and the independent approver of the credit approval department of our Bank since May 2020. She is primarily responsible for supervising the performance of duties by the Directors and senior management of our Bank.

Ms. Liu has been a supervisor of Luzhou Industrial Development Investment Group (former Luzhou Industrial Investment Group) since March 2015 to February 2022. Ms. Liu joined our Bank in July 2002 and served as the principal accountant (主辦會計) of Zhongshan sub-branch (忠山支行) of our Bank from July 2002 to December 2003, the head (科長) of the financial accounting and technology department (財會科技部) from January 2004 to December 2004, the head (科長) of the operation management department (運行管理部) from January 2005 to February 2008, a vice president of Xiaoshi sub-branch (小市支行) from February 2008 to November 2010, the head of the risk management department from November 2010 to November 2011, the general manager of the internal control and compliance department and the head of the internal audit department from November 2011 to June 2012, the general manager of the risk management department from June 2012 to February 2013, the general manager of the credit business department from February 2013 to October 2015 and the general manager of the internal control and compliance department (security department) of our Bank from October 2015 to June 2018 and the general manager of the risk management department of our Bank from June 2018 to May 2020. Prior to joining our Bank, Ms. Liu held several positions in human resources, labor and capital, planning, credit, statistics and accounting at Hejiang sub-branch of China Construction Bank Corporation (中國建設銀行股份有限公司合江支行) from August 1991 to July 2002. She held positions in savings and post-savings supervision at Gulin sub-branch of China Construction Bank Corporation (中國建設銀行股份有限公司古藺支行) from September 1988 to July 1991.

Ms. Liu passed the self-taught higher education exams of accounting at undergraduate level (會計專業本科高等教育自學考試) and was approved for graduation by Southwestern University of Finance and Economics (西南財經大學) in Sichuan Province, the PRC in June 2007. Ms. Liu was certified as a senior international finance manager jointly by China Association of Chief Financial Officers (中國總會計師協會), International Financial Management Association (國際財務管理協會), Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) and Research Center of State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會研究中心) in August 2013. Mr. Liu also obtained the certificate in banking fundamentals (公共基礎證書) granted by the China Banking Association (中國銀行業協會) in October 2007, and the certificate of intermediate level of accounting granted by MOF in May 2002.

Directors, Supervisors, Senior Management and Employees

Mr. CHEN Yong (陳勇), aged 52, has been an employee representative Supervisor of our Bank since January 2016, and the general manager of the administration department (綜合管理部) of our Bank since December 2019. He is primarily responsible for supervising the performance of duties by the Directors and senior management of our Bank.

Mr. Chen joined our Bank in July 2002 and successively served as a bank teller from July 2002 to December 2005, the president of Jiale sub-branch (佳樂支行) from January 2006 to December 2007, a business manager at the operation management department (運行管理部) from January 2008 to September 2010, the president of Lianhuachi sub-branch (蓮花池支行) from September 2010 to February 2012, the president of Jiangbei sub-branch (江北支行) from March 2012 to February 2014, an assistant to president of Xiaoshi sub-branch (小市支行) from February 2014 to May 2015, the vice general manager of the administration department from November 2015 to December 2018, and the vice head of the office of the Board of Directors from May 2015 to December 2018, and the vice general manager (presiding over work) of the administration department from December 2018 to December 2019.

Mr. Chen graduated from Chongqing University Internet Education College (重慶大學網絡教育學院) in the PRC in January 2010, majoring in economics and business administration through long distance learning. Mr. Chen graduated from The Open University of China (國家開放大學) in the PRC in January 2021 with a bachelor degree in finance.

3. Members of Senior Management

For biographical details of Mr. LIU Shirong (劉仕榮), please refer to the section "1. Directors – Executive Directors" above.

Ms. YUAN Shihong (袁世泓), aged 54, graduated from the Correspondence Institute of the Party School of Sichuan Provincial Committee of the CPC (中國共產黨四川省委員會黨校函授學院) as an undergraduate, majoring in law (through correspondence study). She is a political engineer.

Ms. Yuan has been a vice president of the Bank since July 2022. Ms. Yuan joined the Bank in November 2015. She served as a Supervisor and Chairperson of the Board of Supervisors of the Bank from January 2016 to January 2022, a member of the Party Committee of the Bank from January 2022 to July 2022. Prior to that, Ms. Yuan worked as a member of the standing committee of and the minister of the Organization Department of the Luxian CPC Committee (中國共產黨瀘縣縣委) from July 2015 to November 2015. From November 2004 to July 2015, Ms. Yuan worked at the Organization Department of the Luzhou CPC Committee (中國共產黨瀘州市委組織部) and served as a senior staff member (副主任科員) from March 2005 to June 2005, a senior staff member (副主任科員) of the second division of cadre (幹部二處) from June 2005 to February 2006, a deputy division director (副處長) of the second division of cadre (幹部二處) from February 2006 to May 2010, a principal staff member (主任科員) of the second division of cadre (幹部二處) from October 2007 to May 2010, a deputy division director (副處長), a principal staff member (主任科員), and then the division director (處長) of the third division of cadre (幹部三處) from May 2010 to June 2014, and a member of the ministry and commission (部務委員) and the section chief (科長) of the third chief of cadre (幹部三科) from June 2014 to July 2015. Prior to that, Ms. Yuan worked as the section chief (科長) of the organization division (組織科) and then a senior staff member (副主任科員) of the Organization Department of the Luzhou Naxi District CPC Committee (中國共產黨瀘州市納溪區委組織部) from July 2002 to November 2004, and a staff member (科員) and then the head of office (辦公室主任) of Sichuan Luzhou Naxi District Labor Bureau (四川省瀘州市納溪區勞動局) from September 1992 to July 2002.

Directors, Supervisors, Senior Management and Employees

Ms. XUE Xiaoqin (薛曉芹), aged 56, obtained a master's degree of business administration from The Open University of Hong Kong. She is a senior international financial manager and an intermediate economist.

Ms. Xue has been a vice president of our Bank since May 2016. Ms. Xue served as a supervisor of Lutianhua (Group) Co., Ltd. (瀘天化(集團)有限責任公司) from December 2016 to December 2021 and a supervisor of Luzhou Laojiao Group Co., Ltd. (瀘州老窖集團有限責任公司) from January 2017 to December 2021. Ms. Xue joined our Bank in October 1997. Ms. Xue was appointed as a candidate for vice president of our Bank from November 2015 to May 2016. Ms. Xue served as the assistant to president of our Bank from December 2012 to November 2015, during which period she also worked as the general manager of the direct customers department from January 2013 to February 2014 and the general manager of the direct (institutional) customers department of our Bank from February 2014 to January 2015. From November 2011 to January 2013, Ms. Xue served as the general manager of the customer marketing department of our Bank. From October 2010 to November 2011, Ms. Xue worked as the responsible person of the customer marketing department of our Bank. She worked as a vice director, the responsible person and then the head of the business department of our Bank from January 2007 to October 2010. She served as an acting vice president (代理副行長) of Anfu sub-branch of our Bank from October 1997 to February 1998, the vice president of Anfu sub-branch of our Bank from February 1998 to May 2000 and then the president of Anfu sub-branch of our Bank from November 2002 to December 2006. From May 2000 to November 2002, she worked as the vice president of Naxi sub-branch of our Bank. Ms. Xue worked at Anfu Urban Credit Cooperative (安富城市信用社) from September 1988 to June 1992. Ms. Xue worked at Anfu Business Office of Municipal Central Urban Credit Cooperative (市中區城市信用社) from June 1992 to August 1997.

Directors, Supervisors, Senior Management and Employees

Mr. WU Ji (吳極), aged 51, obtained an on-job postgraduate from the Correspondence Institute of the Party School of Sichuan CPC Committee (中國共產黨四川省委員會黨校函授學院), majoring in economics.

Mr. Wu has been a vice president of our Bank since August 2020. Mr. Wu joined our Bank in April 2016 and served as a party organization member and the secretary of the branch of the CPC General Committee of the Bank from April 2016 to December 2016, a member of the Interim CPC Committee and the secretary of the branch of the CPC General Committee of the Bank from January 2017 to September 2017, a member of the CPC Committee and the secretary of the Discipline Inspection Committee of the Bank from September 2017 to August 2020, during which period he served as the chairman of Luxian Yuantong Rural Bank Co., Ltd. (瀘縣元通村鎮銀行) since July 2018. Prior to joining our Bank, Mr. Wu worked at the City Reception Office of the Luzhou Municipal Government Office Administration and served as a deputy director-general (副局長) from August 2015 to April 2016. From December 2010 to August 2015, Mr. Wu worked at Gulin County government and served as a Standing Committee Member of the Gulin County CPC Committee (中共古藺縣委) and a deputy mayor of the county government (responsible for executive work of the county government) from July 2013 to August 2015, a Standing Committee Member of the Gulin County CPC Committee (中共古藺縣委), the department head (部長) of the Organization Department, a deputy director of the County Editorial Committee (縣編委會), the secretary of the Work Committee of the Department under the CPC Committee of the county (縣直機關工委) and the headmaster of the county's Party School of the CPC Committee from December 2010 to July 2013. From July 1997 to December 2010, he worked at the Organization Department of the Luzhou CPC Committee (中共瀘州市委組織部) and held various positions. Mr. Wu served as a member of the ministry and commission (部委委員) of the Organization Department of the Luzhou CPC Committee (中共瀘州市委組織部) and the division director (處長) of the second division of cadre (幹部二處) from February 2008 to December 2010. He worked as the division director of the second division of cadre of the Organization Department of the Luzhou CPC Committee from February 2007 to February 2008 and the division director of the cadre supervision division (幹部監督處) of the Organization Department of the Luzhou CPC Committee from January 2005 to February 2007. From November 2003 to January 2005, he acted as a senior staff member and a principal staff member (副主任、主任科員) of the office of Organization Department of the Luzhou CPC Committee. He served as the deputy division director (副處長) of the organization division of Organization Department of the Luzhou CPC Committee from September 2001 to November 2003, during which period he served as the deputy department head (副部長) of the Organization Department of the Hejiang County CPC Committee (合江縣委) from April 2002 to April 2003 and worked as the principal staff member since December 2002. Mr. Wu worked at the organization division of the Organization Department of the Luzhou CPC Committee from August 1998 to September 2001, during which period he acted as a senior staff member since August 1999. Prior to that, Mr. Wu served as a staff member and clerk of the office of the Organization Department of the Luzhou CPC Committee from January 1998 to August 1998 and from July 1997 to January 1998, separately. He served as the assistant to the mayor of Luobu Township, Xuyong County (deputy section level) from July 1995 to July 1997.

Directors, Supervisors, Senior Management and Employees

Mr. HAN Gang (韓剛), aged 42, graduated from Southwestern University of Finance and Economics (西南財經大學) with a master's degree in economics, majoring in finance.

Mr. Han has served as a vice president and chief information officer of the Bank since March 2023. Mr. Han joined the Bank in March 2016, he served as the general manager of the system development department of the Bank since March 2016 to May 2016, and as the general manager of the system development department and the head of the joint innovation center of the Bank from May 2016 to November 2017. Mr. Han has served as the chief planner of the Bank from November 2017 to May 2023 and the head of the IT innovation center of the Bank from December 2017 to April 2022. Prior to joining the Bank, he worked at Shanghai Branch of IBM (China) Investment Co., Ltd. from July 2011 to March 2016, Camelot Information Technology Co., Ltd. (柯萊特信息技術有限公司) from November 2010 to July 2011, Shanghai Branch of IBM Solution & Services (Shenzhen) Co., Ltd. from November 2009 to November 2010, Shanghai Branch of Ping An Technology (Shenzhen) Co., Ltd. from July 2006 to November 2009.

Mr. MING Yang (明洋), aged 51. He obtained a PhD in economics from Southwestern University of Finance and Economics (西南財經大學), majoring in agricultural economics, and is an intermediate economist.

Mr. Ming has served as a vice president and secretary to the Board, joint company secretary of the Bank since March 2023. Mr. Ming joined the Bank in May 2019. Mr. Ming worked at the Chengdu Branch of the Bank from May 2019 to August 2019, and served as the president (performing the duties on behalf of the president) of the Chengdu Branch of the Bank from August 2019 to September 2019, and served as the president of the Chengdu Branch of the Bank from September 2019 to October 2023. Prior to joining the Bank, he worked at the China Banking and Insurance Regulatory Commission Meishan Office, and served as the deputy secretary to the CPC Committee and deputy director-general (presiding over work) from August 2016 to December 2016, the secretary to the CPC Committee and director-general from December 2016 to December 2018 and then the interim principal from December 2018 to May 2019. Prior to that, he worked at the China Banking Regulatory Commission (the "CBRC") Sichuan Office, and served as a deputy senior staff member of the Division of Supervision and Regulation of Cooperative Financial Institutions (合作金融機構監督管理處) from October 2003 to July 2005, a principal staff member of the Division of Supervision and Regulation of Cooperative Financial Institutions from July 2005 to October 2008, and the section chief of the First Division (一科) of the Division of Supervision and Regulation of Cooperative Financial Institutions from October 2008 to January 2009. He served as the section chief of the First Division of the Seven Ministry (七處) of the Onsite Inspection Department from January 2009 to March 2012 (from October 2011 to November 2011, he was seconded to the CBRC to participate in the exchange training of market access work of the Cooperation Department (合作部)), and then he served as the section chief of the General Section of the First Division of Supervision and Regulation of Small and Medium Rural Financial Institutions from March 2012 to May 2012, the deputy division director and the section chief of the General Department of the First Division of Supervision and Regulation of Small and Medium Rural Financial Institutions from May 2012 to June 2012, and the deputy division chief of the First Division of Supervision and Regulation of Small and Medium Rural Financial Institutions from June 2012 to August 2016. Mr. Ming served as a cadre (in probation period) of the Division of Supervision and Regulation of Cooperative Financial Institutions of the Business Management Department of Chengdu Branch of the PBOC from July 1999 to August 2000, and a deputy senior staff member of the Division of Supervision and Regulation of Cooperative Financial Institutions of the Business Management Department of Chengdu Branch of PBOC from August 2000 to October 2003 (from July 2001 to July 2003, he worked in the Monetary and Credit Statistics Division and the Division of Supervision and Regulation of Cooperative Finance of Ganzi Central Sub Branch of PBOC).

Directors, Supervisors, Senior Management and Employees

Mr. HU Jia (胡嘉), aged 45, obtained a master's degree in business administration from Southwestern University of Finance and Economics (西南財經大學).

Mr. Hu has been a vice president of the Bank since March 2023. Mr. Hu joined the Bank in November 2015 and worked in the Chengdu research and development center of the Bank from November 2015 to March 2017. He served as a vice president of the Chengdu Branch (成都分行) of the Bank from March 2017 to August 2018. Mr. Hu has been the assistant to the president of the Bank from August 2018 to March 2023. During this period, he also served as the president of the key customers department (重要客戶事業部) of the Bank from January 2020 to April 2022. Prior to joining the Bank, he worked at the Chengdu Guancheng Square sub-branch (成都冠城廣場支行) of China Construction Bank Corporation as a client manager from March 2008 to September 2009, as a vice president from September 2009 to September 2012 and then as the president from September 2012 to November 2015. He worked as a client manager at the Chengdu Shawan office (成都沙灣分理處) of China Construction Bank Corporation from April 2007 to August 2007. He served as a client manager of the corporate business department III (公司業務三部) at the Chengdu Tiedao sub-branch (成都鐵道支行) of China Construction Bank Corporation from February 2007 to April 2007 and then from August 2007 to March 2008 respectively. Prior to that, he served as a client manager of the corporate business department III at the Mianyang Branch (綿陽分行) of China Construction Bank Corporation from February 2005 to January 2007. He served as a savings officer at the Mianyang Branch Linyuan office (綿陽市分行臨園分理處) of China Construction Bank Corporation from September 2001 to October 2001 and worked at the IT department of the Mianyang Branch (綿陽市分行信息技術部) of China Construction Bank Corporation from October 2001 to February 2005.

Directors, Supervisors, Senior Management and Employees

Mr. YANG Bing (楊冰), aged 49, obtained a bachelor's degree in economics from Southwestern University of Finance and Economics (西南財經大學), and is an interbank lending market trader.

Mr. Yang has been a vice president of our Bank since April 2016. He joined our Bank in April 2016. Prior to joining our Bank, Mr. Yang operated his own business. Mr. Yang worked at Nanchong City Commercial Bank Co., Ltd. (南充市商業銀行股份有限公司) (currently known as Sichuan Tianfu Bank Co., Ltd. (四川天府銀行股份有限公司)) as the general manager of the marketing department from December 2001 to June 2009 and the assistant to president from July 2009 to April 2013. Mr. Yang worked at Yilong County sub-branch of PBOC (中國人民銀行儀隴縣支行) from August 1999 to November 2001.

Mr. AI Yong (艾勇), aged 52, obtained a part-time postgraduate degree from Sichuan Academy of Knowledge Economy and Management (四川知識經濟管理科學院), majoring in business administration. He is an accountant and senior international finance manager.

Mr. Ai has been the assistant to president of our Bank since December 2012. Mr. Ai joined our Bank in September 1997 and successively acted as a deputy director (副主任) (presiding over work) of the business department from September 1997 to April 1999, the deputy division chief of the supervision and audit division (監察稽核處) from April 1999 to July 1999, a deputy director (副主任) of the clearing center from July 1999 to January 2000, the deputy division chief of the finance and accounting division (財務會計處) from January 2000 to May 2002, the person in charge and the division chief of the assets preservation division (資產保全處) from May 2002 to January 2004, the president of Zhongshan sub-branch (忠山支行) from January 2004 to January 2005, the president of Jiangyang sub-branch (江陽支行) from January 2005 to October 2010, the head of the business department from October 2010 to November 2011, and the general manager of the products management department from November 2011 to January 2013. Mr. Ai also worked as the general manager of the small and micro customers department of our Bank from February 2013 to January 2015. Prior to that, Mr. Ai served as a deputy head of the business department of Luzhou Zhongshan Urban Credit Cooperative (瀘州市忠山城市信用社) (one of the predecessors of our Bank) from January 1996 to September 1997. Mr. Ai served as an accounting staff at No. 3 engineering division of China No. 5 Metallurgy Construction No. 3 Engineering Company (中國第五冶金建設第三工程公司) from July 1992 to December 1995.

Directors, Supervisors, Senior Management and Employees

Ms. LI Yan (李燕), aged 43, graduated from Southwest Jiaotong University as an undergraduate, majoring in accounting (through correspondence study). She is an international certified internal auditor and an intermediate economist.

Ms. Li has been the general manager of the internal audit department of the Bank since November 2022. Ms. Li joined the Bank in August 2000, and from August 2000 to February 2008, she worked in our Bank and served as the vice president of Jiangyang sub-branch (江陽支行) of the Bank from February 2008 to March 2012, during which Ms. Li was transferred to the business department in October 2010 and concurrently served as the head of the business department from November 2011 to March 2012. Ms. Li served as the director of the business department and vice president of Jiangyang sub-branch from March 2012 to August 2012, the deputy director of the business department and the designated head of the business office under the business department from August 2012 to February 2013; Ms. Li worked at Luxian Yuantong Rural Bank Co., Ltd. (瀘縣元通村鎮銀行) from February 2013 to September 2013 and served as a vice president of Luxian Yuantong Rural Bank Co., Ltd. from September 2013 to November 2014, a vice president of Luxian Yuantong Rural Bank Co., Ltd. (performing the duties of the president on his behalf) from November 2014 to January 2015, the president of Luxian Yuantong Rural Bank Co., Ltd. from January 2015 to November 2017, a vice general manager of the San Nong business department (三農事業部) of the Bank from November 2017 to June 2018, the general manager of the San Nong business department of the Bank from June 2018 to December 2018, the head of the office of the Board of Supervisors of the Bank from December 2018 to July 2021, and the designated head of the internal audit department of the Bank from July 2021 to November 2022.

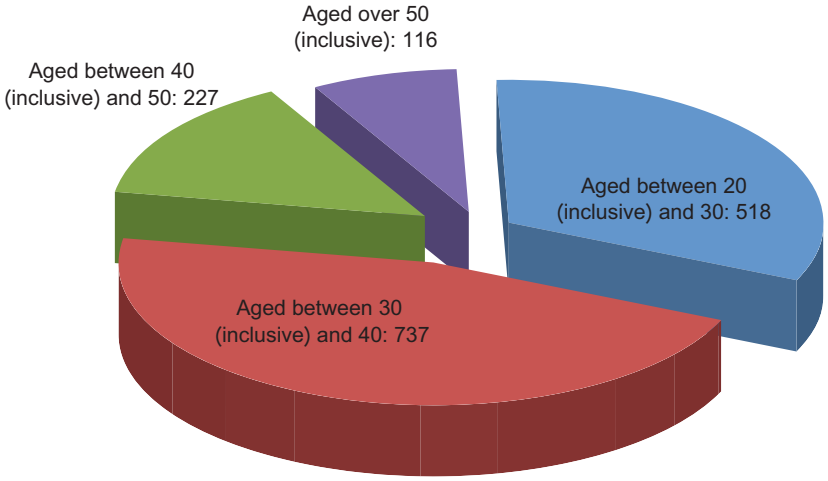
Ms. WANG Lan (王蘭), aged 49, graduated from Southwest China Normal University (西南師範大學) as an undergraduate, majoring in computer science and technology (through correspondence study). She is an international certified public accountant and a senior international finance manager.

Ms. Wang has been the general manager of accounting and finance department of the Bank since November 2022. Ms. Wang joined the Bank in August 2002, and served as the principal accountant (主辦會計) of Jiangyangzhonglu sub-branch (江陽中路支行) from August 2002 to March 2004, the principal accountant (主辦會計) of the business department from March 2004 to March 2008, the head of the tutoring section of the operation management department (運行管理部輔導科) from March 2008 to November 2011, the vice president of Xiaoshi sub-branch (小市支行) from November 2011 to February 2014, the deputy general manager of the innovation business department from February 2014 to January 2015, the deputy general manager of the system development and electronic banking department from January 2015 to June 2015, the deputy director of the business department of the Bank from June 2015 to June 2018, and the deputy general manager (presiding over work) of the accounting and finance department from June 2018 to June 2019. She has been the designated head of the accounting and finance department from June 2019 to November 2022. Prior to joining the Bank, Ms. Wang served as a savings agent of the Xuyong County sub-branch of Industrial and Commercial Bank of China (中國工商銀行敘永縣支行) from June 1995 to August 2000 and a teller of the Yinghui Road savings office of the Luzhou Branch of Industrial and Commercial Bank of China (中國工商銀行瀘州市分行迎暉路儲蓄所) from August 2000 to July 2002.

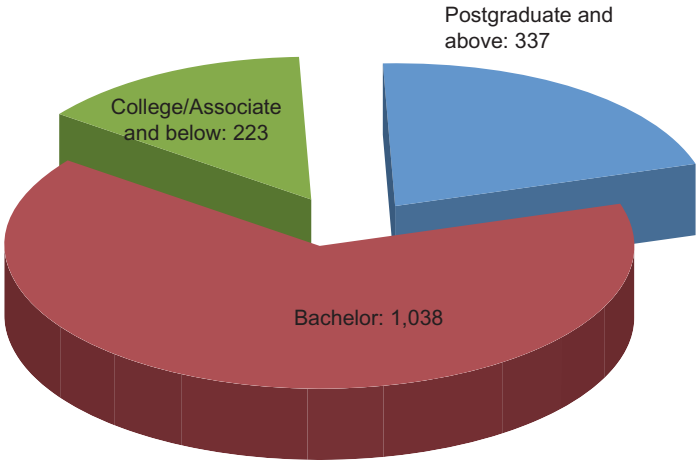
Directors, Supervisors, Senior Management and Employees

IV. DETAILS OF EMPLOYEES

As at the end of the Reporting Period, the Bank had 1,598 employees (including dispatched workers) in total, with an average age of 34.44. Of them, 518 employees aged between 20 (inclusive) and 30, accounting for 32.41%; 737 employees aged between 30 (inclusive) and 40, accounting for 46.12%; 227 employees aged between 40 (inclusive) and 50, accounting for 14.21%; and 116 employees aged over 50 (inclusive), accounting for 7.26%.



By educational background, the Bank had 337 employees with postgraduate degrees and above (including 3 doctoral candidates), accounting for 21.09%; 1,038 employees with bachelor's degrees, accounting for 64.96%; 223 employees with college/associate degrees and below, accounting for 13.95%.



By gender, the Bank had 691 male employees (including senior management), accounting for 43.24%, and 907 female employees (including senior management), accounting for 56.76%. The Bank strictly abides by laws and regulations in terms of personnel recruitment, contract signing, job promotion, salary and treatment and other aspects, protects the legitimate rights and interests of employees in accordance with the law, and the relevant work processes are fair, just and open, and there is no gender discrimination to ensure gender diversity at employees' level. The Bank believes that the gender ratio of current employees (including senior management) is relatively balanced, and the Bank will continue to maintain a reasonable level of gender diversity at the level of employees (including senior management).

Proportion of sci-tech talents:

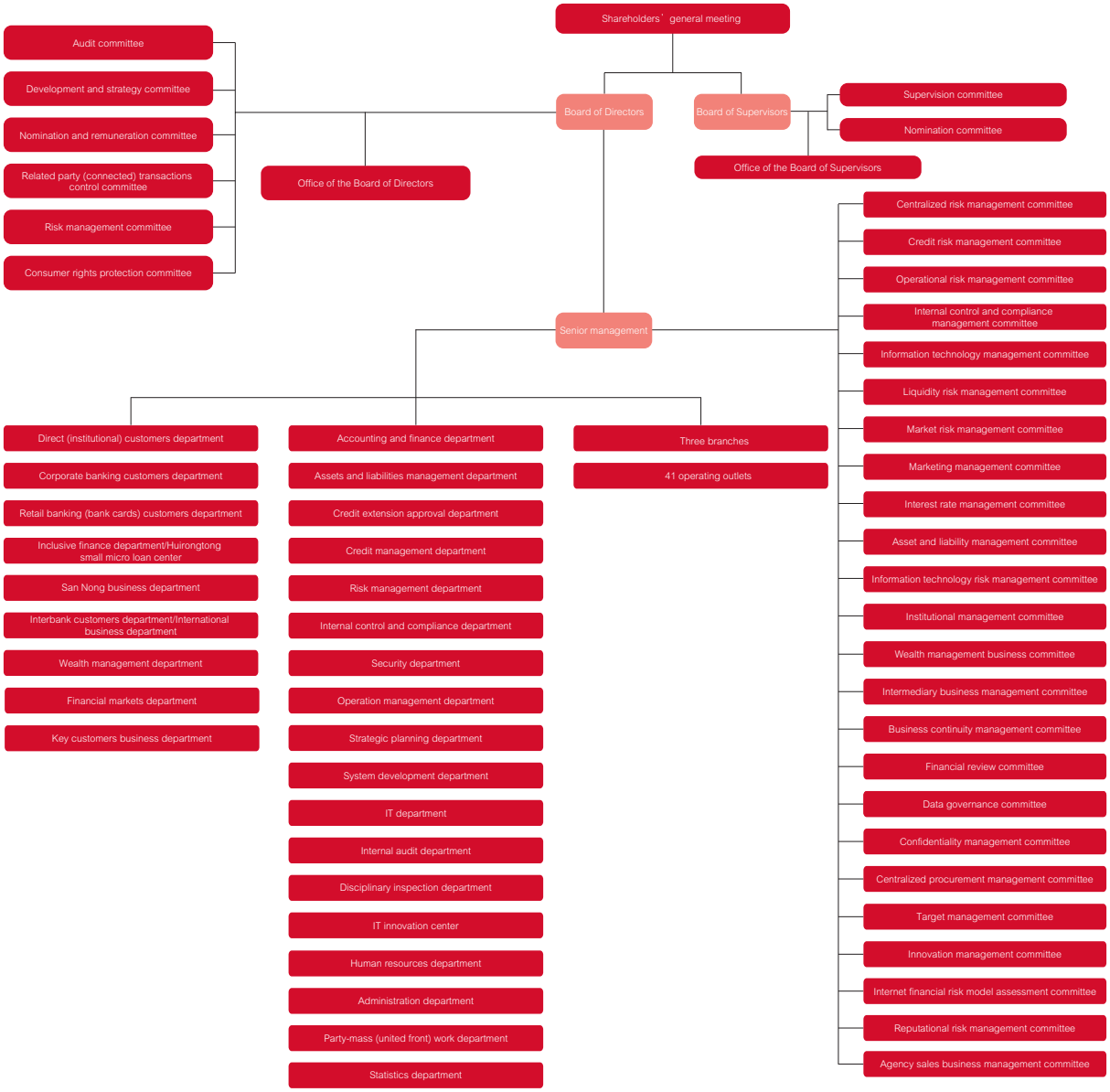
There is a total of 159 sci-tech talents, accounting for 9.95% of the Bank.

V. TRAINING FOR EMPLOYEES

The training for employees of Bank is carried out in accordance with the actual situations of development strategic objectives and employees' ability and quality. The Bank continuously expands the training platform throughout the year, enriches training resources, optimizes the training programs, improves the talent training mechanism, adopts the organization form of "online and offline, internal and external training, business and management, daily and special, the complementarity between the head office and branches", and continues to promote training programs such as induction training for new employees, leadership training for middle management, international and domestic high-end financial qualified certification training, academic upgrading training, and optimizes and upgrades comprehensively training for young reserve cadres to lay the foundation for the continuous training of high quality financial talents. During the Reporting Period, the total number of various internal and external training activities of the Bank reached over 390 and the number of participants reached over 24,100.

Corporate Governance Report

I. ORGANIZATIONAL STRUCTURE FOR CORPORATE GOVERNANCE



Corporate Governance Report

Corporate Governance Structure

Our Bank has established a corporate governance structure which comprises the Shareholders' general meeting, the Board of Directors, the Board of Supervisors and the senior management.

Shareholders' general meeting

Shareholders' general meeting is the organ of authority of our Bank. Its principal responsibilities include:

- determining the operation strategies and investment plans of the Bank;
- electing and replacing non-employee representative Directors and Supervisors and determining the remuneration of Directors and Supervisors;
- reviewing and approving the reports of the Board of Directors;
- reviewing and approving the reports of the Board of Supervisors;
- reviewing and approving the annual report, annual financial budget plans and final accounting plans of our Bank;
- reviewing and approving the profit distribution plans and loss recovery plans of our Bank;
- determining the increase or decrease in the registered capital of the Bank;
- determining the issuance of bonds or other securities or the listing of the Bank;
- determining the merger, spin-offs, dissolution and liquidation or change of corporate form of the Bank;
- amending the Articles of Association;
- reviewing and approving the Board of Supervisors' evaluation on Directors, the mutual evaluation reports of independent Directors, the evaluation on Supervisors by the Board of Supervisors and the mutual evaluation reports of external Supervisors;
- reviewing and approving the plans on equity incentive scheme;
- reviewing and approving the proposals by Shareholders individually or in aggregate holding 3% or more of the Shares of our Bank;
- reviewing and approving the terms of reference of each of the Shareholders' general meeting, the Board of Directors and the Board of Supervisors;
- reviewing and approving the Bank's equity investment business;

- reviewing and approving the purchase or sale of major assets or guarantees by the Bank within the upcoming year;
- reviewing and approving the Bank's guarantee businesses, such as external guarantee and letter of guarantee;
- reviewing and approving the Bank's fixed asset purchase business;
- reviewing and approving the non-performing asset disposal and write-off of the Bank;
- reviewing and approving the Bank's pledge of assets;
- reviewing and approving the persons who should be recommended by our Bank and other matters (excluding equity investment) of controlled companies and associates of the Bank;
- reviewing and approving the change of the use of raised proceeds;
- resolving on the appointment or dismissal of accounting firms of the Bank that conduct regular statutory audit on the Bank's financial reports;
- reviewing the purchase of the Bank's shares by the Bank;
- reviewing other matters which should be submitted to the Shareholders' general meeting for consideration in accordance with relevant laws, administrative regulations and other rules, the Hong Kong Listing Rules, the requirements of securities regulatory authorities where the securities of our Bank are listed, the Articles of Association and other internal requirements.

Board of Directors

The Board of Directors is accountable to the Shareholders' general meeting. Its principal responsibilities include:

- convening the Shareholders' general meeting and reporting to the Shareholders' general meeting;
- implementing the resolutions of the Shareholders' general meeting;
- determining our Bank's operation plans, investment program, and formulating our Bank's business development strategies and supervising the implementation of the strategies;
- formulating the annual financial budget plans, final accounting plans, risk capital allocation plans, profit distribution plans and loss recovery plans of our Bank;
- formulating the plans for increase or decrease in registered capital, issuance of bonds or other securities and listing of the Bank;
- formulating the plans for major acquisition, acquisition of our Bank's shares or merger, spin-offs, dissolution and change of corporate form of our Bank;

Corporate Governance Report

- determining major matters of our Bank in respect of the daily operation, external investment, acquisition, sale and swap of assets, external guarantee, pledge of assets, entrusted wealth management, financial leasing, related party transactions and disposal and write-offs of assets within the authorization of the Shareholders' general meeting;
- appointing or dismissing under regulatory requirements the president, vice presidents, secretary to the Board of Directors and other senior managers of our Bank in accordance with the nomination of the chairman of the Board of Directors; and determining the senior managers' remuneration, reward and punishment;
- formulating basic management system of our Bank and deciding on the rights of the senior management on the formulation of business procedures and other specific rules;
- formulating proposals for any amendment to the Articles of Association, formulating the terms of reference for Shareholders' general meetings and terms of reference for board meetings, and submitting the same to the general meeting for consideration and approval; and considering and approving the terms of reference for the special committees under the Board of Directors;
- being responsible for the information disclosure of our Bank and undertaking the ultimate responsibility for the truthfulness, accuracy, completeness and timeliness of the Bank's accounting and financial reports;
- formulating a standard scheme for the remuneration and allowances of the Directors of our Bank;
- listening to the report of the president of our Bank and supervising the president's work;
- determining the risk tolerance level, risk management and internal control policies of our Bank, and assuming the ultimate responsibility for the overall risk management;
- supervising the work performance of the Bank's senior management and deliberating senior management's evaluation on the Bank's president, vice president, chief financial officer and other senior managers and the reports of evaluation by the Bank's senior managers on each other; and organizing the evaluation on Directors and evaluation by independent non-executive Directors on each other and reporting relevant evaluation results to the Board of Supervisors;
- periodically evaluating and consummating the corporate governance of the Bank;
- nominating the Directors' candidates for next session;
- applying to the courts for bankruptcy on behalf of our Bank within the authorization of the Shareholders' general meeting;

- deciding on the plans for establishment of internal management structure of the Bank and establishment and withdrawal of branches of the Bank;
- establishing an identification, investigation and management mechanism for the conflict of interest between the Bank and Shareholders, especially substantial Shareholders, and assuming the management responsibility for Shareholders' affairs;
- undertaking the ultimate responsibility for information technology risks and examination and approval of mid-and-long term information technology strategies, and regularly reviewing the Bank's reports on information technology construction and risk management;
- having the right to determine the business investment and pricing between the Bank and other financial institutions, including bond investment, entrusted wealth management, purchase of wealth management products, purchase of designated (specialized) asset management plans, trust plans, beneficiary certificates issued by securities companies, right to yields on claims of margin trading and short selling, securities investment funds and other business investment and pricing;
- being in charge of determining green credit development strategies, examining and approving the green credit objectives determined and the green credit reports submitted by senior management, and supervising and appraising the Bank's implementation of green credit development strategies;
- assuming the ultimate responsibility for the protection of consumer rights of the Bank, safeguarding the legitimate rights of financial consumers and other stakeholders, regularly listening to the reports on the progress of the protection of consumer rights;
- formulating the capital planning of the Bank, assuming ultimate responsibility for capital or solvency management;
- proposing to the Shareholders' general meeting of the engagement or dismissal of the accounting firm that conducts regular and statutory audit on the financial reports of the Bank;
- formulating the Bank's data strategy, approving or authorizing the approval on major issues in relation to data governance, urging senior management to improve the effectiveness of data governance, and assuming ultimate responsibility for data governance;
- being responsible for the Bank's anti-money laundering and counter terrorist financing policies, supervising the implementation of anti-money laundering and counter terrorist financing policies, and assuming ultimate responsibility for the Bank's anti-money laundering and counter terrorist financing work;
- exercising other functions and powers that shall be exercised by the Board according to the laws, regulations, Hong Kong Listing Rules and the Articles of Association.

Corporate Governance Report

The Board of Directors shall also be responsible for performing the duties of corporate governance function as set out below:

- developing and reviewing the Bank's policies and practices on corporate governance and making recommendations to the Board;
- reviewing and monitoring the training and continuous professional development of Directors and senior management;
- reviewing and monitoring the Bank's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors;
- reviewing the Bank's compliance with the Corporate Governance Code and disclosures in the Corporate Governance Report;
- establishing and reviewing the alignment of the Bank's corporate culture with the Company's goals and values;
- establishing policies from which the Board can obtain independent views, reviewing annually the implementation and effectiveness of the policies and disclosing them in the Corporate Governance Report;
- reviewing the implementation and effectiveness of the Board's diversity policy.

The Board of Directors has established six special committees, including audit committee, development and strategy committee, nomination and remuneration committee, related party (connected) transactions control committee, risk management committee and consumer rights protection committee.

Board of Supervisors

The Board of Supervisors is accountable to the Shareholders' general meeting and supervises the Board of Directors, the senior management and its members of the Bank as well as the financial activities, internal control and risk management of the Bank. The Board of Supervisors conducts special surveys on specific areas and attends important meetings in order to understand the operation and management of the Bank and issue reminder letters or communication letters, and supervise the implementation of such advice from time to time. The Board of Supervisors has established nomination committee and supervision committee.

Senior Management

The senior management is responsible for the daily operation of the Bank. The president is accountable to the Board of Directors and could organize and conduct the business management of the Bank within the authorization of the Board of Directors and in accordance with laws, administrative regulations and other rules and the Articles of Association. Our Bank has appointed seven vice presidents and other senior management to assist the president of the Bank and perform their respective management responsibilities.

II. OVERVIEW OF CORPORATE GOVERNANCE

During the Reporting Period, our Bank continued to improve the transparency of its corporate governance to protect the shareholders' interests and enhance the corporate value.

The Bank has established a modern corporate governance structure according to the Articles of Association, PRC laws and regulations and Hong Kong Listing Rules. Accountable to all the Shareholders and responsible for (among others) deciding on the Bank's business development strategies, business plans and investment plans, appointment or dismissal of senior management, establishment of internal management organizations and other matters, the Board has established special committees to perform certain functions, including audit committee, development and strategy committee, nomination and remuneration committee, related party (connected) transactions control committee, risk management committee and consumer rights protection committee. The Board of Supervisors, accountable to all the Shareholders, has the responsibility and authority to supervise the Directors and senior management and inspect the Bank's financial activities, risk management and internal control.

Our Bank has established a relatively sound corporate governance structure in accordance with the Listing Rules. The composition of the Board and the special committees of the Board are in compliance with the Listing Rules. The Bank clearly splits the responsibilities of the Shareholders' general meeting, the Board of Directors, the Board of Supervisors and the senior management. Shareholders' general meeting is the highest authority of our Bank. The Board of Directors is accountable to the Shareholders' general meeting. Our Board has established six special committees which operate under the leadership of the Board and make recommendations on the Board's decisions. Our Board of Supervisors supervises the stable and sound operation of our Bank and the performance of duties by our Board of Directors and senior management. Under the leadership of the Board, our senior management is responsible for implementation of board resolutions and the daily operation and management of the Bank, and reports to the Board of Directors and the Board of Supervisors on a regular basis. The President of our Bank shall be appointed by the Board and is responsible for the daily overall operation of our Bank.

We have adopted the principles and code provisions set out in Part 2 of the Corporate Governance Code (the "Code") set out in Appendix C1 to the Listing Rules as the basis of corporate governance of the Bank, and have reached the requirements of the administrative measures and corporate governance for domestic commercial banks, and have established a good corporate governance system. We have strictly complied with the principles and Code provisions as well as some of the recommended best practices set out in the Code during the Reporting Period. We are committed to maintaining a high standard of corporate governance. On November 26, 2024, Mr. TANG Baoqi, having served for six consecutive years, and pursuant to relevant regulations of the Corporate Governance Guidelines for Banking and Insurance Institutions (《銀行保險機構公司治理準則》) and the Articles of Association regarding the term of office of an independent non-executive director, has applied for resignation from the positions of an independent non-executive director of the Bank and the chairperson of the nomination and remuneration committee and a member of the consumer rights protection committee of the Board. For details, please refer to the Bank's announcement dated November 26, 2024. Following the resignation of Mr. TANG Baoqi, the Bank did not comply with the requirements under Rules 3.25 and 3.27A of the Listing Rules regarding the composition of the nomination and remuneration committee for a period from November 26, 2024 to December 17, 2024. Following the appointment of Mr. ZHONG Jin and Mr. HAN Zirong, independent non-executive Directors, as the chairperson and member of the nomination and remuneration committee on December 18, 2024 respectively, the nomination and remuneration committee of the Bank comprises five Directors (three of whom are independent non-executive Directors), with its chairperson being an independent non-executive Director. Since then, the Bank has complied with the relevant requirements under Rules 3.25 and 3.27A of the Listing Rules.

Our Bank will continue to enhance its corporate governance to ensure compliance with the Code and meeting expectations of shareholders and potential investors.

Corporate Governance Report

III. SHAREHOLDERS' GENERAL MEETING

During the Reporting Period and as of the date of this annual report, the Bank convened two Shareholders' general meetings in total, with relevant details set out as follows:

(1) 2023 Annual General Meeting

On May 22, 2024, the Bank held the 2023 annual general meeting. At the Bank's 2023 annual general meeting, 15 resolutions were considered and approved: the 2023 annual report of the Bank, the 2023 work report of the board of directors of the Bank, the 2023 work report of the board of supervisors of the Bank, the 2023 evaluation report on the performance of duties by the directors, supervisors, senior management of the Bank, the final financial accounts of the Bank for 2023, the 2023 profit distribution plan of the Bank, the report on related party transactions of the Bank for 2023, the 2024 financial budget plan of the Bank, the resolution on the engagement of the Bank's domestic and foreign auditors and the authorization to the Board to determine their remuneration for 2024, the resolution on the proposed election of Mr. HAN Zirong as an independent non-executive director for the eighth session of the board of directors and the approval of his remuneration, the resolution on the proposed issue of and authorization to the Board on issuance of the SME bonds, the resolution on the proposed issue of and authorization to the Board on issuance of capital supplementary bonds, the 2024 fixed assets investment plan of the Bank, the resolution on the authorization in relation to the collection and disposal of bankruptcy, the resolution on the proposed write-off of certain non-performing loans.

(2) 2024 First Extraordinary General Meeting

On October 24, 2024, the Bank held the 2024 first extraordinary general meeting. At the Bank's 2024 first extraordinary general meeting, 2 resolutions were considered and approved: the resolution on the election of Mr. FAN Jingdong as an independent non-executive director for the eighth session of the board of directors and the approval of his remuneration, the resolution on the proposed write-off of seven non-performing assets with a principal amount of and on-and off-balance-sheet interests or gains in aggregate over RMB10.00 million.

IV. BOARD

(I) Implementation of Resolutions Passed at the Shareholders' General Meeting by the Board

In 2024, the Board strictly implemented the resolutions passed at the Shareholders' general meeting of the Bank and earnestly executed various proposals considered and approved at the Shareholders' general meeting.

(II) Board Composition

As at the end of the Reporting Period, our Board of Directors consists of 10 Directors, including two executive Directors, namely, Mr. YOU Jiang, the Chairman of the Board of Directors and Mr. LIU Shirong, the president; four non-executive Directors, namely, Ms. PAN Lina, Mr. XIONG Guoming, Mr. LUO Huoming and Ms. CHEN Ping; and four independent non-executive Directors, namely, Mr. ZHONG Jin, Mr. GAO Jinkang, Mr. CHING Yu Lung and Mr. HAN Zirong.

Our Directors (including non-executive Directors) shall serve a term of three years, and may seek re-election upon expiry of the said term. Our independent non-executive Directors shall serve a term of three years, and may seek re-election upon expiry of the said term, but the cumulative term shall not exceed six years. An independent non-executive director shall not hold positions as an independent non-executive director in more than two commercial banks at the same time, and may serve as an independent non-executive director in at most five domestic or foreign enterprises at the same time.

(III) Board Diversity Policy

We believe that diversity of board of directors will contribute a lot to improving our performance. We regard the increasing diversity of board of directors as a key to achieve sustainable development and support us to meet our strategic objectives and maintain good corporate governance. In designing the Board composition, we consider diversity from various aspects, including but not limited to gender, region and industry experience, skills, knowledge and educational background. All Board appointments are based on meritocracy, and candidates are considered with due regard for the benefits of Board diversity under objective conditions.

Selection of candidates of the Board is based on a series of diversified categories, including but not limited to gender, region, industry experience, skills, knowledge and educational background.

The Nomination Committee will review the policy in due time to ensure its effectiveness. The Nomination Committee will discuss any or necessary amendments and propose the amendments to the Board for approval.

As of the end of the Reporting Period, our Board of Directors consisted of 2 female directors and 8 male directors, aged from 41 to 63 and domiciled in Beijing, Hong Kong, Chengdu, Luzhou, etc. These directors are corporate management personnel, university professors, lawyers, accountants, etc., with education background and professional experience covering management, economy, finance, law, financial, etc. The Bank has fully considered the diversified requirements of board members in terms of gender, age, region, education background and professional experience. We confirm that the composition of the Board of Directors satisfies the requirements regarding gender diversity of board of directors set out in the Listing Rules as well as the board diversity policy of the Bank. We attach importance to the importance and benefits of gender diversity of board of directors and our board diversity policy would ensure that the Board will have alternative and potential successors to extend the existing gender diversity of the Board.

Corporate Governance Report

(IV) Change of Board Members

For details on change of Directors, please refer to the section headed Directors, Supervisors, Senior Management and Employees in this annual report.

(V) Chairman and President

The roles, duties and responsibilities of our chairman and president are held by different individuals in accordance with the Listing Rules. Mr. YOU Jiang is our chairman, responsible for presiding over Shareholders' general meetings, convening and presiding over Board meetings, supervising and examining the implementation of resolutions of the Board. Mr. LIU Shirong is our president, responsible for managing the business operations of the Bank and reporting to the Board.

(VI) Operation of the Board

The Board shall hold at least four regular meetings annually, and arrange extraordinary meetings if necessary. Board meetings shall be held on-site or by means of teleconference. The agenda of regular meeting of the Board shall be determined after consultation with the Directors, and the notice on meeting proposals and related materials shall be generally served to all Directors and Supervisors at least five days prior to the Board meeting. All Directors maintain communication with the secretary of the Board to ensure compliance with Board procedures and all applicable rules and regulations.

Minutes of Board meetings shall be recorded in detail and be provided to all attending Directors for review after the meetings, who shall propose relevant amendments after receipt of the minutes. The finalized minutes shall be sent to all Directors as soon as possible. Minutes of Board meetings shall be kept as per our file management regulations and are open for inspection by Directors at any time.

A good communication and reporting mechanism has been established among the Board, Directors and senior management. Our president reports to the Board on a regular basis and accepts supervision. Relevant senior executives are invited to attend the Board meetings from time to time to make explanations or reply to inquiries.

At the Board meetings, Directors may freely express their opinions, but important decisions shall be subject to detailed discussion. If any Director has a material interest in the matter to be proposed by the Board, the relevant director shall abstain from discussion and voting on the relevant proposal, and shall not be counted in the quorum voting on the proposal.

The Board sets an office as its administrative body, responsible for the preparations for and information disclosure of Shareholders' general meetings, Board meetings and meetings of special committees under the Board and other daily affairs.

(VII) Duties of the Board

According to the Articles of Association, the Board shall exercise the following functions and powers:

(I) to convene a Shareholders' general meeting and report its work to the Shareholders' general meeting;

(II) to implement resolutions of the Shareholders' general meeting;

(III) to decide on the Bank's business plans, investment proposals and formulate the Bank's development strategies and supervise the implementation of the strategy;

(IV) to formulate the Bank's annual financial budget plans, final accounting plans, risk capital allocation plans, profit distribution plans and loss recovery plans;

(V) to formulate proposals for increase or decrease of the registered capital, issuance of bonds or other securities and listing plans of the Bank;

(VI) to formulate plans for material acquisitions, purchase of shares of the Bank or merger, spin-offs, dissolution and transformation of the Bank;

(VII) to decide on major events of the Bank within the authorization of the Shareholders' general meeting, such as daily operations, external investments, acquisition, sales and swap of assets, external guarantees, pledge of assets, entrusted wealth management, financial lease, related party transactions and disposal and write-off of assets;

(VIII) to appoint or dismiss senior managers including the president, vice president and secretary of the Board of the Bank as nominated by the chairman in accordance with regulatory requirements, and decide on remunerations, rewards and punishments of senior managers;

(IX) to formulate the basic management system of the Bank, and decide on the rights of senior management on the formulation of business procedures and other specific rules;

(X) to formulate proposals for any amendment to the Articles of Association, the rules of procedure of Shareholders' general meeting, the rules of procedure of board meeting for review and approval at the Shareholders' general meeting and review and approve the rules of procedure of the special committees under the board of directors;

(XI) to be responsible for the Bank's information disclosure, and undertake the ultimate responsibility for the truthfulness, accuracy, completeness and timeliness of the Bank's accounting and financial reports;

(XII) to formulate a standard scheme for the remuneration and allowances of the Directors of the Bank;

(XIII) to listen to work reports of the Bank's president and examine his/her work;

(XIV) to formulate the Company's risk tolerance, risk management and internal control policies and undertake the ultimate responsibility for overall risk management;

Corporate Governance Report

(XV) to supervise the work performance of the Bank's senior management and deliberate senior management's evaluation on the Bank's president, vice president, chief financial officer and other senior managers and the reports of evaluation by the Bank's senior managers on each other; and organize the evaluation on Directors and evaluation by independent non-executive Directors on each other and report relevant evaluation results to the Board of Supervisors;

(XVI) to regularly evaluate and improve the Bank's corporate governance;

(XVII) to nominate the candidates of the next session of the Board;

(XVIII) to apply for bankruptcy to the People's Court on behalf of the Bank according to the authorization of the Shareholders' general meeting;

(XIX) to decide on the plans for establishment of internal management structure of the Bank and establishment and withdrawal of branches of the Bank;

(XX) to establish an identification, investigation and management mechanism for the conflict of interest between the Bank and its Shareholders, in particular its substantial Shareholders, and undertake the management responsibilities of the shareholders' affairs;

(XXI) to undertake the ultimate responsibility for information technology risks and examination and approval of mid-and-long term information technology strategies, and regularly review the Bank's reports on information technology construction and risk management;

(XXII) to have the right to determine the business investment and pricing between the Bank and other financial institutions, including bond investment, entrusted wealth management, purchase of wealth management products, purchase of designated (specialized) asset management plans, trust plans, beneficiary certificates issued by securities companies, right to yields on claims of margin trading and short selling, securities investment funds and other business investment and pricing;

(XXIII) to be in charge of determining green credit development strategies, examining and approving the green credit objectives determined and the green credit reports submitted by senior management, and supervising and appraising the Bank's implementation of green credit development strategies;

(XXIV) to assume the ultimate responsibility for the protection of consumer rights of the Bank, safeguard the legitimate rights and interests of the financial consumers and other stakeholders, regularly listen to the reports on the progress of the protection of consumer rights;

(XXV) to formulate the Bank's capital plans and undertake the ultimate responsibility for capital or solvency management;

(XXVI) to propose to the Shareholders' general meeting the appointment or dismissal of accounting firms to conduct periodic statutory audit of the Company's financial reports;

(XXVII) to formulate the Bank's data strategy, approve or authorize the approval of major events related to data governance, urge senior management to improve the effectiveness of data governance, and undertake the ultimate responsibility for data governance;

(XXVIII) to be responsible for the Bank's anti-money laundering and anti-terrorist financing policy, supervise the implementation of the anti-money laundering and anti-terrorist financing policy, and undertake the ultimate responsibility for the Bank's anti-money laundering and anti-terrorist financing efforts;

(XXIX) to exercise other functions and powers that shall be exercised by the Board according to the laws, regulations, the Listing Rules and the Articles of Association.

(VIII) Board Meetings

During the Reporting Period, we convened 16 Board meetings in total (including meetings by means of communications), including six onsite meetings and ten meetings by means of communications, during which we primarily considered and listened to 78 relevant proposals including annual operation plans, fixed asset investment plans, financial budget plans, profit distribution plans, work report of the board of directors, operating report, risk analysis report.

The list of Directors of the Bank during the Reporting Period and as of the date of this annual report and the attendance of Directors during their respective tenure in office during the Reporting Period are as follows (Directors abstaining from the meetings for their involvement in connected transactions shall be deemed as having attended the meetings):

Attendance in person/Attendance by proxy/Number of meetings held during the tenure in office

Directors	Board	Audit committee	Development and strategy committee	Nomination and remuneration committee	Related party (connected) transactions control committee	Risk management committee	Consumer rights protection committee	Shareholders' general meeting
YOU Jiang	16/0/16	–	4/0/4	7/0/7	–	6/0/6	–	2/0/2
LIU Shirong	16/0/16	–	–	–	11/0/11	6/0/6	–	2/0/2
PAN Lina	16/0/16	4/0/4	4/0/4	–	–	–	–	2/0/2
XIONG Guoming	14/2/16	–	4/0/4	7/0/7	–	6/0/6	–	2/0/2
LUO Huoming	15/1/16	–	4/0/4	–	–	–	–	2/0/2
CHEN Ping	15/1/16	–	4/0/4	–	–	–	–	2/0/2
ZHONG Jin	15/1/16	–	–	7/0/7	11/0/11	6/0/6	–	2/0/2
GAO Jinkang	16/0/16	4/0/4	–	7/0/7	11/0/11	–	–	2/0/2
CHING Yu Lung	16/0/16	4/0/4	–	–	11/0/11	6/0/6	–	2/0/2
HAN Zirong[1]	3/0/3	–	–	–	–	–	–	–
TANG Baoqi[2]	14/0/14	–	–	7/0/7	–	–	–	2/0/2

Notes:

1. On November 4, 2024, Mr. HAN Zirong obtained the qualification approved by the Sichuan Bureau of the National Financial Regulatory Administration, served as the independent non-executive Director, and was appointed by the Board as the chairperson of the Consumer Rights Protection Committee of the Board and a member of the Nomination and Remuneration Committee on December 18, 2024.

Corporate Governance Report

2. On November 26, 2024, Mr. TANG Baoqi no longer served as the independent non-executive Director, the chairperson of the Nomination and Remuneration Committee of the Board and a member of the Consumer Rights Protection Committee of the Bank upon expiry of his six-year term of office.

Committees under the eighth session of the Board	
Development and strategy committee	PAN Lina (chairperson), YOU Jiang, XIONG Guoming, LUO Huoming, CHEN Ping
Risk management committee	XIONG Guoming (chairperson), YOU Jiang, LIU Shirong, ZHONG Jin, CHING Yu Lung
Audit committee	CHING Yu Lung (chairperson), PAN Lina, GAO Jinkang
Nomination and remuneration committee	ZHONG Jin (chairperson), YOU Jiang, XIONG Guoming, GAO Jinkang, HAN Zirong
Related party (connected) transactions control committee	GAO Jinkang (chairperson), LIU Shirong, ZHONG Jin, CHING Yu Lung
Consumer rights protection committee	HAN Zirong (chairperson), LUO Huoming, FAN Jingdong[1]

Note:

1. The appointment of Mr. FAN Jingdong as a member of the Consumer Rights Protection Committee of the Bank shall be effective from the date of approval by the Sichuan Bureau of the National Financial Regulatory Administration for his qualification of the directorship.

(IX) Continuous Professional Development Plan of Directors

We also attach importance to the ongoing trainings for Directors to ensure that they have adequate knowledge of our operation and businesses and their responsibilities and duties as stipulated by relevant laws, regulatory requirements, and the Articles of Association.

During the Reporting Period, all of our Directors participated in training and learning on the compilation of legal policies related to green finance; the practice of anti-money laundering management in commercial banks; from new regulations to the optimized ESG framework of the Stock Exchange, focusing on the consultation with the climate information disclosure; the analysis of differences in new proposed regulations and the disclosure of ESG reports by peers; the preparation of the performance of ESG report disclosure by listed companies and recommendations for optimizing the climate information disclosure of the Stock Exchange; the compliance training for directors of companies listed in Hong Kong; the latest regulatory developments of the Stock Exchange; the interpretation of the new regulations on ESG climate information disclosure of the Stock Exchange; the guidance on further strengthening financial support for green and low-carbon development and the Regulation on the Implementation of the Law of the People's Republic of China on the Protection of Consumer Rights and Interests. All of our Directors also took the initiative to learn the domestic and foreign regulatory and policy documents such as Environmental, Social and Governance Reporting Guide, Measures for Beneficial Owner Information Management, and Anti-Money Laundering Law of the People's Republic of China (amended in 2024). At the same time, all of our Directors studied the Bank's internal rules and regulations such as Implementation Rules for Anti-Money Laundering Inspection and Measures for Administration of Anti-Money Laundering Work Assessment (amended in 2024). They fully grasped the information required to execute the duties, and actively performed the relevant responsibilities.

(X) Independence mechanisms of the Board

Purposes

The Bank has established a working mechanism for the Board to obtain independent views, in order to ensure a strong independent element on the Board of the Bank and to facilitate the efficient operation of the Board and exercise independent judgment.

Composition of the Board and special committees of the Board

The Bank is committed to ensuring that the number of independent non-executive Directors complies with domestic and overseas laws and regulations, the Listing Rules, the Articles of Association and other regulations, and that the independent non-executive Directors constitute more than one-third of the Board members and the total number of independent non-executive Directors is not less than three. Meanwhile, the Bank appoints independent non-executive Directors to each special committee of the Board as much as possible, with at least one-third of the audit committee, nomination and remuneration committee, risk management committee, and related party (connected) transactions control committee being composed of independent non-executive Directors, the independent non-executive Directors account for the majority and the independent non-executive Directors serve as chairpersons of the audit committee, nomination and remuneration committee, and related party (connected) transactions control committee to ensure that independent views are available.

Independence Assessment

The nomination and remuneration committee of the Bank must strictly comply with the Corporate Governance Guidelines for Banking and Insurance Institutions, the Listing Rules, the Articles of Association and the policies and independence assessment standards set out in the nomination policy in relation to the nomination and appointment of independent non-executive Directors.

Independent non-executive Directors of the Bank are required to report truthfully, completely, accurately and timely to the Bank on their related relationship or acting-in-concert relationship and any changes that may materially affect their independence, to report truthfully on their own duties, part-time occupations and other relevant information, and to ensure that their positions are in compliance with domestic and overseas regulatory requirements and that there is no conflict of interest with the Bank.

The nomination and remuneration committee of the Bank assesses the independence of the independent non-executive Directors on an annual basis to ensure that the independent non-executive Directors are able to exercise independent judgment on an ongoing basis.

Remuneration

The Bank will not grant performance-based equity interest remuneration to independent non-executive Directors, so as to avoid situations that may lead to their biased decision-making and affect their objectivity and independence.

Corporate Governance Report

Board decision

The independent non-executive Directors of the Bank are entitled to seek further information and documentation from senior management on matters discussed at Board meetings and may also seek assistance from the company secretary of the Bank and, if necessary, the reasonable cost of engaging intermediaries and other reasonable expenses incurred by the independent non-executive Directors in the exercise of their powers as agreed by the Board shall be borne by the Bank.

Where an independent non-executive Director is personally related to, directly or indirectly, existing or planned contracts, transactions or arrangements of the Bank, he or she shall promptly inform the related party (connected) transactions control committee of the Board of the nature and extent of the relationships and, if necessary, recuse from considering the relevant matter. Such Director shall not vote on the resolution on the relevant matter or be counted in the quorum of such meeting.

The chairman of the Board of the Bank will hold a meeting with independent non-executive Directors at least once a year without the presence of other Directors to discuss major issues in business development and any doubts.

To review the implementation of this policy

The Bank will review the implementation and effectiveness of the independence mechanism of the Board every year, and disclose it in the Corporate Governance Report.

(XI) Performance of Duties by Independent Non-executive Directors

As of the end of the Reporting Period, we have four independent non-executive Directors, the number and proportion of our independent non-executive Directors as well as the composition of the nomination and remuneration committee have complied with the relevant regulations of the Listing Rules. Independent non-executive Directors account for the majority and independent non-executive Directors serve as chairpersons of our audit committee, nomination and remuneration committee, and related party (connected) transactions control committee. During the Reporting Period, independent non-executive Directors took an active part in the meetings of the Board and its special committees where they played their due roles by making proposals, and kept effective communication with the Bank by multiple ways such as participating in field studies, special surveys and training sessions.

All of the independent non-executive Directors have expressed independent opinions on the proposals considered by the Board. In particular, they have expressed written independent opinions on profit distribution, material related party transactions, appointment of auditors and other significant matters. In addition, the independent non-executive Directors of the Bank gave full play to their respective professional advantages in the special committees under the Board and provided professional and independent opinions on the Bank's corporate governance and operation management, thereby providing a strong guarantee for the Board's scientific decision-making.

(XII) Directors' Duties for Preparing Financial Statements

Directors of the Bank acknowledged their responsibilities for preparation of the financial statements of the Bank for the year ended December 31, 2024.

Directors are responsible for examining and approving the financial statements of each accounting period, to make the financial statements truthfully and fairly reflect the Bank's financial condition, operating results and cash flows.

In preparation of the financial statements for the year ended December 31, 2024, Directors have adopted and implemented applicable accounting policies and have made prudent and reasonable judgements.

(XIII) Special Committees under the Board of Directors

Pursuant to relevant laws and regulations, the Articles of Association and the Listing Rules, our Board has set up six special committees, namely, the audit committee, the development and strategy committee, the nomination and remuneration committee, the related party (connected) transactions control committee, the risk management committee and the consumer rights protection committee.

During the Reporting Period, the special committees under our Board legally, independently, normatively and effectively performed their duties and effectively improved the corporate governance level of the Board and work efficiency, thereby ensuring steady and healthy development of various businesses of the Bank.

1. Audit committee

As at the Latest Practicable Date, the audit committee of the Bank consisted of three Directors, namely chairperson Mr. CHING Yu Lung and members Ms. PAN Lina, Mr. GAO Jinkang.

The primary duties of the audit committee during the Reporting Period include:

- conducting inspections on our accounting policies, financial condition and financial report procedures;
- being responsible for our annual audit work;
- issuing reports regarding the truthfulness, accuracy and completeness of the audited financial reports and submitting them to our Board for review;
- making recommendations on appointment, re-appointment or removal of external auditors;

Corporate Governance Report

- conducting inspections on our internal control systems and conducting audit on material related party transactions and connected transactions;
- performing other responsibilities as authorized by the Board; and
- performing other responsibilities in accordance with applicable laws and regulations.

In 2024, the audit committee held four meetings in total, during which it reviewed and approved nine proposals including appointment of auditors, final financial accounts report, annual results announcement, annual report and evaluation report of internal control for 2023; unaudited financial statement, interim results announcement, interim report for 2024; and the terms of reference of the audit committee.

During the Reporting Period, the audit committee had several meetings and communications with the external auditors in the absence of executive Directors and senior management. On March 21, 2024 and August 19, 2024, the audit committee reviewed the audited financial statements for the year ended December 31, 2023 and the unaudited interim financial statements for the six months ended June 30, 2024 prepared in accordance with the accounting principles and policies of the Bank. It also reviewed the internal control system and the effectiveness of the Bank's internal audit function by periodically hearing the internal audit work report of our internal audit department.

2. Development and strategy committee

As at the Latest Practicable Date, the development and strategy committee of the Bank consisted of five Directors, namely chairperson Ms. PAN Lina and members Mr. YOU Jiang, Mr. XIONG Guoming, Mr. LUO Huoming and Ms. CHEN Ping.

The primary duties of the development and strategy committee during the Reporting Period include:

- reviewing our business objectives, investment plans and medium-and-long term development strategies;
- supervising and inspecting the implementation of our operation plans, investment plans and medium-and-long term development strategies;
- conducting research and making recommendations on merger, spin-offs, capital increase and decrease and other matters that are material to our development;
- being responsible for the management of the Bank's environmental, social and governance (ESG), formulating ESG policies, reviewing reports on ESG-related matters, supervising the implementation of the Bank's ESG work and reporting to the Board; being responsible for climate-related responsibilities and duties, assisting the Board in supervising matters such as climate-related risks and opportunities; and
- performing other responsibilities as authorized by the Board.

In 2024, the development and strategy committee held four meetings in total, during which it reviewed and approved the six proposals, including the annual operating report of 2023, the annual operating plan of 2024, fixed assets investment plans, green credit development strategies (2024-2026), terms of reference of the development and strategy committee and ESG report.

3. Nomination and remuneration committee

As at the Latest Practicable Date, the nomination and remuneration committee of the Bank consisted of five Directors, namely chairperson Mr. ZHONG Jin and members Mr. YOU Jiang, Mr. XIONG Guoming, Mr. GAO Jinkang and Mr. HAN Zirong.

The primary duties of the nomination and remuneration committee during the Reporting Period include:

Nomination duties

- making recommendations on the size and composition of the Board in accordance with the business activities, asset size and equity structure of the Bank;
- conducting study on the criteria and procedures for selecting Directors and senior managers and making recommendations to the Board;
- identifying qualified individuals as Directors and selecting or making recommendations to the Board on selection of individuals nominated for directorships;
- assessing the independence of independent non-executive Directors;
- making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman of the Board and the president of the Bank; and
- conducting preliminary examination of qualifications of candidates for directorships and senior management positions, and making recommendations to the Board.

Corporate Governance Report

Remuneration and appraisal duties

- contemplating the criteria for appraising Directors, conducting assessment and evaluation and making recommendations to the Board according to our actual conditions;
- approving the terms of the Executive Director Service Contract;
- making recommendations to the Board on the policy and structure for all Directors' and senior management's remuneration and on the establishment of formal and transparent procedures for developing remuneration policy;
- reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- making recommendations to the Board on the remuneration packages of our non-executive Directors;
- reviewing and approving compensation payable to executive Directors and the senior management for any loss or termination of office to ensure that it is consistent with contractual terms and is otherwise fair and reasonable and not excessive;
- reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
- reviewing and/or approving the matters about share plan as set out in Chapter 17 of the Listing Rules.

In 2024, the nomination and remuneration committee held a total of seven meetings, during which it considered and approved ten proposals mainly involving such issues as the 2023 Performance Evaluation Report of Directors, the Rules of Procedures of the Nomination and Remuneration Committee of the Board, 2024 institutional performance appraisal indicator table, consideration of the qualifications of candidates for independent non-executive Directors.

The nomination and remuneration committee of the Bank shall recommend candidates for Directors (including independent non-executive Directors) to the Board in accordance with the following selecting criteria and nomination procedures:

- identifying qualified individuals as Directors and selecting or making recommendations to our Board of Directors on selection of individuals nominated for directorships after due consideration of the requirements of the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Law of the PRC on Commercial Banks, the Securities Law of the People's Republic of China, the Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》) of the Former CBIRC, the Management Measures on Qualifications of Directors (Council Members) and Senior Management of Banking Institutions (《銀行業金融機構董事(理事)和高級管理人員任職資格管理辦法》), the Listing Rules, the Basic Procedures for Re-election of City Commercial Banks in Sichuan (《四川法人城市商業銀行換屆工作基本流程》) and the Articles of Association, the Rules of Procedure for Shareholders' General Meetings, the Rules of Procedure for Board Meetings and other laws and regulations, normative documents and documents in relation to internal governance with combination of the actual situation of the Bank's work and the contributions that such candidates may make to the Board with respect to its qualification, skills, experience, independence, gender diversity and other aspects; and

- assessing the independence of independent non-executive Directors with reference to the factors as set out in Rule 3.13 of the Listing Rules and any other factors the nomination and remuneration committee or the Board deems appropriate to determine their qualifications; assessing the sufficiency of time commitment of an independent non-executive Director to affairs of the Board in the event that the proposed independent non-executive Director shall hold his/her position as a director in seven (or more) listed companies.

The nomination and remuneration committee of the Bank has considered each of the independent non-executive Directors' rich experience and biographies in their respective areas of expertise and other experience, and satisfied that such independent non-executive Directors possess requisite quality, integrity and experience to perform their duties as independent non-executive Directors in a continuous and effective manner. Contributions of such independent non-executive Directors to the diversity of the Board of the Bank are set forth in their respective biographies. In addition, such independent non-executive Directors have confirmed to the Bank their compliance with the requirements regarding independence under Rule 3.13 of the Listing Rules in their election, therefore, the Board considered that such independent non-executive Directors are independent.

Corporate Governance Report

4. Related party (connected) transactions control committee

As at the Latest Practicable Date, the related party (connected) transactions control committee of the Bank consisted of four Directors, namely chairperson Mr. GAO Jinkang and members Mr. LIU Shirong, Mr. ZHONG Jin and Mr. CHING Yu Lung.

The primary duties of the related party (connected) transactions control committee during the Reporting Period include:

- responsible for receiving the filings for general related party transactions; reviewing major related party (connected) transactions and submitting to the Board for approval; focusing on the compliance, fairness and necessity of related party transactions and controlling risks of related party transactions;
- responsible for compiling and organizing list and information of our related parties and connected persons and identifying our related parties and connected persons;
- responsible for examining and supervising the control of our related party (connected) transactions and implementation of systems in relation to our related party related party (connected) transactions by our Directors, Supervisors, the senior management, related parties and connected persons and for reporting to the Board;
- responsible for other matters as authorized by the Board; and
- exercising other functions and powers as stated in the Terms of Reference for Related Party (Connected) Transactions Control Committee of the Board of Directors of Luzhou Bank Co., Ltd. and the Listing Rules.

In 2024, the related party (connected) transactions control committee held 11 meetings in total, during which it considered and approved 13 proposals, in relation to updated List of Related Parties, Annual Related Party Transactions Report and 2024 Material Related Party Transactions, etc.

5. Risk management committee

As at the Latest Practicable Date, the risk management committee of the Bank consisted of five Directors, namely chairperson Mr. XIONG Guoming and members Mr. YOU Jiang, Mr. LIU Shirong, Mr. ZHONG Jin and Mr. CHING Yu Lung.

The primary duties of the risk management committee during the Reporting Period include:

- reviewing risk control policies, measures and preference in relation to our credit risk, liquidity risk, market risk, operation risk, compliance risk and reputation risk etc.;
- supervising our risk control over credit risk, liquidity risk, market risk, operation risk, compliance risk and reputation risk by our senior management;
- conducting periodic assessment upon our risk policies, management status and risk tolerance ability, evaluating the working procedures and working efficiency of our internal audit department and advising on improvement of our risk management and internal control;
- performing other responsibilities as authorized by the Board; and
- performing other responsibilities in accordance with applicable laws and regulations.

In 2024, the risk management committee held six meetings in total, during which it considered and reviewed 11 proposals including our 2023 Annual Risk Analysis Report, Administration Measures for Risk Appetite, Administrative Measures for Operational Risk and terms of reference of the risk management committee, etc.

Corporate Governance Report

6. Consumer rights protection committee

As at the Latest Practicable Date, the consumer rights protection committee of the Bank consisted of two Directors, namely chairperson Mr. HAN Zirong and member Mr. LUO Huoming. Mr. FAN Jingdong, a proposed independent non-executive Director, has been appointed as a member of the consumer rights protection committee of the Bank, which shall be effective from the date of approval by the Sichuan Bureau of the National Financial Regulatory Administration for his qualification of the directorship.

The primary duties of the consumer rights protection committee during the Reporting Period include:

- formulating strategies, policies and objectives of our consumer rights protection work, incorporating content relating to consumer rights protection into our corporate governance and business development strategies and providing guidance on a general planning level to our senior management to strengthen the construction of our corporate culture of consumer rights protection;
- supervising our senior management to effectively implement consumer rights protection work, periodically listening to our senior management's special reports on the consumer rights protection work, reviewing and approving the special reports and submitting the same to the Board and making relevant work as important content of information disclosure;
- supervising and evaluating the comprehensiveness, promptness and effectiveness of our consumer rights protection work and the performance of our senior management in this respect;
- reviewing and providing comments on proposals in relation to consumer rights protection to be submitted to the Board in accordance with our overall strategies; and
- other matters as required by consumer rights protection related regulations in the banking industry or as required by the Articles of Association.

In 2024, the consumer rights protection committee did not convene any meetings.

V. BOARD OF SUPERVISORS

(I) Composition of the Board of Supervisors

As at the end of the Reporting Period, our Board of Supervisors consists of five Supervisors, including one shareholder Supervisor, namely, Mr. WU Wei, two employee representative Supervisors, namely, Ms. LIU Yongli and Mr. CHEN Yong, and two external Supervisors, namely, Mr. GUO Bing and Mr. LYU Hong.

Our Supervisors are elected for a term of three years and may seek re-election upon expiry of the said term. The cumulative term of an external Supervisor shall not exceed six years.

(II) Duties of the Board of Supervisors

The duties of the Board of Supervisors mainly include:

1. to supervise the Board of Directors to establish a sound business philosophy, value standards and formulate development strategies consistent with the Company's situations;

2. to evaluate the scientificity, rationality and stability of the Company's development strategies and form an evaluation report;

3. to examine the regular reports and bonus scheme of the Bank prepared by the Board and produce written review opinions thereon;

4. to examine and supervise financial activities of the Bank;

5. to supervise and guide the internal audit department to independently perform the duties of auditing supervision;

6. to inquire Directors, president and other senior management personnel;

7. to supervise the scientificity and rationality of the implementation of the Company's remuneration management system, and the remuneration package of senior management personnel;

8. to supervise the fulfilment of duties of the Board of Directors, senior management, Directors, chairman and senior management personnel and to propose dismissal of Directors and senior management personnel who have violated laws, administrative regulations, the Articles of Association or resolutions of the Shareholders' general meetings;

9. when the acts of a Director, president and other senior management personnel of the Bank are detrimental to its interests, to require the aforementioned persons to correct these acts;

10. to propose the convening of extraordinary general meetings and, in case the Board does not perform the obligations to convene and preside over the Shareholders' general meetings in accordance with the Company Law, to convene and preside over the Shareholders' general meetings;

Corporate Governance Report

11. to submit proposals to the Shareholders' general meeting;

12. to initiate legal proceedings against the Directors and senior management personnel in accordance with the Company Law;

13. to conduct investigations if there are any doubts or irregularities in relation to the operation of the Bank, and to engage professionals from accountant firms, law firms, professional auditors etc. if necessary to assist its duties at the expenses of the Bank;

14. to formulate a standard scheme for the remuneration and allowances of the members of the Board of Supervisors of the Bank for review and determination at the Shareholders' general meeting;

15. to supervise and examine the business decisions, risk management and internal control of the Bank and supervise the rectification;

16. to attend board meetings and obtain meeting materials;

17. to supervise the directors' recruiting procedures;

18. to organize the comprehensive evaluation of duty performance of Directors and Supervisors and to report the evaluation results to the Shareholders' general meeting for deliberation;

19. to supervise and evaluate the duty performance of the Board and senior management in respect of the capital management, advanced capital measurement management and liquidity risk management and to report the evaluation results to the Shareholders' general meeting; and

20. to exercise other functions and powers stipulated by laws, administrative regulations and other regulations, or the Articles of Association, or granted by the Shareholders' general meetings.

(III) Primary Ways for Performance of Duties by the Board of Supervisors

The Board of Supervisors convenes meetings of the Board of Supervisors and its special committees to review resolutions and listen to reports, convenes joint meetings of the Chairperson of the Board of Supervisors on a regular basis and conducts special inspections as well as investigations and researches to make recommendations, attends the Shareholders' general meeting, meetings of the Board and important meetings of the Bank, through which the Board of Supervisors supervises and evaluates the performance of duties by the Board and senior management and its members, oversees the financial activities, risk management and internal control of the Bank, makes recommendations on supervision and continuously supervises the implementation of all recommendations by the Bank.

During the Reporting Period, the Board of Supervisors organized and conducted evaluation on the performance of duties by our Board of Directors, Directors, senior management and its members and our Supervisors in 2023 and reported to regulatory authorities.

(IV) Meetings of the Board of Supervisors

During the Reporting Period, the Board of Supervisors convened 12 meetings in total, including 6 onsite meetings and 6 meetings by means of communications, during which it considered and approved 51 resolutions, and listened to 14 reports. The contents for consideration include our operation plans, financial budget, strategic planning, profit distribution and evaluation on the performance of duties by Directors, Supervisors and senior management. During the Reporting Period, our Board of Supervisors had no objection to all supervisory issues.

(V) Special Committees under the Board of Supervisors

Our Board of Supervisors has established nomination committee and supervision committee.

1. Nomination committee

As at the end of the Reporting Period, the nomination committee of the Bank consisted of three Supervisors with Mr. LYU Hong being the chairperson, Mr. WU Wei and Mr. CHEN Yong being members.

The primary duties of the nomination committee during the Reporting Period include the following:

- providing recommendations to our Board of Supervisors on the size and composition of our Board of Supervisors;
- being responsible for formulating the procedures and criteria for selecting supervisors and making recommendations to our Board of Supervisors;
- identifying qualified Supervisors candidates; conducting preliminary examination of qualifications and credentials of Supervisors candidates nominated by Shareholders, and making recommendations;
- supervising the directors' recruiting procedures;
- comprehensively evaluating the duty performance of directors, supervisors and senior management personnel and reporting to the Board of Supervisors; supervising and evaluating the performance of duties of the Board of Directors and senior management in capital management, management of advanced capital measurement method and liquidity risk management, and reporting to our Board of Supervisors;
- supervising the scientificity and rationality of the entire Bank's remuneration management system and policies, and the remuneration package of senior management personnel;
- formulating a standard scheme for the remuneration and allowances of the members of the Board of Supervisors of the Bank, and reporting to the Board of Supervisors; and
- performing other responsibilities as authorized by the Board of Supervisors.

In 2024, the nomination committee under the Board of Supervisor convened 2 meetings, during which it considered and approved 3 resolutions.

2. Supervision committee

As at the end of the Reporting Period, the supervision committee of the Bank consisted of three Supervisors with Mr. GUO Bing being the chairperson, Mr. WU Wei and Ms. LIU Yongli being members.

The primary duties of the supervision committee during the Reporting Period include the following:

- supervising the Board of Directors to establish a sound business philosophy, value standards and formulating development strategies consistent with the Bank's actual situations;
- evaluating the scientificity, rationality and soundness of the development strategy of the Bank and report the evaluation results to the Board of Supervisors;
- reviewing the regular reports and dividend plans prepared by the Board of Directors and providing written review opinions;
- formulating specific plans for supervision and inspection and urging rectification of financial activities, operational decision, risk management and internal control of the Bank;
- supervising and guiding the internal audit department to independently perform its audit supervision duties; and
- performing other responsibilities as authorized by our Board of Supervisors.

In 2024, the supervision committee under the Board of Supervisors convened 2 meetings, during which it considered and approved 2 resolutions.

VI. SENIOR MANAGEMENT

The Bank shall have one president, who shall be elected via public employment, internal competition or external transfer, which shall be decided by the Board of Directors. The chairman of the Board shall communicate with the local party committee and government, substantial Shareholders and banking regulatory authorities under the State Council, so as to reach a consensus on the president candidates. The president shall be nominated by the chairman of the Board, and appointed or dismissed by the Board of Directors. The Bank may set a number of positions of vice president and other senior manager to meet the needs for business development. The vice presidents and senior managers shall be appointed or dismissed by the Board of Directors. All the senior managers meet the qualification conditions required by laws and regulations and banking regulatory authorities. The president shall be accountable to the Board, shall have the right to organize and carry out the Bank's operations and management in accordance with laws, administrative regulations and other rules, our Articles of Association and the authorization of the Board, and shall perform the following functions and powers:

(I) to take charge of the business operation and management of the Bank, to organize the implementation of the resolutions of the Board and to report the work to the chairman and the Board;

(II) to draft annual business plans and investment proposals;

(III) to draft the Bank's basic management system;

(IV) to formulate the Bank's specific regulations;

(V) to make suggestions on the plans for establishment of internal management structure of the Bank and establishment and withdrawal of branches of the Bank;

(VI) to make suggestions on the Board's appointment or dismissal of the vice president and other senior management of the Bank;

(VII) to make suggestions on the management personnel other than those to be engaged or dismissed by the Board;

(VIII) to make suggestions on the plans authorizing senior management and persons in charge of internal functional departments and branches to conduct operational activities;

(IX) to make suggestions on the salaries, benefits and reward or punishment of the Bank's staff other than the senior management decided by the Board; as well as the appointment and dismissal of the Bank's staff other than the senior management decided by the Board;

(X) to propose to convene a provisional Board meeting;

(XI) to adopt emergency measures when any material emergency (such as a run on the Bank) arises and promptly report them to the competent administrative authorities of the State, the Board of Directors and the Board of Supervisors;

(XII) to report the fulfilment of duties and evaluation of the senior management of the Bank to the Board of Directors and the Board of Supervisors, and to organize members of the senior management of the Bank to report their fulfilment of duties to the Board of Directors and the Board of Supervisors; and

(XIII) other powers and rights conferred by the Articles of Association or by the Board.

The president shall attend Board meetings. A non-Director president shall have no voting rights thereat.

As at the end of the Reporting Period, our senior management consists of eleven members, namely, Mr. LIU Shirong, Ms. YUAN Shihong, Ms. XUE Xiaoqin (whose former name is XUE Defang), Mr. WU Ji, Mr. HAN Gang, Mr. MING Yang, Mr. HU Jia, Mr. YANG Bing (whose former name is YANG Bin), Mr. AI Yong, Ms. LI Yan and Ms. WANG Lan.

Corporate Governance Report

VII. SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

Our Bank has adopted the Model Code as its code for regulating securities transactions by Directors and Supervisors of the Bank. Having made specified enquiry with all Directors and Supervisors by the Bank, our Directors and Supervisors confirmed that they have been in compliance with the Model Code throughout the Reporting Period.

VIII. RELATIONSHIP BETWEEN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

There is no financial, business, kinship or other significant/relevant relationship between the Directors, Supervisors and the senior management of the Bank.

IX. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

On October 12, 2023, the Shareholders' general meeting of the Bank approved the amendments to the Articles of Association. The amended Articles of Association took effect from the date of the approval of the Sichuan Bureau of the National Financial Regulatory Administration on March 15, 2024. For details, please refer to the Bank's announcements dated August 17, 2023 and March 18, 2024 and circular dated August 28, 2023. Save as disclosed above, during the year ended December 31, 2024 and up to the date of this annual report, the Bank has not made any amendments to the Articles of Association.

X. JOINT COMPANY SECRETARY

Mr. MING Yang and Ms. ZHANG Xiao serve as Joint Company Secretaries of the Bank. All Directors can discuss with the company secretary to seek advice and obtain information. Mr. MING Yang, the vice president, the Secretary of the Board of Directors and Joint Company Secretary of the Bank, is the main contact person of Ms. ZHANG Xiao in the Bank. Mr. MING Yang and Ms. ZHANG Xiao confirmed that they have received no less than 15 hours of relevant professional training during the Reporting Period.

XI. EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The Bank engaged PricewaterhouseCoopers Zhong Tian Limited Liability Partnership (Special General Partnership) as the auditor of the Bank's 2024 financial statements prepared in accordance with China Accounting Standards for Business Enterprises and PricewaterhouseCoopers as the auditor of the Bank's 2024 financial statements prepared in accordance with International Financial Reporting Standards. For the year ended December 31, 2024, the Bank had emoluments of RMB3.18 million to PricewaterhouseCoopers Zhong Tian Limited Liability Partnership (Special General Partnership) and PricewaterhouseCoopers for the annual audit services. During the Reporting Period, the Bank also had interim audit expense of RMB1.00 million and other non-audit service expense of RMB280,000 paid/payable, which included agreed-upon-procedures services fee of RMB180,000 in the first and third quarters, results announcement verification service fee of RMB100,000.

XII. RISK MANAGEMENT, INTERNAL CONTROL AND INSIDE INFORMATION MANAGEMENT

The Board has reviewed the risk management and internal control systems for the year ended December 31, 2024 to ensure its effectiveness and adequacy. No matters of material concern have been identified during the review. Such review shall be conducted on an annual basis. Upon receipt of confirmation from the Bank's management regarding the effectiveness of the internal control and risk management systems, the Board is of the view that its risk management and internal control systems of the Bank for the year ended December 31, 2024 are effective and adequate. During the Reporting Period, the Bank has not implemented any changes to its internal control and risk management systems.

(I) The Process Used to Identify, Evaluate and Manage Significant Risks

Leveraging our risk appetite, risk limit, risk management information systems, and a range of risk management policies and measures, we closely monitor different types of risks to make timely response, particularly for key risks associated with our daily operations, including strategic risk, credit risk, market risk, liquidity risk, operational risk, information technology risk and reputational risk. The Bank focuses on developing the rules and policies in relation to key risks and implements the relevant measures, so as to enhance the effectiveness and efficiency of risk identification, analysis, evaluation and mitigation. We have established clear and specific reporting and communication procedures for coordination among departments, including the departments responsible for risk management at the level of branch, subbranch, and headquarters and the risk management department, to address various risks and risk incidents and ensure efficient and effective risk management work arrangement of the Bank.

(II) The Main Features of the Risk Management and Internal Control

The overall target of our risk management is to maintain the balance between risks and business development so that we could effectively control risks while developing our business in a sustainable way. To achieve the abovementioned objectives, we have implemented the guiding principles of "comprehensiveness, balance, centralization and compliance" in our risk management.

The objectives of internal control of the Bank are to reasonably ensure the legal and regulatory compliance of operations and management and the security of corporate assets, and to ensure the truthfulness and completeness of financial reports and the relevant information; to enhance the efficiency and effectiveness of operations and facilitate the implementation of development strategies for the enterprises. The Bank's internal control is compatible with its operational scale, business scope, competitive landscape and risk level, and adjustments will be made in a timely manner to keep pace with any changes of the circumstances.

Corporate Governance Report

(III) The Responsibilities of the Board of Directors for the Risk Management and Internal Control

The Board of Directors of the Bank is responsible for deciding on the Bank's risk management and internal control policies. The Board of Directors' responsibilities include establishing an adequate and effective risk management system to ensure the Bank's prudent operation and compliance with relevant laws and financial policies; monitoring and assessing the adequacy and effectiveness of our risk management system; and reviewing internal control evaluation reports.

The risk management and internal control system of the Bank is designed to manage rather than eliminate the risk of failure to meet business objectives. During the Reporting Period, the Bank has maintained a generally adequate and effective internal control system and a controllable risk profile. Due to its inherent limitations, the internal control can only provide reasonable assurance for achieving the above objectives. In addition, since changes may result in inappropriate internal control or lower compliance with the control policies and procedures, it is risky to predict, to a certain extent, the effectiveness of future internal control based on current evaluation results of internal control.

(IV) The Process Used to Review the Effectiveness of the Risk Management and Internal Control and to Resolve Material Internal Control Defects

All departments of the Bank have established a series of systems which set out business-specific risk management policies and procedures to reasonably identify the risk control point for each business and management activity, take control measures and implement standardized and united business and management procedures to ensure a standard operation. No such business should be conducted if there are no relevant systems. The Bank includes the overall risk management into the internal audit, and the internal audit department is responsible for reviewing and evaluating the adequacy and effectiveness of the overall risk management on a regular basis. We have established an overall risk management system with comprehensive risk coverage and committed ourselves to its continuous upgrade and optimization.

The internal control is conducted across the daily operation and management activities by the Bank. Each business management department conducts routine monitoring, inspection and supervision on key risk points and key procedures at fixed intervals. The internal audit department formulates the audit plans and conducts supervision and audits on key risk points and key procedures. Our Internal Control and Compliance Department takes the lead in organizing all departments to conduct an overall evaluation once a year based on the internal and external inspection and supervision and formulate an annual evaluation report of internal control. The Bank will continue to improve its internal control system, reinforce the implementation of the internal control system, optimize the evaluation methods of internal control and strengthen the supervision and inspection on internal control to facilitate the healthy and sustainable development of the Bank in line with its development strategies and changes in business procedures.

(V) The Procedures and Internal Controls for the Handling and Dissemination of Inside Information

The Bank handles and disseminates inside information in accordance with the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission in June 2012 to ensure the inside information remains confidential until the disclosure of such information is appropriately approved, and the release of such information is efficiently and consistently made. The Bank reminds its Directors and employees to properly comply with all policies in relation to inside information on a regular basis, distributes the Notice on Regulating the Disclosure of Inside Information of the Bank to all the employees, and imposes strict regulatory requirements on disclosure of inside information. Furthermore, the Bank will inform its Directors, senior management and employees of the latest regulatory developments, and prepare or update relevant policies and guidelines to ensure compliance with regulatory requirements.

The Bank is aware of its responsibilities under the SFO and the Listing Rules and the overriding principle that the information shall be published as soon as practicable if it is determined to be inside information, and that it shall handle such information with close regard to the applicable laws and regulations.

XIII. SHAREHOLDERS' RIGHTS

(I) Convening of Extraordinary General Meetings

According to the Articles of Association, Shareholders have the following rights:

The Board of Directors shall convene Shareholders' general meetings as required by laws and regulations, the Articles of Association and the rules of procedure of the Shareholders' general meeting. Where the Board of Directors is incapable of performing or is not performing its duties to convene the general meeting, the Board of Supervisors shall convene such meeting in a timely manner; if the Board of Supervisors fails to convene such meeting, Shareholders individually or jointly holding 10% or more of the Bank's Shares for 90 days or more consecutively may unilaterally convene and preside over such meeting.

Corporate Governance Report

(II) Proposals to Shareholders' General Meetings

When the Bank is to convene a Shareholders' General Meeting, the Board and the Board of Supervisors and Shareholders who individually or jointly hold more than 3% of the Bank's Shares are entitled to submit proposals in writing to the Bank. The Bank should include matters in the proposals which fall within the terms of reference of Shareholders' General Meeting into the meeting agenda.

Shareholders who individually or jointly hold more than 3% of the Bank's Shares may submit a temporary proposal in writing 10 days before the Shareholders' General Meeting to the convener. The convener should dispatch a supplementary notice of Shareholders' General Meeting announcing the contents of the temporary proposal within two days after receiving such temporary proposal. If listing rules of the stock exchange where the Bank's securities are listed provide otherwise, such provisions shall also be followed.

Besides circumstances provided by the preceding paragraph, the convener shall not amend the proposals listed in the aforesaid notice or add any new proposals subsequent to the dispatch of a notice of the General Meeting.

(III) Enquiries from Shareholders

If the Shareholders have any enquiries on matters relating to the H Shares held, such as share transfer, change of address, reporting for loss of share certificates and dividend warrants, etc., please send the enquiries in writing to the following addresses:

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Tel: +852-2862-8555

Fax: +852-2865-0990/2529-6087

If the Shareholders have any enquiries on matters relating to the Domestic Shares held, such as share transfer, change of address, reporting for loss of share certificates and dividend warrants, etc., please send the enquiries in writing to the following addresses:

The Bank's Office of the Board of Directors

Building 1, No. 18 Section 3 Jiucheng Avenue, Jiangyang District, Luzhou, Sichuan Province, the PRC

Tel: +86-830-2362606

Fax: +86-830-3100625

Post code: 646000

(IV) Management of Investor Relations

Shareholders and investors may send enquiries to the Board to the Bank's office of the Board of Directors.

Address: Building 1, No. 18 Section 3 Jiucheng Avenue, Jiangyang District, Luzhou, Sichuan Province, the PRC

Tel: +86-830-2362606

Fax: +86-830-3100625

E-mail: ir@lzccb.cn

(V) Information Disclosure

The Bank attaches great importance to communication with Shareholders and enhances understanding and communication among Shareholders through various channels such as general meetings, results announcements, roadshows, visitors' reception, and telephone consultation.

(VI) Shareholder Communication Policy

1. Purpose

1.1 The provisions of this shareholder communication policy (hereinafter referred to as the "Shareholder Communication Policy") set out the guidelines related to communication between the Bank and Shareholders, with the aim of ensuring transparent, accurate and open communication between the Bank and Shareholders.

2. General policy

2.1 The Board of Directors of the Bank will continue to maintain communication with Shareholders and the investment community, and will regularly review the Shareholder Communication Policy to ensure the effectiveness and reflect the best practices in communication with Shareholders.

2.2 The main channels for the Bank to deliver information to Shareholders are the Bank's annual report, interim report, annual general meeting and other possible general meetings of shareholders, and all disclosed information submitted to the Stock Exchange, as well as corporate communications and other company publications published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Bank at www.lzccb.cn.

Corporate Governance Report

3. Communication channels

Enquiries from Shareholders

3.1 The Bank has disclosed the Company's contact information on the Bank's website so that Shareholders can make any enquiries about the Bank.

3.2 Enquiries can be made by the Shareholders to the Hong Kong H Share Registrar (information of which are as follows) of the Bank regarding their shareholding issues:

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor, Hopewell Centre,

183 Queen's Road East, Wanchai, Hong Kong

3.3 Shareholders may at any time make a request for the Bank's information to the extent such information is publicly available.

Corporate communication

3.4 Corporate communication (as defined in the Listing Rules) including but not limited to (i) Directors' Report, annual accounts together with auditors' report, (ii) interim report, (iii) notice of Shareholders' General Meetings, (iv) listing documents, (v) circulars and (vi) proxy forms.

3.5 Corporate communication will be delivered to shareholders in a timely manner in plain language and in both English and Chinese versions.

Corporate website

3.6 An "Investor Relations" section is available on the Bank's website (www.lzccb.cn) providing shareholders with corporate information, such as corporate communication and the Bank's key financial information. The corporate website also provides information on the Bank's corporate governance and the structures and functions of the Board of Directors and each of the committees under the Board of Directors.

3.7 Following the approval of results by the Board, the Bank shall publish its results announcement on the websites of Stock Exchange and the Bank. The results announcement shall include the Bank's results and business performance, specific information on the proposed dividends (if any) and the closure of register of members, and other information as required to be disclosed under the Listing Rules from time to time.

3.8 Information submitted by the Bank to the Stock Exchange for posting on the website of the Stock Exchange will also be posted on the Bank's website immediately thereafter. Such information includes, but is not limited to, annual reports, interim reports, announcements, circulars, notice of Shareholders' general meetings and information required to be disclosed under the Listing Rules from time to time.

3.9 The Bank's press articles and publications are also available from time to time on the Bank's website.

3.10 The information contained on the Bank's website will be updated regularly.

Shareholders' General Meeting

3.11 The Shareholders' general meeting provides an opportunity for constructive communication between the Bank and its shareholders.

3.12 Appropriate arrangements for the Shareholders' general meeting shall be in place to encourage shareholders' participation.

3.13 The notice, the relevant circular and the proxy form of Shareholders' general meeting shall be distributed to shareholders not later than 20 days before each general meeting (or such other period as required under the Listing Rules from time to time). The notice shall specify the details of the proposed resolutions and other relevant information. The proxy form shall also be provided to shareholders to delegate their representatives to attend and vote at the Shareholders' general meeting.

3.14 The Board members, in particular the chairman of each committee under the Board or their representatives, the appropriate administrative personnel and the external auditors shall attend the Shareholders' general meeting to answer questions from shareholders.

3.15 The Bank will review the procedures for the Shareholders' general meeting from time to time to ensure compliance with the requirements of the Articles of Association of the Bank, Listing Rules and applicable laws and to follow good corporate governance practices. Individual resolutions on individual important issues will be submitted to the Shareholders' general meeting for voting. Unless the proposals only involve procedural or administrative matters, the chairman of the Shareholders' general meeting will propose to vote on the proposal by way of poll in accordance with the Articles of Association of the Bank. The Shareholders' general meeting will appoint a scrutineer to count the votes. After the conclusion of the Shareholders' general meeting, the voting results will be announced on the website of the Bank and the website of the Stock Exchange.

4. Communication with the Investment Market

4.1 In order to facilitate the communication between the Bank and Shareholders and the investment community, the Bank holds performance briefings, conferences, meetings and roadshow of non-related trading transactions for Shareholders, potential investors and analysts from time to time.

4.2 Directors and employees of the Bank who have contact and communication with investors, analysts, media and other relevant third parties are aware of the disclosure responsibilities and requirements under the Listing Rules and applicable laws and regulations.

5. Shareholders' Privacy

5.1 The Bank recognizes the importance of Shareholders' privacy and will not disclose Shareholders' information without their consent, unless otherwise required by the Stock Exchange, the Securities and Futures Commission, or relevant laws and regulations.

After reviewing the different channels of communication with Shareholders, the Bank believes that the Shareholder's communication policy has been properly implemented during the year and is effective.

XIV. REMUNERATION MANAGEMENT

(I) Remuneration System

In 2024, with the aim to refine and improve the incentive and restraint mechanism, help employees grow and make progress, increase corporate efficiency and promote its high-quality development, the Bank will implement a market-oriented performance appraisal mechanism based on post salaries and performance-based remuneration. Based on the dual-channel career development system for its employees, the Bank established dual channels for remuneration promotion of employees, expanded the space for remuneration promotion of professional sequence employees, and built a remuneration exchange link between management sequence and professional sequence. Following the principle of "paying for post, ability and performance", the Bank's post salary is tightly coupled with post value and personal ability, and performance-related pay is closely linked to value creation, contribution and performance, which not only inspires employees to take initiatives to grow and actively improve their ability, but also mobilizes employees' working enthusiasm and creativity and enhances the overall efficiency of the enterprise. The Bank paid "Five Social Insurances and One Housing Fund (五險一金)" for employees in accordance with the relevant laws. In addition, the Bank purchased supplementary medical insurance for its employees, and established enterprise annuity plan to provide employees with a relatively complete security system which has effectively improved employees' sense of belonging and strengthened corporate cohesion. At the same time, the Bank established a mechanism for deferral payment and clawback of performance-related remuneration in accordance with regulatory requirements and business and management needs to promote sound operation and sustainable development of the Bank.

(II) Information on Remuneration Paid to Directors, Supervisors and Senior Management

Please refer to note 11 to the financial statements of this annual report for the total amount of the remuneration of Directors and Supervisors during the Reporting Period. For the year ended December 31, 2024, no emolument was paid by the Bank 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 Bank or as compensation for loss of office.

The total remuneration paid to the senior management[1] (excluding the Directors and Supervisors) by bands was RMB18,650,400 for the year ended December 31, 2024 and is set out below[2]:

	Number of employees	% of total
0 to RMB1,500,000	4	36%
Over RMB1,500,000	7	64%

Notes:

(1) In 2024, Mr. LIU Shirong, a member of the Bank's senior management, is also a Director. For details of the remuneration of Mr. LIU Shirong, please refer to note 11 to the financial statements of this annual report.

(2) In accordance with regulations of relevant authorities in the PRC, the compensation package for certain senior management personnel for 2024 has not been finalized, and the disclosed amount is just the amount paid in current period, including the remuneration of the previous year deferred to the current year.

Corporate Governance Report

XV. DIVIDEND POLICY

The Bank may distribute dividends in the following forms:

(I) cash;

(II) stocks.

Any amount paid for any paid-up Shares prior to a capital call is entitled to interest, but holder of the Shares is not entitled to the dividend subsequently declared in respect of prepayments of Shares. In accordance with relevant laws, regulations, departmental rules, normative documents and the relevant regulations of the securities regulatory authority in the place where the Bank's securities are listed, the Bank may exercise the right to confiscate unclaimed dividends only after the applicable time limit has expired.

The Bank shall have the right to cease delivering dividend notice to the Shareholders of H Shares by mail, but such right can only be exercised after the dividend notice has not been drawn twice consecutively. If a dividend notice fails to reach the expected recipient in the initial mail delivery and is returned, the Bank may exercise the right promptly. The Bank shall have the right to sell the shares of the unreachable Shareholders of H Shares through the methods the Board deems appropriate and subject to the following conditions:

(I) the Bank has distributed dividends on such shares at least 3 times in a period of 12 years and the dividends are not claimed by anyone during that period;

(II) after the expiration of a period of 12 years, the Bank makes a public announcement in one or more newspapers at the place where the Bank's securities are listed, stating its intention to sell such shares and notifies the Hong Kong Stock Exchange of such intention.

Our Bank shall appoint for Shareholders of overseas listed shares a recipient agent. The recipient agent shall collect on behalf of the Shareholders concerned the dividends distributed and other funds payable by the Bank in respect of the overseas listed shares.

The recipient agent appointed by the Bank shall comply with the laws of the locality in which the Bank's shares are listed or the relevant requirements of the stock exchange where the Bank's shares are listed. The recipient agent appointed by the Bank for Shareholders of H Shares shall be a company which is registered as a trust company under the Trustee Ordinance of Hong Kong.

The profit distribution policy of the Bank should be comprehensively taken into account factors such as the industry characteristics, development stage, its own business model, profitability level, and the existence of significant capital expenditure arrangements, while balancing the reasonable returns of the investors and the sustainable development of the Bank. The profits of the Bank may be distributed in the form of bonus share and cash dividend, etc., and the cumulative distribution profits in cash or stocks for any three consecutive years shall not be less than 20% of the annual average distributable profits realized in the said three years.

XVI. TAX ON DIVIDENDS OF ORDINARY SHARES

(I) For holders of domestic Shares

Our corporate holders of domestic Shares shall handle their income tax by themselves. Pursuant to the relevant provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》), our Bank shall withhold and pay an individual income tax at a rate of 20% for natural person shareholders of domestic shares of the Bank.

(II) For holders of H Shares

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) and the relevant implementation regulations, our Bank shall withhold and pay an enterprise income tax at a rate of 10% for H-share holders which are non-resident enterprises.

Pursuant to the Notice on Issues Concerning the Administration of Individual Income Tax Collection after the Annulment of Document Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《關於國税發[1993]045 號文件廢止後有關個人所得税徵管問題的通知》), as for the income from dividends and bonuses obtained by foreign resident individual shareholders from the shares issued in Hong Kong by domestic non-foreign invested enterprises, the individual income tax shall be withheld and paid by withholding agents according to laws. However, where a domestic non-foreign invested enterprise issues shares in Hong Kong, its foreign resident individual shareholders can enjoy relevant tax incentives in accordance with tax treaties signed between their countries of residence and China as well as the provisions of tax arrangements between Mainland China and Hong Kong (Macao). In accordance with the above tax regulations, we generally withhold and pay an individual income tax on dividends at a rate of 10% for the individual holders of H Shares, unless otherwise provided in the relevant tax regulations and tax treaties where the Bank shall go through the specific procedures under taxation and administration requirements of tax authorities.

Directors' Report

The Board hereby presents the Directors' report and audited financial statements of the Bank for the year ended December 31, 2024.

I. BUSINESS REVIEW

(I) Business Review

We are the only city commercial bank headquartered in Luzhou. We offer various banking services and relevant financial services. Our principal business lines include corporate banking, retail banking and financial markets. The information on business review of the Bank for the year ended December 31, 2024 is set out in "Management Discussion and Analysis" of this annual report.

(II) Relationship with Employees, Suppliers and Customers

The Bank attaches importance to the selection of suppliers, encourages fair and open competition, and establishes good cooperative relations with quality suppliers based on the principle of mutual trust. Adhering to the principle of honesty and trustworthiness, we are committed to providing quality financial services to our customers and creating a reliable service environment for them.

(III) Environmental Policy and Performance

For information of the environmental policies and performance of the Bank during the Reporting Period, please refer to the environmental information disclosure report published on the websites of the Bank and the 2024 Environmental, Social and Governance Report published by the Bank on the websites of the Hong Kong Stock Exchange and the Bank in due course.

(IV) Permitted Indemnity Provisions

Pursuant to Article C.1.8 of the Code provisions, the Bank should purchase appropriate insurance covering potential legal proceedings against the Directors of the Bank. To comply with the Code provisions, the Bank had purchased appropriate liability insurance for the Directors to provide indemnity for the liabilities incurred in the corporate activities for the year ended December 31, 2024.

(V) Equity-linked Agreements

During the year ended December 31, 2024, the Bank did not enter into any equity-linked agreements.

(VI) Bonds Issuance

The Bank stabilized long-term liabilities and enhanced liquidity control capabilities through the issuance of interbank certificates of deposit. Details of the Bank's bonds issuance are set out in note 28 to the financial statements of this annual report.

II. THE LISTING OF H SHARES ON THE HONG KONG STOCK EXCHANGE

During the year ended December 31, 2024, the Bank did not issue any new H Shares.

III. PROFITS AND DIVIDENDS

Dividends

Our revenue for the year ended December 31, 2024 and our financial position on the same date are set out in the "Statement of Comprehensive Income" and "Statement of Financial Position" in this report.

The Board of Directors of the Bank has proposed to pay the cash dividend for the year ended December 31, 2024 to all shareholders on the basis of cash dividend of RMB1.2 (tax inclusive) for every 10 shares, totaling RMB326.13 million (tax inclusive). The aforesaid scheme will be presented to the 2024 Annual General Meeting of the Bank for consideration.

The Bank will make further announcement(s) in due course regarding the last registration date, book closure period, payment date and other relevant information in relation to the aforesaid cash dividend.

If the above scheme is approved at the Bank's Annual General Meeting, the Bank expects to complete the distribution work of profits within two months after the end of the above meetings.

The cash dividends of ordinary shares in the past three years are as follows:

Item	2023	2022	2021
Cash dividend (tax inclusive, in millions of RMB)	244.60	217.42	–
Proportion of annual profit (%)	24.60	26.92	–

IV. RESERVE

Details of changes in the Bank's reserves available for distribution to Shareholders for the year ended December 31, 2024 are set out in the Statement of Changes in Equity. Calculated in accordance with the provisions of the Listing Rules, the Bank's reserves available for distribution to Shareholders are RMB2,627 million.

V. SUMMARY OF FINANCIAL INFORMATION

A summary of the Bank's operating results, assets and liabilities for the entire year ended December 31, 2024 is set out in the Accounting Data and Financial Indicators Summary of this annual report.

VI. DONATION

The Bank's charitable and other donations totalled RMB6.5214 million for the year ended December 31, 2024.

Directors' Report

VII. PROPERTY AND EQUIPMENT

Details of changes in the property and equipment of the Bank for the year ended December 31, 2024 are set out in note 23 to the financial statements of this annual report.

VIII. RETIREMENT BENEFITS

Details of the retirement benefits provided to employees by the Bank are set out in note 10, Operating Expenses, to the financial statements of this annual report.

IX. PRE-EMPTIVE RIGHTS

The Articles of Association and relevant PRC laws did not grant the Shareholders of the Bank the terms of pre-emptive rights. The Articles of Association provide that based on the requirements for operation and development and in accordance with laws and regulations and the Articles of Association, after the Shareholders' general meeting has made its resolution and the approval has been obtained from the banking regulatory authorities of the State Council, the Bank may increase its registered capital in the following ways: offering new shares to non-specific investors; issuing new shares to specific subscribers; distributing new shares to existing shareholders; converting capital surplus into share capital; or any other methods approved by the laws, administrative regulations and relevant regulatory authorities.

X. MAJOR CUSTOMERS

As at the end of the Reporting Period, the balance of the Bank's loans to any single borrower did not exceed 10% of the Bank's net capital. The five largest depositors and the five largest borrowers of the Bank accounted for less than 30% of total deposits and total loans and advances.

XI. SHARE CAPITAL

Details of the movement in share capital of the Bank during the Reporting Period are set out in note 31, Share Capital and Capital Surplus, to the financial statements of this annual report.

XII. TOP TEN HOLDERS OF DOMESTIC SHARES AND SHAREHOLDINGS

The top ten holders of Domestic Shares of the Bank and their shareholdings as at the end of 2024 are set out in Changes in Share Capital and Information on Shareholders of this annual report.

XIII. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details of the list of the members of the Board of Directors, their biographies and changes as at the end of the Reporting Period are set out in the section headed Directors, Supervisors, Senior Management and Employees of this annual report. Such section also forms an integral part of the Directors' Report.

XIV. CONFIRMATION FROM INDEPENDENT NON-EXECUTIVE DIRECTORS FOR THEIR INDEPENDENCE

The Bank has received from each of its independent non-executive Directors the annual confirmation of his/her independence. The Bank considers that all independent non-executive Directors are in compliance with the relevant guidelines set out in Rule 3.13 of the Hong Kong Listing Rules, and are accordingly independent.

XV. FINANCIAL, BUSINESS AND FAMILY RELATIONSHIP BETWEEN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

There is no relationship (including financial, business, family or other material relationship) between the Directors, Supervisors and senior management of the Bank.

XVI. ARRANGEMENTS TO PURCHASE SHARES OR DEBT SECURITIES

At no time during the Reporting Period was the Bank a party to any arrangements to enable the Directors and Supervisors of the Bank to acquire benefits by means of the acquisition of shares in, or debt securities of, the Bank or any other body corporate.

Directors' Report

XVII. SIGNIFICANT INTERESTS OF DIRECTORS AND SUPERVISORS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

The Bank did not enter into any significant transaction, arrangement or contract where Directors and/or Supervisors (or connected entity of Directors and/or Supervisors) directly or indirectly held significant interests for the year ended December 31, 2024.

XVIII. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

The Bank has entered into a service contract with each of its Directors and Supervisors in respect of, among other things, compliance with relevant laws and regulations, obedience of the Articles of Association and provisions on arbitration. During the Reporting Period, none of the Directors or Supervisors have entered into a service contract with the Bank that cannot be terminated by the Bank within the upcoming year without payment of compensation (other than statutory compensation).

XIX. MANAGEMENT CONTRACT

For the year ended December 31, 2024, there was no management and administrative contract in respect of all or any of the material activities being entered into by or existing in the Bank (other than service contracts entered into with Directors, Supervisors and Senior Management of the Bank).

XX. DIRECTORS' AND SUPERVISORS' INTERESTS IN THE BUSINESS WHICH COMPETES WITH THE BANK

Mr. XIONG Guoming, a non-executive Director of our Bank, was also a non-executive director of Luzhou Rural Commercial Bank Co., Ltd. (瀘州農村商業銀行股份有限公司) ("Luzhou Rural Commercial Bank"). As a non-executive director of Luzhou Rural Commercial Bank, Mr. XIONG Guoming is primarily responsible for participating in making decisions and giving advice on the corporate governance, compliance and risk management of Luzhou Rural Commercial Bank and is not involved in its daily operation and management. Accordingly, the Directors consider that the directorship of Mr. Xiong in Luzhou Rural Commercial Bank does not and is unlikely to give rise to significant competition or conflict of interest between Mr. Xiong and our Bank.

Save as disclosed above, none of our Directors are interested in any business, apart from our business, which competes or is likely to compete, either directly or indirectly, with our business which requires to be disclosed under Rule 8.10(2) of the Listing Rules.

XXI. RELATED PARTY (CONNECTED) TRANSACTIONS

In 2024, the Bank has continued to regulate the management of connected transactions in accordance with the requirements under the Measures for the Administration of Connected Transactions of Banking and Insurance Institutions (《銀行保險機構關聯交易管理辦法》), Interim Measures for the Administration of Equity in Commercial Banks (《商業銀行股權管理暫行辦法》) issued by the Former China Banking and Insurance Regulatory Commission, the Listing Rules and Measures for the Administration of Connected Transactions of Luzhou Bank Co., Ltd. (Revised) (《泸州银行股份有限公司關聯交易管理辦法(修訂)》), to ensure the effective operation of the Bank's connected transaction mechanism and effectively safeguard the rights and interests of the Bank and its shareholders.

(I) Credit Connected Transactions

As of the end of 2024, the Bank's net capital was RMB16,025,970,000 and the balance of credit to the largest related party was RMB866,490,000, accounting for 5.41% of the Bank's net capital; the balance of credit to the group customers of the largest related legal person or other organizations was RMB1,163,980,000, accounting for 7.26% of the Bank's net capital; the balance of credit to all related parties was RMB3,523,478,200, accounting for 21.99% of the Bank's net capital. The Bank's credit balance to one related party did not exceed 10% of the Bank's net capital, the credit balance to the group customers of a related legal person or other organizations did not exceed 15% of the Bank's net capital, and the credit balance to all related parties did not exceed 50% of the Bank's net capital, which were in compliance with the regulatory requirements.

(II) Related Transactions in the Provision of Services

In 2024, the Bank had 26 related transactions for filing including leasing of office premises and underground parking spaces and property services, sporadic leasing of official vehicles and other provision of services, with a total transaction amount incurred of RMB21,984,000.

(III) Continuing Connected Transactions

Property Services Agreement

On August 29, 2024, the Bank entered into the property services agreement (the "Property Services Agreement") with Luzhou Laojiao Property Service Co., Ltd. (瀘州老窖物業服務有限公司) ("Laojiao Property Service") as the bid winner under a public tender, pursuant to which, Laojiao Property Service shall provide integrated property services to the Bank for the Business Building of the Head Office. Property services include, but are not limited to, comprehensive property management, customer (conference) service management, project management, management of security order maintenance, management of environmental maintenance and management of catering services for staff canteen. The term of the Property Services Agreement is one year from July 24, 2024 to July 23, 2025.

The maximum annual property service fee (tax inclusive) under the Property Services Agreement is RMB8,980,000, which translates into a monthly service fee (tax inclusive) of RMB748,333.34, and the service fee shall be settled on a monthly basis based on the actual number of people served within such monthly service fee. During the Reporting Period, the actual amount incurred under the Property Services Agreement was RMB5,153,698.62.

As defined in Chapter 14A of the Listing Rules, as at the date of the Property Services Agreement, Luzhou Laojiao Group Co., Ltd. (瀘州老窖集團有限責任公司), being the substantial shareholder directly and indirectly holding 15.97% of the equity interest in the Bank, is a connected person of the Bank. Laojiao Property Service, being an indirect wholly-owned subsidiary of Luzhou Laojiao Group Co., Ltd., is also a connected person of the Bank as defined under Chapter 14A of the Listing Rules. Therefore, the entering into of the Property Services Agreement and the transaction thereunder constitute a continuing connected transaction of the Bank.

Directors' Report

The transactions entered into among the Bank and its connected persons (as defined in the Listing Rules) will constitute connected transactions of the Bank under Chapter 14A of the Listing Rules. Save as disclosed above, during the Reporting Period, all of the connected transactions of the Bank were entered into in the ordinary course of business and on normal commercial terms, and were subject to exemption from compliance with the requirements regarding reporting, annual review, announcement and independent shareholders' approval under Chapter 14A of the Listing Rules. The Bank has reviewed all connected transactions and confirmed that such transactions were in compliance with the disclosure requirements under Chapter 14A of the Listing Rules.

Annual Review by Independent Non-Executive Directors

The independent non-executive Directors of the Bank have reviewed the above continuing connected transaction, and confirmed that such transaction was entered into:

(1) in the ordinary course of business of the Bank;

(2) on normal commercial terms or better; and

(3) in accordance with the agreements governing such transactions, the terms of which are fair and reasonable, and are in the interest of the Shareholders of the Bank as a whole.

Confirmation from the Auditors

Pursuant to Rule 14A.56 of the Listing Rules, the Board engaged the auditors of the Bank to perform certain procedures in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Based on their work, the auditors of the Bank have provided the Board with a letter confirming that, with respect to the aforesaid continuing connected transaction:

(1) Nothing has come to the auditors' attention that causes them to believe that the disclosed continuing connected transaction has not been approved by the Board of the Bank.

(2) Nothing has come to the auditors' attention that causes them to believe that the transactions have not been carried out in any material respect in accordance with the relevant agreements.

(3) With respect to the aggregate amount of the continuing connected transaction set out above, nothing has come to the auditors' attention that causes them to believe that the amount of the continuing connected transaction has exceeded the annual cap determined by the Bank.

The definition of connected persons under Chapter 14A of the Listing Rules is different from the definition of related parties under IAS 24, Related Party Disclosures, and its interpretations by the International Accounting Standards Board. Certain related party transactions set out in note 40 to the financial statements simultaneously constitute connected transactions or continuing connected transactions as defined under the Listing Rules, save as disclosed above, none of them constitute connected transactions that are not fully exempt under the Listing Rules.

XXII. REMUNERATION POLICIES

In 2024, continuously with the aim to refine and improve the incentive and restraint mechanism, help employees grow and make progress, increase corporate efficiency and promote its high-quality development, the Bank implemented the market-oriented performance appraisal mechanism based on post salaries and performance-based remuneration. Based on the dual-channel career development system for its employees, the Bank established dual channels for remuneration promotion of employees, expanded the space for remuneration promotion of professional sequence employees, and built a remuneration exchange link between management sequence and professional sequence. Following the principle of "paying for post, ability and performance", the Bank's post salary is tightly coupled with post value and personal ability, and performance-related pay is closely linked to value creation, contribution and performance, which not only inspires employees to take initiatives to grow and actively improve their ability, but also mobilizes employees' working enthusiasm and creativity and enhances the overall efficiency of the enterprise. The Bank paid "Five Social Insurances and One Housing Fund (五險一金)" for employees in accordance with the relevant laws. In addition, the Bank purchased supplementary medical insurance for its employees, and established enterprise annuity plan to provide employees with a relatively complete security system which has effectively improved employees' sense of belonging and strengthened corporate cohesion. At the same time, the Bank established a mechanism for deferral payment and clawback of performance-related remuneration in accordance with regulatory requirements and business and management needs to promote sound operation and sustainable development of the Bank.

The Bank provided remuneration in the form of salaries, social security, housing funds, enterprise annuity and other benefits to executive directors, supervisors and senior management members who are also employees of the Bank. Non-executive directors, independent non-executive directors and external supervisors of the Bank received fixed remuneration.

XXIII. PUBLIC FLOAT

Based on information that is publicly available to the Bank and to the knowledge of the Directors, as at the Latest Practicable Date, the Bank has maintained sufficient public float as required by the Hong Kong Stock Exchange.

XXIV. AUDITORS

The Bank re-appointed PricewaterhouseCoopers Zhong Tian Limited Liability Partnership (Special General Partnership) as the auditor of the Bank's 2024 financial statements prepared in accordance with China Accounting Standards for Business Enterprises and PricewaterhouseCoopers as the auditor of the Bank's 2024 financial statements prepared in accordance with International Financial Reporting Standards. The Bank has not changed its auditors in the past three years.

The Bank's financial report for the year 2024 prepared in accordance with International Financial Reporting Standards had been audited by PricewaterhouseCoopers, who had issued an audit report with unqualified opinions.

XXV. ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In 2024, the Bank complied with the mandatory disclosure requirements and the "comply or explain" provisions set forth in the Environmental, Social and Governance Reporting Guide. For details, please refer to the 2024 Environmental, Social and Governance Report of the Bank to be published in accordance with the Hong Kong Listing Rules.

Directors' Report

XXVI. MAJOR RISKS AND UNCERTAINTIES

The major risks and uncertainties the Bank is exposed to include: major risks relating to our operations include credit risks, market risks, liquidity risks and operational risks. The Bank is also exposed to information technology risks, reputational risks and legal and compliance risks. We are unable to predict all the risks and uncertainties that we are exposed to as a result of the current economic, political, social and regulatory developments, and many of these risks are beyond our control. All these factors may adversely affect our business, financial condition and results of operations. Please see the sections headed "Management Discussion and Analysis – Risk Management" and "Corporate Governance Report – Risk Management, Internal Control and Inside Information Management" of this annual report.

XXVII. FUTURE DEVELOPMENT OF BUSINESS

Please refer to the section headed "Management Discussion and Analysis – Environment and Prospect" and "Management Discussion and Analysis – Development Strategies" of this annual report for further details.

XXVIII. MATERIAL INVESTMENT OR ASSETS ACQUISITION PLAN

As of the end of the Reporting Period, the Bank did not have any significant investment as required to be disclosed in accordance with Rule 32(4A) under the Appendix D2 to the Listing Rules.

During the Reporting Period, the Bank had no material assets acquisition.

XXIX. KEY FINANCIAL PERFORMANCE INDICATORS

As of December 31, 2024, as indicated in the information prepared according to IFRS, the total assets of the Bank amounted to RMB171,000 million, representing a year-on-year increase of 8.48%; the total customer loans amounted to RMB103,928 million, representing a year-on-year increase of 11.70%; the NPL ratio was 1.19%; the total customer deposits amounted to RMB135,314 million, representing a year-on-year increase of 15.04%; the operating income of the Bank amounted to RMB5,209 million, representing a year-on-year increase of 9.20%; the net profit of the Bank amounted to RMB1,276 million, representing a year-on-year increase of 28.31%. As of December 31, 2024, the capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio of the Bank were 13.12%,10.15% and 8.27%, respectively.

XXX. COMPLIANCE WITH LAWS AND REGULATIONS

The Board pays close attention to the policies and regulations in relation to compliance with laws and regulatory requirements. As of December 31, 2024, to the best knowledge of the Board, the Bank has complied with applicable laws and regulations in all material respects which could materially affect the Bank.

XXXI. SUBSEQUENT EVENTS

The Bank had no other significant event from the end of the Reporting Period to the Latest Practicable Date.

By order of the Board
YOU Jiang
Chairman

Report of the Board of Supervisors

I. BASIC INFORMATION OF THE BOARD OF SUPERVISORS

As of December 31, 2024, the Bank had 5 Supervisors in total, including 1 shareholder representative Supervisor, 2 external Supervisors and 2 employee representative Supervisors. Each of the nomination committee and supervision committee of the Board of Supervisors consists of 3 members, with Mr. LYU Hong and Mr. GUO Bing being the chairperson, respectively.

Enhancement of self-construction: 5 Supervisors thoroughly studied new regulatory policies and documents to lay a good foundation for better supervision and performance of duties.

During the Reporting Period, all members of the Board of Supervisors were able to diligently perform their duties, actively participate in meetings, carefully consider the resolutions, conduct in-depth investigations and research, regularly study regulatory policies, and continuously improve their ability to perform duties.

II. MEETINGS OF THE BOARD OF SUPERVISORS

Meetings of the Board of Supervisors: During the Reporting Period, the Board of Supervisors has convened 12 meetings of the Board of Supervisors in total, considered and approved 51 resolutions including our operation plans, financial budget, profit distribution, performance evaluation of Directors, Supervisors and senior management, etc.

Meetings of the committees: During the Reporting Period, the nomination committee of the Board of Supervisors convened 2 meetings in total and considered 3 resolutions primarily in relation to the Resolution on Considering and Approving Mr. HAN Zirong as an Independent Non-executive Director Candidate for the Eighth Session of the Board of Directors of Luzhou Bank Co., Ltd., Report of Luzhou Bank Co., Ltd.'s Board of Supervisors on the Results of Performance Evaluation of the Directors, Supervisors and Senior Management for 2023, and the Resolution on Considering and Approving Mr. FAN Jingdong as an Independent Non-executive Director Candidate for the Eighth Session of the Board of Directors of Luzhou Bank Co., Ltd.

During the Reporting Period, the Supervision Committee of the Board of Supervisors held 2 meetings and considered 2 resolutions primarily in relation to the 2024 audit work plan of Luzhou Bank Co., Ltd. and the work plan for special inspection of consumer rights protection by Luzhou Bank Co., Ltd.'s Board of Supervisors.

The list of Supervisors of the Bank during the Reporting Period and as of the date of this annual report and the attendance of Supervisors during their respective tenure in office during the Reporting Period are as follows:

Attendance in person/Attendance by proxy/Number of meetings held during the tenure in office

Supervisors	Board of Supervisors	Nomination Committee	Audit and Supervision Committee
WU Wei	12/0/12	2/0/2	2/0/2
LYU Hong	12/0/12	2/0/2	–
Guo Bing	12/0/12	–	2/0/2
LIU Yongli	12/0/12	–	2/0/2
CHEN Yong	12/0/12	2/0/2	–

Report of the Board of Supervisors

III. MAJOR WORK

During the Reporting Period, in accordance with the relevant laws, regulations and regulatory requirements of the PRC and the requirements of Articles of Association of the Bank, the Board of Supervisors continued to carry out in-depth supervision based on the strategic objectives and core missions of the Bank.

Performance supervision: The Board of Supervisors conducted an evaluation on the performance of duties of Directors, Supervisors and senior management; supervised the performance of duties by the Board of Directors and senior management on capital management and liquidity risk management; entrusted internal and external auditors to conduct special audits. The Board of Supervisors also supervised the performance of duties of senior management by listening to the operation, risk analysis and other work reports of the Bank.

Risk management supervision: The Board of Supervisors enhanced the supervision of credit risk management by conducting daily meeting supervision and special inspections. The Board of Supervisors conducted special inspections of credit risk management, and made recommendations in respect of management system construction, system construction, system implementation, staff training and technology support in the form of reminder letters. The Board of Supervisors also delegated representatives to attend important meetings of senior management such as independent review meeting, risk management meeting and centralized procurement management committee, and made supervision recommendations on risk management.

Internal control supervision: The Board of Supervisors convened the joint meeting of the chairperson of the Board of Supervisors to listen to the internal control and management measures of relevant departments on a quarterly basis and made recommendations on continuously strengthening quality and efficiency of internal control and management.

IV. INDEPENDENT OPINIONS OF THE BOARD OF SUPERVISORS ON RELEVANT MATTERS

Legal operation: During the Reporting Period, the Bank operated with standardized management in accordance with the laws, and the decision-making procedures of the Bank were legal and valid. The Board of Supervisors was not aware of any performance of the Directors or senior management members of the Bank that was in breach of the laws, regulations and the Articles of Association of the Bank or jeopardized the interest of the Bank and its Shareholders.

Preparation of annual report: The procedures of preparation and audit of this annual report are in compliance with laws, regulations and regulatory requirements, and this annual report gives a true, accurate and complete view of the financial positions and operating results of the Bank.

Related party transactions: During the Reporting Period, the Bank entered into related party transactions in accordance with the laws and regulations of the PRC and the relevant requirements of Articles of Association of the Bank, and was not aware of any activities that were in breach of the principles of honestness and fairness or jeopardized the interest of the Bank and its shareholders.

Implementation of resolutions passed at the Shareholders' general meeting(s): The Board of Supervisors lodged no objections to the reports and proposals submitted by the Board of Directors to the Shareholders' general meeting(s) during the Reporting Period and conducted supervision on the implementation of resolutions passed at the Shareholders' general meeting(s), and concluded that the Board of Directors had duly implemented the relevant resolutions passed at the Shareholders' general meeting(s).

Internal control and risk management: During the Reporting Period, the Bank established a comprehensive risk management system in strict accordance with the regulatory requirements, continued to strengthen and improve the construction of internal control system, and was not aware of any material defects in respect of the completeness and rationality of the risk management and internal control mechanism and system of the Bank.

Important Events

IMPLEMENTATION OF DIVIDENDS DISTRIBUTION

Upon the consideration and approval of the profit distribution plan for 2023 at the 2023 Annual General Meeting of the Bank held on May 22, 2024, the Bank distributed final dividends in cash for 2023 of RMB0.9 (tax inclusive) for every 10 shares on June 21, 2024 and RMB244.60 million (tax inclusive) in aggregate to the shareholders whose names appeared on the register of members of the Bank as of May 31, 2024.

The Bank did not declare any interim dividend for 2024.

MATERIAL LITIGATIONS AND ARBITRATIONS

During the Reporting Period, there were no litigations or arbitrations which were required to be disclosed and had a material impact on the Bank. As of December 31, 2024, the Bank was involved in several litigations in the course of daily business due to the recovery of loans and other reasons. The Bank does not expect these matters to have a material adverse effect on financial or operating results.

PENALTIES IMPOSED ON THE BANK AND DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE BANK

During the Reporting Period, the Bank and all its Directors, Supervisors and senior management had no record of being subject to inspections, administrative penalties and circulating criticisms by the CSRC and public censures by the Hong Kong Stock Exchange, or penalties by other regulatory bodies that posed significant impact on the Bank's operation.

MATERIAL CONTRACTS AND THEIR PERFORMANCE

During the Reporting Period, the Bank had no material contracts or their performance.

MATERIAL ACQUISITION AND DISPOSAL OF ASSETS AND MERGER OF ENTERPRISES

During the Reporting Period, the Bank, through Chongqing United Assets and Equity Exchange, disposed 38 foreclosed assets such as building and underground garage of lower ground commerce of the phase II of Zesheng Commercial Pedestrian Street, located at No. 25 Xinghua Middle Road, Fuling District, Chongqing by public sale. Determined by public listing bidding process, the bid winner was Chongqing Fuling Industrial Development Group Co., Ltd., and the final transaction price was RMB581.50 million. Accordingly, on December 27, 2023, the Bank signed the relevant asset transfer agreement with Chongqing Fuling Industrial Development Group Co., Ltd., and completed the formality of registration of real estate title transfer on January 16, 2024. The aforementioned foreclosed assets are commercial properties in nature and have a gross floor area of 83,862.55 sq.m.

Save as disclosed above, the Bank had no material acquisition and disposal of assets and merger of enterprises during the Reporting Period.

MAJOR CAPITAL OPERATION

During the Reporting Period, the Bank had no major capital operation.

ANNUAL RESULTS

The annual financial statements of the Bank for the year ended December 31, 2024, which were prepared in accordance with IFRS, have been audited by PricewaterhouseCoopers in accordance with International Standards on Auditing.

The Board of Directors and its audit committee have reviewed and approved the annual results of the Bank.

Independent Auditor's Report

To the Shareholders of Luzhou Bank Co., Ltd.
(incorporated in the People's Republic of China with limited liability)

OPINION

What we have audited

The financial statements of Luzhou Bank Co., Ltd. (the "Bank"), which are set out on pages 146 to 268, comprise:

- the statement of financial position as at 31 December 2024;
- the statement of profit or loss and comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards 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 Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Independent Auditor's Report

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter identified in our audit is summarised as follows:

- The measurement of expected credit losses for customer loans, credit related financial assets, financial investments measured at amortised cost and financial investments measured at fair value through other comprehensive income.

Key Audit Matter	How our audit addressed the Key Audit Matter
Measurement of expected credit losses ("ECL") for customer loans, credit related financial assets, financial investments measured at amortised cost and financial investments measured at fair value through other comprehensive income	
Refer to Note 2.3, Note 3.1.4, Note 17, Note 18, Note 20 and Note 21 to the financial statements. As at 31 December 2024, the Bank's gross customer loans amounted to RMB103,928 million, and a loss allowance of RMB5,346 million was recognised in the Bank's statement of financial position; credit related financial assets amounted to RMB2,624 million, for which a provision of RMB514 million was recognised; financial investments measured at amortised cost amounted to RMB20,142 million, for which a provision of RMB577 million was recognized; financial investments measured at fair value through other comprehensive income amounted to RMB3,349 million, for which a provision of RMB19 million was recognised. The expected credit losses recognised on customer loans, credit related financial assets, financial investments measured at amortised cost and financial investments measured at fair value through other comprehensive income for the year ended 31 December 2024 amounted to RMB1,607 million.	We obtained an understanding of the management's internal control and assessment process of the measurement of expected credit losses for customer loans, credit related financial assets, financial investments measured at amortised cost and financial investments measured at fair value through other comprehensive income, and we assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as the complexity of estimation models used, the subjectivity of significant management judgements and assumptions, and susceptibility to management bias. We evaluated and tested the design and operating effectiveness of the internal controls relating to the measurement of expected credit losses for customer loans, credit related financial assets, financial investments measured at amortised cost and financial investments measured at fair value through other comprehensive income, primarily including: (1) Internal controls over the management of ECL models include selection, approval and application of modelling methodologies, continuous monitoring and optimisation, and back-testing of the models;

Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
The loss allowances for customer loans, credit related financial assets, financial investments measured at amortised cost and financial investments measured at fair value through other comprehensive income represent the management's best estimates using ECL models under International Financial Reporting Standard 9: Financial Instruments at the balance sheet date. The Bank assesses whether the credit risk of customer loans, credit related financial assets, financial investments measured at amortised cost and financial investments measured at fair value through other comprehensive income have increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their ECL. For customer loans, credit related financial assets, financial investments measured at amortised cost and financial investments measured at fair value through other comprehensive income classified as stages 1 and 2, management assesses loss allowance using the risk parameter modelling approach that incorporates key parameters, including probability of default, loss given default, exposure at default and discount rates. For customer loans, credit related financial assets, financial investments measured at amortised cost and financial investments measured at fair value through other comprehensive income classified as stage 3 with individual amount that are relatively significant, management assesses loss allowance by estimating the discounted cash flows from each loan or financial investment. The models of ECL involve significant management judgments and assumptions, primarily including: (1) Segmentation of business operations sharing similar credit risk characteristics, selection of appropriate models and determination of relevant key measurement parameters; (2) Criteria for determining whether or not there was a significant increase in credit risk, a default or impairment loss was incurred;	(2) Internal controls over significant management judgments and assumptions, including portfolio segmentation, model selection, parameters estimation, significant increase in credit risk, judgement over default and credit-impairment, and review and approval of forward-looking measurement; (3) Internal controls over estimated future cash flows and calculation of present value of such cash flows for customer loans, credit related financial assets, financial investments measured at amortised cost and financial investments measured at fair value through other comprehensive income classified as stage 3 with individual amount that are relatively significant; (4) Internal controls over the accuracy and completeness of key data inputs used by the models; (5) Internal controls over the information systems in relation to ECL measurement, including information technology general controls, data interfaces and automated calculations. The substantive audit procedures performed by us were mainly as follows: (1) We analysed the risk characteristics of asset portfolios and assessed the reasonableness of the portfolio segmentation; (2) We assessed the appropriateness of the modelling methodologies adopted for ECL measurement by comparing with industry practices. We also performed back-testing of actual defaults against the expected defaults generated by the model at the end of the previous period. We evaluated the reasonableness of loss given default by analysing the Bank's historical losses experienced; (3) We examined data inputted to the ECL models such as credit risk exposures and maturity dates for selected samples, including historical data and data at the measurement date, by checking against supporting documents such as loan contracts and borrowers' basic information;

Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
(3) Economic indicators for forward-looking measurement, and the application of economic scenarios and weightings; (4) The estimated future cash flows for customer loans, credit related financial assets, financial investments measured at amortised cost and financial investments measured at fair value through other comprehensive income classified as stage 3 with individual amount that are relatively significant. The Bank established controls for the measurement of ECL. For measuring ECL, the Bank adopted complex models, employed numerous parameters and data inputs, and applied significant management judgments and assumptions. In addition, the exposures of customer loans, credit related financial assets, financial investments measured at amortised cost and financial investments measured at fair value through other comprehensive income, and the related loss allowances of these assets are significant. Therefore, we identified ECL of the aforementioned assets as a key audit matter.	(4) We assessed the appropriateness of management's three-stage classification criteria for customer loans, credit related financial assets, financial investments measured at amortised cost and financial investments measured at fair value through other comprehensive income taking into consideration the Bank's credit risk profile and risk management practices, and selected samples to test the management's three-stages classification by examining the financial and non-financial information of the borrowers, assessing the overdue status by comparing maturity dates to those specified in loan contracts taking into consideration other relevant external evidences; (5) For forward-looking measurements, we used statistical techniques to assess management's selection of economic indicators and their co-relation analysis between the selected indicators and credit risk portfolios. We further tested the reasonableness of predicted economic indicators by comparing with available estimates made by external institutions. In addition, we performed sensitivity analysis on economic scenario weightings; (6) For stage 3 customer loans, credit related financial assets, financial investments measured at amortised cost and financial investments measured at fair value through other comprehensive income with individual amount that are relatively significant, we examined future cash flows and discount rates prepared by the Bank based on financial information of borrowers and guarantors, latest collateral valuations and other available information in the computation of loss allowances on selected samples. We checked and evaluated the appropriateness of the financial statement disclosures in relation to the measurement of ECL in the context of applicable accounting framework. Based on procedures performed, we considered that the models, significant judgements and assumptions, as well as relevant data and parameters used by management in measuring ECL for customer loans, credit related financial assets, financial investments measured at amortised cost and financial investments measured at fair value through other comprehensive income were supported by available evidence.

Independent Auditor's Report

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Bank'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 Bank or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the 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. We report our opinion 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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.

Independent Auditor's Report

- 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 Bank'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 Bank'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 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 Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Bank as a basis for forming an opinion on the 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 those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 those charged with governance, we determine the matter that was of most significance in the audit of the financial statements of the current period and are therefore the key audit matter. We describe this matter 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 Ma Yui Man.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 March 2025

Statement of Profit or Loss and Comprehensive Income

(All amounts expressed in thousands of RMB unless otherwise stated)

	Note	Year ended 31 December 2024	2023
Interest income		**7,517,775**	7,223,583
Interest expenses		**(3,999,107)**	(4,135,322)
Net interest income	5	**3,518,668**	3,088,261
Fee and commission income		**218,324**	138,329
Fee and commission expenses		**(44,818)**	(35,381)
Net fee and commission income	6	**173,506**	102,948
Net gains on trading activities	7	**939,889**	1,170,999
Net gains on financial investments	8	**259,888**	354,063
Other operating income	9	**317,062**	54,076
Operating income		**5,209,013**	4,770,347
Operating expenses	10	**(1,794,319)**	(1,722,652)
Expected credit losses	12	**(1,624,805)**	(1,792,976)
Other assets impairment losses	12	**(7,724)**	(6,398)
Operating profit		**1,782,165**	1,248,321
Share of profit of an associate	22	**2,599**	2,469
Profit before income tax		**1,784,764**	1,250,790
Income tax expense	13	**(509,099)**	(256,553)
Net profit attributable to shareholders of the Bank		**1,275,665**	994,237
Other comprehensive (losses)/income			
Items that may be reclassified subsequently to profit or loss:			
Fair value change of financial assets at fair value through other comprehensive income		**82,724**	102,603
Expected credit losses of financial assets at fair value through other comprehensive income		**(112,647)**	(36,381)
Less: Related income tax impact		**7,481**	(16,556)
Subtotal	38	**(22,442)**	49,666
Total comprehensive income attributable to shareholders of the Bank		**1,253,223**	1,043,903
Earnings per share for profit attributable to shareholders of the Bank (expressed in RMB per share)			
– Basic and diluted	14	**0.43**	0.33

The accompanying notes form a part of these financial statements.

Statement of Financial Position

(All amounts expressed in thousands of RMB unless otherwise stated)

	Note	As at 31 December 2024	As at 31 December 2023
ASSETS			
Cash and balances with central bank	15	**10,234,384**	9,078,649
Due from and placements with banks and other financial institutions	16	**729,137**	5,050,528
Customer loans	17	**98,585,035**	88,465,685
Financial investments – credit related financial assets	18	**2,110,510**	1,738,496
Financial investments – fair value through profit or loss	19	**32,867,602**	28,448,399
Financial investments – fair value through other comprehensive income	20	**3,349,139**	6,568,084
Financial investments – amortised cost	21	**19,564,015**	14,793,402
Investment in associates	22	**57,542**	54,943
Property, plant and equipment	23	**755,887**	780,104
Construction in progress	23	**298,682**	216,926
Deferred income tax assets	24	**1,708,908**	1,451,661
Other assets	25	**738,731**	989,506
Total assets		**170,999,572**	157,636,383
LIABILITIES			
Borrowings from central bank		**6,258,007**	6,050,233
Due to and placements from banks and other financial institutions	26	**2,591,181**	7,153,622
Customer deposits	27	**135,314,340**	117,624,516
Debt securities issued	28	**12,746,164**	14,179,588
Current tax liabilities		**566,790**	527,878
Other liabilities	29	**1,082,686**	1,173,547
Total liabilities		**158,559,168**	146,709,384
EQUITY			
Equity attributable to shareholders of the Bank			
Share capital	30	**2,717,752**	2,717,752
Other equity instruments	31	**2,296,704**	1,696,824
Capital surplus	30	**1,786,355**	1,786,355
Other reserves	32	**3,012,101**	2,727,309
Retained earnings		**2,627,492**	1,998,759
Total equity		**12,440,404**	10,926,999
Total liabilities and equity		**170,999,572**	157,636,383

The accompanying notes form a part of these financial statements.

Chairman and Executive Director:
You Jiang

Executive Director and President:
Liu Shirong

Statement of Changes in Equity

(All amounts expressed in thousands of RMB unless otherwise stated)

	Equity attributable to shareholders of the Bank								
				Other reserves					
	Share capital (Note 30)	Other equity instruments (Note 31)	Capital surplus (Note 30)	Surplus reserve (Note 32)	General reserve (Note 32)	Revaluation reserve (Note 32)	Subtotal	Retained earnings	Total
Balance at 31 December 2023	**2,717,752**	**1,696,824**	**1,786,355**	**710,941**	**1,926,188**	**90,180**	**2,727,309**	**1,998,759**	**10,926,999**
Net profit for the year	–	–	–	–	–	–	–	1,275,665	1,275,665
Other comprehensive income	–	–	–	–	–	(22,442)	(22,442)	–	(22,442)
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**(22,442)**	**(22,442)**	**1,275,665**	**1,253,223**
Contribution from other equity instrument holders (Note 31)	–	599,880	–	–	–	–	–	–	599,880
Transfer to surplus reserve	–	–	–	127,566	–	–	127,566	(127,566)	–
Transfer to general reserve	–	–	–	–	179,668	–	179,668	(179,668)	–
Cash dividends (Note 33)	–	–	–	–	–	–	–	(244,598)	(244,598)
Interest paid to other equity instruments holders (Note 14)	–	–	–	–	–	–	–	(95,100)	(95,100)
Balance at 31 December 2024	**2,717,752**	**2,296,704**	**1,786,355**	**838,507**	**2,105,856**	**67,738**	**3,012,101**	**2,627,492**	**12,440,404**
Balance at 31 December 2022	2,717,752	1,696,824	1,786,355	611,517	1,737,305	40,514	2,389,336	1,605,349	10,195,616
Net profit for the year	–	–	–	–	–	–	–	994,237	994,237
Other comprehensive income	–	–	–	–	–	49,666	49,666	–	49,666
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	49,666	49,666	994,237	1,043,903
Transfer to surplus reserve	–	–	–	99,424	–	–	99,424	(99,424)	–
Transfer to general reserve	–	–	–	–	188,883	–	188,883	(188,883)	–
Cash dividends (Note 33)	–	–	–	–	–	–	–	(217,420)	(217,420)
Interest paid to other equity instruments holders (Note 14)	–	–	–	–	–	–	–	(95,100)	(95,100)
Balance at 31 December 2023	2,717,752	1,696,824	1,786,355	710,941	1,926,188	90,180	2,727,309	1,998,759	10,926,999

Statement of Cash Flows

(All amounts expressed in thousands of RMB unless otherwise stated)

	Note	Year ended 31 December 2024	2023
Cash flows from operating activities:			
Profit before income tax		**1,784,764**	1,250,790
Adjustments:			
Depreciation and amortisation		**178,906**	167,300
Expected credit losses on customer loans		**1,210,928**	1,558,980
Expected credit losses on other assets		**413,877**	233,996
Impairment losses on other assets		**7,724**	6,398
Net (gains)/losses on disposal of non-financial assets		**(289,080)**	1,057
Net gains arising from financial investments		**(1,128,424)**	(1,225,841)
Changes in fair value of financial assets at fair value through profit or loss		**(71,353)**	(299,221)
Interest income from financial investments		**(1,034,877)**	(1,239,347)
Interest expenses on debt securities		**361,890**	360,377
Subtotal		**(350,409)**	(436,301)
Net changes in operating assets:			
Net increase in balances with central bank		**(934,111)**	(147,651)
Net decrease in due from and placements with banks and other financial institutions		**4,541,158**	224,286
Net increase in customer loans		**(11,342,405)**	(10,302,735)
Net increase in other operating assets		**(4,680,141)**	(5,814,051)
Net changes in operating liabilities:			
Net increase in balances due to central bank		**207,774**	753,831
Net decrease in due to and placements from banks and other financial institutions		**(4,562,441)**	(1,957,760)
Net increase in customer deposits		**17,689,824**	8,178,859
Net increase in other operating liabilities		**115,008**	39,642
Cash generated from/(used in) operating activities		**2,469,021**	(8,211,090)
Income tax paid		**(758,865)**	(632,206)
Net cash generated from/(used in) operating activities		**1,710,156**	(8,843,296)

Statement of Cash Flows

(All amounts expressed in thousands of RMB unless otherwise stated)

	Note	Year ended 31 December 2024	2023
Cash flows from investing activities:			
Proceeds from disposal of property, plant and equipment, and non-financial assets		**582,275**	14,886
Purchase of property, plant and equipment, and non-financial assets		**(205,095)**	(242,774)
Interest income arising from financial investment securities		**1,072,486**	1,296,175
Purchase of investment securities		**(10,273,855)**	(39,162,960)
Proceeds from sale and redemption of financial investments		**9,291,967**	43,658,617
Net cash generated from investing activities		**467,778**	5,563,944
Cash flows from financing activities:			
Proceeds from issuance of other equity instruments		**599,880**	–
Proceeds from issuance of debt securities		**11,110,000**	9,930,000
Repayment of debt securities upon maturity		**(12,530,000)**	(8,700,017)
Interest paid on debt securities		**(401,862)**	(360,377)
Cash payments for distribution of dividends		**(469,301)**	(284,637)
Repayment of principals and interests of lease liabilities		**(45,568)**	(46,476)
Net cash (used in)/generated from financing activities		**(1,736,851)**	538,493
Impact of exchange rate fluctuation on cash and cash equivalents		**342**	782
Net increase/(decrease) in cash and cash equivalents		**441,425**	(2,740,077)
Cash and cash equivalents at the beginning of the year		**3,080,738**	5,820,815
Cash and cash equivalents at the end of the year	39	**3,522,163**	3,080,738
Net cash flows from operating activities include:			
Interest received		**6,418,227**	6,214,184
Interest paid		**(3,129,495)**	(3,808,209)

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

1 GENERAL INFORMATION

Luzhou Bank Co., Ltd. (the "Bank"), with the approval of the People's Bank of China, was established on 15 September 1997 as a joint-stock commercial bank under the name of "Luzhou City United Bank" in accordance with the Company Law of China. The Bank was jointly sponsored by Luzhou Finance Bureau, the shareholders of eight urban credit cooperatives, two rural credit cooperatives and other new corporate shareholders.

On 8 May 1998, the Sichuan Branch of the People's Bank of China approved the renaming of the Bank from "Luzhou City United Bank" to "Luzhou City Commercial Bank Co., Ltd.". On 4 June 2019, in accordance with the approval of the Sichuan Supervisory Bureau of China Banking and Insurance Regulatory Commission (former CBIRC, later formed National Financial Regulatory Administration or NFRA) and the approval of Luzhou City Market Supervision and Administration Bureau, the Bank was formally renamed to "Luzhou Bank Co., Ltd.". The Bank was listed on the main board of Stock Exchange of Hong Kong on 17 December 2018. As at 31 December 2024, the total issued share capital of the Bank is RMB2,717,752,062 with a par value of RMB1 per share.

The main lines of business of the Bank include corporate banking, retail banking and financial markets operations.

These financial statements were authorised for issue by the Board of Directors of the Bank on 26 March 2025.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance (Cap.622).

The financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income, financial assets and financial liabilities at fair value through profit or loss are measured at fair value.

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 judgment in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The Bank's structured entities (Note 34) are the Bank's only consolidated subsidiaries and are measured according to the accounting policies applicable to financial instruments, so there is no difference between the Bank's consolidated financial statements and its standalone financial statements.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(a) The adoption of new and revised IFRS

On 1 January 2024, the Bank has adopted the following IFRS Accounting Standards issued by the International Accounting Standards Board:

Amendments to IAS 1	Classification of Liabilities as current or non-current liabilities with covenants
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements
Amendments to IAS 16	Lease liability in sale and leaseback

Amendments to IAS 1

Amendments made to IAS 1 clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period.

Classification is unaffected by the entity's expectations or events after the reporting date. Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 and IFRS 7 to require specific disclosures about supplier finance arrangements (SFAs). Entities will be required to aggregate the information that they provide about SFAs. However, entities should disaggregate information about terms and conditions that are dissimilar, disclose explanatory information where the range of payment due dates is wide, and disclose the type and effect of non-cash changes that are needed for comparability between periods.

Amendments to IAS 16

The amendments to IAS 16 explain how an entity accounts for a sale and leaseback after the date of the transaction.

The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

The adoption of these standards and amendments does not have any material impact on the operating results, financial position or comprehensive income of the Bank for the year ended 31 December 2024.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(b) New and revised IFRSs issued but not yet effective

Certain amendments to accounting standards have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Bank.

		Effective after
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendment to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
Annual improvements	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

The management is currently assessing the detailed implications of applying the new standard on the Bank's financial statements. The adoption of other standards and amendments issued but not yet effective is not expected to have a material effect on the Bank's operating results, financial position or comprehensive income.

2.2 Associates

Associates are entities over which the Bank has significant influence. Significant influence refers to the power to participate in the decision-making of the financial and operating policies of the invested enterprise, but cannot control or jointly control the formulation of these policies with other parties.

Investments in associates are accounted for using the equity method of the accounting and are initially recognised at cost. The carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

The Bank assesses at each financial reporting date whether there is objective evidence that investments in associates are impaired. Impairment losses are recognised for the amounts by which the investments in associates' carrying amounts exceed its recoverable amounts. The recoverable amounts are the higher of investments in associates' fair value less costs to sell and value in use.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.3 Financial assets

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date. The trade-date refers to the date when the Bank undertakes to buy or sell financial assets.

At initial recognition, the Bank measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an ECL is recognised for financial assets measured at amortised cost and investments in debt instruments measured at fair value through other comprehensive income ("FVOCI"), which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

Measurement methods

Amortisation cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider ECL but includes transaction costs, premiums or discounts and fees paid or received that are integral to the effective interest rate. For purchased or originated credit-impaired ("POCI") financial assets – assets that are credit-impaired at initial recognition – the Bank calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of ECL in estimated future cash flows.

When the Bank revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate cashflow discounted using the original effective interest rate. Any changes are recognised in profit or loss.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.3 Financial assets (Continued)

Measurement methods (Continued)

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

(a) POCI financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.

(b) Financial assets that are not "POCI" but have subsequently become credit-impaired (or "stage 3"), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the ECL allowance).

Classification and subsequent measurement

The Bank classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and bonds.

Classification and subsequent measurement of debt instruments depend on:

(i) the Bank's business model for managing the asset;

(ii) the cash flow characteristics of the asset.

(i) Business model

Business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank'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 Bank 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, how risks are assessed and managed and how managers are compensated.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.3 Financial assets (Continued)

Debt instruments (Continued)

(ii) Solely Payments of Principal and Interest (the "SPPI" test)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest ("SPPI"). In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Based on these factors, the Bank classifies its debt instruments into one of the following three measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any ECL allowance recognised and the interest income from these financial assets is included in "Interest income" using the effective interest rate method.

Fair value through other comprehensive income: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "Net gains or losses on financial investments". Interest income from these financial assets is included in "Interest income" using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement, and reported it as "net transaction income" in the comprehensive income statement.

The Bank reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and did not occur during the period.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.3 Financial assets (Continued)

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective, that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Bank subsequently measures all equity investments at fair value through profit or loss, except where the Bank's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Bank's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, the gains and losses from the change in fair value are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Dividends, when representing a return on such investments, continue to be recognised in profit or loss when the Bank's right to receive payments is established.

Gains and losses on equity investments at FVPL are recognised as "net gains on trading activities" in the statement of comprehensive income.

Impairment of financial assets

On a forward-looking basis, the Bank assesses the expected credit losses ("ECLs") of debt instrument assets at amortised cost and FVOCI, exposures arising from credit related commitments and financial guarantees. The Bank confirms the relevant loss provisions on each reporting day. The measurement of expected credit losses reflects the following elements:

- The unbiased probability weighted amount determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Regarding these judgment and estimates, please refer to note 3.1.4.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.3 Financial assets (Continued)

Modification of loan contracts

The Bank sometimes renegotiates or otherwise modifies the contracting of loans to customers resulting in the changes of cash flow. When this happens, the Bank assesses whether or not the new terms are substantially different to the original terms. The Bank does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- Whether any substantial new terms are introduced, such as a profit sharing/equity-based return that substantially affects the risk profile of the loan;
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate;
- Change in the currency the loan is denominated in;
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Bank derecognises the original financial asset and recognises 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 Bank also assesses whether the new financial asset recognised 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 recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification of 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 purchased or originated credit-impaired financial assets).

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.3 Financial assets (Continued)

Derecognition other than on a modification of contract

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Bank transfers substantially all the risks and rewards of ownership, or (ii) the Bank neither transfers nor retains substantially all the risks and rewards of ownership and the Bank has not retained control.

The Bank enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as "pass through" transfers that result in derecognition if the Bank:

1) Has no obligation to make payments unless it collects equivalent amounts from the assets;

2) Is prohibited from selling or pledging the assets; and

3) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (bills and bonds) furnished by the Bank under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Bank retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. For some securitised transactions in which the Bank retains subordinate rights, for the same reason, they do not meet the requirement of termination of confirmation.

When the contractual rights to receive the cash flows from the assets have been transferred, and the Bank neither transfers nor retains substantially all the risks and rewards of ownership, and the Bank has retained control of the transferred assets, the Bank applies continuing involvement approach. Under this approach, the Bank continues to recognise the transferred asset to the extent of its continuing involvement and recognise the associated liability, to reflect the rights and obligations retained by the Bank. The net carrying amount of the transferred asset and associated liability is: (a) the amortised cost of the rights and obligations retained by the Bank, if the transferred asset is measured at amortised cost; or (b) equal to the fair value of the rights and obligations retained by the Bank, if the transferred asset is measured at fair value.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.4 Financial liabilities

Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: This classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss.

- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition or when the continuing involvement approach applies. When the transfer of financial asset did not qualify for derecognition, a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Bank recognises any expense incurred on the financial liability. When continuing involvement approach applies, see note 2.3 “Derecognition other than on a modification of contract”.

- Financial guarantee contracts.

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Bank and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 % different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants for the borrower are also taken into consideration. If an exchange of contract or modification of terms is accounted for as an extinguishment and derecognition of relevant financial liability, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.4 Financial liabilities (Continued)

Financial guarantee contracts

According to the contract, the issuer of a financial guarantee contract must compensate the holder of the relevant loss when a specific debtor is unable to pay the debt. Financial guarantee contracts include loans to banks, financial institutions and other units, overdraft of accounts or guarantees provided by other banking businesses.

The financial guarantee contract is initially measured at fair value, followed by the following two items:

- the amount of expected credit loss calculated according to Note 3.1.4;
- the premiums received at the initial confirmation excluding the income recognised according to IFRS 15.

The Bank recorded the expected credit loss of loan financial guarantee contracts in provisions.

2.5 Fee and commission income

For the performance obligation implemented at a certain point of time, the Bank recognises revenue when the customer obtains and consumes the economic benefits of the performance of the Bank. For the performance obligation implemented during a certain period, the Bank recognises the income according to the progress of the performance during the period.

2.6 Dividend income

Dividends are recognised when the right to receive payment is established.

2.7 Repurchase agreements and reverse repurchase agreements

Securities and bills sold subject to a repurchase agreements ("Repos") with banks and other financial institutions are retained in the financial statements as financial assets held for trading or investment securities, as the Bank still retains substantially all risk and rewards of the ownership of the underlying securities. The corresponding obligation is included in "Due to and placements from banks and other financial institutions".

Securities and bills purchased under agreements to re-sell ("Reverse repos") are not recognised. The receivables are recorded as "Due from and placements with place banks and other financial institutions".

The difference between purchase and sale price is recognised as "Interest income" or "Interest expense" in the income statement over the life of the agreements using the effective interest method.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.8 Property, plant and equipment

The Bank's fixed assets mainly comprise buildings, motor vehicles, electronic equipment, and office equipment.

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in an asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to income statement during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives. The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date.

Property, plant and equipment are reviewed for impairment at each balance sheet date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and present value of expected future cash flows.

The estimated useful lives, depreciation rate and estimated residual value rate of buildings, motor vehicles, electronic equipment and office equipment are as follows:

Type of assets	Estimated useful lives	Estimated residual value rates	Depreciation rate
Buildings	20 years	5.00%	4.75%
Motor vehicles	5 years	5.00%	19.00%
Electronic equipment	3 years	5.00%	31.67%
Office equipment	5 years	5.00%	19.00%

Construction in progress consists of assets under construction or being installed and is stated at cost. Cost includes equipment cost, cost of construction, installation and other direct costs. Items classified as construction in progress are transferred to property, plant and equipment when such assets are ready for their intended use and begin to account for depreciation.

When a fixed asset is disposed or cannot generate economic benefits, it should be derecognised. Gains or losses caused by derecognition (disposal income minus its book value) are accounted for in profit or loss of the current period.

2.9 Foreclosed assets

When the Bank's obligor uses foreclosed asset to compensate the principal and interest of loan, foreclosed asset is initially recognised and measured at fair value. When there is evidence indicating that the recoverable amount of the foreclosed assets is lower than the book value, the Bank will reduce the book value to the recoverable amount.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.10 Investment properties

Real estate held by the Bank for rental income and not used by the Bank is listed as investment properties. Investment properties include land, housing and buildings.

The Bank adopts the cost model for subsequent measurement of investment properties. The type of assets, estimated useful lives, depreciation rate (amortisation rate) and estimated residual value rate of investment properties are as follows:

Type of assets	Estimated useful lives	Estimated residual value rate	Depreciation rate
Buildings	20 years	5.00%	4.75%

Investment properties are reviewed for impairment at each balance sheet date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher between the fair value minus the disposal cost and the present value of the expected future cash flow of the asset.

When an investment property is sold, transferred, retired or damaged, the Bank recognises the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

2.11 Impairment of non-financial assets

At the end of the reporting period or whenever there is an indication that the non-financial assets are impaired, the Bank reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. 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 recognised in profit or loss immediately. The recoverable amount is the higher between the fair value minus the disposal cost and the present value of the expected future cash flow of the asset. Asset impairment loss is calculated and recognised on the basis of a single asset. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group is determined according to the asset group to which the asset belongs. Asset group is the smallest asset portfolio that can generate cash inflow independently.

If, in a subsequent period, the amount of impairment loss of the non-financial asset except for goodwill decreases and the decrease can be linked objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the profit or loss. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.12 Leases

Lease means a contract in which the lessor transfers the right to use the assets to the lessee for consideration within a certain period of time.

The Bank as lessee

The Bank recognises the right-of-use asset on the start date of the lease term and recognises the lease liability at the present value of the remaining lease payments. The lease payments include fixed payments and payments to be made when it is reasonably determined to exercise purchase option or terminate lease option.

The Bank's right-of-use assets include leased properties, venues, parking lots, advertising spaces, vehicles and equipment etc. The right-of-use asset is initially measured at cost, which includes the initial measurement of the lease liability, the lease payments already paid on or before the lease start date, the initial direct costs etc., and deducts any lease incentives received. The leased asset is depreciated on a straight-line basis over its remaining useful life if the Bank could reasonably determine to obtain the ownership at the expiration of the lease term; if it is unsure whether the ownership of the leased asset can be obtained at the expiration of the lease term, the right-of-use asset is depreciated over the shorter of its remaining useful life and the lease term on a straight-line basis. When the recoverable value is lower than the book value of the right-of-use asset, the Bank reduces the book value to the recoverable value.

For short-term leases with a lease term shorter than 12 months and leases of asset with low value when it is new, the Bank recognises relevant rental expenses on a straight-line basis in profit or loss or in the related asset costs in each lease period rather than recognising the right-of-use assets or lease liabilities.

2.13 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with original maturities of three months or less from the date of acquisition including: cash, unrestricted balances with central bank and amounts due from banks and other financial institutions.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.14 Foreign currency translation

Foreign currency transactions are translated into the recording currency using the exchange rates prevailing at the dates of the transactions or valuation.

Monetary assets and liabilities are translated into the recording currency using the exchange rates prevailing at the dates of the transactions or valuation. The exchange differences arising from the special borrowings borrowed for the acquisition and construction of assets eligible for the capitalization of borrowing costs shall be capitalised during the capitalisation period; other exchange differences shall be directly recognised in profit and loss. Non-monetary assets and liabilities measured at historical cost shall be translated into the recording currency using the exchange rates prevailing at the dates of the transactions or valuation. The impact of exchange rate changes shall be separately presented in the cash flow statement.

2.15 Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the risks specific to the obligation, the uncertainties and the time value of money.

2.16 Current and deferred income taxes

The tax expense for the period comprises current and deferred income tax. Tax expense is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Bank operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The temporary differences primarily arise from expected credit loss allowance for customer loans, expected credit loss allowance for financial investments, and unrealised gain/loss of financial investments – fair value through profit or loss and financial investments – fair value through other comprehensive income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.16 Current and deferred income taxes (Continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.17 Share capital

Share capital comprises ordinary shares issued.

2.18 Dividend

Dividends on ordinary shares are recognised in the period in which they are declared and approved by the Bank's shareholders.

2.19 Government subsidies

Government subsidies are recognised when they are able to meet the conditions attached to government grants and can be received. In connection with assets related government subsidies, the Bank recognised its initial value as deferred income at fair value and allocated it equally to the relevant assets during its useful life. The government subsidy used to compensate the relevant expenses of the Bank shall be included in the current profits and losses during the period of confirming the relevant expenses.

2.20 Employee benefits

Employee benefits refer to the rewards that the Bank offers to its employees for the services they provided or the compensation that is given to dissolve their labour relations. During the accounting period of employees providing services, the Bank will recognise the salary as liabilities and increase the cost of capital or period cost.

(a) Basic Pension Insurance

According to the relevant laws and regulations of China, the employees of the Bank have joined the basic social endowment insurance organised by the local labour and social security departments. The Bank has paid the endowment premium to the local social endowment insurance agencies according to the base and proportion in the local requirements for social basic endowment insurance. The social basic endowment insurance mentioned above is accrued to the profit and loss of the current period according to the principle of accrual basis. The labour and social security bureaus will pay the basic social pension benefits to those retired employees.

(b) Enterprise Annuity

Since 2016, apart from the basic social pension insurance, the employees of the Bank have also voluntarily participated in the enterprise annuity plan established by the Bank in accordance with the relevant national policies in relation to the enterprise annuity system. The Bank contributes a certain portion of the employees' gross salaries of the previous year to the annuity plan. Expenses with respect to the contribution borne by the Bank are recognised in current profit or loss. The contributions the Bank contributes to the enterprise annuity plan are recognised as expenses when incurred, and will not be deducted by forfeited contributions of employees who left the plan before the contributions are fully attributed.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.21 Contingent liability

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 Bank. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required, or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable and the amount can be reliably measured, it will then be recognised as a provision.

2.22 Trusteeship

Financial information does not include the assets generated when the Bank acts as trustee (e.g. agent, trustee, manager or agent), together with the commitment to return such assets to customers.

The Bank grants entrusted loans on behalf of third-party lenders. The Bank (acting as an agent) grants loans to borrowers at the direction of third-party lenders who provide funds for such loans. The Bank has contracted with such third-party lenders to manage such loans and receipts on their behalf. Third-party lenders determine the lending requirements of entrusted loans and all their terms, including their purpose, amount, interest rate and repayment period. The Bank collects commissions on entrusted loan business (prorated confirmation during service delivery). The risk of loan loss shall be borne by the third-party lenders.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Bank has determined the senior management team represented by the governor as its chief operating decision maker.

An operating segment is a component of the Bank with all of the following conditions are satisfied: (1) that component can earn revenues and incur expenses from ordinary activities; (2) the component's operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (3) discrete financial statements for the component is available to the Bank. If two or more operating segments have similar economic characteristics, and certain conditions are satisfied, they may be aggregated into a single operating segment.

Intra-segment revenue and costs are eliminated. Income and expenses directly associated with each segment are included in determining segment performance.

The classification of reporting segments are based on the operating segments, and the assets and expenses shared by all the segments are allocated according to their scales.

The Bank has the following segments: Corporate Banking, Retail Banking, Financial Markets and Others.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT

Overview

The Bank's activities are exposed to a variety of financial risks, primarily including credit risk, market risk (including foreign exchange risk and interest rate risk), and liquidity risk. The financial risk management involves analysis, evaluation, acceptance and management of different degrees of risks or combination of them. Taking risks is the core characteristic of the financial business, and facing risks will be inevitable when doing such business. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance.

The Bank's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, to monitor the risks and to control the limits with reliable and constantly updated systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is the highest authority for the Bank's overall risk management, responsible for final risk management, reviewing and approving risk management strategies and measures, supervising risk management and internal control systems, and evaluating overall risks based on monitoring information and risk reports from senior management. Senior management is responsible for overseeing the Bank's overall risk management, including the formulation and implementation of risk management policies and procedures, covering credit risk, interest rate risk, liquidity risk and foreign exchange risk. The risk management committee is in charge of the Bank's overall risk management structure, policies and tools, and monitors the risk management.

3.1 Credit risk

The Bank is exposed to credit risk, which is the risk that a customer or counterparty will be unable to or unwilling to meet its obligations under a contract. Changes in the economy or those in credit quality of a particular industry segment or concentration in the Bank's portfolio, could result in losses that are different from those provided for at the balance sheet date. Credit risk increases when the counterparties are in the similar geographical or industry segments. Credit exposures arise principally from customer loans, debt securities and due from banks and other financial institutions. There are also credit risk exposures in off-balance sheet financial arrangements such as loan commitments, guarantees, acceptances and letters of credit.

Exposure to credit risk is managed through regular analysis of the ability of borrowers to meet interest and principal repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.1 Credit risk measurement

(a) Credit business

The Bank measures and monitors the quality of its credit assets in accordance with Measures for Risk Classification of Financial Assets for Commercial Banks and Measures for Risk Classification of Micro Enterprise loans (Trial Implementation) issued by the NFRA and CBIRC. The classification of loans is based on the borrowers' repayment ability, payment history, willingness of repayment, guarantee of loans, legal responsibility and loan administration. The Guidelines of Risk Classification of Loans require financial institutions to classify their credit assets into five categories, namely pass, special mention, substandard, doubtful and loss, of which the last three categories are non-performing loans. For personal loans and small and micro enterprise loans with remaining balances of less than RMB10 million, number of overdue days is also an important indicator for loan classification.

The five categories are defined as follows:

Pass: The borrower can fulfil the contracts, and there is no objective evidence to suspect that the principal, interest and earnings cannot be repaid in full and on time.

Special mention: The borrower has the ability to make payments for the principal, interest and earnings, although there are factors that could have adverse impact on their ability to fulfill the contracts.

Substandard: The borrower is unable to repay the principal, interest, or earnings in full, or the financial asset is subjected to credit impairment.

Doubtful: The borrower is unable to repay the principal, interest, or earnings in full, and the financial asset has experienced significant credit impairment.

Loss: After taking all possible measures, the recovery of financial asset is likely to be little or nil.

Risk Management Department coordinates the classification of loans. The classification of loans is performed by the principle of regular comprehensive classification and timely adjustment. The responsible departments perform initial classification, after which Credit Management Department, Risk Compliance Department of Chengdu Branch, Key Customer Business Department, Huirongtong Small and Micro Loan Center and Risk Compliance Office of IT Innovation Center perform initial review on the classifications proposed by respective departments. Risk Management Department summarises the classification information reviewed by the related departments, conducts secondary review and reports the classification results and all relevant information to Risk Management Committee for final approval. The classification of loans is monitored and adjusted through related credit management system.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.1 Credit risk measurement (Continued)

(b) Financial market business

For treasury business (including debt investments), the Bank chooses banks and other financial institutions prudently, balances the credit risk and return rate of investments, makes reference to internal and external credit rating information, and uses an appropriate credit limit management system to review and adjust credit lines, aiming to manage the credit risk exposed to the treasury business.

For debt securities investments, unified credit authorisation management is responsible for managing the credit risk exposed to debt securities investments. The investment in those debts and bills is to own exposures with better credit quality while maintaining readily available liquidity resource. The Bank performs unified credit review and approval and exposure management to the bond issuers invested. The Bank regards the external credit ratings of the bonds invested as a necessary content of bond credit risk management to enhance the credit risk control.

Debt investments other than debt securities include investments in fund trust schemes, asset management plans and securities investment funds set up by banking financial institutions. The Bank implements a rating system for accepting trust companies, securities companies and fund companies, sets credit limits for ultimate borrowers of trust plans, targeted asset management plans, and carries out continuous risk management on a regular basis.

The Bank manages the credit quality of due from, placements with and loans to banks and other financial institutions considering the size, financial position and the external credit rating of the banks and financial institutions. The head office monitors and reviews the credit risk of loans to banks and other financial institutions by counterparties periodically and manages them with limit exposures.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.2 Risk limit control and mitigation policies

(a) Credit business

The Bank takes the same credit risk management control procedure for on and off-balance sheet risk exposures. The risk control procedure of the Bank's credit risk includes the following: credit policy stipulating, pre-credit investigation, risk assessment, collateral assessment, examination and approval of credit loans, draw-down, post-loan management, management on non-performing loans, due-diligence on non-performing loans.

The Bank has established a mechanism of risk warning for credit business, mainly including single customer credit risk and systematic risk. Unified credit authorisation management is implemented for key customers. Once the maximum credit limit of a group customer is determined, the customer's exposure limit should not exceed its credit limit in the Bank at any time before it obtains new credit limit.

The Bank takes action to strengthen controls over credit risk in relation to group customers and related party customers. The Bank places limits in relation to key group customers to control credit risk. The committee of related party transactions is set up under the Board to manage controls on related party transaction.

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is taking collateral, which is common practice.

Except for few customers with excellent quality, the Bank requires the borrowers to provide credit enhancements for loans. The types of credit enhancements mainly includes collateral, pledge and guarantee. The detailed collateral type and amount is determined by credit risk of counterparty or customers.

The Bank employs a range of asset valuation companies to value the collaterals. The Bank generally accepts assets with clear values as collaterals, such as deposit receipt and real estate.

(b) Financial market business

The Bank manages financial market business with hierarchical authorisation from department heads to the chairman for different business types such as purchase, distribution, trade and repurchase of debt securities.

The Bank conducts necessary assessments on the risk status and loss of trading investment bonds. The Bank sets stop-loss point based on analysis of trend of macroeconomic situation and monetary policy. The Bank places limits for inter-bank borrowing and lending. The Bank manages the credit risk exposures of inter-bank borrowing and lending strictly within the limit of regulation and credit authorisation. The Bank conducts approvals strictly on a case-by-case basis within the authorised limit.

The debt securities traders, as timely monitors of changes in market interest rates, regularly review and monitor the changes of market interest and report the market value of debt securities to Risk Management Department. If there is any volatility of interest rate in the market or any significant credit risk encountered to debtors, the business department responsible for security investment will arrange Risk Management Department of head office to conclude an emergency plan. The debt trader will react according to the plan.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.3 Collateral and guarantee

The Bank has a range of policies and practices intended to mitigate credit risk. The most useful practice is to accept collaterals. The Bank implements guidelines on the acceptability of specific classes of collateral. The bank differentiates maximum loan-to-value ratio taking into account type and liquidity of collaterals. The follow-up management of the collateral is carried out by the related business management department. The principal types of collateral for corporate loans and personal loans are as follows:

Type of Collateral	Maximum loan-to-value ratio
Collaterals	
Residential and commercial properties	60%
Land use rights for commercial, residential and comprehensive use	50%
Land use rights for industrial use	40%
Plants, workshops and factories or office and warehouse in non-urban area	40%
Forestry, trees and woodland usage rights	40%
Construction in progress	50%
Pledges	
Security deposits	100%
Certificates of deposit issued by the bank or other banks (including electronic certificates of deposits)	90%
Bank acceptance bills (1), treasury bonds and bank cheques	90%
Commercial acceptance bills[(1)]	80%
Debt securities issued by corporations with rating of AA or above	50%
Shares and equities	50%
Warehouse receipts and bills of lading	50%
Receivables	50%

(1) The maximum multiplier is calculated using face value after deducting discounted interest

Mortgage loans to retail customers are generally collateralised by residential properties. Other loans are collateralised according to the nature of the loan.

For loans guaranteed by a third-party guarantor, the Bank will assess the financial condition, credit history and ability to meet obligations of the guarantor.

Collateral held as security for financial assets other than customer loans is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of certain asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

Collateral is also held as part of reverse repurchase agreements. Details of collateral accepted and which the Bank is obligated to return are disclosed in Note 37.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.4 Measurement of expected credit losses

Expected credit losses is a weighted average of credit losses on financial instruments weighted at the risk of default. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all cash flows expected to be received by the Bank discounted at the original effective interest rate, i.e. the present value of all cash shortfalls. In accordance with IFRS 9, the Bank classified the financial instruments into three stages. Stage 1 includes performing financial instruments that are "not credit-impaired on initial recognition". The Bank needs to measure ECLs over the next 12 months. If the remaining maturity is less than 12 months, the Bank only needs to measure ECLs for the remaining maturity. Stage 2 includes financial instruments that have had significant increase in credit risk since initial recognition. Stage 3 includes credit-impaired financial assets. Lifetime ECLs are recognised for those financial instruments in stage 2 and stage 3.

The Bank accounts for and recognises ECL allowance on financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, loan commitments made by the Bank other than financial liabilities measured at fair value through profit or loss, and financial guarantee contracts not measured at fair value through profit or loss.

Risk grouping

The Bank classifies risk groupings by considering different business natures and customer types, industry distributions of the Bank's assets, changes in the industry non-performing ratios and types of retail business products through available historical, current and forward-looking information.

3-stage classification

According to IFRS 9, 3-stage classification criteria need to be clearly specified. Financial instruments that are "not credit-impaired on initial recognition" are classified in stage 1 and the 12-month ECL is calculated. If "a significant increase in credit risk" is identified, the financial instrument will be moved to stage 2 and the lifetime ECL is calculated. If the financial instrument is credit-impaired, the financial instrument will be moved to stage 3. The detailed classification criteria have been set up, taking into consideration the overdue days, etc.

The stages are transferable. For example, when the credit risk of financial instruments classified in stage 1 significantly increases, they will be transferred to stage 2.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.4 Measurement of expected credit losses (Continued)

3-stage classification (Continued)

(1) Financial assets with significant increase in credit risk

When triggering one or more of the following quantitative or qualitative criteria, the Bank determines that the credit risk of financial instruments has increased significantly.

Quantitative criteria

- The principal or interest of the contract is overdue for more than 30 days, but less than 90 days.
- The five-category classification is downgraded to "special mention".
- The debtor's external credit rating (facility rating or obligor rating) has been downgraded to BBB or below.
- The debtor's debt has been extended, exclude credit risk exposure that credit risk has not significantly increased with the Bank approval.

Qualitative criteria

- Changes in the economic, technological or legal environment in which the debtor is operating at the present time or in the near future, thereby having negative impacts on the debtor's repayment ability.
- Other circumstances of significant increase in credit risk. For example, appearance of other risk alarm indicators which reflect growing potential risk and financial assets which could cause losses to the Bank.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.4 Measurement of expected credit losses (Continued)

3-stage classification (Continued)

(2) Definition of default and loss incurred

When a financial instrument meets one or more of the following conditions, the Bank considers the financial asset as being defaulted. The same set of criteria is also applicable to the definition of loss incurred.

Quantitative criteria

- The principal or interest of the contract is overdue for more than 90 days.
- The five-category classifications are "substandard", "doubtful" or "loss".
- The debtor's external credit rating (facility rating or obligor rating) has been downgraded to C or below.

Qualitative criteria

- The debtor is likely to go bankrupt or carry out other financial restructuring.
- The issuer of financial instruments held by the Bank has serious financial difficulties.
- The Bank has made concessions to the debtor in financial difficulty for economic or legal reasons.
- The market of related financial instruments is deserted due to the debtor's financial difficulty.
- It is becoming probable that the debtor will go bankrupt.

The above criteria apply to all financial instruments of the Bank. The definition of default is consistently applied to the calculation of the Bank's ECL, including the probability of default (PD), exposure at default (EAD), and loss given default (LGD).

Financial assets can be migrated between stages. However, restrictions are set for up-stage migration of corporate banking business. Credit exposures in stage 3 should only be migrated to stage 2 if the debtor has met the repayment schedule for at least six months and is expected to demonstrate such payment behaviour in the future. Stage 3 credit exposures should not be migrated directly to stage 1.

(3) Measurement of expected credit loss: explanation of parameters, assumptions and estimation techniques

Depending on whether there is a significant increase in credit risk and whether the assets have been impaired, the Bank will measure the ECL for different assets for 12 months or the entire life of the asset. ECL is the product of PD, EAD and LGD after term adjustment and discount. Related definitions are as follows.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.4 Measurement of expected credit losses (Continued)

3-stage classification (Continued)

(3) Measurement of expected credit loss: explanation of parameters, assumptions and estimation techniques (Continued)

Probability of default (PD) refers to the probability that the debtor will not be able to fulfil his obligations in the next 12 months or throughout the remaining maturity. The Bank builds the migration matrix based on historical data to calculate the 4-quarter probability of default, and derives the lifetime default probability from the 4-quarter probability of default through the Markov chain model.

Loss given default (LGD) is the percentage of risk exposure loss at the time of default. The LGD varies depending on the type of counterparty and the availability of collateral or other credit support.

Exposure at default (EAD) refers to the amount that the Bank should pay when the default occurs in the next 12 months or throughout the remaining maturity. The Bank's EAD is determined by the expected repayment arrangements, and varies for different types of products. For repayments by installments and one-time repayments, the Bank determines the EAD according to the repayment plan stipulated in the contract.

The Bank determines the ECL by forecasting the PD, LGD and EAD of every single debt. The Bank multiplies the three items. This approach can effectively calculate the ECLs for future periods, then discount the results of each period to the report date and add up. The discount rate used in the ECL calculation is the effective interest rate or its approximate value.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.4 Measurement of expected credit losses (Continued)

3-stage classification (Continued)

(4) Establishment of impairment model

The Bank has established macro-economic forecast model, with reference to external economic forecasts. The Bank conducts forecasts regularly and establishes three possible economic scenarios: optimistic, basic and pessimistic. Basic scenario is defined as the most probable situation, which sets the benchmark for other scenarios. Optimistic and pessimistic scenarios are possible scenarios which are better and worse than basic scenario respectively.

The impairment model is established using a top-down approach. The Bank has developed several corporate, retail and inter-bank impairment models, including regression models for different macro-economic indicators such as gross domestic product (GDP), consumer price index (CPI), Investment in fixed assets, and uses MERTON formula and historical default information to make "forward-looking" adjustments to PD which ensures the provision calculation is "forward-looking".

For asset portfolios that impairment model cannot be established, for example, when customers' default rate is extremely low or assets without an appropriate internal rating method, the Bank mainly uses mapping derived from external rating or expected loss rate of similar portfolios.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.4 Measurement of expected credit losses (Continued)

3-stage classification (Continued)

(4) Establishment of impairment model (Continued)

(a) Forwarding-looking information included in ECL model

ECL calculation involves forward-looking information. The Bank identifies the key economic indicators affecting the credit risk and ECL of each asset portfolio, through historical data analysis.

These economic indicators and their impact on PD differ for different financial instruments, which involve expert judgments. The Bank annually makes forecasts on these economic indicators ("basic economic scenarios") and provides the best economic forecasts for the next two years. The Bank believes that the economic indicators from two years later to the end of the maturity of financial instruments tend to maintain average or average growth, and thus uses the mean regression method. The impact of these economic variables on the PD has been determined by performing MERTON model analysis to understand the impact of historical changes on PD, EAD and LGD.

The Bank reviews the key parameters and assumptions used in the ECL calculation annually, taking into account external economic developments, industry changes and regional risks, and makes necessary updates and adjustments.

The Bank sets other possible scenarios and scenario weightings according to external data. Based on the analysis for each major portfolio and the number of scenarios, the Bank keeps their non-linear characteristics. The Bank reassesses the number and characteristics of scenarios annually. On 31 December 2024, the Bank's three scenarios (basic, optimistic and pessimistic) can properly reflect the non-linear characteristics of each portfolio. The Bank determines scenario weightings through statistical analysis and expert credit judgment, and also considers the possible range of outcomes represented by scenarios. The Bank recognises the 12-month or lifetime ECL for financial instruments in stage 1, 2, and 3. The Bank measures the weighted-average ECL allowance for 12-month (stage 1) and weighted-average ECL for lifetime (stage 2 and stage 3), which is calculated by multiplying the ECL under each scenario by their weightings respectively, rather than by weighting the parameters. On 31 December 2024, the weightings allocated to each economic scenario were 60% basic, 10% optimism and 30% pessimism (31 December 2023: the weightings allocated to each economic scenario were 60% basic, 10% optimism and 30% pessimism).

Similar to other economic predictions, there is high inherent uncertainty in the prediction and estimation of probability. Therefore, the actual results may turn out to be significantly different from the prediction. The Bank believes that these predictions reflect the best estimation of possible outcomes, and the chosen scenarios can represent possible scenarios appropriately.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.4 Measurement of expected credit losses (Continued)

3-stage classification (Continued)

(4) Establishment of impairment model (Continued)

(b) Hypothesis on Economic Indicators

As at 31 December 2024, the Bank has assessed and forecasted the key macro-economic indicators for 2025 are as follows:

Indicator	Applicable range for respective future periods
Growth rate of GDP	4.0%-5.1%

(c) Sensitivity Analysis

ECLs are sensitive to the parameters used in the model, the forward-looking macroeconomic variables, the weighted probabilities of three scenarios, and other factors considered in the application of expert judgment. Changes in these input parameters, assumptions, models and judgments will have an impact on the determination of significant increase in credit risk and the measurement of ECL.

The Bank conducts sensitivity analysis on the core economic indicators used in forward-looking measurement. As at 31 December 2024, when the predicted value of the core economic indicators in the main scenarios increase or decrease by 10%, the respective decrease or increase in loan loss allowance will not exceed 5%.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.5 Maximum exposure to credit risk before collateral held or other credit enhancements:

(a) Maximum exposure to credit risk – Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The carrying amount of financial assets below also represents the Bank's maximum exposure to credit risk on these assets.

	As at 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Assets				
Balances with central bank	10,130,289	–	–	10,130,289
Due from and placements with banks and other financial institutions	729,137	–	–	729,137
Customer loans	95,412,764	2,665,849	506,422	98,585,035
Financial investments – credit related financial assets	1,777,214	–	333,296	2,110,510
Financial investments – fair value through other comprehensive income	3,349,139	–	–	3,349,139
Financial investments – amortised cost	18,992,944	87,718	483,353	19,564,015
Other financial assets	39,938	5,263	8,827	54,028
Total	130,431,425	2,758,830	1,331,898	134,522,153
Off balance sheet guarantees and commitments	1,911,490	–	–	1,911,490

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.5 Maximum exposure to credit risk before collateral held or other credit enhancements: (Continued)

(a) Maximum exposure to credit risk – Financial instruments subject to impairment (Continued)

	As at 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Assets				
Balances with central bank	8,971,387	–	–	8,971,387
Due from and placements with banks and other financial institutions	5,050,528	–	–	5,050,528
Customer loans	84,577,125	3,424,010	464,550	88,465,685
Financial investments – credit related financial assets	1,546,824	–	191,672	1,738,496
Financial investments – fair value through other comprehensive income	6,530,835	–	37,249	6,568,084
Financial investments – amortised cost	13,733,492	679,411	380,499	14,793,402
Other financial assets	52,242	12,006	–	64,248
Total	120,462,433	4,115,427	1,073,970	125,651,830
Off balance sheet guarantees and commitments	1,122,402	–	–	1,122,402

(b) Maximum exposure to credit risk – Financial instruments not subject to impairment

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment (i.e. FVPL):

	As at 31 December 2024	As at 31 December 2023
Assets		
Financial investments – fair value through profit or loss		
– Bond investments	**22,010,243**	17,882,702
– Mutual fund investments	**9,725,797**	9,024,653
– Trust plans	**1,097,196**	1,494,995
Total	**32,833,236**	28,402,350

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.6 Customer loans

Customer loans are summarised as follows:

	As at 31 December 2024			
	Corporate loans	Personal loans	Discounted bills	Total
Stage 1	**84,971,473**	**12,810,795**	**202,219**	**97,984,487**
Stage 2	**3,748,323**	**129,471**	**–**	**3,877,794**
Stage 3	**916,197**	**492,192**	**–**	**1,408,389**
Total	**89,635,993**	**13,432,458**	**202,219**	**103,270,670**
Accrued Interest	**557,815**	**99,088**	**–**	**656,903**
Less: ECL allowance[(i)]	**(4,643,219)**	**(699,319)**	**–**	**(5,342,538)**
Net amount	**85,550,589**	**12,832,227**	**202,219**	**98,585,035**

	As at 31 December 2023			
	Corporate loans	Personal loans	Discounted bills	Total
Stage 1	72,718,853	13,443,143	214,186	86,376,182
Stage 2	4,762,907	72,964	–	4,835,871
Stage 3	827,210	353,830	63,500	1,244,540
Total	78,308,970	13,869,937	277,686	92,456,593
Accrued Interest	497,105	84,903	–	582,008
Less: ECL allowance[(i)]	(3,995,901)	(577,015)	–	(4,572,916)
Net amount	74,810,174	13,377,825	277,686	88,465,685

(i) As at 31 December 2024, ECL recognised by the Bank for Discounted bills – FVOCI was RMB3,905 thousand (as at 31 December 2023: RMB61,981 thousand).

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.6 Customer loans (Continued)

(a) Stage-3 loans

As at 31 December 2024	Collateralised loans					Non-collateralised loans			
	Gross exposure	Accrued Interest	Impairment allowance	Carrying amount	Fair value of collateral held	Gross exposure	Accrued Interest	Impairment allowance	Carrying amount
Credit-impaired assets (Stage 3)									
Customer loans									
– Corporate loans	471,620	42,483	(359,276)	154,827	243,224	444,577	102,521	(429,762)	117,336
– Personal loans	160,580	19,683	(103,867)	76,396	101,777	331,612	24,071	(197,820)	157,863
Total	632,200	62,166	(463,143)	231,223	345,001	776,189	126,592	(627,582)	275,199

As at 31 December 2023	Collateralised loans					Non-collateralised loans			
	Gross exposure	Accrued Interest	Impairment allowance	Carrying amount	Fair value of collateral held	Gross exposure	Accrued Interest	Impairment allowance	Carrying amount
Credit-impaired assets (Stage 3)									
Customer loans									
– Corporate loans	456,908	69,564	(311,144)	215,328	263,115	370,302	74,511	(400,320)	44,493
– Personal loans	176,416	16,854	(111,119)	82,151	102,468	177,414	20,547	(138,883)	59,078
– Discounted bills	63,500	–	N/A	63,500	5,677	–	–	N/A	–
Total	696,824	86,418	(422,263)	360,979	371,260	547,716	95,058	(539,203)	103,571

The fair value of collaterals is estimated based on the latest available external valuations, the realisation experience of the current collaterals and the market conditions.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.6 Customer loans (Continued)

(b) Restructured customer loans

Restructuring activities include rescheduled restructuring plans, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue to be made. These policies are under regular review. Restructuring is most commonly applied to term loans, in particular mid-term and long-term loans.

	As at 31 December 2024	As at 31 December 2023
Restructured customer loans	**405,869**	107,476

(c) Overdue customer loans by security and overdue date

As at 31 December 2024	Overdue for 1 to 90 days	Overdue for 90 days to 1 year	Overdue for 1 to 3 years	Overdue for over 3 years	Total
Collateralised loans	**221,869**	**246,632**	**265,037**	**11,194**	**744,732**
Guaranteed loans	**197,317**	**17,575**	**44,032**	**200,000**	**458,924**
Unsecured loans	**83,436**	**204,757**	**52,852**	**1,986**	**343,031**
Pledged loans	**1,482**	**1,991**	**113**	**8**	**3,594**
Total	**504,104**	**470,955**	**362,034**	**213,188**	**1,550,281**

As at 31 December 2023	Overdue for 1 to 90 days	Overdue for 90 days to 1 year	Overdue for 1 to 3 years	Overdue for over 3 years	Total
Collateralised loans	196,215	252,909	111,714	35,257	596,095
Guaranteed loans	115,431	74,384	282,069	25,669	497,553
Unsecured loans	52,688	69,279	59,012	835	181,814
Pledged loans	477	–	63,550	8	64,035
Total	364,811	396,572	516,345	61,769	1,339,497

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.6 Customer loans (Continued)

(d) Industry analysis

Concentration risks analysis for customer loans (gross) by industry sectors:

	As at 31 December 2024		As at 31 December 2023	
	Amount	%	Amount	%
Corporate loans				
Construction	**31,802,235**	**30.60**	25,676,793	27.60
Leasing and commercial services	**30,329,828**	**29.18**	28,855,608	31.01
Real estate	**8,056,124**	**7.75**	8,453,640	9.09
Wholesale and retail	**9,723,067**	**9.37**	6,050,689	6.50
Manufacturing	**1,910,400**	**1.85**	2,270,505	2.44
Financial services	**1,424,460**	**1.37**	2,066,167	2.22
Scientific research and technology services	**1,399,889**	**1.35**	75,985	0.08
Water, environment and public utility management	**1,373,235**	**1.32**	2,129,322	2.29
Transportation, storage and postage services	**1,315,734**	**1.27**	363,653	0.39
Information transmission, software and IT services	**707,574**	**0.68**	224,581	0.24
Accommodation and catering	**488,574**	**0.47**	447,779	0.48
Production and supply of electricity, heat, gas and water	**470,600**	**0.45**	602,214	0.65
Agriculture, forestry, animal husbandry and fishery	**293,653**	**0.28**	617,686	0.66
Education	**111,050**	**0.11**	328,600	0.35
Culture, sports and entertainment	**97,900**	**0.09**	11,000	0.01
Household, maintenance and other services	**51,417**	**0.05**	71,745	0.08
Mining	**44,048**	**0.04**	45,770	0.05
Sanitation and social work	**36,205**	**0.03**	17,233	0.02
Discounted bills	**202,219**	**0.19**	277,686	0.30
Total corporate loans	**89,838,212**	**86.45**	78,586,656	84.46
Personal business loans	**9,304,998**	**8.95**	8,975,875	9.65
Residential mortgages	**2,247,679**	**2.16**	2,633,552	2.83
Personal consumption loans	**1,879,781**	**1.81**	2,260,510	2.43
Total personal loans	**13,432,458**	**12.92**	13,869,937	14.91
Accrued Interest	**656,903**	**0.63**	582,008	0.63
Total customer loans excluding ECL allowance	**103,927,573**	**100.00**	93,038,601	100.00

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.6 Customer loans (Continued)

(e) Type of collateral analysis

Analysis for customer loans (gross) by type of collateral:

	As at 31 December 2024	As at 31 December 2023
Guaranteed loans	**49,914,638**	47,053,796
Unsecured loans	**37,518,989**	26,643,591
Collateralised loans	**12,834,062**	15,526,477
Pledged loans	**3,002,981**	3,232,729
Accrued interest	**656,903**	582,008
Total	**103,927,573**	93,038,601

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.7 Investment securities

As at 31 December 2024 and 2023, RMB securities are rated by domestic rating agencies.

The rating results of investment securities are as follows:

	As at 31 December 2024			
	Financial investments – fair value through profit or loss	Financial investments – FVOCI	Financial investments – amortised cost	Total
RMB				
AAA	**1,781,558**	**247,073**	**1,315,826**	**3,344,457**
AA – to AA+	**2,705,997**	**–**	**196,900**	**2,902,897**
BBB	**–**	**–**	**4,600**	**4,600**
Unrated (a)	**27,615,792**	**3,005,287**	**18,193,204**	**48,814,283**
Accrued Interest	**–**	**60,676**	**430,980**	**491,656**
Less: ECL allowance	**N/A**	**N/A**	**(577,495)**	**(577,495)**
Subtotal	**32,103,347**	**3,313,036**	**19,564,015**	**54,980,398**
Foreign currency				
Unrated	**729,889**	**35,942**	**–**	**765,831**
Accrued Interest	**–**	**161**	**–**	**161**
Less: ECL allowance	**N/A**	**N/A**	**–**	**–**
Subtotal	**729,889**	**36,103**	**–**	**765,992**
Total	**32,833,236**	**3,349,139**	**19,564,015**	**55,746,390**

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.7 Investment securities (Continued)

	As at 31 December 2023			
	Financial investments – fair value through profit or loss	Financial investments – FVOCI	Financial investments – amortised cost	Total
RMB				
AAA	2,352,243	354,802	1,825,110	4,532,155
AA – to AA+	3,728,162	593,527	372,994	4,694,683
A	–	21,600	–	21,600
Unrated (a)	22,321,945	5,425,337	12,946,661	40,693,943
Accrued Interest	–	137,207	391,795	529,002
Less: ECL allowance	N/A	N/A	(777,756)	(777,756)
Subtotal	28,402,350	6,532,473	14,758,804	49,693,627
Foreign currency				
Unrated	–	35,453	35,414	70,867
Accrued Interest	–	158	267	425
Less: ECL allowance	N/A	N/A	(1,083)	(1,083)
Subtotal	–	35,611	34,598	70,209
Total	28,402,350	6,568,084	14,793,402	49,763,836

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.7 Investment securities (Continued)

(a) Unrated securities dominated in CNY

As at 31 December 2024	Financial investments – fair value through profit or loss	Financial investments – FVOCI	Financial investments – amortised cost	Total
Policy bank bonds	**534,646**	**1,043,228**	**11,341,242**	**12,919,116**
Mutual funds	**9,725,797**	**–**	**–**	**9,725,797**
Privately raised corporate bond	**3,432,122**	**474,778**	**2,841,158**	**6,748,058**
Certificates of deposit	**6,707,141**	**–**	**–**	**6,707,141**
Short-term financing instruments	**4,069,953**	**–**	**–**	**4,069,953**
Treasury bonds	**226,162**	**1,246,037**	**2,133,428**	**3,605,627**
Trust and asset management plans	**1,097,196**	**–**	**1,758,196**	**2,855,392**
Private placement notes	**1,136,557**	**–**	**–**	**1,136,557**
Medium-term notes	**683,434**	**241,244**	**–**	**924,678**
Local government bonds	**–**	**–**	**119,180**	**119,180**
NFRA regulated ABS	**2,784**	**–**	**–**	**2,784**
Total	**27,615,792**	**3,005,287**	**18,193,204**	**48,814,283**

As at 31 December 2023	Financial investments – fair value through profit or loss	Financial investments – FVOCI	Financial investments – amortised cost	Total
Policy bank bonds	1,101,632	2,026,120	6,949,304	10,077,056
Mutual funds	9,024,653	–	–	9,024,653
Certificates of deposit	6,244,734	99,832	–	6,344,566
Privately raised corporate bond	2,385,398	643,023	3,119,863	6,148,284
Trust and asset management plans	1,494,995	–	1,331,200	2,826,195
Treasury bonds	242,562	1,624,606	1,216,294	3,083,462
Private placement notes	1,234,630	574,624	–	1,809,254
Local government bonds	302,634	150,531	330,000	783,165
Medium-term Notes	280,672	306,601	–	587,273
Corporate bond	10,035	–	–	10,035
Total	22,321,945	5,425,337	12,946,661	40,693,943

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.7 Investment securities (Continued)

Financial investments – amortised cost are summarised as follows:

	As at 31 December 2024	As at 31 December 2023
Stage 1	**18,841,648**	13,651,593
Stage 2	**149,082**	928,586
Stage 3	**719,800**	600,000
Add: Accrued interest	**430,980**	392,062
Gross amount	**20,141,510**	15,572,241
Less: ECL allowance	**(577,495)**	(778,839)
Net amount	**19,564,015**	14,793,402

Financial investments – credit related financial assets are summarised as follows:

	As at 31 December 2024	As at 31 December 2023
Stage 1	**1,821,617**	1,579,650
Stage 2	**–**	–
Stage 3	**628,350**	638,350
Add: Accrued interest	**174,094**	179,649
Gross amount	**2,624,061**	2,397,649
Less: ECL allowance	**(513,551)**	(659,153)
Net amount	**2,110,510**	1,738,496

As at 31 December 2024 and 2023, financial investments that are classified as credit related financial assets are unrated trust plans.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Credit risk (Continued)

3.1.7 Investment securities (Continued)

Concentration risks analysis for financial investments – credit related financial assets by industry sectors:

	As at 31 December 2024		As at 31 December 2023	
	Amount	**%**	Amount	%
Leasing and commercial services	**2,189,117**	**83.42**	1,919,650	80.07
Construction	**204,600**	**7.80**	204,600	8.53
Water, environment and public utility management	**56,250**	**2.14**	93,750	3.91
Accrued interest	**174,094**	**6.64**	179,649	7.49
Total	**2,624,061**	**100.00**	2,397,649	100.00

3.1.8 Foreclosed assets

The types and book values of foreclosed assets held by the Bank are as follows:

	As at 31 December 2024	As at 31 December 2023
Business properties	**53,152**	323,978
Properties and plants	**1,263**	899
Provision for foreclosed assets	**(8,624)**	(22,369)
Net amount	**45,791**	302,508

Foreclosed assets are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness. Foreclosed assets are classified in the statement of financial position as other assets.

3.1.9 Concentration risk analysis for financial assets with credit risk exposure

The Bank mainly conducts business in Mainland China; hence the geographical risk is primarily concentrated in Mainland China.

	As at 31 December 2024	As at 31 December 2023
Sichuan Province	**88,327,389**	88,795,407
Chongqing	**12,107,463**	10,319,323
Others	**34,087,301**	26,537,100
Total	**134,522,153**	125,651,830

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk

3.2.1 Overview

The Bank takes the market risks, that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are affected by general or specific market fluctuations and interest rates, credit spreads and equity prices. The Bank separates the market risk into either trading or non-trading.

The market risks arising from trading and non-trading activities are monitored by asset and liability management department. Regular reports are submitted to the Board of Directors and head of each business departments.

In accordance with the requirements of the NFRA, the Bank categorises its business into either the trading book or the banking book. The trading book consists of positions in financial instruments held with trading intent or the intention to hedge the position of trading book. The banking book consists of the financial instruments purchased with surplus funds and other financial instruments that are not captured in trading book.

3.2.2 Interest rate risk

The Bank's interest rate risk mainly arises from maturity mismatching of interest rate repricing of assets and liabilities, and the fluctuation of market interest rates, as well as the adjustments in the interest rate policies made by the People's Bank of China ("PBOC"). On 20 July 2013, PBOC cancelled the lower limit of benchmark interest rates loans dominated in RMB, allowing financial institutions to determine the loan interest rates independently based on commercial principles. PBOC cancelled the upper limit of the benchmark interest rates for deposits on 24 October 2015 and established RMB Loan Prime Rate (LPR) for loan as a new pricing benchmark in 2019. The Bank conducts most of its deposit businesses at benchmark interest rates and conducts most of its loan businesses at LPR published by PBOC. The Bank manages interest rate risk by regularly monitoring repricing maturity gap for interest rate – sensitive assets and liabilities throughout the Bank with the use of gap analysis system, adjusting the proportion of interest – bearing assets at floating rates and fixed rates and adjusting the structure of repricing terms with allocation strategy of assets and liabilities. Consequently, the Bank's interest rate risk is under control.

According to the overall timetable of the LIBOR reform, LIBOR is expected to be phased out by the end of 2023. Financial institutions will need to migrate their contracts and systems to alternative reference rates by this time. The business scale of the Bank's contracts in reference to LIBOR with the above currencies and maturities is relatively small, and the impact of the methods of benchmark transition on interest rate risk is generally under control, which has a relatively limited substantial impact on the operations.

During the reporting period, the Bank closely monitored the interest rate trend, refined management of risk limits, and strengthened comprehensive operations and limit monitoring. In addition, the Bank, by rationally adjusting the loan repricing strategies, reinforced the specific management of price negotiation to maximise its rate of return while keeping its risks under control.

The tables below summarise the Bank's exposures to interest rate risks and present the Bank's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.2 Interest rate risk (Continued)

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
As at 31 December 2024							
Assets							
Cash and balances with central bank	10,230,350	–	–	–	–	4,034	10,234,384
Due from and placements with banks and other financial institutions	499,784	193,288	35,920	–	–	145	729,137
Customer loans	6,643,186	7,917,945	36,816,936	41,732,448	5,022,239	452,281	98,585,035
Financial investments – credit related financial assets	162,905	199,653	195,353	1,378,505	–	174,094	2,110,510
Financial investments at fair value through profit or loss	878,032	1,759,916	11,227,765	6,906,957	979,872	11,115,060	32,867,602
Financial investments – fair value through other comprehensive income	80,081	128,824	1,290,077	1,785,382	3,938	60,837	3,349,139
Financial investments – amortised cost	49,976	330,135	1,308,662	10,036,614	7,407,648	430,980	19,564,015
Other financial assets	–	–	–	–	–	54,028	54,028
Total financial assets	18,544,314	10,529,761	50,874,713	61,839,906	13,413,697	12,291,459	167,493,850
Liabilities							
Due to central bank	712,401	943,491	4,576,559	–	–	25,556	6,258,007
Due to and placements from banks and other financial institutions	1,023,910	475,078	1,085,319	–	–	6,874	2,591,181
Customer deposits	61,421,051	7,456,987	20,151,482	43,249,264	–	3,035,556	135,314,340
Debt securities issued	29,958	99,649	8,489,384	1,800,000	2,300,000	27,173	12,746,164
Other financial liabilities	13,415	179	812	4,332	–	388,741	407,479
Total financial liabilities	63,200,735	8,975,384	34,303,556	45,053,596	2,300,000	3,483,900	157,317,171
Total interest sensitivity gap	(44,656,421)	1,554,377	16,571,157	16,786,310	11,113,697	8,807,559	10,176,679

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.2 Interest rate risk (Continued)

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
As at 31 December 2023							
Assets							
Cash and balances with central bank	9,075,083	–	–	–	–	3,566	9,078,649
Due from and placements with banks and other financial institutions	4,272,275	772,972	–	–	–	5,281	5,050,528
Customer loans	6,856,777	9,193,799	38,989,374	29,468,232	3,518,545	438,958	88,465,685
Financial investments – credit related financial assets	15,378	–	–	1,543,469	–	179,649	1,738,496
Financial investments at fair value through profit or loss	238,585	1,977,144	5,412,302	7,893,810	2,010,771	10,915,787	28,448,399
Financial investments – fair value through other comprehensive income	317,344	360,135	1,792,104	3,582,796	378,340	137,365	6,568,084
Financial investments – amortised cost	820,544	342,567	1,477,934	8,093,263	3,667,032	392,062	14,793,402
Other financial assets	–	–	–	–	–	64,248	64,248
Total financial assets	21,595,986	12,646,617	47,671,714	50,581,570	9,574,688	12,136,916	154,207,491
Liabilities							
Due to central bank	712,398	613,041	4,698,832	–	–	25,962	6,050,233
Due to and placements from banks and other financial institutions	3,752,811	900,000	850,000	1,645,000	–	5,811	7,153,622
Customer deposits	57,605,866	6,206,900	12,970,305	38,286,408	–	2,555,037	117,624,516
Debt securities issued	179,634	2,662,168	8,970,640	–	2,300,000	67,146	14,179,588
Other financial liabilities	27,404	–	14,862	64,592	22,348	361,816	491,022
Total financial liabilities	62,278,113	10,382,109	27,504,639	39,996,000	2,322,348	3,015,772	145,498,981
Total interest sensitivity gap	(40,682,127)	2,264,508	20,167,075	10,585,570	7,252,340	9,121,144	8,708,510

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.3 Sensitivity tests

Interest rate sensitivity test

The following table illustrates the potential pre-tax impact, of a parallel upward or downward shift of 100 basis points in relevant interest rate curves on the Bank's net profit and other comprehensive income for the next twelve months from the reporting date, based on the Bank's positions of interest-earning assets and interest-bearing liabilities at the end of each reporting period. This analysis assumes that interest rates of all maturities move by the same amount and does not reflect the potential impact of unparalleled yield curve movements.

The sensitivity analysis on net profit is based on reasonably possible changes in interest rates with the assumption that the structure of financial assets and financial liabilities held at the period end remains unchanged, and does not take changes in customer behavior, basis risk or any prepayment options on debt securities into consideration.

The sensitivity analysis on other comprehensive income reflects only the effect of changes in fair value of those financial instruments classified as other debt instrument and other equity investments at fair value through other comprehensive held, whose fair value changes are recorded as an element of other comprehensive income.

	Expected changes of net profit Next 12 months from 31 December	
	As at 31 December 2024	As at 31 December 2023
+ 100 basis point parallel move in all yield curves	**(264,647)**	(221,530)
– 100 basis point parallel move in all yield curves	**264,647**	221,530

	Change of other comprehensive income Next 12 months from 31 December	
	As at 31 December 2024	As at 31 December 2023
+ 100 basis point parallel move in all yield curves	**(39,226)**	(89,286)
– 100 basis point parallel move in all yield curves	**40,507**	92,645

The assumptions do not reflect actions that might be taken under the Bank's capital and interest rate risk management policy to mitigate changes to the Bank's interest rate risk. Therefore, the above analysis may differ from the actual situation.

In addition, the presentation of interest rate sensitivity above is for illustration purposes only, showing the potential impact on net profit and other comprehensive income of the Bank under different parallel yield curve movements, relative to their position at period-end, excluding the derivative positions.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.4 Foreign exchange risk

The main place of business of the Bank is located in China, and the main business is settled in RMB. However, the Bank's foreign currency assets and liabilities still have exchange rate risks. Exchange rate risk arises from adverse exchange rate movements.

The Bank's main principle of controlling exchange rate risks is to match assets and liabilities in different currencies as much as possible and to control exchange rate risks within the limits set by the Bank. The Bank sets risk tolerance limits in accordance with the guiding principles from the risk management committee, relevant regulatory requirements and the assessment of the current environment by the management and minimises the currency mismatch of assets and liabilities by reasonably arranging the sources and the use of foreign currency funds.

The following table summarises the distribution of the Bank's exchange rate exposure at the end of the year, and the book value of each foreign currency asset and liability has been converted into RMB amount.

	RMB	USD	Other	Total
As at 31 December 2024				
Assets				
Cash and balances with central bank	10,227,217	7,167	-	10,234,384
Due from and placements with banks and other financial institutions	626,055	100,562	2,520	729,137
Customer loans	98,585,035	-	-	98,585,035
Financial investments – credit related financial assets	2,110,510	-	-	2,110,510
Financial investments – fair value through profit or loss	32,150,181	717,421	-	32,867,602
Financial investments – fair value through other comprehensive income	3,313,197	35,942	-	3,349,139
Financial investments – amortised cost	19,564,015	-	-	19,564,015
Other financial assets	54,028	-	-	54,028
Total assets	166,630,238	861,092	2,520	167,493,850
Liabilities				
Due to central bank	6,258,007	-	-	6,258,007
Due to and placements from banks and other financial institutions	2,415,528	175,653	-	2,591,181
Customer deposits	135,224,391	89,148	801	135,314,340
Debt securities issued	12,746,164	-	-	12,746,164
Other financial liabilities	407,479	-	-	407,479
Total liabilities	157,051,569	264,801	801	157,317,171
Total exchange rate sensitivity gap	9,578,669	596,291	1,719	10,176,679
Financial guarantee and credit commitments	1,911,490	-	-	1,911,490

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.4 Foreign exchange risk (Continued)

	RMB	USD	Other	Total
As at 31 December 2023				
Assets				
Cash and balances with central bank	9,078,373	276	–	9,078,649
Due from and placements with banks and other financial institutions	5,014,855	30,287	5,386	5,050,528
Customer loans	88,465,685	–	–	88,465,685
Financial investments – credit related financial assets	1,738,496	–	–	1,738,496
Financial investments – fair value through profit or loss	28,448,399	–	–	28,448,399
Financial investments – fair value through other comprehensive income	6,532,473	35,611	–	6,568,084
Financial investments – amortised cost	14,758,805	34,597	–	14,793,402
Other financial assets	64,248	–	–	64,248
Total assets	154,101,334	100,771	5,386	154,207,491
Liabilities				
Due to central bank	6,050,233	–	–	6,050,233
Due to and placements from banks and other financial institutions	7,153,622	–	–	7,153,622
Customer deposits	117,617,186	6,625	705	117,624,516
Debt securities issued	14,179,588	–	–	14,179,588
Other financial liabilities	491,022	–	–	491,022
Total liabilities	145,491,651	6,625	705	145,498,981
Total exchange rate sensitivity gap	8,609,683	94,146	4,681	8,708,510
Financial guarantee and credit commitments	1,122,402	–	–	1,122,402

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.4 Foreign exchange risk (Continued)

Exchange rate sensitivity test

Following table shows the impact on pre-tax profit when foreign exchange rates change by 1% against RMB:

	Anticipated change in pre-tax profit/(loss)	
	As at 31 December 2024	As at 31 December 2023
Up 1%	**5,980**	988
Down 1%	**(5,980)**	(988)

3.3 Liquidity risk

3.3.1 Overview

Liquidity risk is the risk that the Bank cannot obtain sufficient funds in time or, with reasonable cost and unable to meet its payment obligations associated with its financial liabilities when they fall due or to meet immediate fund needs. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend. The Bank's objective in liquidity management is to ensure the availability of adequate funding to meet its needs to fund deposits withdrawals and other liabilities as they fall due and to ensure that it is able to meet its obligations to fund loan originations and commitments and to take advantage of new investment opportunities.

The Bank is exposed to daily calls on its available cash resources from current deposits, matured deposits, loan draw downs, guarantee and cash deposit hold as collateral. The Board of Directors set the minimum proportion of funds to be made available to meet such calls and the minimum level of interbank and other borrowing facilities that should be in place to cover different levels of unexpected withdrawals. As at 31 December 2024, 5.00% (31 December 2023: 5.00%) of the Bank's total RMB-denominated deposits must be deposited with the PBOC.

3.3.2 Liquidity risk management process

The Board of Directors and the liquidity risk management committee formulate the policies, strategies, procedures, limits and contingency plans relate to the overall management of liquidity risk according to risk preference. The assets and liabilities management department cooperates with other business department to form a liquidity risk management system.

The Bank proactively applies new technology to enhance the involvement of IT in liquidity risk management. The system monitors the liquidity index and exposure, which form a mechanism in regular, automatic liquidity risk assessment, and arrange the Banking business according to current liquidity exposure. The Bank actively adjusts the assets and liabilities maturity structure, while taking control of the limit of the liquidity risk positively by carrying out performance assessment. The Bank pays constant attention to its liquidity risk management process, enhances and improves liquidity risk related policy timely, eventually achieve its goal in liquidity risk management.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Liquidity risk (Continued)

3.3.3 Non-derivative financial liabilities and assets held for managing liquidity risk

The table below presents the undiscounted cash flows of the Bank under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the balance sheet date.

	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	No maturity	Overdue	Total
As at 31 December 2024									
Assets									
Cash and balances with central bank	3,206,238	-	-	-	-	-	7,028,146	-	10,234,384
Due from and placements with banks and other financial institutions	-	500,087	193,621	36,337	-	-	-	-	730,045
Customer loans	-	4,620,319	6,572,383	28,273,418	59,345,182	13,856,515	-	304,916	112,972,733
Financial investments – credit related financial assets	-	-	203,476	208,313	1,584,054	-	-	333,297	2,329,140
Financial investments – fair value through profit or loss	8,981,035	1,055,060	2,556,636	11,837,544	8,649,980	1,540,225	996	-	34,621,476
Financial investments – FVOCI	-	86,113	151,282	1,382,314	1,901,895	5,551	-	-	3,527,155
Financial investments – amortised cost	-	113,406	415,811	1,774,046	12,089,768	8,947,405	-	-	23,340,436
Other financial assets	2,908	199	357	11,788	16,014	3,465	-	19,297	54,028
Total financial assets	12,190,181	6,375,184	10,093,566	43,523,760	83,586,893	24,353,161	7,029,142	657,510	187,809,397
Liabilities									
Due to central bank	-	724,868	982,283	4,656,649	-	-	-	-	6,363,800
Due to and placements from banks and other financial institutions	437,463	589,057	493,331	1,131,318	-	-	-	-	2,651,169
Customer deposits	58,005,918	3,816,953	8,152,811	22,237,993	48,508,951	-	-	-	140,722,626
Debt securities issued	-	30,441	101,310	8,674,038	1,923,660	3,404,000	-	-	14,133,449
Other financial liabilities	30,162	4,374	11,139	51,732	260,306	49,766	-	-	407,479
Total financial liabilities	58,473,543	5,165,693	9,740,874	36,751,730	50,692,917	3,453,766	-	-	164,278,523
Net positions	(46,283,362)	1,209,491	352,692	6,772,030	32,893,976	20,899,395	7,029,142	657,510	23,530,874

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Liquidity risk (Continued)

3.3.3 Non-derivative financial liabilities and assets held for managing liquidity risk (Continued)

	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	No maturity	Overdue	Total
As at 31 December 2023									
Assets									
Cash and balances with central bank	2,865,384	–	–	–	–	–	6,213,265	–	9,078,649
Due from and placements with banks and other financial institutions	–	4,286,238	775,209	–	–	–	–	–	5,061,447
Customer loans	–	5,721,775	7,378,432	29,698,509	45,268,493	13,642,482	–	262,341	101,972,032
Financial investments – credit related financial assets	–	–	–	–	1,832,303	–	–	191,672	2,023,975
Financial investments – fair value through profit or loss	7,895,349	2,858,453	2,097,397	5,986,692	9,121,626	2,460,614	990	–	30,421,121
Financial investments – FVOCI	–	343,135	392,813	2,001,191	3,904,535	390,109	–	–	7,031,783
Financial investments – amortised cost	–	571,085	433,294	1,919,403	9,669,351	4,906,246	–	380,499	17,879,878
Other financial assets	42,028	12	29	921	6,309	2,943	–	12,006	64,248
Total financial assets	10,802,761	13,780,698	11,077,174	39,606,716	69,802,617	21,402,394	6,214,255	846,518	173,533,133
Liabilities									
Due to central bank	–	726,646	647,583	4,792,809	–	–	–	–	6,167,038
Due to and placements from banks and other financial institutions	364,904	3,393,148	924,367	884,000	1,732,780	–	–	–	7,299,199
Customer deposits	55,237,253	2,736,983	7,008,682	14,622,111	44,449,638	–	–	–	124,054,667
Debt securities issued	–	180,826	2,689,538	9,381,148	–	3,404,000	–	–	15,655,512
Other financial liabilities	380,157	2,422	2,367	18,218	65,509	22,349	–	–	491,022
Total financial liabilities	55,982,314	7,040,025	11,272,537	29,698,286	46,247,927	3,426,349	–	–	153,667,438
Net positions	(45,179,553)	6,740,673	(195,363)	9,908,430	23,554,690	17,976,045	6,214,255	846,518	19,865,695

Assets available to repay all of the liabilities include cash, balances with central bank, items in the course of collection and treasury; due from other banks and financial institutions; and customer loans. In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, certain debt securities have been pledged for liabilities. The Bank would also be able to meet unexpected net cash outflows by selling securities, using credit commitments from other financial institutions, early termination of borrowings from other financial institutions and repurchase agreements and using the mandatory reserve deposits upon the PBOC's approval.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Liquidity risk (Continued)

3.3.4 Maturity analysis

The table below analyses the Bank's assets and liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	No maturity	Overdue	Total
As at 31 December 2024									
Assets									
Cash and balances with central bank	3,206,238	-	-	-	-	-	7,028,146	-	10,234,384
Due from and placements with banks and other financial institutions	-	499,846	193,321	35,970	-	-	-	-	729,137
Customer loans	-	4,607,588	6,497,639	27,102,905	51,165,243	8,906,744	-	304,916	98,585,035
Financial investments – credit related financial assets	-	-	200,127	195,353	1,381,733	-	-	333,297	2,110,510
Financial investments – fair value through profit or loss	8,981,035	1,045,063	2,490,978	11,359,326	7,651,719	1,338,485	996	-	32,867,602
Financial investments – FVOCI	-	80,081	128,824	1,290,237	1,785,382	64,615	-	-	3,349,139
Financial investments – amortised cost	-	49,976	332,548	1,313,047	10,179,172	7,689,272	-	-	19,564,015
Other financial assets	2,908	199	357	11,788	16,014	3,465	-	19,297	54,028
Total financial assets	12,190,181	6,282,753	9,843,794	41,308,626	72,179,263	18,002,581	7,029,142	657,510	167,493,850
Liabilities									
Due to central bank	-	712,775	966,267	4,578,965	-	-	-	-	6,258,007
Due to and placements from banks and other financial institutions	437,463	589,029	475,529	1,089,160	-	-	-	-	2,591,181
Customer deposits	58,005,918	3,606,017	7,770,325	21,015,558	44,916,522	-	-	-	135,314,340
Debt securities issued	-	29,958	99,649	8,516,557	1,800,000	2,300,000	-	-	12,746,164
Other financial liabilities	30,162	4,374	11,139	51,732	260,306	49,766	-	-	407,479
Total financial liabilities	58,473,543	4,942,153	9,322,909	35,251,972	46,976,828	2,349,766	-	-	157,317,171
Net liquidity gap	(46,283,362)	1,340,600	520,885	6,056,654	25,202,435	15,652,815	7,029,142	657,510	10,176,679

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Liquidity risk (Continued)

3.3.4 Maturity analysis (Continued)

	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	No maturity	Overdue	Total
As at 31 December 2023									
Assets									
Cash and balances with central bank	2,865,384	–	–	–	–	–	6,213,265	–	9,078,649
Due from and placements with banks and other financial institutions	–	4,277,091	773,437	–	–	–	–	–	5,050,528
Customer loans	–	5,699,779	7,286,904	28,349,264	38,708,706	8,158,691	–	262,341	88,465,685
Financial investments – credit related financial assets	–	–	–	–	1,546,824	–	–	191,672	1,738,496
Financial investments – fair value through profit or loss	7,895,349	2,854,741	2,062,309	5,610,346	7,893,810	2,130,854	990	–	28,448,399
Financial investments – FVOCI	–	341,309	382,610	1,867,345	3,598,445	378,375	–	–	6,568,084
Financial investments – amortised cost	–	568,408	409,602	1,651,280	8,108,803	3,674,810	–	380,499	14,793,402
Other financial assets	42,028	12	29	921	6,309	2,943	–	12,006	64,248
Total financial assets	10,802,761	13,741,340	10,914,891	37,479,156	59,862,897	14,345,673	6,214,255	846,518	154,207,491
Liabilities									
Due to central bank	–	712,833	635,696	4,701,704	–	–	–	–	6,050,233
Due to and placements from banks and other financial institutions	363,031	3,392,858	900,743	850,649	1,646,341	–	–	–	7,153,622
Customer deposits	55,237,253	2,544,296	6,467,282	13,524,978	39,850,707	–	–	–	117,624,516
Debt securities issued	–	179,636	2,662,168	9,037,784	–	2,300,000	–	–	14,179,588
Other financial liabilities	380,157	2,422	2,367	18,218	65,509	22,349	–	–	491,022
Total financial liabilities	55,980,441	6,832,045	10,668,256	28,133,333	41,562,557	2,322,349	–	–	145,498,981
Net liquidity gap	(45,177,680)	6,909,295	246,635	9,345,823	18,300,340	12,023,324	6,214,255	846,518	8,708,510

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Liquidity risk (Continued)

3.3.5 Off-balance-sheet items

The table below lists the off-balance-sheet statement items of the Bank according to their remaining term to maturity. The financial commitments are listed by the earliest maturity date in its notional principal.

As at 31 December 2024	Up to 1 year	1-5 years	Total
Acceptances	**1,710,036**	**–**	**1,710,036**
Capital expenditure commitments	**124,440**	**211,565**	**336,005**
Letter of credit	**38,425**	**–**	**38,425**
Letter of guarantee	**114,394**	**29,053**	**143,447**
Fiscal business card commitments	**19,582**	**–**	**19,582**
Total	**2,006,877**	**240,618**	**2,247,495**

As at 31 December 2023	Up to 1 year	1-5 years	Total
Acceptances	886,773	–	886,773
Capital expenditure commitments	199,160	47,602	246,762
Letter of credit	152,740	–	152,740
Letter of guarantee	29,260	44,678	73,938
Fiscal business card commitments	8,951	–	8,951
Total	1,276,884	92,280	1,369,164

The Bank has no irrevocable loan commitments.

3.4 Fair values of financial assets and liabilities

(a) Fair value hierarchy

IFRS 13 specifies the levels of valuation techniques that based on the inputs of valuation techniques that are observable or not. The observable inputs reflect the market data obtained from independent sources. These two inputs lead to the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities, debt instruments in house (e.g. Hong Kong Stock Exchange).

- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly or indirectly. This level includes the debt instruments dealing in the interbank market. For example, the input parameters of bond yield curves and counterparty credit risk from China bond information website and Bloomberg.

- Level 3 – Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs). This level includes equity instruments and structural financial instruments.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Fair values of financial assets and liabilities (Continued)

(a) Fair value hierarchy (Continued)

The Bank determines the fair value of the financial instruments by valuation techniques when it is difficult to obtain quotations from the open market.

The main parameters of valuation techniques used in financial instruments includes the bond price, interest rate, exchange rate, stock and equity price, volatility level and the credits spreads of counterparty. All of these parameters can be observed and obtained from the open market.

The measurement of the fair value of unlisted equity held by the Bank adopts unobservable parameters that may have significant impact on the valuations. Thus, the Bank classifies these financial instruments to the third level. The Bank has established an internal control system to supervise the exposure of the financial instrument above.

Fair values of assets and liabilities are as below.

As at 31 December 2024	Level 1	Level 2	Level 3	Total
Financial assets				
Customer loans – discounted bills	–	**202,219**	–	**202,219**
Financial investments – fair value through profit or loss	**8,981,035**	**23,709,368**	**177,199**	**32,867,602**
Financial investments – FVOCI	–	**3,349,139**	–	**3,349,139**
Total	**8,981,035**	**27,260,726**	**177,199**	**36,418,960**

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Fair values of financial assets and liabilities (Continued)

(a) Fair value hierarchy (Continued)

As at 31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Customer loans – discounted bills	–	277,686	–	277,686
Financial investments – fair value through profit or loss	8,319,859	20,082,491	243,616	28,645,966
Financial investments – FVOCI	–	6,568,084	–	6,568,084
Total	8,319,859	26,928,261	243,616	35,491,736

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Fair values of financial assets and liabilities (Continued)

(a) Fair value hierarchy (Continued)

Movement of Level-3 valuation methodology

	Financial investments – fair value through profit or loss
Balance at 1 January 2024	**243,616**
Total gains or losses	
– Current period profit and loss	**(66,417)**
Balance at 31 December 2024	**177,199**
Total loss for the year included in profit and loss for financial assets held as at 31 December 2024	**(66,417)**

	Financial investments – fair value through profit or loss
Balance at 1 January 2023	307,028
Total gains or losses	
– Current period profit and loss	(63,412)
Balance at 31 December 2023	243,616
Total loss for the year included in profit and loss for financial assets held as at 31 December 2023	(63,412)

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Fair values of financial assets and liabilities (Continued)

(a) Fair value hierarchy (Continued)

Movement of Level-3 valuation methodology (Continued)

Quantitative information about the significant unobservable inputs used in the fair value measurement of Level 3 for the year ended 31 December 2024 and 31 December 2023 presented as follows:

As at 31 December 2024	Fair Value	Valuation Techniques	Unobservable Inputs	Discounted future cash flow/Net assets value
Financial investments – fair value through profit or loss				
– ABS	**142,833**	**Discounted cash flow**	**Estimated future cash flow**	**150,090 – 170,352**
– Equity investments	**34,366**	**Net assets analysis**	**Net assets**	**0.9910 – 0.9047**

As at 31 December 2023	Fair Value	Valuation Techniques	Unobservable Inputs	Discounted future cash flow/Net assets value
Financial investments – fair value through profit or loss				
– ABS	197,567	Discounted cash flow	Estimated future cash flow	218,283 – 245,963
– Equity investments	46,049	Net assets analysis	Net assets	0.9940 – 1.1008

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Fair values of financial assets and liabilities (Continued)

(b) Financial instruments not measured at fair value

Financial assets and liabilities that are not measured at fair value in the statement of financial position mainly include: balances with central bank, due from/placements with banks and financial institutions, financial assets held under reverse repurchase agreements, customer loans, credit related financial assets, financial investments – amortised cost, due to/placement from banks and financial institutions, financial assets sold under repurchase agreements, customer deposits, debt securities issued. Except for the following financial assets and financial liabilities, the difference between the book value before impairment and fair value of those financial assets and liabilities not presented at their fair value was insignificant. Fair value is measured using a discounted cash flow model.

The table below summarises the financial assets and liabilities that have difference between book value before impairment (include accrued interest) and fair value as at 31 December 2024 and 2023.

		As at 31 December 2024			
	Book value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial investments					
– amortised cost	**19,564,015**	**–**	**17,622,512**	**2,919,308**	**20,541,820**
Financial investments					
– credit related financial assets	**2,110,510**	**–**	**–**	**2,186,544**	**2,186,544**
Financial liabilities					
Debt securities issued	**12,746,164**	**–**	**12,848,776**	**–**	**12,848,776**

		As at 31 December 2023			
	Book value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial investments					
– amortised cost	14,793,402	–	12,713,660	2,502,903	15,216,563
Financial investments					
– credit related financial assets	1,738,496	–	–	1,797,206	1,797,206
Financial liabilities					
Debt securities issued	14,179,588	–	14,182,603	–	14,182,603

3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Fair values of financial assets and liabilities (Continued)

(b) Financial instruments not measured at fair value (Continued)

Financial investments – credit related financial assets

The fair value for financial investments – credit related financial assets is determined based on discounted cash flow model using unobservable discount rates that reflect credit risk and liquidity.

Financial investments – amortised cost

The fair value for trust and asset management plans measured at amortised cost is determined based on discounted cash flow model using unobservable discount rates that reflect credit risk and liquidity.

The fair value for bonds measured at amortised cost is based on market prices or broker/dealer price quotations. Where the information is not available, fair value is estimated using quoted market prices for securities with similar credit risk, maturity and yield characteristics.

Debt securities issued

The fair value of fixed interest-bearing debt securities issued is calculated using a discounted cash flow model which is based on a current yield curve for the bonds with similar remaining term to maturity.

Other than above, the carrying values of those financial assets and liabilities not presented at their fair value in the statement of financial position are a reasonable approximation of their fair values. Those financial assets and liabilities include balances with central bank, due from/placements with banks and financial institutions, customer loans, due to placements from banks and financial institutions, customer deposits, etc. and their fair value is measured using a discounted future cash flow model.

3.5 Capital management

The concept of "capital" within the context of the Bank's Capital management is broader than "equity" in the context of financial statements. The objectives of capital management are:

- To comply with the capital management requirements set by the regulators of the market where the Bank operates;
- To unsure the Bank's ability to continue as a going concern and to provide returns for shareholders and other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy ratio and the use of capital are monitored quarterly by the management of the bank employing techniques based on the guidelines developed by the Basel Committee and implemented by the NFRA, for supervisory purposes. The required information is filed with the NFRA on a quarterly basis.

The Bank calculated the capital adequacy ratio based on the Capital Adequacy Regulation for Commercial Banks issued by the NFRA in 26 October 2023. According to the regulation, the Bank calculates credit risk-weighted assets using weighted-average method, market risk-weighted assets using simplified standard method, and operation risk-weighted assets using basic indicator method.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.5 Capital management (Continued)

The NFRA requires commercial banks to meet the requirements of capital adequacy ratios in accordance with the Capital Adequacy Regulation for Commercial Banks commencing on 1 January 2024. For non-systematically important banks, the NFRA stipulates minimum adequacy ratios of Core Tier 1 Capital, Tier 1 Capital and Capital adequacy ratio to be 7.50%, 8.50% and 10.50%, respectively. The Bank is fully compliant with these regulatory requirements.

The capital adequacy ratio of 2024 and 2023 under the Rules for Regulating the Capital Adequacy of Commercial Banks is as follows:

	As at 31 December 2024	As at 31 December 2023
Core capital:	**16,046,230**	14,472,646
Core Tier 1 Capital	**10,126,598**	9,230,175
Other Tier 1 Capital	**2,296,704**	1,696,824
Tier 2 Capital	**3,622,928**	3,545,647
Net capital	**16,025,971**	14,453,601
Net Core Tier 1 Capital	**10,106,339**	9,211,130
Net Other Tier 1 Capital	**2,296,704**	1,696,824
Net Tier 1 Capital	**12,403,043**	10,907,954
Total risk-weighted assets	**122,189,986**	113,482,896
Core Tier 1 Capital adequacy ratio	**8.27%**	8.12%
Tier 1 Capital adequacy ratio	**10.15%**	9.61%
Capital adequacy ratio	**13.12%**	12.74%

3.6 Fiduciary activities

The Bank provides custody and trustee services to third parties. Those assets that are held in a fiduciary capacity are not included in the condensed statement of financial position.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The Bank makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) ECL allowance of financial assets – IFRS 9

For customer loans, credit related financial assets, financial investments measured at amortised cost, other receivables and credit commitments, the measurement of expected credit losses uses complex models and a number of assumptions. These models and assumptions relate to future macroeconomic conditions and borrowers' credit behavior (e.g. the probability of default and the corresponding losses).

According to the requirements of accounting standards, the measurement of expected credit losses involves many critical judgements. For example:

- Segmentation of business operations sharing similar credit risk characteristics, selection of appropriate models and determination of relevant key measurement parameters;
- Criteria for determining whether or not there was a significant increase in credit risk, or a default or impairment loss was incurred;
- Selection of economic indicators for forward-looking measurement, and the application of economic scenarios and weightings.
- The estimated future cash flows for loans and advances to customers and financial investments at amortised cost for which DCF model was used to calculate ECL.

For measurement of the expected credit loss of financial assets, please refer to Note 3.1.4.

b) Fair value of financial instruments

The fair values of financial instruments that are not quoted in active markets are determined by using valuation models (e.g. discounted cash flow model). To the extent practical, only observable data is used in the discounted cash flow model, such as interest rate yield curves. However, areas such as credit risks (from both parties of transactions), market volatilities and correlations require the management to make estimates. Where market observable inputs are not available, they are estimated using assumptions that are calibrated as closely as possible to market observable data. Changes in assumptions about these factors could affect reported fair value of financial instruments.

c) Income taxes

There are certain transactions and activities for which the ultimate tax determination is uncertain during the ordinary course of business. The Bank has made estimates for items of uncertainty and application of new tax legislation taking into account existing tax legislation and past practice. Where the final tax outcomes of these matters are different from the amounts that were initially estimated, such differences will impact the current income tax and deferred income tax in the period during which such a determination is made (Note 13).

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES (Continued)

d) Consolidation of structured entity

Structured entity refers that when judging the control side of the entity, the key elements to consider are the contracts which the entities' main activities are based on or the corresponding arrangements rather than the voting rights or similar rights (for example: the voting rights are just associated with administrative matters only).

When the Bank acts as asset manager in a structured entity, the Bank needs to identify whether it controls the entity. There are three considerations: (i) Power to the invested entity; (ii) Exposure to variable remuneration of the invested entity; and (iii) The ability to use the power to influence the amount of remuneration of the invested entity. If there is any indication that the control elements of the above have changed, the Bank will reassess its control over the invested entity. During the evaluation, the Bank considers many factors, such as: the scope of asset manager's decision-making power, rights held by other parties, commission levels as management service provider, and any other arrangements (such as direct investment) which could affect the amount of remuneration.

5 NET INTEREST INCOME

	Year ended 31 December 2024	2023
Interest income		
Balances with central bank	**116,453**	108,894
Due from and placements with banks and other financial institutions	**71,552**	77,241
Customer loans	**6,294,893**	5,798,101
Financial investments – credit related financial assets	**142,584**	168,270
Other financial investments	**892,293**	1,071,077
Subtotal	**7,517,775**	7,223,583
Including: interest income generated from impaired financial assets	**14,059**	13,201
Interest expenses		
Due to central bank	**(113,908)**	(100,843)
Due to and placements form banks and other financial institutions	**(124,379)**	(145,122)
Customer deposits	**(3,393,775)**	(3,522,977)
Debt securities issued	**(361,890)**	(360,377)
Other interest expense	**(5,155)**	(6,003)
Subtotal	**(3,999,107)**	(4,135,322)
Net interest income	**3,518,668**	3,088,261

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

6 NET FEE AND COMMISSION INCOME

	Year ended 31 December 2024	2023
Fee and commission income		
Commission income from wealth management service	**199,652**	127,209
Commission income from guarantees and credit commitments	**6,121**	3,771
Commission income from investment banking services	**4,930**	1,698
Commission income from agency services	**2,969**	2,172
Commission income from settlement services	**2,773**	1,707
Commission income from bank card services	**1,317**	1,333
Other commission income	**562**	439
Total	**218,324**	138,329
Fee and commission expenses	**(44,818)**	(35,381)
Net fee and commission income	**173,506**	102,948

7 NET GAINS ON TRADING ACTIVITIES

	Year ended 31 December 2024	2023
Debt securities-realised gains	**839,697**	951,809
Debt securities-unrealised fair value change	**95,269**	215,009
Foreign exchange gains	**4,923**	4,181
Total	**939,889**	1,170,999

8 NET GAINS ON FINANCIAL INVESTMENT

	Year ended 31 December 2024	2023
Financial investments at FVPL-realised gains	**283,563**	263,282
Financial investments at FVPL-unrealised fair value change	**(23,916)**	84,212
Net gains arising from derecognition of FVOCI	**241**	6,569
Total	**259,888**	354,063

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

9 OTHER OPERATING INCOME

	Year ended 31 December 2024	2023
Net gains on disposal of foreclosed assets	**289,420**	662
Government incentives and subsidies	**18,722**	31,485
Rental income from investment properties	**2,172**	17,675
Liquidated damages income	**88**	594
Net losses on disposal of fixed assets	**(340)**	(1,719)
Other miscellaneous income	**7,000**	5,379
Total	**317,062**	54,076

10 OPERATING EXPENSES

	Year ended 31 December 2024	2023
Staff costs (including directors and supervisors' emoluments (allowance inclusive)) (1)	**895,572**	843,484
Business and administrative expenses	**544,169**	582,009
Depreciation and amortisation	**178,824**	167,300
Tax and surcharges	**97,677**	59,498
Professional service fees	**24,356**	28,843
Expenditures on public welfare donations	**7,341**	11,266
Rental fees	**3,550**	4,467
Auditor's remuneration	**3,180**	3,050
Other operating expenses	**39,650**	22,735
Total	**1,794,319**	1,722,652

(1) Staff costs

	Year ended 31 December 2024	2023
Salary and bonus	**654,374**	626,816
Defined contribution plans (i)	**93,066**	84,923
Staff welfare	**48,526**	27,083
Housing funds	**37,991**	34,490
Other social security and benefit costs	**36,967**	47,461
Staff education and labour union expenses	**24,648**	22,711
Total	**895,572**	843,484

10 OPERATING EXPENSES (Continued)

(1) STAFF COSTS (Continued)

(i) Defined contribution plans

The Bank's defined contribution plans are mainly basic pension insurance, enterprise annuity and unemployment insurance paid for employees.

Employees who retire after 8 November 2016 can voluntarily participate in an annuity plan set up by the Bank pursuant to related state corporate annuity regulations. The Bank contributes to the annuity plan based on certain percentage of the employees' gross salary of previous year and the contribution is recognised in profit or loss as incurred.

The amount recognised in profit or loss is as follows:

	For the year ended 31 December	
	2024	2023
Expenses incurred for corporate annuity plan	**47,073**	42,769
Expenses incurred for retirement benefit plans and unemployment insurance	**45,993**	42,154
Total	**93,066**	84,923

The amount payable at the end of the year is as follows:

Statement of financial position obligations	**As at 31 December 2024**	As at 31 December 2023
Retirement benefit plans and unemployment insurance	**2,264**	2,311
Corporate annuity plan	**(182)**	29
Total	**2,082**	2,340

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

11 DIRECTORS AND SUPERVISORS' EMOLUMENTS (ALLOWANCE INCLUSIVE)

Top five highest paid individuals' remunerations are shown as below:

	Year ended 31 December 2024	2023
Salaries, allowance and benefits	**5,176**	7,010
Discretionary bonuses	**12,822**	11,412
Contribution to pension schemes	**108**	102
Total	**18,106**	18,524

The range of senior managements and individuals' remuneration is shown as below:

	Year ended 31 December 2024	2023
HK$3,000,000 – HK$3,500,000	**1**	–
HK$3,500,001 – HK$4,000,000	**1**	2
HK$4,000,001 – HK$4,500,000	**3**	3
Total	**5**	5

Five highest paid individuals

For the year ended 31 December 2024, all five highest paid individuals of the Bank are marketing personnels (2023: same).

The Bank does not pay any remuneration to any director, supervisor or five individuals with the highest remuneration to compensate them for bonuses or resignations to join or upon joining the Bank.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

11 DIRECTORS AND SUPERVISORS' EMOLUMENTS (ALLOWANCE INCLUSIVE) (Continued)

In accordance with regulations authorised by relevant authorities in the PRC, the compensation package for executive directors and certain supervisors for the current year have not been finalised. Management of the Bank believes that difference in emoluments will not have significant impact on the financial statements of the Bank for the year ended 31 December 2024. The disclosed amount of remuneration is the amount paid in current year, including the emolument of the previous year deferred to the current year.

Details of the directors' and supervisors' emoluments for the year ended 31 December 2024 are as follows:

	Year ended 31 December 2024				
Name	Fees	Salaries, allowance and benefits	Discretionary bonuses	Contribution to pension schemes	Total
Executive directors					
You Jiang	–	604	1,236	22	1,862
Liu Shirong	–	604	1,201	22	1,827
Non-executive directors					
Pan Lina	8	–	–	–	8
Xiong Guoming	25	–	–	–	25
Luo Huoming	5	–	–	–	5
Chen Ping	5	–	–	–	5
Tang Baoqi[1]	304	–	–	–	304
Zhong Jin	324	–	–	–	324
Gao Jinkang	314	–	–	–	314
Ching Yu Lung	314	–	–	–	314
Han Zirong[2]	41	–	–	–	41
Supervisors					
Wu Wei	–	148	438	22	608
Chen Yong	–	305	831	22	1,158
Liu Yongli	–	245	483	22	750
Lyu Hong	86	–	–	–	86
Guo Bing	86	–	–	–	86
	1,512	1,906	4,189	110	7,717

(1) On 26 November 2024, the Board announced that Mr. Tang Baoqi has resigned from the positions of independent non-executive director, chairperson of the Nomination and Remuneration Committee and member of the Consumer Rights Protection Committee of the Board.

(2) On 22 May 2024, the Board announced that Mr. Han Zirong were newly elected as non-executive director of the Bank's eighth session of the Board. He took office on 4 November 2024 upon his qualification of directorship being approved by the NFRA Sichuan Office.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

11 DIRECTORS AND SUPERVISORS' EMOLUMENTS (ALLOWANCE INCLUSIVE) (Continued)

Details of the directors' and supervisors' emoluments for the year ended 31 December 2023 are as follows:

	Year ended 31 December 2023				
Name	Fees	Salaries, allowance and benefits	Discretionary bonuses	Contribution to pension schemes	Total
Executive directors					
You Jiang	–	578	1,183	20	1,781
Liu Shirong	–	578	1,110	20	1,708
Non-executive directors					
Pan Lina	7	–	–	–	7
Xiong Guoming	24	–	–	–	24
Luo Huoming[2]	–	–	–	–	–
Chen Ping[2]	3	–	–	–	3
Huang Yongqing[1]	300	–	–	–	300
Tang Baoqi	322	–	–	–	322
Zhong Jin	322	–	–	–	322
Gao Jinkang[2]	206	–	–	–	206
Ching Yu Lung[2]	206	–	–	–	206
Supervisors					
Wu Wei	–	150	461	20	631
Chen Yong	–	278	631	20	929
Liu Yongli	–	234	413	20	667
Lyu Hong	60	–	–	–	60
Guo Bing	84	–	–	–	84
	1,534	1,818	3,798	100	7,250

(1) On 6 November 2023, the Board announced that Mr. Huang Yongqing has resigned from the positions of independent non-executive director of the Bank and the chairperson of the Consumer Rights Protection Committee and a member of the Related Party (Connected) Transactions Control Committee of the Board.

(2) On 20 September 2022, the Board announced that Mr. Luo Huoming and Ms. Chen Ping were newly elected as non-executive Directors of the eighth session of the Board of the Bank; and Mr. Gao Jinkang and Mr. Ching Yu Lung were newly elected as independent non-executive Directors of the Bank's eighth session of the Board. Mr. Luo Huoming, Ms. Chen Ping, Mr. Gao Jinkang and Mr. Ching Yu Lung took office on 13 March 2023 upon their qualifications of directorship being approved by the CBIRC Sichuan Office.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

11 DIRECTORS AND SUPERVISORS' EMOLUMENTS (ALLOWANCE INCLUSIVE) (Continued)

The remuneration shown above represents remuneration received from the Bank by these directors in their capacity as employees of the Bank.

Emolument waived by directors during each of the years ended 31 December 2024 and 2023:

	Year ended 31 December	
	2024	2023
Luo Huoming	**20**	24
Pan Lina	**20**	20
Chen Ping	**20**	20
Total	**60**	64

During each of the years ended 31 December 2024 and 2023, no emoluments were paid by the Bank to the Directors as an inducement to join the Bank or as severance compensation.

(a) Directors' retirement benefits

There is no retirement benefits paid to the directors during the year ended 31 December 2024 by defined contribution pension plans operated by the Bank. No other retirement benefits were paid to the directors in respect of their other services in connection with the management of the Bank other than those disclosed above (2023: same).

(b) Directors' termination benefits

None of the directors received or will receive any termination benefits during each of the years ended 31 December 2024 and 31 December 2023.

(c) Consideration provided to third parties for making available directors' services

During each of years ended 31 December 2024 and 31 December 2023, the Bank did not pay any consideration to any third parties for making available the services of themselves as directors of the Bank.

(d) Directors' material interests in transactions, arrangements or contracts

In addition to the transactions disclosed in other parts of the notes to prior financial information, the directors of the Bank did not directly or indirectly have significant interests in any other major transactions, arrangements and contracts made by the Bank during the end of the performance record period or at any time during the period.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

12 EXPECTED CREDIT LOSSES AND OTHER ASSETS IMPAIRMENT LOSSES

	Year ended 31 December	
	2024	2023
ECL for customer loans at amortised cost (Note 17(b))	**1,210,928**	1,558,980
ECL for customer loans – FVOCI (Note 17(b))	**(2,402)**	(12,790)
ECL for financial investments – credit related financial assets (Note 18)	**(145,602)**	200,435
ECL for financial investments – amortised cost (Note 21)	**478,168**	65,771
ECL for financial investments – FVOCI (Note 20)	**66,096**	(23,599)
ECL for reverse repurchase agreements, due from other banks and financial institutions	**(5,241)**	359
ECL for guarantee and commitments	**22,756**	3,359
ECL for other receivables	**102**	461
Total	**1,624,805**	1,792,976

	Year ended 31 December	
	2024	2023
Other assets impairment losses[1]	**7,724**	6,398

(1) Other assets impairment losses are the impairment losses for foreclosed assets.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

13 INCOME TAX EXPENSE

	Year ended 31 December 2024	2023
Current income tax	**758,865**	632,206
Deferred income tax (Note 24)	**(249,766)**	(375,653)
Total	**509,099**	256,553

Current income tax is calculated at the statutory tax rate of 25% based on the taxable income of estimated assessable profit of the Bank for the respective year as stipulated in PRC tax laws.

The difference between the actual income tax charge in the profit or loss and the amounts which would result from applying the enacted tax rate 25% (2023: 25%) to profit before income tax can be reconciled as follows:

	Year ended 31 December 2024	2023
Profit before income tax	**1,784,764**	1,250,790
Tax calculated at a tax rate of 25%	**446,191**	312,698
Tax effect arising from non-taxable income[1]	**(78,232)**	(74,700)
Tax effect of expenses that are not deductible for tax purposes[2]	**141,140**	18,555
Income tax expense	**509,099**	256,553

(1) The Bank's non-taxable income mainly represents interest income arising from treasury bonds, provincial government bonds and investment return on monetary funds, which are non-taxable in accordance with the PRC tax laws.

(2) The Bank's expenses that are not tax deductible for tax purposes mainly represent non-deductible losses resulting from written offs of certain non-performing loans and financial investments, commercial and deposit insurance fees in excess of the relevant deductible threshold under the relevant PRC tax regulations. The figure of which involves significant accounting estimates, and the differences from final tax outcome will impact income taxes in the period during which such a determination is made.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

14 BASIC AND DILUTED EARNINGS PER SHARE

(a)

Basic earnings per share are calculated by dividing the net profit for the year attributable to shareholders of the Bank by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2024	2023
Net profit attributable to shareholders of the Bank	**1,275,665**	994,237
Less: interest on perpetual bonds declared	**(95,100)**	(95,100)
Profit attributable to ordinary shareholders of the Bank	**1,180,565**	899,137
Weighted average number of ordinary shares issued (in thousand shares)	**2,717,752**	2,717,752
Basic earnings per share (in RMB) [1]	**0.43**	0.33

(1) The Bank issued non-cumulative perpetual bonds on 18 March 2020, 11 June 2020 and 31 December 2024 under the terms and conditions as detailed in Note 31.1 Perpetual Bonds. For the purpose of calculating basic earnings per share, distributions on non-cumulative perpetual bonds declared in respect of the period should be deducted from the amounts attributable to shareholders of the Bank. The Bank has declared distributions on perpetual bonds of RMB95,100 thousand for the year ended 31 December 2024.

(b) Diluted earnings per share

For the years ended 31 December 2024 and 2023, there was no potential diluted ordinary shares, so the diluted earnings per share was the same as the basic earnings per share.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

15 CASH AND BALANCES WITH CENTRAL BANK

	As at 31 December 2024	As at 31 December 2023
Cash	**104,095**	107,262
Mandatory reserve deposits with central bank [1]	**7,028,146**	6,213,265
Surplus reserve deposits with central bank	**2,924,529**	2,700,206
Fiscal deposits with central bank	**173,580**	54,350
Accrued interest	**4,034**	3,566
Total	**10,234,384**	9,078,649

(1) The Bank is required to place mandatory reserve deposits and mandatory reserve for foreign exchange with the People's Bank of China ("PBOC"). These mandatory reserves are not available for daily business of the Bank.

As at 31 December 2024 and 31 December 2023, the mandatory reserve deposits rates of the Bank are as follows:

	As at 31 December 2024	As at 31 December 2023
Mandatory reserve rate for deposits denominated in RMB	**5.00%**	5.00%

Surplus reserve deposits are maintained with central bank mainly for clearing purposes.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

16 DUE FROM AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December 2024	As at 31 December 2023
Placements with banks and other financial institutions	**300,000**	12,131
Due from banks and other financial institutions	**229,482**	273,270
Reverse repurchase agreements – debt securities	**200,000**	4,777,100
Accrued interest	**145**	5,281
Less: ECL allowance	**(490)**	(17,254)
Total	**729,137**	5,050,528

17 CUSTOMER LOANS

(a) Customer loans

	As at 31 December 2024	As at 31 December 2023
Customer loans at amortised cost		
Corporate loans	**89,635,993**	78,308,970
Personal loans	**13,432,458**	13,869,937
Accrued interest	**656,903**	582,008
Gross amount of loans at amortised cost	**103,725,354**	92,760,915
Less: ECL allowance	**(5,342,538)**	(4,572,916)
Net customer loans at amortised cost	**98,382,816**	88,187,999
Customer loans – FVOCI		
Discounted bills – FVOCI	**202,219**	277,686
Net customer loans	**98,585,035**	88,465,685

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

17 CUSTOMER LOANS (Continued)

(b) Movements on ECL allowance

Corporate loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	**1,667,225**	**1,617,212**	**711,464**	**3,995,901**
Charge for the year	**1,078,192**	**–**	**–**	**1,078,192**
Remeasurement	**277,198**	**202,461**	**295,102**	**774,761**
Repayment	**(630,621)**	**(219,463)**	**(64,749)**	**(914,833)**
Written-offs for the year	**–**	**–**	**(318,336)**	**(318,336)**
Transfers:				
Transfer from Stage 1 to Stage 2	**(3,337)**	**3,337**	**–**	**–**
Transfer from Stage 1 to Stage 3	**(3,185)**	**–**	**3,185**	**–**
Transfer from Stage 2 to Stage 3	**–**	**(134,838)**	**134,838**	**–**
Transfer from Stage 2 to Stage 1	**36,626**	**(36,626)**	**–**	**–**
Recovery of loans written-off	**–**	**–**	**1,107**	**1,107**
Unwinding of discount	**–**	**–**	**26,427**	**26,427**
As at 31 December 2024	**2,422,098**	**1,432,083**	**789,038**	**4,643,219**

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

17 CUSTOMER LOANS (Continued)

(b) Movements on ECL allowance (Continued)

Personal loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	**296,950**	**30,063**	**250,002**	**577,015**
Charge for the year	**270,002**	**–**	**–**	**270,002**
Remeasurement	**18,191**	**49,625**	**209,511**	**277,327**
Repayment	**(222,103)**	**(9,348)**	**(29,509)**	**(260,960)**
Transfer out	**(13,561)**	**–**	**–**	**(13,561)**
Written-offs	**–**	**–**	**(183,845)**	**(183,845)**
Transfers:				
Transfer from Stage 1 to Stage 2	**(3,052)**	**3,052**	**–**	**–**
Transfer from Stage 1 to Stage 3	**(9,242)**	**–**	**9,242**	**–**
Transfer from Stage 2 to Stage 3	**–**	**(16,619)**	**16,619**	**–**
Transfer from Stage 3 to Stage 2	**–**	**561**	**(561)**	**–**
Transfer from Stage 2 to Stage 1	**2,848**	**(2,848)**	**–**	**–**
Transfer from Stage 3 to Stage 1	**3,113**	**–**	**(3,113)**	**–**
Recovery of loans written-off	**–**	**–**	**30,040**	**30,040**
Unwinding of discount	**–**	**–**	**3,301**	**3,301**
As at 31 December 2024	**343,146**	**54,486**	**301,687**	**699,319**

Discounted bills	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	**4,158**	**–**	**57,823**	**61,981**
Charge for the year	**3,905**	**–**	**–**	**3,905**
Remeasurement	**–**	**–**	**(2,149)**	**(2,149)**
Repayment	**(4,158)**	**–**	**–**	**(4,158)**
Written-offs	**–**	**–**	**(63,500)**	**(63,500)**
Recovery of discounted bills written-off	**–**	**–**	**7,826**	**7,826**
As at 31 December 2024	**3,905**	**–**	**–**	**3,905**

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

17 CUSTOMER LOANS (Continued)

(b) Movements on ECL allowance (Continued)

Corporate loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	1,156,321	911,552	647,807	2,715,680
Charge for the year	699,827	–	–	699,827
Remeasurement	230,006	895,958	237,060	1,363,024
Repayment	(406,052)	(108,805)	(102,000)	(616,857)
Written-offs	–	–	(187,892)	(187,892)
Transfers:				
Transfer from Stage 1 to Stage 2	(45,520)	45,520	–	–
Transfer from Stage 1 to Stage 3	(511)	–	511	–
Transfer from Stage 2 to Stage 3	–	(93,831)	93,831	–
Transfer from Stage 2 to Stage 1	33,182	(33,182)	–	–
Recovery of loans written-off	–	–	5,481	5,481
Unwinding of discount	–	–	16,666	16,666
Exchange differences	(28)	–	–	(28)
As at 31 December 2023	1,667,225	1,617,212	711,464	3,995,901

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

17 CUSTOMER LOANS (Continued)

(b) Movements on ECL allowance (Continued)

Personal loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	240,051	45,760	180,283	466,094
Charge for the year	227,507	–	–	227,507
Remeasurement	6,447	24,931	108,350	139,728
Repayment	(186,937)	(25,759)	(41,553)	(254,249)
Written-offs	–	–	(50,496)	(50,496)
Transfers:				
Transfer from Stage 1 to Stage 2	(1,250)	1,250	–	–
Transfer from Stage 1 to Stage 3	(4,091)	–	4,091	–
Transfer from Stage 2 to Stage 3	–	(15,827)	15,827	–
Transfer from Stage 3 to Stage 2	–	2,592	(2,592)	–
Transfer from Stage 2 to Stage 1	2,884	(2,884)	–	–
Transfer from Stage 3 to Stage 1	12,339	–	(12,339)	–
Recovery of loans written-off	–	–	31,943	31,943
Unwinding of discount	–	–	16,488	16,488
As at 31 December 2023	296,950	30,063	250,002	577,015

Discounted bills	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	11,018	–	63,753	74,771
Charge for the year	4,158	–	–	4,158
Remeasurement	–	–	12,671	12,671
Repayment	(11,018)	–	(18,601)	(29,619)
As at 31 December 2023	4,158	–	57,823	61,981

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

17 CUSTOMER LOANS (Continued)

(c) Movements on gross amount (excluding interest receivable) of customer loans

The following table further illustrates the changes in the gross amounts of the corporate and personal loans portfolios (excluding interest receivable) to explain the impact of these changes on the portfolio's ECL.

Corporate loans	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024	**72,718,853**	**4,762,907**	**827,210**	**78,308,970**
Addition	**40,333,655**	**–**	**–**	**40,333,655**
Transfers:				
Transfer from Stage 1 to Stage 2	**(131,383)**	**131,383**	**–**	**–**
Transfer from Stage 1 to Stage 3	**(103,813)**	**–**	**103,813**	**–**
Transfer from Stage 2 to Stage 3	**–**	**(387,835)**	**387,835**	**–**
Transfer from Stage 2 to Stage 1	**93,650**	**(93,650)**	**–**	**–**
Derecognition	**(27,939,489)**	**(664,482)**	**(84,325)**	**(28,688,296)**
Written-offs	**–**	**–**	**(318,336)**	**(318,336)**
As at 31 December 2024	**84,971,473**	**3,748,323**	**916,197**	**89,635,993**

Personal loans	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024	**13,443,143**	**72,964**	**353,830**	**13,869,937**
Addition	**8,966,278**	**–**	**–**	**8,966,278**
Transfer out	**(504,377)**	**–**	**–**	**(504,377)**
Transfers:				
Transfer from Stage 1 to Stage 2	**(124,262)**	**124,262**	**–**	**–**
Transfer from Stage 1 to Stage 3	**(343,233)**	**–**	**343,233**	**–**
Transfer from Stage 2 to Stage 3	**–**	**(38,530)**	**38,530**	**–**
Transfer from Stage 3 to Stage 2	**–**	**1,049**	**(1,049)**	**–**
Transfer from Stage 2 to Stage 1	**8,684**	**(8,684)**	**–**	**–**
Transfer from Stage 3 to Stage 1	**5,823**	**–**	**(5,823)**	**–**
Derecognition	**(8,641,261)**	**(21,590)**	**(52,684)**	**(8,715,535)**
Written-offs	**–**	**–**	**(183,845)**	**(183,845)**
As at 31 December 2024	**12,810,795**	**129,471**	**492,192**	**13,432,458**

Discounted bills	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024	**214,186**	**–**	**63,500**	**277,686**
Addition	**202,219**	**–**	**–**	**202,219**
Proceeds received	**(214,186)**	**–**	**–**	**(214,186)**
Written-offs	**–**	**–**	**(63,500)**	**(63,500)**
As at 31 December 2024	**202,219**	**–**	**–**	**202,219**

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

17 CUSTOMER LOANS (Continued)

(c) Movements on gross amount (excluding interest receivable) of customer loans (Continued)

Corporate loans	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2023	65,165,015	3,463,205	917,351	69,545,571
Addition	32,355,072	–	–	32,355,072
Transfers:				
Transfer from Stage 1 to Stage 2	(2,102,317)	2,102,317	–	–
Transfer from Stage 1 to Stage 3	(26,176)	–	26,176	–
Transfer from Stage 2 to Stage 3	–	(236,791)	236,791	–
Transfer from Stage 2 to Stage 1	103,020	(103,020)	–	–
Derecognition	(22,775,761)	(462,804)	(165,216)	(23,403,781)
Written-offs	–	–	(187,892)	(187,892)
As at 31 December 2023	72,718,853	4,762,907	827,210	78,308,970

Personal loans	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2023	12,072,427	124,809	260,315	12,457,551
Addition	9,180,180	–	–	9,180,180
Transfers:				
Transfer from Stage 1 to Stage 2	(63,948)	63,948	–	–
Transfer from Stage 1 to Stage 3	(181,100)	–	181,100	–
Transfer from Stage 2 to Stage 3	–	(47,455)	47,455	–
Transfer from Stage 3 to Stage 2	–	4,200	(4,200)	–
Transfer from Stage 2 to Stage 1	11,434	(11,434)	–	–
Transfer from Stage 3 to Stage 1	20,204	–	(20,204)	–
Derecognition	(7,596,054)	(61,104)	(60,140)	(7,717,298)
Written-offs	–	–	(50,496)	(50,496)
As at 31 December 2023	13,443,143	72,964	353,830	13,869,937

Discounted bills	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2023	732,960	–	89,830	822,790
Addition	214,186	–	–	214,186
Proceeds received	(732,960)	–	(26,330)	(759,290)
As at 31 December 2023	214,186	–	63,500	277,686

17 CUSTOMER LOANS (Continued)

(d) Loans listed by assessment method for allowance

As at 31 December 2024	Stage 1	Stage 2	Stage 3	Total
Total customer loans	**97,984,487**	**3,877,794**	**1,408,389**	**103,270,670**
– Corporate loans	**84,971,473**	**3,748,323**	**916,197**	**89,635,993**
– Personal loans	**12,810,795**	**129,471**	**492,192**	**13,432,458**
– Discounted bills	**202,219**	**–**	**–**	**202,219**
Accrued interest	**193,521**	**274,624**	**188,758**	**656,903**
Less: ECL allowance	**(2,765,244)**	**(1,486,569)**	**(1,090,725)**	**(5,342,538)**
Net customer loans	**95,412,764**	**2,665,849**	**506,422**	**98,585,035**

As at 31 December 2023	Stage 1	Stage 2	Stage 3	Total
Total customer loans	86,376,182	4,835,871	1,244,540	92,456,593
– Corporate loans	72,718,853	4,762,907	827,210	78,308,970
– Personal loans	13,443,143	72,964	353,830	13,869,937
– Discounted bills	214,186	–	63,500	277,686
Accrued interest	165,118	235,414	181,476	582,008
Less: ECL allowance	(1,964,175)	(1,647,275)	(961,466)	(4,572,916)
Net customer loans	84,577,125	3,424,010	464,550	88,465,685

18 FINANCIAL INVESTMENTS – CREDIT RELATED FINANCIAL ASSETS

The Bank's financial investments – credit related financial assets are corporate loans issued through consolidated structured entities.

	As at 31 December 2024	As at 31 December 2023
Financial investments – credit related financial assets		
– Trust and asset management plans	**2,449,967**	2,218,000
Accrued interest	**174,094**	179,649
Gross amount	**2,624,061**	2,397,649
Less: ECL allowance	**(513,551)**	(659,153)
Net amount	**2,110,510**	1,738,496

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

18 FINANCIAL INVESTMENTS – CREDIT RELATED FINANCIAL ASSETS (Continued)

Analysis by type of collateral:

	As at 31 December 2024	As at 31 December 2023
Guaranteed	**2,051,717**	1,783,250
Pledged	**216,250**	308,750
Unsecured	**182,000**	126,000
Total	**2,449,967**	2,218,000

The movement of ECL of financial investments – credit related financial assets is as follows:

	Financial investments – credit related financial assets			
	12-month ECL for Stage 1	Lifetime ECL for Stage 2	Lifetime ECL for Stage 3	Total
As at 1 January 2024	**36,180**	**–**	**622,973**	**659,153**
Charge for the year	**9,856**	**–**	**–**	**9,856**
Remeasurement	**5,681**	**–**	**(147,769)**	**(142,088)**
Repayment	**(3,611)**	**–**	**(9,759)**	**(13,370)**
As at 31 December 2024	**48,106**	**–**	**465,445**	**513,551**

	Financial investments – credit related financial assets			
	12-month ECL for Stage 1	Lifetime ECL for Stage 2	Lifetime ECL for Stage 3	Total
As at 1 January 2023	36,641	–	399,187	435,828
Charge for the year	15,477	–	–	15,477
Remeasurement	6,731	–	200,896	207,627
Repayment	(22,669)	–	–	(22,669)
Unwinding of discount	–	–	22,890	22,890
As at 31 December 2023	36,180	–	622,973	659,153

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

18 FINANCIAL INVESTMENTS – CREDIT RELATED FINANCIAL ASSETS (Continued)

The movement on gross amount (excluding interest receivable) of financial investments – credit related financial assets is as follows:

	Financial investments – credit related financial assets			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
As at 1 January 2024	**1,579,650**	**–**	**638,350**	**2,218,000**
Addition	**398,467**	**–**	**–**	**398,467**
Repayment	**(156,500)**	**–**	**(10,000)**	**(166,500)**
As at 31 December 2024	**1,821,617**	**–**	**628,350**	**2,449,967**

	Financial investments – credit related financial assets			
	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2023	2,283,250	–	638,350	2,921,600
Addition	704,900	–	–	704,900
Repayment	(1,408,500)	–	–	(1,408,500)
As at 31 December 2023	1,579,650	–	638,350	2,218,000

Credit related financial assets listed by assessment method for allowance

	Stage 1	**Stage 2**	**Stage 3**	**Total**
As at 31 December 2024				
Total credit related financial assets	**1,821,617**	**–**	**628,350**	**2,449,967**
Accrued interest	**3,703**	**–**	**170,391**	**174,094**
Less: ECL allowance	**(48,106)**	**–**	**(465,445)**	**(513,551)**
Net credit related financial assets	**1,777,214**	**–**	**333,296**	**2,110,510**

	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2023				
Total credit related financial assets	1,579,650	–	638,350	2,218,000
Accrued interest	3,354	–	176,295	179,649
Less: ECL allowance	(36,180)	–	(622,973)	(659,153)
Net credit related financial assets	1,546,824	–	191,672	1,738,496

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

19 FINANCIAL INVESTMENTS – FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2024	As at 31 December 2023
Financial investments – fair value through profit or loss		
– Listed in Hong Kong	**128,184**	–
– Listed outside Hong Kong [1]	**6,048,815**	5,909,543
– Unlisted [2]	**26,690,603**	22,538,856
Total	**32,867,602**	28,448,399

(1) The Bank's bonds listed outside Hong Kong are traded on the Shanghai Stock Exchange or Shenzhen Stock Exchange.

(2) Unlisted financial investments measured at fair value through profit or loss are set out below:

	As at 31 December 2024	As at 31 December 2023
Financial investments – fair value through profit or loss (Unlisted)		
– Mutual funds	**9,725,797**	9,024,653
– Commercial bank bonds	**7,495,494**	7,071,486
– Short-term financing instruments	**4,069,953**	–
– Corporate bonds	**3,506,989**	2,634,627
– Trust plans	**1,097,196**	1,494,995
– Policy bank bonds	**534,646**	1,101,632
– Treasury bonds	**226,162**	242,562
– Equity investments at fair value	**34,366**	46,049
– Local government bonds	**–**	922,852
Total	**26,690,603**	22,538,856

The Bank's unlisted bonds are traded in the inter-bank bond market in Mainland China.

As at 31 December 2024, no financial investments measured at fair value through profit or loss of the Bank were pledged to third parties under repurchase agreements (as at 31 December 2023: nil).

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

19 FINANCIAL INVESTMENTS – FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Financial investments measured at fair value through profit or loss by the issuer are set out below:

	As at 31 December 2024	As at 31 December 2023
Financial investments – fair value through profit or loss		
– Corporates	**13,863,041**	8,665,243
– Other financial institutions	**10,748,259**	10,444,624
– Commercial banks	**7,495,494**	7,071,486
– Policy banks	**534,646**	1,101,632
– Governments	**226,162**	1,165,414
Total	**32,867,602**	28,448,399

20 FINANCIAL INVESTMENTS – FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December 2024	As at 31 December 2023
Financial investments – FVOCI		
– Listed outside Hong Kong	**478,718**	1,553,584
– Listed in Hong Kong	**35,942**	35,453
– Unlisted	**2,773,642**	4,841,682
Subtotal	**3,288,302**	6,430,719
Accrued interest	**60,837**	137,365
Total	**3,349,139**	6,568,084

Unlisted financial investments measured at fair value through other comprehensive income are set out below:

	As at 31 December 2024	As at 31 December 2023
Financial investments – FVOCI		
– Treasury bonds	**1,246,036**	1,624,606
– Policy bank bonds	**1,043,228**	2,026,120
– Corporate bonds	**270,433**	910,487
– Local government bonds	**213,945**	180,637
– Commercial bank bonds	**–**	99,832
Total	**2,773,642**	4,841,682

The Bank's unlisted bonds are traded in the inter-bank bond market in Mainland China.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

20 FINANCIAL INVESTMENTS – FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)

Financial investments measured at fair value through other comprehensive income by the issuer are set out below:

	As at 31 December 2024	As at 31 December 2023
Financial investments – FVOCI		
– Government	**1,459,981**	1,805,243
– Policy banks	**1,043,228**	2,026,120
– Corporates	**785,093**	2,499,524
– Commercial banks	**–**	99,832
Total	**3,288,302**	6,430,719

The movement of ECL allowance of financial investments – FVOCI is as follows:

	Financial investments – FVOCI			
	12-month ECL for Stage 1	Lifetime ECL for Stage 2	Lifetime ECL for Stage 3	Total
As at 1 January 2024	**62,763**	**–**	**10,704**	**73,467**
New financial assets originated or purchased	**169**	**–**	**–**	**169**
Remeasurement	**1,752**	**–**	**109,965**	**111,717**
Repayment	**(45,790)**	**–**	**–**	**(45,790)**
Written-offs	**–**	**–**	**(120,669)**	**(120,669)**
Exchange differences	**2**	**–**	**–**	**2**
As at 31 December 2024	**18,896**	**–**	**–**	**18,896**

	Financial investments – FVOCI			
	12-month ECL for Stage 1	Lifetime ECL for Stage 2	Lifetime ECL for Stage 3	Total
As at 1 January 2023	80,471	–	16,587	97,058
New financial assets originated or purchased	3,777	–	–	3,777
Remeasurement	3,780	–	(5,883)	(2,103)
Repayment	(25,273)	–	–	(25,273)
Exchange differences	8	–	–	8
As at 31 December 2023	62,763	–	10,704	73,467

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

21 FINANCIAL INVESTMENTS – AMORTISED COST

	As at 31 December 2024	As at 31 December 2023
Financial investments – amortised cost		
– Listed in Hong Kong	**–**	35,414
– Listed outside Hong Kong	**2,701,168**	3,342,833
– Unlisted	**17,009,362**	11,801,932
Subtotal	**19,710,530**	15,180,179
Accrued interest	**430,980**	392,062
Subtotal	**20,141,510**	15,572,241
Less: ECL allowance	**(577,495)**	(778,839)
Total	**19,564,015**	14,793,402

Unlisted financial investments measured at amortised cost are set out below:

	As at 31 December 2024	As at 31 December 2023
Financial investments – amortised cost		
– Policy bank bonds	**11,341,242**	6,949,304
– Treasury bonds	**2,133,428**	1,216,294
– Collective Trust plans	**1,758,196**	1,331,200
– Corporate bonds	**1,361,216**	1,667,966
– Local government bonds	**399,180**	637,168
– NFRA regulated ABS	**16,100**	–
Total	**17,009,362**	11,801,932

Financial investments – amortised cost by the issuer are set out below:

	As at 31 December 2024	As at 31 December 2023
Financial investments – amortised cost		
– Policy banks	**11,341,242**	6,949,304
– Corporates	**4,062,384**	5,046,213
– Governments	**2,532,608**	1,853,462
– Trust companies	**1,758,196**	1,331,200
– Commercial banks	**16,100**	–
Total	**19,710,530**	15,180,179

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

21 FINANCIAL INVESTMENTS – AMORTISED COST (Continued)

The movement of ECL allowance of financial investments – amortised cost is as follows:

	Financial investments – amortised cost			
	12-month ECL for Stage 1	Lifetime ECL for Stage 2	Lifetime ECL for Stage 3	Total
As at 1 January 2024	**134,694**	**345,132**	**299,013**	**778,839**
Charge for the year	**34,099**	**–**	**–**	**34,099**
Remeasurement	**(56,284)**	**60,045**	**463,781**	**467,542**
Repayment	**(23,407)**	**(66)**	**–**	**(23,473)**
Transfer:				
Transfer from Stage 1 to Stage 2	**(4,599)**	**4,599**	**–**	**–**
Transfer from Stage 2 to Stage 1	**73,005**	**(73,005)**	**–**	**–**
Transfer from Stage 2 to Stage 3	**–**	**(272,060)**	**272,060**	**–**
Written-offs	**–**	**–**	**(679,512)**	**(679,512)**
As at 31 December 2024	**157,508**	**64,645**	**355,342**	**577,495**

	Financial investments – amortised cost			
	12-month ECL for Stage 1	Lifetime ECL for Stage 2	Lifetime ECL for Stage 3	Total
As at 1 January 2023	101,459	681,700	212,728	995,887
Charge for the year	62,637	–	–	62,637
Remeasurement	(11,601)	68,590	181,288	238,277
Repayment	(72,833)	(162,310)	–	(235,143)
Transfer:				
Transfer from Stage 2 to Stage 1	55,031	(55,031)	–	–
Transfer from Stage 2 to Stage 3	–	(187,817)	187,817	–
Written-offs	–	–	(282,820)	(282,820)
Exchange differences	1	–	–	1
As at 31 December 2023	134,694	345,132	299,013	778,839

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

21 FINANCIAL INVESTMENTS – AMORTISED COST (Continued)

The movement on gross amount (excluding accrued interest) of financial investments – amortised cost is as follows:

	Financial investments – amortised cost			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
As at 1 January 2024	**13,651,593**	**928,586**	**600,000**	**15,180,179**
Addition	**7,772,636**	**–**	**–**	**7,772,636**
Repayment	**(2,642,085)**	**(200)**	**–**	**(2,642,285)**
Transfers:				
Transfer from Stage 1 to Stage 2	**(149,082)**	**149,082**	**–**	**–**
Transfer from Stage 2 to Stage 1	**208,586**	**(208,586)**	**–**	**–**
Transfer from Stage 2 to Stage 3	**–**	**(719,800)**	**719,800**	**–**
Written-offs	**–**	**–**	**(600,000)**	**(600,000)**
As at 31 December 2024	**18,841,648**	**149,082**	**719,800**	**19,710,530**

The movement of ECL allowance of financial investments – amortised cost is as follows:

	Financial investments – amortised cost			
	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2023	13,319,663	2,304,436	250,000	15,874,099
Addition	3,659,204	–	–	3,659,204
Repayment	(3,459,114)	(644,600)	–	(4,103,714)
Transfers:				
Transfer from Stage 2 to Stage 1	131,250	(131,250)	–	–
Transfer from Stage 2 to Stage 3	–	(600,000)	600,000	–
Written-offs	–	–	(250,000)	(250,000)
Exchange differences	590	–	–	590
As at 31 December 2023	13,651,593	928,586	600,000	15,180,179

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

22 INVESTMENT IN ASSOCIATES

	Year ended 31 December 2024	2023
Balance at the beginning of the year	**54,943**	52,474
Share of profit after tax	**2,599**	2,469
Balance at the end of the year	**57,542**	54,943

The Bank invested in Luxian Yuantong Rural Bank Co., Ltd. on 8 April 2009. The registered capital of the invested enterprise is RMB30 million, and the Bank invested RMB9 million, accounting for 30%.

Investment in the associate of the Bank is equity interest in an unlisted company. Assets, liabilities, revenue and profit of the associate are as follows:

	Place of incorporation	Assets	Liabilities	Revenue	Net profit	Interest held
31 December 2024						
Luxian Yuantong Rural Bank Co., Ltd. (瀘縣元通村鎮銀行)	**PRC**	**1,342,829**	**1,151,444**	**32,704**	**8,664**	**30%**
31 December 2023						
Luxian Yuantong Rural Bank Co., Ltd. (瀘縣元通村鎮銀行)	PRC	1,163,767	981,018	32,798	8,231	30%

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

23 PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

Property, plant and equipment

	Buildings	Motor vehicles	Electronic equipment	Office equipment	Total
Cost					
As at 1 January 2024	**908,355**	**11,253**	**238,980**	**71,106**	**1,229,694**
Additions	**12,452**	**–**	**36,315**	**6,474**	**55,241**
Transfer from Construction in progress	**5,112**	**–**	**–**	**–**	**5,112**
Disposals in the current year	**–**	**(921)**	**(6,880)**	**(4,996)**	**(12,797)**
As at 31 December 2024	**925,919**	**10,332**	**268,415**	**72,584**	**1,277,250**
Accumulated depreciation					
As at 1 January 2024	**(222,254)**	**(7,650)**	**(175,938)**	**(43,748)**	**(449,590)**
Depreciation in the current year	**(41,485)**	**(1,353)**	**(32,428)**	**(8,448)**	**(83,714)**
Disposals	**–**	**876**	**6,321**	**4,744**	**11,941**
As at 31 December 2024	**(263,739)**	**(8,127)**	**(202,045)**	**(47,452)**	**(521,363)**
Net book value					
As at 31 December 2024	**662,180**	**2,205**	**66,370**	**25,132**	**755,887**

	Buildings	Motor vehicles	Electronic equipment	Office equipment	Total
Cost					
As at 1 January 2023	821,355	10,438	198,296	64,220	1,094,309
Additions	44,911	1,495	42,652	8,916	97,974
Transfer from Construction in progress	42,089	–	44	–	42,133
Disposals in the current year	–	(680)	(2,012)	(2,030)	(4,722)
As at 31 December 2023	908,355	11,253	238,980	71,106	1,229,694
Accumulated depreciation					
As at 1 January 2023	(175,582)	(7,100)	(145,696)	(34,274)	(362,652)
Depreciation in the current year	(46,672)	(1,196)	(31,095)	(10,331)	(89,294)
Disposals	–	646	853	857	2,356
As at 31 December 2023	(222,254)	(7,650)	(175,938)	(43,748)	(449,590)
Net book value					
As at 31 December 2023	686,101	3,603	63,042	27,358	780,104

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

23 PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION IN PROGRESS (Continued)

Property, plant and equipment (Continued)

As at 31 December 2024, the net amount of buildings, for which registrations for the property ownership certificates had not been completed, were RMB1,272 thousand (31 December 2023: RMB66,436 thousand). However, the directors are of the view that this does not have significant impact on the rights of the Bank to use these assets.

None of the land or property the Bank owned is located in Hong Kong.

Construction in progress

	Year ended 31 December 2024	2023
As at 1 January 2024	**216,926**	164,866
Additions	**117,517**	124,805
Transfer to property, plant and equipment	**(5,112)**	(42,133)
Transfer to long-term deferred expenses	**(21,750)**	(20,181)
Transfer to intangible assets	**(8,899)**	(10,431)
As at 31 December 2024	**298,682**	216,926

Construction in progress is set out below:

	As at 31 December 2024	As at 31 December 2023
Software engineering	**228,169**	149,356
Renovation projects	**28,361**	51,247
Others	**42,152**	16,323
Total	**298,682**	216,926

24 DEFERRED INCOME TAX ASSETS

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 25% for the year ended 31 December 2024 and 31 December 2023 for transactions in the PRC.

Movements in the deferred income tax account are as follows:

	Year ended 31 December	
	2024	2023
Balance at the beginning of the year	**1,451,661**	1,092,564
Income tax expense (Note 13)	**249,766**	375,653
Changes in fair value of financial investments at FVOCI	**(20,681)**	(25,651)
Changes in ECL allowance of financial investments at FVOCI	**28,162**	9,095
Balance at the end of the year	**1,708,908**	1,451,661

Deferred income tax assets and liabilities are attributable to the following items:

	As at 31 December 2024		As at 31 December 2023	
	Temporary differences	**Deferred income tax assets/ (liabilities)**	Temporary differences	Deferred income tax assets/ (liabilities)
Deferred income tax assets				
Asset impairment allowances	**6,615,272**	**1,653,818**	5,535,997	1,383,999
Unrealised losses on fair value measurements of financial investments at FVOCI	**–**	**–**	15,206	3,802
Payroll payable	**614,346**	**153,586**	510,897	127,724
Others	**107,939**	**26,985**	129,223	32,306
Subtotal	**7,337,557**	**1,834,389**	6,191,323	1,547,831
Deferred tax liabilities				
Unrealised gains on fair value measurement of financial investments at FVPL	**(326,807)**	**(81,702)**	(255,454)	(63,864)
Unrealised gains on fair value measurement of financial investments at FVOCI	**(67,517)**	**(16,879)**	–	–
Others	**(107,599)**	**(26,900)**	(129,223)	(32,306)
Subtotal	**(501,923)**	**(125,481)**	(384,677)	(96,170)
Net deferred income tax assets	**6,835,634**	**1,708,908**	5,806,646	1,451,661

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

25 OTHER ASSETS

	As at 31 December 2024	As at 31 December 2023
Office building prepayment	**440,646**	414,435
Right-of-use assets [3]	**107,599**	129,223
Long-term deferred expenses	**51,488**	49,210
Foreclosed assets [1]	**54,415**	324,877
Less: Impairment allowance [2]	**(8,624)**	(22,369)
Other receivables	**34,731**	52,242
Intangible assets[4]	**20,259**	19,045
Interest receivable from customer loans	**19,297**	12,006
Prepaid expenses	**18,347**	10,182
Investment properties [5]	**573**	655
Total	**738,731**	989,506

(1) Foreclosed assets

	Properties & Plants
As at 1 January 2024	**324,877**
Additions	**31,347**
Disposals	**(301,809)**
As at 31 December 2024	**54,415**
As at 1 January 2023	290,842
Additions	50,581
Disposals	(16,546)
As at 31 December 2023	324,877

25 OTHER ASSETS (Continued)

(2) Impairment for foreclosed assets

	Properties & Plants
As at 1 January 2024	**22,369**
Additions	**7,724**
Disposals	**(21,469)**
As at 31 December 2024	**8,624**
As at 1 January 2023	18,941
Additions	6,398
Disposals	(2,970)
As at 31 December 2023	22,369

(3) Right-of-use assets

	Buildings	Office equipment	Total
Cost			
As at 1 January 2024	**200,865**	**110**	**200,975**
Additions	**13,991**	**–**	**13,991**
Decreases	**(11,639)**	**(110)**	**(11,749)**
As at 31 December 2024	**203,217**	**–**	**203,217**
Accumulated depreciation			
As at 1 January 2024	**(71,653)**	**(99)**	**(71,752)**
Charge for the year	**(35,604)**	**(11)**	**(35,615)**
Decreases	**11,639**	**110**	**11,749**
As at 31 December 2024	**(95,618)**	**–**	**(95,618)**
Net book value			
As at 31 December 2024	**107,599**	**–**	**107,599**

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

25 OTHER ASSETS (Continued)

(3) Right-of-use assets (Continued)

	Buildings	Office equipment	Total
Cost			
As at 1 January 2023	173,917	110	174,027
Additions	46,995	–	46,995
Decreases	(20,047)	–	(20,047)
As at 31 December 2023	200,865	110	200,975
Accumulated depreciation			
As at 1 January 2023	(56,757)	(77)	(56,834)
Charge for the year	(34,943)	(22)	(34,965)
Decreases	20,047	–	20,047
As at 31 December 2023	(71,653)	(99)	(71,752)
Net book value			
As at 31 December 2023	129,212	11	129,223

(4) Intangible assets

	Software
Cost	
As at 1 January 2024	**70,941**
Additions	**3,046**
Transfers from Construction in progress	**8,899**
As at 31 December 2024	**82,886**
Accumulated amortisation	
As at 1 January 2024	**(51,896)**
Amortisation expense	**(10,731)**
As at 31 December 2024	**(62,627)**
Net book value	**20,259**

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

25 OTHER ASSETS (Continued)

(4) Intangible assets (Continued)

	Software
Cost	
As at 1 January 2023	59,769
Additions	741
Transfers from Construction in progress	10,431
As at 31 December 2023	70,941
Accumulated amortisation	
As at 1 January 2023	(42,911)
Amortisation expense	(8,985)
As at 31 December 2023	(51,896)
Net book value	19,045

(5) Investment properties

	Year ended 31 December 2024	2023
Cost		
Balance at the beginning of the year	**11,453**	11,453
Balance at the end of the year	**11,453**	11,453
Accumulated depreciation		
Balance at the beginning of the year	**(10,798)**	(10,652)
Charge for the year	**(82)**	(146)
Balance at the end of the year	**(10,880)**	(10,798)
Net book value		
Balance at the end of the year	**573**	655

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

25 OTHER ASSETS (Continued)

(5) Investment properties (Continued)

The analysis of the value of investment properties by remaining leasehold period are as follows:

	As at 31 December 2024	As at 31 December 2023
Located in the PRC		
Leased out (within 10 years)	**330**	366
Unleased	**243**	289
Total	**573**	655

26 DUE TO AND PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December 2024	As at 31 December 2023
Placements from banks and other financial institutions	**1,560,397**	3,395,000
Repurchase agreements – securities	**589,000**	3,392,300
Due to banks and other financial institutions	**434,910**	360,511
Accrued interest	**6,874**	5,811
Total	**2,591,181**	7,153,622

27 CUSTOMER DEPOSITS

	As at 31 December 2024	As at 31 December 2023
Corporate demand deposits	**40,296,213**	39,339,964
Including:		
Guarantee deposits	**1,545,209**	2,228,934
Corporate time deposits	**12,256,315**	7,978,613
Individual demand deposits	**17,656,345**	15,845,346
Individual time deposits	**62,069,911**	51,905,556
Accrued interest	**3,035,556**	2,555,037
Total	**135,314,340**	117,624,516

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

28 DEBT SECURITIES ISSUED

	As at 31 December 2024	As at 31 December 2023
Inter-bank certificates of deposit	**8,618,991**	9,812,442
Fixed rate tier 2-capital debt – 2030 (1)	**1,500,000**	1,500,000
Fixed rate tier 2-capital debt – 2032 (2)	**800,000**	800,000
Fixed rate SME debt – 2027 (3)	**1,800,000**	–
Fixed rate SME debt – 2024 (4)	**–**	2,000,000
Accrued interest	**27,173**	67,146
Total	**12,746,164**	14,179,588

(1) The Bank issued RMB0.8 billion tier 2 capital debt in September 2020. The term of these capital debt lasts for 10 years, and the fixed interest rate is 5.00%. The Bank has an option to redeem the debt at the par value partially or as a whole on 29 September 2025, the last day of the interest-bearing year with early redemption option embedded, provided that the NFRA Sichuan division's permission is acquired in advance and the Bank's capital structure fulfills related capital requirements if the redemption is exercised.

The Bank issued RMB0.7 billion tier 2 capital debt in November 2020. The term of these capital debt lasts for 10 years, and the fixed interest rate is 4.80%. The Bank has an option to redeem the debt at the par value partially or as a whole on 13 November 2025, the last day of the interest-bearing year with early redemption option embedded, provided that NFRA Sichuan division's permission is acquired in advance and the Bank's capital structure fulfills related capital requirements if the redemption is exercised.

(2) The Bank issued RMB0.8 billion tier 2 capital debt in November 2022. The term of this capital debt lasts for 10 years, and the fixed interest rate is 4.60%. The Bank has an option to redeem the debt at the par value partially or as a whole on 1 November 2027, the last day of the interest-bearing year with early redemption option embedded, provided that the NFRA Sichuan division's permission is acquired in advance and the Bank's capital structure fulfills related capital requirements if the redemption is exercised.

The tier 2 capital debts the Bank issued have the write-down feature, which allows the Bank to write down the entire principals of the debts when regulatory triggering events as stipulated in the offering documents occur and any accumulated unpaid interest would become not payable. According to the relevant NFRA regulations, the tier 2 capital debt issued meets the standards of qualified tier 2 capital instruments.

(3) The Bank issued RMB1.8 billion special financial debt for loans to small and micro enterprises (the "SME debt") in November 2024. The term of this SME debt lasts for 3 years, and the fixed interest rate is 2.29%. The Bank has no option to redeem the bond before maturity.

(4) The Bank issued RMB2 billion special financial debt for loans to small and micro enterprises (the "SME debt") in May 2021. The term of this SME debt lasts for 3 years, and the fixed interest rate is 3.85%. The Bank has repaid the debt principal and interests at its maturity date of 27 May 2024.

As at 31 December 2024, the Bank did not have any default in debt issued or certificates of deposit, or any other default (as at 31 December 2023: nil).

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

29 OTHER LIABILITIES

	As at 31 December 2024	As at 31 December 2023
Employee benefits payable	**614,346**	507,449
Other payables	**189,091**	254,185
Lease liabilities	**107,939**	129,206
Custodial ABS fund payable	**64,522**	–
Deferred income	**30,657**	21,261
Provisions	**30,131**	7,375
Dividends payable	**16,837**	146,440
Settlement fund[1]	**13,119**	75,956
Security deposits	**8,457**	7,513
Others	**7,587**	24,162
Total	**1,082,686**	1,173,547

(1) The clearing funds are balances in the High-value Payment System and UnionPay clearing funds.

30 SHARE CAPITAL AND CAPITAL SURPLUS

All shares of the Bank issued are fully paid ordinary shares. The par value per share is RMB1.00. The Bank's number of shares is as follows:

	As at 31 December 2024	As at 31 December 2023
Number of shares	**2,717,752**	2,717,752

The movement of share capital is as follows:

Shares	Year ended 31 December 2024	2023
Balance at the beginning of the year	**2,717,752**	2,717,752
Capital surplus transferred to share capital	**–**	–
Balance at the end of the year	**2,717,752**	2,717,752

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

30 SHARE CAPITAL AND CAPITAL SURPLUS (Continued)

Generally, transactions of the following nature are recorded in the capital surplus:

(a) Share premium arising from the issue of shares at prices in excess of their par value;

(b) Donations received from shareholders; and

(c) Any other items required by the PRC regulations to be so treated.

Capital surplus can be utilised for increasing capital as approved by the shareholders.

As at 31 December 2024 and 2023, the Bank's capital surplus is shown as follow:

	As at 31 December 2023	Deduction	**As at 31 December 2024**
Share premium	1,786,355	–	**1,786,355**

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

31 OTHER EQUITY INSTRUMENTS

31.1 Perpetual bonds

31.1.1 Perpetual bonds outstanding at the end of the year

	Issue date	Accounting classification	Original interest rate	Issue price	Amount in shares	In local currency (thousands)	In RMB (thousands)	Maturity
Perpetual bonds in RMB	18 March 2020	Equity	5.80%	RMB100/bond	10,000,000	1,000,000	1,000,000	No fixed maturity date
Perpetual bonds in RMB	11 June 2020	Equity	5.30%	RMB100/bond	7,000,000	700,000	700,000	No fixed maturity date
Perpetual bonds in RMB	31 Dec 2024	Equity	2.80%	RMB100/bond	6,000,000	600,000	600,000	No fixed maturity date
Total							2,300,000	
Less: Issue fees							(3,296)	
Carrying amount							2,296,704	

31.1.2 Main clauses

With the approval of relevant Chinese regulatory authorities, the Bank issued perpetual bonds in the inter-bank bond market on 18 March 2020, 11 June 2020 and 31 December 2024, with a total face value of RMB2.3 billion and each face value of RMB100.

The interest rate of the perpetual bonds does not contain any interest rate step-up mechanism or any other redemption incentives. The coupon rate is determined by a benchmark rate plus a fixed spread, and it will be adjusted every 5 years, the coupon rate for the first 5 years is respectively 5.80%, 5.30% and 2.80%.

The perpetual bonds will continue to be outstanding so long as the Bank's business continues to operate. After five years from the issuance of the perpetual bonds, the Bank may redeem the perpetual bonds in whole or in part on each distribution payment date. Upon the occurrence of Write-down Event, the Bank has the right, subject to the approval of the NFRA, to write down whole or part of the aggregate amount of the perpetual bonds without the consent of bondholders. 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 1 Capital instruments of the Bank that rank pari passu with the perpetual bonds.

The distributions on the perpetual bonds are non-cumulative. 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. However, the Bank will not distribute income to ordinary shareholders until it decides to start paying full distributions to the bondholders.

The net proceeds from the Bank's issuance of the above bonds, after deducting related offering expenses, will be used to replenish the Additional Tier 1 Capital.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

32 OTHER RESERVES

	Surplus reserve[1]	General reserve[2]	Revaluation reserve of financial assets at FVOCI	Impairment allowances for financial assets at FVOCI	Total
Balance at 31 December 2023	**710,941**	**1,926,188**	**(11,407)**	**101,587**	**2,727,309**
Other comprehensive income	**–**	**–**	**62,043**	**(84,485)**	**(22,442)**
Addition	**127,566**	**179,668**	**–**	**–**	**307,234**
Balance at 31 December 2024	**838,507**	**2,105,856**	**50,636**	**17,102**	**3,012,101**
Balance at 31 December 2022	611,517	1,737,305	(88,359)	128,873	2,389,336
Other comprehensive income	–	–	76,952	(27,286)	49,666
Addition	99,424	188,883	–	–	288,307
Balance at 31 December 2023	710,941	1,926,188	(11,407)	101,587	2,727,309

(1) Surplus reserve

In accordance with the "Company Law of the People's Republic of China" and the Bank's Articles of Association, 10% of the net distributable profit of the Bank, is required to be transferred to a non-distributable statutory reserve until such time when this reserve represents 50% of the share capital of the Bank. With approval, statutory surplus reserve can be used for making up losses or increasing the share capital.

(2) General reserve

The Bank is bound by "Administrative Measures for General Reserve of Financial Institutions" (CAIJIN [2012] No. 20) issued by the Ministry of Finance. According to these requirements, the general reserve should not be lower than the 1.5% of the year end risk-weighted assets. For financial institutions with difficulty meeting the 1.5% threshold, they are allowed to gradually meet the requirement over no more than 5 years.

On 17 August 2023, the Board of Directors of the Bank proposed a resolution to appreciate general risk reserves amounting to RMB172,706 thousand based on 1.5% of the risk-weighted assets as at 31 December 2022. This proposal was approved at the General Meeting held on 12 October 2023.

On 22 March 2024, the Board of Directors of the Bank proposed that 1.5% of the risk-weighted assets at the end of 2023 should be appropriated to general risk reserve amounting to RMB195.85 million. The proposed resolution has been approved by the Annual General Meeting held on 22 May 2024. As at 31 December 2024, the ending balance of general reserve was RMB2,105,856 thousand (as at 31 December 2023: RMB1,926,188 thousand).

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

33 DIVIDENDS

On 26 March 2025, the Board of Directors of the Bank has proposed a resolution to distribute cash dividends for the year ended 31 December 2024 to shareholders on the basis of RMB1.2 (tax inclusive) for every 10 shares held, totaling RMB326,130 thousand (tax inclusive). Such dividends payable are not reflected in the liabilities of the financial statements.

The forementioned proposal will be presented to the coming Annual General Meeting (AGM). Should the proposal be approved at the AGM, the Bank expects to complete the profit distribution within 2 months after the AGM.

On 22 March 2024, the Board of Directors of the Bank has proposed a resolution to distribute cash dividends for the year ended 31 December 2023 to shareholders on the basis of RMB0.9 (tax inclusive) for every 10 shares held, totaling RMB244,598 thousand (tax inclusive). The proposed resolution has been approved by the Annual General Meeting held on 22 May 2024 and such distribution was completed during the period ended 31 December 2024.

Under the PRC Company Law and the Bank's Articles of Association, the net profit after tax as reported in the PRC statutory financial statements can only be distributed as dividends after allowances for the following:

(i) Making up prior year's cumulative losses, if any;

(ii) Allocations to the non-distributable statutory accumulation reserve of 10% of the net profit of the Bank.

In accordance with relevant regulations, after the initial public offering, the Bank's distributable net profit after tax shall be the lower of (i) the retained profits determined in accordance with the China Accounting Standards and (ii) the retained profits determined in accordance with IFRS.

34 STRUCTURED ENTITIES

(a) Consolidated structured entities

As at 31 December 2024	Book value	Maximum loss exposure
Financial investments – credit related financial assets	**2,110,510**	**2,137,127**
Financial investments – amortised cost	**698,518**	**698,518**
Total	**2,809,028**	**2,835,645**

As at 31 December 2023	Book value	Maximum loss exposure
Financial investments – credit related financial assets	1,738,496	1,738,496
Financial investments – amortised cost	967,739	967,739
Total	2,706,235	2,706,235

The Bank's consolidated subsidiaries are only the Bank's consolidated structured entities including trust plans and asset management plans. The underlying assets are debt investments including loans, industry funds and unlisted corporate bonds. The consolidated structured entities are not registered legal entities in the PRC. There are no incorporation or establishment information of such investments.

34 STRUCTURED ENTITIES (Continued)

(a) Consolidated structured entities (Continued)

The Bank's interest income obtained from the above-mentioned structured entities are as follows:

	Year ended 31 December	
	2024	2023
Interest income	**189,421**	**264,690**

(b) Unconsolidated structured entities

(i) Unconsolidated structured entities managed by the Bank

The unconsolidated structure entities managed by the Bank are mainly non-principal-guaranteed wealth management products issued and managed by the Bank acting as asset manager. Based on the analysis and research on the potential targeted clients, the Bank designs and sells wealth management products to targeted clients, and the raised funds are then put into related financial market or invested in related financial products according to the product contracts. Investment returns would be allocated to investors according to the product contracts. The Bank receives corresponding wealth management commission fee income as the asset manager. The Bank has not provided any liquidity support to the wealth management products for the year.

The Bank assesses its control on the non-principal-guaranteed wealth management products. The Bank takes a fiduciary role on these wealth management products and has no contractual obligation to repay the principal or interest. The risk exposure of the products is mainly from the fluctuation of the expected return of the bonds market and the performance of trust plans. The risk of loss is borne by the investors. The Bank earns the net fee and commission income from the products.

As at 31 December 2024, the balance of unconsolidated wealth management products issued and managed by the Bank was RMB9,882,354 thousand (as at 31 December 2023: RMB16,275,137 thousand).

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

34 STRUCTURED ENTITIES (Continued)

(b) Unconsolidated structured entities (Continued)

(ii) Unconsolidated structured entities invested by the Bank

In order to increase the return of excessive funds, the Bank invests in unconsolidated structured entities including funds and trusts issued and managed by third parties. The Bank classified the investments in the unconsolidated structured entities as financial assets at FVPL or amortised cost (for the year ended 31 December 2023: same).

The table below lists the book value (including accrued interest) and maximum credit risk exposure of the assets as a result of the holdings of benefits from unconsolidated structured entities.

As at 31 December 2024	**Book value**	**Maximum risk exposure**
Financial investments – fair value through profit or loss	**10,822,911**	**10,822,911**
Financial investments – amortised cost	**1,737,309**	**1,737,309**
Total	**12,560,220**	**12,560,220**

As at 31 December 2023	Book value	Maximum risk exposure
Financial investments – fair value through profit or loss	10,519,648	10,519,648
Financial investments – amortised cost	1,095,782	1,095,782
Total	11,615,430	11,615,430

For the years ended 31 December 2024 and 2023, the interest income, net gains on financial investments and fee and commission income from the above unconsolidated structured entities managed and invested by the Bank were:

	Year ended 31 December 2024	2023
Net gains on financial investments	**236,762**	206,185
Fee and commission income[1]	**199,652**	127,209
Interest income	**86,589**	48,648
Total	**523,003**	382,042

(1) Fee and commission income represents commission income arising from asset management service of non-principal-guaranteed wealth management products.

For the year ended 31 December 2024, the Bank had not provided any financial or other support to unconsolidated structured entities managed by the Bank (for the year ended 31 December 2023: nil).

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

35 FINANCIAL GUARANTEES AND CREDIT RELATED COMMITMENTS, OTHER COMMITMENTS AND CONTINGENT LIABILITIES

Financial guarantees and credit related commitments

The following tables indicate the contractual amounts of the Bank's financial guarantees and credit related commitments which the Bank commits to extend to customers:

	As at 31 December 2024	As at 31 December 2023
Bank acceptance notes	**1,710,036**	886,773
Letters of credit	**143,447**	152,740
Guarantees	**38,425**	73,938
Fiscal business card commitments	**19,582**	8,951
Total	**1,911,490**	1,122,402

Capital expenditure commitments

	As at 31 December 2024	As at 31 December 2023
Contracted but not provided for:		
– Capital expenditure commitments for buildings	**168,471**	66,086
– Acquisition of IT system	**129,684**	140,096
	298,155	206,182
Authorised but not contracted for:		
– Acquisition of IT system	**37,850**	40,580
	37,850	40,580
Total	**336,005**	246,762

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

35 FINANCIAL GUARANTEES AND CREDIT RELATED COMMITMENTS, OTHER COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

Legal proceedings

The Bank has involved as defendants in certain lawsuits arising from its normal business operations. The Bank had no significant outstanding legal claims as at 31 December 2024 (as at 31 December 2023: nil).

36 FIDUCIARY ACTIVITIES

The Bank grants entrusted loans on behalf of third-party lenders. Those assets that are held in a fiduciary capacity are not included in the condensed statement of financial position.

	As at 31 December 2024	As at 31 December 2023
Entrusted loans	**1,817,482**	1,980,809

37 COLLATERALS

(a) Assets pledged

Assets pledged by the Bank as collateral are mainly for repurchase agreements and PBOC re-lending. All of these arrangements will be mature within 12 months from the date they take effect (as at 31 December 2023: same). The carrying amount of these collaterals are listed below:

	As at 31 December 2024	As at 31 December 2023
Debt securities	**6,359,000**	7,901,200
Loans	**2,264,480**	4,272,133
Total	**8,623,480**	12,173,333

(b) Collateral accepted

The Bank received bond as collateral in connection with the reverse repurchase agreements. The Bank has not accepted collateral that can be resold or repledged. The Bank is obligated to return the collateral at the agreed return date. The fair value of the collateral is RMB210,600 thousand as at 31 December 2024 (as at 31 December 2023: RMB5,316,000 thousand). The Bank did not resell or repledge such collateral.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

38 OTHER COMPREHENSIVE INCOME FOR THE YEAR

	Before tax amount	Tax (expense)/ benefit	Net of tax amount
Year ended 31 December 2024			
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of financial investments measured at FVOCI	**82,724**	**(20,681)**	**62,043**
Expected credit losses of financial investments measured at FVOCI	**(112,647)**	**28,162**	**(84,485)**
Other comprehensive income/(losses) for the year	**(29,923)**	**7,481**	**(22,442)**

	Before tax amount	Tax (expense)/ benefit	Net of tax amount
Year ended 31 December 2023			
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of financial investments measured at FVOCI	102,603	(25,651)	76,952
Expected credit losses of financial investments measured at FVOCI	(36,381)	9,095	(27,286)
Other comprehensive income/(losses) for the year	66,222	(16,556)	49,666

39 NOTES TO STATEMENTS OF CASH FLOWS

For the purposes of the statements of cash flow, cash and cash equivalents comprise the following balances with original maturity of less than three months used for the purpose of meeting short-term cash commitments:

	As at 31 December 2024	As at 31 December 2023
Cash and balances with central bank	**3,028,624**	2,807,468
Due from and placements with banks and other financial institutions	**493,539**	273,270
Total	**3,522,163**	3,080,738

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

40 RELATED PARTY TRANSACTIONS

40.1 Related party relationships

The related parties of the Bank mainly include: the major shareholders as well as the entities controlled by them, the key management personnel (including the Bank's directors and senior management) and their family members who have close relationships with them as well as the entities which are controlled, joint controlled or can be significantly influenced by the Bank's key management personnel or their close family members.

As at 31 December 2024 and 31 December 2023. The major shareholders of the Bank, holding 5% or more of the equity interest in the Bank, or holding less than 5% of the equity interest of the Bank but able to exercise significant influence over the operation and management of the Bank, were as follows:

Name of shareholders	31 December 2024 Number of shares held (share '000)	31 December 2024 Percen-tage (%)	31 December 2023 Number of shares held (share '000)	31 December 2023 Percen-tage (%)
Luzhou Laojiao Group Co., Ltd.	**390,528**	**14.37**	390,528	14.37
Sichuan Jiale Enterprise Group Co., Ltd.	**325,440**	**11.97**	325,440	11.97
Luzhou Xinfu Mining Group Co., Ltd.	**325,440**	**11.97**	325,440	11.97
Luzhou Finance Bureau	**193,854**	**7.13**	193,854	7.13
Luzhou State Owned Assets Management Co., Ltd.	**173,568**	**6.39**	173,568	6.39
Luzhou Xinglu Jutai Construction Engineering Group Co., Ltd.	**110,059**	**4.05**	110,059	4.05
Luzhou Industrial Development Investment Group Co., Ltd.	**88,155**	**3.24**	88,155	3.24
Luzhou Xinglu Asset Management Co., Ltd.	**62,154**	**2.29**	–	–
Luzhou Laojiao Co., Ltd.	**43,392**	**1.60**	43,392	1.60
Luzhou Fundamental Infrastructure Construction Investment Co., Ltd.	**18,007**	**0.66**	18,007	0.66
Sichuan Lutianhua Co., Ltd.	**13,017**	**0.48**	13,017	0.48
Sichuan Luzhou Jiale Real Estate Co., Ltd.	**8,678**	**0.32**	8,678	0.32
Lutianhua Group Co., Ltd.	**241**	**0.01**	241	0.01
Luzhou Xinglu Investment Group Co., Ltd.	**–**	**–**	48,659	1.79
Luzhou Xinglu Financing Guarantee Group Co., Ltd.	**–**	**–**	13,495	0.50
Total	**1,752,533**	**64.48**	1,752,533	64.48

40 RELATED PARTY TRANSACTIONS (Continued)

40.2 Related party transactions

Transactions between the Bank and related parties are conducted in accordance with general commercial terms and normal business procedures. The pricing principle is consistent with that of an independent third-party transaction. The related party transactions of the Bank are as follows:

(1) Customer loans (including discounted bills)

	As at 31 December 2024	As at 31 December 2023
Major shareholders	**69,000**	400,000
Other related companies	**3,083,616**	3,664,434
Related person	**19,688**	21,097
Total	**3,172,304**	4,085,531

(2) Loan interest income (including discounted bills)

	Year ended 31 December 2024	2023
Major shareholders	**18,193**	16,563
Other related companies	**134,707**	270,337
Related person	**782**	1,107
Total	**153,682**	288,007

(3) Due to customers, banks and other financial institutions

	As at 31 December 2024	As at 31 December 2023
Major shareholders	**8,896,284**	7,850,011
Other related companies	**3,282,086**	1,627,590
Related person	**272,950**	306,283
Total	**12,451,320**	9,783,884

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

40 RELATED PARTY TRANSACTIONS (Continued)

40.2 Related party transactions (Continued)

(4) Interest expenses arising from due to customers, banks and other financial institutions

	Year ended 31 December 2024	2023
Major shareholders	**149,302**	281,386
Other related companies	**38,006**	44,707
Related person	**6,657**	10,526
Total	**193,965**	336,619

(5) Other receivables and pre-payments

	As at 31 December 2024	As at 31 December 2023
Major shareholders	**70**	70
Other related companies	**26**	36
Related person	**14**	–
Total	**110**	106

(6) Financial investments – fair value through profit or loss

	As at 31 December 2024	As at 31 December 2023
Major shareholders	**4,616**	9,345
Other related companies	**67,079**	76,444
Total	**71,695**	85,789

(7) Net gains/(losses) on financial investments – fair value through profit or loss

	Year ended 31 December 2024	2023
Major shareholders	**(277)**	2,522
Other related companies	**5,711**	6,133
Total	**5,434**	8,655

40 RELATED PARTY TRANSACTIONS (Continued)

40.2 Related party transactions (Continued)

(8) Financial investments – fair value through other comprehensive income

	As at 31 December 2024	As at 31 December 2023
Major shareholders	–	10,104
Total	–	10,104

(9) Interest income from financial investments – fair value through other comprehensive income

	Year ended 31 December 2024	2023
Major shareholders	**506**	550
Total	**506**	550

(10) Fees and commission income

	Year ended 31 December 2024	2023
Other related companies	**3,855**	109
Related person	**1**	1
Total	**3,856**	110

(11) Key management compensation

Key management personnel refer to those who have authority and responsibility for planning, directing and controlling the activities of the Bank. The Bank conducts normal banking transactions with key management personnel in its daily operations.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

40 RELATED PARTY TRANSACTIONS (Continued)

40.2 Related party transactions (Continued)

(11) Key management compensation (Continued)

The remuneration of key management personnel during the years are as follows:

	Year ended 31 December 2024	2023
Remuneration, salary, allowances and benefits	**8,066**	8,647
Discretionary bonuses	**14,638**	14,026
Contribution to pension schemes	**325**	306
Total	**23,029**	22,979

(12) Loans guarantees provided by related parties to the Bank

	As at 31 December 2024 Corporate loans	Personal loans	Total
Luzhou Xinglu Financing Guarantee Group Co., Ltd.	**1,377,180**	**–**	**1,377,180**
Luzhou Development Financing Guarantee Co., Ltd.	**422,400**	**–**	**422,400**
Luzhou Jintong Financing Guarantee Co., Ltd.	**143,476**	**9,640**	**153,116**
Luxian Agriculture and SMEs Financing Guarantee Co., Ltd.	**93,150**	**–**	**93,150**
Sichuan Hongxin Financing Guarantee Co., Ltd.	**56,200**	**9,900**	**66,100**
Luzhou Xinglu Agricultural Financing Guarantee Co., Ltd.	**16,500**	**–**	**16,500**
Total	**2,108,906**	**19,540**	**2,128,446**

	As at 31 December 2023 Corporate loans	Personal loans	Total
Luzhou Xinglu Financing Guarantee Group Co., Ltd.	1,857,830	2,600	1,860,430
Luzhou Development Financing Guarantee Co., Ltd.	842,120	6,800	848,920
Luzhou Jintong Financing Guarantee Co., Ltd.	128,719	9,640	138,359
Luxian Agriculture and SMEs Financing Guarantee Co., Ltd.	105,415	–	105,415
Sichuan Hongxin Financing Guarantee Co., Ltd.	59,200	38,900	98,100
Luzhou Xinglu Agricultural Financing Guarantee Co., Ltd.	29,328	–	29,328
Total	3,022,612	57,940	3,080,552

For the years ended 31 December 2024 and 2023, the fees for the guarantee services provided by the related parties to the borrowers of the Bank are paid by the borrowers, and the Bank does not pay any fees to the related parties.

40 RELATED PARTY TRANSACTIONS (Continued)

40.2 Related party transactions (Continued)

(13) Property leasing and management

Luzhou Laojiao Real Estate Co., Ltd., a related party of the Bank, leased a property located in Chengdu City, Sichuan Province to the Bank. The lease term is from 1 January 2023 to 31 October 2023. The Bank renewed the lease in September 2023. The lease term of the new contract is from 1 November 2023 to 29 February 2024. The rent of the 2024 financial year is RMB345,158 (2023: RMB2,194,718).

Luzhou Xinglu Asset Management Co., Ltd., a related party of the Bank, leased a property located in Luzhou City, Sichuan Province to the Bank for a period of five years from 2 May 2021 to 1 May 2026. The rent of the 2024 financial year is RMB229,672 (2023: RMB218,736).

Luzhou Development Asset Management Co., Ltd., a related party of the Bank, leased a property located in Luzhou City, Sichuan Province to the Bank. The lease term is from 1 May 2020 to 30 April 2023. The Bank renewed the lease in April 2023. The lease term of the new contract is from 1 May 2023 to 30 April 2026. The rent of the 2024 financial year is RMB816,000 (2023: RMB849,016).

Yijia Real Estate Co., Ltd., a related party of the Bank, leased a property located in Luzhou City, Sichuan Province to the Bank. The lease term is from 1 August 2016 to 31 July 2026. The rent of the 2024 financial year is RMB95,743 (2023: RMB91,143).

Luzhou Xinglu Jutai Construction Engineering Group Co., Ltd., a related party of the Bank, leased a property located in Luzhou City, Sichuan Province to the Bank. The lease term is from 1 September 2014 to 31 August 2022. The Bank renewed the lease in September 2022. The lease term of the new contract is from 1 September 2022 to 31 August 2025. The rent of the 2024 financial year is RMB380,772 (2023: RMB380,772).

On August 29, 2024, the Bank entered into the property services agreement (the "Property Services Agreement") with Luzhou Laojiao Property Service Co., Ltd. ("Laojiao Property Service") as the bid winner under a public tender, pursuant to which, Laojiao Property Service shall provide integrated property services to the Bank for the Business Building of the Head Office. Property services include, but are not limited to, comprehensive property management, customer (conference) service management, project management, management of security order maintenance, management of environmental maintenance and management of catering services for staff canteen. The term of the Property Services Agreement is one year from July 24, 2024 to July 23, 2025. The maximum annual property service fee (tax inclusive) under the Property Services Agreement is RMB8,980,000, which translates into a monthly service fee (tax inclusive) of RMB748,333.34, and the service fee shall be settled on a monthly basis based on the actual number of people served within such monthly service fee. During the financial year 2024, the actual amount incurred under the Property Services Agreement was RMB5,153,698.62 (2023: Nil).

These related party transactions are conducted in accordance with general commercial terms and normal business procedures, and their pricing principles are consistent with those of independent third-party transactions.

(14) Government related entities

The transactions between the Bank and the government related entities proceed under normal commercial terms and conditions. These transactions mainly include provision of deposits and agency service. The Bank considers that transactions with these entities are activities conducted in the ordinary course of business. The Bank has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are government related entities.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

40 RELATED PARTY TRANSACTIONS (Continued)

40.2 Related party transactions (Continued)

(15) Commitments provided by the Bank to related parties

	Year ended 31 December 2024	2023
Other related companies	**113,374**	23,494
Total	**113,374**	23,494

(16) Others

The range of interest rates of the above transactions with related parties is listed as follows:

	Year ended 31 December 2024	2023
Customer loans	**2.48%-7.50%**	2.83%-8.00%
Customer deposits	**0.10%-5.23%**	0.35%-5.23%
Financial investments – fair value through other comprehensive income	**5.50%**	5.50%
Financial investments – fair value through profit or loss	**5.85%-6.68%**	5.85%-6.68%

41 SEGMENT ANALYSIS

The Bank's operating segments are business units which provide different financial products and service and are engaged in different types of financial transactions. As different operating segments face different clients and counterparties supported by specific techniques and market strategies, they operate independently.

The Bank has 4 operating segments: corporate banking, retailing banking, financial markets, and other categories.

Corporate banking mainly provides corporate customers with financial products and services including deposits and loans.

Retail banking mainly provides individual customers with financial products and services including deposits and loans.

Financial markets mainly performs inter-bank lending and borrowing, bonds investment and re-purchasing activities, etc.

Others are those businesses not included in the above three segments or cannot be allocated with appropriate basis.

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

41 SEGMENT ANALYSIS (Continued)

	Year ended 31 December 2024				
	Corporate Banking	Retail Banking	Financial Markets	Others	Total
Net interest income/(expense) from external customers	4,639,498	(1,600,951)	480,121	–	3,518,668
Inter-segment net interest income/(expense)	(2,003,081)	2,209,508	(206,427)	–	–
Net interest income	2,636,417	608,557	273,694	–	3,518,668
Net fee and commission income	17,310	146,271	9,408	517	173,506
Net gains on trading activities	–	–	939,889	–	939,889
Net gains arising from financial investments	–	–	259,888	–	259,888
Other operating income	–	–	–	317,062	317,062
Operating income	2,653,727	754,828	1,482,879	317,579	5,209,013
Operating expense	(1,102,224)	(172,808)	(461,542)	(57,745)	(1,794,319)
– Depreciation and amortisation	(95,029)	(20,116)	(61,827)	(1,852)	(178,824)
– Others	(1,007,195)	(152,692)	(399,715)	(55,893)	(1,615,495)
Expected credit losses	(958,475)	(272,807)	(393,421)	(102)	(1,624,805)
Other assets impairment losses	(4,816)	(730)	(1,911)	(267)	(7,724)
Share of profit of an associate	–	–	–	2,599	2,599
Profit before income tax	588,212	308,483	626,005	262,064	1,784,764
Capital expenditure	170,353	40,448	122,077	3,127	336,005
As at 31 December 2024					
Segment assets	90,871,348	19,235,619	59,121,654	1,770,951	170,999,572
Segment liabilities	(53,755,170)	(82,621,803)	(22,061,785)	(120,410)	(158,559,168)

Notes to the Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

41 SEGMENT ANALYSIS (Continued)

	Year ended 31 December 2023				
	Corporate Banking	Retail Banking	Financial Markets	Others	Total
Net interest income/(expense) from external customers	3,929,384	(1,491,993)	650,870	–	3,088,261
Inter-segment net interest income/(expense)	(1,407,816)	1,880,464	(472,648)	–	–
Net interest income	2,521,568	388,471	178,222	–	3,088,261
Net fee and commission income	6,347	92,024	4,173	404	102,948
Net gains on trading activities	–	–	1,170,999	–	1,170,999
Net gains arising from financial investments	–	–	354,063	–	354,063
Other operating income	–	–	–	54,076	54,076
Operating income	2,527,915	480,495	1,707,457	54,480	4,770,347
Operating expense	(992,142)	(173,295)	(545,751)	(11,464)	(1,722,652)
– Depreciation and amortisation	(84,822)	(20,140)	(60,784)	(1,554)	(167,300)
– Others	(907,320)	(153,155)	(484,967)	(9,910)	(1,555,352)
Expected credit losses	(1,436,563)	(112,986)	(242,966)	(461)	(1,792,976)
Other assets impairment losses	(3,732)	(630)	(1,995)	(41)	(6,398)
Share of profit of an associate	–	–	–	2,469	2,469
Profit before income tax	95,478	193,584	916,745	44,983	1,250,790
Capital expenditure	125,107	29,705	89,653	2,297	246,762
As at 31 December 2023					
Segment assets	79,922,524	18,976,276	57,273,264	1,464,319	157,636,383
Segment liabilities	(48,350,675)	(70,197,197)	(28,135,129)	(26,383)	(146,709,384)

There is no high reliance of the Bank to any of the major external customers.

42 SUBSEQUENT EVENTS

Up to the date of this report, the Bank has no material event for disclosure after the reporting date.

Unaudited Supplementary Financial Information

1 LIQUIDITY RATIOS AND LEVERAGE RATIO

(1) Liquidity ratios

As of December 31, 2020	
RMB current assets to RMB current liabilities	83.02%
Foreign currency current assets to foreign currency current liabilities	N/A
As of December 31, 2021	
RMB current assets to RMB current liabilities	87.79%
Foreign currency current assets to foreign currency current liabilities	N/A
As of December 31, 2022	
RMB current assets to RMB current liabilities	73.47%
Foreign currency current assets to foreign currency current liabilities	N/A
As of December 31, 2023	
RMB current assets to RMB current liabilities	80.14%
Foreign currency current assets to foreign currency current liabilities	N/A
As of December 31, 2024	
RMB current assets to RMB current liabilities	**84.10%**
Foreign currency current assets to foreign currency current liabilities	**N/A**

Unaudited Supplementary Financial Information

(2) Leverage ratio

	As of December 31,				
	2020	2021	2022	2023	**2024**
Leverageratio	6.77%	7.08%	6.69%	6.88%	**7.18%**

Pursuant to the Administrative Measures for the Capital of Commercial Banks issued by the National Financial Regulatory Administration and effective since January 1, 2024, a minimum leverage ratio of 4% is required for commercial banks.

The above liquidity ratios and leverage ratio were calculated in accordance with the formulas promulgated by the National Financial Regulatory Administration, and based on the financial information prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

Definitions

"Articles of Association" or "Articles"	the articles of association of the Bank, as amended from time to time
"Bank", "our Bank", "we", "us" or "Luzhou Bank"	Luzhou Bank Co., Ltd. (泸州银行股份有限公司)
"Board of Supervisors"	the board of Supervisors of the Bank
"Board" or "Board of Directors"	the board of Directors of our Bank
"CBIRC"	Former China Banking and Insurance Regulatory Commission
"CBRC"	Former China Banking Regulatory Commission (中國銀行業監督管理委員會)
"China" or "PRC"	the People's Republic of China, but for the purpose of this report, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Bank
"Domestic Shares"	ordinary shares in our share capital with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Companies Ordinance"	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Hong Kong Dollars"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong Listing Rules" or "Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"H Shares"	the overseas listed foreign shares in the ordinary share capital of the Bank with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong Dollars and listed and traded on the Hong Kong Stock Exchange

Definitions

"IAS"	International Accounting Standards and its interpretations
"IFRS"	International Financial Reporting Standards issued by the International Accounting Standards Board
"Latest Practicable Date"	March 26, 2025, being the latest practicable date for the purpose of containing certain information in this annual report before this annual report is printed
"Listing"	the listing of the H Shares on the Stock Exchange
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the GEM of the Stock Exchange
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"Reporting Period"	the full year from January 1, 2024 to December 31, 2024
"RMB" or "Renminbi"	the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Shareholder(s)"	the holder(s) of the Shares
"Shares"	the domestic shares and H Shares of the Bank
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed to it under Section 2 of the Hong Kong Companies Ordinance
"Supervisor(s)"	the supervisor(s) of the Bank
"U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction