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Huishang Bank Corporation Limited*

徽商銀行股份有限公司*

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

(Stock Code: 3698)

2024 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the “**Board**”) of Huishang Bank Corporation Limited (the “**Bank**”) is pleased to announce the audited annual results of the Bank and its subsidiaries for the year ended 31 December 2024. This 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.hsbank.com.cn in April 2025.

By order of the Board
Huishang Bank Corporation Limited*
Yan Chen
Chairman

Hefei, Anhui Province, the PRC
27 March 2025

As at the date of this announcement, the Board of the Bank comprises Yan Chen and Kong Qinglong as executive directors; Ma Lingxiao, Lu Hao, Wang Zhaohui, Zuo Dunli, Gao Yang, Wang Wenjin and Zhao Zongren as non-executive directors; Dai Peikun, Zhou Yana, Liu Zhiqiang, Yin Jianfeng, Huang Aiming and Xu Jiabin as independent non-executive directors.

* *Huishang Bank Corporation Limited 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.*

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2024 Annual Report





Definitions

In this report, unless the context otherwise requires, the following terms shall have the meanings set out below.

“Bank” or “Huishang Bank”	Huishang Bank Corporation Limited, including its subsidiaries and branches
“China” or “PRC”	the People’s Republic of China
“PBOC”	the People’s Bank of China
“Domestic Shares”	the ordinary shares issued by the Bank in the PRC with a nominal value of RMB1.00 per share
“H Shares”	the ordinary shares issued by the Bank to overseas investors, which are denominated in RMB, subscribed for in Hong Kong Dollars and listed on the Main Board of the Hong Kong Stock Exchange
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“H Share Listing”	the listing of H Shares of the Bank on the Main Board of the Hong Kong Stock Exchange on 12 November 2013
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules
“Latest Practicable Date”	the latest practicable date for the purpose of ascertaining certain information contained in this report, i.e., 27 March 2025
“Reporting Period”	year 2024 (1 January 2024 to 31 December 2024)
“Rural Issues”	abbreviation for issues related to agriculture, rural areas and farmers
“Yuan” or “RMB”	Renminbi, the lawful currency of China. Unless otherwise specified herein, the currency used in this report shall be Renminbi
“US\$” or “U.S. Dollars”	U.S. dollars, the lawful currency of the United States
“HK\$” or “Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“IFRS” or “International Financial Reporting Standards”	International Financial Reporting Standards
“Fair Value through Profit or Loss”	Fair Value through Profit or Loss

Chapter I Corporate Information

1.1 CORPORATE INFORMATION

- 1.1.1 Registered Chinese name: 徽商银行股份有限公司¹
Registered English name: Huishang Bank Corporation Limited
- 1.1.2 Legal representative: Yan Chen
Authorized representatives: Yan Chen, Ngai Wai Fung
Secretary to the Board of Directors: Lian Baohua
Company secretary: Ngai Wai Fung
- 1.1.3 Registered and business office address: Huishang Bank Building, No. 1699 Yungu Road, Hefei, Anhui Province, the PRC
- 1.1.4 Contact address: Huishang Bank Building, No. 1699 Yungu Road, Hefei, Anhui Province, the PRC
Tel: +86-551-62667806/65195664
Fax: +86-551-62667661
Postal code: 230092
Bank's website: www.hsbank.com.cn
E-mail: 96588@hsbank.com.cn
- 1.1.5 Principal place of business in Hong Kong: 40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wan Chai, Hong Kong
- 1.1.6 Domestic auditor: Ernst & Young Hua Ming LLP (Special General Partnership)
Office address: Room 01-12, Level 17, Ernst & Young Tower, Oriental Plaza, No. 1 East Chang An Avenue, Dongcheng District, Beijing, the PRC
International auditor: Ernst & Young
Office address: 27/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
- 1.1.7 Legal advisor as to PRC law: DeHeng Law Offices
Legal advisor as to Hong Kong law: Clifford Chance
- 1.1.8 Domestic shares trustee agency: China Securities Depository and Clearing Corporation Limited
H share registrar: Computershare Hong Kong Investor Services Limited

Note: 1 Huishang Bank Corporation Limited 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.

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1.2 COMPANY PROFILE

Headquartered in Hefei, Anhui Province, Huishang Bank is the first banking and financial institution in the PRC jointly established by city commercial banks and urban credit cooperatives with the approval of the former China Banking Regulatory Commission. The Bank was incorporated on 4 April 1997, and changed its name to Huishang Bank Corporation Limited on 30 November 2005. On 28 December 2005, the Bank merged with the 5 city commercial banks of Wuhu, Ma'anshan, Anqing, Huaibei and Bengbu and the 7 urban credit cooperatives of Lu'an, Huainan, Tongling, Fuyang Technology, Fuyang Xinying, Fuyang Yinhe and Fuyang Jinda in Anhui Province and was formally inaugurated. The Bank officially opened for business on 1 January 2006. On 12 November 2013, H Shares of the Bank were listed on the Main Board of the Hong Kong Stock Exchange (stock code: 3698). The Bank holds a financial institution license numbered B0162H234010001 from the former China Banking Regulatory Commission Anhui Office and a business license with the unified social credit code numbered 913400001489746613 from the Anhui Provincial Market Supervisory Authority. The registered address is Huishang Bank Building, No. 1699 Yungu Road, Hefei, Anhui Province, the PRC. As of the end of 2024, the registered capital of the Bank was RMB13,889,801,211.

The business scope of the Bank includes banking business; securities investment funds custody; sales of publicly offered securities investment funds; foreign exchange settlement and sale business; and foreign exchange business. As of 31 December 2024, the Bank and its subsidiaries had 12,837 employees in service. Apart from its headquarters, the Bank has 21 branches, 464 front offices and 503 self-service areas (points). The Bank also has four subsidiaries, namely Huishang Bank Financial Leasing Co., Ltd., HSBank Wealth Management Co., Ltd., Wuwei Huiyin Rural Bank Co., Ltd. and Jinzhai Huiyin Rural Bank Co., Ltd. and owns equity interests in Chery Huiyin Motor Finance Service Co., Ltd. and Mengshang Bank Co., Ltd. The Bank has preliminarily established an operating pattern centered on banking business, with various operational modes coexisting.

By maintaining its market position as a bank "serving the local economy, serving small and medium enterprises (the "SME(s)") and serving the general public", the Bank has continuously experienced a relatively fast growth in its business development, has steadily improved its operational management standards, has achieved a synergic development of scale, quality and efficiency, and has continuously strengthened its comprehensive strength, becoming an outstanding mainstream bank that fully supports the development of local economy and society. In 2024, the Bank ranked 112th in the "Top 1000 World Banks" by The Banker, a UK magazine, up 11 places from the previous year.

Chapter I Corporate Information

1.3 AWARDS FOR 2024

In 2024, the Bank won numerous accolades and rewards in contests organized by domestic and international authorities and organizations:

Time	Reward	Awarding Agencies
January 2024	2023 China Tripod Award for Annual Excellent Fintech Cases in the Financial Industry – “Huishang Bank’s Strategy” to Support Technological Innovation in Finance	finance.china.com.cn
January 2024	2023 Outstanding Integrated Business Institutions	Shanghai Commercial Paper Exchange Corporation Ltd.
January 2024	2023 Outstanding Trading Institutions	Shanghai Commercial Paper Exchange Corporation Ltd.
January 2024	2023 Interconnected Operations Award	China UnionPay Business Operation Center
January 2024	2023 Excellent Financial Bond Issuer	China Central Depository & Clearing Co., Ltd.
January 2024	Core Dealer	National Interbank Funding Center
January 2024	Currency Market Dealer	National Interbank Funding Center
January 2024	2023 Excellent Participating Institution of the Digital Supply Chain Financial Service Platform	China National Clearing Center of the People’s Bank of China
March 2024	2023 Excellent Organizing Unit for Financial Consumer Education and Financial Knowledge Popularization	Anhui Office of the National Financial Regulatory Administration
March 2024	2023 Excellent Cases of Protecting Financial Consumers’ Rights and Interests	China Banking and Insurance News
March 2024	2023 Excellent Cases of Innovative Practices in Outlet Services	China Banking and Insurance News
March 2024	First Prize for Provincial Agency Banks in Collecting Non-tax Revenue in 2023	Anhui Provincial Department of Finance, Anhui Branch of the People’s Bank of China
March 2024	First Prize in the Labor Competition of Finance Supporting High-quality Development	Anhui Branch of the People’s Bank of China, Anhui Provincial Department of Science and Technology, Anhui Provincial Department of Industry and Information Technology, Anhui Provincial Department of Agriculture and Rural Affairs, Anhui Provincial Financial Regulatory Administration and Anhui Federation of Trade Unions
March 2024	First Prize for Innovative Business in the Reform of Science and Technology Finance	Anhui Branch of the People’s Bank of China, Anhui Provincial Department of Science and Technology, Anhui Provincial Department of Industry and Information Technology, Anhui Provincial Department of Agriculture and Rural Affairs, Anhui Provincial Financial Regulatory Administration and Anhui Federation of Trade Unions

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Time	Reward	Awarding Agencies
March 2024	The Corporate Banking Department of the Bank won the Title of Anhui Provincial Pioneer Workers	Anhui Branch of the People's Bank of China, Anhui Provincial Department of Science and Technology, Anhui Provincial Department of Industry and Information Technology, Anhui Provincial Department of Agriculture and Rural Affairs, Anhui Provincial Financial Regulatory Administration and Anhui Federation of Trade Unions
March 2024	No. 146 of World's Top 500 Banking Brands by Value	The Banker (a UK magazine)/Brand Finance
March 2024	Excellent Unit of Petition Work in Anhui Province in 2023	General Office of the CPC Anhui Provincial Committee, General Office of Anhui Provincial Government
March 2024	Outstanding Units in Provincial Confidentiality Work in 2023	Anhui Department of the National Administration of State Secrets Protection
April 2024	First Session of "Literary Enterprises"	Anhui SASAC Party Committee
May 2024	No. 183 of Top 500 Most Chinese Brands by Value in 2024	Brand Finance
May 2024	Class A Taxpayers for Tax Credit Rating in 2023 of Anhui Provincial Tax Service, State Taxation Administration	Anhui Provincial Tax Service, State Taxation Administration
May 2024	The "Party building + Credit" business innovation team of the Bank was selected to participate in the 2023 Jianghuai Talent Cultivation Plan group project	Organization Department of the CPC Anhui Provincial Committee
May 2024	Evaluation of the Effectiveness of Credit Policy for Anhui Science and Technology Enterprises in the First Quarter of 2024 – First Place with Excellent Performance	Anhui Branch of the People's Bank of China
June 2024	The Bank was recognized as a "Typical Example of Finance Boosting the High-quality Development of the Private Economy for 2024" by virtue of its series of products and services for small enterprises	China Association of Small and Medium Enterprises
June 2024	Excellent Organization Award in the Reading and Recitation activities themed "Celebrating the 75 Anniversary of the Founding of the People's Republic of China with One Heart and One Dream, Striving Ahead on a New Journey"	Anhui SASAC Party Committee
July 2024	The Fifth Session of Selecting Excellent Cases in the Digital and Intelligent Transformation of Financial Institutions in 2024 – Outstanding Case Award for Scenario-based Financial Innovation	Organizing Committee for the Selection of Excellent Cases in the Digital and Intelligent Transformation of Financial Institutions
July 2024	Best Cooperative Bank of 2023	Anhui Equity Exchange
July 2024	No. 112 of Top 1000 World Banks in 2024	The Banker, a UK magazine

Chapter I Corporate Information

Time	Reward	Awarding Agencies
July 2024	"Top 10 Excellent Cases" in the Fintech Sector of Anhui Province	Anhui Financial Society, Xinhua Finance
August 2024	2024 Jinbei Assets Management Competitiveness – 2024 Outstanding Wealth Management Bank	21st Century Business Herald, 21 Finance
August 2024	2024 Jinbei Assets Management Competitiveness – 2024 Outstanding Digital Bank	21st Century Business Herald, 21 Finance
August 2024	Best Financial Service Institution for Huishang's Efforts in Science and Technology Innovation	Huishang Media of Anhui Daily Newspaper Group
August 2024	Tsinghua Financial Review's Bauhinia Award for "Banks Contributing to Regional Development in 2024"	Editorial Office of Tsinghua Financial Review, Tsinghua University PBC School of Finance
August 2024	50 ESG Pioneers among Listed Chinese Companies in the Yangtze River Delta (2024)	Financial Program Center of China Media Group
August 2024	No. 24 on the List of Top 100 Chinese Banks in 2024	China Banking Association
September 2024	Outstanding Financial Sales Banks in the 6th Selection of Yinghua Financial Demonstration Institutions in China's Banking Industry	ChinaFund
September 2024	The Trader (交易家) APP of the Bank won the "Digital Intelligence Platform Innovation Case" award in the Seventh (2024) Digital Financial Innovation Case Collection	cebnet.com.cn
September 2024	The "Technological Innovation Capability Evaluation System Empowering the Financial Services of Technology-based Enterprises" project received the Excellence Award in Financial Services in the Anhui Branch of the "Data Element X" Competition in 2024	Anhui Data Resources Administration Bureau
September 2024	"Exploring a new path in science and technology finance to promote the virtuous circle of 'Technology + Industry + Finance'" was selected as an Excellent Case of Innovative Development in China's Banking Industry for 2024	Editorial Office of Tsinghua Financial Review, Tsinghua University PBC School of Finance
September 2024	"Huishang Bank's 'Party Building + Credit' Empowering Rural Revitalization Case" was selected as an Excellent Case of Innovative Development in China's Banking Industry for 2024 by Tsinghua Financial Review	Tsinghua Financial Review, Tsinghua University PBC School of Finance
September 2024	The "Development of a Digital Risk Control Management System for Inclusive Finance" project received the Excellence Award in Financial Services in the Anhui Branch of the "Data Element X" Competition in 2024	Anhui Data Resources Administration Bureau

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Time	Reward	Awarding Agencies
September 2024	The "Facilitating mobile payments for foreigners" case was selected as an Excellent Case in Convenient Anhui Payment Services	Payment & Clearing Association of China
September 2024	Rated as "Excellent" in the 2023 Provincial Evaluation of Financial Institutions Supporting the Development of the Local Real Economy	Financial Commission Office of the CPC Anhui Provincial Committee
October 2024	Jinyu Award for Outstanding Private Banks in Regional Services	PYSTANDARD
October 2024	Jinyu Award for Outstanding City Commercial Banks in Wealth Management	PYSTANDARD
October 2024	The "Data Quality Management Capability Construction Project" won the 2024 DAMA China's Best Practice Award for Data Governance	DAMA China
October 2024	30 ESG Pioneers among Listed Chinese Companies in Financial Industry (2024)	Financial Program Center of China Media Group
October 2024	USD Payments Straight Through Processing Excellent Award in 2023	Citibank
November 2024	Rated as "Excellent" (Grade A) in the 2023 Provincial Department of Finance Performance Evaluation	Anhui Provincial Department of Finance
November 2024	The Bank's mobile banking service won the "Best Digital Bank Innovation Award" at the "20th Digital Finance Joint Promotion Year Smart 2024 Special Event"	China Financial Certification Authority (CFCA), Digital Finance Joint Promotion Year, cebnet.com.cn
November 2024	The Bank's Trader Platform (交易家平台) won the 2024 Gold Award for Digital Finance - the "Best User Experience Award for Corporate Internet Banking" at the "20th Digital Finance Joint Promotion Year Smart 2024 Special Event"	China Financial Certification Authority (CFCA), Digital Finance Joint Promotion Year, cebnet.com.cn
November 2024	Annual Award for Best Credit Card Brand Influence	Financial Digital Development Alliance
November 2024	The Innovative Case of Constructing a Science and Technology Financial Institution System won the Excellence Case for 2024 in the Banker Annual Science and Technology Financial Innovation awards	The Banker
November 2024	The "Xingniu Loan (興牛貸)" product won the Excellence Case for 2024 in the Banker Annual Rural Revitalization Financial Innovation awards	The Banker
November 2024	The Bank was recognized as the "Outstanding Institution in the 2024 Banker Annual Financial Innovation" in the 2024 Banker Financial Innovation Achievements selection	The Banker

Chapter I Corporate Information

Time	Reward	Awarding Agencies
November 2024	The "Scenario-driven Digital Financial Cloud Platform Innovation Case" was recognized as the "Excellence Case" in the 2024 Banker Annual Financial Technology Product Innovation awards	The Banker
November 2024	The "Three-Dimensional Anti-Fraud Risk Defense Mechanism" was selected as one of the "Top Ten Outstanding Cases in Urban Financial Service" during the 2024 Urban Financial Service Excellent Case Selection	City Commercial Banks Clearing Co., Ltd.
November 2024	The service case titled "Sustainability-Linked Loans Promoting Green Transformation in the Steel Industry" was awarded the "Financial 'Five Major Articles' Excellence Case" in the 2024 Urban Financial Service Excellent Case Collection Activity	City Commercial Banks Clearing Co., Ltd.
November 2024	The project titled "Building a Digital RMB Payment Platform to Achieve New Breakthroughs in Bank-Government Cooperation" was selected as an "Excellent Case of Digital RMB Innovation" in the 2024 Urban Financial Service Excellent Case Selection	City Commercial Banks Clearing Co., Ltd.
November 2024	The project titled "Enhancing Service Quality through Technology Empowerment – Exploring New Fields in Commemorative Coin Reservation and Exchange Business" was selected as an "Excellent Case of Operation and Management Innovation" in the 2024 Urban Financial Service Excellent Case Selection	City Commercial Banks Clearing Co., Ltd.
November 2024	2024 China Golden Tripod Award – 2024 Annual Award for Supporting Local Economic Development	National Business Daily, 2024 Golden Tripod Award Committee
November 2024	Tianji Award for Science and Technology Innovation Financial Services Bank in 2024	Securities Times
November 2024	Tianji Award for Inclusive Financial Services Bank in 2024	Securities Times
November 2024	The project titled "City Commercial Bank's Practice of Building a Data Security System Based on Classification and Grading" won Third Prize in the 2023 Financial Technology Development Award	PBOC
December 2024	"Data Management Capability Construction of Huishang Bank" was selected as a "Potential Case for the 2024 Galaxy Case Data Asset Special Project"	Big Data Technology and Standard Committee

Chapter I Corporate Information

Time	Reward	Awarding Agencies
December 2024	The Project titled "Application Solution of Financial Risk Control Model in Bank Retail Credit Scenarios" was selected as a 2024 AI Cloud Typical Case	Cloud Computing and Big Data Research Institute, China Academy of Information and Communications Technology
December 2024	"Innovative 'Party Building + Credit' Model Empowering Rural Revitalization" was selected as a Typical Case of China's Inclusive Finance Supporting Rural Revitalization (2024)	21st Century Business Herald, 21st Century Institute of Finance
December 2024	2024 Outstanding Institution Award for the Digital Supply Chain Financial Services Platform	China National Clearing Center of the People's Bank of China
December 2024	2024 Excellent Underwriter from China Development Bank	China Development Bank
December 2024	2024 Special Contribution Award from China Development Bank	China Development Bank
December 2024	2024 Annual Financial Technology – Best Innovation Award for Financial Institutions	Organizing Committee of Yangtze River Delta Fintech Innovation and Application Global Competition
December 2024	The case titled "Financing the Real Economy and Boosting New Quality Productive Forces" was selected as a Typical Case of China's Inclusive Finance in the Innovation of Inclusive Financial Products and Services (2024)	21st Century Business Herald, 21st Century Institute of Finance
December 2024	The Project titled "E-Loans for Specialized and Sophisticated Enterprises" won the "Financial Technology Innovation Award" granted by Financial Computerization	Financial Computerizing Magazine Co., Ltd.
December 2024	"Customer & User Experience Enhancement Platform Project" won the "Financial Technology Application Innovation Award" in the 15th Financial Technology Innovation Award Selection activity	Financial Computerizing Magazine Co., Ltd.
December 2024	Rated as a Class A bank in the 2024 Evaluation of Foreign Exchange Business Compliance and Prudent Operation of Banks	Anhui Branch of State Administration of Foreign Exchange
December 2024	Bank with Outstanding Competitiveness in Value Growth	China Business Journal
December 2024	2024 Top Financial List – Annual Quality Bank in Science and Technology Finance	The Paper, TOP Financial List Committee
December 2024	2024 Annual Bank with Regional Brand Influence in Anhui	Xin'an Evening News
December 2024	2024 China Tripod Award for Annual Excellent Brand Building Case in the Financial Industry – "Strengthening Efforts to Foster High-Quality Development and Establishing an Outstanding Local Mainstream Bank"	finance.china.com.cn

Chapter II Summary of Accounting Data and Business Data

2.1 MAIN FINANCIAL INFORMATION

Unit: RMB million, except for percentages

Operational results	2024	2023	Changes over
			the corresponding period of last year +/-%
Operating income ⁽¹⁾	37,128	36,365	2.10
Profit before tax	17,989	17,657	1.88
Net profit	15,917	14,991	6.18
Net profit attributable to shareholders of the Bank	15,414	14,433	6.80

Unit: RMB, except for percentages

Per ordinary share	2024	2023	Changes over
			the corresponding period of last year +/-%
Basic earnings attributable to shareholders of the Bank	1.05	1.00	5.00
Diluted earnings attributable to shareholders of the Bank	1.05	1.00	5.00
Closing net assets attributable to shareholders of the Bank	9.90	8.85	11.86

Unit: RMB million, except for percentages

Scale indicators	31 December 2024	31 December 2023	Changes over
			the end of last year +/-%
Total assets	2,013,753	1,806,144	11.49
Including: Total loans and advances to customers ⁽²⁾	1,002,166	874,223	14.64
Total liabilities	1,852,086	1,659,417	11.61
Including: Total customer deposits ⁽³⁾	1,138,966	1,020,158	11.65
Equity attributable to shareholders of the Bank	157,450	142,983	10.12

Notes: (1) Operating income comprises net interest income, net fee and commission income, net trading income, net income from financial investments, dividend income and other operating income, net.

(2) Accrued interest and provision for impairment are not included in total loans and advances to customers.

(3) Accrued interest is not included in total customer deposits.

Chapter II Summary of Accounting Data and Business Data

2.2 FINANCIAL RATIOS

			<i>Unit: %</i>
			Changes over the corresponding period of last year +/-(-)
Profitability indicators	2024	2023	
Return on average total assets (ROA)	0.83	0.89	(0.06)
Return on average net assets (ROE)	11.86	12.52	(0.66)
Net interest spread	1.49	1.65	(0.16)
Net interest margin	1.71	1.88	(0.17)

			<i>Unit: %</i>
			Changes over the corresponding period of last year +/-(-)
Proportion of operating income	2024	2023	
Net interest income	77.01	78.98	(1.97)
Net non-interest income	22.99	21.02	1.97
Cost-to-income ratio ⁽¹⁾	28.80	28.05	0.75

			<i>Unit: %</i>
			Changes over the end of last year +/-(-)
Asset quality indicators	31 December 2024	31 December 2023	
Non-performing loan ratio	0.99	1.26	(0.27)
Allowance to non-performing loan ratio	286.47	271.94	14.53
Allowance to loans ratio	2.82	3.43	(0.61)

			<i>Unit: %</i>
			Changes over the end of last year +/-(-)
Capital adequacy indicators	31 December 2024	31 December 2023	
Capital adequacy ratio	13.72	13.21	0.51
Tier 1 capital adequacy ratio	11.41	10.82	0.59
Core Tier 1 capital adequacy ratio	9.83	9.14	0.69

			<i>Unit: %</i>
			Changes over the end of last year +/-(-)
Other indicators	31 December 2024	31 December 2023	
Equity to total assets ⁽²⁾	8.03	8.12	(0.09)
Gearing ratio ⁽³⁾	91.97	91.88	0.09

Notes: (1) Cost-to-income ratio = Operating expenses/Operating income, of which operating expenses include tax and surcharges.

(2) Equity includes minority interests.

(3) Gearing ratio = Total liabilities/Total assets.

Chapter II Summary of Accounting Data and Business Data

2.3 FIVE-YEAR FINANCIAL SUMMARY

	2024	2023	2022	2021	2020
Results for the year (RMB thousand)					
Operating income	37,128,440	36,365,340	36,229,641	35,514,404	32,290,398
Operating expenses	(10,694,824)	(10,199,368)	(9,474,462)	(8,684,416)	(7,654,324)
Impairment loss	(8,548,074)	(8,798,338)	(9,661,991)	(13,547,917)	(12,196,860)
Profit before tax	17,988,842	17,656,906	17,315,141	13,537,317	12,082,696
Net profit attributable to shareholders of the Bank	15,414,392	14,433,227	13,397,600	11,460,383	9,569,720
Per ordinary share (RMB)					
Dividends	0.21⁽¹⁾	0.146	0.129	0.089	0
Basic earnings	1.05	1.00	0.93	0.76	0.72
Diluted earnings	1.05	1.00	0.93	0.76	0.72
Closing net assets attributable to shareholders of the Bank	9.90	8.85	7.89	7.10	6.27
At year end (RMB thousand)					
Paid-in capital stock (share capital) ⁽²⁾	13,889,801	13,889,801	13,889,801	13,889,801	13,889,801
Total equity attributable to shareholders of the Bank	157,450,264	142,983,077	119,607,642	108,563,985	103,041,067
Total liabilities	1,852,085,913	1,659,416,708	1,457,414,028	1,272,146,180	1,166,028,059
Total customer deposits ⁽³⁾	1,138,966,207	1,020,158,374	894,156,087	768,667,657	712,953,097
Total assets	2,013,753,074	1,806,143,550	1,580,235,686	1,383,661,831	1,271,700,698
Total loans and advances to customers ⁽⁴⁾	1,002,166,422	874,222,595	764,309,054	654,795,121	572,953,641
Key financial ratios (%)					
Return on average total assets	0.83	0.89	0.92	0.89	0.83
Return on average net assets	11.86	12.52	12.77	12.33	12.94
Cost-to-income ratio	28.80	28.05	26.15	24.45	23.71
Non-performing loan ratio	0.99	1.26	1.49	1.78	1.98
Core Tier 1 capital adequacy ratio	9.83	9.14	8.60	8.45	8.04
Capital adequacy ratio	13.72	13.21	12.02	12.23	12.12

Notes: (1) Please refer to Section 6.22 "Profit and Dividends" in this annual report for details.

(2) For details of the share capital of the Bank, please refer to Section 7.1 "Changes in Ordinary Shares of the Bank during the Reporting Period" of this annual report and Note 40 to the financial statements.

(3) Accrued interest is not included in total customer deposits.

(4) Accrued interest and provision for impairment are not included in total loans and advances to customers.

Chapter III Chairman's Statement

As days and months pass, the year's endeavors bear fruitful results. Looking back at 2024, amid complex and volatile internal and external conditions, under the strong leadership of the Party Committee and the People's Government of Anhui Province, as well as the support and guidance from Anhui SASAC and regulatory authorities, Huishang Bank thoroughly implemented the guiding principles of the 20th National Congress of the CPC, the Third Plenary Session of the 20th Central Committee and the Central Economic Work Conference, earnestly studied the essence of General Secretary Xi Jinping's important speech during his inspection of Anhui, adhered to the political and people-centered nature of financial work, vigorously advanced the "five major aspects" of finance (namely technology finance, green finance, inclusive finance, pension finance and digital finance), and actively supported the economic development of Anhui Province. By effectively expanding asset scale, optimizing business structure, and improving asset quality, we achieved remarkable and satisfactory results.

As at the end of 2024, Huishang Bank recorded total assets of over RMB2 trillion, representing an increase of 11.49%. The loan balance exceeded RMB1 trillion for the first time, an increase of 14.64%. Operating income continued to rise and net profit amounted to RMB15.9 billion, marking a new stage of high-quality development. We ranked 24th among the top 100 Chinese banks and 112th among the top 1000 world banks, up 11 places as compared with last year.

The leading role of the Bank's Party building has achieved remarkable results. The Bank firmly consolidated its foundational strengths, and strictly implemented the "First Agenda Item" and the primary learning content system, making the essence of Party-led finance more pronounced. The integration of the Bank's Party building and business operations has resulted in mutual enhancement, which has promoted the improvement of grassroots Party building. The development of a learning-oriented organization and a research-driven bank has been accelerated, with a variety of activities organized by the labor union and the Communist Youth League. The Bank was honored with the "2024 Provincial Outstanding Organization Award for the 'Double Establishment and Double Promotion' Campaign", and has been recognized as "excellent" for three consecutive years in the evaluation of targeted poverty alleviation and support work among provincial units, with the continuous vitality of grassroots organizations to surge.

The comprehensive strengths of the Bank have been significantly enhanced and its operating performance has achieved a new outstanding achievement. The Bank recorded total assets in both domestic and foreign currencies of RMB2,013.753 billion, among which loan balance of RMB1,002.166 billion, total liabilities of RMB1,852.086 billion, among which deposit balance of RMB1,138.966 billion, respectively. We also recorded a net profit of RMB15.917 billion, representing an increase of 6.18% as compared with last year. Our non-performing loan ratio has further decreased to below 1%, and both the balance and the ratio of non-performing loans achieved a "double decline" for four consecutive years.

The Bank's significant achievements were evidenced by serving the local area. With efforts in the construction of an innovative province, the Bank's balance of loans to sci-tech enterprises have exceeded RMB80 billion, and issued the first science and innovation-themed financial bond in Anhui Province with an amount of RMB20 billion. A total of 4,228 enterprises entered into agreements under the "Common Development Plan (共同成長計劃)" with the Bank, continuously consolidating its leading advantages. Loans to strategic emerging industries and SRDI enterprises have exceeded RMB150 billion.

We have achieved notable highlights in transformation and innovation. We firmly and effectively promoted the development of the improvement projects in nine areas, enhancing the capability of high-quality development on a systematic basis. By embracing the wave of digital transformation, we made significant strides in technological innovation to enhance quality and efficiency. We sped up the whole-process digital transformation in credit risk control, innovated credit models, and refined the Group's unified credit mechanism. We embraced innovation, and firmly pursued the "creation of value" through technology to restore our core competitiveness in financial technology.

Chapter III Chairman's Statement

We continued to reinforce our risk prevention and control capability by consistently prioritizing risk prevention and control, and strengthening the construction of a comprehensive risk management system. We enhanced the monitoring and early warning of various risks, including credit risk, market risk, and operational risk, by optimizing risk assessment models and establishing a large-scale risk control management system based on “modeling, quantification and online operation”, to improve our ability to foresee, prevent, and manage risks effectively as well as to identify and respond to risks. In the process of business expansion, we adhered to the principle of prudent operation, and balanced the relationship between development and risks, to build a strong safety barrier for the sustainable development of the Bank.

The year 2025 marks the end of the national “14th Five-Year” Plan. We will courageously shoulder our mission, adhere to integrity and innovation, and continue to strive forward by closely following the requirements of “Six New Improvements” and “Six Pioneers”, to seize opportunities to strive for excellence. We will intensify our efforts in developing the “five major aspects” of finance (namely technology finance, green finance, inclusive finance, pension finance and digital finance), adhere to the general tone of seeking progress while maintaining stability, actively practice our social responsibilities by making sustained efforts in supporting rural revitalization. We will make new and greater contributions to building an outstanding local mainstream bank, supporting the “Three Places and One District” and “Seven Strong Provinces” initiatives and writing a chapter of Anhui in the Chinese modernization path.

Yan Chen
Executive Director, Chairman

Chapter IV President's Statement

The year 2024 marked the 75th anniversary of the founding of the People's Republic of China and was also a pivotal year for Huishang Bank's transformation, breakthrough and capability enhancement. Throughout the year, the senior management thoroughly implemented the guiding principles of the 20th National Congress of the CPC, and the Second and Third Plenary Sessions of the 20th Central Committee, and earnestly put the essence of General Secretary Xi Jinping's important speech during his inspection of Anhui into practice. Focusing on the improvement projects in nine areas conducted by the Bank's Party Committee, the Bank accelerated its transformation and development, enhanced professional capabilities, and made greater contributions to building a prosperous Anhui, achieving a new leap in building an outstanding local mainstream bank. As of the end of 2024, the Bank's total assets exceeded RMB2 trillion, having crossed five RMB100 billion milestones in the past two years. Both the deposits and loans surpassed RMB1 trillion, and the operating income and net profit maintained positive growth. The Bank ranked 24th among the top 100 Chinese banks and 112th among the top 1000 world banks, up 11 places as compared with last year, signifying a historic leap in overall strength.

We remained committed to our primary responsibilities and business, proactively and precisely serving the local community. Upholding the political and people-centered nature of financial work, we actively integrated into the overall regional development, effectively advanced the "five major aspects" of finance (namely technology finance, green finance, inclusive finance, pension finance and digital finance), and fully supported the development of the real economy. These efforts earned the Bank the only first prize in the labor competition of financial support for high-quality development in Anhui Province. Technology finance moved forward with innovation. We fully supported the development of new quality productive forces, and issued the first science and innovation-themed financial bond in Anhui Province of RMB20 billion, and the outstanding balance of loans to technology enterprises reached RMB81.47 billion, representing an increase of 36.8% from the beginning of the year, crossing three RMB10 billion thresholds within the year. Green finance enhanced foundation for high-quality development. We contributed to the green and low-carbon transformation of the regional economy, with the outstanding balance of green credit reaching RMB115.88 billion, representing an increase of 40.6%. We provided credit facilities of RMB114.4 billion to the new energy vehicle industry in Anhui Province, offering financial support to 1,702 upstream and downstream customers. Inclusive finance expanded coverage and increased volume. We earnestly implemented the financing coordination mechanism for small and micro enterprises, with the outstanding balance of inclusive loans for small and micro enterprise reaching RMB154.4 billion, ranking among the top in the industry in Anhui Province. The average interest rate of loans for small and micro enterprises decreased by 0.44 percentage point compared to last year, and we granted loan renewals without principal repayment of RMB25.5 billion for over 4,700 small and micro enterprises. Pension finance realized advancements in multiple areas. As the first pilot bank in Anhui Province for the "Near Me (就近办)" social security services, we formulated a pension finance work plan, completed the tri-party joint testing of the personal pension system, and established 102 "Periwinkle (长春花)" age-friendly branches. Digital finance empowered development. Relying on financial technology to enhance our capability to serve the real economy, 54 financial technology strategic projects were put into operation, significantly increasing the proportion of key systems that are self-supporting and under better control. We served the digital transformation of industries, with the cumulative amount of supply chain finance reaching RMB25.65 billion, representing an increase of 70.3% compared to last year.

Chapter IV President's Statement

By concentrating on our core business segments, we have achieved steady and balanced development, with improvements in both quantity and quality. We have strengthened public-private business linkages, enhanced synergies between our parent and subsidiary companies, and improved our customer service system to boost our market competitiveness effectively. Additionally, we continued to optimize our comprehensive corporate services. In response to customer needs, we provided package financial services. As a result, our market share for corporate deposits and corporate loans reached 19.26% and 11.95%, respectively, with both balance and new amounts ranking among the top in the industry in Anhui Province. The customer structure has seen positive changes, highlighted by a 10.2% increase in active corporate deposit accounts and a 34.7% increase in active corporate loan accounts. We have developed an integrated treasury management platform for domestic and foreign currencies, resulting in a 40.6% year-on-year increase in contracted customers for cash management. We also continued to deepen the transformation of retail banking. With the establishment of a digital management system for personal customers, we have acquired over 26 million personal customers, with personal financial assets exceeding RMB820 billion, a 15.9% increase, and savings deposits surpassing RMB630 billion, with a market share of 10.92%, up 0.51 percentage point from the beginning of the year. Our treasury business capability has steadily improved, with net income from financial investments reaching RMB2.11 billion, reflecting a significant increase of 245.7%. The bill business has grown against trend, with the transaction volume exceeding RMB1.48 trillion. Our asset custody fee income reached RMB620 million, a 5.8% increase. We comprehensively strengthened the synergy between our parent and subsidiary companies. Huishang Bank Financial Leasing ranked among the top tier of city commercial banks in terms of total assets, while HSBank Wealth Management experienced steady growth in both asset scale and customer base. The overall operations of Wuwei Huiyin and Jinzai Huiyin, established with our capital, remained stable, and the shareholding adjustment of Jinzai Huiyin for the purpose of regulatory compliance was successfully completed.

We deepened reforms and transformation, significantly strengthening our driving forces. By focusing on the improvement projects in nine areas conducted by the Party Committee of the Bank, we prioritized reform as a source of power and transformation as a catalyst for vitality. We actively promoted specialized businesses in science and technology innovation, inclusive finance, bonds, funds, and remote banking. This has positioned us among the top in banking and financial institutions in Anhui Province in terms of the amount of bonds issued by our investment banking segment, the number of science and technology-based enterprises we supported, and the scale of assets under custody. We prepared a technical program for remote banking construction, resulting in the number of mobile banking customers exceeding 10 million. We promoted the transformation of key areas to contribute to high-quality development of our county institutions, with the balance of deposits and loans in county institutions reaching RMB263 billion and RMB277.6 billion, respectively, both reflecting an increase of over 10% compared to the beginning of the year. We encouraged our branches outside Anhui Province to pursue specialization development, and such branches realized relatively fast growth in investment banking, supply chain financing, and custody business. We enhanced awareness of our "first order" and collaborated with the Shanghai Clearing House to jointly compile and release Anhui local bond and credit bond indices for Huishang Bank. Additionally, we issued the first "capital flow" credit loan for small and micro enterprises in Anhui Province, and executed the province's first sustainable development-linked loan for the iron and steel industry, fostering a strong innovation atmosphere. To improve the quality of our online services, we promoted business breakthroughs through scenario construction and actively expanded financial scenarios. We launched 280 scenarios throughout the year, a year-on-year increase of 90.7%. Both the customer online adoption rate and product digitization rate reached 50%, and the number of electronic channel account transactions reached 470 million, with a diversion rate exceeding 98%.

Chapter IV President's Statement

We upheld the bottom line of risk control, and standardized internal governance, with a focus on quality and efficiency. Risk prevention and control remained central to our financial operations, and we were committed to compliance to ensure sound practices. In order to promote asset quality, we enhanced governance in the credit sector, promoted the full digital transformation of credit risk processes, and established a leading group for the recovery and coordination of key projects related to non-performing assets. As a result, our non-performing indicators continued to improve, with the non-performing loan ratio dropping to 0.99%, a decrease of 0.27 percentage point from the beginning of the year, marking it the first time for the ratio to fall below 1% since 2016. We also strengthened our internal control and compliance management. By fostering a financial culture with Chinese characteristics, we improved our internal control and compliance capabilities. We have been recognized with the highest grade in the comprehensive evaluation by the PBOC on complying with its relevant provisions for several consecutive years. We were committed to reducing costs and increasing efficiency. The average cost rate of interest-bearing liabilities decreased to 2.19%, down 14 basis points from last year. We have embraced a mindset of fiscal prudence, effectively controlling operating costs, which led to the year-on-year reductions in conference and rental expenses. In terms of enhancing our corporate brand image, we successfully issued RMB10 billion of perpetual bonds and successfully organized various events, including the Interbank Client Brand Launch and the Yangtze River Delta Financial Institutions Cooperation and Development Seminar. We also launched the “Huitongying (徽同赢)” brand, which further strengthened our market position and brand image.

Together, we have experienced trials and triumphs, and now we are marching towards a brighter future! In 2025, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, Huishang Bank will continue to uphold the philosophy of finance for the people to effectively advance the “five major aspects” of finance (namely technology finance, green finance, inclusive finance, pension finance and digital finance). With unwavering determination to excel and ascend, we will embark on a new journey of high-quality development, contributing to writing Anhui's chapter in China's modernization, and will deliver value to shareholders, benefit our employees, and give back to society with outstanding performance!

Kong Qinglong
Executive Director, President

Chapter V Management Discussion and Analysis

5.1 OVERALL BUSINESS REVIEW

In 2024, under the strong leadership of the Anhui Provincial Committee and the People's Government of Anhui Province, Huishang Bank actively studied and implemented the spirits of the 20th National Congress of the CPC, the second and third Plenary Sessions of the 20th Central Committee of the CPC, and coordinated its reform, transformation, innovation and development efforts, guided by nine improvement projects of the Bank's Party Committee. As a result, the Bank's operational performance steadily increased, and its overall comprehensive strength significantly improved, contributing to the goal of building a modern Anhui with Chinese characteristics through financial initiatives.

As at the end of 2024, the total assets of the Bank were RMB2,013,753 million, representing an increase of RMB207,609 million or 11.49% as compared with the end of last year. Among them, total loans and advances to customers were RMB1,002,166 million, representing an increase of RMB127,943 million or 14.64% as compared with the end of last year. Total liabilities were RMB1,852,086 million, representing an increase of RMB192,669 million or 11.61% as compared with the end of last year. Among them, total customer deposits were RMB1,138,966 million, representing an increase of RMB118,808 million or 11.65% as compared with the end of last year.

In 2024, the Bank realized operating income of RMB37,128 million, representing an increase of RMB763 million or 2.10% as compared with the same period of last year; net profit was RMB15,917 million, representing an increase of RMB926 million or 6.18% as compared with the same period of last year.

As at the end of 2024, the Bank's non-performing loan balance was RMB9,876 million, representing a decrease of RMB1,146 million as compared with the end of last year. Non-performing loan ratio was 0.99%, representing a decrease of 0.27 percentage point as compared with the end of last year. Non-performing loan provision coverage ratio was 286.47%, representing an increase of 14.53 percentage points as compared with the end of last year.

5.2 ANALYSIS OF INCOME STATEMENT

5.2.1 Summary of financial performance

In 2024, the Bank realized profit before tax of RMB17,989 million, representing an increase of RMB332 million or 1.88% as compared with the same period of last year. The effective income tax rate was 11.52%, representing a decrease of 3.58 percentage points as compared with the same period of last year.

	<i>Unit: RMB million</i>	
	2024	2023
Net interest income	28,591	28,720
Net fee and commission income	2,849	2,805
Other net income	5,689	4,840
Operating expenses	10,695	10,199
Impairment losses	8,548	8,798
Net income from investment in associates	103	289
Profit before income tax	17,989	17,657
Income tax	2,072	2,666
Net profit	15,917	14,991
Net profit attributable to shareholders of the Bank	15,414	14,433

Chapter V Management Discussion and Analysis

5.2 ANALYSIS OF INCOME STATEMENT (CONTINUED)

5.2.2 Net interest income

In 2024, the Bank's net interest income amounted to RMB28,591 million, representing a decrease of RMB129 million or 0.45% as compared with the same period of last year, among which expansion of the scale drove an increase of RMB3,602 million in net interest income and changes in interest rates resulted in a decrease of RMB3,731 million in net interest income. In 2024, the net interest spread and net interest yield of the Bank was 1.49% and 1.71%, representing a decrease of 16 and 17 basis points as compared with the same period of last year, respectively.

The following table sets forth the average balances, interest income and interest expenses, and average yield and cost ratio of the Bank's interest-earning assets and interest-bearing liabilities for the periods indicated.

Unit: RMB million, except for percentages

	2024			2023		
	Average Balance ⁽¹⁾	Interest Income	Average Yield (%)	Average Balance ⁽¹⁾	Interest Income	Average Yield (%)
Interest-earning assets						
Loans and advances to customers	945,372	40,025	4.23	840,513	38,227	4.55
Securities investments	559,523	19,288	3.45	497,886	19,729	3.96
Balances with central bank	77,668	1,166	1.50	82,965	1,231	1.48
Deposits and placements with banks and other financial institutions	88,686	1,894	2.14	77,940	1,526	1.96
Financial leasing	62,399	3,961	6.35	61,278	4,279	6.98
Total interest-earning assets and interest income	1,733,648	66,334	3.83	1,560,582	64,992	4.16

Note: (1) Average balance represents the daily average balance.

Chapter V Management Discussion and Analysis

5.2 ANALYSIS OF INCOME STATEMENT (CONTINUED)

5.2.2 Net interest income (Continued)

Unit: RMB million, except for percentages

Items	2024			2023		
	Average Balance	Interest Expenses	Average Cost Ratio (%)	Average Balance	Interest Expenses	Average Cost Ratio (%)
Interest-bearing liabilities						
Borrowings from the central bank	103,415	2,400	2.32	82,625	2,063	2.50
Customer deposits	1,081,438	22,732	2.10	1,002,368	21,977	2.19
Deposits and placements from banks and other financial institutions ⁽¹⁾	327,160	7,472	2.28	278,331	7,146	2.57
Bonds issued	208,051	5,139	2.47	196,160	5,085	2.59
Total interest-bearing liabilities and interest expenses	1,720,064	37,743	2.19	1,559,484	36,272	2.33
Net interest income	-	28,591	-	-	28,720	-
Net interest spread⁽²⁾	-	-	1.49	-	-	1.65
Net interest margin⁽²⁾	-	-	1.71	-	-	1.88

Notes: (1) Deposits from insurance companies are included in the item of deposits and placements from banks and other

(2) After the adoption of new accounting standards for financial instruments, gains from the holding of financial assets at fair value through profit or loss will no longer be recorded as interest income. Net interest spread and net interest margin shall be calculated in accordance with interest income (after adjustment).

Chapter V Management Discussion and Analysis

5.2 ANALYSIS OF INCOME STATEMENT (CONTINUED)

5.2.2 Net interest income (Continued)

The following table sets forth the changes in interest income and expenses of the Bank caused by the changes in scale and interest rates for the period indicated.

Unit: RMB million

	2024 vs 2023		Net increase/ (decrease)
	Increase/(decrease) factors ⁽¹⁾		
	Scale	Interest rate	
Assets			
Loans and advances to customers	4,769	(2,971)	1,798
Securities investments	2,442	(2,883)	(441)
Balances with central bank	(79)	14	(65)
Deposits and placements with banks and other financial institutions	210	158	368
Financial leasing	78	(396)	(318)
Changes in interest income	7,420	(6,078)	1,342
Liabilities			
Borrowings from the central bank	519	(182)	337
Customer deposits	1,734	(979)	755
Deposits and placements from banks and other financial institutions	1,254	(928)	326
Bonds issued	308	(254)	54
Changes in interest expenses	3,818	(2,347)	1,471
Changes in net interest income	3,602	(3,731)	(129)

Note: (1) The changes in scale were measured by the changes in average balances; while changes in interest rates were measured by changes in average interest rates. The changes caused by a combination of scale changes and interest rate changes were included in interest rate changes.

Chapter V Management Discussion and Analysis

5.2 ANALYSIS OF INCOME STATEMENT (CONTINUED)

5.2.3 Interest income

In 2024, the Bank's interest income amounted to RMB66,334 million, representing an increase of RMB1,342 million or 2.06% as compared with the same period of last year.

Interest income from loans and advances

In 2024, the Bank's interest income from loans and advances to customers amounted to RMB40,025 million, representing an increase of RMB1,798 million or 4.70% as compared with the same period of last year, among which expansion of the scale drove an increase of RMB4,769 million in interest income from loans and advances to customers and changes in interest rates resulted in a decrease of RMB2,971 million in interest income from loans and advances to customers.

The following table sets forth the average balances, interest income and average yields on each component of the Bank's loans and advances to customers for the periods indicated.

Unit: RMB million, except for percentages

	2024			2023		
	Average Balance	Interest Income	Average Yield (%)	Average Balance	Interest Income	Average Yield (%)
Corporate loans	618,171	26,524	4.29	553,131	24,612	4.45
Personal loans	265,767	12,712	4.78	250,437	13,065	5.22
Discounted bills	61,434	789	1.28	36,945	550	1.49
Loans and advances to customers	945,372	40,025	4.23	840,513	38,227	4.55

Interest income from securities investments

In 2024, the Bank's interest income from securities investments was RMB19,288 million, representing a decrease of RMB441 million or 2.24% as compared with the same period of last year, among which expansion of the scale drove an increase of RMB2,442 million in interest income from securities investments and changes in interest rates resulted in a decrease of RMB2,883 million in interest income from securities investments.

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 was RMB1,894 million, representing an increase of RMB368 million or 24.12% as compared with the same period of last year, among which expansion of the scale drove an increase of RMB210 million in interest income from deposits and placements with banks and other financial institutions while changes in interest rates resulted in an increase of RMB158 million in interest income from deposits and placements with banks and other financial institutions.

Chapter V Management Discussion and Analysis

5.2 ANALYSIS OF INCOME STATEMENT (CONTINUED)

5.2.4 Interest expenses

In 2024, the Bank realized interest expenses amounting to RMB37,743 million, representing an increase of RMB1,471 million or 4.06% as compared with the same period of last year, among which expansion of the scale drove an increase of RMB3,818 million in interest expenses while changes in interest rates resulted in a decrease of RMB2,347 million in interest expenses.

Interest expense on customer deposits

In 2024, the Bank's interest expense on customer deposits was RMB22,732 million, representing an increase of RMB755 million or 3.44% as compared with the same period of last year, among which expansion of the scale drove an increase of RMB1,734 million in interest expense on customer deposits and changes in interest rates resulting in a decrease of RMB979 million in interest expense on customer deposits.

The following table sets forth the average balance, interest expenses and average cost ratio of the Bank's corporate deposits and personal deposits for the periods indicated.

Unit: RMB million, except for percentages

	2024			2023		
	Average Balance	Interest Expenses	Average Cost Ratio (%)	Average Balance	Interest Expenses	Average Cost Ratio (%)
Corporate deposits						
Demand deposits	234,828	2,017	0.86	280,218	2,752	0.98
Time deposits	251,838	6,225	2.47	229,026	6,309	2.75
Sub-total	486,666	8,242	1.69	509,244	9,061	1.78
Personal deposits						
Demand deposits	85,466	320	0.37	82,617	413	0.50
Time deposits	509,306	14,170	2.78	410,507	12,503	3.05
Sub-total	594,772	14,490	2.44	493,124	12,916	2.62
Total customer deposits	1,081,438	22,732	2.10	1,002,368	21,977	2.19

Interest expense on deposits and placements from banks and other financial institutions

In 2024, interest expense on deposits and placements from banks and other financial institutions was RMB7,472 million, representing an increase of RMB326 million or 4.56% as compared with the same period of last year, among which expansion of the scale drove an increase of RMB1,254 million in interest expense on deposits and placements from banks and other financial institutions while changes in interest rates resulted in a decrease of RMB928 million in interest expense on deposits and placements from banks and other financial institutions.

Chapter V Management Discussion and Analysis

5.2 ANALYSIS OF INCOME STATEMENT (CONTINUED)

5.2.4 Interest expenses (Continued)

Interest expense on bonds issued

In 2024, interest expense on bonds issued was RMB5,139 million, representing an increase of RMB54 million or 1.06% as compared with the same period of last year, among which expansion of the scale drove an increase of RMB308 million in interest expense on bonds issued while changes in interest rates resulted in a decrease of RMB254 million in interest expense on bonds issued.

5.2.5 Net non-interest income

In 2024, the Bank realized net non-interest income of RMB8,538 million, representing a year-on-year increase of RMB893 million or 11.68%, which was primarily attributable to the increase in net income from financial investments.

The following table sets forth the principal components of the Bank's net non-interest income for the periods indicated.

	<i>Unit: RMB million</i>	
	2024	2023
Fee and commission income	3,195	3,223
Settlement fee income	207	170
Guarantee and commitment fee income	639	649
Investment banking fee income	689	653
Custodian service fee income	724	718
Bank card fee income	55	158
Settlement fees	31	23
Agency service fees	780	785
Other fee income	70	67
Fee and commission expenses	(346)	(418)
Net fee and commission income	2,849	2,805
Other net non-interest income	5,689	4,840
Net trading income	3,220	3,601
Net income from financial investments	2,105	609
Dividend income	5	5
Other operating income, net	359	625
Net non-interest income	8,538	7,645

Net fee and commission income

In 2024, net fee and commission income of the Bank was RMB2,849 million, representing a year-on-year increase of RMB44 million or 1.57%, which was primarily attributable to the decrease in fee and commission expenses.

Chapter V Management Discussion and Analysis

5.2 ANALYSIS OF INCOME STATEMENT (CONTINUED)

5.2.5 Net non-interest income (Continued)

Net trading income

In 2024, net trading income of the Bank was RMB3,220 million, representing a decrease of RMB381 million or 10.58% as compared with the same period of last year, which was primarily attributable to the decrease in net gains from interest rate instruments.

Net income from financial investments

In 2024, net income from financial investments of the Bank was RMB2,105 million, representing an increase of RMB1,496 million or 245.65% as compared with the same period of last year, which was mainly due to the increase in the spread income from financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

5.2.6 Operating expenses

In 2024, the Bank's operating expenses were RMB10,695 million, representing an increase of RMB496 million or 4.86% as compared with the same period of last year.

The following table sets forth the principal components of the Bank's operating expenses for the periods indicated.

	<i>Unit: RMB million</i>	
	2024	2023
Staff costs	(6,470)	(5,940)
Other general operating and administrative expenses	(2,736)	(2,758)
Depreciation and amortization	(1,081)	(1,079)
Tax and surcharges	(408)	(422)
Total operating expenses	(10,695)	(10,199)

Chapter V Management Discussion and Analysis

5.2 ANALYSIS OF INCOME STATEMENT (CONTINUED)

5.2.7 Impairment losses

In 2024, the Bank's allowance for impairment losses was RMB8,548 million, representing a decrease of RMB250 million or 2.84% as compared with the same period of last year.

The following table sets forth the principal components of the Bank's impairment losses for the periods indicated.

Items	<i>Unit: RMB million</i>	
	2024	2023
Loans and advances to customers ⁽¹⁾	(3,542)	(7,913)
Financial investments	(3,334)	583
Deposits with banks and other financial institutions	(4)	0
Placements with banks and other financial institutions	(75)	(22)
Financial assets held under resale agreements	(29)	3
Credit commitments	215	(361)
Finance lease receivables	(864)	(870)
Reposessed assets	7	0
Goodwill	(877)	(229)
Other assets	(45)	11
Total	(8,548)	(8,798)

Note: (1) Loans and advances to customers comprise loans and advances to customers measured at amortised cost and at fair value through other comprehensive income.

Chapter V Management Discussion and Analysis

5.3 BALANCE SHEET ANALYSIS

5.3.1 Assets

As of 31 December 2024, the Bank's total assets amounted to RMB2,013,753 million, representing an increase of 11.49% as compared with the end of last year. The increase in total assets was primarily due to an increase in assets such as loans and advances to customers and investments.

Unit: RMB million, except for percentages

Items	31 December 2024		31 December 2023	
	Amount	% of the total	Amount	% of the total
Total loans and advances to customers	1,002,166	49.77	874,223	48.40
Accrued interest of loans and advances to customers	2,021	0.10	1,729	0.10
Provision for loan impairment	(28,238)	(1.40)	(29,869)	(1.65)
Net loans and advances to customers	975,949	48.46	846,082	46.84
Investments ⁽¹⁾	771,673	38.32	687,389	38.06
Cash and balances with the central bank	92,453	4.59	98,612	5.46
Deposits with banks and other financial institutions	14,676	0.73	14,409	0.80
Placements with banks and other financial institutions	48,012	2.38	35,272	1.95
Derivative financial assets	154	0.01	100	0.01
Financial assets held under resale agreements	11,904	0.59	24,775	1.37
Investments in associates	5,261	0.26	5,151	0.29
Investment properties	4	0.00	–	–
Fixed assets	4,340	0.22	4,539	0.25
Right-of-use assets	1,167	0.06	1,149	0.06
Goodwill	10,671	0.53	11,547	0.64
Deferred income tax assets	15,381	0.76	14,238	0.79
Finance lease receivables	57,958	2.88	58,683	3.25
Other assets	4,150	0.21	4,196	0.23
Total assets	2,013,753	100.00	1,806,144	100.00

Note: (1) Investments include accrued interest and provision for impairment.

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5.3 BALANCE SHEET ANALYSIS (CONTINUED)

5.3.1 Assets (Continued)

5.3.1.1 Loans and advances to customers

As of 31 December 2024, the Bank's total loans and advances to customers amounted to RMB1,002,166 million, representing an increase of 14.64% as compared with the end of last year, and accounting for 49.77% of total assets.

Distribution of loans by product type

The following table sets forth information on the Bank's loans and advances to customers by product type as of the dates indicated.

Unit: RMB million, except for percentages

Items	31 December 2024		31 December 2023	
	Amount	% of the total	Amount	% of the total
Corporate loans	627,583	62.62	558,507	63.89
Discounted bills	76,629	7.65	56,382	6.45
Personal loans	297,954	29.73	259,334	29.66
Total loans and advances to customers	1,002,166	100.00	874,223	100.00

5.3.1.2 Investments

Investments of the Bank consist of listed and non-listed securities denominated in both Renminbi and foreign currencies, including financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost.

The following table sets forth the components of the investment portfolio of the Bank by accounting classification.

Unit: RMB million, except for percentages

Items	31 December 2024		31 December 2023	
	Amount	% of the total	Amount	% of the total
Financial assets at fair value through profit or loss	168,109	21.79	176,260	25.64
Financial assets at fair value through other comprehensive income	173,959	22.54	169,366	24.64
Financial assets at amortised cost	429,604	55.67	341,763	49.72
Investments	771,673	100.00	687,389	100.00

Note: As the Bank has adopted IFRS 9 – Financial Instruments, the classification and measurement of relevant financial assets are presented in accordance with the requirements of the newly adopted standard.

Chapter V Management Discussion and Analysis

5.3 BALANCE SHEET ANALYSIS (CONTINUED)

5.3.1 Assets (Continued)

5.3.1.2 Investments (Continued)

Financial assets at fair value through profit or loss

The following table sets forth the components of financial assets at fair value through profit or loss of the Bank.

	<i>Unit: RMB million</i>	
	31 December	31 December
	2024	2023
Government bonds	4,103	5,793
Other bonds	23,023	25,528
Interbank certificates of deposit	3,025	3,053
Equity investment	99	262
Beneficial rights in asset management plans, trust plans and others	132,150	135,492
Non-guaranteed wealth management products managed by other banks	3,960	3,908
Interest accrued	1,750	2,224
Total financial assets at fair value through profit or loss	168,109	176,260

Notes: (1) As the Bank has adopted IFRS 9 – Financial Instruments, the classification and measurement of relevant financial assets are presented in accordance with the requirements of the newly adopted standard.

(2) As of the end of the Reporting Period, among the investments in the above asset management plans, trust plans and others, the proportion of bond investments in the underlying assets was 96.27% (as of the end of 2023: 91.70%).

Financial assets at fair value through other comprehensive income

The following table sets forth the components of financial assets at fair value through other comprehensive income of the Bank.

	<i>Unit: RMB million</i>	
	31 December	31 December
	2024	2023
Debt securities	166,891	160,415
Inter-bank certificates of deposits	4,445	5,896
Equity investment	370	305
Interest accrued	2,253	2,750
Total financial assets at fair value through other comprehensive income	173,959	169,366

Note: As the Bank has adopted IFRS 9 – Financial Instruments, the classification and measurement of relevant financial assets are presented in accordance with the requirements of the newly adopted standard.

Chapter V Management Discussion and Analysis

5.3 BALANCE SHEET ANALYSIS (CONTINUED)

5.3.1 Assets (Continued)

5.3.1.2 Investments (Continued)

Financial assets at amortised cost

The following table sets forth the components of financial assets at amortised cost of the Bank.

	31 December 2024	<i>Unit: RMB million</i> 31 December 2023
Debt securities	315,003	227,400
Inter-bank certificates of deposits	499	–
Beneficial rights in asset management and trust plans and others	116,442	117,667
Interest accrued	7,805	5,970
Less: provision for impairment	(10,145)	(9,274)
Net financial assets at amortised cost	429,604	341,763

Notes: (1) As the Bank has adopted IFRS 9 – Financial Instruments, the classification and measurement of relevant financial assets are presented in accordance with the requirements of the newly adopted standard.

(2) As of the end of the Reporting Period, among the investments in the above asset management plans, trust plans and others, the proportion of bond investments in the underlying assets was 65.49% (as of the end of 2023: 43.85%).

Carrying value and market value

All assets classified as financial assets at fair value through profit or loss or financial assets at fair value through other comprehensive income were recorded at market value or fair value.

The following table sets forth the carrying value and market value of the financial assets at amortised cost in the Bank's investment portfolio as of the dates indicated.

	31 December 2024		<i>Unit: RMB million</i> 31 December 2023	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets at amortised cost	429,604	450,876	341,763	347,369

Chapter V Management Discussion and Analysis

5.3 BALANCE SHEET ANALYSIS (CONTINUED)

5.3.1 Assets (Continued)

5.3.1.3 Subsidiaries and major companies in which the Bank has shareholdings

Name	Initial investment amount (RMB'000)	Percentage of shareholdings (%)	Number of shares held at the end of the period (in thousands of shares)	Carrying value at the end of the period (RMB'000)	Sources of shares held	Remark
Huishang Bank Financial Leasing Co., Ltd.	1,020,000	54	1,620,000	1,706,820	Promotion, participation in capital increase	Subsidiary
HSBank Wealth Management Co., Ltd.	2,000,000	100	2,000,000	2,000,000	Promotion	Subsidiary
Wuwei Huiyin Rural Bank Co., Ltd. ⁽¹⁾	40,000	40	40,000	69,513	Promotion	Subsidiary
Jinzhai Huiyin Rural Bank Co., Ltd. ⁽²⁾	32,800	51	40,800	56,720	Promotion, equity acquisition	Subsidiary
Chery Huiyin Motor Finance Service Co., Ltd.	100,000	20	300,000	2,305,550	Promotion, participation in capital increase	Company in which the Bank has shareholdings
Mengshang Bank Co., Ltd.	3,600,000	15	3,000,000	2,955,529	Promotion	Company in which the Bank has shareholdings

Notes:

- (1) In 2010, the Bank invested to establish Wuwei Huiyin Rural Bank Co., Ltd. ("Wuwei Huiyin"). Its registered capital was RMB100 million, of which the Bank contributed RMB40 million, accounting for 40% of its shareholdings. Although the Bank has no absolute controlling interest in Wuwei Huiyin, after taking into various factors, the company's operating activities since its incorporation indicated that the Bank is able to direct the operating activities of Wuwei Huiyin. Therefore, the Bank has de facto control over it. The Bank included Wuwei Huiyin in its consolidated financial statements on 31 December 2014.
- (2) The Bank invested to establish Jinzhai Huiyin Rural Bank Co., Ltd. ("Jinzhai Huiyin") in 2013. The registered capital of the investee was RMB80 million, of which the Bank contributed RMB32.8 million, accounting for 41% of its shareholdings. In May 2017, Jinzhai Huiyin experienced a shareholding change. Its shareholders, Anhui GuoYuan Investment Co., Ltd. (holding 10% of the shares of Jinzhai Huiyin) and Zhang Huaian (holding 10% of the shares of Jinzhai Huiyin), have been acting in concert with the Bank. Such shareholders will act in concert with the Bank when voting on material decisions regarding the financial and operating policies of Jinzhai Huiyin. In December 2024, the Bank acquired 10% of the shares of Jinzhai Huiyin from its shareholder Guan Houlong, increasing its total contribution to Jinzhai Huiyin to RMB40.8 million and raising its shareholding percentage to 51%.

For further details of subsidiaries of the Bank and major companies in which the Bank has shareholdings, please refer to section 5.9.9 "Subsidiaries and major companies in which the Bank has shareholdings" of this annual report.

Chapter V Management Discussion and Analysis

5.3 BALANCE SHEET ANALYSIS (CONTINUED)

5.3.2 Liabilities

As of 31 December 2024, total liabilities of the Bank amounted to RMB1,852,086 million, representing an increase of 11.61% as compared with the end of last year. Such increase was mainly due to the steady growth of customer deposits.

Unit: RMB million, except for percentages

Items	31 December 2024		31 December 2023	
	Amount	% of the total	Amount	% of the total
Borrowings from the central bank	139,580	7.54	138,086	8.32
Deposits from banks and other financial institutions	175,719	9.49	164,014	9.88
Placements from banks and other financial institutions	49,519	2.67	47,086	2.84
Derivative financial liabilities	131	0.01	101	0.01
Financial assets sold under repurchase agreements	18,806	1.02	66,851	4.03
Customer deposits	1,138,966	61.50	1,020,158	61.48
Accrued interests on customer deposits	27,954	1.51	22,157	1.34
Taxes payable	2,036	0.11	1,975	0.12
Issuance of bonds	282,946	15.28	181,661	10.95
Other liabilities	16,429	0.88	17,328	1.04
Total liabilities	1,852,086	100.00	1,659,417	100.00

Customer deposits

The Bank has been focusing on and actively expanding its deposit business. In 2024, despite an increasingly intense competition among the peers, the Bank managed to maintain a steady growth of customer deposits through various effective measures. As of the end of 2024, total customer deposits of the Bank amounted to RMB1,138,966 million, representing an increase of 11.65% as compared with the end of 2023, and accounted for 61.50% of total liabilities of the Bank.

Chapter V Management Discussion and Analysis

5.3 BALANCE SHEET ANALYSIS (CONTINUED)

5.3.2 Liabilities (Continued)

Customer deposits (Continued)

The following table sets forth the Bank's customer deposits by product type and customer type as of the dates indicated.

Unit: RMB million, except for percentages

Items	31 December 2024		31 December 2023	
	Balance	% of the total	Balance	% of the total
Corporate deposits				
Demand deposits	223,494	19.62	267,327	26.20
Time deposits	277,099	24.33	220,738	21.64
Subtotal	500,593	43.95	488,065	47.84
Personal deposits				
Demand deposits	92,138	8.09	83,271	8.16
Time deposits	546,236	47.96	448,822	44.00
Subtotal	638,374	56.05	532,093	52.16
Total customer deposits	1,138,966	100.00	1,020,158	100.00

5.3.3 Equity

Unit: RMB million

Items	31 December 2024	31 December 2023
Share capital ⁽¹⁾	13,890	13,890
Other equity instruments	19,999	19,999
Capital reserve	15,233	15,231
Surplus reserve	22,755	19,949
Statutory general reserve	19,272	17,584
Other comprehensive income	4,073	2,124
Retained earnings	62,228	54,206
Equity attributable to shareholders of the Bank	157,450	142,983
Non-controlling interest	4,217	3,744
Total equity	161,667	146,727

Note: (1) For details of share capital of the Bank, please refer to section 7.1 "Changes in Ordinary Shares of the Bank during the Reporting Period" of this annual report and Note 40 to the financial statements.

Chapter V Management Discussion and Analysis

5.4 LOAN QUALITY ANALYSIS

5.4.1 Distribution of loans by the five-category classification

The following table sets forth the distribution of the Bank's loans by the five-category classification as of the dates indicated.

	31 December 2024		31 December 2023	
	Amount	% of the total	Amount	% of the total
<i>(in RMB100 million, except for percentages)</i>				
Pass	9,809.16	97.88	8,561.83	97.94
Special mention	113.74	1.13	70.18	0.80
Substandard	55.70	0.56	56.96	0.65
Doubtful	12.35	0.12	21.19	0.24
Loss	30.71	0.31	32.07	0.37
Total loans and advances to customers	10,021.66	100.00	8,742.23	100.00
Total non-performing loans	98.76	0.99	110.22	1.26

Under the risk classification measures for financial assets, the non-performing loans ("NPLs") of the Bank include loans of substandard, doubtful and loss categories. In 2024, in the face of complex and volatile internal and external economic and financial situations, the Bank has effectively implemented risk management and control in key areas, and ensured the steady and positive improvement of asset quality by increasing its measures to the recovery and disposal. As of the end of the Reporting Period, the NPL ratio of the Bank was 0.99%, representing a decrease of 0.27 percentage point from the end of last year.

5.4.2 Distribution of loans and NPLs by product type

The following table sets forth the distribution of loans and NPLs by product type as of the dates indicated.

	31 December 2024				31 December 2023			
	Amount of loans	% of the total	Amount of NPLs	NPL ratio (%)	Amount of loans	% of the total	Amount of NPLs	NPL ratio (%)
<i>(in RMB100 million, except for percentages)</i>								
Corporate loans	6,275.83	62.62	53.77	0.86	5,585.07	63.89	80.85	1.45
Discounted bills ⁽¹⁾	766.29	7.65	-	0.00	563.82	6.45	0.00	0.00
Retail loans	2,979.54	29.73	44.99	1.51	2,593.34	29.66	29.37	1.13
Total loans and advances to customers	10,021.66	100.00	98.76	0.99	8,742.23	100.00	110.22	1.26

Note: (1) Overdue discounted bills are transferred to corporate loans.

Chapter V Management Discussion and Analysis

5.4 LOAN QUALITY ANALYSIS (CONTINUED)

5.4.3 Distribution of loans and NPLs by industry

The following table sets forth the distribution of loans and NPLs by industry as of the dates indicated.

	31 December 2024				31 December 2023			
	Amount of loans	% of the total	Amount of NPLs	NPL ratio (%)	Amount of loans	% of the total	Amount of NPLs	NPL ratio (%)
	<i>(in RMB100 million, except for percentages)</i>							
Commerce and services	1,248.27	12.46	23.47	1.88	983.38	11.25	31.18	3.17
Manufacturing	1,239.33	12.36	17.42	1.41	978.75	11.20	13.39	1.37
Public utilities	2,264.69	22.60	1.00	0.04	2,231.68	25.53	1.20	0.05
Real estate	369.45	3.68	3.98	1.08	346.48	3.96	25.41	7.33
Construction	430.95	4.30	6.34	1.47	393.05	4.50	8.10	2.06
Transportation	116.26	1.16	0.76	0.65	120.71	1.38	0.54	0.45
Energy and chemical	363.03	3.62	0.34	0.09	355.55	4.07	0.32	0.09
Catering and travelling	11.88	0.12	0.32	2.69	10.85	0.12	0.28	2.58
Education and media	47.84	0.48	0.05	0.10	36.55	0.42	0.03	0.08
Financial services	69.29	0.69	0.00	0.00	56.23	0.64	0.00	0.00
Others ⁽¹⁾	114.84	1.15	0.11	0.10	71.84	0.82	0.40	0.56
Discounted bills	766.29	7.65	0.00	0.00	563.82	6.45	0.00	0.00
Retail loans	2,979.54	29.73	44.97	1.51	2,593.34	29.66	29.37	1.13
Total loans and advances								
to customers	10,021.66	100.00	98.76	0.99	8,742.23	100.00	110.22	1.26

Note: (1) Others mainly include the planting, forestry, and livestock industries and the fishery industry.

Chapter V Management Discussion and Analysis

5.4 LOAN QUALITY ANALYSIS (CONTINUED)

5.4.4 Distribution of loans and NPLs by geographical segment

The following table sets forth the distribution of loans and NPLs by geographical segment as of the dates indicated.

	31 December 2024				31 December 2023			
	Amount of loans	% of the total	Amount of NPLs	NPL ratio (%)	Amount of loans	% of the total	Amount of NPLs	NPL ratio (%)
<i>(in RMB100 million, except for percentages)</i>								
Anhui	8,905.96	88.87	79.00	0.89	7,670.54	87.74	77.45	1.01
Jiangsu	595.70	5.94	12.82	2.15	535.59	6.13	17.71	3.31
Others	520.00	5.19	6.94	1.33	536.10	6.13	15.06	2.81
Total loans and advances to customers	10,021.66	100.00	98.76	0.99	8,742.23	100.00	110.22	1.26

5.4.5 Distribution of loans and NPLs by type of collateral

The following table sets forth the distribution of loans and NPLs by type of collateral as of the dates indicated.

	31 December 2024				31 December 2023			
	Amount of loans	% of the total	Amount of NPLs	NPL ratio (%)	Amount of loans	% of the total	Amount of NPLs	NPL ratio (%)
<i>(in RMB100 million, except for percentages)</i>								
Collateralized loans	2,284.96	22.80	35.08	1.54	2,261.04	25.86	37.67	1.67
Pledged loans	1,471.56	14.68	1.46	0.10	1,600.70	18.31	1.33	0.08
Guaranteed loans	3,201.66	31.95	33.29	1.04	2,546.77	29.13	50.34	1.98
Unsecured loans	2,297.19	22.92	28.93	1.26	1,769.90	20.25	20.88	1.18
Discounted bills	766.29	7.65	0.00	0.00	563.82	6.45	0.00	0.00
Total loans and advances to customers	10,021.66	100.00	98.76	0.99	8,742.23	100.00	110.22	1.26

Chapter V Management Discussion and Analysis

5.4 LOAN QUALITY ANALYSIS (CONTINUED)

5.4.6 Loans of the top 10 single borrowers

The following table sets forth the Bank's loans of the top 10 single borrowers as of the date indicated.

Top 10 borrowers	Industry borrower belongs to	Amount of	% of
		loans as of	
		31 December	
		2024	
		(RMB million)	(%)
A	Manufacturing	6,000	3.43
B	Manufacturing	3,973	2.26
C	Commerce and services	3,623	2.06
D	Energy and chemical	3,481	1.98
E	Transportation	2,763	1.57
F	Manufacturing	2,552	1.45
G	Public utilities	2,536	1.44
H	Energy and chemical	2,530	1.44
I	Public utilities	2,461	1.40
J	Commerce and services	2,454	1.40
Total		32,373	18.43

5.4.7 Distribution of loans by overdue period

The following table sets forth the distribution of loans by overdue period as of the dates indicated.

	31 December	31 December
	2024	2023
Total loans and advances to customers listed by duration (RMB million)		
Within 3 months	4,913	3,927
3 to 6 months (inclusive)	2,674	1,622
6 to 12 months	2,271	3,183
Over 12 months	2,800	1,921
Total	12,658	10,653
Percentage (%)		
Within 3 months	38.82	36.86
3 to 6 months (inclusive)	21.12	15.23
6 to 12 months	17.94	29.88
Over 12 months	22.12	18.03
Total	100.00	100.00

Chapter V Management Discussion and Analysis

5.4 LOAN QUALITY ANALYSIS (CONTINUED)

5.4.8 Restructuring loans

The Bank carried out the restructuring for non-performing loans strictly following the principle of “not increasing substantive risks and not reducing risk mitigation”. During the Reporting Period, the Bank’s restructuring NPLs amounted to RMB941,772.3 thousand, representing an increase of RMB77,625.6 thousand from the same period of last year, which included 10 corporate loans amounting to RMB773,330 thousand, 30 small corporate loans amounting to RMB168,142.6 thousand and 1 personal loan amounting to RMB299.7 thousand.

5.4.9 Transfer of credit assets

The Bank disposes of its non-performing assets by transferring such assets to third parties in its ordinary course of business. In 2024, the Bank disposed of non-performing assets of RMB702,318.8 thousand through transfer, including the disposal of non-performing assets of the former Baoshang Bank of RMB701,420.4 thousand.

5.4.10 Change of allowances for loan impairment⁽¹⁾

The Bank adopts the “Expected Credit Loss Model” to assess impairment provision and loss on loans on a regular basis in accordance with the requirements of IFRS 9. In measuring the expected loss, the Bank uses a complex model comprising the future macroeconomic situation and the credit history of borrowers and makes relevant assumptions. After carrying out a forward-looking assessment of the expected credit loss on each loan, the Bank classifies the loans into stages one, two and three accordingly and determines the degree of impairment loss based on the degree of default. The Bank will regularly review the methodology and assumptions such as the criteria for the significant increase in credit risk, the definition of credit-impaired assets, the parameters for expected credit loss measurement and forward-looking information to reduce the difference between the estimated impairment loss and the actual impairment loss on loans.

The following table sets forth the changes in allowances for impairment on loans and advances to customers.

Items	Unit: RMB million	
	2024	2023
Balance at the beginning of the period	29,972	31,421
Allowances for the period	3,542	7,913
Reversal caused by the write-down of interest on impaired loans and advances to customers	(107)	(78)
Write-offs and transfer out for the period	(6,902)	(10,372)
Reversal caused by recovery of loans and advances to customers written off	1,788	1,088
Balance at the end of the period	28,293	29,972

Note: (1) Loans and advances to customers comprise loans and advances to customers measured at amortised cost and at fair value through other comprehensive income.

Chapter V Management Discussion and Analysis

5.5 CAPITAL ADEQUACY RATIO ANALYSIS

The Bank continued to optimize asset structure and enhance capital management, and met the regulatory requirements on capital adequacy ratio set by the banking regulatory authority during the Reporting Period.

The Bank calculated the capital adequacy ratio in accordance with the relevant requirements contained in the “Measures for the Capital Management of Commercial Banks”. As of 31 December 2024, the Bank’s capital adequacy ratio was 13.72%, Tier 1 capital adequacy ratio was 11.41%, and Core Tier 1 capital adequacy ratio was 9.83%.

The table below shows information relating to capital adequacy ratios of the Bank as at 31 December 2024:

Unit: RMB million, except for percentages

	31 December 2024
Core Tier 1 capital	139,664
Including: Paid-in capital	13,890
Capital reserve and other comprehensive income	19,306
Surplus reserve and statutory general reserve	42,027
Retained earnings	62,228
Non-controlling interests	2,212
Regulatory deductions for Core Tier 1 Capital	(13,757)
Core Tier 1 capital, net of deductions	125,906
Other Tier 1 capital, net of deductions	20,285
Tier 1 capital, net of deductions	146,191
Tier 2 capital	29,502
Including: Tier 2 capital instruments and premium	14,000
Surplus loan loss provisions	14,916
Non-controlling interests	586
Total capital, net of deductions	175,693
Credit risk-weighted assets	1,208,217
Market risk-weighted assets	2,809
Operational risk-weighted assets	69,921
Risk-weighted assets	1,280,947
Capital adequacy ratio	13.72%
Tier 1 capital adequacy ratio	11.41%
Core Tier 1 capital adequacy ratio	9.83%

Chapter V Management Discussion and Analysis

5.5 CAPITAL ADEQUACY RATIO ANALYSIS (CONTINUED)

Pursuant to regulatory requirements, the capital adequacy ratio of the Bank mentioned above was calculated by consolidating relevant data of Huishang Bank Financial Leasing Co., Ltd., HSBank Wealth Management Co., Ltd., Wuwei Huiyin Rural Bank Co., Ltd. and Jinzhai Huiyin Rural Bank Co., Ltd.

Leverage ratio

Unit: RMB million, except for percentages

Items	31 December	31 December
	2024	2023
Leverage ratio	6.76%	6.84%
Tier 1 capital, net of deductions	146,191	130,627
Adjusted balance of assets on and off the balance sheet	2,161,489	1,908,585

5.6 SEGMENT PERFORMANCES

Operating segments

The Bank provides services through four main business segments: corporate banking, retail banking, treasury and others. The table below sets forth the segment performance of the Bank by business line as at the periods indicated.

	2024		2023	
	Total profits before taking into account impairment	% of the total	Total profits before taking into account impairment	% of the total
Corporate banking business	15,588	58.74	15,956	60.31
Retail banking business	4,179	15.75	4,285	16.20
Treasury	8,642	32.57	7,813	29.53
Others	(1,872)	(7.06)	(1,599)	(6.04)
Total	26,537	100.00	26,455	100.00

(RMB million, except for percentages)

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5.6 SEGMENT PERFORMANCES (CONTINUED)

Geographical segments

Geographically, the Bank's business is mainly in Mainland China. It has set up branches in Anhui Province, Jiangsu Province and other areas. The table below lists the Bank's segment performance by geographical location as at the periods indicated.

	31 December 2024					Total
	Anhui area	Jiangsu area	Head office	Other areas	Inter-segment elimination	
	<i>(RMB million)</i>					
Segment assets	1,154,140	64,033	683,546	101,415	(4,762)	1,998,372
Including: investments in associates	-	-	5,261	-	-	5,261
Deferred income tax assets	-	-	-	-	-	15,381
Total assets	-	-	-	-	-	2,013,753
Segment liabilities	(1,126,346)	(63,104)	(562,465)	(101,099)	928	(1,852,086)
Total profits before taking into account impairment	18,971	957	7,147	(538)	-	26,537

	31 December 2023					Total
	Anhui area	Jiangsu area	Head office	Other areas	Inter-segment elimination	
	<i>(RMB million)</i>					
Segment assets	1,067,479	52,782	590,693	90,309	(9,357)	1,791,906
Including: investments in associates	-	-	5,151	-	-	5,151
Deferred income tax assets	-	-	-	-	-	14,238
Total assets	-	-	-	-	-	1,806,144
Segment liabilities	(1,041,056)	(52,198)	(481,472)	(90,240)	5,549	(1,659,417)
Total profits before taking into account impairment	20,732	632	4,947	144	-	26,455

5.7 OTHERS

5.7.1 Off-balance sheet balances and important circumstances that may have significant impacts on the financial position and operating results of the Bank

The off-balance sheet items of the Bank include letters of bank acceptance, letters of credit, letters of guarantee, credit commitments, capital commitment, and certificate government bond honor commitments. Financial guarantees and credit commitments, other commitments and contingent liabilities can be found in Note 43 to the financial statements.

5.7.2 Overdue outstanding debt

As of the end of 2024, the Bank had no overdue outstanding debt.

Chapter V Management Discussion and Analysis

5.8 INFLUENCE OF CHANGE IN OPERATING ENVIRONMENT AND MACRO POLICY AND THE FOCUSES OF THE OPERATION

1. Economy being Generally Stable with Steady Progress

In 2024, China's economy remained on an overall positive trajectory of recovery and growth. The GDP for the year exceeded RMB134 trillion, representing an increase of 5.0% compared to last year, laying a solid foundation for achieving the goals of the "14th Five-Year Plan." New quality productive forces were steadily developed, reform and opening-up continued to deepen, risks in key areas were mitigated and resolved in an orderly and effective manner, and people's livelihoods were robustly and effectively guaranteed. Chinese-style modernization has made solid progress.

2. Introduction of Targeted Macroeconomic Policies and Measures

Prudent monetary policy was flexible and appropriate, targeted and effective, and counter-cyclical adjustments were increased to support the recovery and improvement of the real economy and the stable operation of financial markets. The intensity of counter-cyclical adjustments in fiscal and monetary policies was increased, especially the package of incremental policies issued since the end of September 2024, which greatly boosted market confidence. The effectiveness of these policies continued to be unleashed, leading to a significant economic rebound.

3. Financing Scale Maintaining Reasonable Growth

In 2024, the total amount of financing continued to grow. As at the end of the year, the stock of social financing scale and broad money supply (M2) increased by 8.0% and 7.3% year on year, respectively. The balance of RMB loans reached RMB255.7 trillion. Loan interest rates significantly declined. In December 2024, the interest rates for newly issued corporate loans and personal housing loans decreased by approximately 40 and 90 basis points year on year, respectively. The credit structure was continuously optimized, with medium and long-term loans to the manufacturing sector, loans to specialized and sophisticated enterprises that produce new and unique products, and inclusive micro and small business loans growing rapidly, continuing to exceed the growth rate of total loans in the same period.

Chapter V Management Discussion and Analysis

5.9 BUSINESS OPERATION

5.9.1 Corporate banking

Business overview

The Bank provides a full range of corporate financial products and services to corporations, financial institutions and governmental and institutional customers including corporate loans, corporate deposits, investment banking, transaction banking and a series of fee and commission-based services. In particular, the Bank is committed to providing comprehensive service solutions for all types of corporations.

In 2024, the Bank aligned closely with national strategy and resolutely implemented the directives of the Anhui Provincial Committee and the People's Government of Anhui Province. Through comprehensive operations, a focus on transforming customer and business structures, and adhering to the principles of "refinement" and "digitalization", the Bank continually improved its customer service capabilities and internal management, established a sound mechanism for coordinated and interconnected development, strengthened product innovation and deepened its ability to serve the real economy. The loans in key sectors such as the manufacturing industry, strategic emerging industries, private enterprises, green loans and agriculture-related industries increased rapidly. The Bank effectively prevented various risks and drove the steady development of its business with high quality. In 2024, the Bank continued to maintain its leading position in corporate loans and deposits among commercial banks in Anhui Province. Transformation-based business lines including investment banking and transaction banking have all achieved continuous growth and have been widely recognized by the market.

Corporate loans

The Bank's corporate loans mainly include working capital loans, fixed asset loans and other corporate loans. In 2024, the Bank devoted itself in key areas such as infrastructure, green finance, rural revitalization, new energy vehicles, advanced manufacturing, and strategic emerging industries, expanded its key customer base such as strategic customers, SRDI enterprises, enterprises in the industrial parks, enterprises above designated size and (to-be) listed companies, and continued to increase market competitiveness in county territory and enhance its ability to serve the real economy and effectively improve its loan scales. As of 31 December 2024, the Bank's balance of corporate loans (including discounted bills) was RMB704,212 million, representing an increase of RMB89,323 million from the last year.

Corporate deposits

The Bank provides corporate customers with corporate deposit products and services, including corporate demand deposits, corporate time deposits, corporate call deposits, corporate agreement deposits, and corporate large-amount certificates of deposit. In 2024, the Bank actively addressed the challenges brought by the policy impacts of interest rate capitalization reform and gave full play to the advantages of group integration. The Bank is committed to promoting the marketing of low-cost deposits and has made all-out efforts to provide service support for the issuance of government special bonds, financial funds bidding, refinancing bonds, and endeavored to increase the proportion of corporate settlement funds, thus creating stable sources of revenue for corporate business. The Bank has maintained a leading market position in terms of corporate deposit business in Anhui Province from 2008 to 2024. As of 31 December 2024, the Bank's balance of corporate deposits amounted to RMB500,593 million.

Chapter V Management Discussion and Analysis

5.9 BUSINESS OPERATION (CONTINUED)

5.9.1 Corporate banking (Continued)

Discounted bills

In 2024, the Bank intensified support for the manufacturing and green industries, encouraged high-quality technology and innovation enterprises to utilize bill services, and adjusted the customer structure of bills business. The Bank actively revitalized discounted bill assets and increased the circulation of discounted bills in the secondary market. At the same time, the Bank strengthened the background review of bill transactions to promote compliant and healthy development of the bills business. As of the end of 2024, the Bank's balance of discounted bills amounted to RMB76,629 million, of which the balance of direct discounted bills and rediscounted bills amounted to RMB8,601 million and RMB68,028 million, respectively.

Transaction banking

The Bank continued to strengthen the professional operation of supply chain finance business, focusing on the leading industries and key sectors of Anhui Province, and accelerated digital transformation to provide upstream and downstream clients across the value chains with supply chain finance services covering all products, all segments and all scenarios to facilitate the high-quality development of the real economy and value chains. As of the end of the Reporting Period, the number of core customers of the Bank increased by 54.34% as compared with the same period of the last year, and the number of upstream and downstream customers increased by 86.84% as compared with the same period of the last year. Furthermore, by fully applying the latest financial technologies, the Bank developed the Supply Chain Finance 2.0 System and a mobile platform for supply chain finance to promote digital and intelligent transformation and effectively improve customer service efficiency. Driven by diverse scenarios, the Bank launched data-driven credit enhancement service models, e-guarantee and other services. Focusing on the "chain leader" enterprises in supply chains, the Bank has built a supply chain finance cooperation ecosystem, offering standardized, scenario-based, and specialized services.

In 2024, the Bank thoroughly implemented the requirements of the State-owned Assets Supervision and Administration Commission of the State Council regarding strengthening the construction of treasury systems, and built the Treasury of Huishang Bank System, which is intelligent and user-friendly and provides transparency and visibility, to meet corporate customers' requirement that financial resources should be "visible, controllable, accessible, and well-utilized". In addition, the Bank fully leveraged its professional service advantages in cash management to meet customers' fund management needs across all transaction scenarios. The Bank recorded performance highlights in serving the digital transformation of government authorities, establishing multi-scenario fund supervision mechanisms in livelihood areas, and providing solutions for key industries. In 2024, the Bank signed contracts with 15,341 customers on cash management, representing an increase of 40.64% from the previous year; the annual transaction amount of the cash management business reached RMB6.94 trillion, representing an increase of 8.43% from the previous year.

In 2024, the Bank continued to drive the development of international business with technological innovation. The Bank launched multiple mobile products for its international business, including "e-Remittance" (e 匯款), "e-Exchange" (e 匯兌), and "e-Financing" (e 融資), and completed the coverage expansion of its tariff services. The Bank also vigorously promoted the optimization and upgrading of its "YI Series" (易系列), "Export E Loan" (出口E貸) and Market Purchase and Trade Integrated Services, comprehensively enhancing the Bank's cross-border financial service efficiency and customer experience.

Chapter V Management Discussion and Analysis

5.9 BUSINESS OPERATION (CONTINUED)

5.9.1 Corporate banking (Continued)

Investment banking business

To promote its business transformation and development, the Bank focuses on developing investment banking services such as lead underwriting of debt financing instruments, asset securitization, M&A financing, structural financing, and investment and financing consulting. The Bank continually enriches its investment banking products by launching innovative products such as asset-backed notes, science and technology innovation notes and rural revitalization notes. During the Reporting Period, the Bank vigorously promoted the underwriting business of debt financing instruments. The Bank completed the registration of 89 debt financing instruments, with a total registered amount of RMB251,600 million; and completed the issuance of 223 debt financing instruments with an underwriting amount of RMB81,613 million, increasing by 50.78% as compared to last year. In 2024, the Bank continued to make breakthroughs in the asset securitization and financing debts business, successfully implementing the lead underwriting business of multiple asset securitization products and financial bonds. It actively promoted the growth in the sector of M&A and reorganization business and further satisfied the diversified corporate financing needs.

5.9.2 Personal finance business

Business overview

In 2024, the Bank firmly established the philosophy of “customer-centric” by fully promoting outlet capacity enhancement 3.0, making greater efforts in the construction of the customer base management system, and strengthening the internal and external synergy to actively build a multi-channel collaborative integration system with physical outlets as the main offline position, mobile banking as the main online channel, and remote banking as the characteristic model. Through continuously improving brands for personal marketing campaigns, such as “Enjoying Huishang Bank in Four Seasons (徽享四季)”, “Enjoying Huishang Bank in Wealth Carnival (徽享财富节)”, and “Enjoying Huishang Bank’s Recommendation Gift (徽享薦面礼)” and rapidly promoting the construction of personal customer intelligence platform and enjoying Huishang Bank’s non-financial platform, the Bank has continuously enhanced the digital and intelligent level of personal customer operations. These efforts have helped lay a solid foundation for personal business development of the Bank and achieved the goals of improving the performance indicators and regional competitiveness of its personal business.

Wealth management business

The Bank’s personal wealth management business mainly includes agency service for sales of personal wealth management, agency service for sales of funds, agency service for sales of insurance products, agency service for sales of treasury bonds, agency service for sales of asset management plans of securities traders and agency service for sales of physical precious metal, etc. In 2024, the personal wealth management business amounted to RMB189,814 million, increasing by 3.9% as compared to last year. The Bank had 112,500 high-net-worth clients, increasing by 16.43% as compared to last year and 1,149,000 clients of wealth management business, increasing by 17.77% as compared to last year.

Chapter V Management Discussion and Analysis

5.9 BUSINESS OPERATION (CONTINUED)

5.9.2 Personal finance business (Continued)

Bank card business

One card

In 2024, the Bank actively promoted the quality and efficiency enhancement of debit card business in alignment with policy guidance. By implementing integrated marketing campaigns centered on tourism, dining, shopping, and transportation themes, the Bank continuously expanded debit card usage scenarios while effectively improving the service experience for cardholders. As of the end of 2024, the Bank had 21,002,500 debit cards, and 1,599,900 cards newly issued during the year; total deposits of the cards amounted to RMB260,907 million, representing an increase of 12.52% as compared with the same period of the last year.

Credit card

The Bank has made concerted efforts to implement the work requirements of “developing distinctive features, realigning strategies, and building brand influence,” driving the transformation of credit card services towards customer-centric operations. Seizing opportunities from growing automobile consumption, the Bank has implemented financial support policies for the leading industries in Anhui province, establishing auto installment business as a mainstream service in the province. Continuing to advance the “dual-card driven strategy,” the Bank fully integrated credit card customers into its comprehensive customer management system while steadily expanding the standard installment scale to consolidate the foundation of core businesses. Consistently implementing the people-centered development philosophy and fulfilling regulatory rectification requirements, the Bank significantly enhanced the quality and efficiency of consumer protection services. Vigorously promoting the integration of credit card risk management into its comprehensive framework, the Bank focused on strengthening five-tier risk control defenses in key business scenarios like installment auto loans, and accelerating risk resolution processes.

As of the end of 2024, the Bank issued 1,973,300 valid credit cards in total. The number of credit cards issued during the Reporting Period was 4,352,700. In 2024, the transaction amount of credit cards was RMB32,832 million in aggregate. Revenue from the credit card business amounted to RMB564 million.

Personal customer loans

In 2024, by focusing on user needs, the Bank enhanced its market competitiveness through data empowerment, customer base expansion, and product innovation. It actively responded to the business and consumption financing needs of individual customers, achieving an effective increase in both the scale and asset quality of the personal loan business.

As of the end of 2024, the total personal loans of the Bank under the headquarters amounted to RMB215.207 billion, representing an increase of RMB17.192 billion as compared with the beginning of the year. In particular, the balance of personal home loans of the Bank amounted to RMB128.780 billion, representing an increase of RMB5.151 billion or 4.17% as compared with the beginning of the year. The balance of non-home consumption loans of the Bank amounted to RMB19.963 billion, representing an increase of RMB3.549 billion or 21.62% as compared with the beginning of the year. The balance of personal business loans of the Bank amounted to RMB66.465 billion, representing an increase of RMB8.492 billion or 14.65% as compared with the beginning of the year.

Chapter V Management Discussion and Analysis

5.9 BUSINESS OPERATION (CONTINUED)

5.9.2 Personal finance business (Continued)

Personal customer deposits

In 2024, the Bank actively responded to the low interest rate market, accelerated the transformation of personal finance business and insisted on expanding personal financial assets, continued to increase its efforts to expand the personal customer deposit market, and achieved rapid growth in personal customer deposits and effective increase in market share. As of the end of 2024, the Bank's personal customer deposits amounted to RMB638,374 million, representing an increase of 19.97% as compared with the end of the last year, among which, the Bank's county-level personal deposits under the headquarters amounted to RMB192,916 million, representing an increase of RMB32,085 million or 19.95% as compared with the beginning of the year. As of the end of 2024, the market share of the Bank's personal deposits under the headquarters in Anhui Province reached 10.92%, representing an increase of 0.51 percentage point from the beginning of the year.

5.9.3 Financial market business

In 2024, the Bank adhered to its market positioning as a regional market maker by strengthening the regional bond market-making and quotation services in Anhui Province, and continuously enhancing bond liquidity. The Bank, in collaboration with the Shanghai Clearing House, compiled the "0-5 Year Local Government Bond Index of Huishang Bank in Shanghai Clearing House for Anhui Province (上海清算所徽商銀行安徽省 0-5 年地方政府債指數)" and the "Non-Financial Corporate Credit Bond Index of Huishang Bank in Shanghai Clearing House for Anhui Province (上海清算所徽商銀行安徽省非金融企業信用債指數)", reinforcing the role of Anhui Province as a leading financial force. The Bank also invested in innovative bond varieties, including the nationwide first "Carbon Neutral Green, Rural Revitalization, and High-Growth Industry" corporate bonds, and the first technology innovation corporate bonds publicly issued in Anhui Province, driving comprehensive business synergy across the Bank.

During the Reporting Period, the development of the Bank's financial market business received widespread recognition from the market. The Bank was awarded the "2024 Excellent Underwriter from China Development Bank" and "2024 Special Contribution Award from China Development Bank" by China Development Bank.

5.9.4 Custody business

In 2024, the Bank's asset custody business adhered to the implementation of the Bank's strategic plan, took a customer-centered approach, cultivated new business growth drivers by prioritizing digital transformation, diligently built an information bridge connecting capital and assets, successfully launched a next-generation asset custody system and smoothly advanced the "Huishang Bank's Custody+" value-added service project. The Bank actively promoted the construction of an industrial fund ecosystem, and empowered the Bank's asset and liability business while supporting its high-quality development. Throughout the year, the Bank ranked first in the province in both the newly registered scale and the number of industrial funds.

As of 31 December 2024, the balance of assets under custody (excluding regulating products of corporate and investment banking) of the Bank amounted to RMB1,136.593 billion, representing an increase of RMB116.098 billion or 11.38% as compared with the beginning of the year. The Bank's custody asset business (excluding regulating products of corporate and investment banking) generated a custody fee income of RMB618.9846 million, representing an increase of RMB33.8703 million or 5.79% as compared with the corresponding period of the last year.

Chapter V Management Discussion and Analysis

5.9 BUSINESS OPERATION (CONTINUED)

5.9.5 Distribution channels

The Bank uses a variety of distribution channels to provide products and services. The Bank's distribution channels are mainly divided into physical distribution channels and electronic banking channels. As of the end of 2024, the Bank had a total of 503 self-service banks (including single points) with 1,815 cash self-service equipment (including 975 cash recycling machines and 840 smart self-service terminals). The bank adheres to a customer-centered approach, continuously optimizes service experiences, deeply explores technological potential, and is committed to providing users with smarter, more convenient, and more secure financial service solutions.

Mobile banking

The Bank has continuously enhanced the online service capabilities of its mobile banking platform, achieving comprehensive upgrades in asset management, specialized features, age-friendly adaptation, and scenario-based applications. The platform now enables integrated financial services for consumer vouchers across multiple sectors including automotive, inclusive finance, and cultural tourism, covering voucher distribution, claiming, and redemption. This initiative builds a convenient financial service bridge connecting governments, merchants, and citizens in consumption activities. As of the end of 2024, the mobile banking customers of the Bank steadily increased, the total number of which reached 10,924,800, representing a year-on-year increase of 12.59% with the customer activity continuously improving. The number of monthly active customers reached 2,700,900, representing a year-on-year increase of 11.8%.

Online banking

In 2024, the corporate online banking business of the Bank continued to develop in a stable manner, with the number of customers and the trading activity of customers continuously improving. As of the end of the Reporting Period, the Bank's total number of corporate online banking customers reached 417,700, with 38,994,000 corporate online banking transactions, representing a year-on-year increase of 20.98%, and the transaction amount accumulated to RMB5.27 trillion, representing a year-on-year increase of 9.98%.

Remote banking

The Bank adheres to a customer-centric approach, focusing on enhancing remote service capabilities and operational efficiency. By deepening technology empowerment, it has prioritized building an integrated remote banking operation platform that combines service delivery, customer engagement, and operational management, providing customers with more professional, intelligent, and convenient financial services. The Bank promotes synergy between online and offline services, leveraging product benefit integration and big data analytics to develop a tailored remote service system aligned with its strategic strengths. During the Reporting Period, in terms of remote incoming calls, the telephone calls by humans were 2,115,400, the call completion rate was 91.48%, and the customer satisfaction rate was 99.54%; Network channel text service visits were 528,300, video service visits was 116,800; In terms of remote outgoing calls, the number of attempts to reach clients by staff and robots was 9,103,000; In terms of intelligent services, intelligent voice browsing services provided 1,895,600 times, and the intelligent robot "Xiaowan" provided services to 1,199,100 customers.

Chapter V Management Discussion and Analysis

5.9 BUSINESS OPERATION (CONTINUED)

5.9.5 Distribution channels (Continued)

Open banking

The Bank continued to advance the construction of open banking and mobile financial scenarios. Relying on the digital financial services integrating with “platform + finance + scenario” of the open banking, the Bank strengthened marketing for existing scenarios such as Fangguanjia e-Account Homebuyer Deposit (房管家 e 賬通購房誠意金), Campus e-Fee Platform (校園 e 費通), Smart Canteen (智慧食堂). It expanded internet payment applications and support rapid deployment of retail, inclusive finance, and corporate banking services, while integrating external partnership platforms. During the Reporting Period, a total of 19 standardized products have been opened, with 259 APIs. The number of transactions reached 284 million, connecting to 46 external parties or traffic platform, serving 1,817 corporate customers and 121,900 individual customers.

Internet-based loan

During the Reporting Period, the Bank’s Internet-based loan closely followed the changes in market regulatory policies. The Bank focused on its Internet self-operated loan products from asset investment, core source of profit, risk control model construction and other perspectives, expanded to the third parties so as to comprehensively advance the development of the Internet-based loan business with high quality, high standard and high level, achieving the steady growth of internet-based loan scales. As of the end of 2024, the balance of personal online loans of the Bank was RMB63,854 million, representing an increase of RMB17,882 million from the end of 2023.

5.9.6 Financial business for small and micro enterprises

In 2024, the Bank continued to implement the decision and deployment of the competent authorities and regulatory authorities on strengthening financial services for small and micro enterprises, with the leading of digital construction, continually to strengthen management, innovate products and services, and diligently promote inclusive finance. As of the end of 2024, the balance of inclusive loans to small and micro enterprises with the credit granted to a single customer less than RMB10 million (inclusive) was RMB154,399 million, representing a net increase of RMB23,880 million or 18.3% as compared with the beginning of the year; the number of customers was 267,200, achieving a net growth of 57,400 customers from the beginning of the year, the average loan interest rate was 4.36%.

5.9.7 Fintech business

The Bank implemented the spirit of the Central Financial Work Conference on the fintech development, deeply advanced the work deployment and requirements of the Provincial Party Committee and the People’s Government of Anhui Province on the fintech reform, and focused on the construction of the “Three Places and One Area” to enhance the in-depth integration of science and technology innovation with industry innovation, and continuously construct its diversify fintech service system. The Bank successfully completed the first marketization credit enhancement ABS business for intellectual property in Anhui Province and led the formulation of the province’s first financial service group standard, with the number of contracted customers under the “Joint Growth Plan”, the number of customers for the Collective Loan Extension (貸投批量聯動) and the total filed accounts of the compensation fund pools related to the technology and science credit risks all among top in the province.

Chapter V Management Discussion and Analysis

5.9 BUSINESS OPERATION (CONTINUED)

5.9.7 Fintech business (Continued)

The Bank continuously boosted its efforts on services provided to sci-tech enterprises. It leveraged on the “1+5+N” fintech organizational structure at the headquarters, branch, and sub-branch levels and focused on the strategic emerging industry clusters of Anhui Province, to proactively facilitate the batch matching services along the industry chain. As of the end of 2024, the Bank’s balance of loans to sci-tech enterprises amounted to RMB81.469 billion, representing a net increase of RMB21.909 billion or 36.78% as compared with the beginning of the year.

The Bank actively built its fintech ecosystem alliance by establishing cooperation relationships with over 30 institutes in investment, guarantee, security and insurance. Centered on the needs of customers, the Bank provided the joint operation of “Shares, Loans, Bonds and Insurance (股貸債保)” comprehensive services to sci-tech enterprises. The Bank strengthened its cooperation with the industry competent authorities and carried out a series of matching activities, such as introducing the policy of “Benefiting and Empowering Enterprises (益企赋能)” into enterprises. The Bank established cooperation with over 3,500 enterprises, and entered into cooperation agreements on the “Joint Growth Plan” with a total of over 4,200 enterprises.

The Bank continuously improved its full life cycle product system and formed a diversified and relay-based product spectrum covering seven major categories. Using the capital chain as a bond to deeply interconnect the innovation chain, industrial chain, and talent chain, this approach has cleared the service pathway of “talent-R&D-scientific and technological achievement transformation”. Through the new Four-Chain Integration model, it fully supports high-level talent innovation and entrepreneurship, assists in breakthroughs in key core technologies, and promotes the practical application of scientific achievements. As of the end of 2024, over 600 technology enterprises had received financial support of RMB4.0 billion. Under the operation concept of “investment in early-stage, small-sized, long-term and hard technology enterprises (投早、投小、投長期、投硬科技)”, the Bank enhanced promotion of the application of the “Technology Flow”. As of the end of 2024, the Bank provided online credit loans of RMB10.2 billion to more than 3,600 sci-tech enterprises through two online credit products under the “Technology Flow”, namely “Technology e-Loan” and “Start-up e-Loan”.

5.9.8 Green finance business

The Bank adheres to the guidance of Xi Jinping’s Thought on Ecological Civilization, focuses on achieving the goal of “carbon peak and carbon neutrality”, continually upgrades green financial service system, increases the expansion of credit investment in green industries, and contributes its financial power in advancing sustainable development.

In 2024, the Bank issued the first sustainable development-linked loan in Anhui Province to support the steel industry, effectively facilitating the green and low-carbon transformation and development of local steel enterprises; The Bank established the Huishang Bank Green Finance Management System, enabling technological empowerment for business growth and comprehensively enhancing the quality and efficiency of its green financial services. The Bank continually carried out the work on environmental information disclosure and the self-evaluation of green finance of the PBOC, continued to improve the green finance system and service capacity, and promoted the high-quality development of green finance of the Bank.

Chapter V Management Discussion and Analysis

5.9 BUSINESS OPERATION (CONTINUED)

5.9.8 Green finance business (Continued)

As of the end of December 2024, the green loan balance of the Bank amounted to RMB115.88 billion in total, representing an increase of RMB33.476 billion or 40.62% as compared with the beginning of the year. Among these, the green loan balance in Anhui Province amounted to RMB104.722 billion in total, representing an increase of RMB29.709 billion or 39.61% as compared with the beginning of the year. The balance of corporate green loans accounted for 11.1% of the balance of loans of the Bank in domestic and foreign currencies, representing an increase of 2.04 percentage points as compared with the beginning of the year.

5.9.9 Subsidiaries and major companies in which the Bank has shareholdings

Subsidiaries

Huishang Bank Financial Leasing Co., Ltd

Registered in Hefei, Huishang Bank Financial Leasing Co., Ltd. (“Huishang Bank Financial Leasing”) officially commenced its business on 30 April 2015 with an initial registered capital of RMB2,000 million. The Bank contributed RMB1,020 million to the registered capital of Huishang Bank Financial Leasing, accounting for 51% of its shareholding. The registered capital of Huishang Bank Financial Leasing increased to RMB3,000 million in March 2018, to which the Bank contributed RMB1.62 billion, accounting for 54% of its shareholding. As of the end of 2024, the unaudited total assets, total liabilities and owners’ equity of Huishang Bank Financial Leasing amounted to RMB66.799 billion, RMB58.076 billion and RMB8.722 billion, respectively, achieving net profit of RMB1,017 million for the year.

HSBank Wealth Management Co., Ltd

HSBank Wealth Management Co., Ltd. (徽銀理財有限責任公司) (“HSBank Wealth Management”) officially commenced business on 28 April 2020. Incorporated in Hefei with a registered capital of RMB2 billion, HSBank Wealth Management was wholly funded by the Bank. As of the end of 2024, HSBank Wealth Management had unaudited total assets, total liabilities and owners’ equity of RMB4.861 billion, RMB148 million and RMB4.713 billion, respectively.

Wuwei Huiyin Rural Bank Co., Ltd.

Registered in Wuwei City, Wuwei Huiyin officially commenced its businesses on 8 August 2010. Its registered capital was RMB100 million, to which the Bank contributed RMB40 million, accounting for 40% of its shareholdings. As of the end of 2024, Wuwei Huiyin had unaudited total assets, balance of various loans and balance of various deposits of RMB3.993 billion, RMB1.907 billion and RMB3.730 billion, respectively.

Jinzhai Huiyin Rural Bank Co., Ltd

Registered in Jinzhai County of Lu’an City, Jinzhai Huiyin officially commenced its businesses on 28 June 2013 with a registered capital of RMB80 million, the Bank firstly contributed RMB32.80 million, accounting for 41% of its shareholdings. In December 2024, the Bank increased its contribution to RMB40.80 million, increasing its shareholding to 51%. As of the end of 2024, Jinzhai Huiyin had unaudited total assets, balance of various loans and balance of various deposits of RMB2.710 billion, RMB2.038 billion and RMB2.314 billion, respectively.

Chapter V Management Discussion and Analysis

5.9 BUSINESS OPERATION (CONTINUED)

5.9.9 Subsidiaries and major companies in which the Bank has shareholdings (Continued)

Major companies in which the Bank has shareholdings

Chery Huiyin Motor Finance Service Co., Ltd.

Registered in Wuhu City, Chery Huiyin Motor Finance Service Co., Ltd. ("Chery FS") was established on 13 April 2009. Its initial registered capital was RMB500 million, to which the Bank contributed RMB100 million, accounting for 20% of its shareholdings. In December 2012, the registered capital of Chery FS increased to RMB1,000 million, to which the Bank contributed RMB200 million, accounting for 20% of its shareholdings and the registered capital of Chery FS increased to RMB1,500 million in December 2017, in which the Bank held 300 million shares, accounting for 20% of its shareholdings. In February 2025, the registered capital of Chery FS increased to RMB5,000 million, in which the Bank held 1,000 million shares, accounting for 20% of its shareholdings.

Mengshang Bank Co., Ltd.

Mengshang Bank Co., Ltd. was established on 30 April 2020 in Baotou City. Its registered capital was RMB20 billion, in which the Bank held 3.0 billion shares, accounting for 15% of its shareholdings.

5.9.10 The implementation of financial standardization

According to Standardization Law of the People's Republic of China, the implementation of national standards, industry standards, group standards and enterprise standards by the Bank when providing financial products and services are set out as follows.

No.	Name of product or service	Serial number of the standard	Name of standard	Whether it reaches the standard or not	Functional indicators and performance indicators
1	Bank service	JR/T 0169-2018	Statistical Classification and Coding of Complaints Filed by Financial Consumers (Banking Financial Institutions)	Yes	/
2		JR/T 0187-2020	Hardware requirements, software requirements, security requirements and additional requirements for bank card non-cash self-service terminal equipment	Yes	/
3	Bank branch services	GB/T 32320-2015	Basis Requirements on the Service of Bank Branch Outlets	Yes	/
4		GB/T 32318-2015	Assessment Standard on the Service of Bank Branch Outlets	Yes	/

Chapter V Management Discussion and Analysis

5.10 RISK MANAGEMENT

In 2024, in the face of complex and volatile economic and financial situation at home and abroad, the Bank focused on high-quality development objectives, fully implemented the requirements of banking supervision and regulation, adhered to the risk appetite featuring “prudence, rationality and soundness”, and centered on the core goal of “effective control of the asset quality”. By taking two major measures of “comprehensive risk management enhancement project” and “digital transformation of risk control”, the Bank focused on improving the “digitalization”, “full process” and “systematization” level of comprehensive risk management.

5.10.1 Credit risk management

Credit risk refers to the risk of loss due to the default of the debtors or counterparties or the reduction in their credit ratings and performance capabilities. Credit risk is the major risk currently faced by the Bank, mainly involving on – and off-balance credit risk exposures in relation to loans, interbank lending, funds, guarantees, commitments, etc.

In 2024, the Bank formulated an annual risk and credit policy in light of the economic environment and policy guidance, so as to leverage policy-based guidance to optimize the structure of the credit business. The Bank sped up the implementation of the digital transformation project along the credit risk process by improving the “digitalization”, “full process” and “systematization” level of credit risk management. The Bank made great efforts to prevent and resolve risks in key areas for further disposal of non-performing assets, while making steady progress and improvement in asset quality for enhanced ability to offset credit risks. Please refer to Section 5.4 “Loan Quality Analysis” in this annual report for the distribution structure.

5.10.2 Large-scale risk exposure management

In accordance with the Management Measures for Large-Scale Risk Exposure of Commercial Banks (《商業銀行大額風險暴露管理辦法》), large-scale risk exposure refers to the credit risk exposure (including various credit risk exposures in the banking book and trading book) to a single customer or a group of related customers of a commercial bank that exceeds 2.5% of its net tier 1 capital. In 2024, the Bank has incorporated large-scale risk exposure management into its overall risk management system, continuously monitored changes in large-scale risk exposures and regularly reported on large-scale risk exposure indicators and related management work to regulatory authorities, so as to effectively control customer concentration risks. During the Reporting Period, single non-financial institution customers, non-financial group customers, single financial institution customers and financial group customers of the Bank that reached the standards of large-scale risk exposure were all in compliance with the regulatory requirements.

5.10.3 Market risk management

Market risk refers to the risk of on – or off-balance-sheet loss caused by changes in interest rates, foreign exchange rates and other market factors.

In 2024, the Bank continuously improved the risk management system, implemented dynamic monitoring of market risk limit and rigid constraint mechanism, and strengthened the identification and risk alert capability through stress testing and scenario simulation. Meanwhile, the Bank conducted credit risk assessment and access management for counterparties, established a penetrating risk monitoring framework, and improved hedging strategies for market fluctuation factors such as interest rates and exchange rates. The Bank reasonably controlled the investment pace, and effectively avoided the losses of the Bank caused by market fluctuations.

Chapter V Management Discussion and Analysis

5.10 RISK MANAGEMENT (CONTINUED)

5.10.4 Operational risk management

Operational risk refers to the risk of loss arising from flawed or problematic internal procedures, personnel, IT systems and external events.

In 2024, the Bank strictly abided by the new regulatory rules by optimizing our operational risk management system in all aspects in accordance with the requirements of the Measures for the Administration of Operation Risk of Banking and Insurance Institutions. Through the gap analysis and the development of optimization and improvement plan, the Bank improved the development of three operational risk management tools, to promote the establishment of a sharing mechanism of operational risk data and the ability to control operational risk based on refined management as the standard. The operational risk indicators basically meet the risk appetite limit requirements of the Bank. From the perspective of daily monitoring, the operational risk events of the Bank are still mainly classified as “high-frequency, low-risk”. Overall, the operational risk control throughout the Bank is basically effective.

5.10.5 Liquidity risk management

Liquidity risk refers to the risk that the Bank is unable to satisfy its customers’ needs for repayment of liabilities due, new loans and reasonable financing, or to satisfy these needs at a reasonable cost. The Risk Management Committee under the Board of the Bank and the Assets and Liabilities Management Committee and the Risk and Internal Control Management Committee under the senior management assume joint responsibilities for formulating policies and strategies on overall liquidity risk management.

The Bank’s liquidity risk management aims to balance the relationship among “liquidity, safety and profitability”, improve the liquidity management level, safeguard the sustainable and healthy development of various businesses, and implement the risk appetite featuring “prudence, rationality and soundness” of the Board of Directors, ensuring that the Bank has sufficient funds to meet expected and unexpected capital requirements (including loan growth, deposit withdrawals, debt maturity, and changes in off-balance sheet irrevocable commitments) in a normal operating environment and under stress, so as to provide a stable liquidity environment for continuing operations and promote positive interaction between liquidity management and business development.

In 2024, the Bank strengthened the liquidity risk management on a forward-looking basis, enhanced the anticipation of market situation, and effectively managed and dynamically adjusted its strategies. At the same time, the Bank implemented the coordinated management of liquidity and assets and liabilities, made reasonable adjustments to the scale and structure of assets and liabilities according to changes in market conditions and the development of business needs, to ensure its liquidity while pursuing profit growth and value growth and achieve the alignment of “liquidity, safety and profitability” of bank funds. The Bank enhanced its management level of liability stability to secure the moderate total amount of liabilities, stable sources, diversified structures, and well-matched maturities. The Bank emphasized on risk prevention and mitigation while promoting business development and profit growth. The Bank stressed the importance of “ensuring adequate liquidity” and flexibly managed and controlled the percentage of liquidity asset portfolio with the highest efficiency.

Chapter V Management Discussion and Analysis

5.10 RISK MANAGEMENT (CONTINUED)

5.10.5 Liquidity risk management (Continued)

According to its own characteristics and external market environment, the Bank has formulated liquidity scenarios under stress, conducted stress tests of liquidity risks regularly to analyze the ability of coping with liquidity risks or shocks, and continuously improved stress testing methods and reasonably set scenario parameters in accordance with regulatory and internal management requirements. During the Reporting Period, the Bank regularly conducted liquidity stress tests in accordance with regulations, and the results of stress tests demonstrated that the Bank's liquidity risk was controllable under multiple scenario stress assumptions. Meanwhile, the Bank has formulated contingency plans to prevent potential liquidity crisis and takes effective emergency measures to control the spread of risks under liquidity crisis scenarios.

According to the business development of assets and liabilities of the Bank and the liquidity position, the Bank kept close attention on the macro regulatory policies and the situation of fund markets, and adjusted the liquidity management strategy and the pace of funds operation in a dynamic manner in response to the impact related to stage and season factors on the liquidity position, in order to practically improve the ability of handling current risks. As of the end of 2024, the liquidity coverage ratio of the Bank was 430.52%, while the qualified quality liquidity assets amounted to RMB227.578 billion and net cash outflow in the next 30 days was RMB52.861 billion. As of the end of September 2024, the net stable capital ratio of the Bank was 116.46%, while the available stable capital reached RMB1,205.328 billion and the required stable capital amounted to RMB1,034.972 billion. As of the end of December 2024, the net stable capital ratio of the Bank was 118.33%, while the available stable capital reached RMB1,281.148 billion and the required stable capital amounted to RMB1,082.716 billion.

5.10.6 Interest rate risk management

Interest rate risk in the banking book refers to the risk that the economic value and overall earnings of the banking book may be subject to loss due to adverse movement in interest rates, term structure and other factors, mainly including gap risk, basis risk, and option risk. The interest rate risk in the banking book to which the Bank is exposed mainly arises from the mismatching of the maturity or repricing term structure of its banking portfolio. To measure such risk, the Bank mainly uses two methods: repricing gap analysis and scenario analysis. The Bank gives consideration to the overall interest rate sensitivity gap by analyzing how changes in the interest rate curve affect its assets and liabilities.

The Bank's financial assets and liabilities are mainly denominated in RMB. As the benchmark interest rates for RMB deposits are determined by the PBOC and the RMB loan prime rate (LPR) is released by the National Interbank Funding Center upon the authorization of the PBOC, the Bank follows the interest rate policies issued by the PBOC when carrying out deposit taking and lending activities.

Chapter V Management Discussion and Analysis

5.10 RISK MANAGEMENT (CONTINUED)

5.10.6 Interest rate risk management (Continued)

In 2024, the Bank promoted the management of the RMB deposit and loan interest rate, improved the loan pricing management process and vigorously implemented a market-based deposit interest rate adjustment mechanism, so as to improve its interest rate risk pricing capability and put the interest rate risk within the tolerable range of the Bank through various ways. First, the Bank improved the system for the management of the interest rate risk in the banking book, established a bank-wide interest rate risk management and optimal allocation of assets and liabilities concept, and pointed out business direction under the interest rate risk and portfolio management principle. Second, the Bank improved the interest rate risk management process of banking book to specify risk preference, risk limit and other important matters. Third, the Bank improved the refined management of interest rate risk measurement in the banking book, prudently conducted stress tests on the interest rate risk in the banking book to measure and forecast the interest rate risk tolerance in the banking book, and thus improve its interest rate risk management in the banking book under extreme scenarios.

5.10.7 Exchange rate risk management

Exchange rate risk is the risk of loss of the Bank arising from the duration mismatch of its positions in a particular foreign currency and non-RMB denominated asset and liability due to adverse changes in the exchange rate. The Bank's foreign currency assets and liabilities are mainly denominated in U.S. Dollars, while the rest are denominated in Euros, Hong Kong Dollars, Japanese yen, etc.

In 2024, the Bank strengthened the analysis and assessment of foreign exchange market trends, continuously improved the management of exchange rate risk, employed both qualitative and quantitative methods to measure exchange rate risk, and kept potential losses arising from exchange rate risk within the tolerable range by measures such as limit-based management and stress testing to vigorously maximize its risk-adjusted earnings.

The foreign exchange spot, forward and options transactions of the Bank are mainly transactions conducted on behalf of customers, and the foreign exchange swap business has no foreign exchange exposure. Meanwhile, the Bank maintained reasonable proprietary position exposures in line with the Bank's limit-based management, and strictly controlled its foreign exchange exposures within the limit of combined exposures approved by Anhui Branch of the State Administration of Foreign Exchange to prevent exchange rate risk.



Chapter V Management Discussion and Analysis

5.10 RISK MANAGEMENT (CONTINUED)

5.10.8 Reputation risk management

Reputation risk refers to the risk of negative comments to the Bank by relevant stakeholders, the public and the media as a result of the operation and management and other matters of the Bank, the behavior of its practitioners or external events, which may damage its brand value, adversely affect normal operation, or even affect market stability and social stability.

Reputational risk management, as an important part of the Bank's corporate governance and comprehensive risk management systems, covers all behaviors, business activities and business areas of the Bank and its subsidiaries. In 2024, the Bank continued to build a better reputation risk management system, improved the working mechanism, steadily promoted the basic management of reputation risk, actively and effectively prevented reputation risks. The Bank adhered to the principle of prevention first, always focused on monitoring, analysis and early warning of public opinions in its daily operation. In addition, the Bank quickly resolves any easy misunderstanding or misinterpretation of information with an effective management system. Meanwhile, the Bank actively carries out external publicity and participates in a broad range of social welfare undertakings and public activities to live up to its corporate social responsibility, in an effort to build a sound corporate image. In 2024, the Bank effectively managed its reputation risk. There was no occurrence of reputation incidents. The Bank maintained a good relationship with the media, and the media provided favorable overall feedback.

5.10.9 Compliance risk management

Compliance risk refers to the risk that commercial banks may be subject to legal sanctions, regulatory punishments, major financial losses, or reputation damage as a result of their violation of laws and regulations, rules and criteria.

The Board of Directors of the Bank takes the ultimate responsibility for the compliance of the Bank's operation activities. The Risk Management Committee under the Board of Directors monitors compliance risk management effectively. The Board of Supervisors is responsible for supervising the performance of the Board of Directors and the senior management of their duties on compliance management. The senior management is responsible for managing compliance risk, conducting regular assessments on compliance risk and submitting compliance risk management reports to the Board. The Bank has established a robust compliance risk management system and organizational structure, forming three defense lines at the front, middle and back offices interactive with each other, and the vertical double-line reporting system amongst the head office, branches and subbranches. It also constantly improved and perfected the compliance risk management system and mechanism so as to ensure effective management and control of compliance risk.

Chapter V Management Discussion and Analysis

5.10 RISK MANAGEMENT (CONTINUED)

5.10.9 Compliance risk management (Continued)

During the Reporting Period, the Bank strictly implemented the regulatory requirements, conducted in-depth research on a series of regulatory policies, implemented the minutes of regulatory talks and regulatory opinions, and fully implemented the macro-control policies of the PBOC, so as to promote compliance with laws and regulations. It comprehensively carried out actions to improve internal control and compliance management capabilities, and improved compliance risk management and control capabilities from seven aspects: “learning, examination, investigation, treatment, reform, evaluation, and application” (學、考、查、治、改、評、用). The Bank continued to improve the management of rules and regulations, enhance the compliance obligation database, strengthen the management of the president’s authorization, optimize the assessment system, broaden the coverage of assessments; carried out coordinated management for on-site inspection projects, continuously improving the quality and effectiveness of on-site inspections, establishing and improving improved the joint review mechanism of compliance laws, and reinforcing the internal control and compliance foundation management. The Bank revised the management system on case prevention and employee behaviors, optimized the mechanism for case risk prevention and control, strengthened the investigation of case risks and abnormal employee behaviors, enhanced internal control and compliance case prevention training, and improved the quality of the Bank’s case prevention work, so as to provide a guarantee for the high-quality development of the Bank.

5.10.10 Anti-money laundering management

The Bank attached great importance to anti-money laundering, strictly adhered to all anti-money laundering laws and regulations, and conscientiously fulfilled its legal obligations and social responsibilities in this regard to carry out sound measures across the Bank.

During the Reporting Period, the Bank put into practice the principle of “risk-based”, strengthened money laundering risk management, continuously improved the anti-money laundering management mechanism, promoted the transformation to intensive, refined and professional operation of anti-money laundering, revised key anti-money laundering systems, optimized and adjusted the responsibilities for classifying customers’ money laundering risks, and moved risk prevention efforts to an earlier stage. The Bank deeply analyzed “Notice of Money Laundering Risks” issued by the regulatory authorities and typical cases of money laundering in the region, proactively adapted to the anti-money laundering situation in the new period, assessed the latest money laundering trends in its operation areas and the types of major money laundering risks faced by the Bank, promoted the standardization and regularization of model management, explored the mechanism of retrospective model optimization, and enhanced the quality and efficiency of its monitoring and analysis. The Bank focused on improving the coordination of its anti-money laundering efforts, provided ideas for business risk control through research and identification of suspicious activities, constantly improved the money laundering management level, and safeguarded healthy development of business. The Bank carried out the anti-money laundering audits and focused on the implementation of the regulatory requirements for anti-money laundering, including internal control environment construction for anti-money laundering, information system development, customer due diligence, money laundering risk management and anti-money laundering training. The Bank utilized the anti-money laundering publicity and education base in Anhui Province to jointly launch an anti-money laundering publicity campaign of “upholding the original aspiration of serving the people through finance and strengthening the defense against money laundering crimes”. It also actively participated in anti-money laundering conferences and research activities organized by the regulatory authorities, shared its experience in monitoring and analyzing suspicious transactions with peers in the industry, initiated a self-assessment project on money laundering risks to objectively evaluate them, and continuously improved its ability to prevent and control such risks.

Chapter V Management Discussion and Analysis

5.10 RISK MANAGEMENT (CONTINUED)

5.10.11 Liability quality management

During the Reporting Period, the Bank maintained a healthy quality of liabilities, and its liability business continued to develop steadily. The sources of liabilities were stable, and the total liabilities increased by 11.61% compared to the beginning of the year. Specifically, total customer deposits increased by 11.65% from the beginning of the year, and the net stable capital ratio was 118.33%. The liability structure was diversified, forming a liability portfolio characterized by diversified financing channels, decentralized counterparties and a wide range of business types. The match between liabilities and assets was reasonable, with regulatory indicators such as the liquidity coverage ratio and the liquidity ratio consistently meeting regulatory requirements. For details of these indicators, please refer to Section 5.10.5 “Liquidity risk management” and “Unaudited Supplementary Financial Information – LIQUIDITY RATIOS” in Appendix I to the financial statements in this annual report. The Bank enhanced its ability to actively manage liabilities and promptly and proactively secured funds with the required amount, term and cost based on the needs of business development and management. It strengthened cost control over liabilities and refined both internal and external pricing, resulting in a decrease of 14 basis points in the average cost rate of interest-bearing liabilities compared to the previous year. All liability activities were based on real debtor-creditor relationships and in compliance with laws, regulations, and relevant regulatory requirements.

5.11 INFORMATION TECHNOLOGY

During the Reporting Period, in terms of financial technology, the Bank centered on the goals of financial technology construction and promoted the orderly implementation of various tasks based on the positioning of value creation. The number of information technology staff of the Bank was 707, accounting for 6.03% of the total number of employees.

Firstly, continuously advancing digital construction to assist in achieving high-quality development goals. The Bank carried out 89 software development projects throughout the year, vigorously advancing reform, transformation and development. It established and launched the Treasury of Huishang Bank (徽銀司庫) and Mobile Banking 7.0, enhancing service capabilities for corporate customers and refining the individual customer service system. It orderly promoted the construction of remote banking, and the full-process digital transformation of credit risk management. In addition, it established an online customer service ecosystem, and enhanced digital risk control capabilities. Furthermore, the Bank completed the construction of an independently controlled integrity supervision platform for Huishang Bank, enhancing the quality and efficiency of the Party's integrity and clean governance. It accelerated the integration of business and technology by continuously deploying technology personnel to gradually achieve the goals of close collaboration between business and technology, enhancing development quality and efficiency, and improving market response speed. It also made a breakthrough in obtaining technology-related invention patents throughout the year, with 2 invention patents and 14 software copyrights granted, further enhancing its core competitiveness in financial technology.

Chapter V Management Discussion and Analysis

5.11 INFORMATION TECHNOLOGY (CONTINUED)

Secondly, enhancing data management capabilities to promote the realization of data value. The Bank deeply promoted the implementation of data standards, tightened control over source data, and continuously improved the level of data standardization, leading to a steady improvement in data quality. It advanced the construction of a data mart in four major areas of retail, corporate, risk and management, consistently enriched the data resources on its portal, and bolstered the service capabilities of its big data laboratory. The Bank refined its model development technology system, put into operation the model variable calculation platform and the credit application anti-fraud platform, and achieved the integration of the pre-loan risk control process for its online asset business. Furthermore, the Bank completed the full deployment of the data vault, carried out the configuration and pilot application of transparent encryption and decryption strategies, and enhanced the technical defenses of data security.

Thirdly, reaching a new height in technological operations and maintenance. The Bank enhanced its emergency management system and completed the real switching of local disaster recovery for 9 information systems, including the core 2nd generation payment system, thereby effectively verifying the ability of the local disaster recovery system to take over production and operation. It improved the network security protection system by putting into operation a unified security management platform, thereby enhancing the quality and efficiency of network security management. The Bank promoted the automated transformation of technological operations and maintenance, achieving automated routine maintenance for over 30 information systems, including the internet core business system. Also, it planned to construct a financial cloud platform to enhance the secure, agile, and efficient cloud-based infrastructure support capabilities, driving the transformation and upgrading of the foundational architecture.

5.12 SOCIAL RESPONSIBILITY

The Bank adhered to the values of “treating people with sincerity, upholding justice while pursuing interests”, honored the mission of “achieving dreams for customers, creating value for shareholders, promoting employee development and assuming responsibility of citizenship”, and has drawn up the vision of “Creating First-Class Quality and Building a Centennial Huishang Bank”, as well as established the core value of “Integrity, Stability, Innovation and Harmony”. In the “Strategic Plan 2021-2025”, the Bank clearly puts forward the overall strategic positioning of building an “excellent local mainstream bank” in all aspects, building an excellent corporate culture, integrating the excellent traditional culture of Huishang Bank, and achieving the trust of customers, respect of peers and pride of employees in terms of vision, mission, philosophy, conduct and core value.

In 2024, the Bank actively cultivated and promoted a financial culture with Chinese characteristics, and complied with the “Five Musts and Five Nos” requirements. The Bank formulated and implemented the “Huishang Bank’s Action Plan for Cultivation and Promotion of Financial Culture with Chinese Characteristics” 《徽商銀行培育和弘揚中國特色金融文化行動方案》 according to the regulatory directives, our latest strategies, and “Implementation Opinions on Corporate Culture Construction for 2020-2024” 《2020-2024年企業文化建設實施意見》. The action plan was deployed from a high level and comprehensively implemented, four actions being executed effectively and vigorously, special activities being deeply ingrained in the minds of our staff, and our business development remaining robust and steady.

Chapter V Management Discussion and Analysis

5.12 SOCIAL RESPONSIBILITY (CONTINUED)

In 2024, the Bank continued to actively practice its corporate culture and fulfill our social responsibilities, and strove to build a high-quality corporate culture that aligned with the development strategy of Huishang Bank, embodied the spirit of the times, and reflected the unique characteristics of Huishang Bank, enriched the connotation of corporate culture in keeping with the times, promoted the dissemination and solidification of corporate culture, and played the guiding role of culture to foster consensus and unity in striving towards our goals. This has provided cultural support for building an outstanding local mainstream bank and fully advancing Huishang Bank on its new journey with high-quality development. The Bank deeply implemented transformation and enhancement projects across nine major areas, and balanced the interests of related parties such as shareholders, customers, and employees to achieve comprehensive improvements in economic, environmental, and social benefits, as well as coordinated development in scale, quality, structure, and efficiency. It has been widely praised by all sectors of society, earning us numerous awards and honors.

The Bank actively implemented the “assisting enterprises in difficulties” policy, with focus on strengthening financial services to support the needs of the real economy, precisely targeted inclusive finance, reduced corporate financing costs, supported the development of small and micro enterprises, and helped stabilize the overall economy; it continuously enhanced the regulatory role of green credit levers and actively promoted green credits to support a low-carbon economy; it supported the development of Rural Issues, actively leveraged the professional advantages of financial institutions, mobilized and consolidated the efforts of the entire bank to drive rural revitalization; it continued to create a “safe Huishang Bank” with a long-term focus on building a comprehensive, all-staff, and full-process risk management system, enhancing the ability to manage risks and operational risks, and resolutely guarding against systemic risks; it advocated for green office practices, energy conservation, and environmental protection, minimizing the negative impact of daily operations on the environment; it actively conveyed the spirit of public welfare, constantly promoted a focus on people’s livelihoods, protected the environment, being enthusiastic about charity; the Bank encouraged the employees to work as a volunteer, launched a number of donations in the fields of disaster prevention and relief, bravery, rural revitalization, education and charity, and collaborated on branded public welfare projects in areas such as respecting the elderly, assisted the disabled, and aided the poor, fully demonstrated the image of a good corporate citizen; it adhered to a people-oriented approach, paid attention to employee capability building, cared for their physical and mental health, and fostered a positive and harmonious corporate cultural atmosphere; it adhered to the market positioning of a city commercial bank, strove to do well in the “five major aspects” of finance, and took practical actions to support Anhui Province in building the “three places and one zone” and composed a chapter of Chinese-style modernization in Anhui province, to comprehensively support the economic and social development of Anhui, and strove to become an excellent local mainstream bank with a good customer experience, obvious characteristic advantages, solid risk control capabilities, and diversified comprehensive services.

Chapter V Management Discussion and Analysis

5.13 CONSUMER PROTECTION

In 2024, the Bank actively implemented the concept of “finance for the people, consumer protection first,” further deepening the construction of the consumer protection work system and mechanisms. The Bank continuously strengthened consumer protection in key business areas, effectively streamlined complaint channels, enriched dispute resolution means, increased the accountability and assessment of complaints, and constantly improved the regular, centralized, and specialized education and publicity system, practically enhancing the quality and efficiency of consumer protection work. During the year, the Bank completed over 3,800 reviews of consumer rights protection related to product and service regulations, cooperation (outsourcing) agreements, marketing activities, and promotional materials. The Bank conducted more than 160 specialized training sessions on consumer rights protection, covering over 50,000 participants including senior and middle management, frontline staff, and new employees. The Bank also carried out over 5,900 online and offline educational and promotional activities, reaching more than 50.72 million consumers. As of the end of 2024, the Bank had received a total of 3,059 customer complaints, representing an increase of 636 cases or 26.24% compared to the previous year. These complaints mainly involved credit cards, internet loans, account management, and personal loans, and were primarily concentrated in regions such as Hefei, Nanjing, Wuhu, and Shenzhen.

5.14 PROSPECTS AND MEASURES

5.14.1 Trend of economic development

1. *Global economy*

According to forecasts by the International Monetary Fund (IMF), global economic growth is expected to remain stable in 2025, with a projected growth rate of 3.2%. The growth rates for developed economies, emerging markets, and developing economies are forecasted at 1.8% and 4.2%, respectively, both remained flat with that of the previous year. The global inflation situation is expected to improve, with the IMF predicting a global inflation rate of 4.3%. Among others, the inflation rate of developed economies is anticipated to return to target levels faster than that of emerging markets and developing economies. Although global inflation is easing, downside risks are intensifying, including escalating regional conflicts, prolonged monetary policy tightening, financial market volatility, and increasing protectionist policies, all of which contribute to ongoing uncertainties.

2. *Economic development trend in China*

The year 2025 marks the conclusion of China’s 14th Five-Year Plan and represents the first critical milestone toward the 2035 long-term objectives. The Chinese economy is expected to maintain a stable, orderly, and progressive trajectory, with steady economic growth, overall stability in employment and price levels, and a balanced international payment structure. Efforts will be made to synchronize the growth of residents’ income with economic expansion. The fiscal deficit ratio is set to increase, with continued emphasis on enhancing fiscal support for high-tech and strategic emerging industries. This will facilitate the optimization of the industrial structure and drive the economy toward high-quality development. Additionally, the scale of local government bond issuance will gradually expand to replace hidden debts, supporting local investments in education, healthcare, housing, and other areas related to people’s livelihoods. These measures aim to improve the quality of public services, enhance residents’ sense of well-being, and boost their consumption capacity.

Chapter V Management Discussion and Analysis

5.14 PROSPECTS AND MEASURES (CONTINUED)

5.14.2 Measures of the Bank

The Bank will adhere to the principle of serving the people through finance, diligently work on the “Five Major Aspects” of finance, and continuously advance the “Projects in Nine Major Areas” to deepen and solidify our efforts. The Bank will further conduct our transformation and development, enhance our professional capabilities, strive for excellence, and fully establish a management system encompassing “Significant Asset and Liability,” “Material Risk Control,” and “Big Technology.” We aim to achieve the strategic goal of “building an Excellent Local Mainstream Bank” with high quality.

In serving the local community, we aim to excel. We will actively integrate into national regional strategies, optimize corporate credit layouts, create distinctive business features, and build a high-level, multi-dimensional corporate customer service system to enhance our leading position in the corporate business market. We will fully develop the distinctive feature of being the “Technology Innovation Bank”, actively serving the national technological innovation strategy and the construction of a strong technological province in Anhui. We will strengthen comprehensive services for technology-based enterprises throughout their entire lifecycle, promote equity investment linkages, and jointly build a robust ecosystem for technology finance. Through comprehensive services such as “investment, loans, bonds, leasing and consulting”, we will support the development of emerging industries such as new energy vehicles, artificial intelligence, and high-end equipment manufacturing, fostering industrial innovation, cluster formation, and collective momentum. We will innovate supply chain financing models, integrating online and offline services to become the “primary bank” for more key industries and high-quality industrial chain enterprises.

In reform and transformation, we aim to excel. We will expand investment banking and bond issuance businesses, allocate resources to regions with favorable conditions and active economies, and fully equip and strengthen our professional teams to increase market share. Leveraging the advantages of resource coordination both within and outside Anhui Province, we will continuously promote the online and mobile transformation of products and services, strengthen transaction banking, and improve market share. We will enhance market analysis and policy research, improve the service system for interbank customers, optimize investment-related businesses, and expand comprehensive income and revenue contributions. Branches outside the province will base their development on a “one-branch, one-strategy” differentiated positioning, cultivate business characteristics, and create pioneering demonstration zones for transformation and upgrading.

Chapter V Management Discussion and Analysis

5.14 PROSPECTS AND MEASURES (CONTINUED)

5.14.2 Measures of the Bank (Continued)

In technology empowerment, we aim to excel. We will accelerate the development of digital finance, increase the application of new technologies such as artificial intelligence and large models, and continuously enhance the self-controllable capabilities of our technology systems. We will promote digital transformation in customer group management, product creation, and scenario integration, expand new models of digital financial services, and build a leading digital bank. We will strengthen data innovation and management, improve the data governance system, advance the construction of a data middle platform, build an agile model middle platform system, and accelerate the implementation of key scenario applications. We will deepen the integrated development of “Business and Technology,” flexibly use dispatched, embedded, and integrated teams, and solidify group technology management to enhance R&D efficiency and customer experience.

In risk control quality, we aim to excel. We will build a digital risk control system characterized by “full process, model-based, intelligent, and real-time” features, accelerate the digital transformation of credit risk processes, promote the unification and integration of major operating systems and data models, strengthen risk identification, early warning, and prevention, and enhance the ability to actively manage and operate risks. We will strengthen risk prevention and resolution in key areas, focus on source risk control, effectively prevent large risk exposures, and ensure early detection, early warning, and early resolution.



Chapter VI Report of the Board of Directors

The Bank presents the annual report and audited financial statements of the Bank and its subsidiaries for the year ended 31 December 2024.

6.1 PRINCIPAL BUSINESS

The business scope of the Bank includes banking business; securities investment funds custody; sales of publicly offered securities investment funds; foreign exchange settlement and sale business; foreign exchange business.

6.2 PARTICULARS OF BUSINESS

6.2.1 External environment faced by and business and operation development of the Bank

1. *Analysis of the environment of our main operating areas*

In 2024, the gross domestic product of Anhui province increased by 5.8%, and its total economic output reached RMB5 trillion. The economic strength of Anhui province has jumped to a new level, new breakthroughs have been made in the construction of the source of scientific and technological innovation, new momentum has been burst out in the construction of emerging industrial hubs, further progress has been made in the construction of new highlands of reform and opening up, the construction of green transformation zone for economic and social development has been forwarded, and people's living standards have been improved. The added value of industries above the designated scale increased by 9%, with the growth rate ranking first among the major industrial provinces. The growth rate of total retail sales of social consumer goods, investment in fixed assets, general public budget revenue and other indicators was faster than those of the whole country.

2. *Business performance of the Bank in 2024*

Firstly, the Bank realized significant leap in overall strength, with its operational performance reaching new heights and total assets exceeding RMB2 trillion. The deposits and loans maintained double-digit growth, and the loan balance surpassed RMB1 trillion for the first time. The number of retail customers exceeded 25 million, and the number of mobile banking and wealth management customers surpassed 10 million and 1 million, respectively. The customer base was continuously enhanced. The Bank's industry standing continued to improve, ranking 24th among the Top 100 Chinese Banks and 112th among the Top 1000 World Banks, up 11 places as compared to the previous year.

Secondly, the Bank was committed to the "five major aspects" of finance (namely technology finance, green finance, inclusive finance, pension finance and digital finance). It has established a distinctive leading position in technology finance. Loans to technology enterprises exceeded RMB80 billion, crossing three RMB10 billion thresholds within the year. It issued the first science and innovation themed financial bond of RMB20 billion in Anhui Province. Green finance loan balances reached RMB115.88 billion, representing an increase of 40.62% as compared to the previous year. By actively practicing green finance, the Bank continued to improve its multi-layered product portfolio covering green credit, bonds, investment, leasing, etc. By deepening and enhancing the development of inclusive finance, the Bank's inclusive micro and small loan balances reached RMB154.399 billion, serving 267,200 micro and small businesses, representing an increase of 57,400 businesses as compared to the previous year. Through implementing elderly care finance initiatives, the Bank carried out the development of 102 "Periwinkle" age-friendly characteristic branches, contributing to the development of the elderly care security system and enhancing service experience for elderly customers. It created "Yin Yi Tong" (銀醫通), a one-stop convenient service platform integrating "Internet + Social Security + Healthcare + Finance", and explored characteristic development models in elderly care industry finance, such as "rural revitalization + elderly care", to contribute to the development of "elderly housing" and "elderly healthcare".

Chapter VI Report of the Board of Directors

6.2 PARTICULARS OF BUSINESS (CONTINUED)

6.2.1 External environment faced by and business and operation development of the Bank (Continued)

2. *Business performance of the Bank in 2024 (Continued)*

Thirdly, the Bank has seen numerous highlights in business transformation. The Bank accelerated the transformation towards asset-light business model. The Bank's supply chain finance services covered over 5,000 core enterprises and effective upstream and downstream customers, the total assets under custody reached RMB1.1 trillion. The Bank comprehensively advanced digital transformation. Through measures such as assigning technology personnel to business departments, establishing agile teams, and focusing on user experience, the Bank explored a new mechanism for the integration of business, technology, and data. The Bank expanded digital finance scenarios by successfully launching the Treasury of Huishang Bank, putting into operation systems such as Trader Platform 2.0 (交易家平台 2.0), mobile versions of the corporate and personal mobile operation platforms, and intelligent voice navigation, and building a remote banking operation system. The application of new technologies was accelerated. The Bank promoted the construction of RPA (Robotic Process Automation) application scenarios, carried out the application and promotion of OCR (Optical Character Recognition) technology, and commenced the construction of an AI large model comprehensive service platform.

Fourthly, the Bank maintained prudent and effective risk control and internal control. Asset quality continued to improve, with the non-performing loan ratio falling below 1%, and both the non-performing loan balance and non-performing loan ratio decreased for four consecutive years. The Bank advanced the full-process digital transformation of credit risk management, continuously expanding intelligent risk control tools and data application scenarios. Efforts were focused on promoting the recovery and disposal of both on- and off-balance-sheet non-performing assets.

3. *Analysis of key financial performance indicators of the Bank during the year*

Key financial data and key regulatory indicators adopted by the Bank reflect the Bank's operating results, profits and risk control level in 2024. During the Reporting Period, the Bank achieved satisfactory performance in its various financial data as compared with the corresponding period of last year, and all of its supervisory indicators met regulatory requirements. See details in Chapter II "Summary of Accounting Data and Business Data" in this annual report.

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6.2 PARTICULARS OF BUSINESS (CONTINUED)

6.2.1 External environment faced by and business and operation development of the Bank (Continued)

4. *Environmental policy, performance and compliance with laws and regulations*

(1) *Environmental policy and performance of the Bank*

Guiding by “carbon peaking and carbon neutrality”, the Bank faithfully implemented national environmental protection laws and regulations, industrial policies, industry access policies and other policies and regulations, as well as the regulatory requirements of regulators, actively pursued green finance, and supported green, low-carbon and recycling economy development. The Bank constantly improved its environmental and social performance, actively fulfilled its corporate social responsibility, vigorously promoted the development of a social responsibility system, established correct values and business philosophy, built a corporate culture with a sense of social responsibility, continuously enhanced awareness of social responsibility across the Bank, and strengthened the environmental, social and governance information disclosure and communication with stakeholders, conserved resources, protected the environment, implemented environmental goals in operation, constantly improved the depth, width and accuracy of energy and resource utilization, encouraged green office, energy saving and environmental protection to minimize environmental impact in daily operation; advocated sustainable operation, and promoted the sustainable development of the Bank.

(2) *Compliance with laws and regulations by the Bank*

All routine operating activities of the Bank were conducted on the basis of strict compliance with existing laws and regulations and all transactions complied with laws and regulations with the support of the corresponding legal documents. The Bank continued to improve and optimize the rules and regulations of the whole Bank in accordance with external laws and regulations. The Bank always adhered to the concept of compliance operations, strictly followed regulatory policies in business and operation management activities and implemented regulations and policies in the whole process and all aspects of business.

(3) *Relationship between the Bank and its employees*

a. Remuneration of employees

The Bank has established a unified remuneration management structure and system, and continuously optimized the management of employee remuneration and benefits. For remuneration management, the Bank adheres to the principle of prioritizing efficiency while ensuring fairness, with a particular focus on allocating remuneration resources to grassroots and frontline employees. The Bank adopts a performance-oriented approach, highlighting that compensation shall align with individual contributions, to give full play to the motivational effects of performance evaluations. Besides, the Bank sticks to promoting sustainable development while enhancing its competitiveness, which will not only help to maintain the stability of staff teams but also enhance external competitiveness and attractiveness of the Bank’s remuneration offerings.

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6.2 PARTICULARS OF BUSINESS (CONTINUED)

6.2.1 External environment faced by and business and operation development of the Bank (Continued)

4. *Environmental policy, performance and compliance with laws and regulations (Continued)*

(3) *Relationship between the Bank and its employees (Continued)*

b. Staff employment

The Bank continued to regulate its staff employment management process and system by formulating standardized recruitment criteria and procedures that will be applied across the whole Bank, thus optimizing the internal recruitment, deployment and other aspects of internal staff management. The Bank has also increased its efforts in recruiting through external channels such as schools, other industry players and headhunters. To ensure that the recruitment process is transparent, fair, and equitable, the Bank has adopted strict control procedures for credential checks, written tests, interviews and background checks.

c. Staff training and career development

For staff learning and development and the education and training for them, the Bank attached great importance to talent training, took the study and implementation of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as its primary political task, adhered to the leadership of Party building, strengthened planning, promoted the implementation of projects for transformation and improvement in nine major areas proposed by the Bank's Party committee, coordinated the construction of team of cadres and staff, and built a comprehensive training system and career development platform. In 2024, the Bank adhered to a categorized and tiered approach, took the close combination of "going out" and "inviting in", organised 10 sessions of "Great Vision" forward-looking lectures for middle and senior managers, and 23 sessions of key trainings such as the 'Hui Zhuo Plan' (徽卓計劃) and 'Hui Dun Plan' (徽盾計劃), so as to continuously enhance the professional ability and comprehensive quality of the Bank's cadres and employees.

For staff career development, in 2024, the Bank revised relevant policies and procedures and adopted a routine, periodic, and scientific approach for the evaluation and appointment of non-management employees. The Bank also optimized the evaluation and appointment mechanism. Through the establishment and improvement of systems, as well as the implementation of evaluation and appointment work, the Bank effectively streamlined career development pathways for employees and built a reasonable structured talent pipeline for its high-quality growth.

(4) *Relationship between the Bank and its employees*

See Section 5.9 "Management Discussion and Analysis – Business Operations" of this Annual Report for details.

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6.2 PARTICULARS OF BUSINESS (CONTINUED)

6.2.2 Subsequent events

For subsequent events of the Bank from 1 January 2025 to the Latest Practicable Date, please refer to Note 53 to the financial statements. Save as disclosed above, from 1 January 2025 to the Latest Practicable Date, there has not been any non-financial event that may cause material effects on the results of the Bank.

6.2.3 Future business development trends of the Bank

See details in section 5.14 “Management Discussion and Analysis – Prospects and Measures” in this annual report.

6.2.4 Major risks and uncertainties faced by the Bank

See details in section 5.10 “Management Discussion and Analysis – Risk Management” in this annual report.

6.3 RESERVES AND RESERVES AVAILABLE FOR DISTRIBUTION

Please refer to the financial statements for details of the movement in reserves of the Bank during the Reporting Period and the reserves available for distribution as at 31 December 2024.

6.4 FIXED ASSETS

Please refer to Note 26 to the financial statements for details of movements in the fixed assets of the Bank as of 31 December 2024.

6.5 HOLDING OF SHARES OF OTHER LISTED COMPANIES

As of the end of the Reporting Period, due to matters such as corporate bankruptcy and reorganization during the disposal of non-performing assets, including those acquired from the former Baoshang Bank, as ruled by the people’s court, the Bank held 47,784,300 shares of Hainan Airlines Holding Co., Ltd. (海南航空控股股份有限公司) (stock code: 600221), and 2,743,400 shares of Nanjing Red Sun Co., Ltd. (南京紅太陽股份有限公司) (stock code: 000525). Save as disclosed above, the Bank has not held shares of other listed companies as at the end of the Reporting Period.

6.6 PURCHASE, SALE OR REDEMPTION OF THE BANK’S LISTED SECURITIES

There was no purchase, sale or redemption by the Bank or its subsidiaries of listed securities of the Bank (including the sale of treasury shares (as defined in the Hong Kong Listing Rules)) during the Reporting Period. As of the end of the Reporting Period, the Bank did not hold any treasury shares.

6.7 PRE-EMPTIVE RIGHTS

The Articles of Association of the Bank does not provide for pre-emptive rights. There are no pre-emptive rights for the shareholders of the Bank.

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6.8 RETIREMENT BENEFITS

In addition to these basic social pension schemes, employees of the Bank participate in an enterprise annuity plan established by the Bank according to the state enterprise annuity system. The Bank contributes to the annuity plan based on certain percentages of the employees' gross salaries. Provided that employees are dismissed or cancelled the employment contract due to the violation of laws or disciplines, unvested enterprise annuity contributions will be transferred back to the Bank's enterprise annuity account. The amount of forfeited contributions is not material. Please refer to Note 37 to the financial statements for details of the retirement benefits provided to employees by the Bank.

6.9 MAJOR DEPOSITORS/BORROWERS

The Bank is not dependent too much on a single major depositor/borrower. As of the end of the Reporting Period, the operating income generated from the five largest depositors/borrowers of the Bank represented an amount not exceeding 30% of the total operating income of the Bank. The directors of the Bank and its related (connected) persons did not have any significant interest in the aforementioned five largest depositors/borrowers.

6.10 PROFILE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Please refer to Chapter VIII "Profile of Directors, Supervisors, Senior Management, Employees and Institutions" in this annual report.



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6.11 INTERESTS AND SHORT POSITIONS HELD BY THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES OF THE BANK UNDER HONG KONG LAWS AND REGULATIONS

As at 31 December 2024, the following directors, supervisors and chief executives of the Bank and their respective associates had the interests or short positions in the shares, underlying shares and debentures of the Bank or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance 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 in Appendix C3 of the Hong Kong Listing Rules. The table below reflects the number of shares, any interests or short positions in underlying shares and debentures held by the directors, supervisors and chief executives of the Bank:

Name	Position	Class of Shares	Status	Number of shares (share) (Long position)	Percentage in issued shares of relevant class (%)	Percentage in all issued ordinary shares (%)
Dai Peikun	Independent Non-executive Director	Domestic Shares	Interest of the Spouse	3,079	0.0000	0.0000
He Jiehua	Chairman of the Board of Supervisors, Employee Supervisor	Domestic Shares	Interest of the Spouse	8,928	0.0001	0.0001
Zhong Qiushi	Employee Supervisor, researcher of Risk Management Department	Domestic Shares	Beneficial Owner	32,133	0.0003	0.0002
Sun Zhen	Employee Supervisor, president of Huaibei Branch of the Bank	Domestic Shares	Beneficial Owner	38,085	0.0004	0.0003

Save as disclosed above, as at 31 December 2024, the Bank was not aware of any other directors, supervisors and chief executives of the Bank and their respective associates having any interests or short positions in any shares, underlying shares and debentures of the Bank or its associated corporations.

6.12 DIRECTORS' AND SUPERVISORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

During the Reporting Period, none of the directors, supervisors of the Bank or their respective spouses or children under the age of 18 years acquired any right by way of purchase of shares or bonds of the Bank or exercised any such related rights; and none of the Bank or any of its subsidiaries had made any arrangements to enable the directors, supervisors of the Bank or their respective spouses or children under the age of 18 years to obtain such rights in any other body corporate.

6.13 DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the directors of the Bank had any interest in any business that constitutes or may constitute, directly or indirectly, a competing business of the Bank.

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6.14 FINANCIAL, BUSINESS AND FAMILY RELATIONSHIPS AMONG DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Save as disclosed in this annual report, there are no other relationships among the directors, supervisors and senior management of the Bank, including financial, business, family or other material or related relationships.

6.15 DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS AND SERVICE CONTRACTS

During the Reporting Period, no director or supervisor of the Bank (or its related (connected) entities) had any direct or indirect significant interest in any transaction, arrangement or contract of significance entered into by the Bank or other subsidiaries. None of the directors and supervisors of the Bank has entered into service contracts with the Bank that cannot be terminated by the Bank within one year without payment of compensation (other than statutory compensation). During the Reporting Period, none of the Bank or its subsidiaries had any arrangement that enabled the directors and supervisors of the Bank to acquire benefits by acquiring shares in and debentures of companies or any other corporate body.

6.16 PENALTIES OR INVESTIGATIONS OF DIRECTORS AND SUPERVISORS OF THE BANK

During the Reporting Period, no director or supervisor of the Bank has been subject to penalties or investigations by competent authorities causing a material impact on the operations of the Bank.

6.17 RELATED PARTY (CONNECTED) TRANSACTIONS

In the ordinary course of business, the Bank provides commercial banking services and products to the public in China, including the Bank's directors, supervisors and/or their respective associates. During the Reporting Period, connected transactions carried out between the Bank and connected persons (as defined under the Hong Kong Listing Rules) were conducted under normal commercial principles, which were not favorable as the conditions for similar transactions with non-connected persons. The transaction terms were fair and reasonable and in the interests of the Bank and shareholders as a whole. For a series of connected transactions with connected persons conducted by the Bank, all complied with the aforementioned conditions for connected transactions and were exempted from the requirements of reporting, announcement, annual review, circular and independent shareholders' approval under Chapter 14A of the Hong Kong Listing Rules.

The related party transactions of the Bank mainly refer to the ordinary on- and off-balance sheet businesses, including loans, debt securities, bill acceptance, letters of credit, and deposits. As of the end of 2024, the Bank has approximately 6,326 related legal entities and approximately 2,708 related natural persons. The related party transactions of the Bank totaled RMB64,560 million, of which the balance of credit granted in related party transactions amounted to RMB18,842 million, and services, deposits (exclusive of demand deposits) and other kinds of related party transactions amounted to RMB45,718 million.

As of the end of 2024, the percentage of the balance of credit facilities granted by the Bank to a single related party, the group in which the related party is a member and all related parties to the Bank's net capital as at the end of 2024 complied with the regulatory requirements for the related party transactions.

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6.17 RELATED PARTY (CONNECTED) TRANSACTIONS (CONTINUED)

During the Reporting Period, the Bank strengthened its supervision of the implementation of rules and regulations on the management of related party (connected) transactions, strictly fulfilled the procedures for review and approval, reporting and disclosure of related party (connected) transactions, further strengthened the prior review and approval of significant related party (connected) transactions and the management of pricing of related party (connected) transactions, comprehensively utilised online and offline training to promote a culture of compliance in connection with related party (connected) transactions, dynamically collected information on related (connected) parties, and laid the foundation for effective identification and statistics on related party (connected) transactions. The Bank has continued to optimise its related party (connected) transaction management system, further enhanced the level of intelligence of the related party (connected) transaction management system, enhanced the risk preventive role of the first-line defense and perfected the risk management and control mechanism for the entire process of related party (connected) transactions. During the Reporting Period, the independent non-executive Directors of the Bank expressed their independent views on the Bank's related party (connected) transactions.

The Note 50 to the financial statements discloses, among others, the related party transactions of the Bank during the Reporting Period in accordance with the International Accounting Standards. These related party transactions do not constitute the connected transactions of the Bank under the requirements of Chapter 14A of the Hong Kong Listing Rules.

6.18 MATERIAL LITIGATION AND ARBITRATIONS

Insofar as the Bank is aware, as of the end of 2024, the Bank, was involved in the following litigation proceeding in its regular course of business: the aggregate number of material pending litigation and arbitrations involving the Bank as a plaintiff amounted to 35, with a total amount of approximately RMB3,518 million. The number of pending and material litigation and arbitrations involving the Bank as a defendant amounted to 9, totaling approximately RMB3,964 million (among these cases, the Bank was involved in 2 cases as a third party, with an amount of approximately RMB3,473 million). The Bank made full provisions for doubtful accounts of loans involved in the cases above according to expected losses prudently, which will have no material adverse effect on the Bank's financial position and operating results.

6.19 ASSET ACQUISITION, DISPOSAL AND REORGANIZATION

During the Reporting Period, some assets of the Bank had been pledged to other banks and the Ministry of Finance of the PRC as collaterals for a sale and repurchase agreement and treasury deposits, details of which are set out in Note 45(a) to the financial statements. The Bank acquired a 10% equity interest in Jinzhai Huiyin, details of which are set out in section 5.3.1.3 "Subsidiaries and major companies in which the Bank has shareholdings" of this annual report.

Apart from the above, the Bank has no other asset acquisition, disposal or reorganization outside the normal scope of business.

As of the end of the Reporting Period, the Bank had no material investments that are required to be disclosed under Rule 32(4A) of Appendix D2 of the Hong Kong Listing Rules.

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6.20 USE OF FUNDS BY RELATED PARTIES (CONNECTED PERSONS)

During the Reporting Period, neither the major shareholders nor the related parties (connected persons) of the Bank used any funds of the Bank for non-operating purposes, and no proceeds of the Bank were used in any unfair related party (connected) transactions.

6.21 REVIEW OF ANNUAL RESULTS

The financial report of the Bank prepared under IFRS has been audited by Ernst & Young and a standard audit report with unqualified opinions has been issued. The Bank's Audit Committee of the Board has reviewed the results and the financial reports of the Bank for the year ended 31 December 2024.

Any discrepancies between the total amount and percentages and the sum of items shown in the tables in this report are due to rounding. In case of any discrepancies between the Chinese and English versions of this report, the Chinese version shall prevail.

6.22 PROFIT AND DIVIDENDS

The Board is required to submit the proposals in respect of dividend payments to a shareholders' general meeting for approval. The Board will, according to the relevant laws, regulations and regulatory requirements, consider whether to pay dividends and the amount of dividend payments based on the Bank's results of operations, cash flow, financial condition, capital adequacy ratios, future business prospects, statutory and regulatory restrictions and other factors that the Board of Directors of the Bank deems relevant. The Bank may pay dividends in cash or shares. The Bank's dividend distribution conformed to the Articles of Association and the resolutions of the general meeting of the Bank.

The profit of the Bank for the year ended 31 December 2024 and the Bank's financial position as at that date are set out in the consolidated financial statements section of this annual report.

In accordance with the resolutions passed at the 2023 annual general meeting held on 29 June 2024, the Bank declared a cash dividend of RMB0.146 (tax inclusive) per share to all shareholders based on the 2023 profit distribution plan, in an aggregate amount of approximately RMB2,028 million (tax inclusive), accounting for approximately 15% of the audited net profit of the Bank under the headquarters in 2023. On 22 August 2024, the final dividend for 2023 was paid to shareholders whose names were listed on the register of the Bank as of 10 July 2024. All cash dividends paid, which were denominated in RMB, were distributed to shareholders in RMB or Hong Kong Dollars, respectively. The exchange rate used for the calculation of dividends paid in Hong Kong Dollars was based on the average central parity rate of RMB against Hong Kong Dollars announced by the PBOC for the five working days before the 2023 annual general meeting of the Bank (i.e., 24, 25, 26, 27 and 28 June 2024).

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6.22 PROFIT AND DIVIDENDS (CONTINUED)

As to the 2024 profit distribution plan, the Board of Directors recommends a cash dividend of RMB0.21 (tax inclusive) per share to all shareholders, in an aggregate amount of approximately RMB2,917 million (tax inclusive), accounting for approximately 20% of the audited net profit of the Bank under the headquarters in 2024. The above profit distribution plan shall be submitted at the 2024 annual general meeting for approval by the Board of Directors. If the above profit distribution plan is approved at the 2024 annual general meeting, the Bank expects to complete such profit distribution within two months after the meeting. Save as disclosed in the Section 6.23 “Annual General Meeting and Closure of Register of Members” in this annual report, the Bank shall announce other relevant arrangements on the 2024 annual general meeting in due course. The Bank shall also make an announcement in due course if there are any changes to the said expected dividend declaration.

The Bank is not aware of any circumstances that any arrangements of waiver or agreed waiver of any dividends have been entered into by shareholders.

6.23 ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

In order to determine the list of shareholders who are entitled to attend and vote at the 2024 annual general meeting to be convened on 30 June 2025, the register of members of the Bank will be closed from 31 May 2025 to 30 June 2025 (both days inclusive). In order to be entitled to attend and vote at the 2024 annual general meeting, unregistered H shareholders of the Bank shall lodge relevant share transfer documents with the H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on 30 May 2025.

6.24 PUBLIC FLOAT

Based on the public information available to the Bank and to the knowledge of the Board of Directors, from April 2016 to the Latest Practicable Date, the Bank’s H Share public float was below 25%, the minimum level as required in Rule 8.08(1) (a) of the Hong Kong Listing Rules. As at the Latest Practicable Date, the Bank’s H Share public float was maintained at 16.08%.

According to the Board resolutions, the Bank will proactively promote the initial public offering and listing of A Shares so as to restore its public float as soon as practicable. For details on the public float of the Bank’s H Shares, please refer to the several announcements and circulars published by the Bank since 11 May 2016 in relation to, among others, the public float of the Bank’s H Shares.

6.25 TAX DEDUCTION

6.25.1 Overseas shareholders

According to the “Notice on the Collection of Personal Income Tax after the Expiration of National Tax Bureau Notice [1993] No. 045” (Guo Shui Han [2011] No. 348), which was released by the State Administration of Taxation on 28 June 2011, the responsible party should withhold personal income tax by law from overseas resident individual shareholders on their dividend income deriving from shares in domestic non-foreign invested companies issued in Hong Kong. However, the overseas resident individual shareholders who hold shares of domestic non-foreign invested companies issued in Hong Kong may be entitled to the relevant favorable tax treatments based on the tax treaties between the countries in which they are domiciled and China and the tax arrangements between Mainland China and Hong Kong (or Macau).

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6.25 TAX DEDUCTION (CONTINUED)

6.25.1 Overseas shareholders (Continued)

Based on the tax regulation mentioned above, the Bank will withhold personal income tax of the dividend at a 10% tax rate for the overseas individual H Shareholders. However, where there are different requirements otherwise specified in relevant tax regulations and tax agreements, the Bank will follow such requirements of the tax authorities.

The Bank will withhold a 10% enterprise income tax of the dividend for non-resident corporate overseas H Shareholders based on the “Law of the People’s Republic of China on Enterprise Income Tax” and relevant implementation rules which have been effective since 1 January 2008.

If the overseas H Shareholders of the Bank have any queries regarding the tax arrangements mentioned above, please consult your tax consultants regarding the tax implications in Mainland China, Hong Kong and other countries (regions) for holding and disposing of the Bank’s H Shares.

6.25.2 Mainland shareholders of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect

Pursuant to the “Notice on the Tax Policies Concerning the Pilot Program of the Shanghai-Hong Kong Stock Connect” (Cai Shui [2014] No. 81) and the “Notice on the Tax Policies Concerning the Pilot Program of the Shenzhen-Hong Kong Stock Connect” (Cai Shui [2016] No. 127), which were jointly released by the Ministry of Finance, the State Administration of Taxation and the CSRC on 31 October 2014 and 5 November 2016, respectively, for dividends obtained by the mainland individual investors from H shares listed on the Hong Kong Stock Exchange invested by them through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, such H Share companies shall apply to China Securities Depository and Clearing Corporation Limited (hereinafter referred to as the “CSDC”) for providing the register of mainland individual investors and withhold personal income tax at a 20% tax rate from mainland individual investors. For dividends obtained by the mainland individual investors from non-H Shares listed on the Hong Kong Stock Exchange invested by them through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the CSDC will withhold personal income tax at 20% tax rate. Individual investors may, by producing valid tax payment certificates, apply to the competent tax authority under the CSDC for tax credits relating to the withholding tax already paid abroad.

For dividend income obtained by the mainland security investment funds from shares listed on the Hong Kong Stock Exchange invested by them through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, personal income tax shall be withheld according to the above regulations.

For dividend income obtained by the mainland corporate investors from shares listed on the Hong Kong Stock Exchange invested by them through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, such income shall be included in their total revenue and enterprise income tax shall be withheld by law. Meanwhile, for dividend income obtained by mainland resident enterprises from holding H shares for 12 consecutive months, enterprise income tax shall be exempted by law. H Share companies listed on the Hong Kong Stock Exchange shall apply to the CSDC for providing the register of mainland enterprise investors. The H-share companies shall not withhold income tax of dividends for mainland enterprise investors and such investors shall declare and pay relevant tax themselves.

The tax deduction mentioned above is a general tax requirement stipulated by the relevant laws and regulations. If the relevant profit distribution plan is considered and approved at the general meeting of the Bank, the Bank will make adjustments according to the actual condition and make further announcements on the specific tax requirements implemented pursuant to the prevailing valid tax regulations at that time.

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6.26 PERMITTED INDEMNITY PROVISIONS

During the Reporting Period, the Bank has maintained appropriate liability insurance for directors, supervisors and senior management to indemnify the directors, supervisors and senior management for their corresponding liabilities arising from the Company's affairs.

6.27 DONATION

The Bank has continuously fulfilled its social responsibilities, earnestly committed itself to public welfare undertakings, actively helped the disadvantaged groups, and launched relief donations to disaster-affected areas, designated assistance areas or the socially disadvantaged groups in difficulty; launched public welfare donations for science, education, culture, health and sports undertakings, environmental protection, energy saving and emission reduction, the construction of social public facilities and other social public welfare undertakings; and launched donations to other social public and welfare undertakings that contribute to social development and progress. In 2024, the Bank made a total donation of approximately RMB2,661,400, providing great support to science, education, culture and health and the flood prevention and disaster relief as well as other public welfare undertakings.

6.28 MANAGEMENT CONTRACTS

Except for the service contracts of the management of the Bank, the Bank did not enter into any other contracts with any individual, company or body corporate to manage or deal with the whole part or any significant part of the Bank's business.

6.29 STOCK-LINKED AGREEMENTS

The Bank did not enter into any stock-linked agreement in 2024, and there was no stock-linked agreement remaining effective by the end of 2024.

6.30 ISSUE OF DEBENTURES

To supplement the capital of the Bank and expand the sources of liabilities of the Bank to enhance the maturity matching of assets and liabilities, the Bank issued various types of debentures, the details of which during the Reporting Period are presented as follows:

6.30.1 The Bank issued RMB1.0 billion of financial bonds on 6 March 2019 in China's inter-bank bond market, with a maturity of 5 years and a fixed coupon rate of 3.80%, payable annually. The bonds were due for payment on 8 March 2024.

6.30.2 The Bank issued RMB10.0 billion of perpetual bonds on 29 November 2019 in China's inter-bank bond market, with a coupon rate of 4.90%, payable annually. The coupon rate of the bonds may be adjusted at different intervals, subject to adjustment every five years. In any adjusted coupon rate period, the interests of the bonds will be paid at the same prescribed interest rate. The Bank may redeem the bonds in whole or in part on each distribution payment date after 5 years (including the distribution payment date of the fifth year) after the issuance date of the bonds. The bonds have been fully redeemed on 3 December 2024.

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6.30 ISSUE OF DEBENTURES (CONTINUED)

6.30.3 The Bank issued RMB8.0 billion of tier 2 capital bonds on 24 September 2020 in China's inter-bank bond market, with a maturity of 10 years and a fixed coupon rate of 4.50%, payable annually. The Bank has an option to redeem part or all of these bonds at nominal value on the last day of the fifth year of interest accrued of bonds, subject to the approval from relevant regulatory authorities.

Tier 2 capital bond's right of recourse is subordinate to depositors and ordinary creditors and is superior to equity capital, other tier 1 capital instruments and mixed capital debts.

6.30.4 The Bank issued RMB1.0 billion of financial bonds on 18 August 2021 in China's inter-bank bond market, with a maturity of 3 years and a fixed coupon rate of 3.50%, payable annually. The bonds were due for payment on 20 August 2024.

6.30.5 The Bank issued RMB6.0 billion of tier 2 capital bonds on 22 October 2021 in China's inter-bank bond market, with a maturity of 10 years and a fixed coupon rate of 4.09%, payable annually. The Bank has an option to redeem part or all of these bonds at nominal value on the last day of the fifth year of interest accrued of bonds, subject to the approval from relevant regulatory authorities.

Tier 2 capital bond's right of recourse is subordinate to depositors and ordinary creditors and is superior to equity capital, other tier 1 capital instruments and mixed capital debts.

6.30.6 The Bank issued RMB10.0 billion of financial bonds on 25 February 2022 in China's inter-bank bond market, with a maturity of 3 years and a fixed coupon rate of 2.83%, payable annually. The bonds were due for payment on March 1 2025.

6.30.7 The Bank issued RMB5.0 billion of green bonds on 5 August 2022 in China's inter-bank bond market, with a maturity of 3 years and a fixed coupon rate of 2.53%, payable annually.

6.30.8 The Bank issued RMB20.0 billion of financial bonds on 10 July 2023 in China's inter-bank bond market, with a maturity of 3 years and a fixed coupon rate of 2.69%, payable annually.

6.30.9 The Bank issued RMB10.0 billion of perpetual bonds on 26 October 2023 in China's inter-bank bond market, with a coupon rate of 3.80%, payable annually. The coupon rate of the bonds may be adjusted at different intervals, subject to adjustment every five years. In any adjusted coupon rate period, the interest of the bonds will be paid at the same prescribed interest rate. The Bank may redeem the bonds in whole or in part on each distribution payment date after 5 years (including the distribution payment date of the fifth year) after the issuance date of the bonds.

6.30.10 The Bank issued RMB10.0 billion of financial bonds on 20 November 2023 in China's inter-bank bond market, with a maturity of 3 years and a fixed coupon rate of 2.78%, payable annually.

6.30.11 The Bank issued RMB20.0 billion of financial bonds on 22 May 2024 in China's inter-bank bond market, with a maturity of 3 years and a fixed coupon rate of 2.25%, payable annually.

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6.30 ISSUE OF DEBENTURES (CONTINUED)

6.30.12 The Bank issued RMB10.0 billion of perpetual bonds on 11 November 2024 in China's inter-bank bond market, with a coupon rate of 2.55%, payable annually. The coupon rate of the bonds may be adjusted at different intervals, subject to adjustment every five years. In any adjusted coupon rate period, the interest of the bonds will be paid at the same prescribed interest rate. The Bank may redeem the bonds in whole or in part on each distribution payment date after 5 years (including the distribution payment date of the fifth year) after the issuance date of the bonds.

6.30.13 The Bank issued RMB1.5 billion of financial bonds on 14 November 2024 in China's inter-bank bond market, with a maturity of 3 years and a fixed coupon rate of 2.19%, payable annually.

6.30.14 In 2024, the Bank issued 244 zero-coupon interbank certificates of deposit with a total face value of RMB312,560 million, with maturities ranging from one month to one year. As of 31 December 2024, the aggregate face value of undue interbank certificates of deposit issued by the Bank amounted to RMB203,150 million.

By order of the Board

Yan Chen

Executive Director, Chairman

Chapter VII Changes in Share Capital and Particulars of Shareholders

7.1 CHANGES IN ORDINARY SHARES OF THE BANK DURING THE REPORTING PERIOD

	31 December 2024		Changes during the Reporting Period	31 December 2023	
	shares (share)	Percentage (%)	shares (share)	shares (share)	比例(%)
Domestic Shares	10,411,051,211	74.95	0	10,411,051,211	74.95
H Shares	3,478,750,000	25.05	0	3,478,750,000	25.05
Total number of ordinary shares	13,889,801,211	100.00	0	13,889,801,211	100.00

Note: As of 31 December 2024, the Bank had a total of 17,157 shareholders of ordinary shares, including 1,318 shareholders of H Shares and 15,839 shareholders of Domestic Shares; the Bank had no controlling shareholders or de facto controller. According to the trustee agency, a total of 107,877,095 pledged shares were under judicial freeze or other situations.

7.2 INFORMATION ON THE SHAREHOLDINGS OF THE TOP TEN HOLDERS OF ORDINARY SHARES

As of 31 December 2024, the order of the top ten holders of ordinary shares of the Bank was sorted by: (1) for H Shares, the aggregate of the H Shares of the Bank held by investors which were deposited into the Central Clearing and Settlement System of the Hong Kong Stock Exchange and registered under the name of HKSCC NOMINEES LIMITED, a wholly-owned subsidiary of the Hong Kong Stock Exchange, representing 25.02% of the total share capital of ordinary shares and representing 99.90% of the total H Shares issued; and (2) for Domestic Shares, the order was based on the number of shares held directly under the domestic shareholders register kept by CSDC.

No.	Name of shareholder	Number of shares held as at the end of the Reporting Period (share)	Percentage to total share capital of ordinary shares (%)	Type of shares	Increase/ decrease during the Reporting Period (share)	Pledged or frozen (share)
1	HKSCC Nominees Limited	3,475,304,278	25.02	H Share	(31,200)	— ⁽¹⁾
2	Deposit Insurance Fund Management Co., Ltd.	1,559,000,000	11.22	Domestic Share	0	0
3	Anhui Province Energy Group Company Limited	843,363,819	6.07	Domestic Share	0	0
4	Anhui Guoyuan Financial Holding Group Co., Ltd.	837,810,695	6.03	Domestic Share	0	0
5	Anhui Credit Financing Guaranty Group Co., Ltd.	827,658,091	5.96	Domestic Share	0	0
6	Anhui Transportation Holding Group Co., Ltd.	705,349,937	5.08	Domestic Share	0	0
7	Zhongjing Sihai Co., Ltd.	506,102,476	3.64	Domestic Share	0	0
8	Hefei Xingtai Financial Holdings (Group) Co., Ltd.	378,395,999	2.72	Domestic Share	0	0
9	CCB Trust Co., Ltd.	313,672,053	2.26	Domestic Share	0	0
10	Wuhu Investment Holding Group Co., Ltd. (蕪湖市投資控股集團有限公司) ⁽²⁾	294,012,833	2.12	Domestic Share	0	0

Notes: (1) The relevant information has not yet been obtained by the Bank, nor can it be verified based on the existing information.

(2) According to the public disclosure made by Wuhu Investment Holding Group Co., Ltd. and the information provided to the Bank, the name of the company has been changed from "Wuhu Construction Investment Co., Ltd." to "Wuhu Investment Holding Group Co., Ltd." on 17 January 2025.

Chapter VII Changes in Share Capital and Particulars of Shareholders

7.3 SUBSTANTIAL SHAREHOLDERS OF ORDINARY SHARES

According to the relevant requirements of the Interim Measures for the Equity Management of Commercial Banks, based on the register of members maintained by trustee agency of ordinary shares of the Bank and the information publicly disclosed and submitted by substantial shareholders to the Bank, etc., the substantial shareholders of ordinary shares of the Bank as at the end of the Reporting Period are as follows:

No.	Name of substantial shareholder	Number of shares	Individual	Joint	Increase/ decrease of shareholding during the Reporting Period (share)
			shareholding ratio (%)	shareholding ratio (%)	
1	Deposit Insurance Fund Management Co., Ltd.	1,559,000,000	11.22	11.22	0
2	Zhongjing Xinhua Asset Investment Management Co., Ltd.	224,781,227	1.62	10.59	0
	Wealth Honest Limited	631,871,000	4.55		0
	Golden Harbour Investments Management Limited	440,000,000	3.17		0
	Zhongjing Xinhua Property Management (Hong Kong) Co., Limited	173,993,400	1.25		0
3	Anhui Province Energy Group Company Limited	843,363,819	6.07	9.70	0
	An Hui Wenergy Company Limited	150,814,726	1.09		0
	Xing An Holdings Limited	329,973,600	2.38		0
	Anhui Natural Gas Development Co., Ltd.	23,579,472	0.17		0
4	Anhui Credit Financing Guaranty Group Co., Ltd.	827,658,091	5.96	7.65	0
	Anhui Guaranteed Asset Management Co., Ltd.	235,177,222	1.69		26,977,201
5	Wkland Finance Holding Company Limited	562,254,000	4.05	7.00	0
	Wkland Finance Holding II Company Limited	410,130,600	2.95		0
6	Anhui Guoyuan Financial Holding Group Co., Ltd.	837,810,695	6.03	6.29	0
	Anhui Guoyuan Trust Co., Ltd.	35,751,470	0.26		0
	Anhui Guoyuan Ma'anshan Asset Management Co., Ltd.	361,662	0.00		0
7	Anhui Transportation Holding Group Co., Ltd.	705,349,937	5.08	5.10	0
	Anhui Transportation Holding Group (H.K.) Limited	3,299,700	0.02		0
8	Hefei Xingtai Financial Holdings (Group) Co., Ltd.	378,395,999	2.72	4.98	0
	CCB Trust Co., Ltd.	313,672,053	2.26		0
9	Sunshine Life Insurance Corporation Limited	598,094,200	4.31	4.31	0
10	Zhongjing Sihai Co., Ltd.	506,102,476	3.64	3.64	0
11	Wuhu Investment Holding Group Co., Ltd.	294,012,833	2.12	2.12	0

Chapter VII Changes in Share Capital and Particulars of Shareholders

7.3 SUBSTANTIAL SHAREHOLDERS OF ORDINARY SHARES (CONTINUED)

- (1) Deposit Insurance Fund Management Co., Ltd. was established on 24 May 2019. It was registered in Beijing with a registered capital of RMB10 billion. Its legal representative is Wang Yuling. Its scope of business includes conducting investment in equity, debts, funds, etc.; managing relevant assets of the deposit insurance fund according to law; acquiring, operating, managing and disposing of assets directly or by entrustment; handling deposit insurance related businesses according to law; asset evaluation; as well as other businesses as approved by the relevant state departments. According to the information submitted by shareholders, its controlling shareholder is the People's Bank of China. It has no de facto controller. Its ultimate beneficiary is Deposit Insurance Fund Management Co., Ltd. and it does not have any persons acting in concert. As at the end of the Reporting Period, Deposit Insurance Fund Management Co., Ltd. did not pledge any shares of the Bank. Deposit Insurance Fund Management Co., Ltd. has appointed Ma Lingxiao to the Bank as a director.

- (2) Zhongjing Xinhua Asset Investment Management Co., Ltd. was established on 14 June 2003. It was registered in Huangshan of Anhui Province with a registered capital of RMB2.875 billion. Its legal representative is LU JIAXIAN. Its scope of business includes enterprise investment management; enterprise management, enterprise mergers and acquisitions as well as asset restructuring planning; project investment consultation, economic information consultation, business information consultation, market information consultation and research, asset operation, industrial investment, investment consultation, technology consultation, and technical service. According to the information submitted by shareholders, its controlling shareholder is Jing'An Shanghai Silver Investment Co., Ltd., its de facto controller is Shanghai Soong Ching Ling Foundation. Its ultimate beneficiaries are women and children who received charitable donations from Shanghai Soong Ching Ling Foundation across the country and it does not have any persons acting in concert. As at the end of the Reporting Period, Zhongjing Xinhua Asset Investment Management Co., Ltd. did not pledge any shares of the Bank and 224,781,227 Domestic Shares were judicially frozen.

Wealth Honest Limited was incorporated in British Virgin Islands on 30 March 2006. Its legal representative is GAO YANG. Its scope of business includes investment. According to the information submitted by shareholders, its controlling shareholder is Zhongjing Xinhua Property Management (Hong Kong) Co., Limited, its de facto controller is Shanghai Soong Ching Ling Foundation, its ultimate beneficiaries are women and children who received charitable donations from Shanghai Soong Ching Ling Foundation across the country and it does not have any persons acting in concert. As at the end of the Reporting Period, Wealth Honest Limited did not pledge any shares of the Bank.

Golden Harbour Investments Management Limited was incorporated in British Virgin Islands on 28 October 2016. Its general manager is Hu Liang. Its scope of business includes investment. According to the information submitted by shareholders, its controlling shareholder is Wealth Honest Fund LP, its de facto controller is Shanghai Soong Ching Ling Foundation, its ultimate beneficiaries are women and children who received charitable donations from Shanghai Soong Ching Ling Foundation across the country and it does not have any persons acting in concert. As at the end of the Reporting Period, Golden Harbour Investments Management Limited did not pledge any shares of the Bank.

Chapter VII Changes in Share Capital and Particulars of Shareholders

7.3 SUBSTANTIAL SHAREHOLDERS OF ORDINARY SHARES (CONTINUED)

(2) (Continued)

Zhongjing Xinhua Property Management (Hong Kong) Co., Limited was incorporated in Hong Kong on 28 January 2014. Its legal representative is GAO YANG. Its scope of business includes investment. According to the information submitted by shareholders, its controlling shareholder is Zhongjing Xinhua Asset Investment Management Co., Ltd., its de facto controller is Shanghai Soong Ching Ling Foundation, its ultimate beneficiaries are women and children who received charitable donations from Shanghai Soong Ching Ling Foundation across the country and it does not have any persons acting in concert. As at the end of the Reporting Period, Zhongjing Xinhua Property Management (Hong Kong) Co., Limited did not pledge any shares of the Bank.

Meanwhile, according to the public information of the National Enterprise Credit Information Publicity System, as of the Latest Practicable Date, the registered shareholders of Zhongjing Industry (Group) Limited (中靜實業(集團)有限公司), the indirect controlling shareholder of Zhongjing Xinhua Asset Investment Management Co., Ltd. were Shanghai Gaoyang Youren Asset Management Co., Ltd. (上海高央友人資產經營管理有限公司), Shanghai Gaoyang Family Asset Management Co., Ltd. (上海高央家人資產經營管理有限公司) and Shanghai Gaoyang Colleague Asset Management Co., Ltd. (上海高央同事資產經營管理有限公司).

Chapter VII Changes in Share Capital and Particulars of Shareholders

7.3 SUBSTANTIAL SHAREHOLDERS OF ORDINARY SHARES (CONTINUED)

- (3) Anhui Province Energy Group Company Limited was established on 9 April 1990. It was registered in Hefei of Anhui Province with a registered capital of RMB10 billion. Its legal representative is Chen Xiang. Its scope of business includes state-owned assets operation, project investment and management, economic and technological cooperation, exchanges and services with foreign countries, business information and investment information consultation services, and investment evaluation of construction projects. According to the information submitted by shareholders, its controlling shareholder is the State-owned Assets Supervision and Administration Commission of Anhui Provincial People's Government, its de facto controller is the State-owned Assets Supervision and Administration Commission of Anhui Provincial People's Government, its ultimate beneficiary is Anhui Province Energy Group Company Limited and it does not have any persons acting in concert. As at the end of the Reporting Period, Anhui Province Energy Group Company Limited did not pledge any shares of the Bank. Anhui Province Energy Group Company Limited has appointed Lu Hao to the Bank as a director.

An Hui Wenergy Company Limited was established on 13 December 1993. It was registered in Hefei of Anhui Province with a registered capital of RMB2,266,863,331. Its legal representative is Li Ming. Its scope of business includes licensed items: power generation, transmission and supply (distribution) business; construction projects; hydropower generation; general items: heat production and supply; energy management contract; energy-saving management service; research and development of high-efficiency energy-saving technologies in the power industry; intelligent power transmission and distribution and sales of control equipment; technical services for solar power generation; technical services for wind power generation; research and development of wind farm related systems; research and development of emerging energy technologies; technology development of carbon emission reduction, carbon conversion, carbon capture, utilization and storage; research and development of new material technology; application system integration service for the artificial intelligence industry; energy storage technology service; industrial Internet data services; sales of coal and its products; technical service, technology development, technology consultation, technology exchange, technology transfer, technology promotion; investment activities with internal funds. According to the information submitted by shareholders, its controlling shareholder is Anhui Province Energy Group Company Limited, its de facto controller is the State-owned Assets Supervision and Administration Commission of Anhui Provincial People's Government, its ultimate beneficiary is An Hui Wenergy Company Limited and it does not have any persons acting in concert. As at the end of the Reporting Period, An Hui Wenergy Company Limited did not pledge any shares of the Bank.

Chapter VII Changes in Share Capital and Particulars of Shareholders

7.3 SUBSTANTIAL SHAREHOLDERS OF ORDINARY SHARES (CONTINUED)

(3) (Continued)

Xing An Holdings Limited was incorporated in Hong Kong in June 2004. Its legal representative is Li Ming. Its scope of business includes electricity investment. According to the information submitted by shareholders, its controlling shareholder is Anhui Province Energy Group Company Limited, its de facto controller is the State-owned Assets Supervision and Administration Commission of Anhui Provincial People's Government, its ultimate beneficiary is Anhui Province Energy Group Company Limited and it does not have any persons acting in concert. As at the end of the Reporting Period, Xing An Holdings Limited did not pledge any shares of the Bank.

Anhui Natural Gas Development Co., Ltd. was established on 14 February 2003. It was registered in Hefei of Anhui Province with a registered capital of RMB478,219,266. Its legal representative is Wu Hai. Its scope of business includes construction, operation and management of the natural gas trunk and branch pipeline network in the province; participation in the development, construction, operation and management of urban natural gas pipeline network; purchase of natural gas resources upstream on behalf of Anhui Province, and sale of natural gas to urban pipeline network and major users; development of natural gas and coal seam gas and other energy applications and related projects, including liquefied natural gas (LNG), compressed natural gas (CNG), natural gas vehicle refueling stations; engagement in other businesses related to or supporting the above. According to the information submitted by shareholders, its controlling shareholder is Anhui Province Energy Group Company Limited, its de facto controller is the State-owned Assets Supervision and Administration Commission of Anhui Provincial People's Government, its ultimate beneficiary is Anhui Natural Gas Development Co., Ltd. and it does not have any persons acting in concert. As at the end of the Reporting Period, Anhui Natural Gas Development Co., Ltd. did not pledge any shares of the Bank.

(4) Anhui Credit Financing Guaranty Group Co., Ltd. was established on 25 November 2005. It was registered in Hefei of Anhui Province with a registered capital of RMB26.186 billion. Its legal representative is Wang Zhaohui. Its scope of business includes performance guarantee business such as loan guarantee, promissory notes guarantee, trade finance guarantee, project financing guarantee, letter of credit guarantee; re-guarantee and bond issuance guarantee business; procedural preservative guarantee, tender guarantee, prepayment guarantee, project performance guarantee, final payment guarantee, etc.; financing consultancy, financial advisory services and business information consultation relating to the provision of guarantee; investment with self-own capital. According to the information submitted by shareholders, its controlling shareholder is the People's Government of Anhui Province, its de facto controller is the People's Government of Anhui Province, its ultimate beneficiary is Anhui Credit Financing Guaranty Group Co., Ltd. and it does not have any persons acting in concert. As at the end of the Reporting Period, Anhui Credit Financing Guaranty Group Co., Ltd. did not pledge any shares of the Bank. Anhui Credit Financing Guaranty Group Co., Ltd. has appointed Wang Zhaohui to the Bank as a director.

Anhui Guaranteed Asset Management Co., Ltd. was established on 9 July 2015. It was registered in Hefei of Anhui Province with a registered capital of RMB1.5 billion. Its legal representative is Xu Wenqing. Its scope of business includes entrusted disposal of guaranteed non-performing assets, acquisition of guaranteed non-performing assets, idle capital operation, house leasing, and guarantee business consulting. According to the information submitted by shareholders, its controlling shareholder is Anhui Credit Financing Guaranty Group Co., Ltd., its de facto controller is the People's Government of Anhui Province, its ultimate beneficiary is Anhui Guaranteed Asset Management Co., Ltd. and it does not have any persons acting in concert. As at the end of the Reporting Period, Anhui Guaranteed Asset Management Co., Ltd. did not pledge any shares of the Bank.

Chapter VII Changes in Share Capital and Particulars of Shareholders

7.3 SUBSTANTIAL SHAREHOLDERS OF ORDINARY SHARES (CONTINUED)

- (5) Wkland Finance Holding Company Limited was incorporated in British Virgin Islands on 28 October 2013. It has two directors, namely Yip Hoi Man and Mo Fan. According to the information submitted by shareholders, its controlling shareholder is Wkland Limited, its de facto controller is China Vanke Co., Ltd., its ultimate beneficiary is China Vanke Co., Ltd. and it acts in concert with Wkland Finance Holding II Company Limited. As at the end of the Reporting Period, Wkland Finance Holding Company Limited did not pledge any shares of the Bank.

Wkland Finance Holding II Company Limited was incorporated in British Virgin Islands on 28 October 2013. It has two directors, namely Yip Hoi Man and Mo Fan. According to the information submitted by shareholders, its controlling shareholder is Wkland Limited, its de facto controller is China Vanke Co., Ltd., its ultimate beneficiary is China Vanke Co., Ltd. and it acts in concert with Wkland Finance Holding Company Limited. As at the end of the Reporting Period, Wkland Finance Holding II Company Limited did not pledge any shares of the Bank. Wkland Finance Holding II Company Limited has appointed Wang Wenjin to the Bank as a director.

- (6) Anhui Guoyuan Financial Holding Group Co., Ltd. was established on 30 December 2000. It was registered in Hefei of Anhui Province with a registered capital of RMB6 billion. Its legal representative is Huang Linmu. Its scope of business includes the operation of all state-owned assets and state-owned shares of state-authorized group companies and their holding companies, capital operations, asset management, mergers and acquisitions, asset restructuring and investment consultation. According to the information submitted by shareholders, its controlling shareholder is the State-owned Assets Supervision and Administration Commission of Anhui Provincial People's Government, its de facto controller is the State-owned Assets Supervision and Administration Commission of Anhui Provincial People's Government, its ultimate beneficiary is the State-owned Assets Supervision and Administration Commission of Anhui Provincial People's Government and it does not have any persons acting in concert. As at the end of the Reporting Period, Anhui Guoyuan Financial Holding Group Co., Ltd. did not pledge any shares of the Bank or appoint any director, and Mr. Wu Tian, the previously appointed director, has resigned as a non-executive director of the Bank on 30 December 2024. For details, please refer to Section 8.2 "Changes in Directors, Supervisors and Senior Management of the Bank" in this report.

Anhui Guoyuan Trust Co., Ltd. was established on 14 January 2004. It was registered in Hefei of Anhui Province with a registered capital of RMB4.2 billion. Its legal representative is Xu Zhi. Its scope of business includes fund trusts, movable property trusts, real estate trusts, negotiable securities trusts, other property or property rights trusts, as promoters of investment fund or fund management company to be engaged in investment fund business, restructuring, mergers and acquisitions and project financing of enterprise assets; financial management, financial advisory and other services for companies; entrusted to operate the securities underwriting business approved by the relevant departments of the State Council; handling intermediation, consulting, credit investigation and other business, custody service and safe deposit box service business, utilization of inherent property by way of deposits at banks and other financial institutions, call loans to banks and other financial institutions, loans, leasing and investments, providing guarantees for others with inherent property, engaged in interbank lending, and other business required by the laws and regulations or approved by the CBRC. According to the information submitted by shareholders, its controlling shareholder is Anhui Guoyuan Financial Holding Group Co., Ltd., its de facto controller is the State-owned Assets Supervision and Administration Commission of Anhui Provincial People's Government, its ultimate beneficiary is the State-owned Assets Supervision and Administration Commission of Anhui Provincial People's Government and it does not have any persons acting in concert. As at the end of the Reporting Period, Anhui Guoyuan Trust Co., Ltd. did not pledge any shares of the Bank.

Chapter VII Changes in Share Capital and Particulars of Shareholders

7.3 SUBSTANTIAL SHAREHOLDERS OF ORDINARY SHARES (CONTINUED)

(6) (Continued)

Anhui Guoyuan Ma'anshan Asset Management Co., Ltd. was established on 31 March 2004. It was registered in Ma'anshan of Anhui Province with a registered capital of RMB65 million. Its legal representative is Liu Xiaowei. Its scope of business includes general items: investment activities with self-owned funds; asset management services for investment of self-owned funds; supply chain management service; non-financial guarantee services; business management consulting; information technology consulting services; financial consulting; social and economic consulting services; hospital management; marketing planning; medical research and experimental development; leasing service (excluding licensed leasing service); non-residential real estate leasing; sales of agricultural products; wholesale of edible agricultural products; purchase of aquatic products; wholesale of aquatic products; retail of aquatic products; retail of fresh vegetables; wholesale of fresh fruits; sales of metal materials; sales of metal products; sales of machinery for construction; production of chemical products (excluding licensed chemical products); sales of oil produces (excluding hazardous chemicals); sales of nonferrous metal alloys; sales of metal ore; sales of non-metallic minerals and products; sales of feed raw material; wholesale of auto components; sales of pulps; sales of renewable resources; sales of timber; sales of special equipment for environmental protection; sales of construction materials; sales of machinery for construction; wholesale of hardware products; retail of hardware products; sales of household appliances; sales of daily-use department stores. According to the information submitted by shareholders, its controlling shareholder is Anhui GuoYuan Investment Co., Ltd., its de facto controller is the State-owned Assets Supervision and Administration Commission of Anhui Provincial People's Government, its ultimate beneficiary is the State-owned Assets Supervision and Administration Commission of Anhui Provincial People's Government and it does not have any persons acting in concert. As at the end of the Reporting Period, Anhui Guoyuan Ma'anshan Asset Management Co., Ltd. did not pledge any shares of the Bank.

(7) Anhui Transportation Holding Group Co., Ltd. was established on 27 April 1993. It was registered in Hefei of Anhui Province with a registered capital of RMB36 billion. Its legal representative is Xiang Xiaolong. Its scope of business includes the general items: enterprise management; investment activities with its own funds, asset management services invested with its own funds; construction management services; maintenance of transportation facilities; automobile trailers, rescue, obstacle clearance service; housing leasing; non-residential real estate leasing; and the licensed item: highway management and maintenance. According to the information submitted by shareholders, its controlling shareholder is the State-owned Assets Supervision and Administration Commission of Anhui Provincial People's Government, its de facto controller is the State-owned Assets Supervision and Administration Commission of Anhui Provincial People's Government, its ultimate beneficiary is Anhui Transportation Holding Group Co., Ltd. and it does not have any persons acting in concert. As at the end of the Reporting Period, Anhui Transportation Holding Group Co., Ltd. did not pledge any shares of the Bank and has appointed Zuo Dunli as a director of the Bank.

Chapter VII Changes in Share Capital and Particulars of Shareholders

7.3 SUBSTANTIAL SHAREHOLDERS OF ORDINARY SHARES (CONTINUED)

(7) (Continued)

Anhui Transportation Holding Group (H.K.) Limited was incorporated in Hong Kong in September 2013 with a registered capital of US\$24.80 million. Its legal representative is Tao Wensheng. Its scope of business includes investment, planning, design, construction, supervision, operation, technical consultation and support services for high-class highways; investment, development and operation as well as sales of real estate, property management, house rental; import and export of construction materials, automobile spare parts, mechanical equipment and technology, trade agency, warehousing; equity investment, etc. According to the information submitted by shareholders, its controlling shareholder is Anhui Transportation Holding Group Co., Ltd., its de facto controller is the State-owned Assets Supervision and Administration Commission of Anhui Provincial People's Government, its ultimate beneficiary is Anhui Transportation Holding Group Co., Ltd. and it does not have any persons acting in concert. As at the end of the Reporting Period, Anhui Transportation Holding Group (H.K.) Limited did not pledge any shares of the Bank.

(8) Hefei Xingtai Financial Holdings (Group) Co., Ltd. was established on 18 January 1999. It was registered in Hefei of Anhui Province with a registered capital of RMB7 billion. Its legal representative is Zheng Xiaojing. Its scope of business includes operation of state-owned assets within the authorization, corporate planning, management consultation, financial advisory, corporate wealth management, and industrial investment as well as other approved operating activities. According to the information submitted by shareholders, its controlling shareholder is the State-owned Assets Supervision and Administration Commission of Hefei City, its de facto controller is the State-owned Assets Supervision and Administration Commission of Hefei City, its ultimate beneficiary is Hefei Xingtai Financial Holdings (Group) Co., Ltd. and it does not have any persons acting in concert. As at the end of the Reporting Period, Hefei Xingtai Financial Holdings (Group) Co., Ltd. did not pledge any shares of the Bank and has appointed He Zongan to the Bank as a supervisor.

CCB Trust Co., Ltd. was established on 31 December 2003. It was registered in Hefei of Anhui Province with a registered capital of RMB10,500 million. Its legal representative is Li Jun. Its scope of business includes fund trusts, movable property trusts, real estate trusts, negotiable securities trusts, other property or property rights trusts, as promoters of investment fund or fund management company to be engaged in investment fund business, restructuring, mergers and acquisitions and project financing of enterprise assets; financial management, financial advisory and other services for companies; entrusted to operate the securities underwriting business approved by the relevant departments of the State Council; handling intermediation, consulting, credit investigation and other business, custody service and safe deposit box service business, utilization of inherent property by way of deposits at banks and other financial institutions, call loans to banks and other financial institutions, loans, leasing and investments, providing guarantees for others with inherent property, engaged in interbank lending, and other business required by the laws and regulations or approved by the CBRC. According to the information submitted by shareholders, its controlling shareholder is China Construction Bank Corporation, its de facto controller is Central Huijin Investment Ltd., its ultimate beneficiary is CCB Trust Co., Ltd. and it does not have any persons acting in concert. As at the end of the Reporting Period, CCB Trust Co., Ltd. did not pledge any shares of the Bank.

Chapter VII Changes in Share Capital and Particulars of Shareholders

7.3 SUBSTANTIAL SHAREHOLDERS OF ORDINARY SHARES (CONTINUED)

- (9) Sunshine Life Insurance Corporation Limited was established on 17 December 2007. It was registered in Sanya of Hainan Province with a registered capital of RMB21,045.20 million. Its legal representative is Li Ke. Its scope of business includes personal insurance business such as life insurance, health insurance, and accident insurance; re-insurance business of the aforesaid businesses; the scope of use of insurance funds permitted by the national laws and regulations; sales of securities investment funds; other business approved by CBIRC. According to the information submitted by shareholders, its controlling shareholder is Sunshine Insurance Group Corporation Limited, it does not have any de facto controller, its ultimate beneficiary is Sunshine Life Insurance Corporation Limited and it does not have any persons acting in concert. As at the end of the Reporting Period, Sunshine Life Insurance Corporation Limited did not pledge any shares of the Bank and has appointed Zhao Zongren to the Bank as a director.
- (10) Zhongjing Sihai Co., Ltd. was established on 28 June 1995. It was registered in Huangshan of Anhui Province with a registered capital of RMB1,261.9757 million. Its legal representative is Zheng Ju. Its scope of business includes industrial investment, asset management, investment operation management, and investment consultation service; sales of office supplies, hotel supplies, metal materials, and automobile and motorcycle accessories. According to the information submitted by shareholders, as at the end of the Reporting Period, its controlling shareholder is Shanshan Group Co., Ltd., its former de facto controller, Mr. Zheng Yonggang, passed away due to illness, and the relevant equities held by Mr. Zheng Yonggang are intended to enter the inheritance process in accordance with relevant laws and regulations, and the de facto controller and ultimate beneficiary will be re-identified according to the inheritance of his equities, and the other ultimate beneficiary is a natural person, Zhou Jiqing, and it does not have any persons acting in concert. On 12 February 2023, Shanshan Group Co., Ltd. disclosed the announcement in relation to the de facto controller. For details, please see the relevant announcement published by Shanshan Group Co., Ltd. on the SSE. As at the end of the Reporting Period, Zhongjing Sihai Co., Ltd. did not pledge any shares of the Bank. Zhongjing Sihai Co., Ltd. has appointed GAO YANG to the Bank as a director.
- (11) Wuhu Investment Holding Group Co., Ltd. was established on 16 February 1998. It was registered in Wuhu of Anhui Province with a registered capital of RMB12,124.00 million. Its legal representative is Wang Jinhua. Its scope of business includes real estate development and operation; general projects of various engineering construction activities (for the matters requiring approvals in accordance with the law, operations are subject to the approval by the relevant authorities); investment activities with its own funds; asset management services invested with its own funds; management services for public utilities; management of municipal facilities; enterprise headquarters management; construction management services; non-residential real estate leasing; housing leasing; land use right leasing; car-parking services; property management; hotel management; commercial complex management services. According to the information submitted by shareholders, as at the end of the Reporting Period, its controlling shareholder is the State-owned Assets Supervision and Administration Commission of the People's Government of Wuhu Municipal, its de facto controller is the State-owned Assets Supervision and Administration Commission of the People's Government of Wuhu Municipal, its ultimate beneficiary is Wuhu Investment Holding Group Co., Ltd., and it does not have any persons acting in concert. As at the end of the Reporting Period, Wuhu Investment Holding Group Co., Ltd. did not pledge any equity interests of the Bank. Wuhu Investment Holding Group Co., Ltd. has appointed Wang Anning to the Bank as a supervisor.

Chapter VII Changes in Share Capital and Particulars of Shareholders

7.3 SUBSTANTIAL SHAREHOLDERS OF ORDINARY SHARES (CONTINUED)

- Notes: 1 Particulars of substantial shareholders of ordinary shares are based on the information submitted to the Bank or the public disclosure information published by substantial shareholders.
- 2 The pledge of Domestic Shares of the Bank is based on the relevant information provided by CSDC and the pledge of H Shares is based on the information submitted by the shareholders.
- 3 For the detailed definitions of substantial shareholders, controlling shareholders, de facto controllers, parties acting in concert and ultimate beneficiaries, please see the relevant requirement of the Interim Measures for the Shareholding Management of Commercial Banks (《商業銀行股權管理暫行辦法》).
- 4 Pursuant to the Enterprise Accounting Standard No. 36 – Disclosure of Related Party, related parties refer to the enterprises controlled or jointly controlled by one party or exerting significant influence on the other party, or controlled, jointly controlled or significantly influenced by two or more parties under the same control of the same party, but the enterprises controlled by the state not only have related relationship because they are jointly controlled by the state; the Interim Measures for the Shareholding Management of Commercial Banks requires commercial banks to manage major shareholders, its controlling shareholders, de facto controllers, related parties, parties acting in concert and ultimate beneficiaries as related parties of commercial banks in accordance with the principle of penetration.

As at the end of the Reporting Period, according to the relevant information publicly disclosed and submitted to the Bank by substantial shareholders, the related legal entities and related natural persons of substantial shareholders of the Bank amounts to approximately 6,527 in aggregate. As at the end of the Reporting Period, details of the related parties of substantial shareholders and the related transactions under relevant accounting standards are set out in Note 50 to the financial statements. Due to limitations on space, this annual report does not provide the list of related parties of all substantial shareholders.

- 5 Anhui Guarantee Asset Management Co., Ltd. acquired 26,977,201 Domestic Shares of the Bank through judicial adjudication, and completed the share registration in China Securities Depository and Clearing Corporation Limited on 5 January 2024, and its holdings Domestic Shares of the Bank increased to 235,177,222 shares, and its individual shareholding ratio increased to 1.69%.

Chapter VII Changes in Share Capital and Particulars of Shareholders

7.4 SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES UNDER HONG KONG LAWS AND REGULATIONS

As of 31 December 2024, the following persons (other than the directors, supervisors and chief executive (as defined in the Hong Kong Listing Rules) of the Bank) had interests and short positions in the shares of the Bank as recorded in the register required to be kept by the Bank pursuant to section 336 of the SFO. In view of the Bank's profit distribution plan for 2017, where bonus shares were issued to shareholders on the basis of 1 share for every 10 shares, implemented in 2018, the number of shares held by shareholders in the table below reflects the number of shares held by shareholders after the issue of bonus shares.

Name of shareholder	Type of share	Long/short		Number of shares (share)	Percentage of the	Percentage of all	Note
		position	Capacity		underlying shares	issued ordinary shares (%)	
Deposit Insurance Fund Management Co., Ltd.	Domestic Share	Long	Beneficial owner	1,559,000,000	14.97	11.22	1
Anhui Province Energy Group Company Limited	H Share	Long	Interest of controlled corporation	329,973,600	9.49	2.38	2
	Domestic Share	Long	Interest of controlled corporation	174,394,198	1.68	1.26	2
	Domestic Share	Long	Beneficial owner	843,363,819	8.10	6.07	2
Xing An Holdings Limited	H Share	Long	Beneficial owner	329,973,600	9.49	2.38	2
Anhui Credit Financing Guaranty Group Co., Ltd.	Domestic Share	Long	Interest of controlled corporation	235,177,222	2.26	1.69	3
	Domestic Share	Long	Beneficial owner	827,658,091	7.95	5.96	3
Anhui Guoyuan Financial Holding Group Co., Ltd.	Domestic Share	Long	Beneficial owner	837,810,695	8.05	6.03	4
	Domestic Share	Long	Interest of controlled corporation	36,113,132	0.35	0.26	4
Anhui Transportation Holding Group Co., Ltd.	H Share	Long	Interest of controlled corporation	3,299,700	0.09	0.02	5
	Domestic Share	Long	Beneficial owner	705,349,937	6.78	5.08	5
China Vanke Co., Ltd.	H Share	Long	Interest of controlled corporation	972,384,600	27.95	7.00	6
Wkland Finance Holding Company Limited	H Share	Long	Beneficial owner	562,254,000	16.16	4.05	6
Wkland Finance Holding II Company Limited	H Share	Long	Beneficial owner	410,130,600	11.79	2.95	6
Sunshine Insurance Group Corporation Limited	H Share	Long	Interest of controlled corporation	598,094,200	17.19	4.31	7
Sunshine Life Insurance Corporation Limited	H Share	Long	Beneficial owner	598,094,200	17.19	4.31	7
Shanghai Soong Ching Ling Foundation	H Share	Long	Interest of controlled corporation	1,245,864,400	35.81	8.97	9, 10, 11, 13
	Domestic Share	Long	Interest of controlled corporation	224,781,227	2.16	1.62	8
Zhongjing Industry (Group) Limited	H Share	Long	Interest of controlled corporation	1,245,864,400	35.81	8.97	9, 10, 11, 13
	Domestic Share	Long	Interest of controlled corporation	224,781,227	2.16	1.62	8
Modern Innovation Holdings Co., Limited	H Share	Long	Interest of controlled corporation	1,245,864,400	35.81	8.97	9, 10, 11, 13
	Domestic Share	Long	Interest of controlled corporation	224,781,227	2.16	1.62	8
Qingtian Anyin Enterprise Management Consulting Co., Ltd.	H Share	Long	Interest of controlled corporation	1,245,864,400	35.81	8.97	9, 10, 11, 13
	Domestic Share	Long	Interest of controlled corporation	224,781,227	2.16	1.62	8
Jing'An Shanghai Silver Investment Co., Ltd.	H Share	Long	Interest of controlled corporation	1,245,864,400	35.81	8.97	9, 10, 11, 13
	Domestic Share	Long	Interest of controlled corporation	224,781,227	2.16	1.62	8
Zhongjing Xinhua Asset Investment Management Co., Ltd.	H Share	Long	Interest of controlled corporation	1,245,864,400	35.81	8.97	9, 10, 11, 13
	Domestic Share	Long	Beneficial owner	224,781,227	2.16	1.62	8

Chapter VII Changes in Share Capital and Particulars of Shareholders

7.4 SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES UNDER HONG KONG LAWS AND REGULATIONS (CONTINUED)

Name of shareholder	Type of share	Long/short		Number of shares (share)	Percentage of the	Percentage of all	Note
		position	Capacity		underlying shares in issue (%)	issued ordinary shares (%)	
Chuangjian Group Co., Ltd.	H Share	Long	Interest of controlled corporation	1,245,864,400	35.81	8.97	9, 10, 11, 13
Zhongjing Xinhua Property Management (Hong Kong) Co., Limited	H Share	Long	Interest of controlled corporation	1,071,871,000	30.81	7.72	10, 11, 13
Wealth Honest Limited	H Share	Long	Beneficial owner	173,993,400	5.00	1.25	9
	H Share	Long	Interest of controlled corporation	440,000,000	12.65	3.17	11, 13
	H Share	Long	Beneficial owner	631,871,000	18.16	4.55	10
Wealth Honest Cayman Holdings Company Limited	H Share	Long	Interest of controlled corporation	440,000,000	12.65	3.17	11, 13
Qingdao State-owned Assets Supervision & Administration Commission (青島市國有資產管理委員會)	H Share	Long	Security interest	440,000,000	12.65	3.17	11
Qingdao City Construction Investment (Group) Limited (青島城市建設投資(集團)有限責任公司)	H Share	Long	Security interest	440,000,000	12.65	3.17	11
Qingdao City Construction Financial Holding Group Co., Ltd. (青島城投金融控股集團有限公司)	H Share	Long	Security interest	440,000,000	12.65	3.17	11
China Golden Harbour (Holdings) Group Limited (中國金港(控股)集團有限公司)	H Share	Long	Security interest	440,000,000	12.65	3.17	11
Golden Harbour Global Holdings Limited (金港國際控股有限公司)	H Share	Long	Security interest	440,000,000	12.65	3.17	11
Wealth Honest Fund LP	H Share	Long	Interest of controlled corporation	440,000,000	12.65	3.17	11
Golden Harbour Investments Management Limited	H Share	Long	Beneficial owner	440,000,000	12.65	3.17	11
Zheng Yonggang	Domestic Share	Long	Interest of controlled corporation	730,883,703	7.02	5.26	8, 12
Zhou Jiqing	Domestic Share	Long	Interest of controlled corporation	730,883,703	7.02	5.26	8, 12
Ningbo Qinggang Investment Co., Ltd.	Domestic Share	Long	Interest of controlled corporation	730,883,703	7.02	5.26	8, 12
Shanshan Holdings Co., Ltd.	Domestic Share	Long	Interest of controlled corporation	506,102,476	4.86	3.64	12
	Domestic Share	Long	Beneficial owner	224,781,227	2.16	1.62	8
	H Share	Long	Interest of acting in concert	1,245,864,400	35.81	8.97	14
Shanshan Group Co., Ltd.	Domestic Share	Long	Interest of controlled corporation	506,102,476	4.86	3.64	12
Zhongjing Sihai Co., Ltd.	Domestic Share	Long	Beneficial owner	506,102,476	4.86	3.64	12
DRAGON SOUND INVESTMENT LIMITED	Domestic Share	Long	Interest of acting in concert	730,883,703	7.02	5.26	14
	H Share	Long	Beneficial owner	273,449,000	7.86	1.97	13
JOY GLORY HOLDINGS LIMITED	Domestic Share	Long	Interest of acting in concert	730,883,703	7.02	5.26	14
	H Share	Long	Beneficial owner	532,415,400	15.30	3.83	13
SUPERIOR LOGIC INVESTMENTS LIMITED	Domestic Share	Long	Interest of acting in concert	730,883,703	7.02	5.26	14
	H Share	Long	Beneficial owner	440,000,000	12.65	3.17	13
Wang Wenyin	H Share	Long	Interest of controlled corporation	1,245,864,400	35.81	8.97	9, 10, 11, 16
	Domestic Share	Long	Interest of controlled corporation	224,781,227	2.16	1.62	15
Liu Jiehong	H Share	Long	Interest of the Spouse	1,245,864,400	35.81	8.97	9, 10, 11, 16
	Domestic Share	Long	Interest of the Spouse	224,781,227	2.16	1.62	15

Chapter VII Changes in Share Capital and Particulars of Shareholders

7.4 SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES UNDER HONG KONG LAWS AND REGULATIONS (CONTINUED)

Name of shareholder	Type of share	Long/short		Number of shares (share)	Percentage of the	Percentage of all	Note
		position	Capacity		underlying shares	issued ordinary	
					in issue (%)	shares (%)	
Amer Holdings Group Limited (正威控股集團有限公司)	H Share	Long	Interest of controlled corporation	1,245,864,400	35.81	8.97	9, 10, 11, 16
	Domestic Share	Long	Interest of controlled corporation	224,781,227	2.16	1.62	15
Shenzhen Amer (Group) Limited (深圳正威(集團)有限公司)	H Share	Long	Beneficial owner	1,245,864,400	35.81	8.97	9, 10, 11, 16
	Domestic Share	Long	Beneficial owner	224,781,227	2.16	1.62	15
Guotai Junan Securities Co., Ltd.	H Share	Long	Interest of controlled corporation	273,509,400	7.86	1.97	17
Guotai Junan International Holdings Limited	H Share	Long	Interest of controlled corporation	273,509,400	7.86	1.97	17
Haitong Securities Co., Ltd.	H Share	Long	Interest of controlled corporation	210,000,000	6.04	1.51	18
Haitong International Holdings Limited	H Share	Long	Interest of controlled corporation	210,000,000	6.04	1.51	18
Haitong International Securities Group Limited	H Share	Long	Interest of controlled corporation	210,000,000	6.04	1.51	18
Haitong International Securities (Singapore) Pte. Ltd.	H Share	Long	Security interest	210,000,000	6.04	1.51	18

Notes:

- (1) Deposit Insurance Fund Management Co., Ltd. directly holds 1,559,000,000 Domestic Shares (long position) of the Bank.
- (2) Xing An Holdings Limited holds 329,973,600 H Shares (long position) of the Bank. Xing An Holdings Limited is a wholly-owned subsidiary directly controlled by Anhui Province Energy Group Company Limited. As such, Anhui Province Energy Group Company Limited is deemed to be interested in the shares of the Bank held by Xing An Holdings Limited.

At the same time, Anhui Province Energy Group Company Limited directly holds 843,363,819 Domestic Shares (long position) of the Bank. In addition, Anhui Province Energy Group Company Limited is deemed to be interested in 150,814,726 Domestic Shares (long position) and 23,579,472 Domestic Shares (long position) of the Bank that were held by its controlling subsidiaries, An Hui Wenergy Company Limited and Anhui Natural Gas Development Co., Ltd., respectively.

- (3) 235,177,222 Domestic Shares (long position) of the Bank held by Anhui Guarantee Asset Management Co., Ltd. Anhui Guarantee Asset Management Co., Ltd. is a wholly-owned subsidiary of Anhui Credit Financing Guaranty Group Co., Ltd. Anhui Credit Financing Guaranty Group Co., Ltd. is deemed to be interested in the shares of the Bank held by Anhui Guarantee Asset Management Co., Ltd. Meanwhile, Anhui Credit Financing Guaranty Group Co., Ltd. directly holds 827,658,091 Domestic Shares (long position) of the Bank.
- (4) Anhui Guoyuan Ma'anshan Asset Management Co., Ltd. and Anhui Guoyuan Trust Co., Ltd. hold 361,662 Domestic Shares (long position) and 35,751,470 Domestic Shares (long position) of the Bank, respectively. Anhui Guoyuan Financial Holding Group Co., Ltd. is deemed to be interested in the Domestic Shares of the Bank that were held by its controlling subsidiaries, Anhui Guoyuan Ma'anshan Asset Management Co., Ltd. and Anhui Guoyuan Trust Co., Ltd. At the same time, Anhui Guoyuan Financial Holding Group Co., Ltd. directly holds 837,810,695 Domestic Shares (long position) of the Bank.

Chapter VII Changes in Share Capital and Particulars of Shareholders

7.4 SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES UNDER HONG KONG LAWS AND REGULATIONS (CONTINUED)

Notes: (Continued)

- (5) Anhui Transportation Holding Group (H.K.) Limited holds 3,299,700 H Shares (long position) of the Bank. Anhui Transportation Holding Group (H.K.) Limited is a wholly-owned subsidiary directly controlled by Anhui Transportation Holding Group Co., Ltd. As such, Anhui Transportation Holding Group Co., Ltd. is deemed to be interested in the shares of the Bank held by Anhui Transportation Holding Group (H.K.) Limited. At the same time, Anhui Transportation Holding Group Co., Ltd. directly holds 705,349,937 Domestic Shares (long position) of the Bank.
- (6) China Vanke Co., Ltd. is deemed to be interested in a total of 972,384,600 H Shares (long position) of the Bank by virtue of its control over the following corporations that directly hold interests in the Bank:
- 6.1 Wkland Finance Holding Company Limited holds 562,254,000 H Shares (long position) of the Bank. Wkland Finance Holding Company Limited is a wholly-owned subsidiary indirectly controlled by China Vanke Co., Ltd.
- 6.2 Wkland Finance Holding II Company Limited holds 410,130,600 H Shares (long position) of the Bank. Wkland Finance Holding II Company Limited is a wholly-owned subsidiary indirectly controlled by China Vanke Co., Ltd.
- (7) Sunshine Life Insurance Corporation Limited holds 598,094,200 H Shares (long position) of the Bank. Sunshine Life Insurance Corporation Limited is a subsidiary directly controlled by Sunshine Insurance Group Corporation Limited. Sunshine Insurance Group Corporation Limited is deemed to be interested in the shares of the Bank held by Sunshine Life Insurance Corporation Limited.
- (8) Zhongjing Xinhua Asset Investment Management Co., Ltd. ("Zhongjing Xinhua") directly holds 224,781,227 Domestic Shares (long position) of the Bank. Zhongjing Xinhua is a subsidiary directly controlled by Jing'An Shanghai Silver Investment Co., Ltd. ("Jing'An Silver"). Jing'An Silver is a wholly-owned subsidiary controlled by Qingtian Anyin Enterprise Management Consulting Co., Ltd. (青田安銀企業管理諮詢有限公司, "Qingtian Anyin"). Qingtian Anyin is a wholly-owned subsidiary controlled by Modern Innovation Holdings Co., Limited ("Modern Innovation"). Modern Innovation is a subsidiary directly controlled by Zhongjing Industry (Group) Limited ("Zhongjing Industry"). 97.5% of shares of Zhongjing Industry are held by the Shanghai Soong Ching Ling Foundation ("Shanghai Soong Ching Ling Foundation"). Shanghai Soong Ching Ling Foundation, Zhongjing Industry, Modern Innovation, Qingtian Anyin and Jing'An Silver are deemed to be interested in the shares of the Bank held by Zhongjing Xinhua.

Shanshan Holdings Co., Ltd. ("Shanshan Holdings") entered into an agreement with Zhongjing Xinhua on 20 August 2019, pursuant to which Shanshan Holdings acquired 224,781,227 Domestic Shares of Huishang Bank held by Zhongjing Xinhua, which have not been transferred. Both parties subsequently had disputes on equity transfer matters and resorted such matters to the court. According to the 2022 Interim Report on Corporate Bonds of Zhongjing Xinhua Asset Investment Management Co., Ltd. disclosed by Zhongjing Xinhua on the SSE on 30 August 2022, "In the Case (1) and Case (2) regarding disputes on disposal of equity in Zhongjing Sihai, the two cases involve two unlisted equity claims, namely Zhongjing Xinhua's prosecution against Shanshan Holdings for the return of 51.6524% equity in Zhongjing Sihai, and Shanshan Holdings's request to acquire 225,000,000 unlisted domestic shares of Huishang Bank held by Zhongjing Xinhua, which has been withdrawn by Shanshan Holdings due to its adjustment to such request." According to the 2022 Annual Report on Corporate Bonds of Zhongjing Xinhua Asset Investment Management Co., Ltd. disclosed by Zhongjing Xinhua on the SSE on 28 April 2023, the lawsuit status is that "the judgment of first instance trial has been pronounced and both parties have lodged their appeals; the second instance trial will be heard on 17 May 2023." According to the 2023 Audit Report of Zhongjing Xinhua Asset Investment Management Co., Ltd. disclosed by Zhongjing Xinhua on the SSE on 30 April 2024, "Shanghai High People's Court made a second instance judgment on 22 September 2023, and upheld the first instance judgment." Shanshan Holdings and Shanshan Group have applied for enforcement, respectively, and the Shanghai Financial Court has accepted the case. On 21 March 2024, Zhongjing Xinhua applied for a retrial of the two cases to the Third Circuit Court of the Supreme People's Court. The review opinion of the Supreme People's Court was "meeting the conditions for retrial and recommending filing for review". For details, please refer to the announcements published by Zhongjing Xinhua on the SSE.

Chapter VII Changes in Share Capital and Particulars of Shareholders

7.4 SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES UNDER HONG KONG LAWS AND REGULATIONS (CONTINUED)

Notes: (Continued)

(8) (Continued)

According to the "Announcement of Shanshan Group Co., Ltd. Regarding Progress of the Company's Material Litigations" issued by Shanshan Group on the SSE on 20 January 2023, "On 17 January 2023, Shanghai Financial Court issued the first instance judgements on the two cases regarding the dispute on transfer of equity interests, namely ① the case involving Zhongjing Xinhua v. Shanshan Holdings, Shanshan Group, and Zhongjing Sihai for the dispute on equity transfer contract ([2020] Hu 74 Min Chu No. 1715), and ② the case involving Shanshan Holdings v. Zhongjing Xinhua for the dispute on equity transfer contract ([2020] Hu 74 Min Chu No. 1254) (hereinafter collectively referred to as the "Judgements"), and served the Judgements to Shanshan Holdings, Shanshan Group, and Zhongjing Sihai. Shanshan Group received the Judgements on 18 January 2023. The main content of the two Judgements are summarised as follows: (1) the Framework Agreement on the Transfer of Shares of Huishang Bank Corporation Limited and Equity Interests in Zhongjing Sihai Co., Ltd. entered into by Zhongjing Xinhua and Shanshan Holdings, the Agreement on Transfer of Equity in Zhongjing Sihai Co., Ltd. entered into by Zhongjing Xinhua and Shanshan Group, the Equity Transfer Contract entered into by Zhongjing Xinhua and Shanshan Holdings were terminated on 2 June 2020; (2) Zhongjing Xinhua shall return the amount equal to the consideration paid by Shanshan Holdings for the equity transfer; (3) Shanshan Group shall return 51.6524% equity interests in Zhongjing Sihai registered under the name of Shanshan Group, and Zhongjing Xinhua shall return the corresponding amount of equity transfer consideration; (4) other claims were rejected." According to the "Announcement Regarding Progress of the Company's Material Litigations" published by Shanshan Group on the SSE on 25 September 2023, "On 22 September 2023, Shanghai High People's Court issued the second instance judgements on the above two disputes on transfer of equity interests respectively. Contents of the judgments: the appeals were dismissed and the original judgments were upheld". According to the 2023 Annual Report on Corporate Bonds published by Shanshan Group on 25 April 2024, "in order to safeguard the legitimate rights and interests of the company, the company has applied for enforcement". For details, please refer to the announcements published by Shanshan Group on the SSE.

According to the disclosure of interests forms submitted by Zhongjing Xinhua to the Hong Kong Stock Exchange, "Zhongjing Xinhua Asset Investment Management Co., Ltd. (hereinafter referred to as "Zhongjing Xinhua"), as considered and approved by its board of directors, agreed to enter into a Letter of Intent for the Transfer of Shares of Huishang Bank Corporation Limited (hereinafter referred to as the "Letter of Intent") with OCI International Holdings Limited (hereinafter referred to as "OCI International") in respect of the disposal of all H Shares and Domestic Shares of Huishang Bank Corporation Limited (hereinafter referred to as "Huishang Bank") held directly and indirectly by the company on 25 June 2021. The Letter of Intent is valid for six months from the date of execution". According to the 2021 Annual Report on Corporate Bonds of Zhongjing Xinhua Asset Investment Management Co., Ltd. published on the SSE by Zhongjing Xinhua on 28 April 2022, "Since the Company has not reached any binding agreement with OCI International on the sale of shares in Huishang Bank within the validity period, the Letter of Intent hereby lapsed."

According to the "Announcement of Zhongjing Xinhua Asset Investment Management Co., Ltd. Regarding the Disposal of Asset" issued by Zhongjing Xinhua on the SSE on 9 November 2021, "Zhongjing Xinhua Asset Investment Management Co., Ltd. (on behalf of all sellers) entered into an Agreement with Shenzhen Amer (Group) Limited (深圳正威(集團)有限公司) (on behalf of all purchasers) on 6 November 2021, pursuant to which, the sellers shall sell around 1.977 billion shares of Huishang Bank Corporation Limited to the purchasers".

According to the interest form on the Hong Kong Stock Exchange, it has entered into an agreement to sell the shares it was interested in, which do not need to be delivered within 4 trading days, involving 1,245,864,400 H Shares of the interest of corporation controlled by Zhongjing Xinhua. According to the information available to the Bank, as of the end of the Reporting Period, the delivery of these shares has not yet been completed.

Chapter VII Changes in Share Capital and Particulars of Shareholders

7.4 SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES UNDER HONG KONG LAWS AND REGULATIONS (CONTINUED)

Notes: (Continued)

- (9) Zhongjing Xinhua Property Management (Hong Kong) Co., Limited (“Zhongjing Xinhua Hong Kong”) holds 173,993,400 H Shares (long position) of the Bank. Zhongjing Xinhua Hong Kong is a wholly-owned subsidiary directly controlled by Chuangjian Group Co., Ltd. (創見集團有限公司, “Chuangjian Group”), which in turn is a wholly-owned subsidiary directly controlled by Zhongjing Xinhua. Shanghai Soong Ching Ling Foundation, Zhongjing Industry, Modern Innovation, Qingtian Anyin, Jing’An Silver, Zhongjing Xinhua and Chuangjian Group are deemed to be interested in the shares of the Bank held by Zhongjing Xinhua Hong Kong.

According to the interest form on the Hong Kong Stock Exchange, it has entered into an agreement to sell the shares it was interested in, which do not need to be delivered within 4 trading days, involving 215,249,000 H Shares held directly by and 1,030,615,400 H Shares of the interest of corporation controlled by Zhongjing Xinhua Hong Kong. According to the information available to the Bank, as of the end of the Reporting Period, the delivery of these shares has not yet been completed.

- (10) Wealth Honest Limited (“Wealth Honest”) holds 631,871,000 H Shares (long position) of the Bank. Wealth Honest is a wholly-owned subsidiary directly controlled by Zhongjing Xinhua Hong Kong. Shanghai Soong Ching Ling Foundation, Zhongjing Industry, Modern Innovation, Qingtian Anyin, Jing’An Silver, Zhongjing Xinhua, Chuangjian Group and Zhongjing Xinhua Hong Kong are deemed to be interested in the shares of the Bank held by Wealth Honest.

According to the interest form on the Hong Kong Stock Exchange, it has entered into an agreement to sell the shares it was interested in, which do not need to be delivered within 4 trading days, involving 590,615,400 H Shares held directly by and 440,000,000 H Shares of the interest of corporation controlled by Wealth Honest. According to the information available to the Bank, as of the end of the Reporting Period, the delivery of these shares has not yet been completed.

- (11) Golden Harbour Investments Management Limited (“Golden Harbour”) holds 440,000,000 H Shares (long position) of the Bank. The Bank was further informed by Zhongjing Xinhua by email that Wealth Honest Fund LP (a limited partnership established in the Cayman Islands) holds 100% equity interests in Golden Harbour; and Wealth Honest Cayman Holdings Company Limited (a direct wholly-owned subsidiary of Wealth Honest) is the sole general partner of Wealth Honest Fund LP and has absolute control over the operations of the partnership. Wealth Honest can 100% indirectly control Golden Harbour. For information about Wealth Honest, please refer to note (10) above. Shanghai Soong Ching Ling Foundation, Zhongjing Industry, Modern Innovation, Qingtian Anyin, Jing’An Silver, Zhongjing Xinhua, Chuangjian Group, Zhongjing Xinhua Hong Kong, Wealth Honest, Wealth Honest Cayman Holdings Company Limited and Wealth Honest Fund LP are deemed to be interested in the shares of the Bank held by Golden Harbour.

According to the disclosure of interests forms submitted to the Hong Kong Stock Exchange by the Qingdao State-owned Assets Supervision & Administration Commission and its subsidiaries, Golden Harbour Global Holdings Limited, a wholly-owned subsidiary directly controlled by China Golden Harbour (Holdings) Group Limited, holds 70% equity interests in Wealth Honest Fund LP; China Golden Harbour (Holdings) Group Limited is a wholly-owned subsidiary directly controlled by Qingdao City Construction Financial Holding Group Co., Ltd.; Qingdao City Construction Financial Holding Group Co., Ltd. is a wholly-owned subsidiary directly controlled by Qingdao City Construction Investment (Group) Limited; Qingdao City Construction Investment (Group) Limited is wholly-owned by the Qingdao State-owned Assets Supervision & Administration Commission. The Qingdao State-owned Assets Supervision & Administration Commission, Qingdao City Construction Investment (Group) Limited, Qingdao City Construction Financial Holding Group Co., Ltd., China Golden Harbour (Holdings) Group Limited and Golden Harbour Global Holdings Limited are deemed to be interested in the shares of the Bank held by Golden Harbour.

Chapter VII Changes in Share Capital and Particulars of Shareholders

7.4 SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES UNDER HONG KONG LAWS AND REGULATIONS (CONTINUED)

Notes: (Continued)

(11) (Continued)

According to the interest form on the Hong Kong Stock Exchange, it has entered into an agreement to sell the shares it was interested in, which do not need to be delivered within 4 trading days, involving 440,000,000 H Shares held directly by Golden Harbour. According to the information available to the Bank, as of the end of the Reporting Period, the delivery of these shares has not yet been completed.

(12) Zhongjing Sihai Co., Ltd. ("Zhongjing Sihai") holds 506,102,476 Domestic Shares (long position) of the Bank. According to the relevant shareholding table from the Hong Kong Stock Exchange and business registration information publicly disclosed by Zhongjing Sihai:

In August 2019, Zhongjing Xinhua transferred its equity interests of 51.6524% in Zhongjing Sihai to Shanshan Group, upon which Shanshan Group owned 100% equity interests in Zhongjing Sihai. Shanshan Group is the subsidiary of Shanshan Holdings which owns its equity interests of 54.81%, which in turn is the subsidiary of Ningbo Qinggang which holds its equity interests of 40.54%. Zheng Yonggang and Zhou Jiqing hold equity interests of 51% and 49% in Ningbo Qinggang, respectively. As such, Zheng Yonggang, Zhou Jiqing, Ningbo Qinggang, Shanshan Holdings and Shanshan Group are deemed to be interested in the shares of the Bank held by Zhongjing Sihai. According to the information submitted by shareholders, Mr. Zheng Yonggang, passed away due to illness, and the relevant equities held by Mr. Zheng Yonggang are intended to enter the inheritance process in accordance with relevant laws and regulations, and the de facto controller and the ultimate beneficiary will be re-identified according to the inheritance of his equities, and the other ultimate beneficiary is a natural person, Zhou Jiqing.

According to the "Announcement of Shanshan Group Co., Ltd. Regarding Progress of the Company's Material Litigations" issued by Shanshan Group on the SSE on 20 January 2023, "On 17 January 2023, Shanghai Financial Court issued the first instance judgements on the two cases regarding the dispute on transfer of equity interests, namely ① the case involving Zhongjing Xinhua v. Shanshan Holdings, Shanshan Group, and Zhongjing Sihai for the dispute on equity transfer contract ([2020] Hu 74 Min Chu No. 1715), and ② the case involving Shanshan Holdings v. Zhongjing Xinhua for the dispute on equity transfer contract ([2020] Hu 74 Min Chu No. 1254) (hereinafter collectively referred to as the "Judgements"), and served the Judgements to Shanshan Holdings, Shanshan Group, and Zhongjing Sihai. Shanshan Group received the Judgements on 18 January 2023. The main content of the two Judgements are summarised as follows: (1) the Framework Agreement on the Transfer of Shares of Huishang Bank Corporation Limited and Equity Interests in Zhongjing Sihai Co., Ltd. entered into by Zhongjing Xinhua and Shanshan Holdings, the Agreement on Transfer of Equity in Zhongjing Sihai Co., Ltd. entered into by Zhongjing Xinhua and Shanshan Group, the Equity Transfer Contract entered into by Zhongjing Xinhua and Shanshan Holdings were terminated on 2 June 2020; (2) Zhongjing Xinhua shall return the amount equal to the consideration paid by Shanshan Holdings for the equity transfer; (3) Shanshan Group shall return 51.6524% equity interests in Zhongjing Sihai registered under the name of Shanshan Group, and Zhongjing Xinhua shall return the corresponding amount of equity transfer consideration; (4) other claims were rejected." According to the "Announcement Regarding Progress of the Company's Material Litigations" published by Shanshan Group on the SSE on 25 September 2023, "On 22 September 2023, Shanghai High People's Court issued the second instance judgements on the above two disputes on transfer of equity interests respectively. ... contents of the judgments: the appeals were dismissed and the original judgments were upheld". According to the 2023 Annual Report on Corporate Bonds published by Shanshan Group on 25 April 2024, "in order to safeguard the legitimate rights and interests of the company, the company has applied for enforcement". For details, please refer to the announcements published by Shanshan Group on the SSE.

Chapter VII Changes in Share Capital and Particulars of Shareholders

7.4 SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES UNDER HONG KONG LAWS AND REGULATIONS (CONTINUED)

Notes: (Continued)

- (13) According to the disclosure of interests forms submitted by DRAGON SOUND INVESTMENT LIMITED, JOY GLORY HOLDINGS LIMITED, and SUPERIOR LOGIC INVESTMENTS LIMITED to the Hong Kong Stock Exchange, related parties acquired 273,449,000, 532,415,400 and 440,000,000 H Shares of the Bank, respectively. According to the form of disclosure interest submitted by Zhongjing Xinhua Hong Kong, Wealth Honest and Golden Harbour to the Hong Kong Stock Exchange, related parties entered into an agreement in relation to the disposal of shares in which they were interested. The transfer of such share interests has not been completed. Pursuant to relevant requirements of the SFO, during the period from the entering of the agreement to prior to the completion of the transfer of shares, related purchasers and vendors shall be deemed to be interested in such shares they have purchased or disposed of and all of them are beneficial owners.

According to the disclosure of interests forms submitted by Zhongjing Xinhua Hong Kong, Wealth Honest and Golden Harbour to the Hong Kong Stock Exchange, "Zhongjing Xinhua Asset Investment Management Co., Ltd., on behalf of all vendors, issued a written notice to Shanshan Holdings Co., Ltd. on 1 June 2020, announcing the termination of the Framework Agreement signed by the parties on 20 August 2019. In this regard, the relevant vendors are not required to transfer the underlying H Shares to Shanshan Holdings Co., Ltd..."

According to the "Announcement of Zhongjing Xinhua Asset Investment Management Co., Ltd. Regarding the Company's Material Litigations" issued by Zhongjing Xinhua on the SSE on 9 July 2020, "... On 1 June 2020, the Company issued to Shanshan Holdings the "Notice on the Termination of the Framework Agreement between Shanshan Holdings Co., Ltd. and Zhongjing Xinhua Asset Investment Management Co., Ltd. on the Transfer of Shares of Huishang Bank Corporation Limited and Zhongjing Sihai Co., Ltd."... The Company has recently filed a lawsuit with the Intermediate People's Court of Huangshan City, Anhui Province and has been accepted. The filing for the case has now been completed." According to the 2020 Annual Report on Corporate Bonds of Zhongjing Xinhua Asset Investment Management Co., Ltd. published on the SSE by Zhongjing Xinhua on 28 April 2021, "Progress of the dispute on transfer of equity interests in Huishang Bank with Shanshan Holdings Co., Ltd.: the Company has filed a lawsuit with the Intermediate People's Court of Huangshan City, Anhui Province. As Shanshan Holdings Co., Ltd. prosecuted first, the two cases have been consolidated to Shanghai Financial Court for trial..." According to the 2022 Interim Report on Corporate Bonds of Zhongjing Xinhua Asset Investment Management Co., Ltd. disclosed by Zhongjing Xinhua on the SSE on 30 August 2022, "In the Case (1) and Case (2) regarding disputes on disposal of equity in Zhongjing Sihai, two claims of unlisted equity are involved, namely Zhongjing Xinhua's prosecution against Shanshan Holdings for the return of 51.6524% equity in Zhongjing Sihai, and Shanshan Holdings' request to acquire 225,000,000 unlisted domestic shares of Huishang Bank held by Zhongjing Xinhua, which has been withdrawn by Shanshan Holdings due to its adjustment to such request." According to the 2022 Annual Report on Corporate Bonds of Zhongjing Xinhua Asset Investment Management Co., Ltd. disclosed by Zhongjing Xinhua on the SSE on 28 April 2023, the lawsuit status is that "the judgment of first instance trial has been pronounced and both parties have lodged their appeals; the second instance trial will be heard on 17 May 2023." According to the 2023 Audit Report of Zhongjing Xinhua Asset Investment Management Co., Ltd. disclosed by Zhongjing Xinhua on the SSE on 30 April 2024, "Shanghai High People's Court made a second instance judgment on 22 September 2023, and upheld the first instance judgment." Shanshan Holdings and Shanshan Group have applied for enforcement, respectively, and the Shanghai Financial Court has accepted the case. On 21 March 2024, Zhongjing Xinhua applied for a retrial of the two cases to the Third Circuit Court of the Supreme People's Court. The review opinion of the Supreme People's Court was "meeting the conditions for retrial and recommending filing for review". For details, please refer to the announcements issued by Zhongjing Xinhua on the SSE.

Chapter VII Changes in Share Capital and Particulars of Shareholders

7.4 SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES UNDER HONG KONG LAWS AND REGULATIONS (CONTINUED)

Notes: (Continued)

(13) (Continued)

According to the disclosure of interests forms submitted by Zhongjing Xinhua to the Hong Kong Stock Exchange, "Zhongjing Xinhua Asset Investment Management Co., Ltd. (hereinafter referred to as "Zhongjing Xinhua"), as considered and approved by its board of directors, agreed to enter into a Letter of Intent for the Transfer of Shares of Huishang Bank Corporation Limited (hereinafter referred to as the "Letter of Intent") with OCI International Holdings Limited (hereinafter referred to as "OCI International") in respect of the disposal of all H Shares and Domestic Shares of Huishang Bank Corporation Limited (hereinafter referred to as "Huishang Bank") held directly and indirectly by the company on 25 June 2021. The Letter of Intent is valid for six months from the date of execution". According to the 2021 Annual Report on Corporate Bonds of Zhongjing Xinhua Asset Investment Management Co., Ltd. published on the SSE by Zhongjing Xinhua on 28 April 2022, "Since the Company has not reached any binding agreement with OCI International on the sale of shares in Huishang Bank within the validity period, the Letter of Intent hereby lapsed."

According to the "Announcement of Shanshan Group Co., Ltd. Regarding the Company's Material Litigations" issued by Shanshan Group on the SSE on 10 July 2020, "... This lawsuit is a case involving Zhongjing Xinhua sued Shanshan Holdings, Shanshan Group, and Zhongjing Sihai for the equity transfer dispute. ...Shanshan Holdings... filed a lawsuit with Shanghai Financial Court on 2 June 2020 and completed the filing." According to the "Announcement of Shanshan Group Co., Ltd. Regarding Progress of the Company's Material Litigations" issued by Shanshan Group on the SSE on 20 January 2023, "On 17 January 2023, Shanghai Financial Court issued the first instance judgements on the two cases regarding the dispute on transfer of equity interests, namely ① the case involving Zhongjing Xinhua v. Shanshan Holdings, Shanshan Group, and Zhongjing Sihai for the dispute on equity transfer contract ([2020] Hu 74 Min Chu No. 1715), and ② the case involving Shanshan Holdings v. Zhongjing Xinhua for the dispute on equity transfer contract ([2020] Hu 74 Min Chu No. 1254) (hereinafter collectively referred to as the "Judgements"), and served the Judgements on Shanshan Holdings, Shanshan Group, and Zhongjing Sihai. Shanshan Group received the Judgements on 18 January 2023. The main content of the two Judgements are summarised as follows: (1) the Framework Agreement on the Transfer of Shares of Huishang Bank Corporation Limited and Equity Interests in Zhongjing Sihai Co., Ltd. entered into by Zhongjing Xinhua and Shanshan Holdings, the Agreement on Transfer of Equity in Zhongjing Sihai Co., Ltd. entered into by Zhongjing Xinhua and Shanshan Group, the Equity Transfer Contract entered into by Zhongjing Xinhua and Shanshan Holdings were terminated on 2 June 2020; (2) Zhongjing Xinhua shall return the amount equal to the consideration paid by Shanshan Holdings for the equity transfer; (3) Shanshan Group shall return 51.6524% equity interests in Zhongjing Sihai registered under the name of Shanshan Group, and Zhongjing Xinhua shall return the corresponding amount of equity transfer consideration; (4) other claims were rejected." According to the "Announcement Regarding Progress of the Company's Material Litigations" published by Shanshan Group on the SSE on 25 September 2023, "On 22 September 2023, Shanghai High People's Court issued the second instance judgements on the above two disputes on transfer of equity interests respectively. ... particulars of the judgments: the appeals were dismissed and the original judgments were upheld". According to the 2023 Annual Report on Corporate Bonds published by Shanshan Group on 25 April 2024, "in order to safeguard the legitimate rights and interests of the company, the company has applied for enforcement". For details, please refer to the announcements issued by Shanshan Group on the SSE.

Chapter VII Changes in Share Capital and Particulars of Shareholders

7.4 SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES UNDER HONG KONG LAWS AND REGULATIONS (CONTINUED)

Notes: (Continued)

- (14) According to the disclosure of interests forms submitted by companies including Shanshan Holdings to the Hong Kong Stock Exchange, Shanshan Holdings entered into an acting in concert agreement with SUPERIOR LOGIC INVESTMENTS LIMITED, DRAGON SOUND INVESTMENT LIMITED, JOY GLORY HOLDINGS LIMITED, respectively.
- (15) According to the disclosure of interests forms submitted by Shenzhen Amer (Group) Limited ("Amer Group") to the Hong Kong Stock Exchange, Amer Group purchased 224,781,227 Domestic Shares. Amer Group is a wholly-owned subsidiary of Amer Holdings Group Limited (正威控股集團有限公司) ("Amer Holdings"), which in turn is owned as to 90% by Wang Wenyin. Liu Jiehong is the spouse of Wang Wenyin. Wang Wenyin, Liu Jiehong and Amer Holdings therefore are deemed to be interested in the Shares of the Bank held by Amer Group. According to the information available to the Bank, as of the end of the Reporting Period, the delivery of these shares has not yet been completed.
- (16) According to the disclosure of interests forms submitted by Amer Group to the Hong Kong Stock Exchange, Amer Group purchased 1,245,864,400 H Shares. Wang Wenyin, Liu Jiehong and Amer Holdings are deemed to be interested in the Shares of the Bank held by Amer Group. According to the information available to the Bank, as of the end of the Reporting Period, the delivery of these shares has not yet been completed.
- (17) According to the disclosure of interests forms submitted by Guotai Junan International Holdings Limited and Guotai Junan Securities Co., Ltd. to the Hong Kong Stock Exchange on 8 March 2022, their controlled corporation, Guotai Junan Securities (Hong Kong) Limited acquired security interests in 483,582,400 H Shares (long position). According to the disclosure of interests forms submitted by Guotai Junan International Holdings Limited and Guotai Junan Securities Co., Ltd. to the Hong Kong Stock Exchange on 28 July 2022, the foresaid security interests decreased to 273,509,400 H Shares (long position). Guotai Junan International Holdings Limited is indirectly owned as to 73.69% by Guotai Junan Securities Co., Ltd., and Guotai Junan Securities (Hong Kong) Limited is directly owned as to 100.00% by Guotai Junan International Holdings Limited. Guotai Junan Securities Co., Ltd. and Guotai Junan International Holdings Limited therefore are deemed to be interested in such shares.
- (18) According to the disclosure of interests forms submitted by Haitong Securities Co., Ltd., Haitong International Holdings Limited, Haitong International Securities Group Limited and Haitong International Securities (Singapore) Pte. Ltd. to the Hong Kong Stock Exchange, Haitong International Securities (Singapore) Pte. Ltd. acquired security interests in 210,000,000 H Shares (long position). Haitong International Holdings Limited is owned as to 100% by Haitong Securities Co., Ltd., and Haitong International Securities Group Limited is owned as to 65% by Haitong International Holdings Limited; Haitong International Securities (Singapore) Pte. Ltd. is owned as to 100% by Haitong International Securities Group Limited, and Haitong International Securities (Singapore) Pte. Ltd. is owned as to 100% by Haitong International Securities Group (Singapore) Pte. Ltd. Haitong Securities Co., Ltd., Haitong International Holdings Limited, Haitong International Securities Group Limited and Haitong International Securities (Singapore) Pte. Ltd. therefore are deemed to be interested in such shares.
- (19) The information disclosed above is based on the information available on the website of the Hong Kong Stock Exchange and the information available to the Bank as of the Latest Practicable Date. Pursuant to Section 336 of the SFO, shareholders of the Bank are required to file a disclosure of interests form when certain criteria are fulfilled. When a shareholding in the Bank changes, it is not necessary for the shareholder to notify the Bank and the Hong Kong Stock Exchange unless several criteria have been fulfilled, therefore the shareholder's latest shareholding in the Bank may be different from the shareholding filed with the Hong Kong Stock Exchange.

Save as disclosed above, the Bank is not aware of any other person (other than the directors, supervisors and chief executives (as defined in the Hong Kong Listing Rules) of the Bank) having any interests or short positions in the shares and underlying shares of the Bank as at 31 December 2024 as recorded in the register required to be kept by the Bank pursuant to section 336 of the SFO.

Chapter VII Changes in Share Capital and Particulars of Shareholders

7.5 INITIAL PUBLIC OFFERING OF A SHARES

The 2018 annual general meeting was convened by the Bank on 30 June 2019, at which, among others, the resolution for initial public offering and listing of A shares (“A Share Offering”) was considered and approved. The Bank proposed issuing no more than 1.5 billion A shares. The Resolution on the extension of the validity period of the A Share Offering of the Bank and Resolution on the extension of the validity period of the authorization of the Board to deal with specific matters in respect of the A Share Offering were considered and approved at the 2019 annual general meeting held on 30 June 2020, the 2020 annual general meeting held on 30 June 2021, the 2021 annual general meeting held on 30 June 2022, the 2022 annual general meeting held on 30 June 2023 and the 2023 annual general meeting held on 29 June 2024 of the Bank. The Bank would extend the validity period of A Share Offering Plan and the Authorization Resolution for twelve months from the next day immediately after the expiration of original validity period (namely, the extended period would be from 30 June 2024 to 29 June 2025). Please refer to the circulars of the Bank dated 15 May 2019, 15 May 2020, 25 May 2021, 25 May 2022, 6 June 2023 and 14 May 2024 for the details of the resolution on the aforesaid A Share Offering.

The Bank will publish announcements, in due course, to give the shareholders and potential investors updates on the A Share Offering. The A Share Offering may or may not be completed, and the shareholders and potential investors are advised to exercise caution when dealing in the shares of the Bank.

Chapter VIII Profile of Directors, Supervisors, Senior Management, Employees and Institutions

8.1 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name of current directors	Gender	Date of birth	Position held	Start of term of office	Total remuneration from the Bank during the Reporting Period before tax (RMB10 thousand) ⁽²⁾
Yan Chen	Male	August 1972	Executive Director Chairman of the Board	December 2019 July 2021	84.15
Kong Qinglong	Male	May 1976	Executive Director President	May 2023 April 2023	89.58
Ma Lingxiao	Male	July 1978	Non-executive Director	November 2021	–
Lu Hao	Male	November 1970	Non-executive Director	September 2024	–
Wang Zhaohui	Male	December 1970	Non-executive Director	November 2023	–
Zuo Dunli	Male	October 1971	Non-executive Director	January 2023	–
Gao Yang	Male	June 1966	Non-executive Director	November 2018	–
Wang Wenjin	Male	December 1966	Non-executive Director	December 2018	–
Zhao Zongren	Male	February 1956	Non-executive Director	November 2018	–
Dai Peikun	Male	April 1953	Independent Non-executive Director	December 2018	–
Zhou Yana	Female	January 1954	Independent Non-executive Director	November 2018	24
Liu Zhiqiang	Male	September 1956	Independent Non-executive Director	December 2018	–
Yin Jianfeng	Male	December 1969	Independent Non-executive Director	December 2018	24
Huang Aiming	Female	December 1969	Independent Non-executive Director	January 2019	24
Xu Jiabin	Male	March 1966	Independent Non-executive Director	June 2022	24

Name of current supervisor	Gender	Date of birth	Position held	Start of term of office	Total remuneration from the Bank during the Reporting Period before tax (RMB10 thousand) ⁽²⁾
He Jiehua	Male	March 1966	Employee Supervisor Chairman of the Board of Supervisors	July 2020 July 2020	84.15
Zhong Qiushi	Male	February 1965	Employee Supervisor Researcher in the Risk Management Department	October 2018 January 2024	124.70
Sun Zhen	Male	September 1976	Employee Supervisor President of Huaibei Branch	July 2020 December 2022	183.40
He Zongan	Male	July 1969	Shareholder Supervisor	June 2024	–
Wang Anning	Male	December 1969	Shareholder Supervisor	June 2023	–
Dong Xiaolin	Female	September 1963	External Supervisor	November 2018	20
Zhou Zejiang	Male	November 1983	External Supervisor	June 2020	20
Han Dongya	Male	October 1975	External Supervisor	June 2023	20

Chapter VIII Profile of Directors, Supervisors, Senior Management, Employees and Institutions

8.1 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

Name of current senior management					Start of term of office	Total remuneration from the Bank during the Reporting Period before tax (RMB10 thousand) ⁽²⁾
Name of current senior management	Gender	Date of birth	Position held	Start of term of office		
Kong Qinglong	Male	May 1976	Executive Director	May 2023		89.58
			President	April 2023		
Zhang Juzhong	Male	March 1969	Vice President	May 2021		69.59
Xu Guangcheng	Male	August 1969	Vice President	November 2022		69.59
Huang Xiaoyan	Female	December 1971	Director of Investment and Wealth	January 2019		161.42
Lian Baohua	Male	August 1965	Secretary to the Board of Directors	January 2019		160.42
Liu Fei	Male	March 1966	Assistant to President	March 2022		167.72
Wang Yong	Male	August 1971	Chief Information Officer	August 2023		155.81
Zhang Jianping	Male	October 1974	Director of Human Resources	August 2023		158.68

Name of resigned personnel					Start and end of term of office	Total remuneration from the Bank during the Reporting Period before tax (RMB10 thousand) ⁽²⁾
Name of resigned personnel	Gender	Date of birth	Position held	Start and end of term of office		
Shao Dehui	Female	December 1963	Former Non-executive Director	October 2022 – April 2024		–
Wu Tian	Male	October 1964	Former Non-executive Director	December 2018 – December 2024		–
Chen Rui	Male	November 1977	Former Shareholder Supervisor	November 2018 – February 2024		–
Zhou Tong	Female	September 1965	Former Director of Risk and Compliance	January 2019 – June 2024		88.43
Li Dawei	Male	July 1964	Former Financial Controller	January 2019 – August 2024		130.85

Notes: (1) The above descriptions of the positions of directors, supervisors and senior management are the conditions as at the Latest Practicable Date. For details of the changes in positions, please refer to Section 8.2 “Changes in Directors, Supervisors and Senior Management of the Bank” in this annual report.

(2) Pursuant to the requirements of the relevant PRC authorities, the remuneration payable to the above is still subject to final confirmation. Further disclosure will be made after the confirmation of the final remuneration. The total remuneration before tax from the Bank during the Reporting Period includes the “five insurances and housing provident fund” and the portion of corporate contribution to enterprise annuity.

Chapter VIII Profile of Directors, Supervisors, Senior Management, Employees and Institutions

8.2 CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE BANK

1. The Bank announced on 4 March 2024 that Mr. Chen Rui resigned from the positions as a shareholder supervisor and a member of the Supervisory Committee of the Board of Supervisors of the Bank on 29 February 2024 due to appointment re-allocation. His resignation took effect on the same date.
2. The Bank announced on 26 March 2024 that the Board of Supervisors of the Bank resolved on the same date to propose the appointment of Mr. He Zongan as a shareholder supervisor of the fourth session of the Board of Supervisors of the Bank. The Bank announced on 1 July 2024 that the Bank held the 2023 annual general meeting on 29 June 2024 to consider and approve the election of Mr. He Zongan as a shareholder supervisor of the fourth session of the Board of Supervisors of the Bank. His appointment took effect from the date of approval at the annual general meeting.
3. The Bank announced on 22 April 2024 that Ms. Shao Dehui resigned from the positions as a non-executive director and members of the Strategic Development and Consumer Rights Protection Committee and the Risk Management Committee of the Board of the Bank on the same day due to reaching statutory retirement age. Her resignation took effect on the same date.
4. The Bank announced on 7 May 2024 that the Board of the Bank resolved on the same date to propose the appointment of Mr. Lu Hao as a non-executive director of the fourth session of the Board of the Bank. The Bank announced on 1 July 2024 that the Bank held the 2023 annual general meeting on 29 June 2024 to consider and approve the election of Mr. Lu Hao as a non-executive director of the fourth session of the Board of the Bank. The qualification of Mr. Lu Hao is subject to approval of Anhui Office of the National Administration of Financial Regulation. On 18 September 2024, the Bank announced that Mr. Lu Hao's qualification as a non-executive director of the Bank was approved by the Anhui Office of the National Administration of Financial Regulation. On 31 October 2024, the Bank announced that the Board held a meeting on the same date, at which the resolution regarding the election of Mr. Lu Hao, the non-executive director, as members of the Strategic Development and Consumer Rights Protection Committee and the Risk Management Committee of the fourth session of the Board of the Bank was approved.
5. On 4 June 2024, Ms. Zhou Tong resigned as the Director of Risk and Compliance of the Bank due to job re-allocation. Her resignation took effect on the same date.
6. On 30 August 2024, Mr. Li Dawei resigned as the Financial Controller of the Bank due to reaching statutory retirement age. His resignation took effect on the same date.
7. The Bank announced on 31 December 2024 that Mr. Wu Tian resigned from his positions as a non-executive director and members of the Strategic Development and Consumer Rights Protection Committee and the Risk Management Committee of the Bank on 30 December 2024 due to reaching statutory retirement age. His resignation took effect on the same date.

Chapter VIII Profile of Directors, Supervisors, Senior Management, Employees and Institutions

8.2 CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE BANK (CONTINUED)

8. Save as disclosed above, pursuant to the requirement of Rule 13.51B(1) of the Hong Kong Listing Rules, the changes in the information of directors, supervisors and senior management of the Bank during the Reporting Period and as of the Latest Practicable Date are as follows:
- (1) Mr. Ma Lingxiao, a non-executive director of the Bank, ceased to serve as a deputy director of the early correction department of Deposit Insurance Fund Management Co., Ltd., while he serves as the director of the Information Statistics Department (Research Department) of Deposit Insurance Fund Management Co., Ltd.
 - (2) Mr. Lu Hao, a non-executive director of the Bank, ceased to serve as the chief economist of Anhui Province Energy Group Company Limited, while he serves as the deputy general manager of Anhui Province Energy Group Company Limited.
 - (3) Ms. Zhou Yana, an independent non-executive director of the Bank, ceased to serve as independent directors of Hefei Urban Construction Development Co., Ltd. and Anhui Landun Photoelectron Co., Ltd., while she serves as an independent director of QuantumCTek Co., Ltd.
 - (4) Mr. Zhong Qiushi, an employee supervisor of the Bank, ceased to serve as the general manager of the risk management department of the Bank, while he serves as a researcher of the risk management department of the Bank.
 - (5) Mr. Wang Anning, a shareholder supervisor of the Bank, ceased to serve as the general manager of Wuhu Yuanheng Assets Operation Co., Ltd., while he serves as the chairman of Anhui Changjiang Equity Exchange Company Limited.
 - (6) Ms. Dong Xiaolin, an external supervisor of the Bank, ceased to serve as an independent director of Nanjing Securities Co., Ltd. and a member of the Finance Institute of Nanjing City.
 - (7) Mr. Zhou Zejiang, an external supervisor of the Bank, ceased to serve as independent directors of Anhui Jiuhuashan Tourism Development Co., Ltd. and Anhui Xinhua Media Co., Ltd. He ceased to serve as an instructor of doctoral students in finance (corporate finance and capital market) of Anhui University, while he serves as an instructor of doctoral students in accounting.
 - (8) Mr. Han Dongya, an external supervisor of the Bank, serves as an independent director of HuaAn Securities Co., Ltd.

Save as disclosed above, during the Reporting Period and as of the Latest Practicable Date, the Bank was not aware of any change in the information of directors, supervisors or senior management which required to be disclosed pursuant to the requirements of the Rule 13.51B(1) of the Hong Kong Listing Rules.

Chapter VIII Profile of Directors, Supervisors, Senior Management, Employees and Institutions

8.3 PROFILE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Directors

Mr. Yan Chen, joined the Bank in December 2019, and is currently an executive director and the chairman of the Bank. He was a section-chief grade clerk of the planning division of the comprehensive planning bureau, the deputy director of the general division of the propaganda department of the party committee, and the deputy director of the rating methods and standards division of the credit administration bureau of the China Development Bank, the deputy director of the SME Development Bureau of Anhui Province, the deputy director of the Anhui Provincial Economic Commission, the deputy director of the Anhui Economic and Information Technology Commission, a member of the Standing Committee and the deputy mayor of Municipal Committee of Chizhou City, a member of the Standing Committee of the Xuancheng Municipal Committee, a minister of the Organization Department of Xuancheng City, the deputy secretary of the Xuancheng Municipal Committee, the chairman of Anhui Credit Guaranty Group Co., Ltd. and the chairman of Anhui Financing Re-guarantee Co., Ltd., the director of Chery Automobile Co., Ltd. and the non-executive director of the Bank. He holds a doctorate in economics from Renmin University of China, and is an economist.

Mr. Kong Qinglong, joined the Bank in January 2023, and is currently an executive director and the President of the Bank. Mr. Kong previously served as a business assistant of the Investment Banking Department (Shanghai) and a senior business director (at deputy general manager level) of the Bonds Department of Huaxia Securities Co., Ltd. (華夏證券股份有限公司), the deputy head officer of the board office, the general manager of the Research and Development Center, the assistant to the president, the vice president of China Minzu Securities Co., Ltd. (中國民族證券有限責任公司), a director and the general manager of Great Wall Pan Asia International Investment Co. Ltd. (Hong Kong), a wholly-owned subsidiary of China Great Wall Asset Management Co., Ltd., the deputy general manager of the Investment Banking Department of the Head Office of Industrial and Commercial Bank of China Limited and the general manager of the Private Banking Department of the Head Office and the president of Hefei Branch of China Minsheng Banking Corp., Ltd. He holds a doctorate degree in economics from Renmin University of China, and is a member of the Standing Committees of All-China Youth Federation and National Financial Youth Federation.

Mr. Ma Lingxiao, joined the Bank in November 2021, and is currently a non-executive director of the Bank. He was formerly the section chief of the financial stabilization division, the director of the financial research division of the People's Bank of China (during the period from August 2009 to July 2012, he joined the Post-Doctoral Mobile Station of the Institute of Finance of the People's Bank of China), the deputy researcher of the deposit insurance division of the operation management office of the People's Bank of China, and the deputy director of the early correction department of Deposit Insurance Fund Management Co., Ltd. (存款保險基金管理有限責任公司). He is currently the director of the Information Statistics Department (Research Department) of Deposit Insurance Fund Management Co., Ltd. Mr. Ma, a researcher associate, obtained a doctorate degree in economics from Xi'an Jiaotong University.

Chapter VIII Profile of Directors, Supervisors, Senior Management, Employees and Institutions

8.3 PROFILE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

Directors (Continued)

Mr. Lu Hao, joined the Bank in September 2024, and is currently a non-executive director of the Bank. He served as the director and deputy general manager of Anhui Kaiyuan Development Co., Ltd. (安徽開元發展有限責任公司); general manager (legal representative) of Hepu Company of Shanghai Anhui Yu'an Industrial Corporation (上海安徽裕安實業總公司合浦公司); officer of marketing section of Research and Development Center of Anhui Trust and Investment Company (安徽省信託投資公司研究發展中心); secretary to the general manager of Anhui Guoyuan Holding (Group) Co., Ltd. (安徽國元控股(集團)有限責任公司); deputy general manager of Anhui Guoyuan Construction Investment Co., Ltd. (安徽國元建設投資有限公司); director of strategic development department, director of strategic planning department, assistant to the general manager and concurrently director of strategic planning department, chief economist and concurrently director of strategic planning department and the dean of industrial research institute of Anhui Province Energy Group Co., Ltd.; chairman of Anhui Wenergy Capital Investment Co., Ltd. (安徽省皖能資本投資有限公司); chief economist and concurrently dean of industrial research institute, chief economist of Anhui Province Energy Group Co., Ltd.; vice chairman of Anhui Natural Gas Development Co., Ltd. (安徽省天然氣開發股份有限公司); vice chairman of Beijing Dingtian Software Co., Ltd. (北京鼎天軟件有限公司). Mr. Lu is currently the deputy general manager of Anhui Province Energy Group Co., Ltd. (安徽省能源集團有限公司); vice chairman of An Hui Wenergy Company Limited (安徽省皖能股份有限公司); director of Huaibei Guoan Power Co., Ltd. (淮北國安電力有限公司); director of Inner Mongolia Intelligent Coal Co., Ltd. (內蒙古智能煤炭有限責任公司); director of Anhui New Energy Venture & Investment Co., Ltd. (安徽省新能創業投資有限責任公司); legal representative, executive director and general manager of Anhui Wenergy Energy Materials Co., Ltd. (安徽省皖能能源物資有限公司); director and general manager of Xing An Holding Limited (興安控股有限公司). He holds a doctorate in financial engineering from the University of Science and Technology of China and is a senior economist.

Mr. Wang Zhaohui, joined the Bank in November 2023, and is currently a non-executive director of the Bank. He served as the director of the Office and deputy director of Anhui Provincial Local Taxation Bureau; member of the Standing Committee of Municipal Party Committee, director of the Organization Department and director of the United Front Work Department of Fuyang, Anhui Province; and deputy director of Anhui Provincial Department of Finance. He is currently a director and general manager of Anhui Credit Financing Guaranty Group Co., Ltd. He is a postgraduate in economic management from Party School of the Central Committee.

Mr. Zuo Dunli, joined the Bank in January 2023, and is currently a non-executive director of the Bank. He served as a secretary of Navigation Management Authority of Mingguang City, a secretary of Chuzhou Shipping Bureau, a secretary of the Water Transport Service Centre of Anhui Province, a secretary, a deputy head of general affairs department, a deputy head of office, a deputy head of office (person-in-charge), a deputy minister of construction management department, a head of chief engineer office of Anhui Provincial Communications Investment Group Co., Ltd. (安徽省交通投資集團有限責任公司), a head of chief engineer office of Anhui Transportation Construction Management Co., Ltd. (安徽省交控建設管理有限公司) (Highway Construction Division), a minister of investment development department, an assistant to general manager and a minister of investment development department, an assistant to general manager and the head of strategic investment department of Anhui Transportation Holding Group Co., Ltd. (安徽省交通控股集團有限公司), and the director of Anhui High-way Real Estate Group Limited (安徽省高速地產集團有限公司). Mr. Zuo currently serves as the chief economist of Anhui Transportation Holding Group Co., Ltd., the chairman of Wanjiang Financial Leasing Co., Ltd. (皖江金融租賃股份有限公司). He holds an Executive Master of Business Administration degree from Tianjin University and is a senior economist.

Chapter VIII Profile of Directors, Supervisors, Senior Management, Employees and Institutions

8.3 PROFILE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

Directors (Continued)

Mr. Gao Yang, joined the Bank in December 2009, and is currently a non-executive director of the Bank. Mr. Gao was the chairman of the board of directors of China Strategic Holdings Limited in Hong Kong, and the chairman of Zhongjing Sihai Co., Ltd. (中靜四海實業有限公司), Guosheng Huaxing Investment Co., Ltd. and Zhongjing Xinhua Asset Investment Management Co., Ltd. He is currently the chairman of Zhongjing Industry (Group) Co., Ltd. and directors of WEALTH HONEST LIMITED and Zhongjing Xinhua Asset Investment Management (Hong Kong) Co., Ltd. Mr. Gao studied hotel management at Meini Vocational School in Vienna from March 1985 to March 1987 as a guest student.

Mr. Wang Wenjin, joined the Bank in December 2018, and is currently a non-executive director of the Bank. Mr. Wang was the general manager of financial management department, the financial controller, the executive vice chairman, the chief financial officer, the chief risk officer, a director and a group partner of China Vanke Co., Ltd. He is currently the chairman of Shenzhen Yingda Investment Fund Management Co., Ltd., a member of Vanke. Mr. Wang, a non-practising member of the Chinese Institute of Certified Public Accountants, obtained a master's degree from Zhongnan University of Economics and Law.

Mr. Zhao Zongren, joined the Bank in October 2014, and is currently a non-executive director of the Bank. His primary working experience includes: director of the office of Jining Branch, president of Qufu Sub-branch, vice president of Jining Branch, and chief of the planning office and the finance planning office of Shandong Branch of China Construction Bank Corporation Limited, deputy general manager of Shandong Branch and general manager of Guangxi Branch of China Cinda Asset Management Co., Ltd., and assistant to the president and chief supervisor of Sunshine Insurance Group Corporation Limited. Mr. Zhao is currently a vice chairman and executive director of Sunshine Insurance Group Corporation Limited. Mr. Zhao, a senior economist, obtained a master's degree from the investment department of Dongbei University of Finance and Economics.

Mr. Dai Peikun, joined the Bank in December 2018, and is currently an independent non-executive director of the Bank. His primary working experience includes: the deputy director (deputy director-level) of industrial economics research division of Anhui Economic and Cultural Research Center, the deputy head, the head, an assistant to the director, the deputy director and an inspector (department level) of the Finance and Trade Economics Division and International Economics Division of the Development Research Center of Anhui Provincial Government. He obtained a master's degree in economics from Peking University.

Ms. Zhou Yana, joined the Bank in August 2018, and is currently an independent non-executive director of the Bank. Ms. Zhou was a lecturer, an associate professor and a professor, and the department head, the vice president, the executive vice president of the School of Economics of Anhui University and the dean of the School of Business Administration of Anhui University, a professor of the School of Business of Anhui University, independent directors of Anhui Gourgen Traffic Construction Co., Ltd., Hefei Urban Construction Development Co., Ltd. and Anhui Landun Photoelectron Co., Ltd. She is currently independent directors of Anhui Transport Consulting & Design Institute Co., Ltd. and QuantumCTek Co., Ltd. She obtained a master's degree in accounting from Anhui University.

Chapter VIII Profile of Directors, Supervisors, Senior Management, Employees and Institutions

8.3 PROFILE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

Directors (Continued)

Mr. Liu Zhiqiang, joined the Bank in December 2018, and is currently an independent non-executive director of the Bank. His primary working experience includes: the deputy director and the director of the planning bureau and the statistics and analysis department of the PBOC, and the director of Hong Kong-Macau-Taiwan financial affair office of the PBOC, the deputy head of the economics department of Xinhua News Agency, Hong Kong Branch, the deputy general manager of Guangdong International Trust Investment Corporation, the president of Guangdong Development Bank, the vice president of China CITIC Bank, a director and the vice president of CITIC Holdings Co., Ltd., a director of CITIC Group Corporation, the chairman of CITIC Asset Management Corporation Ltd. and the chairman of CITIC Xinbang Asset Management Corporation Ltd. He obtained a doctorate degree in economics from Zhongnan University of Economics and Law.

Mr. Yin Jianfeng, joined the Bank in December 2018, and is currently an independent non-executive director of the Bank. Mr. Yin was the executive vice president of CEIBS Lujiazui Institute of International Finance, and the deputy director of the Finance Institute of Chinese Academy of Social Sciences. He is currently a professor of the finance department and an instructor of doctorate students (entitled to the “special government allowance” granted by the State Council) at the University of International Business and Economics, the chief economist of China Zheshang Bank Co., Ltd and an independent director of Bank of Wenzhou Co., Ltd. He obtained a doctorate degree in finance from Chinese Academy of Social Sciences.

Ms. Huang Aiming, joined the Bank in January 2019, and is currently an independent non-executive director of the Bank. She had worked for Agricultural Bank of China, Shenzhen Branch and Shenzhen Zhuojun Wangcai Investment Management Co., Ltd. She is currently the president of China International Capital Limited and the chairman of Shenzhen Huichuang Equity Investment Fund Management Co., Ltd. She obtained a master’s degree in economics at the Department of Political Science of Xiamen University and a Finance EMBA degree from Cheung Kong Graduate School of Business.

Mr. Xu Jiabin, joined the Bank in June 2022, and is currently an independent non-executive director of the Bank. Previously, Mr. Xu served as a lecturer, an associate professor and a professor at the School of Business Administration, Renmin University of China, the first batch of members of the National Manufacturing Strategy Advisory Committee, the first batch of expert members of National Industrial Base Expert Committee, and an independent director of Sinotrans Air Transportation Development Co., Ltd. Mr. Xu is currently a professor and a doctoral supervisor at the School of Business, Renmin University of China and independent directors of Inner Mongolia First Machinery Group Co., Ltd. and Jiangsu Haimen Rural Commercial Bank Co., Ltd. He holds a doctorate in industrial economics from Renmin University of China.

Chapter VIII Profile of Directors, Supervisors, Senior Management, Employees and Institutions

8.3 PROFILE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

Supervisors

Mr. He Jiehua, joined the Bank in March 2019, and is currently an employee supervisor and chairman of the Board of Supervisors of the Bank. He held various positions in the Audit Department of Anhui Province, including the deputy section chief and section chief of the treasury division, the assistant to director (section-chief grade) and deputy director of the finance division, director of the finance and audit division, director of the human resources and education division, and chief of retired cadre office, chief auditor and deputy director-general. He is an executive director of the Bank. He obtained a master's degree in management from Hefei University of Technology. He is a senior auditor and certified public accountant.

Mr. Zhong Qiushi, joined the Bank in January 2002, is currently an employee supervisor and the researcher of the risk management department of the Bank, and concurrently serves as the director of HSBank Wealth Management Co., Ltd. He once served as the vice president of Feixi County Sub-branch, vice president (in charge of operations) and person-in-charge of the credit operation department of Hefei branch of China Construction Bank, presidents of the Sipailou Branch and the Youth Road Branch of Hefei City Commercial Bank, the general manager of the corporate banking department of the Hefei Branch of the Bank, an assistant to the president of the Huaibei Branch, and the deputy general manager and deputy general manager (in charge of operations) and the general manager of the credit assessment department of the head office, the president of the Bengbu Branch and the general manager of risk management department of the Bank, and a supervisor of Huishang Bank Financial Leasing Co., Ltd. Mr. Zhong, a senior economist, obtained an Executive Master of Business Administration (EMBA) degree from the University of Science and Technology of China.

Mr. Sun Zhen, joined the Bank in March 1999, and is currently an employee supervisor and the president of Huaibei Branch of the Bank. He held various positions, including an assistant to the president of Huangshan Road Sub-branch of Wuhu City Commercial Bank, the deputy manager and manager of remuneration and benefits management of the Human Resources Department of the Bank, an assistant to the president of Huainan Branch, the vice president of Huainan Branch and the secretary of the discipline inspection committee of Chizhou Branch, the general manager of the Compliance Department of the Head Office of the Bank and a director of Huishang Bank Financial Leasing Co., Ltd. Mr. Sun, a senior economist, obtained a master's degree in business administration from Anhui University.

Mr. He Zongan, joined the Bank in June 2024, and is currently a shareholder supervisor of the Bank. He served as an accountant in charge and deputy section chief of the finance division of Anhui Mechanical and Electrical Equipment Corporation, the deputy manager of the finance department of Anhui Materials Group (now known as Anhui Huishang Group) Mechanical and Electrical Equipment Co., Ltd., the deputy manager and manager of the finance department of Anhui Huishang Group Mechanical and Electrical Equipment Co., Ltd., the manager of the finance department of Anhui Huishang Electric Co., Ltd., the deputy manager of the financial audit department of Anhui Huishang Metal Co., Ltd., and the senior manager and deputy general manager of the planning and finance department of Hefei Xingtai Financial Holding (Group) Co., Ltd. Mr. He is currently the general manager of the planning and finance department of Hefei Xingtai Financial Holdings (Group) Co., Ltd., and concurrently serves as a director of Hefei Xingtai Equity Investment Management Co., Ltd., a director of Hefei Xingtai Asset Management Co., Ltd., and a director of Hefei Binhu Financial Town Management Co., Ltd. He holds a bachelor's degree in accounting from Hangzhou College of Commerce and is an intermediate accountant.

Chapter VIII Profile of Directors, Supervisors, Senior Management, Employees and Institutions

8.3 PROFILE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

Supervisors (Continued)

Mr. Wang Anning, joined the Bank in June 2023, and is currently a shareholder supervisor of the Bank. He served as the chief of comprehensive section and the chief of fiscal and financial audit section of Fanchang County Audit Bureau, the director (deputy section level) of Fanchang County Economic Responsibility Audit Bureau, the deputy director of Fanchang County Finance Bureau, manager of Fanchang County Construction and Investment Company, the director of Fanchang County Development and Reform Commission, the director of Fanchang District Audit Bureau, and the general manager of Wuhu Yuanheng Assets Operation Co., Ltd. (蕪湖遠恒資產運營有限公司). He is currently a deputy general manager of Wuhu Investment Holding Group Co., Ltd. (蕪湖市投資控股集團有限公司), as well as serves concurrently as an executive director and the general manager of Wuhu Huicheng Squatter Settlement and Construction Co., Ltd. (蕪湖市惠城棚改建設有限公司), the chairmen and general manager of Wuhu Binjiang Construction and Development Co., Ltd., (蕪湖市濱江建設發展有限公司), the chairman of Wuhu Yuanheng Assets Operation Co., Ltd. (蕪湖遠恒資產運營有限公司), the chairman of Anhui Changjiang Assets and Equity Exchange Co., Ltd. (安徽長江產權交易所有限公司), and directors of Wuhu Minqiang Financing Guarantee (Group) Co., Ltd. (蕪湖市民強融資擔保(集團)有限公司), Wuhu Jincai Pawn Co., Ltd. (蕪湖金財典當有限責任公司) and Wuhu Jincai Business Information Consulting Co., Ltd. (蕪湖金財商務信息諮詢有限責任公司). He is a postgraduate from Party School of Anhui Provincial Committee, an auditor and a registered appraiser.

Ms. Dong Xiaolin, joined the Bank in November 2018, and is currently an external supervisor of the Bank. Her primary working experience includes: a teaching assistant, a lecturer and an associate professor of Nanjing Agricultural University and independent directors of Jiangsu Gaochun Rural Commercial Bank Co., Ltd., Jiangsu Donghai Rural Commercial Bank Co., Ltd., Jiangsu Lishui Rural Commercial Bank Co., Ltd., Anhui Langxi Rural Commercial Bank Co., Ltd., and Nanjing Securities Co., Ltd., and a member of the Finance Institute of Nanjing City. She is currently a professor and an instructor of doctorate students in the college of finance in Nanjing Agricultural University, and is concurrently a director of Key Research Base of Philosophy and Society Science in Jiangsu Province, namely, Rural Financial Development Research Center of Jiangsu Province in Nanjing Agricultural University, and she is a member of Expert Committee of Nanjing Finance Promotion Council and an external supervisor of Wuxi Rural Commercial Bank Co., Ltd. She obtained a doctorate degree majoring in the management of agricultural economy from Nanjing Agricultural University.

Mr. Zhou Zejiang, joined the Bank in June 2020, and is currently an external supervisor of the Bank. He served as independent directors of Anhui Annada Titanium Industry Co., Ltd., Anhui Anke Biotechnology (Group) Co., Ltd., Ankai Automobile Co., Ltd., Wuhu Conch Profiles and Science Co., Ltd., Guoyuan Securities Co., Ltd., EarthPanda Advance Magnetic Material Co., Ltd., Anhui Jiuhuashan Tourism Development Co., Ltd. and Anhui Xinhua Media Co., Ltd. He is currently the dean and a professor of School of Business, a director of Accounting and Finance Research Center, an instructor of postgraduates in accounting, and an instructor of doctoral students in accounting of Anhui University, and concurrently a communication evaluation expert of projects under the National Natural Science Foundation of China and the National Philosophy and Social Science Foundation, and a member of the review committee of senior accountants of Anhui Province. He holds a doctorate degree in Accounting from Xiamen University.

Chapter VIII Profile of Directors, Supervisors, Senior Management, Employees and Institutions

8.3 PROFILE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

Supervisors (Continued)

Mr. Han Dongya, joined the Bank in June 2023, and is currently an external supervisor of the Bank. He served as the deputy director of the Ethnic Affairs Commission of Hefei (deputy director of the Religious Affairs Bureau), the deputy head of Feidong County, and the general manager and director of Anhui Public Resources Trading Group. He is currently a researcher of Anhui University, the executive dean of the Research Institute of China (Anhui) Pilot Free Trade Zone, the director of the Digital Economy Research Center, an instructor of postgraduates in enterprise management and an instructor of doctorate students in practical economics of Anhui University and the president of Anhui Digital Economics Association, as well as the vice chairman of China Society of Logistics, and independent directors of HF Logistics Group Co., Ltd. and HuaAn Securities Co., Ltd. He holds a doctorate degree in management from the University of Science and Technology of China.

Senior management

Mr. Kong Qinglong is an executive Director and the President of the Bank. For the details of his biography, please see the “Directors” section of this chapter.

Mr. Zhang Juzhong, joined the Bank in January 2021, and is currently a vice president of the Bank. Mr. Zhang previously served as vice president (in charge of work) of Suixi Road Sub-branch of Hefei Branch of the Bank of China, vice president of Anhui Chaohu Branch of the Bank of China, vice president of Hefei Nancheng Subbranch of the Bank of China, president of Anhui Suzhou Branch of the Bank of China, general manager of the SMEs Department of Anhui Branch of the Bank of China, president of Anhui Maanshan Branch of the Bank of China. Mr. Zhang, an accountant and a certified public accountant, obtained a bachelor’s degree in economics from Anhui Institute of Finance & Economics (安徽財貿學院).

Mr. Xu Guangcheng, joined the Bank in September 2022, and is currently a vice president of the Bank. Mr. Xu previously served as vice president of Tianchang Sub-branch of Chuzhou Branch of Industrial and Commercial Bank of China (ICBC), the manager of Corporate Business Department and the manager of International Business Department of Chuzhou Branch of the ICBC, the director of Small Enterprise Business Division under the Second Business Division of Anhui Branch of the ICBC, the vice president of Huainan Branch of the ICBC, the vice general manager of Settlement and Cash Management Department of Anhui Branch of the ICBC, the general manager of Credit Card Center of Anhui Branch of the ICBC, the president of Suzhou Branch of the ICBC and the president of Wuhu Branch of the ICBC. Mr. Xu, a senior economist, obtained a bachelor’s degree in economics from Anhui Institute of Finance & Economics (安徽財貿學院).

Ms. Huang Xiaoyan, joined the Bank in February 1997, is currently the director of investment and wealth management of the Bank. She previously served as the general manager of the capital operation department of Hefei City Commercial Bank; deputy general manager in charge of the work of the capital operation department of the Bank, general manager of the financial market department, general manager of the asset and liability management department and general manager of the financial market department, general manager of the asset and liability management department, and director of investment and wealth management and general manager of the asset and liability management department of the Bank. Ms. Huang, a senior economist, obtained an executive master of business administration (EMBA) degree from the University of Science and Technology of China.

Chapter VIII Profile of Directors, Supervisors, Senior Management, Employees and Institutions

8.3 PROFILE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

Supervisors (Continued)

Mr. Lian Baohua, joined the Bank in July 2014, and is currently the secretary to the board of the Bank. He previously served as deputy section officer and section officer of the department of industrial economics and an assistant to the director of international economic affairs division of Development Research Center of Anhui Provincial Government; deputy director of the planning committee of Tongling City; director of international economic affairs division and finance division of Development Research Center of Anhui Provincial Government; director of Decision-Making magazine; director and deputy general manager of Anhui BBKA Pharmaceuticals Co., Ltd., general manager of the research and development department, secretary to the board and general manager of the research and development department of the Bank. He obtained a doctorate degree in economics from Nanjing University and is a researcher associate.

Mr. Liu Fei, joined the Bank in December 2001, and is currently the assistant to president of the Bank. He previously served as deputy officer of accounting division, deputy director of business department and director of planning and financial department of Wuhu Construction Bank; deputy general manager of planning and financial department and general manager of Wuhu Commercial Bank; deputy general manager of human resources department, general manager of financial market department, president of Huainan Branch, general manager of asset and liability management department, the assistant to president of the Bank, the assistant to president of the Bank and the president of Hefei Branch. He obtained a master's degree in economic management from Party School of Anhui Provincial Committee.

Mr. Wang Yong, joined the Bank in September 2002, and is currently the chief information officer of the Bank. He previously served as the deputy manager and manager of the Technical Support Department of Xuancheng Branch of ICBC, deputy chief engineer and general manager of the Technology Department of Wuhu City Commercial Bank, deputy general manager and general manager of the Technology and Information Department, general manager of the Information Technology Department and general manager of the System Development Department, general manager of the System Development Department, general manager of Credit Card Centre and general manager of the System Development Department, the chief information officer and general manager of the System Development Department of the Bank. Mr. Wang, a senior engineer, obtained a master's degree in business administration from Hefei University of Technology.

Mr. Zhang Jianping, joined the Bank in April 2002, and is currently the director of Human Resources and head of the Party Committee Organization Department, and general manager of the Human Resources Department of the Bank. He previously held various positions in Hefei Branch of the Bank, including the vice president (in charge of work) of Lujiang Road Sub-branch, head of Sanxiaokou Sub-branch, vice president (in charge of work) of Sanxiaokou Sub-branch, president of Sanxiaokou Sub-branch, assistant to the president, and vice president. He also served as the deputy minister of the Party Committee Organization Department and deputy general manager of the Human Resources Department, deputy minister (in charge of work) of the Party Committee Organization Department and deputy general manager (in charge of work) of the Human Resources Department, and head of the Party Committee Organization Department and general manager of the Human Resources Department of the Bank. Mr. Zhang, a senior economist, obtained a master's degree in engineering from Dalian University of Technology.

Chapter VIII Profile of Directors, Supervisors, Senior Management, Employees and Institutions

8.4 THE ASSESSMENT INCENTIVE MECHANISM AND ANNUAL REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Bank provides remunerations to independent directors and external supervisors according to the Proposals on Subsidies to Independent Directors of the Bank and Subsidies to External Supervisors of the Bank, and provides remuneration to executive directors, employee supervisors and senior management according to the “Measures of Huishang Bank on Senior Management’ Remuneration”, the “Measures of Huishang Bank on Performance Appraisal of Senior Management”, and the “Measures of Huishang Bank on Performance Appraisal of Supervisors”.

The non-executive directors and shareholder supervisors do not receive any remuneration from the Bank.

According to the “Performance Appraisal Measures of Huishang Bank on the Board of Directors and Directors”, the “Performance Appraisal Measures on the Board of Supervisors and Supervisors of Huishang Bank” and the “Performance Appraisal Measures of the Board of Supervisors of Huishang Bank on Senior Management and its Members (Amended)”, the Board of Supervisors of the Bank assesses annually the duties performance by directors, supervisors and the senior management.

Mr. Dai Peikun and Mr. Liu Zhiqiang, independent non-executive directors of the Bank, voluntarily give up the remuneration from the Bank. Other than Mr. Dai Peikun and Mr. Liu Zhiqiang, no director of the Bank gave up or agreed to give up any remuneration from the Bank during the Reporting Period as described in Rule 24A of Appendix D2 to the Hong Kong Listing Rules. The details of directors’, supervisors’ and senior management’s remunerations received from the Bank for the year are stated in section 8.1 “Directors, Supervisors and Senior Management” of this annual report. The top five highest paid individuals of the year are listed in Note 13 of the financial statements.

8.5 EMPLOYEES

As of 31 December 2024, the Bank and its subsidiaries had a total of 12,837 employees in service. Academic distribution: The number of employees with master’s degrees or above was 3,202, accounting for 24.94%. The number of employees with fulltime bachelor’s degrees was 6,277, accounting for 48.90%. The number of employees with part-time bachelor’s degrees was 2,516, accounting for 19.60%. The number of employees with junior college degrees or below was 842, accounting for 6.56%. Gender ratio of employees (including senior management members) was 48.87% (6,274) of male employees and 51.13% (6,563) of female employees. The Bank attaches great importance to employee diversity, equally treats employees regardless of age, gender, nationality and education background, and fully guarantees employees to have equal rights in recruitment, position adjustment, training and promotion. The Bank respects diversity in the working place and is committed to creating a professional, inclusive and diversified working environment.

Staff remuneration policy

The Bank follows the principle of prioritizing efficiency while balancing fairness, comprehensively standardizing remuneration management within a unified framework of rules. The remuneration management system adheres to drive the achievement of strategic goals, enhance competitiveness, cultivate talent, and strengthens risk control. By continuously refining the incentive and disciplinary mechanisms, the Bank ensures that remuneration plays a guiding role in both operational management and risk control, thereby promoting steady operations and sustainable development of the Bank.

Chapter VIII Profile of Directors, Supervisors, Senior Management, Employees and Institutions

8.5 EMPLOYEES (CONTINUED)

Staff remuneration policy (Continued)

The Bank manages remuneration through three levels, namely the Board of Directors, senior management, and head office and branches. The Board of Directors manages the total amount of remuneration and senior management's remuneration. Under the Board's request, the senior management allocates the total amount of remuneration and drafts policy management of all branches. All branches manage employee salary within the scope of unified rules and framework.

The Bank implements the deferred payment and recourse and recovery mechanism for performance-based remuneration of senior management members and personnel in key positions. For employees who violate rules and disciplines or incur significant exposure of risk losses within their responsibilities, the Bank shall deduct, stop payment and recall their performance-related remuneration for the corresponding period according to the severity. During the Reporting Period, the Bank carried out recourse and recovery related to performance-based remuneration and submitted the implementation for 2023 to the Board of Directors for consideration.

Staff training plan

In alignment with the strategic imperatives of "digital transformation" and the annual business development needs, the Bank has organized and provided various training programs and carried out the development of internal trainer teams by making full use of three training channels, namely, the training center, the online training platform "Huiyin Internet School", and the mobile learning platform "Huiyin Academy". These efforts are aimed at supporting employees' professional competence improvement and career development, thereby ensuring talent supply and intellectual backing for the comprehensive development of a high-quality modern bank. In 2024, the Bank organized a total of 1,320 centralized training project programs, of which 250 were developed by each department of the head office and 1,070 by branches of the Bank, covering cadres and employees within and outside the Party, of various business lines, and at all levels.

The Bank continued to strengthen the leadership of Party building and organized special trainings. It organized and conducted a reading class for the study and education of Party discipline to promote the deepening and implementation of Party discipline study and education during the Reporting Period. It organized a special online training to study and implement the spirit of the 3rd Plenary Session of the 20th Central Committee of the Communist Party of China, offering 8 courses with a total of 1,200 learning minutes, with a total of 12,583 employees across the Bank taking the courses and aggregate 251,700 training hours. Additionally, it organized an online special training course on financial culture with Chinese characteristics, offering 15 courses with a total of 210 learning minutes, with a total of 11,756 employees across the Bank taking the courses and aggregate 60,500 training hours. The Bank organized to study the spirit of important speech of President Xi Jinping during his investigation in Anhui Province. The Bank constantly optimized online training platforms and enriched mobile learning materials. The Bank conducted 453 live streaming sessions via Zhiniao (知鳥) with 531,400 viewers, and uploaded 482 courses with 1,779,600 viewers. A total of 2,620,900 employees across the Bank took part in such courses in the year, with aggregate 1,341,000 training hours.

Chapter VIII Profile of Directors, Supervisors, Senior Management, Employees and Institutions

8.6 BRANCHES

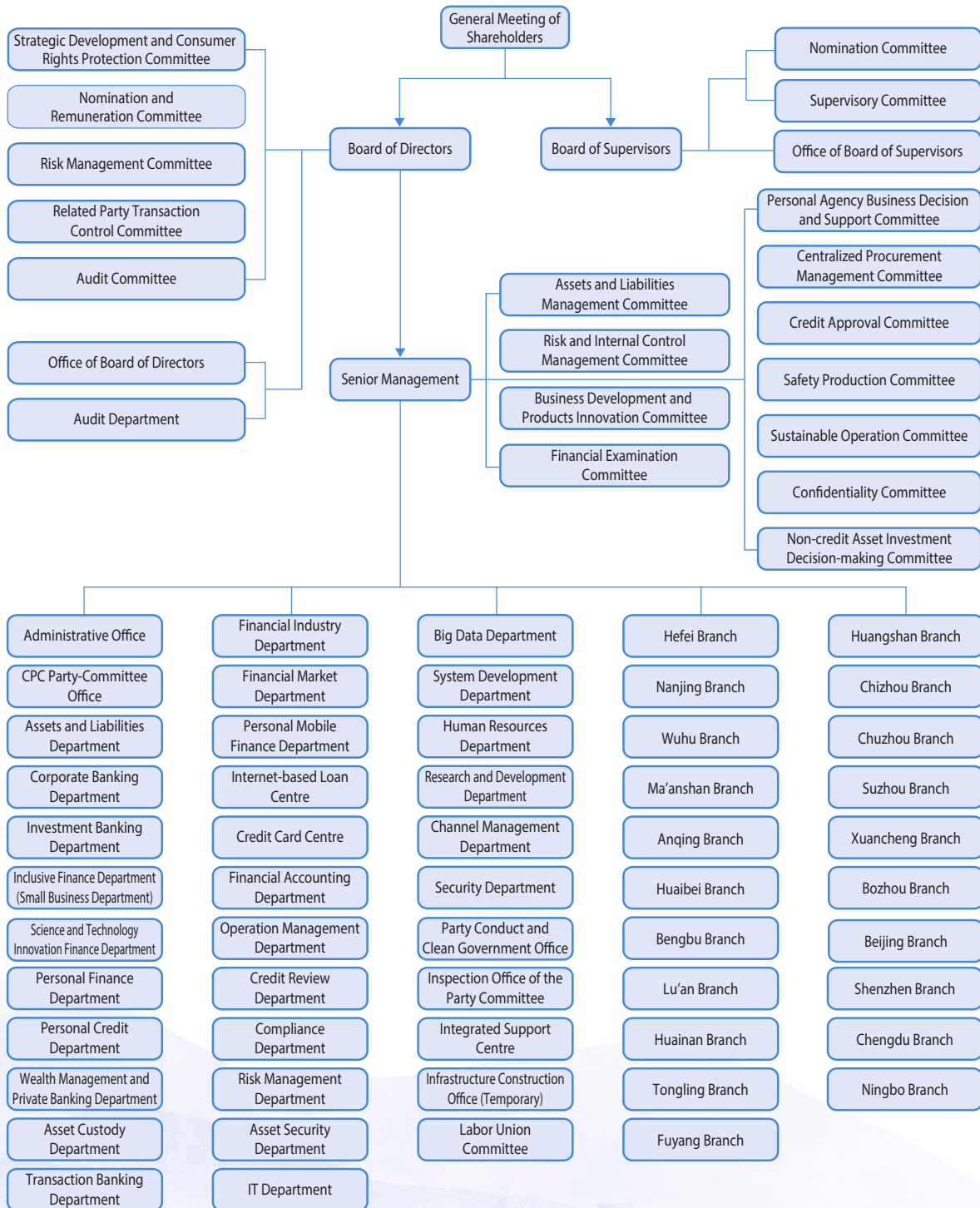
As of 31 December 2024, the composition of branches of the Bank is as follows:

Region	Name of the Institution	Address (China)	Post Code	Number of Institution
Head Office	Head Office	Huishang Bank Building, No. 1699 Yungu Road, Hefei	230092	1
Anhui Province	Hefei Branch	No. 626, Huangshan Road, Gaoxin District, Hefei	230001	87
	Wuhu Branch	No. 1, Beijing Road, Wuhu	241000	38
	Ma'anshan Branch	No. 3663, Taibai Road, Yushan District, Ma'anshan	243000	29
	Anqing Branch	No. 528, Renmin Road, Anqing	246000	29
	Huaibei Branch	No. 253, Renmin Zhong Road, Xiangshan District, Huaibei	235000	22
	Bengbu Branch	Floor 2-9, Block B, Financial Center Building, No. 1699 Tushan East Road, Bengbu	233000	25
	Lu'an Branch	No. 31, Meishan Middle Road, Yu'an District, Lu'an	237000	33
	Huainan Branch	Huishang Bank Huainan Branch Office Building, Shungeng West Road, Tianjia'an District, Huainan	232000	22
	Tongling Branch	No.999, Yangjiashan Road, Tongling	244000	16
	Fuyang Branch	Business Office Building #65, Highway Times City, No. 766 Liulin Road, Yingzhou District, Fuyang	236000	29
	Huangshan Branch	No. 2, Tuguang Avenue, Tunxi District, Huangshan	245000	11
	Chizhou Branch	No. 515, Changjiang Zhong Road, Chizhou	247000	12
	Chuzhou Branch	No. 95, Longpan Main Road, Chuzhou	239000	19
	Suzhou Branch	No. 238, Shengli West Road, Suzhou	234000	19
	Xuancheng Branch	No. 109, Meiyuan Road, Xuanzhou District, Xuancheng	242000	15
	Bozhou Branch	2# Building, Dongming Plaza, Intersection of Tangwang Avenue and Yaodu Road, Qiaocheng District, Bozhou	236000	17
Jiangsu Province	Nanjing Branch	No. 231, Zhongyang Road, Nanjing	210000	12
Beijing	Beijing Branch	Above ground Portion, Building No. 8, Courtyard No. 115 Beisihuan East Road, Chaoyang District, Beijing	100101	10
Guangdong Province	Shenzhen Branch	33-35/F, Building 2, North Central One (Chuangxiang Building), intersection of Mintang Road and Baisong 2nd Road, Longhua District, Shenzhen	518000	11
Sichuan Province	Chengdu Branch	No. 365, Jiaozi Avenue, Hi-tech Zone, Chengdu	910095	16
Zhejiang Province	Ningbo Branch	No. 676, Zhongxing Road, No. 787, No. 799 and No. 809 Baizhang East Road, Yinzhou District, Ningbo	315100	10
Total				483

Chapter IX Corporate Governance Report

9.1 CORPORATE GOVERNANCE STRUCTURE

The corporate governance structure of the Bank as of 31 December 2024 is as follows:



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9.2 CORPORATE GOVERNANCE PRACTICES

The Bank continuously promotes improvement in the corporate governance mechanism, constantly enhances corporate governance capability and actively endeavours to adhere to international and domestic corporate governance best practices so as to safeguard the interests of shareholders and enhance corporate value. The Bank established a comparatively comprehensive corporate governance structure through clarifying the responsibilities of the general meetings of shareholders, the Board of Directors, the Board of Supervisors and senior management, continuously deepened the organic integration of leadership of the Party with the corporate governance, and constantly improving the Bank's decision-making, execution and supervision mechanisms to ensure the independent operation, checks and balances and organic cohesion of various parties.

During the Reporting Period, the Bank strictly complied with the code provisions as well as most of the recommended best practices of the Corporate Governance Code, except for the following circumstances:

According to the code provision B.2.2 of the Corporate Governance Code, each director (including directors with a specified term) shall be subject to retirement by rotation at least once every three years. The term of office of the fourth session of the Board of the Bank has expired in January 2022, while the current directors shall continue to perform their duties until the completion of the re-election.

The term of office of the fourth session of the Board of Supervisors of the Bank has expired in December 2021, while the current supervisors shall continue to perform their duties until the completion of the re-election.

In accordance with code provision F.2.2 of the Corporate Governance Code, the chairman should attend the annual general meeting. Mr. Yan Chen, the chairman of the Bank, was unable to attend and preside over the 2023 annual general meeting held on 29 June 2024 due to other work arrangements. Mr. Kong Qinglong, an executive director of the Bank, after being elected by more than half of the directors, presided over the meeting. The chairman and/or members of the Audit Committee and the Nomination and Remuneration Committee under the Board of Directors of the Bank attended the meeting, and the external auditors of the Bank attended the meeting as observers. For details, please refer to the announcement on poll results of the 2023 annual general meeting of the Bank dated 1 July 2024.

The Bank has incorporated the principles set out in the Corporate Governance Code and the Corporate Governance Standards of Banking and Insurance Institutions into the Bank's governance structure and policies. The general meeting, Board of Directors, Board of Supervisors and senior management of the Bank performed their respective duties, and formed good corporate governance structure. The Bank ensured regulated operation through this governance structure.

The Bank has also strictly complied with the management of insider information required by the relevant laws and regulations and the Hong Kong Listing Rules.

The Bank will continuously review and strengthen its corporate governance practices to ensure compliance with the Corporate Governance Code and meet the higher expectations from the shareholders and investors.

For details about the Bank's basis for generating or retaining value in the long term and its strategies to achieve the Bank's goals, please refer to Chapter V "Management Discussion and Analysis" of this annual report.

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9.2 CORPORATE GOVERNANCE PRACTICES (CONTINUED)

Nomination of directors and Board diversity policy

It is critical to have a diversified Board of Directors for the Bank to achieve sustainable development, support the attainment of its strategic objectives and maintain good corporate governance. In respect of determining the composition of the Board of Directors, the Bank will consider the diversity of the members of the Board in several aspects, including but not limited to gender, age, culture, education background, region, professional experience, skills, knowledge, service term and other regulatory requirements, etc.

The Nomination and Remuneration Committee of the Board is responsible for reviewing the structure, number of members, and composition of the Board of Directors. In addition, the Committee makes recommendations to the Board relating to the size and structure of the Board of Directors based on the Bank's strategic plans, business operations, asset size and shareholding structure. The Committee also discusses and reviews the selection criteria, the nomination and appointment process of relevant directors, and makes recommendations to the Board of Directors for consideration and approval.

The Nomination and Remuneration Committee of the Board shall observe and be responsible for monitoring the implementation of this policy and reviewing this policy as appropriate to ensure its effectiveness. The Nomination and Remuneration Committee will discuss any amendments when necessary and make recommendations to the Board of Directors for implementation upon approval.

This policy was followed by the Nomination and Remuneration Committee when making recommendations on the director candidates and by the Board when nominating director candidates. As of the end of the Reporting Period, the Board of Directors consists of 2 female members and 13 male members, ranging in age from 47 to 72. The directors' residences are located in Hefei, Beijing, Shenzhen, Hong Kong and other places, and occupations include senior managers, university professors, think tank experts and other types. These directors have educational background and professional experiences covering management, economics, finance, accounting and other fields, and fully satisfied the requirements of the diversity of board members in terms of gender, age, region, educational background, professional experiences and other aspects. The Board of the Bank has achieved appropriate gender diversity and the Bank's nomination policy ensures that the Board will maintain the existing gender diversity.

In addition to the Board of Directors level, the Bank also attaches great importance to employee diversity at all levels (including gender diversity). For details on the gender ratio of all employees (including senior management), please refer to Section 8.5 "Employees" in this annual report. Currently, the Bank is not aware of any factors or circumstances that would make achieving gender diversity of employees more challenging or less relevant for the Bank. The Board of Directors believes that the Bank has achieved gender diversity in employees.

Chapter IX Corporate Governance Report

9.3 GENERAL MEETING OF SHAREHOLDERS

The general meeting of shareholders is the body of authority of the Bank and shall exercise the following powers in accordance with the laws: (I) to decide on business policies and major investment plans of the Bank; (II) to elect and replace directors and supervisors who are not employee representatives and to decide on matters relating to the remuneration of directors and supervisors; (III) to consider and approve the reports of the Board of Directors; (IV) to consider and approve the reports of the Board of Supervisors; (V) to consider and approve the annual financial budgets and final accounts of the Bank; (VI) to consider and approve the profit distribution plan and loss recovery plan of the Bank; (VII) to adopt resolutions on the increase or reduction of the registered capital of the Bank; (VIII) to adopt resolutions on the issuance and listing of corporate bonds or other negotiable securities; (IX) to adopt resolutions on the merger, division, dissolution, liquidation or change of corporate form of the Bank; (X) to amend the Articles of Association of the Bank and to consider and approve the rules of procedure of the general meeting of shareholders, the rules of procedure of the Board of Directors and the rules of procedure of the Board of Supervisors; (XI) to resolve on the appointment, dismissal or non-reappointment of accounting firms of the Bank; (XII) to consider proposals put forward by shareholders who individually or jointly hold more than 3% of the voting shares of the Bank (the "Proposing Shareholders"); (XIII) to review matters relating to the purchase or disposal of material assets by the Bank within one (1) year exceeding 30% of the latest audited total assets of the Bank; (XIV) to review external guarantees specified in Article 68 of the Articles of Association of the Bank; (XV) to review related transactions which shall be considered and approved by the general meeting of shareholders as stipulated by the laws, administrative regulations, departmental rules, regulatory documents, the regulations of the relevant regulatory authorities and the Articles of Association of the Bank; (XVI) to consider and approve the changes in the use of proceeds; (XVII) to consider the share incentive plan and employee stock ownership plan; (XVIII) to decide on the issuance of preference shares; to decide or authorize the Board to decide on matters relating to the preference shares issued by the Bank, including but not limited to redemption, conversion and distribution of dividends; (XIX) to consider other matters which shall be decided by the general meeting of shareholder as stipulated by the laws, administrative regulations, departmental rules, the regulations of the relevant regulatory authorities and the Articles of Association of the Bank.

During the Reporting Period, the Bank held 1 general meeting of shareholder in total.

On 29 June 2024, the Bank held the 2023 annual general meeting in Hefei, Anhui Province, at which the following resolutions were considered and approved:

To consider and approve the final financial accounts for 2023 of the Bank, To consider and approve the capital expenditure budget for 2024 of the Bank, To consider and approve the profit distribution plan for 2023 of the Bank, To consider and approve the appointment of external auditors of the Bank for 2024, To consider and approve the Work Report of the Board of Directors of the Bank for 2023, To consider and approve the Work Report of the Board of Supervisors of the Bank for 2023, To determine the remuneration standards for executive director of the Bank for 2021, To determine the remuneration standards for certain supervisors of the Bank for 2021, To consider and approve the election of Mr. Lu Hao as a non-executive director of the fourth session of the Board of Directors of the Bank, To consider and approve the election of Mr. He Zongan as a shareholder supervisor of the fourth session of the Board of Supervisors of the Bank; To consider and approve the resolution on the general mandate for the issuance of shares of the Bank, To consider and approve the resolution on the extension of the validity period of the plan on the initial public offering and listing of A shares of the Bank, To consider and approve the resolution on the extension of the validity period of the authorization of the Board of Directors to deal with specific matters in respect of the A Share Offering, To consider and approve the Articles of Association of the Bank (Revised).

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9.3 GENERAL MEETING OF SHAREHOLDERS (CONTINUED)

The notification, convening, holding and voting procedures of the 2023 annual general meeting of the Bank are in compliance with the Company Law of the PRC, the Articles of Association of the Bank and the Hong Kong Listing Rules. For the details of attendance, main topics, voting and other related matters of this general meeting, please see the announcement in relation to the poll results of the 2023 annual general meeting dated 1 July 2024, which was published by the Bank on the websites of the Hong Kong Stock Exchange and the Bank, respectively.

9.4 THE BOARD OF DIRECTORS

The Board is core to the corporate governance and the independent decision-making body of the Bank, which is responsible for implementing the resolution of the general meetings of shareholders, formulating the Bank's major strategy, policy and development plan, approving the Bank's operation plan, investment plan, formulating the annual financial budget, final accounts and profit distribution plan, appointing the senior management. The senior management has the rights to make decision in daily operation independently and the Board of Directors will not intervene in specific matters.

With respect to the establishment of the Board's structure, the Bank makes the Board's decision more scientific and reasonable through the establishment of a diversified board structure, and improves the Board's efficiency in decision-making and operation through the efficient operation of the specialised committees. During the Reporting Period, there were a total of 10 Board meetings convened and 73 resolutions studied and considered. The Board of Directors ensures the rapid, sustainable and sound development of the Bank through the effective management of the strategy, risk, capital, performance-based remuneration, audit and other aspects.

9.4.1 Members of the Board of Directors

The Bank elects its directors based on the qualification requirements and election procedures set out in the Articles of Association. As of the Latest Practicable Date, the Board of Directors consists of 15 directors, including 2 executive Directors, namely Yan Chen (the chairman) and Kong Qinglong; 7 non-executive Directors, namely Ma Lingxiao, Lu Hao, Wang Zhaohui, Zuo Dunli, GAO YANG, Wang Wenjin and Zhao Zongren; 6 independent non-executive Directors, namely Dai Peikun, Zhou Yana, Liu Zhiqiang, Yin Jianfeng, Huang Aiming and Xu Jiabin. The number of directors and the composition of the Board are in compliance with relevant laws and regulations. The decision making, authorization and voting procedures and other related matters of the Board strictly follow the relevant rules and regulations of regulatory authorities and the Bank's Articles of Association. During the Reporting Period, the Board of Directors discharged its duties diligently, continuously improved the Board operation mechanism, strengthened the corporate governance framework, facilitated scientific decision making, ensured financial stability and protected the interests of the Bank and its shareholders.

9.4.2 Appointment, re-election and removal of directors

According to the Bank's Articles of Association, directors shall be elected or removed from office by shareholders at a general meeting. The term of office of a director shall be three (3) years. A director (including non-executive directors) may be re-elected and re-appointed upon expiry of his/her term of office, provided that such term of office of independent non-executive directors shall not be more than six (6) years on an accumulative basis. Subject to the relevant laws and administrative regulations, a director whose term of office has not expired may be removed by the general meeting, without prejudice to any claim which may be instituted under any contract.

Chapter IX Corporate Governance Report

9.4 THE BOARD OF DIRECTORS (CONTINUED)

9.4.2 Appointment, re-election and removal of directors (Continued)

The directors' appointment, re-election and removal procedures of the Bank are set forth in the Articles of Association of the Bank. The Nomination and Remuneration Committee of Board of Directors of the Bank is responsible for discussing and reviewing the qualification and experience of each candidate and recommending the suitable candidates to the Board of Directors. After the approval from the Board of Directors, the selected candidates will be recommended for further approval by the general meeting of shareholders. Except for the independent non-executive directors who have to be treated separately due to the expiration of office, the other new directors will be re-elected by general meeting at the expiration of the term of that Board session, instead of being elected during the first general meeting after his/her appointment.

During the Reporting Period, the Bank newly appointed Mr. Lu Hao as a non-executive director. Mr. Lu Hao has confirmed that he has received legal opinions set out in Rule 3.09D of Hong Kong Listing Rules on 26 August 2024 and understood his responsibility as the Bank's director.

9.4.3 Responsibility of directors

During the Reporting Period, all the Bank's directors are earnest, and diligent to exercise their rights granted by the Bank and domestic and overseas regulatory authorities. The Bank's directors have spent adequate time and effort to deal with the Bank's affairs, ensuring the compliance of Bank's operation with the requirement of laws, administrative regulations and the requirements of economic policies. The Bank's directors have treated all the shareholders equally, informed themselves of the status of the Bank's business operation and management in a timely manner, implemented other diligence obligations prescribed by the laws and administrative regulations, departmental rules and the Articles of Association. The directors confirmed that they are responsible for the preparation of the annual financial report for the year ended 31 December 2024.

The independent non-executive directors of the Bank make full use of their respective professional expertise to provide professional and independent advices on the corporate governance, operation and management of the Bank in various Board committees, including the Strategic Development and Consumer Rights Protection Committee, Nomination and Remuneration Committee, Risk Management Committee, Related Party Transaction Control Committee and Audit Committee, ensuring that scientific decision-making could be made by the Board of Directors. The Bank has a number of mechanisms in place to ensure that the Board has access to independent views and opinions, including maintaining an appropriate Board structure, providing necessary conditions for independent non-executive directors to effectively perform their functions and powers, and obtaining independent opinions from independent non-executive directors on the proposals regarding material related party transactions considered by the Board. The Board considers that the above mechanisms implemented are effective.

The Bank pays attention to the ongoing training of directors, to make sure they have proper understanding of the operation and business of the Bank and the duties and responsibilities conferred by the relevant laws and regulatory requirements of the National Financial Regulatory Administration, the CSRC, the Hong Kong Stock Exchange and the Articles of Association of the Bank. The Bank has bought the director liability insurance for all directors, details of which are set out in section 6.26 "Permitted Indemnity Provisions" of this annual report.

During the Reporting Period, the Bank carried out evaluation of the performance of Board of Directors and directors by the Board of Supervisors, evaluation of the performance of senior management and its members by the Board of Supervisors, evaluation of the performance of supervisors by the Board of Supervisors.

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9.4 THE BOARD OF DIRECTORS (CONTINUED)

9.4.4 The chairman and president

The roles and duties of the Chairman and President of the Bank are held by different individuals. Their respective responsibilities are clearly defined and comply with requirements of the Hong Kong Listing Rules. As of the Latest Practicable Date, Mr. Yan Chen, the chairman of the Bank, is responsible for leading the Board of Directors, ensuring that all Directors are informed of the current issues within the Board of Directors meeting, and managing the operations of the Board of Directors. To assist the Board of Directors to discuss all important and other related matters in a timely manner, the chairman of the Board fully communicates with senior management to ensure that all directors receive timely, appropriate, complete and reliable information for their consideration and review. Mr. Kong Qinglong is the President of the Bank and is responsible for business operations of the Bank, implementing the Bank's strategies and operation plan.

9.4.5 Summary of the directors attending the general meetings, board meetings and board committee meetings

Directors		General Meeting	Board of Directors ⁽¹⁾	Committees under the Board of Directors				
				Strategic Development and Consumer Rights Protection Committee	Nomination and Remuneration Committee	Risk Management Committee	Related Party Transaction Control Committee	Audit Committee
		2023 annual general meeting	Actual attendance/Required attendance					
Executive Directors	Yan Chen		6/6 ⁽⁵⁾	1/1 ⁽⁵⁾	1/1 ⁽⁵⁾	2/2 ⁽⁵⁾		
	Kong Qinglong	✓	10/10	5/5	5/5		6/6	
Non-executive Directors	Ma Lingxiao	✓	10/10	5/5				
	Lu Hao ⁽⁴⁾		2/2 ⁽⁶⁾	1/1 ⁽⁶⁾		1/1 ⁽⁶⁾		
	Wang Zhaohui		8/10 ⁽²⁾	3/5 ⁽²⁾				
	Zuo Dunli		6/10 ⁽²⁾⁽³⁾	4/5 ⁽²⁾		4/6 ⁽²⁾		3/5 ⁽²⁾
	GAO YANG		0/10 ⁽³⁾	0/5 ⁽³⁾	0/5 ⁽³⁾			
	Wang Wenjin	✓	10/10		5/5			5/5
	Zhao Zongren		8/10 ⁽²⁾⁽³⁾	5/5			6/6	
Independent Non-executive Directors	Dai Peikun	✓	10/10		5/5			5/5
	Zhou Yana		10/10		5/5			5/5
	Liu Zhiqiang		9/10 ⁽³⁾			5/6 ⁽²⁾	4/6 ⁽²⁾	
	Yin Jianfeng		9/10 ⁽²⁾	5/5	5/5		5/6 ⁽²⁾	
	Huang Aiming		10/10		5/5		6/6	5/5
Former Non-executive Directors	Xu Jiabin		10/10		5/5	6/6		
	Shao Dehui ⁽⁴⁾		2/2	2/2		2/2		
	Wu Tian ⁽⁴⁾		9/10 ⁽²⁾	5/5		6/6		

Chapter IX Corporate Governance Report

9.4 THE BOARD OF DIRECTORS (CONTINUED)

9.4.5 Summary of the directors attending the general meetings, board meetings and board committee meetings (Continued)

Notes:

- (1) During the Reporting Period, the Bank held 10 Board meetings in total, of which 4 regular Board meetings were held in total, once a quarter. The notification, convening, holding and voting procedures of the Board meetings of the Bank are in compliance with the Company Law of the PRC, the Articles of Association of the Bank and the Hong Kong Listing Rules.
- (2) If the actual attendance is lower than required attendance, it represents the proxy attendance when the above directors are absented from Board meeting in person.
- (3) If the actual attendance is less than required attendance, it means the director is absented from Board meeting. In particular, Mr. Zuo Dunli, Mr. Zhao Zongren and Mr. Liu Zhiqiang were absented from 1 Board meeting respectively. Mr. GAO YANG was absented from 10 Board meetings, 5 Strategic Development and Consumer Rights Protection Committee meetings and 5 Nomination and Remuneration Committee meetings.
- (4) For details of the changes in the positions held by Mr. Wu Tian, Ms. Shao Dehui and Mr. Lu Hao, please refer to Section 8.2 “Changes in Directors, Supervisors and Senior Management of the Bank” in this annual report.
- (5) Mr. Yan Chen was absented from 4 Board meetings, 4 Strategic Development and Consumer Rights Protection Committee meetings, 4 Nomination and Remuneration Committee meetings and 4 Risk Management Committee meeting due to participating in the study at Party School of the CPC Central Committee and other important works.
- (6) After the approval of the appointment of Mr. Lu Hao as non-executive director of the Bank, the Bank held 2 Board meetings during the Reporting Period. After the appointment of Mr. Lu Hao as members of the Strategic Development and Consumer Rights Protection Committee and the Risk Management Committee under the fourth session of the Board of the Bank, the Strategic Development and Consumer Rights Protection Committee and Risk Management Committee under the Board held 1 meeting during the Reporting Period, respectively.

9.4.6 Securities transaction by directors, supervisors and senior management

The Bank has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Hong Kong Listing Rules as its codes of conduct regulating securities transactions by the directors, the supervisors and the related employees (having the same meaning as defined in Corporate Governance Code) of the Bank. Having made specific enquiry of all directors, supervisors and the staff of senior management, the Bank confirmed that they had complied with the Model Code during the Reporting Period.

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9.4 THE BOARD OF DIRECTORS (CONTINUED)

9.4.7 Performance of the independent non-executive directors

The Bank's Board of Directors currently has 6 independent non-executive directors and the qualification, number and proportion are in accordance with the regulations of the banking regulatory authority and the Hong Kong Stock Exchange. The 6 independent non-executive directors of the Bank are not involved in any conflict with the independence issue described in the Rule 3.13 of the Hong Kong Listing Rules. The Bank has received from each of the independent non-executive director the annual independence confirmation in accordance with the Rule 3.13 of the Hong Kong Listing Rules. The Bank confirms that all the independent non-executive directors complied with the Hong Kong Listing Rules in respect of their independence.

During the Reporting Period, independent non-executive directors represent the majority of the Bank's Audit Committee, Nomination and Remuneration Committee and Related Party Transaction Control Committee under the Board and serve as chairmen of these committees. During the Reporting Period, the independent non-executive directors of the Bank kept in touch with the Bank through various means such as attending the meetings and symposiums. They earnestly participated in meetings of the Board of Directors and the Board committees and actively gave their opinions and emphasized on the interests of minority shareholders. The independent non-executive directors have fully discharged their responsibilities. During the Reporting Period, the Bank's independent non-executive directors issued independent opinions on the Bank's related party transactions.

9.5 COMMITTEES UNDER THE BOARD OF DIRECTORS

The Bank's Board of Directors has delegated some of its responsibilities to the different Board committees. The Bank has set up 5 specialised committees under the Board, namely the Strategic Development and Consumer Rights Protection Committee, Nomination and Remuneration Committee, Risk Management Committee, Related Party Transaction Control Committee and Audit Committee in accordance with the relevant PRC laws, regulations, the Bank's Articles of Association and the Hong Kong Listing Rules.

During the Reporting Period, the Board committees of the Bank exercised their respective authorities and powers in an independent, standardized and effective manner. In 2024, they held a total of 27 meetings, at which 114 resolutions that are significant to the sustainable development of the Bank and improvement of corporate governance, were studied and considered, improving the efficiency and scientific decision-making ability of the Board while promoting the sound development of the businesses of the Bank.

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9.5 COMMITTEES UNDER THE BOARD OF DIRECTORS (CONTINUED)

9.5.1 Strategic Development and Consumer Rights Protection Committee

As of the end of the Reporting Period, our Strategic Development and Consumer Rights Protection Committee consists of 2 executive directors, namely Mr. Yan Chen and Mr. Kong Qinglong; 6 non-executive directors, namely Mr. Ma Lingxiao, Mr. Lu Hao, Mr. Wang Zhaohui, Mr. Zuo Dunli, Mr. Gao Yang and Mr. Zhao Zongren; and 1 independent non-executive director, namely Mr. Yin Jianfeng. Mr. Yan Chen is the chairman of the committee.

The principal responsibilities of the Strategic Development and Consumer Rights Protection Committee include: (I) formulating operational and management goals, medium to long-term development strategy and listing plans of the Bank and making recommendations to the Board; (II) reviewing the strategic capital allocation and management objectives of assets and liabilities and making recommendations to the Board; (III) preparing plans for the overall development of various financial businesses and making recommendations to the Board; (IV) reviewing strategic development plans for human resources and making recommendations to the Board; (V) supervising and examining the implementation of annual operating plans and investment proposals; (VI) reviewing annual financial budgets and final reports and making recommendations to the Board; (VII) considering plans for significant institutional restructuring and re-organization and making recommendations to the Board; (VIII) reviewing the design of significant investment and financing plans and relevant proposals submitted by the senior management, and making recommendations to the Board; (IX) reviewing the design of merger and acquisition plans and relevant proposals submitted by the senior management, and making recommendations to the Board; (X) reviewing plans for information technology development and other special strategic development plans and making recommendations to the Board; (XI) supervising and evaluating the implementation of green finance development strategy and making recommendations to the Board; (XII) reviewing and evaluating the effectiveness of corporate governance structure so as to ensure that the financial reporting, risk management and internal control meet our standards for corporate governance; (XIII) formulating the strategy, policy and objective for protection of consumer rights and interests across the whole Bank, and making recommendations to the Board; (XIV) reviewing the organizational structure and operating mechanism of works on protection of consumer rights and interests across the whole Bank, as well as the internal control system, and making recommendations to the Board; (XV) guiding the senior management in conducting works on protection of consumer rights and interests from the perspective of overall planning, supervising and evaluating the comprehensiveness, promptness and effectiveness of the works on protection of consumer rights and interests across the whole Bank and relevant duty performance of senior management, listening to special reports of senior management in respect of the progress of works on protection of consumer rights and interests on regular basis, and treating relevant works as an important part of information disclosure; (XVI) other issues as required by law, regulation and other regulatory documents; and (XVII) other issues authorized by the Board.

During the Reporting Period, our Strategic Development and Consumer Rights Protection Committee held 5 meetings in total, at which resolutions on the 2023 annual final financial report, the work report of green loans development for 2023, 2023 ESG report, 2024 capital expenditure budget plan, 2024 comprehensive business operation plan and 2024-2026 capital management plan were considered and approved.

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9.5 COMMITTEES UNDER THE BOARD OF DIRECTORS (CONTINUED)

9.5.2 Nomination and Remuneration Committee

As of the end of the Reporting Period, our Nomination and Remuneration Committee consists of 2 executive directors, namely Mr. Yan Chen and Mr. Kong Qinglong; 2 non-executive directors, namely Mr. Gao Yang and Mr. Wang Wenjin; and 5 independent non-executive directors, namely Mr. Dai Peikun, Ms. Zhou Yana, Mr. Yin Jianfeng, Ms. Huang Aiming and Mr. Xu Jiabin. Mr. Dai Peikun is the chairman of the committee.

The principal responsibilities of the Nomination and Remuneration Committee include:

(I) determining the selection and appointment process and standard of directors and senior managements, and making recommendations to the Board; (II) preliminarily reviewing the qualifications of candidates for directors and candidates for senior management, and making recommendations to the Board; (III) making recommendations to the Board on the structure, number, size and composition (including the skills, knowledge and experience) of the Board based on our business operation, asset scale and shareholding structure; (IV) identifying candidates with suitable qualifications to serve as directors and senior management, and establishing a mechanism for key talents pool; (V) evaluating the independence of independent directors; (VI) developing appraisal criteria for directors and senior management, organizing performance appraisals for directors and senior management on a regular basis, and submitting the appraisal results to the Board; (VII) reviewing the basic remuneration system of all employees of the Bank, preparing the appraisal and remuneration proposals for directors and senior management, making recommendations to the Board, and monitoring the implementation of such plans; (VIII) making recommendations to the Board on the remuneration package of executive directors and senior management; (IX) reviewing compensation payable to executive directors and senior management for any loss or termination of office or appointment, and making recommendations to the Board; (X) reviewing compensation arrangements relating to dismissal or removal of directors for misconduct, and making recommendations to the Board; (XI) ensuring that no director or any of his or her associates (defined under the Hong Kong Listing Rules) is involved in deciding his or her own job fulfillment assessment and remuneration except for the self-assessment on job fulfillment; (XII) other issues as required by law, regulation and other regulatory documents; and (XIII) other issues authorized by the Board.

During the Reporting Period, our Nomination and Remuneration Committee held 5 meetings in total, at which resolutions on the performance report of directors and senior management for 2023 by the Board, the annual performance results of executive directors and senior management for 2023, the recovery of performance-based remuneration in 2023, the proposal of senior management' performance in 2024, and review of candidates' qualifications for director, etc. were considered and approved.

9.5.3 Risk Management Committee

As of the end of the Reporting Period, our Risk Management Committee consists of 1 executive director, namely Mr. Yan Chen; 2 non-executive directors, namely Mr. Lu Hao and Mr. Zuo Dunli; and 2 independent non-executive directors, namely Mr. Liu Zhiqiang and Mr. Xu Jiabin. Mr. Yan Chen is the chairman of the committee.

Chapter IX Corporate Governance Report

9.5 COMMITTEES UNDER THE BOARD OF DIRECTORS (CONTINUED)

9.5.3 Risk Management Committee (Continued)

The principal responsibilities of the Risk Management Committee include: (I) reviewing our risk management policies to ensure they are in line with our overall strategy, supervising and evaluating their implementation and effectiveness, and making recommendations to the Board. Risk management policies include but are not limited to: 1. risk scope intended or confined to involve by the Bank; 2. risk limitations and overall risk tolerance standard, including market risks, credit risks, liquidity risks, operation risks, compliance risks and reputation risks, etc.; 3. risk management skills intended to adopt by the Bank; 4. procedures and standards of risk authorization of the Bank. (II) providing guidance on establishing our risk management systems; (III) supervising and evaluating the establishment, organizational structure, working procedures and effects of the risk management department, and making suggestions for improvement; (IV) considering our risk report, conducting regular assessments on risk policy, management status and risk tolerance of the Bank, and making suggestions on improving our risk management and internal control; (V) supervising and assessing the risk control by our senior management in respect of credit, market and operation risks; (VI) examining and approving significant risk management matters or transaction items that are beyond the license rights of the president or submitted by the president to the Risk Management Committee for consideration, in accordance with the authorization of the Board; (VII) other issues as required by law, regulation and other regulatory documents; and (VIII) other issues authorized by the Board.

During the Reporting Period, our Risk Management Committee held 6 meetings in total, at which issues related to asset quality analysis report for 2023, comprehensive risk management report for 2023, liability quality management and assessment report for 2023, compliance risk management report for 2023, the guide opinion on risk management policy for 2024 and risk preference statement for 2024 were studied.

9.5.4 Related Party Transaction Control Committee

As of the end of the Reporting Period, our Related Party Transaction Control Committee consists of 1 executive director, namely Mr. Kong Qinglong, 1 non-executive director, namely Mr. Zhao Zongren, 3 independent non-executive directors, namely Ms. Huang Aiming, Mr. Liu Zhiqiang, and Mr. Yin Jianfeng. Ms. Huang Aiming is the chairwoman of the committee.

The principal responsibilities of the Related Party Transaction Control Committee include: (I) identifying related parties, related party relationships and related party transactions, and controlling risks of related party transactions, timely making announcement on related parties recognized; (II) identifying and reviewing significant related party transactions and submitting the same to the Board for consideration; (III) recording common related party transactions; (IV) formulating our rules for the management of related party transactions, submitting to the Board for consideration and supervising its implementation; (V) submitting to the Board, upon completion of each year, a detailed report on the implementation of related party transaction management system of the Bank for the year and our related party transactions (including overall status, risk analysis and structure) that occurred in the year shall be submitted to the Board; (VI) laws, administrative regulations, department regulations and other regulatory documents, and other issues as required by securities supervision authority on which the shares of the Bank listed or as authorized by the Board.

During the Reporting Period, our Related Party Transaction Control Committee held 6 meetings in total, at which it considered resolutions including ordinary non-credit business plans related to ordinary related party transactions for 2024, significant related party transactions and status report of the related party transactions, etc.

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9.5 COMMITTEES UNDER THE BOARD OF DIRECTORS (CONTINUED)

9.5.5 Audit Committee

As of the end of the Reporting Period, our Audit Committee consists of 2 non-executive directors, namely Mr. Zuo Dunli and Mr. Wang Wenjin; and 3 independent non-executive directors, namely Ms. Zhou Yana, Mr. Dai Peikun and Ms. Huang Aiming. Ms. Zhou Yana is the chairwoman of the committee.

The principal responsibilities of the Audit Committee include: (I) examining our financial statements, annual report and accounting records, interim report and quarterly reports (if drafted for publication), reviewing significant opinion on financial reporting contained in accounting statements and financial reports and other information related to our business operation, and conducting an audit on our operating efficiency, profit distribution and capital utilization; (II) checking the letter of recommendations for management (or any equivalent document) given by an external auditor to the senior management and ensuring that the Board responds to it in a timely manner, and reviewing any major questions raised by the external auditor to the senior management with respect to our accounting records, financial accounts or monitoring system, and any responses given by the senior management; (III) reviewing our disclosure made at the general meeting and to the public, and verifying the truthfulness, legality, completeness, and accuracy of our financial reports, capital utilization reports and major events; (IV) reviewing our internal control and financial control systems, and auditing our significant related party transactions, monitoring the implementation of our risk management system and its compliance, discussing the internal control system with the senior management and reporting it to the Board. Reviewing major investigation findings on matters relating to the internal control system as delegated by the Board or on its own initiative and the senior management's response to these findings; (V) overseeing the implementation of our internal audit system; (VI) organizing and guiding the internal audit under the authorization of the Board; (VII) taking in charge of our annual audit, making recommendations to the Board on the appointment, reappointment or removal of the external auditor, and preparing reports confirming the truthfulness, accuracy, completeness and timeliness of information contained in the audited financial statements based on its own judgment, and submitting them to the Board for discussion and consideration. The Audit Committee should require the appointed external auditor to give an explanation on their services provided, terms of appointment, fees charged and other relationships and matters that may affect the independence of such external auditor, make an evaluation on the independence of external auditor and submit it to the Board for approval. The Audit Committee should deal with any issue related to the resignation or removal of the external auditor; (VIII) reviewing our financial and accounting policies and practice; (IX) taking charge of the communication and coordination between the internal auditor and external auditor, and ensuring that the internal audit function is adequately resourced and has appropriate standing within the Bank; (X) evaluating the mechanisms for our employees to make whistle blowing on financial statements, internal control or other irregularities, and conducting independent and fair investigations on matters relating to whistle blowing by us, and adopting any mechanism for appropriate actions; (XI) other issues as required by law, regulation and other regulatory documents; (XII) other issues authorized by the Board.

During the Reporting Period, our Audit Committee held 5 meetings in total, at which it considered resolutions on the 2023 annual report, the 2023 annual profit distribution plan, the 2023 Internal Control Assessment Report, the 2024 interim report, the 2024 internal audit plan, appointment of external auditors for 2024 and 2025, the internal audit reports, etc. The Audit Committee reviewed the 2023 annual report and the 2024 interim report, discussed the key accounting policies, accounting estimates and internal control with the senior management. Besides, it also communicated with the external auditors and the senior management regarding the audit opinion and suggestions for internal control as proposed by the external auditors, reviewed and approved the 2023 annual report and the 2024 interim report of the Bank and then submitted them to the Board for consideration.

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9.6 CORPORATE GOVERNANCE FUNCTION

During the Reporting Period, the Board of Directors took the responsibilities of corporate governance, which include:

revising and improving rules and regulations related to the Bank's corporate governance, and making necessary revisions to ensure the effectiveness of the policy; supervising the training of directors and senior management and their sustained performance; supervising the policies and practice of the Bank with respect to the compliance with laws and regulations; supervising the code of conduct and compliance manual applicable to directors and employees; reviewing the Bank's compliance with the Corporate Governance Code and the disclosures set out in the Corporate Governance Report.

9.7 SENIOR MANAGEMENT

The Bank shall have one president and may have several vice presidents and other members of senior management identified by the regulatory authorities. They shall be appointed or dismissed by the Board of Directors. The president shall be accountable to the Board of Directors.

The major functions and powers performed and exercised by the president of the Bank include: take charge of the daily operation and management of the Bank, organize the implementation of the resolutions of the Board of Directors and report the work to the Board of Directors; submit annual business plans and investment proposals to the Board of Directors and organize the implementation upon approval by the Board of Directors; draft proposals on the establishment of the Bank's internal management entities; draft the Bank's basic management system; formulate the Bank's specific regulations; propose to the Board of Directors to engage or dismiss the vice presidents of the Bank and other members of senior management identified by the regulatory authorities; engage or dismiss persons in charge of the internal departments and branches of the Bank other than those to be engaged or dismissed by the Board of Directors; authorize members of senior management and persons in charge of internal departments and branches to conduct operational activities; draw up the Bank's proposals on annual financial budgets and final accounts, profit distribution plan and loss remedial plan, increase or reduction of registered capital, issue and listing of bonds or negotiable securities, and put forward the proposals to the Board of Directors; review and approve general related transactions; decide on the appointment and dismissal of the Bank's staff, and approve proposals on their wages, benefits, rewards and punishment; formulate plans on emergency treatment and risk prevention; adopt emergency measures when any major emergency arises and promptly report them to the Board of Directors, the Board of Supervisors and the banking regulatory authority; and other powers and rights conferred by the laws, administrative regulations, departmental rules, the regulations of the relevant regulatory authorities, the Articles of Association and by the Board of Directors.

Chapter IX Corporate Governance Report

9.8 BOARD OF SUPERVISORS

The Board of Supervisors, our supervisory body, aims to guarantee the legitimate interests of the Bank, shareholders, employees, creditors and other stakeholders and has the obligation to oversee our financial activities, risk management and internal control, discharge of duties by the Board, Directors and the senior management and its members, and is accountable to the general meeting of shareholders.

9.8.1 Composition of the Board of Supervisors

As of the Latest Practicable Date, our Board of Supervisors consisted of 8 supervisors, of whom 3 are employee supervisors, 2 are shareholder supervisors and 3 are external supervisors. The proportion of employee supervisors and external supervisors at the Board of Supervisors meets the regulatory requirements. The supervisors of the Bank are sufficiently professional and independent to ensure that the Board of Supervisors effectively performs its supervisory role.

During the Reporting Period, the Board of Supervisors fulfilled its duties diligently, supervised the legal compliance of performance of duties by directors and the senior management. They also performed performance audit to the executive directors and the senior management as required. They audited and supervised the financial activities, risk management and internal control and investigated the operation and management.

9.8.2 Responsibilities and operating model of the Board of Supervisors

The principal responsibilities of our Board of Supervisors include: reviewing periodic reports of the Bank prepared by the Board and providing written review opinions; supervising the discharge of duties by the Board of Directors and the senior management; monitoring the due diligence of directors and the senior management and their violation of laws, administrative regulations as well as the Articles of Association when discharging their duties; conducting resignation audits of our executive directors and the senior management when necessary; requesting directors and the senior management to rectify any acts that are detrimental to the interest of the Bank; examining and supervising financial activities of the Bank; supervising and examining our capital management, business decision-making, risk management and internal control and monitoring rectification of the deficiencies; proposing to remove, or instituting proceedings according to laws, against directors and the senior management who are in violation of laws, administrative regulations or the Articles of Association or any resolutions adopted by shareholders' general meetings; proposing for an extraordinary meeting of shareholders; convening and presiding over shareholders' general meetings when the Board of Directors fails to perform its duties in accordance with the Company Law; putting forward proposals to shareholders' general meetings; proposing for an extraordinary meeting of the Board; reviewing the financial report, business report and profit distribution plans and other financial information submitted to shareholders' general meetings. The Board of Supervisors may conduct investigation when any question or abnormal operation of the Bank is identified; it may, at the expenses of the Bank, hire an accounting firm, law firm or other professional personnel to assist its investigation when necessary; making remuneration arrangement of supervisors; other functions and powers granted by laws, administrative regulations, departmental rules, relevant regulators and the Articles of Association, as well as the shareholders' general meetings.

Chapter IX Corporate Governance Report

9.8 BOARD OF SUPERVISORS (CONTINUED)

9.8.2 Responsibilities and operating model of the Board of Supervisors (Continued)

Our Board of Supervisors fulfils their supervisory responsibilities mainly in the following manners: convening regular supervisor meetings, attending shareholders' general meetings, attending the Board meetings and some Board committee meetings, attending the relevant meetings of the senior management, reviewing various kinds of documents and materials from the senior management, listening to work report and project report of the senior management, evaluating the annual performance of directors and the senior management, conducting performance audits of our executive directors and the senior management, conducting supervision and inspection of or research on the operation and management of the Bank and its subsidiary institutions. Through the above work, the Board of Supervisors monitors and evaluates our operation and management, risk management and internal control, as well as the performance of directors and the senior management.

During the Reporting Period, the Board of Supervisors assessed the annual performance of the Board of Directors, directors, the senior management and its members and supervisors of the Bank, organized and convened a symposium with shareholder representatives and certain branches and conducted on-site evaluations, extensively solicited the evaluation opinions of the heads of the head office, heads of branches and sub-branch offices. Based on the foregoing, the Board of Supervisors prepared a performance evaluation report for the Board of Directors and the senior management as well as relevant banking regulatory bodies.

9.8.3 Meetings of the Board of Supervisors during the Reporting Period

During the Reporting Period, the Board of Supervisors duly fulfilled its duties under the Articles of Association of the Bank and held 7 meetings, including 4 physical meetings and 3 meetings by way of circulating written documents, at which 37 resolutions in relation to annual reports, profit distribution plans, performance of duties report, comprehensive risk management and protection of consumers' rights and interests, etc. were considered, and 44 special reports on annual business plans, capital replenishment plans, liability quality management, asset quality, related party transactions, reputation risk, case prevention and control and evaluation of employees' behavior, etc. were reviewed.

During the Reporting Period, there was no objection to the matters concerning the supervision of the Board of Supervisors.

The attendance of supervisors at meetings of the Board of Supervisors during the Reporting Period

	Supervisors	No. of Required Attendance	Attendance in Person	Attendance through Proxy
Employee Supervisors	He Jiehua	7	7	0
	Zhong Qiushi	7	7	0
	Sun Zhen	7	7	0
Shareholder Supervisors	He Zongan	3	3	0
	Wang Anning	7	6	1
External Supervisors	Dong Xiaolin	7	7	0
	Zhou Zejiang	7	7	0
	Han Dongya	7	7	0

Chapter IX Corporate Governance Report

9.8 BOARD OF SUPERVISORS (CONTINUED)

9.8.4 Attendance at the general meetings during the Reporting Period

During the Reporting Period, the Board of Supervisors designated representatives to attend the general meeting of the Bank. The Board of Supervisors presented its annual report on work and results of performance appraisal of the Board of Directors, directors, supervisors, senior management and its members, and relevant resolutions were approved at the shareholders' general meeting.

9.8.5 Attendance at the meetings of the Board and the senior management

During the Reporting Period, the Board of Supervisors designated representatives to attend on-site meetings of the Board of Directors of the Bank, and supervised legal compliance of the meetings, procedures of voting, as well as the attendance, speech and voting of directors. The Board of Supervisors also designated representatives to attend the relevant meetings of the senior management and supervised the execution of Board resolutions by the senior management and the operating management activities conducted according to the Articles of Association and the authorization by the Board of Directors.

9.8.6 Operation of the committees of the Board of Supervisors

The Board of Supervisors has a Nomination Committee and a Supervisory Committee. As of the Latest Practicable Date, compositions of the Board of Supervisors of the Bank were as follows:

No.	Committees of the Board of Supervisors	Chairman	Members
1	Nomination Committee	Dong Xiaolin	He Jiehua, Zhou Zejiang, Wang Anning
2	Supervisory Committee	Han Dongya	He Jiehua, Zhong Qiushi, Sun Zhen, He Zongan

Nomination Committee of the Board of Supervisors

The principal responsibilities of the Nomination Committee include: formulating the selection standards and procedures of supervisors, and making recommendations to the Board of Supervisors; preliminarily reviewing the qualifications and conditions of candidates for supervisors and making recommendations to the Board of Supervisors; improving market-oriented selection and appointment mechanism, and making reservation of candidates for supervisors; conducting a comprehensive assessment and evaluation of duties performance of directors and senior management, and reporting it to the Board of Supervisors; supervising the process of election and appointment of directors; supervising the scientificity and reasonableness of the remuneration management system and policies of the Bank and the remuneration proposal for its senior management; determining the remuneration standards for supervisors and subsidy standards for external supervisors, and making recommendations to the Board of Supervisors in respect thereof; establishing and improving the incentive and control system, conducting an assessment and evaluation of duties performance of supervisors, and making recommendations to the Board of Supervisors in respect thereof; ensuring that supervisors shall not participate in the decision-making process in connection with the evaluation of their duties performance and remuneration (or subsidies), save for the self-assessment in the evaluation of duties performance; other matters authorized by the Board of Supervisors.

The Nomination Committee held a total of 4 meetings during the Reporting Period, at which 19 resolutions were considered and approved.

Chapter IX Corporate Governance Report

9.8 BOARD OF SUPERVISORS (CONTINUED)

9.8.6 Operation of the committees of the Board of Supervisors (Continued)

Supervisory Committee of the Board of Supervisors

The principal responsibilities of the Supervisory Committee include: formulating plans for supervision of duties performance of Board of Directors and the senior management of the Bank, and supervising the adoption by the Board of Directors of prudent business philosophy, value standards and formulating development strategies that are in line with the actual situations of the Bank; formulating plans for supervision of the due diligence of directors and the senior management of the Bank; formulating plans for resignation audits of executive directors and the senior management of the Bank; formulating plans for the inspection and supervision of financial activities of the Bank; formulating plans for supervision and inspection of the business decision-making, risk management and internal control of the Bank; formulating plans for assessing the scientificity, reasonableness and effectiveness of development strategies set by the Board of Directors; taking charge of the organization and implementation of the above plans; other matters authorized by the Board of Supervisors.

During the Reporting Period, the Supervisory Committee held 5 meetings in total, at which 25 resolutions were considered.

9.8.7 External supervisors work report

Chairman of the Board of Supervisors committees are served by external supervisors, which strengthens the role of external supervisors in performance assessment, internal control and other aspects of independent oversight functions, and plays a positive role in improving the management quality and governance structure of the Bank.

In 2024, external supervisors can exercise the independent supervision function. In performing their duties, the external supervisors took the initiative to know about the Bank's operation and management situations by attending meetings of the Board of Supervisors, convening meetings of the specialised committees under the Board of Supervisors, being present at the general meetings and Board meetings, participating in regulatory consultations, special research or supervision and inspection by the Board of Supervisors and participating in discussions on the performance of shareholder representatives and branch offices. Meanwhile, external supervisors carefully studied and actively participated in discussions and decision-making of each issue, considered each issue from the perspective of the sustainable development of the Bank and protection of all parties' interests, carefully and objectively gave independent opinions, and fulfilled the responsibilities of external supervisors according to laws.

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9.9 TRAINING AND RESEARCH OF DIRECTORS AND SUPERVISORS DURING THE REPORTING PERIOD

Training and research of directors

During the Reporting Period, some directors of the Bank took part in online trainings on “Memorandum of Directors’ Responsibilities under Hong Kong Laws and Regulations and its Annex” provided by Clifford Chance in August 2024, online trainings on “Impact of Revisions to the Company Law on Listed Companies” provided by DeHeng Law Offices in November 2024, and online trainings on anti-fraud in December 2024. They also took part in the supervisory prudential conference held by the Anhui Office of the National Administration of Financial Regulation in May 2024.

All directors have participated in the aforesaid trainings during the Reporting Period.

Investigation, research and training of the Board of Supervisors

During the Reporting Period, the Board of Supervisors selected scenario finance business as the research topic after considering the nine major improvement projects, carried out a special survey on scenario finance business by interviewing the departments at head office, conducting on-site research on some branches, and putting forward opinions and suggestions based on the good practices of peers. In order to promote the improvement of the group business collaboration and risk control level of the Bank, the Board of Supervisors carried out special supervision and inspection of the Bank’s management of consolidated statements. Through discussions and exchanges with head office and branches and on-site inspection of four subsidiary institutions, and questionnaire surveys on branches, the Board of Supervisors prepared a special inspection report by comprehensively sorting out relevant issues, and put forward advice and suggestions. The Bank continues to consolidate and deepen its research and inspection efforts, thereby its supervision efficiency is enhanced consistently.

During the Reporting Period, all supervisors of the Bank took part in on-site trainings provided by DeHeng Law Offices in August 2024, in relation to the “Changes and Impacts of the Revised Draft of the Company Law on the System of the Board of Supervisors and the Performance of Supervisors”, and some supervisors took part in the supervisory prudential conference held by the Anhui Office of the National Administration of Financial Regulation in May 2024, and their capability to fulfill their duties and responsibilities as supervisors therefore continued to be improved.

9.10 COMPANY SECRETARY UNDER HONG KONG LISTING RULES

Dr. Ngai Wai Fung is the Bank’s company secretary under the Hong Kong Listing Rules. Dr. Ngai Wai Fung is a director and the chief executive officer of SWCS Corporate Services Group (Hong Kong) Limited. Dr. Ngai took part in relevant professional trainings for no less than 15 hours during the Reporting Period. Mr. Lian Baohua, secretary to the Board of the Bank, was the primary contact person of Dr. Ngai during the Reporting Period.

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9.11 COMMUNICATION WITH SHAREHOLDERS

Investors relationship

We place great importance to the Bank's shareholders' opinions and suggestions. We actively take part in all kinds of communication activities with investors and analysts in order to maintain a good relationship, and meet reasonable requirements by the shareholders in a timely manner. The Bank has established communication channels for investors, including telephone, email and mailing address, to continuously keep the channels smooth, transmit regulatory requirements, listen to suggestions and opinions from stakeholders, and protect the information right of investors and stakeholders. During the Reporting Period, the Bank has reviewed the implementation and effectiveness of its shareholder communication policy and believes that investor communication was smooth and effective.

For investors inquiries, please contact the Board of Directors at:

The Office of the Board of Directors of Huishang Bank Corporation Limited
Huishang Bank Building, No. 1699 Yungu Road, Hefei, Anhui Province, PRC

Telephone: +86-551-62667806/65195664

Fax: +86-551-62667661

E-mail: 96588@hsbank.com.cn

Investors can read this annual report from our website (www.hsbank.com.cn) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

Information disclosure

The Board of Directors and senior management of the Bank place great importance to the information disclosure. They rely on good corporate governance and sound internal control to provide timely, accurate and fair information for the investors. During the Reporting Period, no insider dealing of the Bank's shares was identified.

In accordance with the requirements of the Corporate Governance Standards of Banking and Insurance Institutions, Measures for the Information Disclosure of Commercial Banks and other laws and regulations, the Bank carries out information disclosure in accordance with the laws and regulations, continuously improved the timeliness, accuracy and completeness of the information disclosure. During the Reporting Period, the full texts of the annual report and interim report in both English and Chinese are available on the website of the Bank. Meanwhile, the Chinese and English versions of the annual report and interim report are available for review by the investors and stakeholders in the Board of Directors' office of the Bank.

Chapter IX Corporate Governance Report

9.12 SHAREHOLDERS' RIGHTS

Convening extraordinary general meetings

When individual or joint shareholders of the Bank who have more than 10% of the total voting right present a written request, the Board of Directors shall hold an extraordinary general meeting within 2 months from the date of the request:

The shareholders who presented such requests shall put forward proposals to the Board in writing. The Board of Directors shall, in accordance with laws, administrative regulations and the Articles of Association of the Bank, give a written feedback expressing an opinion of agreements or disagreements with the convening of an extraordinary general meeting or a class shareholders' meeting within 10 days from the date of receiving the proposal.

If the Board of Directors agrees to convene an extraordinary general meeting or class shareholders' meeting, it should issue a notice to call for a shareholders' general meeting within 5 days from the date on which the relevant Board resolution is made. Any amendments to the original proposal in the notice should obtain the consent from the shareholders of the Bank who initiated such proposals.

Proposing resolutions at shareholders' general meeting

Shareholders individually or jointly holding more than 3% of the voting shares of the Bank may make provisional proposal to the shareholders' general meeting and submit written request to the convener 10 days before the meeting. The convener shall issue a supplementary notice of the shareholders' general meeting within 2 days after receiving the proposal. The contents of the provisional proposal shall be announced.

Shareholders individually or jointly holding more than 3% of the total issued voting shares of the Bank may propose candidates for directors to the Board of Directors or propose candidates for supervisors to the Board of Supervisors.

Shareholders individually or jointly holding more than 1% of the total outstanding voting shares of the Bank may nominate candidates for independent directors to the Board, who can be elected at shareholders' general meeting as independent directors. Those shareholders who have nominated directors shall not nominate independent directors.

Shareholders individually or jointly holding more than 1% of the total outstanding voting shares of the Bank may nominate candidates for external supervisors, who will be elected at shareholders' general meeting as external supervisors.

Convening extraordinary Board meetings

When shareholders individually or jointly holding more than 10% of the total voting shares of the Bank raise a proposal, the chairman of the Board of Directors shall, within 10 days after receiving the proposal, calls for and presides over an extraordinary Board meeting.

Chapter IX Corporate Governance Report

9.12 SHAREHOLDERS' RIGHTS (CONTINUED)

Making inquiries to the Board

Our shareholders are entitled to supervise the business activities of the Bank, make recommendations or inquiries.

Shareholders of the Bank are entitled to access to the following information in accordance with the laws, administrative regulations, departmental rules, normative documents, relevant regulations of the securities regulatory authorities of the place(s) where the shares of the Bank are listed, and the provisions of the Articles of Association of the Bank, including: 1. Obtaining the Articles of Association of the Bank upon the payment of costs; 2. Inspecting, free of charge, or having the right to inspect and copy the following documents upon the payment of reasonable costs: (1) the register of all shareholders; (2) personal information of directors, supervisors and the senior management of the Bank; (3) the Bank's share capital; (4) report showing the total nominal value, quantity, highest and lowest prices of each class of shares repurchased by the Bank since the previous financial year and all costs paid by the Bank in this regard; (5) minutes of shareholders' general meetings; (6) the latest audited financial statements, and reports of the Board of Directors, auditors and the Board of Supervisors of the Bank.

Shareholders who request to inspect or obtain any such information shall provide written documentation to the Bank, certifying the type of shares they held in the Bank as well as the number of their shareholdings. The Bank shall provide such documentation as required by shareholders after their identities are verified.

9.13 APPOINTMENT OF ACCOUNTING FIRMS

The resolution on the Appointment of External Auditors of the Bank for 2024 was considered and approved at the 2023 annual general meeting held on 29 June 2024. The Bank has reappointed Ernst & Young Hua Ming LLP (Special General Partnership) as our domestic auditor and Ernst & Young as our international auditor for the year of 2024, respectively. The Bank had not changed accounting firms over the past three years.

Upon completion of the audit work of the Bank for the year 2024, Ernst & Young Hua Ming LLP (Special General Partnership) and Ernst & Young have provided audit services to the Bank for eight consecutive years, which is the maximum term of consecutive engagement of an accounting firm as stipulated. The Bank is required to change its external auditors in 2025. Based on the evaluation results of public tender, and as considered and approved by the Audit Committee of the Board and the Board, the Board proposes to appoint KPMG Huazhen LLP (Special General Partnership) as our domestic auditor for the year of 2025 and to appoint KPMG as our international auditor for the year of 2025, with their terms of office commencing from the date of approval at the general meeting of the Bank and ending on the date of conclusion of the 2025 annual general meeting of the Bank. The above proposed appointment of external auditors shall be subject to the consideration and approval of the shareholders of the Bank at the general meeting. For details regarding the above proposed change of accounting firms, please refer to the announcement of the Bank dated 30 December 2024.

In 2024, the signing certified public accountants from the Bank's domestic accounting firm were Zhao Ying and Xie Ying, and the audit engagement partner from the overseas accounting firm was Wu Zhiqiang. Each of these three individuals has provided audit services to the Bank for three consecutive years. The Bank agreed to pay Ernst & Young Hua Ming LLP and Ernst & Young a total fee of RMB5.15 million for the review of financial statements and the annual financial statement audit. Additionally, a total fee of RMB343,000 has been paid for other non-audit services (such as issuing commitment letters for the Bank's bond issuance).

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9.14 AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE BANK

In order to further improve the corporate governance of the Bank and promote the continuous high quality development of the Bank, the Bank considered and approved the Resolution of Considering the Articles of Association of Huishang Bank Corporation Limited (Revised) at the 58th meeting of the fourth session of the Board of Directors held on 20 December 2023, and considered and approved such resolution at the 2023 annual general meeting held on 29 June 2024. As at 13 September 2024, the amended Articles of Association of the Bank has been approved by the Anhui Office of the National Administration of Financial Regulation. For details, please refer to the announcement of the Bank dated 20 December 2023, the announcement on the poll results of the 2023 annual general meeting dated 1 July 2024 and the announcement of the Bank dated 18 September 2024.

9.15 COMPLIANCE AND RISK MANAGEMENT

1. Procedures for identification, evaluation and management of material risks

The Bank has established and improved sound risk management procedures that match its own scale and business complexity, and has made overall identification and measurement of a series of potential quantifiable and non-quantifiable risks arising from the coupled effect of business strategies, product mix, clients' needs and external macro-economy environment and conducted the corresponding control and mitigation.

Firstly, it established a framework for identifying and determining major risks, and carried out identification work of major risks annually. Secondly, it formulated corresponding policies, determined different methods or models to calculate various quantifiable risks and evaluate other risks which are difficult to quantify. Thirdly, it adopted strategies such as diversification, hedging, transfer, avoidance and compensation, as well as qualified risk mitigation tools for effective management and control. Fourthly, it established business continuity management and major risk emergency management mechanisms, and recovery and disposal plans, continuously improving the emergency management level of major risks.

2. Key features of risk management system of the Bank

(1) Systemic structure

The Bank has a comprehensive risk management information system mainly comprised of three layers, namely business application, risk analysis and midway data, which mainly include: 1. The business application includes: the core system, credit management system, credit card related systems, capital transaction system, bills system and risk mitigation management system; 2. The risk analysis includes: the internal rating system on corporate clients, market risk implementation information system, portfolio risk quota management system, debt rating system and tools for measuring associated risks among the systems; 3. The midway data includes: corporate database for storing and big data platform.

Chapter IX Corporate Governance Report

9.15 COMPLIANCE AND RISK MANAGEMENT (CONTINUED)

2. Key features of risk management system of the Bank (Continued)

(II) Key features

The risk management system of the Bank was designed and developed by customizing practices of advanced domestic banks based on its strategic development planning and practical circumstances, with key features as follows: 1. Sound systems and data supported mechanisms under the comprehensive risk management system to realize online management of risk identification, evaluation, monitoring, mitigation and other management processes and underpin relevant decision-making on risk management of the Bank; 2. Collection, records and storage of relevant data to access various types of internal and external basic data and support internal rating system, risk measurement and calculation of capital and relevant management and regulatory reporting of the Bank; 3. A sound data management system of the Bank to building a risk management data mart and ensure the accuracy and completeness of all kinds of risk management data.

3. Key features of internal control system of the Bank

The Bank attaches great importance to the implementation of the “Basic Norms of Internal Control for Enterprises” and its relevant guidelines and the “Guidelines for Internal Control of Commercial Banks” in a consistent manner, starting from the five elements, and dividing into three levels of corporate governance, business line management and procedural operation – which horizontally cover our business processes and management activities of various business lines and vertically cover the managing bodies of the head office, branches and sub-branches and all employees. Through the continuous construction of the internal control management system, the internal control management structure was equipped with well-defined and reasonable duties and responsibilities which clarified internal control management duties of the Board of Directors, the Board of Supervisors and senior management and three defense lines. The Board of Directors was responsible for ensuring the Bank to establish and implement adequate and effective internal control system, the Board of Supervisors was responsible for overseeing the establishment and implementation of internal control by the Board of Directors and senior management, and the senior management was responsible for organizing the day-to-day internal control operation of the Bank. During the Reporting Period, the Bank strengthened the operation and management of the internal control system, organized the re-inspection and optimization of internal control and balances indicators and carried out the internal control operation evaluation, timely found the problems and deficiencies in the internal control design and implementation, and continuously improved and optimized its internal control system through the internal control rectification and correction so as to safeguard its high-quality development. In order to ensure the operation of the internal control system and enhance the digital management of internal control compliance, the Bank continues to optimize the new generation of internal control compliance risk management system. The Bank developed functions such as compliance testing, my integrity commitment letter, and OA system to-do list, to provide systematic support for internal control and compliance management.

Chapter IX Corporate Governance Report

9.15 COMPLIANCE AND RISK MANAGEMENT (CONTINUED)

4. Risk management and internal control duties of the Board

On the basis of the “Guidelines for the Overall Risk Management of Banking Financial Institutions”, the “Guidelines for Internal Control of Commercial Banks” and other laws and regulations as well as the relevant requirements of the Hong Kong Stock Exchange, the Board of Directors of the Bank has established and implemented a risk management and internal control system and undertaken annual review of the effectiveness of such systems. The Board of Directors of the Bank is of the view that, the risk management and internal control system established and implemented by the Bank are sufficient and effective based on the Bank’s internal and external audits and regulatory inspections during the Reporting Period. The purpose of the risk management and internal control system of the Bank is to manage rather than eliminate such risks as would prevent the Bank from achieving its business goals, and such system reasonably (rather than absolutely) ensures that there would not be any material misrepresentation or loss. For details on the Bank’s internal audit, please refer to Chapter X “Internal Control” in this annual report.

9.16 PROCEDURES AND SUPERVISORY MEASURES FOR HANDLING INSIDER INFORMATION

The Bank places great importance on insider information management. In order to strengthen relevant confidentiality of insider information and protect the legitimate interests of investors by maintaining fairness with regard to information disclosure, the Bank formulated relevant management systems on insider information and insider management as well as information disclosure according to domestic and overseas laws, regulations and other normative documents, strictly complied with domestic and offshore regulatory requirements, kept strengthening system management and promptly and appropriately disclosed relevant information.

The Insider Information Management System of the Bank expressly provides for the scope of operational, financial or other information that may have a material impact on the market price of securities of the Bank but has not yet been made available on any media for information disclosure designated by securities regulating authorities and the definition of insiders in connection thereof, as well as detailed requirements on management of insiders, confidentiality of such information and punishment measures for divulgence thereof.

Chapter X Internal Control

10.1 INTERNAL CONTROL

10.1.1 Internal control system and operation

Following the operation philosophy of compliant and steady development, the Bank has established a system of factors on internal balanced control from six dimensions, namely, the decision-making and approval process, hierarchical authorization management and control, separation of department positions, system and procedure control, information system control and internal supervision and rectification, defined the key control points for internal control and implemented dynamic adjustment and optimization according to the provisions under laws and regulations such as the Basic Norms of Internal Control for Enterprises and its relevant guidelines, the Guidelines for Internal Control of Commercial Banks, the relevant requirements of the Hong Kong Stock Exchange as well as the relevant system requirements of the Bank. The Bank has exerted full control over the whole process of various operations and management of the Bank so as to ensure the compliant and steady development of the Bank.

The Bank has established a mechanism covering standard segregation of duties and scientific and effective control and balances. In particular, the Board of the Bank takes ultimate responsibility for the establishment of the internal control system as well as the effectiveness of its implementation. The Board of Supervisors is in charge of overseeing the Board and senior management to establish and improve the internal control system; and overseeing the Board and its directors, senior management and senior officers to perform their duties on internal control. Senior management is responsible for the execution of internal control system and policies approved by the Board of Directors. Each functional department of the head office and branches, outlets and the audit department form the “third-line defense of internal control” of the Bank based on the principle of mutual checks and balances and the separation of front, middle and back offices of banking business, building a complete and effective internal control system with clear responsibilities, mutual checks and balances.

During the Reporting Period, the Bank continued to optimize the factors on internal balanced control, established a system of factors on internal balanced control with 11 business lines, 45 business types and 10,146 control points, clarified the key control points of various business activities, and continued to promote the use throughout the Bank.

10.1.2 Implementation of the Basic Norms of Internal Control for Enterprises and its relevant guidelines in a consistent manner

The Bank places great importance to the implementation of the Basic Norms of Internal Control for Enterprises and its relevant guidelines in a consistent manner. During the Reporting Period, firstly, it has defined internal control and management systems and internal control and management duties of the operational department, business lines management department and compliance department. Secondly, it improved its internal control rules and regulations system. Through regularly reviewing its directory of effective and abolished rules, the Bank has clarified the hierarchy of each rule, the business types and the superior-subordinate relations among systems, and developed a correspondence between internal rules and regulations, laws and regulations and regulatory policies, thus forming a complete set of departmental rules for the whole Bank. Thirdly, it organized and implemented the internal control operation appraisal throughout the Bank, and developed evaluation indicators and evaluation models from six dimensions, including asset quality, regulation appraisal, implementation of systems, behaviors of employees, information exchange and internal supervision, to measure the internal control operation of branch offices from multiple dimensions, through which, the Bank can not only point out the problems of various business types, but also analyze the causes. The Bank then proposed corresponding improvement measures and tracked and supervised rectification thereof, so as to continue to improve the internal control system of the Bank. Fourthly, it conducted inspections on abnormal behaviors of employees, formulated scientific inspection plans, clarified the key points of inspection, organized all employees of the Bank to carry out in-depth inspection activities, and focused on investigating and correcting improper behavior of employees.

Chapter X Internal Control

10.2 INTERNAL AUDIT

The Bank has implemented an internal audit system, set up an internal audit department which consists of seven audit divisions by region, and established an independent and vertical management system for audit as well as the suitable reporting system and lines for internal audit, which enabled the establishment of a complete internal audit system based on the internal audit charters, including specific standards, internal requirements, guide manual, among others. We have established an audit model which combines on-site audit with off-site monitoring, developed annual working plans on auditing and implemented such plans upon consideration and approval by the Board of Directors.

The internal audit department investigated, evaluated and facilitated the business activities, risk profile, internal control and compliance and corporate governance status of the Bank through systematic and standardised methods with a view to promoting its sound development and value enhancement.

The internal audit department is under the leadership of the Board of Directors of the Bank, and shall be accountable to the Board of Directors and report the work to it. It is also subject to the guidance and supervision of the national audit offices, banking and insurance regulatory authorities and the Board of Supervisors of the Bank. The Board of Directors has established the Audit Committee, which is authorized to guide, supervise and evaluate the audit work. The senior management fully supports the internal audit department to perform its duties independently and ensures adequate internal audit resources.

In 2024, the internal audit department of the Bank aimed to serve the high-quality development of the Bank, focused on key areas of operation and management, actively carried out audit projects, audit verification, internal control evaluation and other activities, continued to expand the breadth and depth of audits, and completed the reform of audit organization structure, so as to improve the internal audit supervision network. Meanwhile, the Bank continuously promoted the digital transformation of auditing, increased the supervision and rectification of auditing, and fully leveraged the positive role of internal auditing in revealing risks and hidden dangers, improving internal controls and promoting the Bank to realize its high-quality development.

10.3 EVALUATION ON INTERNAL CONTROL

In 2024, in accordance with relevant requirements on internal control assessment of commercial banks under the Guidelines for Internal Control of Commercial Banks and other systems and provisions, the Bank organized and carried out the annual assessment on internal control. The assessment focused on five elements, namely internal environment, risk assessment, control measures, information and communication and internal supervision to carry out a comprehensive evaluation on the business, institutions, and risk management policies of the Bank. The evaluation results show that during the reporting period of internal control evaluation, the Bank established internal controls for the businesses and matters included in the evaluation scope, and such businesses and matters can be implemented in accordance with the internal control systems, achieving internal control objectives of the Bank.

Chapter XI Report of the Board of Supervisors

During the Reporting Period, the Board of Supervisors supervised the Bank's internal control, risk management, financial activities, legal compliance of operations, as well as the performance of duties of the Board of Directors and senior management in accordance with the Company Law of the People's Republic of China, the Corporate Governance Standards for Banking and Insurance Institutions, the Guidelines for the Work of the Board of Supervisors in Commercial Banks and the responsibilities defined by the Bank's Articles of Association.

The Board of Supervisors has expressed an independent opinion on following matters:

- (I) The operation in compliance with laws. During the Reporting Period, the Board of Directors and senior management of the Bank continued legal compliance of operations and the decision-making procedures complied with laws and regulations and the Articles of Association of the Bank. Directors, Supervisors and senior management faithfully performed the responsibilities defined by the Bank's Articles of Association, and there was no circumstance where their performance of duties was in violation of the laws and regulations or harmed the interests of the Bank.
- (II) Preparation of financial report. Preparation and review procedures of annual reports of the Bank were in compliance with laws, regulations and regulatory requirements. The contents of the report reflected the Bank's operation in a true, accurate and complete manner. The Board of Supervisors has no objection to the standard unqualified audit report audited and issued by Ernst & Young in accordance with the ISAs.
- (III) Related party transactions. During the Reporting Period, related party transactions of the Bank complied with national laws and regulations, regulatory systems and the Articles of Association of the Bank and the Board of Supervisors did not identify any related transactions that harmed the interests of the Bank.
- (IV) Internal control. During the Reporting Period, the Bank strived to put internal control as its priority, proactively improved and implemented the system of factors on internal balanced control, earnestly implemented regulatory requirements and continued to strengthen and improve internal control. The Board of Supervisors reviewed the 2024 Internal Control Assessment Report of the Bank, and had no objection to the same.
- (V) Risk management. During the Reporting Period, the Bank focused on promoting the comprehensive risk management improvement project and the digital transformation of risk control, and strived to enhance the digitalization, full process, and systematic level of comprehensive risk management, actively preventing and resolving risks in key areas. Therefore, asset quality continued to be enhanced, key risk regulatory indicators continued to be improved and the overall risk situation was controllable.
- (VI) Implementation of resolutions of shareholders' general meetings. The Board of Supervisors supervised the implementation of the resolutions of the shareholders' general meetings, and was of the view that the Board of Directors and senior management had well implemented the relevant resolutions of shareholders' general meetings.
- (VII) Implementation of information disclosure systems. During the Reporting Period, the Bank performed information disclosure obligations and carefully implemented information disclosure management systems in accordance with regulatory requirements. No non-compliance with laws and regulations was identified in information disclosure.

Save as disclosed above, the Board of Supervisors had no objection to any other matters during the Reporting Period.

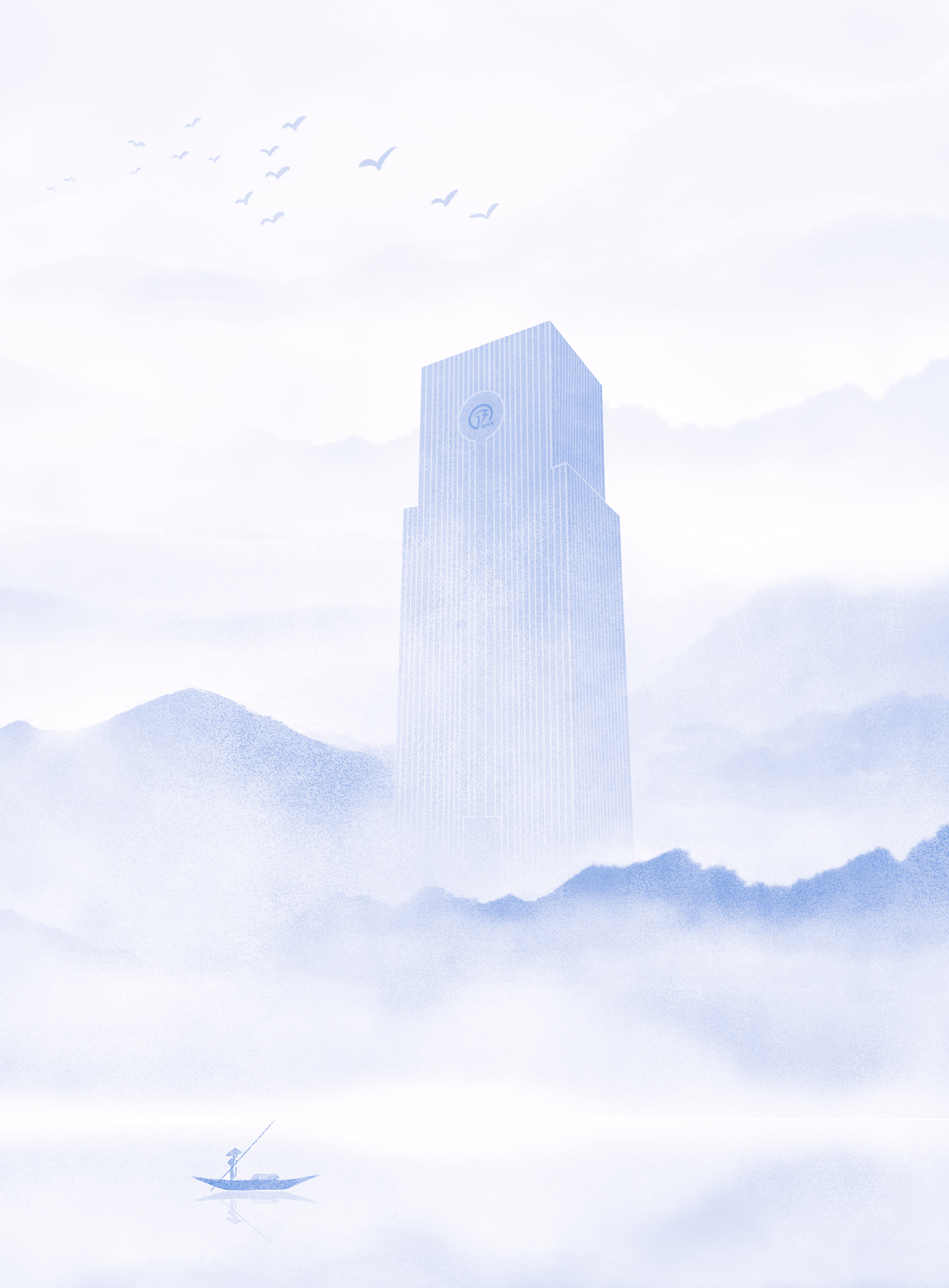
By Order of the Board of Supervisors
He Jiehua
 Chairman of the Board of Supervisors

27 March 2025



Chapter XII

Financial Report



Independent Auditor's Report



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To the shareholders of Huishang Bank Corporation Limited

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

OPINION

We have audited the consolidated financial statements of Huishang Bank Corporation Limited (the "Bank") and its subsidiaries (the "Group") set out on pages 158 to 298 which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Professional Accountants* (the "Code") issued by the Hong Kong Institute of Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Independent Auditor's Report

Goodwill impairment assessment

Key audit matter

On 23 November 2020, the Bank completed the acquisition of selected businesses of BaoShang bank, which included certain assets, liabilities and personnel of four branches of BaoShang bank at zero consideration. The Bank recognised goodwill of RMB14,567,826 thousand as a result of this acquisition. The Bank assessed and determined that provision for the impairment losses of goodwill is required for RMB3,897,050 thousand as at 31 December 2024.

Under IAS 36, the management of the Bank is required to perform impairment assessment both annually and whenever there is an indication that a group of cash-generating units ("CGUs") to which goodwill has been allocated may be impaired.

The Bank engaged an independent external professional firm to assist in the goodwill impairment testing. The recoverable amount of CGUs to which the goodwill had been allocated was determined based on the higher of the value in use calculated using the discounted future cash flow method and its fair value less costs of disposal. The method involved significant judgements and estimates which included assumptions such as growth rate and discount rate, etc. Goodwill impairment assessment was considered a key audit matter.

Relevant disclosures of the goodwill impairment assessment are included in Note 4 and Note 28 to the financial statements.

How our audit addressed the key audit matter

Our audit procedures in relation to the goodwill impairment assessment included involving our valuation specialists to assist us in evaluating the assumptions and methodologies used by the Bank, especially the discount rate and the long-term growth rate applied in the discounted cash flow projection method. We assessed the reasonableness of the forecasted earnings of the CGUs' via comparison with comparable peer companies and discussed with the management of the Bank of the business development plan.



Independent Auditor's Report

Impairment assessment of loans and advances to customers and financial investments at amortised cost

Key audit matter

The Group uses a number of different models and assumptions in the measurement of expected credit losses, for example:

- Significant increase in credit risk — The selection of criteria for identifying a significant increase in credit risk is highly dependent on judgement and may have a significant impact on the expected credit losses for loans with longer remaining periods to maturity;
- Model and parameters — Inherently complex models are used to measure expected credit losses. Modelled parameters have numerous inputs and the parameter estimation involves many judgements and assumptions;
- Forward-looking information – specialists judgement is used to create macroeconomic forecasts and to consider the impact on expected credit losses under multiple economic scenarios given different weights; and
- Individual impairment assessment – Identifying credit impaired loans requires consideration of a range of factors, and individual impairment assessments are dependent upon estimates of future cash flows.

How our audit addressed the key audit matter

We evaluated and tested the effectiveness of design and implementation of key controls related to the credit approval process, post approval credit management, loan rating system, collateral monitoring and loan impairment assessment, including relevant data quality and information systems.

We adopted a risk-based sampling approach in our loan review procedures and financial investments at amortised cost. We assessed the debtors' repayment capacity and evaluated the Group's loan grading and financial investments at amortised cost, taking into consideration post-lending investigation reports, debtors' financial information, collateral valuation reports and other available information.

With the support of our internal credit risk modelling specialists, we evaluated and tested the important parameters of the expected credit loss model, management's major judgements and related assumptions, mainly focusing on the following aspects:

Independent Auditor's Report

Impairment assessment of loans and advances to customers and financial investments at amortised cost (Continued)

Key audit matter

Since loan impairment assessment involved many judgements and assumptions, and in view of the significance of the amount (as at 31 December 2024, net loans and advances to customers amounted to RMB975.95 billion, representing 48.46% of the total assets; financial investments at amortised cost amounted to RMB429.60 billion, representing 21.33% of total assets; loan impairment amounted to RMB28.24 billion, and allowance for impairment losses on financial investments at amortised cost amounted RMB10.15 billion), impairment of loans and advances and financial investments at amortised cost was considered a key audit matter.

Relevant disclosures are included in Note 4, Note 23, Note 24, Note 52.1.5 and Note 52.1.6 to the consolidated financial statements.

How our audit addressed the key audit matter

1. Expected credit loss model:
 - Assessed the reasonableness of the expected credit loss model methodology and related parameters, including probability of default, loss given default, risk exposure, and any significant increase in credit risk;
 - Assessed the forward-looking information management used to determine expected credit losses, including the forecasts of macroeconomic variables and the assumption of multiple macroeconomic scenarios;
 - Evaluated the models and the related assumptions used in individual impairment assessment and analysed the amount, timing and likelihood of management's estimated future cash flows, especially cash flows from collateral.
2. Design and operating effectiveness of key controls:
 - Evaluated and tested the data and processes used to determine expected credit losses, including loan business data, internal credit rating data, macroeconomic data, computational logic of impairment procedures, as well as data inputs;
 - Evaluated and tested key controls over the expected credit loss models, including approval of model changes, model validation and parameter calibration.

Independent Auditor's Report

Consolidation of structured entities assessment

Key audit matter

The Group has established various structured entities, such as bank wealth management products, funds, trust plans, in conducting asset management business and investments. The Group determines whether or not to consolidate these structured entities based on the assessment of whether the Group has control over them through taking into consideration the power arising from rights, variable returns, and the link between power and returns. The assessment of the Group's control over structured entities involves significant judgement and estimation such as the purpose and design of structured entities, its ability to direct relevant activities, interests it holds directly or indirectly, the performance fee obtained, profit and the exposure to loss from providing credit enhancement or liquidity support, etc. Perform a comprehensive analysis of these factors and form a conclusion on whether they are controlled or not, involving significant management judgments and estimates.

As at 31 December 2024, the carrying value of unconsolidated wealth management products managed by the Group was RMB197.78 billion, and the carrying value of investments in unconsolidated structured entities invested by the Group was RMB246.40 billion. Due to the significance of the unconsolidated structured entities and the complexity of judgement exercised by management, consolidation assessment of structured entities was considered a key audit matter.

Relevant disclosures are included in Note 4 and Note 47 to the consolidated financial statements.

How our audit addressed the key audit matter

We assessed and tested the design and operating effectiveness of the key controls relating to the Group's assessment of whether it controls a structured entity.

We assessed the Group's analysis and conclusions as to whether it controls the structured entities based on an analysis of the power it has over the structured entities and the magnitude and variability of the variable returns it receives from the structured entities. We also reviewed relevant term sheets on a sampling basis to analyse whether the Group has the obligation to absorb any loss of the structured entities, and assessed whether the Group had provided liquidity support or credit enhancement to the structured entities.

Independent Auditor's Report

OTHER INFORMATION INCLUDED IN THE BANK'S 2024 ANNUAL REPORT

The directors of the Bank are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Bank are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Bank are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Bank either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Bank are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and 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.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

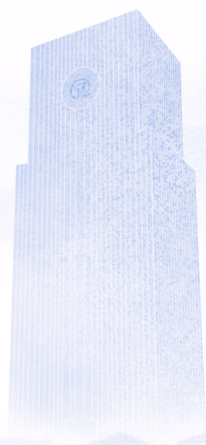
The engagement partner on the audit resulting in this independent auditor's report is Ng Chi Keung (practising certificate number: P04210).

Ernst & Young

Certified Public Accountants

Hong Kong

27 March 2025



Consolidated Statement of Profit or Loss

For the year ended 31 December 2024

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

	Note	2024	2023
Interest income	7	66,334,148	64,992,450
Interest expense	7	(37,743,115)	(36,272,245)
Net interest income		28,591,033	28,720,205
Fee and commission income	8	3,194,763	3,222,657
Fee and commission expense	8	(346,075)	(417,422)
Net fee and commission income		2,848,688	2,805,235
Net trading gains	9	3,220,434	3,601,426
Net gains on financial investments	10	2,104,866	609,265
Dividend income		4,624	4,640
Other operating income, net	11	358,795	624,569
Operating income		37,128,440	36,365,340
Operating expenses	12	(10,694,824)	(10,199,368)
Impairment losses on credits	15	(7,678,568)	(8,569,651)
Impairment losses on assets		(869,506)	(228,687)
Operating profit		17,885,542	17,367,634
Investments in associates		103,300	289,272
Profit before income tax		17,988,842	17,656,906
Income tax expense	16	(2,071,874)	(2,666,356)
Profit for the year		15,916,968	14,990,550
Attributable to:			
Equity holders of the Bank		15,414,392	14,433,227
Non-controlling interests		502,576	557,323
Earnings per share attributable to the ordinary shareholders of the Bank (expressed in RMB per share)			
Basic/Diluted	17	1.05	1.00

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

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

	Note	2024	2023
Profit for the year		15,916,968	14,990,550
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
– Net gains on investments in equity instruments designated at fair value through other comprehensive income	42	65,607	12,573
– Other comprehensive income that cannot be transferred to profit or loss under the equity method		6,600	(27,436)
Less: associated impact of income tax	42	(16,402)	(3,143)
Subtotal		55,805	(18,006)
Items that may be reclassified subsequently to profit or loss			
– Net gains on investments in debt instruments measured at fair value through other comprehensive income	42	2,493,725	1,676,813
– Other comprehensive income that can be transferred to profit or loss under the equity method		22,896	(15,072)
Less: associated impact of income tax	42	(622,906)	(419,143)
Subtotal		1,893,715	1,242,598
Other comprehensive income for the year, net of tax		1,949,520	1,224,592
Total comprehensive income for the year		17,866,488	16,215,142
attributable to:			
Equity holders of the Bank		17,362,651	15,657,673
Non-controlling interests		503,837	557,469
		17,866,488	16,215,142

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2024

(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	18	92,452,685	98,611,763
Deposits with banks and other financial institutions	19	14,676,207	14,409,056
Placements with banks and other financial institutions	20	48,012,448	35,272,020
Derivative financial assets	21	154,242	100,201
Financial assets held under resale agreements	22	11,904,017	24,774,508
Loans and advances to customers, net	23	975,949,136	846,082,311
Financial Investments			
– Financial assets at fair value through profit or loss	24	168,109,461	176,259,867
– Financial assets at fair value through other comprehensive income	24	173,959,298	169,365,806
– Financial assets at amortised cost	24	429,603,806	341,763,332
Investments in associates	25	5,261,079	5,151,471
Investment property		4,002	–
Property, plant and equipment	26	4,339,577	4,538,915
Right-of-use assets	27	1,166,778	1,149,405
Goodwill	28	10,670,776	11,547,389
Deferred income tax assets	38	15,380,607	14,238,323
Finance lease receivables	29	57,958,411	58,683,197
Other assets	30	4,150,544	4,195,986
Total assets		2,013,753,074	1,806,143,550
Liabilities			
Borrowings from central bank		139,579,603	138,086,337
Deposits from banks and other financial institutions	32	175,718,955	164,013,783
Placements from banks and other financial institutions	33	49,518,618	47,085,865
Derivative financial liabilities	21	131,083	100,667
Financial assets sold under repurchase agreements	34	18,806,136	66,850,964
Deposits from customers	35	1,166,920,648	1,042,315,067
Taxes payable	36	2,035,748	1,974,539
Debt securities issued	39	282,946,293	181,661,057
Other liabilities	37	16,428,829	17,328,429
Total liabilities		1,852,085,913	1,659,416,708

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2024

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

	Note	As at 31 December 2024	As at 31 December 2023
Equity			
Share capital	40	13,889,801	13,889,801
Other equity instruments	40	19,999,128	19,999,357
Capital reserve	40	15,233,380	15,230,704
Surplus reserves	41	22,755,489	19,948,581
General reserves	41	19,271,977	17,584,011
Other comprehensive income	42	4,072,726	2,124,467
Retained earnings		62,227,763	54,206,156
Equity attributable to shareholders of the bank		157,450,264	142,983,077
Non-controlling interests		4,216,897	3,743,765
Total equity		161,667,161	146,726,842
Total equity and liabilities		2,013,753,074	1,806,143,550

The accompanying notes form an integral part of these consolidated financial statements.

Approved and authorized for issue by the Board of Directors on 27 March 2025.

Yan Chen

Chairman

Kong Qinglong

President

Liu Fei

Assistant President

Fang Lixin

Head of Finance Department

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

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

	Equity attributable to shareholders of the Bank								
	Share capital Note 40	Other equity instruments Note 40	Capital reserve Note 40	Surplus reserves Note 41	General reserves Note 41	Other comprehensive income Note 42	Retained earnings	Non-controlling interests	Total equity
As at 1 January 2024	13,889,801	19,999,357	15,230,704	19,948,581	17,584,011	2,124,467	54,206,156	3,743,765	146,726,842
(1) Comprehensive income									
Profit for the year	-	-	-	-	-	-	15,414,392	502,576	15,916,968
Fair value changes through other comprehensive income	-	-	-	-	-	2,012,278	-	1,261	2,013,539
Asset impairment through other comprehensive income	-	-	-	-	-	(93,515)	-	-	(93,515)
Other Comprehensive Income accrued under the equity method	-	-	-	-	-	29,496	-	-	29,496
Total comprehensive income for the year	-	-	-	-	-	1,948,259	15,414,392	503,837	17,866,488
(2) Profit distribution									
Dividends	-	-	-	-	-	-	(2,897,911)	(3,920)	(2,901,831)
Appropriation to surplus reserve	-	-	-	2,806,908	-	-	(2,806,908)	-	-
Appropriation to general reserve	-	-	-	-	1,687,966	-	(1,687,966)	-	-
(3) Changes in share capital									
Increase in capital of subsidiaries	-	-	2,865	-	-	-	-	(26,785)	(23,920)
Capital contribution by other equity instruments holders	-	9,999,582	-	-	-	-	-	-	9,999,582
Capital reduction by other equity instruments holders	-	(9,999,811)	(189)	-	-	-	-	-	(10,000,000)
As at 31 December 2024	13,889,801	19,999,128	15,233,380	22,755,489	19,271,977	4,072,726	62,227,763	4,216,897	161,667,161
As at 1 January 2023	13,889,801	9,999,811	15,230,704	17,404,333	15,597,809	900,021	46,585,163	3,214,016	122,821,658
(1) Comprehensive income									
Profit for the year	-	-	-	-	-	-	14,433,227	557,323	14,990,550
Fair value changes through other comprehensive income	-	-	-	-	-	1,032,198	-	146	1,032,344
Asset impairment through other comprehensive income	-	-	-	-	-	234,756	-	-	234,756
Other Comprehensive Income accrued under the equity method	-	-	-	-	-	(42,508)	-	-	(42,508)
Total comprehensive income for the year	-	-	-	-	-	1,224,446	14,433,227	557,469	16,215,142
(2) Profit distribution									
Dividends	-	-	-	-	-	-	(2,281,784)	(27,720)	(2,309,504)
Appropriation to surplus reserve	-	-	-	2,544,248	-	-	(2,544,248)	-	-
Appropriation to general reserve	-	-	-	-	1,986,202	-	(1,986,202)	-	-
(3) Changes in share capital									
Capital contribution by other equity instruments holders	-	9,999,546	-	-	-	-	-	-	9,999,546
As at 31 December 2023	13,889,801	19,999,357	15,230,704	19,948,581	17,584,011	2,124,467	54,206,156	3,743,765	146,726,842

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

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

	2024	2023
Cash flows from operating activities:		
Profit before income tax	17,988,842	17,656,906
Adjustments:		
Impairment losses on credits	7,678,568	8,569,651
Impairment losses on assets	869,506	228,687
Recovery of loans written off	1,786,976	1,087,764
Recovery of financial assets measured at amortized cost written off	16,469	–
Recovery of financial assets held under resale agreements written off	3,000	2,000
Recovery of other assets written off	23,817	5,955
Recovery of finance lease receivables written off	66,081	92,700
Depreciation and amortisation	1,080,594	1,079,396
Net losses on disposals of property, plant and equipment	41,887	16,464
Net gains on de-recognition of investment securities	(2,104,866)	(609,265)
Fair value changes in financial assets at fair value through profit or loss and derivatives	984,334	150,426
Share of results of associates	(103,300)	(289,272)
Dividend income	(4,624)	(4,640)
Interest income from investment securities	(19,287,658)	(19,729,165)
Interest expense from lease liabilities	31,079	32,519
Interest expense from debt securities issued	5,139,108	5,085,184
Net changes in operating assets:		
Net (increase)/decrease in balances with central bank	3,429,478	(2,979,034)
Net increase in deposits and placements with banks and other financial institutions	(10,991,235)	(12,938,237)
Net (increase)/decrease in financial assets at fair value through profit or loss	4,550,551	(6,768,444)
Net (increase)/decrease in financial assets held under resale agreements	12,826,768	(12,100,649)
Net increase in loans and advances to customers	(133,058,511)	(119,197,808)
Net increase in finance lease receivables	(104,357)	(1,723,623)
Net increase in other assets	(4,960,790)	(1,867,258)
Net changes in operating liabilities:		
Net increase in deposits and placements from banks and other financial institutions	14,403,825	43,852,127
Net increase in borrowings from central bank	1,692,383	54,847,242
Net increase/(decrease) in financial assets sold under repurchase agreements	(47,850,016)	12,302,462
Net increase in deposits from customers	118,807,833	126,002,287
Net increase in other liabilities	5,182,235	2,269,936
Income taxes paid	(3,794,928)	(4,489,563)
Net cash flows from operating activities	(25,656,951)	90,584,748

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

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

	2024	2023
Cash flows from investing activities:		
Dividends received	4,624	4,640
Proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets	92,636	37,000
Purchase of property, plant and equipment, intangible assets and other long-term assets	(568,839)	(622,980)
Cash received from interest income on investment securities	19,425,524	19,799,207
Cash received from sale and redemption of investment securities	577,902,310	520,339,762
Cash paid for acquisition of non-controlling interests	(23,920)	–
Purchase of investment securities	(665,828,214)	(600,355,551)
Net cash flows used in investing activities	(68,995,879)	(60,797,922)
Cash flows from financing activities:		
Proceeds from issuance of debt securities	330,470,029	230,229,640
Cash received from issuance of other equity instruments	9,999,582	9,999,546
Cash paid for redemption of other equity instruments	(10,000,000)	–
Dividends and interests paid on debt issued	(3,267,608)	(3,730,360)
Cash paid relating to lease liabilities	(384,554)	(379,509)
Cash paid relating to debt repayment	(233,010,473)	(269,751,935)
Net cash flows from financing activities	93,806,976	(33,632,618)
Impact on cash and cash equivalents resulting from exchange rate changes	(9,922)	109,214
Net increase in cash and cash equivalents	(855,776)	(3,736,578)
Cash and cash equivalents at beginning of year	43,557,585	47,294,163
Cash and cash equivalents at end of year (Note 48)	42,701,809	43,557,585

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

1 GENERAL INFORMATION

Huishang Bank Corporation Limited (the “Bank”) is a joint stock commercial bank registered in Anhui Province, the People’s Republic of China (the “PRC”). The Bank was formerly known as Hefei City Cooperatives Bank, which was established on 4 April 1997, and was renamed as Hefei Commercial Bank Co., Ltd. on 28 July 1998. The Bank was further renamed as Huishang Bank Corporation Limited on 30 November 2005 with the approval of the general office of the former China Banking Regulatory Commission (“CBRC”) Anhui Branch. As approved by CBRC Anhui Branch, the Bank acquired five former city commercial banks in Wuhu, Ma’anshan, Anqing, Huaibei and Bengbu and seven city credit cooperatives in Lu’an, Huainan, Tongling and Fuyang Technology, Fuyang Xinying, Fuyang Yinhe and Fuyang Jinda on 28 December 2005. The Bank holds the financial institution licence B0162H234010001 from CBRC Anhui Branch and the business licence of legal enterprise with unified social credit code No. 913400001489746613. The registered address of the Bank is Huishang Bank Building, No. 1699 Yungu Road, Hefei, China. In November 2013, the Bank’s H shares were listed on the Hong Kong Stock Exchange (Stock Code: 3698). As at 31 December 2024, the registered and paid-in capital of the Bank was RMB13.89 billion.

The principal activities of the Bank and its subsidiaries (collectively, the “Group”) include Renminbi (“RMB”) and foreign currency deposits, loans, clearing and settlement services, asset custody services, finance leasing services, asset management and the provision of services as approved by the respective regulators.

Information of the Bank’s subsidiaries:

Company name	Place of incorporation and operation	Date of incorporation	Principal activity	Registered capital	Equity held	Legal category
Jinzhai Huiyin Village and Township Bank Co., Ltd.(a)	Mainland China	2013/06/28	Financial services	80,000	51%	Limited liability company
Wuwei Huiyin Village and Township Bank Co., Ltd.(b)	Mainland China	2010/08/08	Financial services	100,000	40%	Limited liability company
Huiyin Financial Leasing Co., Ltd.(c)	Mainland China	2015/04/29	Financial services	3,000,000	54%	Limited liability company
Huiyin Wealth Management Co., Ltd.(d)	Mainland China	2020/04/26	Financial services	2,000,000	100%	Limited liability company

- (a) The Bank invested 41% of the total capital contribution to establish Jinzhai Huiyin Village and Township Bank Co., Ltd. (“Jinzhai Huiyin”) on 28 June 2013. The Bank and the other three shareholders who invested a total 30% of the capital contribution signed the Acting in Concert Agreement. These shareholders agreed to act in concert with the Bank when voting for material decisions regarding financial and operation policies. The Bank has control over Jinzhai Huiyin and has consolidated it.

In May 2017, one of the three shareholders who signed the Acting in Concert Agreement transferred its stake to external shareholders, and its Acting in Concert Agreement expired. The Bank and the two remaining shareholders who signed the Acting in Concert Agreement are persons acting in concert, these shareholders agreed to act in concert with the Bank when voting for material decisions regarding financial and operating policies. The Bank has control over Jinzhai Huiyin, so the Bank consolidates Jinzhai Huiyin.

In December 2024, the Bank invested RMB24 million to acquire 10% equity of Jinzhai Huiyin Village and Township Bank Co., Ltd.(a) and the Bank’s shareholding ratio increased to 51%.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

1 GENERAL INFORMATION (CONTINUED)

- (b) The Bank established Wuwei Huiyin Village and Township Bank Co., Ltd. (“Wuwei Huiyin”) in 2010. The registered capital of Wuwei Huiyin is RMB0.1 billion. The Group invested RMB40 million, which is accounted for 40%. Wuwei Huiyin officially commenced its business on 8 August 2010 with the approval of the CBRC. Although the Bank has no absolute controlling interest in Wuwei Huiyin, the company’s operating activities in four years after its incorporation indicated that the Bank has a dominant position and control over its operating and financing activities of Wuwei Huiyin by taking into full account various factors. The Bank consolidated Wuwei Huiyin from 31 December 2014.
- (c) The Bank invested 51% to establish Huiyin Financial Leasing Co., Ltd. on 29 April 2015. The Bank has control over Huiyin Financial Leasing Co., Ltd. and consolidates it. In March 2018, the Bank invested RMB687 million to participate in the capital increase and expansion of Huiyin Financial Leasing Co., Ltd., the registered capital of Huiyin Financial Leasing Co., Ltd. increased from RMB2 billion to RMB3 billion, and the Bank’s shareholding ratio increased to 54%.
- (d) The Bank invested RMB2 billion on 26 April 2020 to establish Huiyin Wealth Management Co., Ltd., which was included in the consolidated financial statements because it has 100% control.

These consolidated financial statements have been approved by the Board of Directors on 27 March 2025.

2 BASIS OF PREPARATION

2.1 Basis of preparation and material accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) and interpretations promulgated by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance. All IFRSs effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the financial statements throughout the reporting period.

Financial assets and liabilities at fair value through profit or loss (including derivative financial instruments), financial assets at fair value through other comprehensive income are measured at their fair values in the consolidated financial statements. Assets held for sale are measured at the lower of their fair value less estimated costs and the carrying amount when the conditions for sale are met. Other accounting items are measured at their historical costs. Impairment is recognised if there is objective evidence of impairment of assets. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

2 BASIS OF PREPARATION (CONTINUED)

2.1 Basis of preparation and material accounting policies (Continued)

2.1.1 Standards, amendments and interpretations effective in 2024

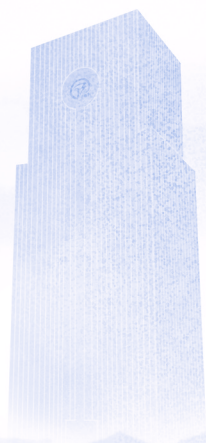
On 1 January 2024, the Group adopted the following standards, amendments and interpretations.

Amendments to IFRS 16	<i>Lease liability in a sale and leaseback</i> <i>Classification of Liabilities as Current or Non-current</i> <i>and</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to IAS 7 and IFRS Statement 7	<i>Supplier Finance Arrangements</i>

The adoption of the above amendments did not have a significant impact on the Group's consolidated financial statements.

2.1.2 Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group in 2024

Standards		Effective for annual periods beginning on or after
Amendments to IFRS 18	<i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
Amendments to IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to IFRS 9 and IFRS 7	<i>Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Effective date has been deferred indefinitely
Amendments to IAS 21	<i>Lack of Exchangeability</i>	1 January 2025



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

2 BASIS OF PREPARATION (CONTINUED)

2.1 Basis of preparation and material accounting policies (Continued)

2.1.2 **Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group in 2024** (Continued)

IFRS 18 Presentation and Disclosure in Financial Statements

The IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, replacing IAS 1 Presentation of Financial Statements. Compared with the current IAS 1, the new requirements in IFRS 18 mainly include: introducing three new categories for income, expenses – operating, investing and financing to improve the structure of the income statement, entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals of operating profit, profit before financing and income tax; requiring the disclosures of management – defined performance measures to improve the transparency of performance indicators defined by management, and separately disclose the reconciliation process between each management performance indicator and the most directly comparable total or subtotal items specified in IFRSs in the notes, the calculation method of each management performance indicator and the description of its changes, the income tax impact of reconciliation items and the impact on non-controlling interests; strengthening information aggregation and disaggregation to further improve the usefulness of information in financial statements in decision-making.

IFRS 18 and the consequential amendments to other IFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required.

The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the consolidated financial statements.

Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments

The amendments clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

2 BASIS OF PREPARATION (CONTINUED)

2.1 Basis of preparation and material accounting policies (Continued)

2.1.2 **Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group in 2024** (Continued)

Amendments to IFRS 9 and IFRS7 – Classification and Measurement of Financial Instruments (Continued)

The adoption of the amendments to IFRSs has had no material impact on the financial position and financial performance of the Group.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively.

The adoption of the amendments to IFRSs has had no material impact on the financial position and financial performance of the Group.

The other revised IFRSs that have been issued but are not yet effective are expected to have no material impact on the financial position and financial performance of the Group in the foreseeable future.

3 MATERIAL ACCOUNTING POLICIES

3.1 Business Combinations

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. If there is any indication that goodwill is impaired, recoverable amount is estimated and the difference between carrying amount and recoverable amount is recognised as an impairment charge. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.2 Subsidiaries

Subsidiaries are all entities (including corporates, divided parts of associates and joint ventures, and structured entities controlled by corporates) over which the Group has control. That is the Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible and rights arising from other contractual arrangements are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. If the changes of the relevant facts and circumstances resulting in the definition of control involved in the changes of relevant elements, the Group will re-evaluate whether subsidiaries are controlled.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the Bank's statement of financial position, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments, but does not include acquisition-related costs, which are expensed as incurred. The dividends or profits declared to distribute by the invested entity shall be recognised by the Bank as the current investment income from subsidiaries. The Group assesses at each financial reporting date whether there is objective evidence that investments in subsidiaries are impaired. An impairment loss is recognised for the amount by which the investments in subsidiaries' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the investments in subsidiaries' fair value less costs to sell and value in use.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in the income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income are reclassified to the income statement.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Associates

Associates are all entities over which the Group has significant influence but no control or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights.

Joint ventures exist where the Group has a contractual arrangement with one or more parties to undertake economic activities which are subject to joint control.

Investments in associates are initially recognised at cost and are accounted for using the equity method of accounting. The Group's "Investments in associates" includes goodwill.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates; unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of associates and have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group assesses at each financial reporting date whether there is objective evidence that investments in associates and joint ventures are impaired. Impairment losses are recognised for the amounts by which the investments in associates and joint ventures' carrying amounts exceed its recoverable amounts. The recoverable amounts are the higher of investments in associates and joint ventures' fair value less costs to sell and value in use.

3.4 Foreign currency translations

The consolidated financial statements of the Group are presented in RMB, being the functional and presentation currency of the Bank and its subsidiaries.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions, or the exchange rates that approximate the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rates ruling at that date. Changes in the fair value of monetary securities denominated in foreign currency classified as financial assets at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in the income statement, and other changes in the carrying amount are recognised in other comprehensive income. Translation differences on all other monetary assets and liabilities are recognised in the income statement.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date when the fair value is determined. Translation differences on non-monetary financial assets at fair value through other comprehensive income are recognised in other comprehensive income. Translation differences on non-monetary financial assets and financial liabilities at fair value through profit or loss are recognised in exchange gains of the income statement.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 Cash and cash equivalents

Cash and cash equivalents refer to short term highly liquid assets, which are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value. Cash and cash equivalents comprise cash, unrestricted balances with the central bank, amounts due from banks and other financial institutions and reverse repurchase agreements with original maturity of less than three months.

3.6 Financial instruments

3.6.1 Initial recognition and measurement

An entity shall recognise a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument, which is the trade date.

At initial recognition, an entity shall measure 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 directly attributable to the acquisition or issue of the financial asset or financial liability. For a financial asset or financial liability at fair value through profit or loss, transaction costs are directly recognised in profit or loss.

The fair value of a financial instrument at initial recognition is normally the transaction price. If an entity determines that the fair value at initial recognition differs from the transaction price, and if that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, the entity shall recognise the difference between the fair value at initial recognition and the transaction price as a gain or loss.

3.6.2 Classification and subsequent measurement

3.6.2.1 Financial assets

An entity shall classify financial assets as at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- (a) the entity's business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

Business models

An entity's business model refers to how an entity manages its financial assets in order to generate cash flows. That is, the entity's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. If financial assets are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the business model for the financial assets is 'other'. The entity's assessment of the business model is performed on a financial asset portfolio basis, and determined on a reasonable expected scenario, taking into account: how to generate cash flows in the past, how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel; the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and how managers of the business are compensated.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

3.6.2 Classification and subsequent measurement (Continued)

3.6.2.1 Financial assets (Continued)

The contractual cash flow characteristics

The assessment of contractual cash flow characteristics is to identify whether the cash flows are solely payments of principal and interest on the principal amount outstanding. Principal is the fair value of the financial asset at initial recognition. However, that principal amount may change over the life of the financial asset (for example, if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

(1) Financial assets at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets that the Group hold mainly include loans and advances to customers, cash and due from banks and other financial institutions, Placements with and loans to banks and other financial institutions and debt securities, and are subsequently measured at amortised cost.

The amount at which the financial asset 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 the initial amount and the maturity amount and adjusted for any loss allowance.

(2) Financial assets at fair value through other comprehensive income

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets that the Group hold mainly include bills discounted and debt securities, and are subsequently measured at fair value. A gain or loss on a financial asset measured at fair value through other comprehensive income shall be recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Expected credit losses of such financial assets shall be recognised in other comprehensive income. The impairment gain or loss shall not adjust the carrying amount of such financial assets and be recognised in profit or loss.

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For the year ended 31 December 2024

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

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

3.6.2 Classification and subsequent measurement (Continued)

3.6.2.1 Financial assets (Continued)

(3) Financial assets at fair value through profit or loss

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, which includes financial assets held for trading, financial assets designated as at fair value through profit or loss and other financial assets at fair value through profit or loss in accordance with IFRS.

Such financial assets that the Group hold mainly include debt securities and fund investments, and are subsequently measured at fair value. A gain or loss on a financial asset that is measured at fair value shall be recognised in profit or loss unless it is part of a hedging relationship. Qualified dividends generated by such equity instruments, which the Group is entitled to collect, shall be recognised in the income statement.

(4) Equity instruments

The Group may, at initial recognition, irrevocably designate an equity instrument except trading equity instrument as financial asset measured at fair value through other comprehensive income when it meets the definition of equity instruments under IAS 32 *Financial Instruments: Presentation*. When the equity instrument is derecognised, the cumulative gain or loss previously recognised in other comprehensive income shall be reclassified from other comprehensive income to undistributed profits under equity. Qualified dividends generated by such equity instruments, which the Group is entitled to collect, shall be recognised in the income statement. Such equity instruments do not recognise impairment losses.

Only if the Group changes the business model for financial assets, the Group shall reclassify the affected financial assets. The reclassification shall be effective from the first day of the first reporting period after the change of its business model.

3.6.2.2 Financial liabilities

An entity shall classify all financial liabilities as subsequently measured at amortised cost, except for:

- (a) financial liabilities at fair value through profit or loss. Such liabilities, including financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.
- (b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.
- (c) Financial guarantee contracts and loan commitments which rates are lower than market's.

Such financial liabilities measured at amortised cost that the Group hold mainly include due to customers, placements from banks and other financial institutions and bonds issued and are subsequently measured at amortised cost.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

3.6.2 Classification and subsequent measurement (Continued)

3.6.2.2 Financial liabilities (Continued)

Such financial liabilities at fair value through profit or loss that the Group hold mainly include Interbank certificates of deposit issued and rental of precious metal and are subsequently measured at fair value. A gain or loss on a financial asset or financial liability that is measured at fair value shall be recognised in profit or loss unless:

- (a) it is part of a hedging relationship;
- (b) it is a financial liability designated as at fair value through profit or loss and the entity is required to present the effects of changes in the liability's credit risk in other comprehensive income; When the financial liability is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from the other comprehensive income to undistributed profits under equity.

An entity shall not reclassify any financial liability.

3.6.2.3 Financial assets and financial liabilities held for trading

An entity shall classify financial assets or liabilities as financial assets or financial liabilities held for trading if one of the following conditions are met:

A financial asset or financial liability that:

- (a) is acquired or incurred principally for the purpose of selling or repurchasing in the near term; or
- (b) on initial recognition, is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

3.6.2.4 Financial assets and financial liabilities designated as at fair value through profit or loss

An entity may, at initial recognition, irrevocably designate a financial instrument as measured at fair value through profit or loss when doing so results in more relevant information, because either:

- (a) it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- (b) a Group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the entity's key management personnel; or

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

3.6.2 Classification and subsequent measurement (Continued)

3.6.2.4 Financial assets and financial liabilities designated as at fair value through profit or loss (Continued)

- (c) if a contract contains one or more embedded derivatives unless the embedded derivative(s) do(es) not significantly modify the cash flows that otherwise would be required by the contract; or separation of the embedded derivative(s) is prohibited.

According to the above conditions, the financial assets and financial liabilities designated by the Group mainly include debt securities, due to and placements from banks and other financial institutions and bonds issued valued at fair value.

3.6.3 Financial guarantees and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies to secure customer loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised at fair value on the date the guarantees were given. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial measurement less amortisation calculated and the expenditure determined by the expected credit loss model that is required to settle any financial obligation arising at the financial reporting date, and any increase in the liability relating to guarantees is taken to the income statement.

Loan commitment is a commitment provided by the Group to the customers to grant loans under the established contract terms during certain period. The Group generally shall not commit to issuing loans with an interest rate lower than market or providing customers with a loan commitment to pay cash or to settle on a net basis through delivery or issuance of other financial instruments. The impairment losses on loan commitments are measured using the expected credit loss model. The Group discloses the impairment allowances for financial guarantee contracts and loan commitments in the contingent "Provision".

3.6.4 Determination of fair value

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of quoted financial assets and financial liabilities in active markets are based on current bid prices and ask prices, as appropriate. If there is no active market, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and option pricing models, and other valuation techniques commonly used by market participants.

The Group uses the valuation techniques commonly used by market participants to price financial instruments and techniques which have been demonstrated to provide reliable estimates of prices obtained in actual market transactions. The Group makes use of all factors that market participants would consider in setting a price, and incorporates these into its chosen valuation techniques and tests for validity using prices from any observable current market transactions in the same instruments.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

3.6.5 De-recognition of financial instruments

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired, or when the Group has transferred substantially all risks and rewards of ownership, or when the Group neither transfers nor retains substantially all risks or rewards of ownership of the financial asset but has not retained control of the financial asset.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in equity through other comprehensive income is recognised in the income statement.

Financial liabilities are de-recognised when they are extinguished – that is, when the obligation is discharged, cancelled or expires. The difference between the carrying amount of a financial liability de-recognised and the consideration paid is recognised in the income statement.

3.6.6 Impairment measurement for losses on assets

On the financial reporting date, the Group evaluates and confirms the relevant impairment provisions for financial assets measured at amortised cost, measured at fair value with changes taken to other comprehensive income, and loan commitments and financial guarantee contracts on the basis of anticipated credit losses. See Note 52.1 for specific information.

3.6.7 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, the Group has a legally enforceable right to offset such amounts with the same counterparty and an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.7 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow analysis and option pricing models, as appropriate. The Group adjusts to credit risk of over-the-counter derivatives to reflect credit risk of counterparties and the Group itself. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.8 Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the hybrid (combined) instrument vary in a way similar to a stand-alone derivative.

If a hybrid contract contains a host that is an asset within the scope of this Standard, the Group applies the requirements of classification and measurement to the entire hybrid contract. If a hybrid contract contains a host that is not an asset within the scope of this Standard, the Group separates embedded derivatives from the host contract and accounts for these as derivatives, if, and only if:

- the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- The hybrid (combined) instrument is not measured at fair value with changes in fair value recognised in the income statement.

These embedded derivatives separated from the host contract are measured at fair value with changes in fair value recognised in the income statement.

The Group will regard entire hybrid instrument which cannot be separately measured initially, or subsequently as financial assets or financial liabilities recognised at fair value in profit or loss.

3.9 Precious metals and precious metals swaps

Precious metals comprise gold, silver and other precious metals. The Group retains all risks and rewards of ownership related to precious metals deposited with the Group as precious metals deposits, including the right to freely pledge or transfer, and it records the precious metals received as an asset. A liability to return the amount of precious metals deposited is also recognised. Precious metals that are not related to the Group's precious metal market making and trading activities are initially measured at acquisition cost and subsequently measured at the lower of cost and net realisable value. Precious metals that are related to the Group's market making and trading activities are initially recognised at fair value and subsequent changes in fair value included in "Net trading gains" are recognised in the income statement.

Consistent with the substance of the transaction, if the precious metal swaps are for financing purposes, they are accounted for as precious metals subject to collateral agreements. Precious metals collateralised are not de-recognised and the related counterparty liability is recorded in "Placements from banks and other financial institutions". If precious metal swaps are for trading purposes, they are accounted for as derivative transactions.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Repurchase and reverse repurchase transactions

Repurchase financial assets refer to the funds leased out from the financial assets which are purchased by the Group under agreements and sold at a fixed price. Reverse repurchase financial assets refer to the funds arise from the financial assets which are sold by the Group under agreements and repurchased at a fixed price. The actual payments or cash received in repurchase and reverse repurchase transactions are recognised in consolidated statement of financial position. The target assets purchased in repurchase transactions are not recognised; the target assets sold in reverse repurchase transactions are recognised in consolidated statement of financial position.

The difference between purchase and sale price is recognised as “Interest expense” or “Interest income” in the income statement over the life of the agreements using the effective interest method.

3.11 Property, plant and equipment

Fixed assets refer to the tangible assets held by the Group for business management and whose useful life exceeds one fiscal year. Construction in progress refers to the houses, buildings, machinery and equipment that are under construction or being installed, and when they are ready for their intended use, they are transferred to the corresponding fixed assets.

(a) Cost of fixed assets

Fixed assets are initially recognised at cost. The cost of purchased fixed assets includes the purchase price, related taxes and fees, and the costs attributable to the asset before the asset is ready for its intended use. The cost of self-constructed fixed assets consists of the necessary expenses incurred before the construction of the asset reaches its intended usable condition.

Subsequent expenses for fixed assets, including expenses related to the replacement of a component of fixed assets, are included in the cost of fixed assets when the conditions for recognition of fixed assets are met; at the same time, the carrying amount of the replaced portion is deducted. Expenditure related to the routine maintenance of fixed assets is recognised in profit or loss when incurred.

(b) Depreciation and impairment of fixed assets

The Group's amount of the original asset's estimated net residual value (if any) is depreciated on the straight-line method over the estimated useful lives of the assets and is recognised in profit or loss. For fixed assets that have been withdrawn for impairment, the accumulated amount of provision for impairment of fixed assets is deducted when depreciation is provided. Construction in progress is not depreciated.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.11 Property, plant and equipment (Continued)

(b) Depreciation and impairment of fixed assets (Continued)

The estimated useful lives, depreciation rates and estimated residual value rate of fixed assets are as follows:

	Estimated useful lives	Estimated residual value rate	Annual depreciation rate
Buildings	20 years	3%	4.85%
Motor vehicles	5 years	3%	19.40%
Equipment	5-10 years	3%	9.70%-19.40%

The residual values and useful lives of assets are reviewed at least annually.

The impairment of the Group's fixed assets is treated in accordance with the accounting policy in Note 3.14.

(c) Disposal of fixed assets

The gain or loss arising from the retirement or disposal of the fixed assets is the difference between the net disposal proceeds and the carrying amount of the assets and is recognised in profit or loss on the date of retirement or disposal.

(d) Construction in progress

The cost of construction in progress is determined based on actual project expenditure, including all necessary engineering expenses incurred during construction and other related expenses.

Construction in progress is transferred to fixed assets when it is ready for its intended use.

3.12 Intangible assets

Intangible assets mainly include computer software, which is initially recognised at cost. The Group's amount of the intangible asset's estimated net residual value (if any) is amortised on the straight-line method and recognised in profit or loss. When it is amortised, the intangible assets that have been withdrawn for impairment are deducted from the accumulated amount of impairment provision.

The impairment of the Group's intangible assets is treated as described in Note 3.14.

3.13 Repossessed assets

Repossessed assets are initially recognised at fair value plus related costs when they are obtained as the compensation for the loans, advances and interest receivable. When there are indicators that the recoverable amount is lower than carrying amount, the carrying amount is written down immediately to its recoverable amount.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.14 Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. The recoverable amount is estimated for assets with signs of impairment. If there are indications that an asset is impaired, but it is difficult to estimate the recoverable amount of the individual asset, the Group will assess the recoverable amount based on cash-generating unit that the asset belongs to. The cash-generating unit is the smallest portfolio of assets that the Group can identify, and the cash flow generated is essentially independent of other assets or portfolios of assets.

The recoverable amount refers to the higher value between the fair value of the assets (or cash-generating units, cash-generating unit groups) minus the disposal expenses and the present value of the estimated future cash flows of the assets. When estimating the present value of future cash flows of the assets, the Group considers factors such as the estimated future cash flows, useful life spans and discount rates.

3.15 Employee benefits

Employee benefits refer to the various forms of remuneration and other relevant payments given to employees due to the services they provide. The Group recognises the wages payable in operation and management fees during the employees provide service.

(a) *Defined contribution plans and defined benefit plans*

In accordance with the policies of relevant state and local governments, employees in Mainland China participate in various defined contribution retirement schemes administered by local labour and social security bureaus. Operations in Chinese mainland contribute to pension and insurance schemes administered by the local pension and insurance agencies using applicable contribution rates stipulated in the relevant local regulations. Above pension and insurance expenses are recognised in current profits and losses in accordance with accrual basis principle. Upon retirement, the local labour and social security bureaus are responsible for the payment of the basic retirement benefits to the retired employees.

In addition to these basic staff pension schemes, employees in Mainland China who retired can also voluntarily participate in a defined contribution plan established by the Bank ("the Annuity Plan"). The Bank contributes to the Annuity Plan based on certain percentages of the employees' gross salaries.

(b) *Housing funds and other social insurance expenses*

The Group pays housing funds, basic medical insurances, unemployment insurances, employment injury insurances and maternity insurance etc. for in-service employees pursuant to relevant laws, regulations and policies. The Group pays housing funds and above social insurance expense monthly based on a certain proportion of payment basis to relevant departments and recognises them in current profits and losses in accordance with accrual basis principle.

The Group participates social security schemes established by government, such as medical insurances, housing funds and other social security schemes. The Group has also participated medical insurance schemes issued by commercial insurance companies since October 2012.

(c) *Early retirement benefits*

Early retirement benefits have been paid to those employees who accept voluntary retirement before the normal retirement date, as approved by management. The related benefit payments are made from the date of early retirement to the normal retirement date. The differences arise from changes in evaluation assumptions and adjustments to benefits standards are recognised in current profits and losses when they occur.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.16 Provisions

Provisions are recognised when the Group 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. The amount initially recognised as a provision should be the best estimate of the expenditure required to settle the present obligation.

3.17 Contingent liabilities

A contingent liability is a possible obligation that arises from past transactions or events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required, or the amount of obligation cannot be measured reliably.

3.18 Fiduciary activities

The asset custody services of the Group refer to the service that the Group signs custody agreements with clients such as commercial banks, securities companies, fund companies, insurance companies, and annuity plans, etc. and manage assets for clients as trustee. Since the group gets paid in return of its job as stated by the fiduciary agreement but is not involved with the risk and revenue resulted by the management of the asset being custodied, fiduciary activities of the Group is treated as an off-balance-sheet item. The entrusted loans services refer to the service that the Group signs entrusted loans agreements with clients, and the clients provide fund ("entrusted loans fund") to the Group, and the Group issues loans ("entrusted loans") to the third parties according to the instructions of clients. The assets under custody are recorded as off-balance sheet items as the Group merely fulfils the responsibility as trustee and charges fees in accordance with these agreements without retaining any risks or rewards of the assets under custody.

3.19 Dividends

Dividends are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders in general meetings and declared. Interim dividends are deducted from equity when they are approved and declared, and no longer at the discretion of the Bank. Dividend for the year that is approved after the end of the reporting period is disclosed as an event after the reporting period.

3.20 Interest income and expense

The "interest income" and "interest expense" in the Group's income statement are the interest income and expense from financial assets using the effective interest rate method at amortised cost, financial assets at fair value with changes recognised through other comprehensive income and financial liabilities at amortised cost.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash flows through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument but does not consider expected credit losses. The calculation includes all amounts paid or received by the Group that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

For the financial assets acquired or originated with credit impairment, the Group calculates the interest income according to the amortised cost of the financial assets and the effective interest rate after credit adjustment since the initial recognition by the Group. The effective interest rate after credit adjustment refers to the estimated future cash flows of the acquired or originated financial assets with credit impairment in the expected duration, which is converted into the interest rate of amortised cost of the financial assets.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.20 Interest income and expense (Continued)

For the financial assets acquired or originated without any credit impairment, but incurred credit impairment in the subsequent period, the Group calculates the interest income in accordance with the amortised cost and the effective interest rate of the financial assets.

3.21 Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. For those services that are provided over a period of time, fee and commission income are accrued in accordance with the actual progress. For other services, fee and commission income are recognised when the transactions are completed.

3.22 Current and deferred income tax

Income taxes comprise current income tax and deferred income tax. Tax is recognised in the current income statement as income expense or revenue except to the extent that it relates to transactions or items directly recognised in equity. In these cases, tax is also directly recognised in equity.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the financial reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognised 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. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the financial reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

The principal temporary differences arise from asset impairment allowances, revaluation of certain financial assets and financial liabilities including derivative contracts, revaluation of investment properties, depreciation of Property, plant and equipment, provisions for pension, retirement benefits and salary payables.

“Deferred income tax assets” are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised except the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

For deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, a deferred tax asset is recognised to the extent that, and only to the extent that, it is probable that the temporary difference will reverse in the foreseeable future; and taxable profit will be available against which the temporary difference can be utilised.

Deferred tax liabilities shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

Deferred income tax liabilities on taxable temporary differences arising from investment in subsidiaries, associates and joint ventures are recognised, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

The tax effects of income tax losses available for carrying forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.23 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In order to determine whether the contract transfers the right to control the use of the identified assets within a certain period of time, the Group assesses whether the customers in the contract are entitled to receive almost all of the economic benefits arising from the use of the identified assets and have the right to dominate the use of identified assets during the period of use.

3.23.1 Recognition of individual leases

When a contract contains several separate leases, the Group splits the contract and accounts for each lease separately. The right to use an identified asset constitutes a separate lease under the contract if the following conditions are met simultaneously.

- (1) The lessee can profit from the use of the asset alone or in conjunction with other resources that are readily available.
- (2) The asset is not highly dependent or highly related to other assets in the contract.

3.23.2 Spin-off of leased and non-leased parts

For a contract that is, or contains, a lease, the Group account for each lease component within the contract as a lease separately from non-lease components of the contract.

3.23.3 Evaluation of lease term

The lease term is the non-cancellable period during which the Group has the right to use the leased asset. The lease term also includes the period covered by the option to renew the lease if the Group has the option to renew the lease of the asset and is reasonably certain to exercise the option. The lease term includes the period covered by the option to terminate the lease if the Group has the option to terminate the lease of the asset but is reasonably certain that it will not exercise the option. If a significant event or change within the Group's control occurs that affects whether the Group is reasonably certain to exercise the corresponding option, the Group reassesses whether it is reasonably certain to exercise the renewal option, the purchase option or not to exercise the termination option.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.23 Leases (Continued)

3.23.4 Group as a lessee

3.23.4.1 Right-of-use assets

The Group's right-of-use assets consist of buildings, vehicles, electronic and other equipment and land use rights.

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

3.23.4.2 Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term, except short-term leases and leases of low-value assets. In calculating the present value of lease payments, the Group uses internal interest rate, or incremental borrowing rate when internal interest rate is not obtainable. The Group uses fixed interest rate to calculate interest expense on lease liabilities and recognises profit or loss. Variable lease payments, not included in lease liabilities, are recognised as profit or loss when made.

After the commencement date, the carrying amount of lease liabilities is remeasured if there is a change in lease payments, estimated payable amounts of guarantee residual value, discount rate, or situations that influence the Group's decision whether to exercise purchase options, extension options, or termination options.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.23 Leases (Continued)

3.23.4 Group as a lessee (Continued)

3.23.4.3 Changes in leases

Changes in lease are the changes in the lease scope, lease consideration, and lease duration. Lease changes include the addition or termination of the right to use one or more leased assets, and the extension or shortening of the lease term in the contract.

When the following conditions are met, the Group regards the change as a separate lease change in the process of accounting treatment.

- (1) The lease change expands the scope of the lease by adding the right to use one or more leased assets;
- (2) The increase in consideration is equivalent to the price of the additional part of the lease scope.

If the lease change is not regarded as a separate change, on the effective date of the lease change, the Group re-determines the lease term and calculates the present value of the lease payment to remeasure the lease liability. In the process of calculating the present value of lease payments after the change, the Group refers to the interest rate implicit in lease in the remaining lease period as the discount rate. If the leased interest rate is not available, the Group adopts incremental borrowing rate to calculate the present value of lease payment.

Based on the above lease adjustment, the Group distinguishes the following situations for accounting treatment.

- (1) If the lease change leads to a short lease term or small lease scope, the Group reduces the book value of right-of-use assets to represent the partial or complete termination of lease. The relevant gain or loss of termination are included in current profits and losses.
- (2) In terms of other lease changes, the Group adjusts the book value of the right-of-use asset accordingly.

3.23.4.4 Short-term leases and leases of low-value assets

The Group recognises leases without purchase options that do not exceed 12 months as short-term leases; Leases are regarded as low-value asset leases if the cost of a single leased asset does not exceed RMB30,000. In each period of the lease term, the relevant asset costs or expenses are calculated in accordance with the straight-line method, and the contingent rent is included in the current profit or loss when it actually occurs.

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For the year ended 31 December 2024

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

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.23 Leases (Continued)

3.23.5 Group as a lessor

A lease that essentially transfers almost all the risks and returns associated with the ownership of the leased asset on the start date of the lease is a finance lease. All other leases are operating leases.

3.23.5.1 As a lessor of financial leases

Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the income statement due to its operating nature.

3.24 Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

Or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or an associate or joint venture of fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate venture of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.24 Related parties (Continued)

- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the legal person or other organization which is directly, indirectly or jointly controlled by the board of director, senior management of the Group and their closely related family members, or in which the person identified above is in charge of board of directors or senior management

3.25 Segment reporting

The Group determines the operating divisions based on the internal organizational structure, management requirements and internal reporting system, and determines the reporting divisions based on the operating divisions and discloses the information of the divisions.

The operating divisions are components in the Group where all of the following conditions apply:

- (1) the division generates income and expense in daily activities;
- (2) the management of the Group decides the resources allocation to the division and assessment of division's performance by regularly evaluating the operating performance;
- (3) the Group has access to relevant accounting information such as financial situation, operating performance, cash flow, etc.;

Two or more operating divisions are able to aggregate if they have similar economic characteristics and satisfy certain conditions.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management has used its judgements and made assumptions of the effects of uncertain future events on the financial statements. The most significant use of judgements and key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are described below.

Impairment loss on financial assets

The Group measures the impairment losses on all financial assets in accordance with IFRS 9 including many estimates and judgments in the process, especially in determining the amount of impairment losses, estimating future contractual cash flows, the value of collateral and judging the significant increase in credit risk. The Group is affected by various factors in the measurement of impairment, which will result in different levels of impairment provision.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Impairment loss on financial assets (Continued)

The Group's expected credit loss calculation is the result of model output, which contains many model assumptions and parameter inputs.

The accounting judgments and estimates used in the expected credit loss model include:

- Criteria for judging significant increases in credit risk
- Definition of credit-impaired financial asset
- Parameters for measuring ECLs
- Forward-looking information
- Modification of contractual cash flows

Impairment of non-financial assets (Except goodwill)

The Group judges whether there are indications of impairment of non-financial-and-non-current assets at the end of reporting period. Besides annual impairment tests, additional impairment tests will be carried out for intangible assets with indefinite operational life spans where exist indications of impairments. Other non-current assets are tested for impairment when there is an indication that the carrying amounts are not recoverable. When estimating the present value of future cash flows, management must estimate the future cash flows of the asset or asset group and select an appropriate discount rate to determine the present value of future cash flows.

Business combinations and goodwill

The identifiable assets, liabilities and contingent liabilities of the acquiree obtained in the business combination not under the same control are measured at fair value on the combination date. The combination date refers to the date on which the acquirer obtains control of the acquiree's business. The fair value of the acquired assets, the liabilities to be undertaken, the consideration for merger and acquisition, and the estimation should be used when allocating the consideration for merger and acquisition of identifiable assets and liabilities. The fair value of the acquired identifiable assets and liabilities is determined by valuation techniques (including discounted cash flow model). The data used in the model is obtained from the observable market when possible, and judgement and estimation are required to determine the fair value only when it is not feasible. The group shall estimate the future cash flow and discount rate to calculate the fair value.

Impairment of goodwill

The group tests goodwill for impairment at least annually. This requires that the present value of the future cash flow of the asset group or combination of asset groups to which goodwill is allocated be estimated. When predicting the present value of future cash flow, the group needs to predict the cash flow generated by the future asset group or combination of asset groups, and select the appropriate discount rate to determine the present value of future cash flow. See Note 28 for details.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Fair value of derivatives and other financial instruments

The Group establishes the fair value of financial instruments with reference to a quoted market price in an active market or, if there is no active market, using valuation techniques. These valuation techniques include the use of recent arm's length transactions, observable prices for similar instruments, discounted cash flow analysis using risk-adjusted interest rates, and commonly used market pricing models. Whenever possible, these models use observable market inputs and data including, for example, interest rate yield curves, foreign exchange rates and option volatilities. The results of using valuation techniques are calibrated against industry practice and observable current market transactions in the same or similar instruments.

The Group assesses assumptions and estimates used in valuation techniques including review of valuation model assumptions and characteristics, changes to model assumptions, the quality of market data, whether markets are active or inactive, other fair value adjustments not specifically captured by models and consistency of application of techniques between reporting periods as part of its normal review and approval processes. Valuation techniques are validated and periodically reviewed and, where appropriate, have been updated to reflect market conditions at the financial reporting date.

With respect to the PRC government obligations related to large-scale policy directed financing transactions, fair value is determined using the stated terms of the related instrument and with reference to terms in similar transactions in which the PRC government engages or which are directed by the PRC government. In this regard, there are no other relevant market prices or yields reflecting arm's length transactions of a comparable size and tenor.

Early retirement benefit obligations

The Bank has established liabilities in connection with benefits payable to early retired employees. These amounts of employee benefit expense and these liabilities are dependent on assumptions used in calculating such amounts. These assumptions include discount rates, inflation rates, and other factors. Actual results that differ from the assumptions are recognised immediately and, therefore, affect recognised expense in the year in which the differences arise. While management believes that its assumptions are appropriate, differences in actual experience or changes in assumptions may affect the Bank's expense related to its employee early retirement benefit obligations.

Income tax

Determining income tax provisions requires the Group to estimate the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provisions accordingly. In addition, deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. This requires significant estimation on the tax treatments of certain transactions and also significant assessment on the probability that whether adequate future taxable profits will be available for the deferred income tax assets to be recovered.

Provisions

The Group uses judgement to assess whether the Group has a present legal or constructive obligation as a result of past events at each financial reporting date, and judgement is used to determine if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and to determine a reliable estimate of the amount of the obligation and relevant disclosure in the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Business model

The classification of financial assets at the time of initial recognition depends on the business model of the group in managing financial assets. When judging the business model, the group considers the ways of enterprise evaluation and reporting the performance of financial assets to key management personnel, the risks affecting the performance of financial assets and their management methods, as well as the ways of relevant business management personnel getting remuneration, etc. When evaluating whether the target is to collect the contract cash flow, the group needs to analyse and judge the reason, time, frequency and value of the sale of financial assets before the maturity date.

Characteristics of the contractual cash flow

The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of financial assets. When it is necessary to judge whether the contractual cash flow is only the payment of principal and interest based on outstanding principal, including the correction of time value of money, it is necessary to judge whether there is a significant difference compared with the benchmark cash flow. For financial assets with prepayment characteristics, it is necessary to judge whether the fair value of prepayment characteristics is very small.

Judgement in assessing control over structured entities

The Group is involved with structured entities in its normal business course, and the Group determines whether or not to consolidate those structured entities depending on whether the Group has control over them. When assessing control over structured entities, the Group takes account of power arising from rights it directly owns or indirectly owns through subsidiaries (including controlled structured entities), variable returns, and link between power and returns.

The variable returns the Group is exposed to from its involvement with structured entities include decision makers' remuneration (such as management fees and performance-related fees), as well as other benefits (such as direct investment income, remuneration and exposure to loss from providing credit enhancement or liquidity support, and variable returns from transactions with structured entities). When assessing whether it controls a structured entity, the Group not only considers applicable legal or regulatory requirements and contractual agreements, but also other circumstances where the Group may have obligation to absorb any loss of the structured entity.

The Group reassesses whether it controls a structured entity if facts and circumstances indicate that there are changes to one or more of the relevant elements of control.

5. TAXATION

The principal income and other taxes to which the Group is subject are listed below:

Taxes	Tax basis	Statutory rates
Corporate income tax	Taxable income	25%
Value-added tax	Taxable added value (tax payable is calculated by multiplying taxable sales revenue with applicable tax rate, then deducting input tax that can be credited of this period)	3%、5%、6%、9%、13%
City construction and maintenance tax	VAT payable	5%, 7%
Education surcharges	VAT payable	3%

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

6 THE BANK'S STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY

	As at 31 December 2024	As at 31 December 2023
Assets		
Cash and balances with central bank	92,052,902	98,182,858
Deposits with banks and other financial institutions	8,585,254	9,004,436
Placements with banks and other financial institutions	49,113,914	41,028,273
Derivative financial assets	154,242	100,201
Financial assets held under resale agreements	11,362,485	24,033,046
Loans and advances to customers	972,469,927	842,713,816
Financial Investments		
– Financial assets at fair value through profit or loss	165,208,873	174,384,530
– Financial assets at fair value through other comprehensive income	169,066,465	165,439,136
– Financial assets at amortised cost	429,340,229	341,137,274
Investments in subsidiaries	3,833,053	3,809,133
Investments in associates	5,261,079	5,151,471
Investment property	4,002	–
Property, plant and equipment	4,151,312	4,336,185
Right-of-use assets	1,149,450	1,131,581
Goodwill	10,670,776	11,547,389
Deferred tax assets	13,941,081	12,921,713
Other assets	3,807,818	3,854,591
Total assets	1,940,172,862	1,738,775,633
Liabilities		
Borrowings from central bank	139,519,571	138,031,337
Deposits from banks and other financial institutions	176,832,422	164,949,830
Placements from banks and other financial institutions	1,993,303	3,609,032
Derivative financial liabilities	131,083	100,667
Financial assets sold under repurchase agreements	16,184,221	65,399,778
Deposits from customers	1,160,709,256	1,036,429,098
Taxes payable	1,753,872	1,501,918
Debt securities issued	281,442,333	180,648,206
Other liabilities	9,937,780	9,925,437
Total liabilities	1,788,503,841	1,600,595,303
Equity		
Share capital	13,889,801	13,889,801
Other equity instruments	19,999,128	19,999,357
Capital reserve	15,221,111	15,221,300
Surplus reserve	22,755,489	19,948,581
General reserve	17,906,940	16,297,460
Other comprehensive Income	3,935,734	2,091,404
Retained earnings	57,960,818	50,732,427
Total equity	151,669,021	138,180,330
Total equity and liabilities	1,940,172,862	1,738,775,633

Yan Chen

Chairman

Kong Qinglong

President

Liu Fei

Assistant President

Fang Lixin

Head of Finance Department

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

6 THE BANK'S STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Other comprehensive income	Retained earnings	Total equity
As at 1 January 2024	13,889,801	19,999,357	15,221,300	19,948,581	16,297,460	2,091,404	50,732,427	138,180,330
(1) Comprehensive income								
Profit for the year	-	-	-	-	-	-	14,542,690	14,542,690
Other comprehensive income, net of tax	-	-	-	-	-	1,907,852	-	1,907,852
Asset impairment through other comprehensive income	-	-	-	-	-	(93,018)	-	(93,018)
OCI accrued under the equity method	-	-	-	-	-	29,496	-	29,496
Total comprehensive income for the year	-	-	-	-	-	1,844,330	14,542,690	16,387,020
(2) Profit distribution								
Dividends	-	-	-	-	-	-	(2,897,911)	(2,897,911)
Appropriation to surplus reserve	-	-	-	-	1,609,480	-	(1,609,480)	-
Appropriation to general reserve	-	-	-	-	-	-	-	-
(3) Changes in share capital								
Capital reduction by other equity instruments holders	-	9,999,582	-	-	-	-	-	9,999,582
Capital reduction by other equity instruments holders	-	(9,999,811)	(189)	-	-	-	-	(10,000,000)
As at 31 December 2024	13,889,801	19,999,128	15,221,111	22,755,489	17,906,940	3,935,734	57,960,818	151,669,021
As at 1 January 2023	13,889,801	9,999,811	15,221,300	17,404,333	14,408,760	886,774	43,920,764	115,731,543
(1) Comprehensive income								
Profit for the year	-	-	-	-	-	-	13,526,395	13,526,395
Other comprehensive income, net of tax	-	-	-	-	-	1,013,312	-	1,013,312
Asset impairment through other comprehensive income	-	-	-	-	-	233,826	-	233,826
OCI accrued under the equity method	-	-	-	-	-	(42,508)	-	(42,508)
Total comprehensive income for the year	-	-	-	-	-	1,204,630	13,526,395	14,731,025
(2) Profit distribution								
Dividends	-	-	-	-	-	-	(2,281,784)	(2,281,784)
Appropriation to surplus reserve	-	-	-	2,544,248	-	-	(2,544,248)	-
Appropriation to general reserve	-	-	-	-	1,888,700	-	(1,888,700)	-
(3) Changes in share capital								
Capital contribution by other equity instruments holders	-	9,999,546	-	-	-	-	-	9,999,546
As at 31 December 2023	13,889,801	19,999,357	15,221,300	19,948,581	16,297,460	2,091,404	50,732,427	138,180,330

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For the year ended 31 December 2024

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7 NET INTEREST INCOME

	2024	2023
Interest income		
Balances with central bank	1,165,834	1,230,777
Deposits and placements with banks and other financial institutions	1,894,288	1,526,100
Loans and advances to customers	40,024,504	38,227,201
Investment securities	19,287,658	19,729,165
Finance lease	3,961,864	4,279,207
Total	66,334,148	64,992,450
Unwinding of discount on allowance	106,727	77,928
Interest expense		
Borrowings from central bank ^(a)	(2,399,728)	(2,063,432)
Deposits and placements from banks and other financial institutions	(7,471,811)	(7,146,374)
Deposits from customers	(22,732,468)	(21,977,255)
Debt securities issued	(5,139,108)	(5,085,184)
Total	(37,743,115)	(36,272,245)
Net interest income	28,591,033	28,720,205

- (a) Borrowings from the central bank include general borrowings from the People's Bank of China ("the PBOC"), rediscounted bills held under repurchase agreements, re-lending to support micro, re-lending to support agriculture, carbon emission reduction support tool, medium-term lending facility.

8 NET FEE AND COMMISSION INCOME

	2024	2023
Fee and commission income		
Settlement and clearing fees	206,557	169,806
Guarantee and commitment fees	639,175	649,335
Investment banking fees	688,967	652,529
Custody fees	724,265	717,563
Bank card fees	55,268	158,225
Acquiring business fees	31,495	23,299
Agency commissions	780,235	785,382
Others	68,801	66,518
Total	3,194,763	3,222,657
Fee and commission expense	(346,075)	(417,422)
Net fee and commission income	2,848,688	2,805,235

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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9 NET TRADING GAINS/(LOSSES)

	2024	2023
Net gain from foreign exchange	83,967	69,956
Net gain from interest rate instruments	3,115,374	3,679,152
Net (loss)/gain from goods traded	21,093	(147,682)
Total	3,220,434	3,601,426

Net gains from interest rate instruments mainly include gains arising from fair value changes of financial assets and liabilities at fair value through profit or loss.

10 NET GAINS ON FINANCIAL INVESTMENTS

	2024	2023
Net gains from financial assets at fair value through profit or loss	849,802	62,819
Net gains from financial assets at fair value through other comprehensive income	917,108	360,540
Net gain from financial assets at amortised cost	326,816	189,413
Other	11,140	(3,507)
Total	2,104,866	609,265

All the net gains recognised from the derecognition of financial assets measured at amortised cost are resulted from trading for the year ended 31 December 2024.

11 OTHER OPERATING INCOME, NET

	2024	2023
Net gains on bills	24,557	42,418
Government subsidy	310,367	516,089
Others	23,871	66,062
Total	358,795	624,569

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12 OPERATING EXPENSES

	2024	2023
Staff cost (Note 13)	(6,469,741)	(5,939,601)
Business tax and surcharges	(408,444)	(422,316)
General operating and administrative expenses	(2,527,143)	(2,488,532)
Operating lease rental expenses	(36,140)	(49,497)
Depreciation of property, plant and equipment (Note 26)	(448,113)	(418,398)
Depreciation for right-of-use assets (Note 27)	(342,004)	(356,162)
Amortisation expenses for long-term prepaid expenses	(92,301)	(95,615)
Amortisation expenses for intangible assets (Note 30(b))	(198,116)	(209,221)
Auditors' remuneration	(5,493)	(5,450)
– Audit services	(5,150)	(5,150)
– Non-audit services	(343)	(300)
Others	(167,329)	(214,576)
Subtotal	(10,694,824)	(10,199,368)

13 STAFF COST

	2024	2023
Salaries, bonuses, allowances and subsidies	(4,601,025)	(4,274,795)
Pension costs	(791,114)	(676,511)
Labor union fee and staff education fee	(121,015)	(112,566)
Other social insurance and welfare costs	(956,587)	(875,729)
Subtotal	(6,469,741)	(5,939,601)

Five highest paid individuals

The five highest paid individuals of the Group are members of the Bank, who are not the directors or supervisors listed in Note 14(a). Their emoluments are determined by and referred to current market level in the region where the Bank is located. Details of the five highest paid individuals' emoluments are listed below:

	2024	2023
Salaries, allowances and benefits	8,173	8,768
Contribution to pension schemes	300	312
Discretionary bonuses	3,808	5,140
Subtotal	12,281	14,220

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For the year ended 31 December 2024

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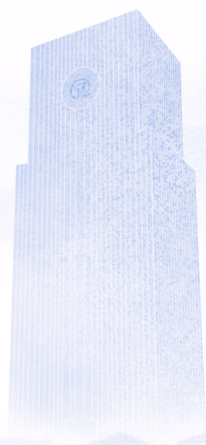
13 STAFF COST (CONTINUED)

Five highest paid individuals (Continued)

The remuneration of such persons falls within the following ranges:

	2024	2023
RMB 0-RMB1,000,000	-	-
RMB 1,000,001-RMB1,500,000	-	-
RMB 1,500,001-RMB2,000,000	-	-
RMB 2,000,001-RMB2,500,000	4	-
RMB 2,500,001-RMB3,000,000	1	5
RMB 3,000,001-RMB3,500,000	-	-
Subtotal	5	5

No emolument was paid by the Group to any of the directors, supervisors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.



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For the year ended 31 December 2024

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14 EMOLUMENTS OF DIRECTORS AND SUPERVISORS

(a) Details of the directors' and supervisors' emoluments are as follows:

Name	2024					Total
	Fees	Salaries, allowances and benefits in kind	Contribution to pension schemes	Discretionary bonuses	Other	
Executive Directors						
Yan Chen ^{(9)(13)(*)}	-	745	96	-	-	841
Kong Qinglong ^{(21)(25)(*)}	-	800	96	-	-	896
Non-executive Directors						
Ma Lingxiao ⁽¹⁴⁾	-	-	-	-	-	-
Zhou Yana ⁽³⁾⁽⁴⁾⁽¹²⁾	240	-	-	-	-	240
Wu Tian ⁽⁴⁾⁽³²⁾	-	-	-	-	-	-
Gao Yang ⁽⁴⁾	-	-	-	-	-	-
Wang Wenjin ⁽⁴⁾⁽¹²⁾	-	-	-	-	-	-
Zhao Zongren ⁽⁴⁾	-	-	-	-	-	-
Dai Peikun ⁽⁴⁾⁽¹²⁾	-	-	-	-	-	-
Liu Zhiqiang ⁽⁴⁾	-	-	-	-	-	-
Yin Jianfeng ⁽⁴⁾	240	-	-	-	-	240
Huang Aiming ⁽⁴⁾⁽⁶⁾⁽¹²⁾	240	-	-	-	-	240
Xu Jiabin ⁽¹⁵⁾⁽¹⁷⁾	240	-	-	-	-	240
Shao Dehui ⁽¹⁶⁾⁽¹⁸⁾⁽³⁰⁾	-	-	-	-	-	-
Zuo Dunli ⁽¹⁹⁾⁽²⁰⁾	-	-	-	-	-	-
Wang Zhaohui ⁽²⁷⁾⁽²⁸⁾	-	-	-	-	-	-
Lu Hao ⁽³¹⁾	-	-	-	-	-	-
Supervisors						
He Jiehua ^{(7)(8)(11)(*)}	-	745	96	-	-	841
Zhong Qiushi ⁽²⁾	-	951	100	196	-	1,247
Sun Zhen ⁽¹¹⁾	-	1,729	100	5	-	1,834
Chen Rui ⁽⁵⁾⁽²⁹⁾	-	-	-	-	-	-
Dong Xiaolin ⁽⁵⁾	200	-	-	-	-	200
Zhou Zejiang ⁽¹⁰⁾	200	-	-	-	-	200
Wang Anning ⁽²⁶⁾	-	-	-	-	-	-
Han Dongya ⁽²⁶⁾	200	-	-	-	-	200
He Zongan ⁽³¹⁾	-	-	-	-	-	-
Total	1,560	4,970	488	201	-	7,219

(*) The total compensation packages for executive directors and supervisors for the year ended 31 December 2024 including discretionary bonuses have not yet been finalised in accordance with the relevant regulations of the PRC authorities, and further disclosure will be made after the confirmation of the final remuneration. The pre- and post-approval variances are not expected to have any significant impact on the Group's 2024 financial statements.

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14 EMOLUMENTS OF DIRECTORS AND SUPERVISORS (CONTINUED)

(a) Details of the directors' and supervisors' emoluments are as follows (Continued):

Name	2023					Total
	Fees	Salaries, allowances and benefits in kind	Contribution to pension schemes	Discretionary bonuses	Other	
Executive Directors						
Yan Chen ⁽⁹⁾⁽¹³⁾	–	737	96	–	–	833
Kong Qinglong ⁽²¹⁾⁽²⁵⁾	–	658	80	–	–	738
Non-executive Directors						
Ma Lingxiao ⁽¹⁴⁾	–	–	–	–	–	–
Wang Zhaoyuan ⁽¹⁴⁾⁽²⁴⁾	–	–	–	–	–	–
Zhou Yana ⁽³⁾⁽⁴⁾⁽¹²⁾	240	–	–	–	–	240
Wu Tian ⁽⁴⁾⁽³²⁾	–	–	–	–	–	–
Gao Yang ⁽⁴⁾	–	–	–	–	–	–
Wang Wenjin ⁽⁴⁾⁽¹²⁾	–	–	–	–	–	–
Zhao Zongren ⁽⁴⁾	–	–	–	–	–	–
Dai Peikun ⁽⁴⁾⁽¹²⁾	–	–	–	–	–	–
Liu Zhiqiang ⁽⁴⁾	–	–	–	–	–	–
Yin Jianfeng ⁽⁴⁾	240	–	–	–	–	240
Huang Aiming ⁽⁴⁾⁽⁶⁾⁽¹²⁾	240	–	–	–	–	240
Xu Jiabin ⁽¹⁵⁾⁽¹⁷⁾	240	–	–	–	–	240
Shao Dehui ⁽¹⁶⁾⁽¹⁸⁾⁽³⁰⁾	–	–	–	–	–	–
Zuo Dunli ⁽¹⁹⁾⁽²⁰⁾	–	–	–	–	–	–
Wang Zhaohui ⁽²⁷⁾⁽²⁸⁾	–	–	–	–	–	–
Supervisors						
He Jiehua ^{(7) (8)(11)}	–	737	96	61	–	894
Tang Chuan ⁽¹⁾⁽²²⁾	–	–	–	–	–	–
Zhong Qiushi ⁽²⁾	–	1,429	100	99	–	1,628
Sun Zhen ⁽¹¹⁾	–	1,630	100	37	–	1,767
Chen Rui ^{(5) (29)}	–	–	–	–	–	–
Dong Xiaolin ⁽⁵⁾	200	–	–	–	–	200
Zhai Shengbao ⁽¹⁰⁾⁽²³⁾	70	–	–	–	–	70
Zhou Zejiang ⁽¹⁰⁾	200	–	–	–	–	200
Wang Anning ⁽²⁶⁾	–	–	–	–	–	–
Han Dongya ⁽²⁶⁾	115	–	–	–	–	115
Total	1,545	5,191	472	197	–	7,405

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For the year ended 31 December 2024

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

14 EMOLUMENTS OF DIRECTORS AND SUPERVISORS (CONTINUED)

(a) Details of the directors' and supervisors' emoluments are as follows (Continued):

- (1) The Bank issued an announcement on March 6, 2018, that the Bank had elected Mr. Tang Chuan as the staff Supervisor of the third term of the Board of Supervisors of the Bank in accordance with the democratic election procedures of the Bank's staff on that day. Mr. Tang Chuan's term of office will coincide with the third term of the Supervisory Board.
- (2) The Bank issued an announcement on 15 June 2018 that the Bank had elected Mr. Zhong Qiushi as the staff Supervisor of the third term of the Board of Supervisors of the Bank in accordance with the democratic election procedures of the Bank's staff on the same day. Mr. Zhong Qiushi's term of office will coincide with the third term of the Supervisory Board.
- (3) The Bank issued an announcement on 22 August 2018 and the 2017 Annual General Meeting of the Bank was held on 30 June 2018, at which the motion to elect Ms. Zhou Yana as an independent non-executive Director of the third term of the Board of Directors of the Bank was considered and approved. On 21 August 2018, the Bank received the "Reply of the Anhui Supervision Bureau of the China Banking Regulatory Commission regarding Zhou Yana's qualifications". According to the reply, the former Anhui Regulatory Bureau of the China Banking Regulatory Commission approved Ms. Zhou's qualification to serve as an independent non-executive director of the Bank.
- (4) The extraordinary General Meeting of the Bank was held on 28 November 2018 and the motions proposed at the meeting relating to the replacement of the Board of Directors and the election of members of the fourth Board of Directors were passed. Among them, the appointment of the current Board members Mr. Gao Yang, Mr. Zhao Zongren and Ms. Zhou Yana as directors shall take effect from the date of passing the relevant resolution at the extraordinary General meeting. The appointment of the new Board members, Mr. Zhang Renfu, Mr. Zhu Yicun, Mr. Wu Tian, Mr. Qian Dongsheng, Mr. Wang Wenjin, Mr. Dai Peikun, Mr. Yin Jianfeng, Ms. Huang Aiming, Mr. Hu Jun and Mr. Liu Zhiqiang, will take effect from the date of approval of their respective qualifications as directors by the regulatory authority. Among them, the qualifications of the nine new directors except Ms. Huang Aiming were approved by the former Anhui Banking and Insurance Regulatory Authority in December 2018, and the appointment of these directors has become effective on December 28, 2018.
- (5) The extraordinary General Meeting of the Bank was held on 28 November 2018 and the motions proposed at the meeting relating to the replacement of the Supervisory Board and the election of the members of the fourth Supervisory Board were passed. Mr. Chen Rui and Ms. Hu Jing were elected as new shareholder supervisors of the fourth Supervisory Board. Ms. Dong Xiaolin was elected as the new external supervisor of the fourth Board of Supervisors.
- (6) The Bank issued an announcement on 21 January 2019, on which day the Bank received a reply of approval from the former Anhui Banking and Insurance Regulatory Authority regarding Ms. Huang Aiming's appointment as an independent non-executive Director of the Bank with effect from 21 January 2019.
- (7) The Bank issued an announcement on 8 August 2019, the Bank's announcement dated 27 March 2019, the Circular and Notice of the Bank's 2018 Annual General Meeting dated 14 May 2019, and the announcement of the poll results of the General meeting dated 1 July 2019, relating to the election of Mr. He Jiehua as an Executive Director of the fourth term of the Board of Directors of the Bank, Mr. He Jiehua's qualifications as a director have been approved by the former Anhui Banking and Insurance Regulatory Bureau, and his qualifications as a director of the Bank have been approved.

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

14 EMOLUMENTS OF DIRECTORS AND SUPERVISORS (CONTINUED)

(a) Details of the directors' and supervisors' emoluments are as follows (Continued):

- (8) The Bank issued an announcement on 13 August 2019 and the Board of Directors passed a resolution on 12 August 2019 to add Mr. He Jiehua, Executive Director, as a member of the Risk Management Committee of the fourth Term of the Board of Directors with effect from the same day.
- (9) The Bank announced on 19 December 2019 that it has recently received the approval reply from the former Anhui Banking and Insurance Regulatory Authority regarding Mr. Yan Chen's qualifications to serve as a director of the Bank, and his qualifications have been approved. Mr. Yan Chen's term of office as a Director is effective from 19 December 2019, and the appointment of members of his Development Strategy Committee and Risk Management Committee is also effective from the same date, and his term of office expires for the fourth term of office of the Board.
- (10) The Bank issued an announcement on 30 June 2020 that Mr. Zhai Shengbao and Mr. Zhou Zejiang were elected as external Supervisors of the Bank respectively at the Annual General Meeting for the same term of office as the fourth Supervisory Board of the Bank from the date of approval of the Annual General Meeting to the date of completion of the replacement of the fourth Supervisory Board.
- (11) The Bank issued an announcement on 15 July 2020 that in accordance with the Articles of Association of the Bank and the Rules of procedure of the Board of Supervisors, Mr. He Jiehua and Mr. Sun Zhen were elected as the staff Supervisors of the Bank on 13 July 2020 by the democratic procedures of the staff of the Bank, and their terms of office as the staff Supervisors of the Bank will expire on the same date and the date of the fourth Board of Supervisors of the Bank. The Board of Supervisors held the 18th meeting of the fourth Board of Supervisors on July 15, 2020, and elected Mr. He Jiehua as the Chief Supervisor, whose term of office is from the same date to expire on the date of the fourth Board of Supervisors' replacement.
- (12) The Bank issued an announcement on 27 August 2020 and the Board of Directors passed a resolution on the same day to add Mr. Qian Dongsheng, a non-executive Director, as a member of the Audit Committee of the fourth term of the Board of Directors with effect from the same date to expire on the date of the fourth term of the Board of Directors of the Bank. As of the date of this announcement, the members of the Audit Committee of the Bank include: Ms. Zhou Yana (Chairman), Mr. Wang Wenjin, Mr. Qian Dongsheng, Mr. Dai Peikun and Ms. Huang Aiming.
- (13) The Bank issued an announcement on 12 April 2021, and the Board of Directors of the Bank held a meeting on the same day, and Yan Chen was elected as the Chairman of the Bank for a term consistent with the fourth term of the Board of Directors, and he was converted from a non-executive director of the Bank to an executive director. At the same time, Mr. Yan Chen was elected as the Chairman of the Bank's Development Strategy and Consumer Rights Protection Committee and the Chairman of the Risk Management Committee, and as an additional member of the Bank's Personnel Nomination and Remuneration Committee with effect from the same day. The Bank announced on 30 July, 2021 that Mr. Yan Chen's qualification to serve as Chairman of the Bank has been approved by the former Anhui Banking and Insurance Regulatory Bureau.

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14 EMOLUMENTS OF DIRECTORS AND SUPERVISORS (CONTINUED)

(a) Details of the directors' and supervisors' emoluments are as follows (Continued):

- (14) The Bank issued an announcement on 30 June 2021 and the Bank held a general meeting on the same day, and Mr. Ma Lingxiao and Mr. Wang Zhaoyuan were elected as non-executive directors of the Bank respectively. The Bank announced on 29 October 2021 and 26 November 2021 respectively that the qualifications of Wang Zhaoyuan and Ma Lingxiao as non-executive Directors had been approved by the former Anhui Banking and Insurance Regulatory Authority respectively, and their terms of office as directors had taken effect on 28 October 2021 and 25 November 2021 respectively. The Board of Directors of the Bank met on 30 December 2021 and passed a resolution to add Mr. Ma Lingxiao and Mr. Wang Zhaoyuan, both non-executive Directors, as members of the Development Strategy and Consumer Rights Protection Committee of the fourth session of the Board of Directors of the Bank with immediate effect.
- (15) The Bank issued an announcement on 4 November 2021, the Notice and Circular of the First Extraordinary General Meeting of the Bank for 2021 dated 15 November 2021 and the Announcement of Poll Results of the General Meeting of Shareholders dated 30 December 2021 in relation to, among other things, the election of Mr. Xu Jiabin as an independent non-executive director of the Fourth Session of the Board of Directors of the Bank. On June 15, 2022, the Bank received the "Approval of Anhui Regulatory Bureau of China Banking and Insurance Regulatory Commission on the Qualification of Xu Jiabin". Pursuant to the approval, the former Anhui Banking and Insurance Supervision Bureau approved Mr. Xu Jiabin's qualification to serve as an independent non-executive director of the Bank. Mr. Xu Jiabin's term of office as a director will be effective from 15 June 2022 until the expiry of the term of office of the fourth session of the Board of Directors.
- (16) The Bank issued an announcement dated 6 May 2022, the notice and circular of the 2021 annual general meeting of the Bank dated 13 May 2022 and 25 May 2022, respectively, and an announcement of the poll results of the annual general meeting of the Shareholders dated 30 June 2022 in relation to, among other things, the election of Ms. Shao Dehui as a non-executive director of the fourth session of the Board of Directors of the Bank. On October 26, 2022, the Bank received the "Approval from Anhui Regulatory Bureau of China Banking and Insurance Regulatory Commission on the Qualification of Shao Dehui". Pursuant to the approval, the former Anhui Banking and Insurance Regulatory Bureau approved Ms. Shao Dehui's qualification to serve as a non-executive director of the Bank. The term of office of Ms. Shao Dehui as a director shall be effective from 26 October 2022 until the expiry of the term of office of the fourth session of the Board of Directors.
- (17) The Bank issued an announcement on 27 July 2022 and the Board of Directors held a meeting on the same day and passed a resolution to appoint Mr. Xu Jiabin, an independent non-executive Director, as a member of the Personnel Nomination and Remuneration Committee and a member of the Risk Management Committee of the Fourth Session of the Board of Directors, and the aforementioned appointments shall take effect from the same date.
- (18) The Bank issued an announcement on 18 December 2022 and the Board of Directors held a meeting on the same day and passed a resolution to elect Ms. Shao Dehui, a non-executive Director, as a member of the Development Strategy and Consumer Protection Committee and a member of the Risk Management Committee of the Fourth Session of the Board of Directors, and the aforementioned appointments shall take effect from the same date.

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

14 EMOLUMENTS OF DIRECTORS AND SUPERVISORS (CONTINUED)

(a) Details of the directors' and supervisors' emoluments are as follows (Continued):

- (19) The Bank issued an announcement dated 18 January 2023, an announcement dated 9 June 2022, a supplemental notice and circular of the 2021 annual general meeting of the Bank dated 10 June 2022 and an announcement of the poll results of the annual general meeting of the Shareholders dated 30 June 2022 in relation to, among other things, the election of Mr. Zuo Dunli as a non-executive director of the fourth session of the Board of Directors of the Bank. On January 16, 2023, the Bank received the "Approval Reply from Anhui Supervision Bureau of China Banking and Insurance Regulatory Commission on the Qualification of Zuo Dunli". Pursuant to the approval, the former Anhui Bureau of Banking and Insurance Supervision approved the qualification of Mr. Zuo Dunli as a non-executive director of the Bank. Mr. Zuo Dunli's term of office as a director will be effective from January 16, 2023 until the expiry of the term of office of the fourth session of the Board of Directors.
- (20) The Bank issued an announcement on 10 February 2023 that the Board of Directors held a meeting on 10 February 2023 and passed a resolution to elect Mr. Zuo Dunli, a Non-executive Director, as a member of the Development Strategy and Consumer Protection Committee, a member of the Audit Committee and a member of the Risk Management Committee of the Fourth Session of the Board of Directors, and the aforesaid appointments shall take effect from the same date.
- (21) The Bank issued an announcement on 10 February 2023 that the Board of Directors of the Bank held a meeting on the same day and passed a resolution to appoint Mr. Kong Qinglong as the President of the Bank and also recommended the appointment of Mr. Kong Qinglong as an executive director of the fourth session of the Board of Directors of the Bank. The qualification of Mr. Kong Qinglong as the President of the Bank is subject to the approval of the former Anhui Supervisory Bureau of China Banking and Insurance Regulatory Commission ("Anhui Supervisory Bureau"). The Board has agreed that Mr. Kong Qinglong will act as the President of the Bank until the former Anhui Banking and Insurance Supervision Bureau approves Mr. Kong Qinglong's qualification for the office of the President of the Bank. The Bank made an announcement on 12 April 2023 that Mr. Kong Qinglong was elected as an executive director of the Bank at the Extraordinary General Meeting of the Bank on that day and his term of office as a director will be consistent with the fourth session of the Board of Directors of the Bank, commencing from the date on which the former Anhui Banking and Insurance Supervisory Bureau approves his qualification for the office to the date on which the term of office of the fourth session of the Board of Directors of the Bank expires. The Bank announced on April 14, 2023 that on April 13, 2023, the Bank received the "Approval Reply from Anhui Supervisory Bureau of China Banking and Insurance Regulatory Commission on the Qualification of Kong Qinglong for Appointment". According to the approval, the former Anhui Banking and Insurance Supervision Bureau approved Mr. Kong Qinglong's eligibility to serve as the President of the Bank. Mr. Kong Qinglong's qualification for appointment as President became effective on the same day. The Bank issued an announcement on May 31, 2023 and received the "Approval Reply from Anhui Supervision Bureau of China Banking and Insurance Regulatory Commission on the Qualification of Mr. Kong Qinglong for Appointment" on the same day. Pursuant to such approval, the former Anhui Banking and Insurance Supervision Bureau has approved the qualification of Mr. Kong Qinglong to serve as an executive director of the Bank.
- (22) The Bank issued an announcement on 20 March 2023 that Mr. Tang Chuan, an employee supervisor of the Bank, submitted his resignation to the Supervisory Committee of the Bank on 20 March 2023, requesting to resign from his positions as an employee supervisor and a member of the Nomination Committee of the Supervisory Committee of the Bank, with his resignation to take effect from 20 March 2023, as he has reached the statutory retirement age.

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14 EMOLUMENTS OF DIRECTORS AND SUPERVISORS (CONTINUED)

(a) **Details of the directors' and supervisors' emoluments are as follows** (Continued):

- (23) The Bank issued an announcement on 15 May 2023 that Mr. Zhai Shengbao, the external Supervisor of the Bank, has recently submitted his resignation to the Supervisory Board of the Bank as the external Supervisor and the Chairman of the Supervisory Committee of the Supervisory Board of the Bank due to changes in his job and his resignation will be effective on the date of the formal appointment of the successor external Supervisor by the Bank.
- (24) The Bank issued an announcement on 26 June 2023 that Mr. Wang Zhaoyuan, a non-executive Director of the Bank, resigned as a Non-executive Director of the Bank and a member of the Development Strategy and Consumer Rights Protection Committee with effect from 26 June 2023 due to job transfer.
- (25) The Bank issued an announcement on 29 June 2023 that the Board of Directors held a meeting on 29 June 2023 and passed a resolution to elect Mr. Kong Qinglong, an executive Director, as a member of the Development Strategy and Consumer Protection Committee, a member of the Personnel Nomination and Remuneration Committee and a member of the Connected Transaction Control Committee of the Fourth Session of the Board of Directors, and that the aforesaid appointments shall take effect from the same date.
- (26) The Bank issued an announcement on 30 June 2023 that Mr. Wang Anning and Mr. Han Dongya were elected as Shareholder Supervisors and External Supervisors of the Bank respectively at the Annual General Meeting for the same term of office as the Fourth Supervisory Board from the date of approval at the Annual General Meeting until the fourth Supervisory Board changes.
- (27) The Bank issued an announcement dated 23 November 2023, the Bank's announcement dated 31 July 2023, the notice and circular of the Bank's Second Extraordinary General Meeting of 2023 dated 1 August 2023 and the announcement of the poll results of the General Meeting of Shareholders dated 15 September 2023 relating to, among other things, the election of Mr. Zhaohui Wang as a non-executive director of the fourth session of the Board of Directors of the Bank. Director. On November 22, 2023, the Bank received the "Approval of the Anhui Supervision Bureau of the State Financial Supervision and Administration of the PRC on the Qualification of Mr. Wang Zhaohui for Appointment". Pursuant to such approval, the Anhui Supervisory Bureau of the State Financial Supervision and Administration has approved the qualification of Mr. Wang Zhaohui to serve as a non-executive director of the Bank.
- (28) The Bank issued an announcement on 20 December 2023 that the Board of Directors held a meeting on 20 December 2023 and passed a resolution to elect Mr. Wang Zhaohui, a non-executive director of the Bank, as a member of the Fourth Session of the Board of Directors' Committee on Development Strategies and Consumer Protection, and his appointment shall take effect with immediate effect.
- (29) The Bank issued an announcement on 4 March 2024 that Chen Rui, shareholder supervisor of the Bank, resigned as shareholder supervisor of the Bank and member of the Supervisory Committee of the Board of Supervisors on 29 February 2024 due to job transfer, and his resignation took effect on 29 February 2024.

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14 EMOLUMENTS OF DIRECTORS AND SUPERVISORS (CONTINUED)

(a) Details of the directors' and supervisors' emoluments are as follows (Continued):

- (30) The Bank issued an announcement on 22 April 2024 that Ms. Shao Dehui, a non-executive director of the Bank, had reached the statutory retirement age and submitted her resignation to the Board of Supervisors of the Bank on 22 April 2024, requesting to resign as non-executive director, member of the Development Strategy and Consumer Rights Protection Committee and member of the Risk Management Committee of the Bank. Her resignation took effect on 22 April 2024.
- (31) The Bank issued an announcement on 1 July 2024 on the announcement of the announcement and circular of the 2023 annual general meeting of the Bank dated 14 May 2024, the supplementary announcement and circular of the annual general meeting of the Bank dated 16 June 2024, and the announcement of the voting results of the general meeting of the Bank dated 29 June 2024. The announcement related to (among others) the election of Mr. Lu Hao as a non-executive director of the fourth board of directors of the Bank and Mr. He Zong'an as a shareholder supervisor of the Bank. On 13 September 2024, the Bank received the Reply of Anhui Regulatory Bureau of the State Administration of Financial Supervision on Lu Hao's Qualifications. Pursuant to this approval, the Anhui Regulatory Bureau of the State Administration of Financial Supervision and Administration has approved Mr. Lu Hao's qualifications as a non-executive director of the Bank. Mr. He Zong'an was elected as the shareholder supervisor of the Bank at the annual general meeting of shareholders. The term of office of the supervisor is the same as that of the fourth session of the board of supervisors. The term of office of the supervisor shall be changed from the date of approval at the annual general meeting of shareholders to the fourth session of the board of supervisors.
- (32) On 31 December 2024, the Bank announced that Mr. Wu Tian, a non-executive director of the Bank, had reached the statutory retirement age and submitted his resignation to the Board of Supervisors of the Bank on 30 December 2024, requesting him to resign as non-executive director, member of the Development Strategy and Consumer Rights Protection Committee and member of the Risk Management Committee of the Bank. His resignation took effect on 30 December 2024.

(b) Retirement benefits for directors and supervisors

For the year ended 31 December 2024, no retirement benefits were paid to the directors or supervisors by a defined benefit pension plan operated by the Group (2023: none).

(c) Termination benefits for directors and supervisors

For the year ended 31 December 2024, no early termination compensations were paid to the directors or supervisors by the Group (2023: none).

(d) Consideration provided to third parties

For the year ended 31 December 2024, no consideration was paid to third parties that previously hired the Group's current directors and supervisors (2023: none).

(e) Material interests in transactions, arrangements or contracts with directors and supervisors.

For the year ended 31 December 2024, the Group has not entered into any significant transactions, arrangements or contracts in which the directors and supervisors of the Group have material interests directly or indirectly in the Group's business (2023: none).

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15 IMPAIRMENT LOSSES ON CREDITS

	2024	2023
Loans and advances		
– At amortised cost	(3,590,770)	(7,851,379)
– Stage 1	1,131,818	(4,419,305)
– Stage 2	(893,370)	492,926
– Stage 3	(3,829,218)	(3,925,000)
– At fair value through other comprehensive income	48,992	(61,849)
– Stage 1	50,996	(72,492)
– Stage 2	(2,004)	10,643
Financial investments		
– Financial assets at amortised cost	(3,409,873)	833,735
– Financial assets at fair value through other comprehensive income	75,695	(251,160)
Credit commitments	214,553	(361,041)
Deposits with banks and other financial institutions	(4,266)	16
Placements with and loans to banks and other financial institutions	(74,789)	(21,789)
Financial assets held under resale agreements	(29,444)	2,881
Finance lease receivables (Note 29)	(864,260)	(870,311)
Other assets	(44,406)	11,246
Total	(7,678,568)	(8,569,651)

16 INCOME TAX EXPENSE

	2024	2023
Current income tax		
– Chinese mainland income tax	(3,853,466)	(3,671,136)
Deferred tax (Note 38)	1,781,592	1,004,780
Total	(2,071,874)	(2,666,356)

The provision for Mainland China income tax includes income tax based on the statutory tax rate of 25% of the taxable income of the Group as determined in accordance with the relevant PRC income tax rules and regulations.

Notes to the Consolidated Financial Statements

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

16 INCOME TAX EXPENSE (CONTINUED)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the taxation rate of 25%. The major reconciliation items are as follows:

	2024	2023
Profit before tax	17,988,842	17,656,906
Tax calculated at the applicable statutory tax rate of 25%	(4,497,211)	(4,414,226)
Tax effect arising from income not subject to tax ^(a)	3,108,209	2,470,185
Tax effect of items such as expenses not deductible for tax purposes ^(b)	(683,695)	(723,046)
Tax filing differences from previous years	(5,333)	(11,901)
Available deductible loss from previous years ^(c)	6,156	12,632
Income tax expense	(2,071,874)	(2,666,356)

- (a) Non-taxable income mainly represents interest income arising from PRC treasury bonds and fund dividend income which are tax free according to PRC tax regulations.
- (b) The items that are not deductible for tax purposes mainly represent non-deductible impairment losses, marketing and entertainment expenses deductible loss and non-deductible written off loan in excess of the relevant deductible threshold under the relevant PRC tax regulations.
- (c) The subsidiary of the Group, Wuwei Huiyin Village and Township Bank Co., Ltd. had a tax profit for the year and therefore utilized the deductible losses from previous years.

17 EARNINGS PER SHARE (BASIC AND DILUTED)

- (a) Basic earnings per share was computed by dividing the net profit attributable to the ordinary shareholders of the Bank by the weighted average number of ordinary shares in issue during the reporting period.

	2024	2023
Net profit attributable to shareholders of the Bank (in RMB thousands)	15,414,392	14,433,227
Interest payments on perpetual bonds announced for the year	870,000	490,000
Weighted average number of ordinary shares in issue (in RMB thousands)	13,889,801	13,889,801
Basic earnings per share (in RMB)	1.05	1.00

When calculating basic earnings per share for ordinary shares, the dividend of preference shares issued in the current year shall be deducted from the net profit attributable to the shareholders of the Bank. The Bank issued perpetual bonds in November 2019 and October 2023 with an issue size of \$10 billion and \$10 billion, respectively, and for the year 2024, the Bank declared to pay interest of RMB870,000 thousand on the perpetual bonds. (For the year 2023, the Bank declared to pay interest on perpetual bonds of RMB490,000 thousand.)

- (b) **Diluted earnings per share**

There was no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding for the years ended 31 December 2024 and 31 December 2023.

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

18 CASH AND BALANCES WITH CENTRAL BANK

	As at 31 December 2024	As at 31 December 2023
Cash	1,110,290	1,188,976
Statutory reserves ^(a)	67,636,272	71,065,750
Surplus reserves ^(b)	23,667,779	26,316,702
Subtotal	92,414,341	98,571,428
Interest receivable	38,344	40,335
Total	92,452,685	98,611,763

- (a) The Group places statutory deposit reserves with the PBOC. The statutory deposit reserves are not available for use in the Group's daily business.

As at 31 December 2024 and 31 December 2023, the statutory deposit reserve rates of the Bank were as follows:

	As at 31 December 2024	As at 31 December 2023
Statutory reserve rate for RMB deposits	6.00%	7.00%
Statutory reserve rate for foreign currency deposits	4.00%	4.00%

As at 31 December 2024, statutory reserve rates for Jinzhai Huiyin Village and Township Bank Co., Ltd. ("Jinzhai Huiyin") and Wuwei Huiyin Village and Township Bank Co., Ltd. ("Wuwei Huiyin") were 5.0% and 5.0% (31 December 2023: 5.0% and 5.0%).

- (b) Surplus deposit reserves maintained with the PBOC are mainly for clearing purposes.

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

19 DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December 2024	As at 31 December 2023
Banks in Mainland China	13,976,437	13,135,448
Other financial institutions in Mainland China	131,684	752,372
Banks in other countries and regions	566,199	529,086
Subtotal	14,674,320	14,416,906
Interest receivable	19,256	5,253
Less: allowances for impairment losses	(17,369)	(13,103)
Total	14,676,207	14,409,056

As at 31 December 2024, deposits with banks and other financial institutions were all in stage 1, and the carrying amount of impairment losses is RMB17.37 million (31 December 2023: deposits with banks and other financial institutions were all in stage 1, and the carrying amount of impairment losses is RMB13.10 million.).

20 PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December 2024	As at 31 December 2023
Banks in Mainland China	3,290,550	–
Other financial institutions in Mainland China	44,550,000	35,200,000
Offshore Banks	–	34,896
Subtotal	47,840,550	35,234,896
Interest receivable	275,450	65,887
Less: allowances for impairment losses	(103,552)	(28,763)
Total	48,012,448	35,272,020

As at 31 December 2024, placements with banks and other financial institutions were in Stage 1, and allowances for impairment losses were RMB10.36 million (31 December 2023: RMB28.76 million).

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

21 DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December 2024		
	Notional Amount	Fair value	
		Assets	Liabilities
Derivative financial instruments held for trading			
– Currency forwards	2,472,247	41,268	(16,698)
– Currency swaps	1,824,960	2,702	(8,622)
– Foreign exchange options	1,488,801	19,881	(8,586)
– Interest rate swaps	14,970,000	90,391	(97,177)
Total	20,756,008	154,242	(131,083)

	As at 31 December 2023		
	Notional Amount	Fair value	
		Assets	Liabilities
Derivative financial instruments held for trading			
– Currency forwards	545,588	3,901	(3,269)
– Currency swaps	3,753,823	1	(4,577)
– Foreign exchange options	3,942,962	1,711	(1,629)
– Interest rate swaps	15,170,000	94,588	(91,192)
Total	23,412,373	100,201	(100,667)

22 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	As at 31 December 2024	As at 31 December 2023
By collateral type:		
Debt securities	12,072,768	24,896,536
Subtotal	12,072,768	24,896,536
Interest receivable	3,185	17,464
Less: allowances for impairment losses	(171,936)	(139,492)
Total	11,904,017	24,774,508

On 31 December 2024, financial assets held under resale agreements were in Stage 1, and allowances for impairment losses were RMB171.94 million (31 December 2023: RMB139.49 million).

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

23 LOANS AND ADVANCES TO CUSTOMERS

(a) **Analysis of loans and advances to customers:**

	As at 31 December 2024	As at 31 December 2023
Loans and advances measured at amortised cost		
– Corporate loans	627,583,388	558,507,393
– Personal loans	297,953,979	259,333,561
Subtotal	925,537,367	817,840,954
Loans and advances measured at fair value through other comprehensive income		
– Discounted bills	76,629,055	56,381,641
Subtotal	76,629,055	56,381,641
Total	1,002,166,422	874,222,595
Interest receivable	2,020,974	1,728,617
Total loans and advances	1,004,187,396	875,951,212
Less: allowance for loans at amortised cost	(28,238,260)	(29,868,901)
Loans and advances to customers, net	975,949,136	846,082,311
Allowance for loans at fair value through other comprehensive income	(54,404)	(103,396)

(b) **Loans and advances to customers are assessed as follows (excluding accrued interest):**

	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL – impaired)	Total
As at 31 December 2024				
Total loans and advances to customers	973,830,376	18,459,806	9,876,240	1,002,166,422
Allowance for impairment losses on loans and advances measured at amortised cost	(11,857,777)	(8,371,590)	(8,008,893)	(28,238,260)
As at 31 December 2023				
Total loans and advances to customers	849,645,455	13,555,342	11,021,798	874,222,595
Allowance for impairment losses on loans and advances measured at amortised cost	(13,688,290)	(6,869,967)	(9,310,644)	(29,868,901)

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23 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(c) Reconciliation of allowance for impairment losses on loans and advances to customers

(1) Reconciliation of allowance for impairment losses measured at amortised cost

	Year ended 31 December 2024			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL – impaired)	Total
As at 1 January 2024	13,688,290	6,869,967	9,310,644	29,868,901
Impairment losses for the year	(1,131,818)	893,370	3,829,218	3,590,770
Stage conversion				
Transfers to Stage 1	389,076	(283,338)	(105,738)	–
Transfers to Stage 2	(1,029,900)	1,128,407	(98,507)	–
Transfers to Stage 3	(57,871)	(236,816)	294,687	–
Write-off and transfer out	–	–	(6,901,660)	(6,901,660)
Recovery of loans and advances written off	–	–	1,786,976	1,786,976
Unwinding of discount on allowance	–	–	(106,727)	(106,727)
As at 31 December 2024	11,857,777	8,371,590	8,008,893	28,238,260

This year, the domestic branch adjusted the five-level classification and customer rating of customer loans and advances, and the loan principal of stage 1 which was transferred to stage 2 and stage 3 was RMB7.6 billion, the loan principal from stage 2 to stage 3 was RMB0.6 billion, the principal of the loan transferred from stage 2 to stage 1 was RMB0.5 billion. The principal of the loan transferred from stage 3 to stage 1 and stage 2 was RMB0.3 billion.

	Year ended 31 December 2023			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL – impaired)	Total
As at 1 January 2023	11,498,516	8,968,007	10,913,194	31,379,717
Impairment losses for the year	4,419,305	(492,926)	3,925,000	7,851,379
Stage conversion				
Transfers to Stage 1	130,601	(107,215)	(23,386)	–
Transfers to Stage 2	(2,231,845)	2,243,347	(11,502)	–
Transfers to Stage 3	(128,287)	(3,741,246)	3,869,533	–
Write-off and transfer out	–	–	(10,372,031)	(10,372,031)
Recovery of loans and advances written off	–	–	1,087,764	1,087,764
Unwinding of discount on allowance	–	–	(77,928)	(77,928)
As at 31 December 2023	13,688,290	6,869,967	9,310,644	29,868,901

This year, the domestic branch adjusted the five-level classification and customer rating of customer loans and advances, and the loan principal of stage 1 which was transferred to stage 2 and stage 3 was RMB6.0 billion, the loan principal from stage 2 to stage 3 was RMB4.0 billion, the principal of the loan transferred from stage 2 to stage 1 was RMB0.7 billion. The principal of the loan transferred from stage 3 to stage 1 and stage 2 was immaterial.

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

23 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(c) **Reconciliation of allowance for impairment losses on loans and advances to customers** (Continued)

(2) **Reconciliation of allowance for impairment losses measured at fair value through other comprehensive income:**

	Year ended 31 December 2024			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL – impaired)	Total
As at 1 January 2024	101,820	1,576	–	103,396
Impairment losses for the year	(50,996)	2,004	–	(48,992)
Stage conversion				
Transfers to Stage 1	–	–	–	–
Transfers to Stage 2	–	–	–	–
Transfers to Stage 3	–	–	–	–
Write-off and transfer out	–	–	–	–
Recovery of loans and advances written off	–	–	–	–
Unwinding of discount on allowance	–	–	–	–
As at 31 December 2024	50,824	3,580	–	54,404

	Year ended 31 December 2023			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL – impaired)	Total
As at 1 January 2023	29,328	12,219	–	41,547
Impairment losses for the year	72,492	(10,643)	–	61,849
Stage conversion				
Transfers to Stage 1	–	–	–	–
Transfers to Stage 2	–	–	–	–
Transfers to Stage 3	–	–	–	–
Write-off and transfer out	–	–	–	–
Recovery of loans and advances written off	–	–	–	–
Unwinding of discount on allowance	–	–	–	–
As at 31 December 2023	101,820	1,576	–	103,396

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24 INVESTMENT SECURITIES

Financial assets at fair value through profit or loss	As at 31 December 2024	As at 31 December 2023
Listed in China Mainland		
– Government bonds	4,103,123	5,792,852
– Other debt securities	23,022,730	25,528,375
– Interbank certificates of deposits	2,327,350	3,052,790
– Equity	98,814	262,179
Subtotal	29,552,017	34,636,196
Listed in Hong Kong		
– Interbank certificates of deposits	697,452	–
Subtotal	697,452	–
Unlisted		
– Beneficial rights in trust and asset management plans	132,149,891	135,491,855
– Non-guaranteed wealth management products managed by other banks	3,960,524	3,907,990
Subtotal	136,110,415	139,399,845
Interest receivable	1,749,577	2,223,826
Total	168,109,461	176,259,867

As at 31 December 2024 and 31 December 2023, some of the debt instruments at fair value through profit or loss were pledged for operations such as sale and repurchase transaction agreements, treasury time deposits, and borrowings from the Central Bank. See Note 45(a).

Financial assets at fair value through other comprehensive income	As at 31 December 2024	As at 31 December 2023
Debt securities		
Listed in China Mainland		
– Debt securities	166,890,692	160,414,948
– Interbank certificates of deposit	4,444,849	5,895,829
Subtotal	171,335,541	166,310,777
Equity securities		
Unlisted		
– Equity investment	370,297	304,689
Subtotal	370,297	304,689
Interest receivable	2,253,460	2,750,340
Total	173,959,298	169,365,806
Allowance for impairment losses	(1,009,773)	(1,085,468)

As at 31 December 2024 and 31 December 2023, some of the debt instruments at fair value through other comprehensive income were pledged for operations such as sale and repurchase transaction agreements, treasury time deposits, and borrowings from the Central Bank. See Note 45(a).

Notes to the Consolidated Financial Statements

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

24 INVESTMENT SECURITIES (CONTINUED)

	As at 31 December 2024	As at 31 December 2023
Financial assets at amortised cost		
Listed in China Mainland		
– Debt securities	305,574,015	225,067,238
Listed in Hong Kong		
– Debt securities	9,429,148	2,332,737
– Interbank certificates of deposits	498,707	–
Unlisted		
– Beneficial rights in trust and asset management plans	116,441,976	117,667,152
Subtotal	431,943,846	345,067,127
Interest receivable	7,805,009	5,969,912
Less: allowance for impairment losses	(10,145,049)	(9,273,707)
Financial assets at amortised cost, net	429,603,806	341,763,332

As at 31 December 2024 and 31 December 2023, some of the debt instruments at amortised cost income were pledged for operations such as sale and repurchase transaction agreements, treasury time deposits, and borrowings from the Central Bank. See Note 45(a).

Beneficial rights in trust and asset management plans invested by the Group are the usufruct in trusts or asset management plans organized by security companies. The investment decisions of these products are made by the third-party asset managers or custodians. They mainly invest in collective investment products including: (a) liquid assets: deposits, repurchase agreements, money market funds and other cash management products, bond funds; bonds traded in exchange and inter-bank market, convertible bonds, ABS and ABN, or other qualified highly-liquid assets.(b) financing assets: the financing forms including entrusted loans, loan assets bought from other financial institutions, specific asset usufruct and etc. and (c) products issued by other financial institutions mainly including non-cash management fixed return products issued by investment funds, trusts, insurance companies, securities companies, commercial banks and etc. The details of unconsolidated structured entities invested by the Group are set out in Note 47.

Investment securities analysed by issuer are as follows:

	As at 31 December 2024	As at 31 December 2023
Financial assets at FVTPL		
By issuers		
– Government	4,103,123	5,792,852
– Banks and other financial institutions	147,044,532	150,665,914
– Enterprises	14,942,118	17,384,686
– Others	270,111	192,589
Subtotal	166,359,884	174,036,041
Interest receivable	1,749,577	2,223,826
Total	168,109,461	176,259,867

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

24 INVESTMENT SECURITIES (CONTINUED)

	As at 31 December 2024	As at 31 December 2023
Financial assets at FVOCI		
Debt instruments		
By issuers		
– Government	78,080,831	90,534,080
– Banks and other financial institutions	28,581,328	25,008,606
– Enterprises	64,673,382	50,768,091
Subtotal	171,335,541	166,310,777
Equity instruments	370,297	304,689
Interest receivable	2,253,460	2,750,340
Total	173,959,298	169,365,806
Allowance for impairment losses	(1,009,773)	(1,085,468)

	As at 31 December 2024	As at 31 December 2023
Financial assets at AC		
By issuers		
– Government	287,273,025	193,678,580
– Banks and other financial institutions	129,381,736	129,871,822
– Enterprises	15,289,085	21,516,725
Subtotal	431,943,846	345,067,127
Interest receivable	7,805,009	5,969,912
Less: allowance for impairment losses	(10,145,049)	(9,273,707)
Financial assets at AC, net	429,603,806	341,763,332

25 INVESTMENTS IN ASSOCIATES

Investments in associates of the Group comprising ordinary shares of unlisted companies are as follows:

As at 31 December 2024 Associates	Principal place of business	Location of registration	Percentage of shares	Registered capital (thousand)	Principal activities
Chery Huiyin Motor Finance Service Co., Ltd.	Anhui Province	Anhui Province	20%	1,500,000	Auto financing
Mengshang Bank Co., Ltd	Inner Mongolia Autonomous Region	Inner Mongolia Autonomous Region	15%	20,000,000	Commercial banking

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25 INVESTMENTS IN ASSOCIATES (CONTINUED)

As at 31 December 2023	Principal place of business	Location of registration	Percentage of shares	Registered capital (thousand)	Principal activities
Chery Huiyin Motor Finance Service Co., Ltd.	Anhui Province	Anhui Province	20%	1,500,000	Auto financing
Mengshang Bank Co., Ltd	Inner Mongolia Autonomous Region	Inner Mongolia Autonomous Region	15%	20,000,000	Commercial banking

Investment in Associates	Year ended 31 December 2024	Year ended 31 December 2023
Balance at beginning of the year	5,151,471	4,923,502
Additions	–	–
Cash dividends received	(23,188)	(18,796)
Share of results, net of tax	103,300	289,273
Other changes in equity	29,496	(42,508)
Balance at end of the year	5,261,079	5,151,471

The carrying amounts of investment in associates	Year ended 31 December 2024	Year ended 31 December 2023
Chery Huiyin Motor Finance Service Co., Ltd.	2,305,550	1,983,338
Mengshang Bank Co., Ltd	2,955,529	3,168,133
Balance at end of the year	5,261,079	5,151,471

Chery Huiyin Motor Finance Service Co., Ltd. was established in 2009, with a registered capital of RMB500 million, among which the Group accounted for RMB100 million or 20% of 500 million. With the approval of CBRC Anhui Branch on 24 December 2012, the authorised registered capital of Chery Huiyin Motor Finance Service Co., Ltd. was increased to RMB1 billion. As at 31 December 2014, the Group's share in this associate was RMB200 million or 20%. On 30 September 2014, this associate has completed its shareholding reform, and was renamed as Chery Huiyin Motor Finance Service Corporation Limited. In December 2017, the three shareholders of the associate subscribed for 500 million shares in the associate with capital injection of RMB1.52 billion, in proportion to their respective shareholding ratio. After the capital increase, the registered capital of the associate increased from RMB1 billion to RMB1.5 billion, and the remaining 0.02 billion enters into capital reserves. After the capital increase, the Group's share in this associate was RMB300 million or 20% of the total capital.

The Group participated in the establishment of Mengshang Bank Co., Ltd in the first half of 2020. The registered capital of the invested enterprise is RMB20 billion. The Group invested 3.6 billion yuan (of which 3 billion yuan is included in the share capital and 600 million yuan is included in the capital reserve), and the equity accounted for 15% of 20 billion. Mongolia Commercial Bank Co., Ltd. was established on 30 April 2020 in accordance with the law. One of the current board members is nominated by the Group, so that the Group can exert significant influence on the company, so it is accounted as a joint venture enterprise.

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26 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Motor vehicles	Electronic and other equipment	Construction-in-progress	Total
Cost					
As at 1 January 2024	5,383,985	43,533	2,115,826	249,955	7,793,299
Additions	15,041	8,436	169,900	126,548	319,925
Transfers in/(out)	-	-	55,721	(68,961)	(13,240)
Disposals	(11,237)	(7,500)	(245,503)	-	(264,240)
Other transfers out	-	-	-	(23,354)	(23,354)
As at 31 December 2024	5,387,789	44,469	2,095,944	284,188	7,812,390
Accumulated depreciation					
As at 1 January 2024	(1,624,135)	(31,878)	(1,598,371)	-	(3,254,384)
Depreciation charge	(235,407)	(1,502)	(211,204)	-	(448,113)
Disposals	10,843	7,275	211,566	-	229,684
As at 31 December 2024	(1,848,699)	(26,105)	(1,598,009)	-	(3,472,813)
Net book value	3,539,090	18,364	497,935	284,188	4,339,577

	Buildings	Motor vehicles	Electronic and other equipment	Construction-in-progress	Total
Cost					
As at 1 January 2023	5,122,617	46,219	2,035,498	362,718	7,567,052
Additions	64,526	8,083	175,426	121,592	369,627
Transfers in/(out)	203,998	-	-	(214,648)	(10,650)
Disposals	(7,156)	(10,769)	(95,098)	-	(113,023)
Other transfers out	-	-	-	(19,707)	(19,707)
As at 31 December 2023	5,383,985	43,533	2,115,826	249,955	7,793,299
Accumulated depreciation					
As at 1 January 2023	(1,380,987)	(40,750)	(1,519,326)	-	(2,941,063)
Depreciation charge	(244,312)	(1,573)	(172,513)	-	(418,398)
Disposals	1,164	10,445	93,468	-	105,077
As at 31 December 2023	(1,624,135)	(31,878)	(1,598,371)	-	(3,254,384)
Net book value	3,759,850	11,655	517,455	249,955	4,538,915

All lands and buildings of the Group are located in Mainland China.

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27 RIGHT-OF-USE ASSETS

	Buildings	Motor vehicles	Electronic and other equipment	Land use rights	Total
Cost					
As at 1 January 2024	1,918,457	15,740	1,555	170,863	2,106,615
Additions	379,541	953	–	–	380,494
Disposals and transfers out	(308,580)	(5,066)	(999)	–	(314,645)
Revaluation of lease liabilities	(111)	–	–	–	(111)
As at 31 December 2024	1,989,307	11,627	556	170,863	2,172,353
Accumulated depreciation					
As at 1 January 2024	(884,957)	(8,027)	(1,145)	(63,081)	(957,210)
Depreciation charge	(332,292)	(5,823)	(253)	(3,636)	(342,004)
Transfers out	287,611	5,029	999	–	293,639
As at 31 December 2024	(929,638)	(8,821)	(399)	(66,717)	(1,005,575)
Net book value	1,059,669	2,806	157	104,146	1,166,778

	Buildings	Motor vehicles	Electronic and other equipment	Land use rights	Total
Cost					
As at 1 January 2023	1,816,428	14,277	5,752	170,863	2,007,320
Additions	385,351	6,323	–	–	391,674
Disposals and transfers out	(284,095)	(4,860)	(4,197)	–	(293,152)
Revaluation of lease liabilities	773	–	–	–	773
As at 31 December 2023	1,918,457	15,740	1,555	170,863	2,106,615
Accumulated depreciation					
As at 1 January 2023	(811,423)	(6,301)	(3,367)	(59,445)	(880,536)
Depreciation charge	(345,522)	(6,586)	(418)	(3,636)	(356,162)
Transfers out	271,988	4,860	2,640	–	279,488
As at 31 December 2023	(884,957)	(8,027)	(1,145)	(63,081)	(957,210)
Net book value	1,033,500	7,713	410	107,782	1,149,405

All lands and buildings of the Group are located in Mainland China.

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28 GOODWILL

	2024	2023
Balance at beginning of the year	14,567,826	14,567,826
Additions/(Reductions)	–	–
Balance at end of the year	14,567,826	14,567,826
Allowance	(3,897,050)	(3,020,437)
Net value at end of the year	10,670,776	11,547,389

The Group completed a business combination in November 2020 with resultant goodwill of RMB14.57 billion.

The Group conducted goodwill impairment test at the end of each Financial Year. The Group assessed and determined that provision for the impairment losses of goodwill is RMB3.90 billion as at 31 December 2024.

The Group calculated the recoverable amount of the CGU using the higher of its value in use calculated as cash flow projections based on financial forecasts and the fair value of the CGUs less costs of disposal approved by management covering a nine-year period. The discount rate used in the cash flow forecast is 10.53% and the growth rate to extrapolate cash flows beyond the budget period is 2.00%. The management of the Group considers this growth rate to be reasonable.

The key assumptions made by management in determining the cash flow forecast for the purpose of the goodwill impairment test are described below:

- Operating income – Management sets interest rates and growth rates based on the cash generating units, past performance of regional peers and expectations for market developments.
- Discount rate – The discount rate used is before tax after reflecting specific risks of the relevant businesses.

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29 FINANCE LEASE RECEIVABLES

(a) The Group's finance lease receivables are analysed by age as follows:

As at 31 December 2024	Within 1 year	1 to 3 years	Over 3 years	Total
Finance lease receivables	28,630,951	28,413,151	10,818,496	67,862,598
Unearned finance income	(3,241,101)	(2,412,987)	(822,454)	(6,476,542)
Allowance	(298,310)	(1,652,573)	(2,365,749)	(4,316,632)
Interest receivable of finance leases	888,987	–	–	888,987
Net	25,980,527	24,347,591	7,630,293	57,958,411

As at 31 December 2023	Within 1 year	1 to 3 years	Over 3 years	Total
Finance lease receivables	28,144,428	29,102,070	10,711,905	67,958,403
Unearned finance income	(3,161,085)	(2,449,920)	(705,296)	(6,316,301)
Allowance	(631,159)	(1,663,802)	(1,517,814)	(3,812,775)
Interest receivable of finance leases	853,870	–	–	853,870
Net	25,206,054	24,988,348	8,488,795	58,683,197

(b) The Group's finance lease receivables (excluding accrued interest) are analysed by stages as follows:

	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL – impaired)	Stage 3	Total
As at 31 December 2024				
The carrying value of finance lease receivables	54,355,921	6,418,071	612,064	61,386,056

	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL – impaired)	Stage 3	Total
As at 31 December 2023				
The carrying value of finance lease receivables	53,526,198	7,585,148	530,756	61,642,102

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29 FINANCE LEASE RECEIVABLES (CONTINUED)

(c) The changes of the allowance for the financing lease receivables are as follows:

	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL – impaired)	Total
As at 1 January 2024	595,425	2,695,675	521,675	3,812,775
Impairment losses for the year (Note 31)	30,883	786,556	46,821	864,260
Stage conversion				
Transfers to Stage 1	–	–	–	–
Transfers to Stage 2	(36,344)	36,344	–	–
Transfers to Stage 3	(9)	(375,990)	375,999	–
Write-off and transfer out	–	–	(426,484)	(426,484)
Recovery of reversals resulting from original write-offs	–	–	66,081	66,081
As at 31 December 2024	589,955	3,142,585	584,092	4,316,632

	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL – impaired)	Total
As at 1 January 2023	391,613	2,038,012	617,969	3,047,594
Impairment losses for the year (Note 31)	240,747	707,662	(78,098)	870,311
Stage conversion				
Transfers to Stage 1	–	–	–	–
Transfers to Stage 2	(36,935)	36,935	–	–
Transfers to Stage 3	–	(86,934)	86,934	–
Write-off and transfer out	–	–	(197,830)	(197,830)
Recovery of reversals resulting from original write-offs	–	–	92,700	92,700
As at 31 December 2023	595,425	2,695,675	521,675	3,812,775

The Group's finance lease receivables are all managed by its subsidiary, Huishang Bank Financial Leasing Co., Ltd. For the year ended 31 December 2024, the principal of the Group's five largest finance lease receivables and the related allowance were RMB1,907.44 million and RMB235.48 million, respectively, which accounted for 2.81% and 5.46% of the total balance, respectively (31 December 2023: the principal of the Group's five largest finance lease receivables and the related allowance were RMB1,989.15 million and RMB230.08 million, respectively, which accounted for 2.93% and 6.03% of the total balance, respectively).

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For the year ended 31 December 2024

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

30 OTHER ASSETS

	As at 31 December 2024	As at 31 December 2023
Other receivables ^(a)	1,129,254	1,083,986
Less: impairment allowance	(130,666)	(137,900)
Funds to be settled	–	115,806
Long-term prepaid expenses	253,980	206,978
Repossessed assets	321,327	266,745
Less: impairment allowance	(86,542)	(93,649)
Intangible assets ^(b)	512,980	485,748
Continued involvement in assets	998,506	2,021,526
Others	1,303,687	348,218
Less: impairment allowance	(151,982)	(101,472)
Total	4,150,544	4,195,986

(a) Other receivables

The Group's other receivables are analysed by age as follows:

As at 31 December 2024	Within 1 year	1 to 3 years	Over 3 years	Total
Other receivables	605,735	102,208	421,311	1,129,254
Allowance for impairment losses	(2,884)	(45,847)	(81,935)	(130,666)
Net	602,851	56,361	339,376	998,588

As at 31 December 2023	Within 1 year	1 to 3 years	Over 3 years	Total
Other receivables	559,260	121,437	403,289	1,083,986
Allowance for impairment losses	(5,615)	(60,046)	(72,239)	(137,900)
Net	553,645	61,391	331,050	946,086

As at 31 December 2024, the carrying amounts of other receivables in other assets in Stages 1, 2 and 3 were RMB605.74 million, RMB102.21 million and RMB421.31 million (31 December 2023: RMB559.26 million, RMB121.44 million and RMB403.29 million), and the allowances for impairment losses in Stages 1, 2 and 3 were RMB2.88 million, RMB45.85 million and RMB81.94 million (31 December 2023: RMB5.62 million, RMB60.05 million and RMB72.24 million).

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30 OTHER ASSETS (CONTINUED)

(b) Intangible assets

Intangible assets of the Group are mainly computer software.

	As at 31 December 2024	As at 31 December 2023
Cost		
Balance at beginning of the year	1,427,224	1,205,256
Additions	212,395	211,954
Transfers-construction-in-progress	13,240	10,650
Disposals	(6,767)	(636)
Balance at end of the year	1,646,092	1,427,224
Accumulated amortisation		
Balance at beginning of the year	(941,476)	(732,891)
Amortization for the year	(198,116)	(209,221)
Disposals	6,480	636
Balance at end of the year	(1,133,112)	(941,476)
Net book value		
At end of the year	512,980	485,748

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31 IMPAIRMENT ALLOWANCE (EXCEPT FOR LOANS AND ADVANCES)

	As at				As at 31
	1 January	Additions/	Recovery	Utilised	December
	2024	Deductions			2024
Deposits with banks and other financial institutions	(13,103)	(4,266)	–	–	(17,369)
Placements with banks and other financial institutions	(28,763)	(74,789)	–	–	(103,552)
Financial assets held under resale agreements	(139,492)	(29,444)	(3,000)	–	(171,936)
Financial investments measured at fair value and whose changes are included in other comprehensive income	(1,085,468)	75,695	–	–	(1,009,773)
Financial assets at amortised cost	(9,273,707)	(3,409,873)	(16,469)	2,555,000	(10,145,049)
Finance lease receivables	(3,812,775)	(864,260)	(66,081)	426,484	(4,316,632)
Other assets – bad debts	(239,372)	(44,406)	(23,817)	24,947	(282,648)
Foreclosed assets	(93,649)	7,107	–	–	(86,542)
Goodwill	(3,020,437)	(876,613)	–	–	(3,897,050)
Total	(17,706,766)	(5,220,849)	(109,367)	3,006,431	(20,030,551)

	As at				As at 31
	1 January	Additions/	Recovery	Utilised	December
	2023	Deductions			2023
Deposits with banks and other financial institutions	(13,119)	16	–	–	(13,103)
Placements with banks and other financial institutions	(6,974)	(21,789)	–	–	(28,763)
Financial assets held under resale agreements	(140,373)	2,881	(2,000)	–	(139,492)
Financial investments measured at fair value and whose changes are included in other comprehensive income	(834,308)	(251,160)	–	–	(1,085,468)
Financial assets at amortised cost	(10,275,249)	833,735	–	167,807	(9,273,707)
Finance lease receivables	(3,047,594)	(870,311)	(92,700)	197,830	(3,812,775)
Other assets – bad debts	(312,944)	11,246	(5,955)	68,281	(239,372)
Foreclosed assets	(93,649)	–	–	–	(93,649)
Goodwill	(2,791,750)	(228,687)	–	–	(3,020,437)
Total	(17,515,960)	(524,069)	(100,655)	433,918	(17,706,766)

32 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at	As at
	31 December 2024	31 December 2023
Banks in Mainland China	2,398,853	1,309,945
Other financial institutions in Mainland China	172,128,813	161,262,178
Interest payable	1,191,289	1,441,660
Total	175,718,955	164,013,783

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

33 PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December 2024	As at 31 December 2023
Banks in Mainland China	49,017,455	46,569,173
Interest payable	501,163	516,692
Total	49,518,618	47,085,865

34 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at 31 December 2024	As at 31 December 2023
Securities sold under repurchase agreements	12,607,385	39,811,206
Precious metals sold under repurchase agreements	6,071,991	26,718,185
Interest payable	126,760	321,573
Total	18,806,136	66,850,964

35 DEPOSITS FROM CUSTOMERS

	As at 31 December 2024	As at 31 December 2023
Demand deposits		
– Corporate deposits	223,493,546	267,327,461
– Personal deposits	92,137,559	83,271,049
Time deposits (including deposits at call)		
– Corporate deposits	277,098,659	220,737,702
– Personal deposits	546,236,443	448,822,162
Interest payable	27,954,441	22,156,693
Total	1,166,920,648	1,042,315,067

36 TAXES PAYABLE

	As at 31 December 2024	As at 31 December 2023
Corporate income tax	1,305,195	1,246,657
Value-added tax	624,393	604,983
Business tax and surcharges	67,243	75,412
Others	38,917	47,487
Total	2,035,748	1,974,539

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37 OTHER LIABILITIES

	As at 31 December 2024	As at 31 December 2023
Dividends payable ^(a)	177,554	99,903
Unearned rent and deposits under lease arrangements ^(b)	5,680,688	6,246,488
Funds to be settled	1,593,501	718,413
Continued involvement in liabilities	998,506	2,021,526
Asset securitisation	37,355	110,932
Salary and welfare payable ^(c)	3,670,403	3,057,019
Entrusted services	63,583	107,919
Provision	1,369,604	1,554,073
– Allowance for litigation losses (Note 44)	383,986	342,151
– Provision for impairment of credit commitments ^(d)	974,442	1,188,995
– Others	11,176	22,927
Project funds payable	62,032	55,110
Lease liabilities	995,714	989,811
Others	1,779,889	2,367,235
Total	16,428,829	17,328,429

(a) Dividends payable

In accordance with the resolution of the 2023 Annual General Meeting of Shareholders held on 29 June 2024, the Bank distributed cash dividends to all shareholders. Details are listed in Note 43.

(b) Unearned rent and deposits under lease arrangements

As at 31 December 2024, the Group's unearned rent and deposits under lease arrangements were all related to its subsidiary, Huishang Bank Financial Leasing Co., Ltd., which included the deposits and deferred income on finance leases.

(c) Salary and welfare payable

	As at 31 December 2024	As at 31 December 2023
Short-term employee benefits	3,334,721	2,819,299
Long-term employee benefits	232,281	205,229
Termination benefits	90,674	19,251
Defined contribution plans	12,727	13,240
Total	3,670,403	3,057,019

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37 OTHER LIABILITIES (CONTINUED)

(c) Salary and welfare payable (Continued)

Short-term employee benefits

	As at 1 January 2024	Increase in current year	Decrease in current year	As at 31 December 2024
Wages, bonuses, allowances and subsidies	2,390,768	4,302,964	(3,786,548)	2,907,184
Employee benefits	–	302,960	(302,960)	–
Social insurance	3,358	275,333	(275,257)	3,434
Including: Medical insurance	3,235	269,921	(269,847)	3,309
Occupational injury insurance	63	5,412	(5,410)	65
Maternity insurance	60	–	–	60
Housing fund	950	358,507	(358,653)	804
Labour union fee and staff education fee	110,455	121,015	(121,939)	109,531
Other short-term employee benefits	313,768	5,813	(5,813)	313,768
Total	2,819,299	5,366,592	(4,851,170)	3,334,721

Short-term employee benefits

	As at 1 January 2023	Increase in current year	Decrease in current year	As at 31 December 2023
Wages, bonuses, allowances and subsidies	2,075,635	3,986,919	(3,671,786)	2,390,768
Employee benefits	–	279,901	(279,901)	–
Social insurance	3,244	247,516	(247,402)	3,358
Including: Medical insurance	3,098	242,649	(242,512)	3,235
Occupational injury insurance	81	4,867	(4,885)	63
Maternity insurance	65	–	(5)	60
Housing fund	721	329,306	(329,077)	950
Labour union fee and staff education fee	111,532	112,566	(113,643)	110,455
Other short-term employee benefits	317,293	7,040	(10,565)	313,768
Total	2,508,425	4,963,248	(4,652,374)	2,819,299

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37 OTHER LIABILITIES (CONTINUED)

(c) Salary and welfare payable (Continued)

Long-term employee benefits

	As at 1 January 2024	Increase in current year	Decrease in current year	As at 31 December 2024
Deferred performance pay	205,229	298,061	(271,009)	232,281
Total	205,229	298,061	(271,009)	232,281

Long-term employee benefits

	As at 1 January 2023	Increase in current year	Decrease in current year	As at 31 December 2023
Deferred performance pay	206,678	287,877	(289,326)	205,229
Total	206,678	287,877	(289,326)	205,229

Defined contribution plans

	As at 1 January 2024	Increase in current year	Decrease in current year	As at 31 December 2024
Basic pension insurance	8,782	425,984	(429,682)	5,084
Unemployment insurance	279	13,974	(13,968)	285
Annuity scheme	10,190	365,130	(290,015)	85,305
Total	19,251	805,088	(733,665)	90,674

Defined contribution plans

	As at 1 January 2023	Increase in current year	Decrease in current year	As at 31 December 2023
Basic pension insurance	9,344	393,970	(394,532)	8,782
Unemployment insurance	317	11,965	(12,003)	279
Annuity scheme	2,189	282,541	(274,540)	10,190
Total	11,850	688,476	(681,075)	19,251

Internal retirement benefits

	31 December 2024	31 December 2023
Internal retirement benefits payable	12,727	13,240
Total	12,727	13,240

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37 OTHER LIABILITIES (CONTINUED)

(d) Provision – Provision for impairment of credit commitments

	As at 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
	(12-month ECL)	(Lifetime ECL)	(Lifetime ECL – impaired)	
As at 1 January 2024	635,219	553,776	–	1,188,995
Impairment losses for the year	(180,076)	(121,776)	87,299	(214,553)
Stage conversion				
Transfers to Stage 1	120	(120)	–	–
Transfers to Stage 2	–	–	–	–
Transfers to Stage 3	(199)	–	199	–
As at 31 December 2024	455,064	431,880	87,498	974,442

	As at 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
	(12-month ECL)	(Lifetime ECL)	(Lifetime ECL – impaired)	
As at 1 January 2023	439,769	383,285	4,900	827,954
Impairment losses for the year	195,541	170,400	(4,900)	361,041
Stage conversion				
Transfers to Stage 1	–	–	–	–
Transfers to Stage 2	(91)	91	–	–
Transfers to Stage 3	–	–	–	–
As at 31 December 2023	635,219	553,776	–	1,188,995

38 DEFERRED INCOME TAXES

Deferred 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 related to income taxes levied by the same taxation authority. The movements in the deferred income tax account are as follows:

	2024	2023
Balance at beginning of the year	14,238,323	13,655,828
Charged to the income statement	1,781,592	1,004,780
Credited to other comprehensive income	(639,308)	(422,285)
Balance at end of the year	15,380,607	14,238,323

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38 DEFERRED INCOME TAXES (CONTINUED)

Items included in deferred tax assets and liabilities are as follows:

	As at 31 December 2024	As at 31 December 2023
Deferred income tax assets		
Impairment allowance for assets	14,377,003	12,925,163
Salary and welfare payable	806,554	673,403
Fair value changes of financial instruments at fair value through profit or loss and derivative financial instruments	682,525	444,500
Impairment of financial assets at fair value through other comprehensive income	252,444	271,368
Fair value changes of customer loans and advances made at fair value and whose changes are included in other comprehensive income	34,310	42,619
Impairment of loans and advances to customers at fair value through other comprehensive income	13,601	25,849
Credit commitment impairment	243,611	297,249
Others	652,701	581,938
Total deferred income tax assets	17,062,749	15,262,089
Deferred income tax liabilities		
Fair value changes of financial assets at fair value through other comprehensive income	(1,129,580)	(467,408)
Impairment of financial assets at fair value through other comprehensive income	(252,444)	(271,368)
Impairment of loans and advances to customer at fair value through other comprehensive income	(13,601)	(25,849)
Others	(286,517)	(259,141)
Total deferred income tax liabilities	(1,682,142)	(1,023,766)
Net	15,380,607	14,238,323

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38 DEFERRED INCOME TAXES (CONTINUED)

Deferred taxes recorded in the income statement for the year comprise the following temporary differences:

	2024	2023
Impairment allowance for assets	1,451,841	758,753
Salary and welfare payable	133,151	97,746
Fair value changes of financial instruments and derivative financial instruments at fair value through profit or loss	238,025	40,514
Impairment changes of financial assets at fair value through other comprehensive income	(18,924)	62,790
Impairment changes of loans and advances to customer at fair value through other comprehensive income	(12,248)	15,462
Credit commitment impairment	(53,638)	90,260
Others	43,385	(60,745)
Total	1,781,592	1,004,780

39 DEBT SECURITIES ISSUED

	As at 31 December 2024	As at 31 December 2023
19 Financial bonds 02 ^(a)	–	1,000,000
20 Tier 2 capital bonds ^(b)	8,000,000	8,000,000
21 Tier 2 capital bonds 01 ^(c)	6,000,000	6,000,000
21 Huiyin financial leasing bonds 01 ^(d)	–	1,000,000
22 Small and micro bonds 01 ^(e)	10,000,000	10,000,000
22 Green bonds ^(f)	5,000,000	5,000,000
23 Financial Bonds ^(g)	20,000,000	20,000,000
23 Small and micro bonds 01 ^(h)	10,000,000	10,000,000
24 Financial Bonds 01 ⁽ⁱ⁾	20,000,000	–
24 Huiyin financial leasing bonds 01 ^(j)	1,500,000	–
Interbank certificates of deposit issued ^(k)	201,456,918	119,907,391
Interest payable	989,375	753,666
Total	282,946,293	181,661,057

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39 DEBT SECURITIES ISSUED (CONTINUED)

- (a) The Group issued RMB1 billion of financial bonds on 6 March 2019 in China's inter-bank bond market, with a maturity of 5 years and a fixed coupon rate of 3.8%, paid annually. The bonds are due and payable on March 8, 2024.
- (b) The Group issued RMB8 billion of financial bonds on 24 September 2020 in China's inter-bank bond market, with a maturity of 10 years and a fixed coupon rate of 4.5%, paid annually. The Group has an option to redeem part or all of the bonds at face value on 28 September 2025, subject to regulatory approval. Tier 2 capital bond's right of recourse is subordinate to depositors and ordinary debts and is superior to equity, other tier 1 capital instruments and mixed capital debts.
- (c) The Group issued RMB6 billion of financial bonds on 22 October 2021 in China's inter-bank bond market, with a maturity of 10 years and a fixed coupon rate of 4.09%, paid annually. The Group has an option to redeem part or all of the bonds at face value on 22 October 2026, subject to regulatory approval. Tier 2 capital bond's right of recourse is subordinate to depositors and ordinary debts and is superior to equity, other tier 1 capital instruments and mixed capital debts.
- (d) The Group issued RMB1 billion of financial bonds on 18 August 2021 in China's inter-bank bond market, with a maturity of 3 years and a fixed coupon rate of 3.50%, paid annually. The bonds are due and payable on August 20, 2024.
- (e) The Group issued RMB10 billion of financial bonds on 25 February 2022 in China's inter-bank bond market, with a maturity of 3 years and a fixed coupon rate of 2.83%, paid annually.
- (f) The Group issued RMB5 billion of financial bonds on 5 August 2022 in China's inter-bank bond market, with a maturity of 3 years and a fixed coupon rate of 2.53%, paid annually.
- (g) The Group issued RMB20 billion of financial bonds on 10 July 2023 in China's inter-bank bond market, with a maturity of 3 years and a fixed coupon rate of 2.69%, paid annually.
- (h) The Group issued RMB10 billion of financial bonds on 20 November 2023 in China's inter-bank bond market, with a maturity of 3 years and a fixed coupon rate of 2.78%, paid annually.
- (i) The Group issued RMB20 billion of financial bonds on 22 May 2024 in China's inter-bank bond market, with a maturity of 3 years and a fixed coupon rate of 2.25%, paid annually.
- (j) The Group issued RMB1.5 billion of financial bonds on 14 November 2024 in China's inter-bank bond market, with a maturity of 3 years and a fixed coupon rate of 2.19%, paid annually.
- (k) The Group issued RMB312.56 billion 244 interbank certificates of deposit with a total face value of at zero interest, with a maturity of 1 month to 12 months. As at 31 December 2024, there were 144 outstanding interbank certificates of deposit with a total face value of RMB203.15 billion.

As at 31 December 2024, there were no defaults on principal and interest or other breaches to the agreements with respect to these debt securities.

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40 SHARE CAPITAL, OTHER EQUITY INSTRUMENTS AND CAPITAL RESERVE

(a) Share capital

The Bank's share capital is comprised of fully paid ordinary shares in issue, with par value of RMB1 per share. The number of shares is as follows:

	As at 31 December 2024	As at 31 December 2023
Number of authorized shares fully paid in issue (in thousands)	13,889,801	13,889,801

(b) Other equity instruments

Perpetual bonds issued as at 31 December 2024 and 31 December 2023

As at 31 December 2024

Perpetual bonds	Issue date	Classification	Initial interest rate	Issue price (RMB)	Amount		Maturity date	Method
					(100 million RMB)	RMB (thousand)		
2023 Huishang Bank Perpetual bonds ⁽ⁱⁱ⁾	26 October 2023	Equity instruments	3.80%	100/share	100	10,000,000	No maturity date	floating interest rates
2024 Huishang Bank Perpetual bonds ⁽ⁱⁱⁱ⁾	11 November 2024	Equity instruments	2.55%	100/share	100	10,000,000	No maturity date	floating interest rates
Total amount						20,000,000		
Less: issuance fee						(872)		
Carrying amount						19,999,128		

As at 31 December 2023

Perpetual bonds	Issue date	Classification	Initial interest rate	Issue price (RMB)	Amount		Maturity date	Method
					(100 million RMB)	RMB (thousand)		
2019 Huishang Bank Perpetual bonds ⁽ⁱⁱ⁾	29 November 2019	Equity instruments	4.90%	100/share	100	10,000,000	No maturity date	floating interest rates
2023 Huishang Bank Perpetual bonds ⁽ⁱⁱⁱ⁾	26 October 2023	Equity instruments	3.80%	100/share	100	10,000,000	No maturity date	floating interest rates
Total amount						20,000,000		
Less: issuance fee						(643)		
Carrying amount						19,999,357		

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40 SHARE CAPITAL, OTHER EQUITY INSTRUMENTS AND CAPITAL RESERVE (CONTINUED)

(b) Other equity instruments (Continued)

Perpetual bonds issued as at 31 December 2024 and 31 December 2023 (Continued)

- (i) Huishang Bank separately obtained approval on 5 August, 2019 and 5 November, 2019, from the former Anhui office of China Banking and Insurance Regulatory Commission (“the CBIRC”) and the PBOC to issue capital bonds with fixed maturities of no more than RMB10 billion in the national interbank bond market; at the end of November 2019, Huishang Bank Successfully issued Huishang Bank Co., Ltd. 2019 No Fixed-Term Capital Bonds, and completed bond registration and custody at the Central Government Bonds Registration and Clearing Co., Ltd. The bond was filed on 29 November 2019, and was issued on 3 December 2019. The bond issuance has a scale of RMB10 billion, and the unit face value is RMB100. It is issued at par with par value and coupon rate is 4.9%.

The duration of the bond is consistent with the Bank’s continuing operations. Five years after the date of issuance, the bank has the right to redeem all or part of the bond at annual interest payment date (including the interest payment date of the fifth year after the date of issuance) on the premise that the redemption prerequisites are met and the former CBIRC has approved. When the write-down triggering conditions are met, the bank has the right to write down all or part of the above-mentioned bonds that have been issued and surviving according to the total face value of the bonds if they are reported to the former CBIRC and agreed, but without the consent of the bondholders. The principal of the bond is settled in the order of depositors, general creditors and subordinated debts higher than the bonds, but before all classes of shares held by shareholders; the bonds are in the same order as other tier 1 capital instruments with the same repayment order be compensated.

The aforesaid bonds are paid by non-cumulative interest, and the Bank has the right to cancel part or all of the dividends of the bonds, which does not constitute a default event. The Bank is free to dispose of the proceeds of the cancellation of dividends for repayment of other due debts, but the Bank will not distribute profits to ordinary shareholders until the full interest payment is resumed.

The bank exercised the redemption option of “19 Huishang bank perpetual bonds” on 3 December 2024, with a total redemption value of 10 billion yuan and a redemption price of 100 yuan per 100 yuan.

- (ii) Huishang Bank separately obtained approval on 25 June 2023 and 8 October, 2023, from the PBOC and the Anhui Supervision Bureau of the State Financial Supervision and Administration of China to issue capital bonds with fixed maturities of no more than RMB10 billion in the national interbank bond market; at the end of October 2023, Huishang Bank successfully issued Huishang Bank Co., Ltd. 2023 No Fixed-Term Capital Bonds, and completed bond registration and custody at the Interbank Market Clearing House Co., Ltd. The bond was filed on 26 October 2023, and was issued on 30 October 2023. The bond issuance has a scale of RMB10 billion, and the unit face value is RMB100. It is issued at par with par value and coupon rate is 3.80%.

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40 SHARE CAPITAL, OTHER EQUITY INSTRUMENTS AND CAPITAL RESERVE (CONTINUED)

(b) Other equity instruments (Continued)

Perpetual bonds issued as at 31 December 2024 and 31 December 2023 (Continued)

The duration of the bond is consistent with the Bank's continuing operations. Five years after the date of issuance, the bank has the right to redeem all or part of the bond at annual interest payment date (including the interest payment date of the fifth year after the date of issuance) on the premise that the redemption prerequisites are met and the NAFS has approved. When the write-down triggering conditions are met, the bank has the right to write down all or part of the above-mentioned bonds that have been issued and surviving according to the total face value of the bonds if they are reported to the NAFS and agreed, but without the consent of the bondholders. The principal of the bond is settled in the order of depositors, general creditors and subordinated debts higher than the bonds, but before all classes of shares held by shareholders; the bonds are in the same order as other tier 1 capital instruments with the same repayment order be compensated.

The aforesaid bonds are paid by non-cumulative interest, and the Bank has the right to cancel part or all of the dividends of the bonds, which does not constitute a default event. The Bank is free to dispose of the proceeds of the cancellation of dividends for repayment of other due debts, but the Bank will not distribute profits to ordinary shareholders until the full interest payment is resumed.

- (iii) Huishang Bank was approved by the People's Bank of China and the Anhui Regulatory Bureau of the State Administration of Financial Supervision and Administration on April 16, 2024 and October 8, 2023 respectively to issue no more than 10 billion yuan of open-ended capital bonds in the national inter-bank bond market; In November 2024, Huishang Bank successfully issued 2024 open-ended capital bonds of Huishang Bank Co., Ltd. and completed bond registration and custody in the Interbank Market Clearing House Co., Ltd. The bonds were recorded and filed on November 11, 2024 and issued on November 13, 2024. The issuance scale of the bonds is RMB10 billion, the unit par amount is RMB100, and the bonds are issued at par with the par amount, with a coupon rate of 2.55%.

The duration of the bonds is consistent with that of the Bank as a going concern. After 5 years from the date of issuance, the Bank has the right to redeem the bonds in whole or in part on the annual interest payment date (including the interest payment date of the fifth year after the issuance date), provided that the preconditions for redemption are met and the approval of the State Administration of Financial Supervision and Administration is obtained. When the write-down trigger conditions are met, the Bank has the right to write down all or part of the above bonds issued and existing at that time in accordance with the total par amount, with the approval of the State Administration of Financial Supervision and Administration but without the consent of the bondholders. The principal of the Bonds shall be repaid in the order of depositors, general creditors and subordinated debts higher than the Bonds and before all classes of shares held by shareholders; Bonds and other Tier 1 capital instruments with the same repayment order are repaid in the same order.

The aforesaid bonds are paid by non-cumulative interest, and the Bank has the right to cancel part or all of the dividends of the bonds, which does not constitute a default event. The Bank is free to dispose of the proceeds of the cancellation of dividends for repayment of other due debts, but the Bank will not distribute profits to ordinary shareholders until the full interest payment is resumed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

40 SHARE CAPITAL, OTHER EQUITY INSTRUMENTS AND CAPITAL RESERVE (CONTINUED)

(b) Other equity instruments (Continued)

Related information attributable to equity instrument holders:

	As at 31 December 2024	As at 31 December 2023
1. Total equity attributable to equity holders of the Bank	157,450,264	142,983,077
(1) Equity attributable to ordinary equity holders of the Bank	137,451,136	122,983,720
(2) Equity attributable to other equity holders of the Bank	19,999,128	19,999,357
2. Total equity attributable to non-controlling interests	4,216,897	3,743,765

(c) Capital reserve

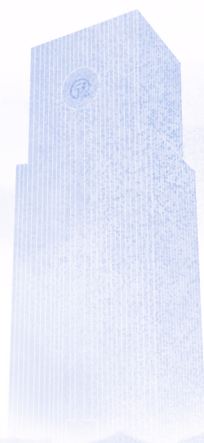
Transactions of the following natures are recorded in the capital reserve:

- (1) share premium arising from the issuance of shares at prices in excess of their par value;
- (2) donations received from shareholders; and
- (3) any other items required by the PRC regulations.

Capital surplus can be utilized for the issuance of stock dividends or increasing paid-up capital as approved by the shareholders meeting.

As at 31 December, 2024 and 31 December, 2023, the Group's capital surplus is as follows:

	As at 31 December 2024	As at 31 December 2023
Share premium	14,919,008	14,919,197
Others	314,372	311,507
Total	15,233,380	15,230,704



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

41 SURPLUS RESERVES AND GENERAL AND REGULATORY RESERVES

	Surplus reserves ^(a)	General reserves ^(b)
As at 1 January 2023	17,404,333	15,597,809
Appropriation to surplus reserves ^(a)	2,544,248	–
Appropriation to general reserves ^(b)	–	1,986,202
As at 31 December 2023	19,948,581	17,584,011
Appropriation to surplus reserves ^(a)	2,806,908	–
Appropriation to general reserves ^(b)	–	1,687,966
As at 31 December 2024	22,755,489	19,271,977

(a) Surplus reserves

Pursuant to the “Company Law of the PRC” and the Group’s Articles of Association, the Group is required to appropriate 10% of its net profit in the statutory consolidated financial statements to the non-distributable statutory surplus reserves. Appropriation to the statutory surplus reserves may cease when the balance of such reserves has reached 50% of the share capital. After the withdrawal of statutory surplus reserve, the group can withdraw arbitrary surplus reserve. Subject to the approval of the shareholders’ meeting, any surplus reserve can be used to make up the loss of previous years or to increase the share capital.

As at 31 December 2024 and 31 December 2023, the Group’s statutory surplus reserve balances were RMB12,314.21 million and RMB10,859.95 million respectively. The others were discretionary surplus reserve.

(b) General reserve

Pursuant to Cai Jin [2012] No. 20 “Requirements on Impairment Allowance for Financial Institutions” (the “Requirements”) issued by the Ministry of Finance on 20 March 2012, the general reserve should not be less than 1.5% of the aggregate amount of risk assets and shall be raised within five years. The Requirements were effective from 1 July 2012.

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

42 OTHER COMPREHENSIVE INCOME

	Fair value change of equity instruments at FVOCI		Fair value change of debt instruments at FVOCI		Impairment change of debt instruments at FVOCI		Other comprehensive income transferable to profit or loss under the equity method	Other comprehensive income not transferable to profit or loss under the equity method	Total	Other comprehensive income attributable to minority shareholders	Total
	Amount	Income	Amount	Income	Amount	Income	Total	Total			
	before tax	tax impact	before tax	tax impact	before tax	tax impact					
As at 1 January 2023	282,618	(70,655)	40,407	(10,102)	875,855	(218,964)	23,814	(22,952)	900,021	-	900,021
Changes in amount for the previous year	12,573	(3,143)	1,363,658	(340,890)	313,009	(78,253)	(15,072)	(27,436)	1,224,446	146	1,224,592
As at 31 December 2023	295,191	(73,798)	1,404,065	(350,992)	1,188,864	(297,217)	8,742	(50,388)	2,124,467	146	2,124,613
Changes in amount for the year	65,607	(16,402)	2,617,151	(654,078)	(124,687)	31,172	22,896	6,600	1,948,259	1,261	1,949,520
As at 31 December 2024	360,798	(90,200)	4,021,216	(1,005,070)	1,064,177	(266,045)	31,638	(43,788)	4,072,726	1,407	4,074,133

43 DIVIDENDS

(a) Dividends for ordinary shares

	Year ended 31 December 2024	Year ended 31 December 2023
Dividends declared for the year	2,027,911	1,791,784
Dividends per ordinary share (in RMB)	0.146	0.129
Dividends paid during the year	1,950,260	1,798,675

It was approved by the shareholders' general meeting of the Bank held on June 29, 2024 that, under the Bank's profit distribution plan for the year 2023, the dividend for 2023 would be paid on the basis of the shareholders registered on July 10, 2024, at the rate of RMB0.146 per share (inclusive of tax).

It was approved by the shareholders' general meeting of the Bank held on June 30, 2023 that, under the Bank's profit distribution plan for the year 2022, the dividend for 2022 would be paid on the basis of the shareholders registered on July 11, 2023, at the rate of RMB0.129 per share (inclusive of tax).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

43 DIVIDENDS (CONTINUED)

(a) Dividends for ordinary shares (Continued)

Under the “Company Law of the PRC” and the Bank’s Articles of Association, the net profit after tax as reported in the PRC statutory consolidated financial statements can only be distributed as dividends after allowances for the following:

- (i) Making up cumulative losses from prior years, if any;
- (ii) Allocations to the non-distributable statutory reserve of 10% of the net profit of the Bank;
- (iii) Appropriation to general reserve;
- (iv) Payment of preference shares dividends; and
- (v) Allocations to the discretionary reserve with approval from the general meetings of shareholders. These reserves form part of the shareholders’ equity.

In accordance with the relevant regulations, the net profit after tax of the Bank for the purpose of profit distribution is deemed to be the lesser of (i) the retained profits determined in accordance with the PRC Generally Accepted Accounting Principles and (ii) the retained profits determined in accordance with IFRS.

44 FINANCIAL GUARANTEES AND CREDIT COMMITMENTS, OTHER COMMITMENTS AND CONTINGENT LIABILITIES

(a) Financial guarantees and credit commitments

The following tables indicate the contractual amounts of the Group’s financial guarantees and credit commitments:

	As at 31 December 2024	As at 31 December 2023
Bank acceptance	103,407,791	74,698,817
Letters of credit issued	45,462,809	34,280,402
Letters of guarantee issued	28,247,542	33,877,057
Loan commitments	796,963	293,625
Unused credit card lines	42,701,404	43,973,626
Total	220,616,509	187,123,527
Impairment allowance for credit commitments (Note 37)	974,442	1,188,995

(b) Capital commitments

	As at 31 December 2024	As at 31 December 2023
Contracted but not provided for	260,538	395,810

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For the year ended 31 December 2024

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

44 FINANCIAL GUARANTEES AND CREDIT COMMITMENTS, OTHER COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

(c) Treasury bond redemption commitments

The Group is entrusted by the Ministry of Finance of the PRC ("MOF") to underwrite certain treasury bonds. The investors of these treasury bonds have a right to redeem the bonds at any time prior to maturity and the Group is committed to redeem these treasury bonds. The redemption price is the principal value of the bonds plus unpaid interest in accordance with the early redemption arrangement. As at 31 December 2024 and 31 December 2023, the nominal values of treasury bonds which the Group was obligated to redeem prior to maturity were RMB1.84 billion and RMB1.77 billion respectively.

(d) Legal proceedings

During the reporting year, the Group was involved as defendants/respondents in certain lawsuits arising from its normal business operations. At 31 December 2024, provision for litigation losses as advised by in-house or external legal professionals was RMB0.38 billion (31 December 2023: RMB0.34 billion). Based on legal advice, the management of the Group believes that the final result of these lawsuits will not have a material impact on the financial position or operations of the Group.

45 COLLATERAL

(a) Pledged assets

The Group uses the following financial assets as collateral for sale repurchase transactions, treasury time deposits and borrowing from the Central Bank. At the end of the reporting period, the face value of financial assets used as collateral for a liability or contingent liability is RMB211.94 million (31 December 2023: RMB230.79 billion).

Part of the sale repurchase transactions are sell-off transactions where the related collateral rights have been transferred to the counterparty and there were no derecognised sell-off sale repurchase transactions as of December 31, 2024 (December 31, 2023: none).

In addition, the Group has no debt securities and deposits with banks and other financial institutions pledged for meeting regulatory requirements or for derivative transactions.

(b) Collateral accepted

The Group accepted debt securities, bills and other assets as collateral in the purchase of assets under resale agreements. Certain collateral can be resold or re-pledged. The Group had no collateral accepted that can be resold or re-pledged as at 31 December 2024 (31 December 2023: none). The Group has no collateral that is re-pledged and obligated to return as at 31 December 2024 (31 December 2023: none).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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46 CREDIT RISK WEIGHTED AMOUNT OF FINANCIAL GUARANTEES AND CREDIT COMMITMENTS

	As at 31 December 2024	As at 31 December 2023
Financial guarantees and credit related commitments	74,611,559	59,961,637

The credit risk weighted amount refers to the amount as computed in accordance with the formula promulgated by the former CBIRC and depends on the status of the counterparty and the maturity characteristics. The risk weights used range from 0% to 100% for contingent liabilities and credit related commitments.

47 STRUCTURED ENTITIES

(a) Unconsolidated structured entities managed by the Group

The unconsolidated structure entities managed by the Group are mainly wealth management products (“WMP”) issued and managed by the Bank. The Group had not provided any guarantee or undertaking with regard to principal or returns for these products (non-guaranteed wealth management products). Wealth management products were mainly invested in money market instruments, bonds and loan assets. The raised funds were invested in related financial markets or financial products in accordance with the product contracts. Returns would be allocated to investors based on the performance of the assets. The Group receives a management fee as the manager of these wealth management products. As at 31 December 2024 and 31 December 2023, total wealth commission income the Group received were RMB611.01 million and RMB656.47 million respectively. The Group considered its variable returns from the structured entities are insignificant and hence they were not consolidated.

As at 31 December 2024, the carrying value of non-guaranteed wealth management products that the Group issued and managed was RMB197.78 billion (31 December 2023: RMB177.32 billion). As at 31 December 2024, the Group’s maximum exposure to these unconsolidated structured entities was zero (31 December 2023: none). In 2024, the Group purchased financial assets from wealth management products not included in the scope of consolidation for a total of zero.

There were no contractual liquidity arrangements, guarantees or other commitments among or between the Group, WMP vehicles or any third parties that could increase the level of the Group’s risk or reduce its interest in WMP vehicles disclosed above.

(b) Unconsolidated structured entities invested by the Group

To maximize the usage of capital, the Group enters into transactions with unconsolidated structured entities which include wealth management products, the trust fund and asset management plan schemes issued and managed by other independent third parties during the years ended 31 December 2024 and 31 December 2023. The Group classifies these assets into “debt instruments classified as receivables” or “available-for-sale financial assets” based on their nature. As the investor of these entities, the Group earns interest from these transactions. The Group has not provided any liquidity support to these unconsolidated structured entities during the years ended 31 December 2024 and 31 December 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

47 STRUCTURED ENTITIES (CONTINUED)

(b) Unconsolidated structured entities invested by the Group (Continued)

The table below shows the carrying value and scale of unconsolidated structured entities invested by the Group, as well as its maximum exposure to loss in relation to those interests.

At 31 December 2024	Carrying value	Maximum exposure to loss
Financial investments – at FVTPL		
– Non-guaranteed wealth management products	3,960,524	3,960,524
– Trust fund, asset management plans and others	131,522,972	131,522,972
Financial assets at amortised cost		
– Trust fund and asset management plans	110,912,646	110,912,646
Total	246,396,142	246,396,142

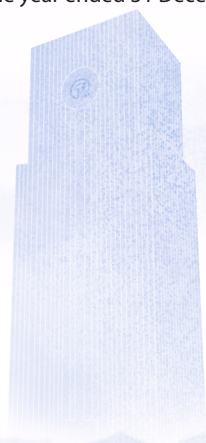
At 31 December 2023	Carrying value	Maximum exposure to loss
Financial investments – at FVTPL		
– Non-guaranteed wealth management products	3,907,990	3,907,990
– Trust fund, asset management plans and others	130,887,320	130,887,320
Financial assets at amortised cost		
– Trust fund and asset management plans	111,700,706	111,700,706
Total	246,496,016	246,496,016

The information of total size of the unconsolidated structured entities listed above is not readily available.

(c) Consolidated structured entities

Consolidated structured entities include the beneficial rights in trust and asset management plans over which the Group exercises investment decisions.

The Group did not provide liquidity support to these consolidated structured entities during the year ended 31 December 2024 and the year ended 31 December 2023.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

48 CASH AND CASH EQUIVALENTS

- (a) For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following balances with an original maturity of less than three months:

	As at 31 December 2024	As at 31 December 2023
Cash	1,110,290	1,188,976
Surplus reserve with the central bank	23,667,779	26,316,702
Deposits and placements with banks and other financial institutions	17,923,740	16,051,907
Total	42,701,809	43,557,585

- (b) Changes in liabilities arising from financing activities

	Debt securities issued	Dividends payable	Lease liabilities
At 1 January 2024	181,661,057	99,903	989,811
Proceeds from issuance of debt securities	330,470,029	-	-
Interest paid on debt issued	(1,313,428)	-	-
Cash paid relating to debt repayments	(233,010,473)	-	-
Cash paid for distribution of dividends	-	(1,954,180)	-
Dividends declared on the Bank's common stock	-	2,027,911	-
Dividends declared to non-controlling shareholders	-	3,920	-
Interest expense	5,139,108	-	31,079
Cash paid relating to lease liabilities	-	-	(384,554)
Other changes in lease liabilities	-	-	359,378
At 31 December 2024	282,946,293	177,554	995,714
	Debt securities issued	Dividends payable	Lease liabilities
At 1 January 2023	218,002,133	106,794	958,017
Proceeds from issuance of debt securities	230,229,640	-	-
Interest paid on debt issued	(1,903,965)	-	-
Cash paid relating to debt repayments	(269,751,935)	-	-
Cash paid for distribution of dividends	-	(1,826,395)	-
Dividends declared on the Bank's common stock	-	1,791,784	-
Dividends declared to non-controlling shareholders	-	27,720	-
Interest expense	5,085,184	-	32,519
Cash paid relating to lease liabilities	-	-	(379,509)
Other changes in lease liabilities	-	-	378,784
At 31 December 2023	181,661,057	99,903	989,811

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

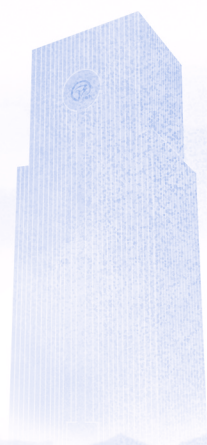
(All amounts expressed in thousands of RMB unless otherwise stated)

49 CREDIT ASSETS SECURITIZATION TRANSACTIONS

The Group enters into credit asset transfers in the normal course of business during which it transfers credit assets to special purpose entities which in turn issue asset-backed securities or fund shares to investors. The Group may acquire some asset-backed securities and fund shares at the subordinated tranche level and accordingly, may retain parts of the risks and rewards of the transferred credit assets. The Group would determine whether or not to derecognise the associated credit assets by evaluating the extent to which it retains the risks and rewards of the assets.

With respect to the credit assets that were securitised and qualified for derecognition, the Group derecognised the transferred credit assets in their entirety. The corresponding total carrying amount of asset-backed securities held by the Group in the securitisation transactions was RMB0.33 billion as at 31 December 2024 (31 December 2023: RMB0.72 billion), which also approximates the Group's maximum exposure to loss.

For those in which the Group has neither transferred nor retained substantially all the risks and rewards of the transferred credit assets, and retained control of the credit assets, the transferred credit assets are recognised in the statement of financial position to the extent of the Group's continuing involvement. In 2024, the Group is not required to have continuing involvement through acquiring some tranches (for the year ended 31 December 2023: None). As at 31 December 2024, the carrying amount of assets that the Group continues to recognise in the statement of financial position was RMB1.00 billion (31 December 2023: RMB2.02 billion).



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For the year ended 31 December 2024

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50 RELATED PARTY TRANSACTIONS

(1) Related parties

The table below lists the major related legal entities of the Group with a shareholding ratio greater than 5% in 2024:

Major related legal entities with the Group	Relationship with the Group	Location of registration	Legal representative	Registered capital	Principal activities	Share percentage (%)
Deposit Insurance Fund Management Co., Ltd.	Major shareholder	Beijing	Wang Yuling	10,000,000	Invest in equity, debt, funds, etc.; Manage the relevant assets of the deposit insurance fund in accordance with the law; Directly or on behalf of acquiring, operating, managing and disposing of assets; Handle deposit insurance related business in accordance with the law; asset valuation; Other businesses approved by relevant departments.	11.22%
Zhongjing Xinhua Asset Management Co., Ltd. ^(Note1)	Major shareholder	Huangshan, Anhui	LU JIAXIAN	2,875,000	Enterprise investment management, merger and acquisition, etc	10.59%
Anhui Province Energy Group Co., Ltd.	Major shareholder	Hefei, Anhui	Chen Xiang	10,000,000	Financing and investment management of energy construction, etc	9.70%
Anhui Credit Financing Guaranty Group Co., Ltd.	Major shareholder	Hefei, Anhui	Wang Zhaoyuan	18,686,000	Financing guarantee, etc	7.65%
China Vanke Co., Ltd.	Major shareholder	Shenzhen, Guangdong	Yu Liang	10,995,210	Real estate development, etc	7.00%
Anhui Guoyuan Financial Holding Group Co., Ltd.	Major shareholder	Hefei, Anhui	Huang Linmu	6,000,000	Capital operation and asset management, etc	6.29%
Anhui Transportation Holding Group Co., Ltd.	Major shareholder	Hefei, Anhui	Xiang Xiaolong	16,000,000	Infrastructure investment and construction, etc	5.10%

Note 1: Zhongjing Xinhua Asset Management Co., Ltd. The legal representative has been changed to LU JIAXIAN on June 27, 2024.

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For the year ended 31 December 2024

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

50 RELATED PARTY TRANSACTIONS (CONTINUED)

(1) Related parties (Continued)

The table below lists the major related legal entities of the Group with a shareholding ratio greater than 5% in 2023:

Major related legal entities with the Group	Relationship with the Group	Location of registration	Legal representative	Registered capital	Principal activities	Share percentage (%)
Deposit Insurance Fund Management Co., Ltd.	Major shareholder	Beijing	Wang Yuling	10,000,000	Invest in equity, debt, funds, etc.; Manage the relevant assets of the deposit insurance fund in accordance with the law; Directly or on behalf of acquiring, operating, managing and disposing of assets; Handle deposit insurance related business in accordance with the law; asset valuation; Other businesses approved by relevant departments.	11.22%
Zhongjing Xinhua Asset Management Co., Ltd. ^(Note1)	Major shareholder	Huangshan, Anhui	Zhu Hua	2,875,000	Enterprise investment management, merger and acquisition, etc	10.59%
Anhui Province Energy Group Co., Ltd.	Major shareholder	Hefei, Anhui	Chen Xiang	10,000,000	Financing and investment management of energy construction, etc	9.70%
Anhui Credit Financing Guaranty Group Co., Ltd.	Major shareholder	Hefei, Anhui	Wang Zhaoyuan	18,686,000	Financing guarantee, etc	7.46%
China Vanke Co., Ltd.	Major shareholder	Shenzhen, Guangdong	Yu Liang	10,995,210	Real estate development, etc	7.00%
Anhui Guoyuan Financial Holding Group Co., Ltd.	Major shareholder	Hefei, Anhui	Huang Linmu	6,000,000	Capital operation and asset management, etc	6.29%
Anhui Transportation Holding Group Co., Ltd.	Major shareholder	Hefei, Anhui	Xiang Xiaolong	16,000,000	Infrastructure investment and construction, etc	5.10%

Note 1: Zhongjing Xinhua Asset Management Co., Ltd. The legal representative has been changed to Zhu Hua on August 28, 2023.

Notes to the Consolidated Financial Statements

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

50 RELATED PARTY TRANSACTIONS (CONTINUED)

(2) Related party transactions and balances

Related party transactions of the Group mainly refer to loans and deposits, which are entered into in the normal course and terms of business, with consistent pricing policies as in the transactions with independent third parties.

(a) Transactions with major shareholders and balances

As at balance sheet date stated below, the balances and interest rate ranges of transactions with major shareholders of the Group are as follows:

	As at 31 December 2024		As at 31 December 2023	
	Amount	Percentage of total similar transactions	Amount	Percentage of total similar transactions
Placements with and loans to banks and other financial institutions	850,000	1.77%	1,800,000	5.10%
Loans and advances to customers	2,541,117	0.26%	2,710,383	0.32%
Financial investments	410,000	0.05%	1,890,000	0.27%
Placements from banks and other financial institutions	446,114	0.25%	45,056	0.03%
Deposits from customers	4,245,587	0.36%	5,387,820	0.52%
Bank acceptance	–	–	5,200	0.01%
Letters of guarantee issued	53,256	0.19%	30,660	0.09%
Letters of credit issued	123,718	0.27%	64,870	0.19%
Total	8,669,792	0.26%	11,933,989	0.41%

	As at 31 December 2024	As at 31 December 2023
Loans and advances to customers	2.50%-6.27%	2.00%-5.95%
Placements from banks and other financial institutions	0.20%-0.72%	0.20%-1.00%
Deposits from customers	0.10%-3.55%	0.20%-4.00%

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

50 RELATED PARTY TRANSACTIONS (CONTINUED)

(2) Related party transactions and balances (Continued)

(a) Transactions with major shareholders and balances (Continued)

As for the years stated below, the interest income of loans, the interest income from reverse repos, the interest expense of deposits, management fees and custodian fees with respect to major shareholders are as follows:

	2024		2023	
	Amount	Percentage of total similar transactions	Amount	Percentage of total similar transactions
Interest income	111,238	0.17%	102,217	0.16%
Interest expense	107,942	0.28%	379,130	1.05%
Fee and commission income	7,145	0.22%	4,306	0.13%
Fee and commission expense	2,394	0.69%	5,151	1.23%

(b) Transactions with other related parties and balances

As at the balance sheet date stated below, the balances and interest rate ranges of transactions with other related parties of the Group are as follows:

	As at 31 December 2024		As at 31 December 2023	
	Amount	Percentage of total similar transactions	Amount	Percentage of total similar transactions
Loans and advances to customers	4,897,902	0.50%	4,579,317	0.54%
Financial investments	435,000	0.06%	515,000	0.07%
Placements from banks and other financial institutions	2,347,166	1.34%	15,959	0.01%
Deposits from customers	11,189,782	0.96%	5,395,843	0.52%
Bank acceptance	476,112	0.46%	652,442	0.87%
Letters of guarantee issued	173,959	0.62%	357,735	1.06%
Letters of credit issued	747,560	1.64%	380,971	1.11%
Loan commitments	–	–	60,000	20.43%
Total	20,267,481	0.62%	11,957,267	0.41%

	As at 31 December 2024	As at 31 December 2023
Loans and advances to customers	2.20%-5.40%	2.00%-6.00%
Placements from banks and other financial institutions	0.30%-2.02%	0.35%
Deposits from customers	0.05%-3.55%	0.05%-5.95%

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For the year ended 31 December 2024

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

50 RELATED PARTY TRANSACTIONS (CONTINUED)

(2) Related party transactions and balances (Continued)

(b) Transactions with other related parties and balances (Continued)

The interest income of loans, the interest expense of deposits, management fees and custodian fees with respect to other related parties are as follows:

	2024		2023	
	Amount	Percentage of total similar transactions	Amount	Percentage of total similar transactions
Interest income	207,523	0.31%	194,291	0.30%
Interest expense	193,146	0.51%	235,122	0.65%
Fee and commission income	1,493	0.05%	2,393	0.07%
Fee and commission expense	59	0.02%	157	0.04%

(c) Transactions with associates

As at balance sheet dates stated below, the balances and interest rate ranges of transactions with associates of the Group are as follows:

	As at 31 December 2024		As at 31 December 2023	
	Amount	Percentage of total similar transactions	Amount	Percentage of total similar transactions
Placements with and loans to banks and other financial institutions	–	–	2,200,000	6.24%
Financial investments	270,000	0.03%	300,000	0.04%
Placements from banks and other financial institutions	159,391	0.09%	176,068	0.11%
Total	429,391	0.04%	2,676,068	0.30%

	As at 31 December 2024	As at 31 December 2023
Placements with and loans to banks and other financial institutions	1.89%-3.95%	3.55%-4.00%
Placements from banks and other financial institutions	0.72%	0.72%

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For the year ended 31 December 2024

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

50 RELATED PARTY TRANSACTIONS (CONTINUED)

(2) Related party transactions and balances (Continued)

(c) Transactions with associates (Continued)

The interest expense of deposits with respect to associates are as follows:

	2024		2023	
	Amount	Percentage of total similar transactions	Amount	Percentage of total similar transactions
Interest expense	2,108	0.01%	2,238	0.01%

(d) Balances and transactions between the Group and the following major shareholders and entities under their control

	2024	2023
Emoluments for directors, supervisors and senior management	18,845	21,558

	2024	2023
Balances at the end of the year		
Loans and advances to customers	4,896	2,606
Deposits from customers	5,544	4,154

	2024	2023
Transactions during the year		
Interest income	86	184
Interest expense	48	73

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51 SEGMENT ANALYSIS

The Group manages its operations in terms of both business and geographic areas.

From the business perspective, the Group provides services through four main business segments listed below:

Corporate banking

Services to corporate customers, government authorities and financial institutions including current accounts, deposits, overdrafts, loans, trade related products and other credit facilities, foreign currency, and wealth management products.

Retail banking

Services to retail customers including savings deposits, personal loans and advances, credit cards and debit cards, payments and settlements, wealth management products, funds and insurance agency services, and other types of business, etc.

Treasury

Conducts securities investment, money market and repurchase transactions. The results of this segment include the intersegment funding income and expenses, resulting from interest-bearing assets and liabilities and foreign currency translation gains and losses.

Others

Comprise investment holding and other miscellaneous activities, none of which constitutes a separately reportable segment.

Geographically, the Group mainly conducts its business in the PRC with its branches in Anhui Province and the Yangtze River Delta area. When presenting information based on geographic areas, revenue is classified by the area where the branches are located; assets and liabilities and capital expense of segments are classified by the branch to which they belong.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

51 SEGMENT ANALYSIS (CONTINUED)

	For the year ended 31 December 2024				
	Corporate banking	Retail banking	Treasury	Others	Total
Net interest income from external customers	32,164,089	13,348,216	20,821,843	–	66,334,148
Net interest expense to external customers	(8,229,278)	(14,503,190)	(15,010,647)	–	(37,743,115)
Intersegment net interest income/(expense)	(6,101,879)	9,053,608	(2,951,729)	–	–
Net interest income	17,832,932	7,898,634	2,859,467	–	28,591,033
Net fee and commission income	1,282,860	706,211	859,617	–	2,848,688
Net trading gains	–	–	3,220,434	–	3,220,434
Net gains from investment securities	–	–	2,104,866	–	2,104,866
Dividend income	–	–	4,624	–	4,624
Other operating income	102,369	83,874	157,814	14,738	358,795
Operating expenses	(3,629,997)	(4,509,286)	(564,508)	(1,991,033)	(10,694,824)
– Depreciation and amortisation	(467,734)	(395,743)	(47,947)	(169,110)	(1,080,534)
Impairment losses on credits	(113,215)	(4,152,120)	(3,413,233)	–	(7,678,568)
Impairment losses on assets	–	–	(869,506)	–	(869,506)
Share of profits of associates	–	–	–	103,300	103,300
Profit before income tax and impairment loss	15,588,164	4,179,433	8,642,314	(1,872,995)	26,536,916
Profit before income tax	15,474,949	27,313	4,359,575	(1,872,995)	17,988,842
Capital expenditure	193,074	239,840	30,025	105,900	568,839

	As at 31 December 2024				
	Corporate banking	Retail banking	Treasury	Others	Total
Segment assets	732,203,984	338,569,904	922,098,632	5,499,947	1,998,372,467
<i>Including: investments in associates</i>	–	–	–	5,261,079	5,261,079
Deferred tax assets					15,380,607
Total assets					2,013,753,074
Segment liabilities	(515,901,223)	(656,705,428)	(673,122,903)	(6,356,359)	(1,852,085,91)
Off-balance sheet credit commitments	188,994,715	31,621,794	–	–	220,616,509

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

51 SEGMENT ANALYSIS (CONTINUED)

	For the year ended 31 December 2023				
	Corporate banking	Retail banking	Treasury	Others	Total
Net interest income from external customers	31,949,785	13,666,400	19,376,265	–	64,992,450
Net interest expense to external customers	(10,493,842)	(12,916,097)	(12,862,306)	–	(36,272,245)
Intersegment net interest income/(expense)	(3,932,027)	7,249,926	(3,317,899)	–	–
Net interest income	17,523,916	8,000,229	3,196,060	–	28,720,205
Net fee and commission income	1,190,192	817,848	797,195	–	2,805,235
Net trading gains	–	–	3,601,426	–	3,601,426
Net gains from investment securities	–	–	609,265	–	609,265
Dividend income	–	–	4,640	–	4,640
Other operating income	247,895	249,657	69,987	57,030	624,569
Operating expenses	(3,006,099)	(4,782,745)	(466,063)	(1,944,461)	(10,199,368)
– Depreciation and amortisation	(418,444)	(443,384)	(42,066)	(175,502)	(1,079,396)
Impairment losses on credits	(5,728,763)	(3,401,690)	560,802	–	(8,569,651)
Impairment losses on assets	–	–	(228,687)	–	(228,687)
Share of profits of associates	–	–	–	289,272	289,272
Profit before income tax and impairment loss	15,955,904	4,284,989	7,812,510	(1,598,159)	26,455,244
Profit before income tax	10,227,141	883,299	8,144,625	(1,598,159)	17,656,906
Capital expenditure	183,614	292,131	28,467	118,768	622,980
	As at 31 December 2023				
	Corporate banking	Retail banking	Treasury	Others	Total
Segment assets	623,274,667	322,114,923	841,364,166	5,151,471	1,791,905,227
<i>Including: investments in associates</i>	–	–	–	5,151,471	5,151,471
Deferred tax assets	–	–	–	–	14,238,323
Total assets	–	–	–	–	1,806,143,550
Segment liabilities	(472,513,542)	(574,946,730)	(603,408,585)	(8,547,851)	(1,659,416,708)
Off-balance sheet credit commitments	143,149,901	43,973,626	–	–	187,123,527

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

51 SEGMENT ANALYSIS (CONTINUED)

	For the year ended 31 December 2024					Total
	Anhui Province	Jiangsu Province	Head Office	Others	Intersegment eliminations	
Net interest income from external customers	38,769,900	2,327,941	22,137,751	3,098,556	-	66,334,148
Net interest expense to external customers	(21,750,504)	(1,189,979)	(12,517,649)	(2,284,983)	-	(37,743,115)
Intersegment net interest income/(expense)	6,267,737	52,696	(7,045,337)	724,904	-	-
Net interest income	23,287,133	1,190,658	2,574,765	1,538,477	-	28,591,033
Net fee and commission income	2,069,803	241,924	234,361	302,600	-	2,848,688
Net trading gains	46,246	(15,806)	4,691,755	(1,501,761)	-	3,220,434
Net gains from investment securities	85,518	49,298	1,864,948	105,102	-	2,104,866
Dividend income	-	-	4,624	-	-	4,624
Other operating income	492,238	2,813	(151,305)	15,049	-	358,795
Operating expenses	(7,009,388)	(512,161)	(2,175,596)	(997,679)	-	(10,694,824)
– Depreciation and amortisation	(514,053)	(36,377)	(325,219)	(204,885)	-	(1,080,534)
Impairment losses on credits	(202,081)	1,239,715	(3,630,627)	(5,085,575)	-	(7,678,568)
Impairment losses on assets	10,876	-	-	(880,382)	-	(869,506)
Share of profits of associates	-	-	103,300	-	-	103,300
Profit before income tax and impairment loss	18,971,550	956,726	7,146,852	(538,212)	-	26,536,916
Profit before income tax	18,780,345	2,196,441	3,516,225	(6,504,169)	-	17,988,842
Capital expenditure	232,142	15,608	269,109	51,980	-	568,839

	As at 31 December 2024					Total
	Anhui Province	Jiangsu Province	Head Office	Others	Intersegment eliminations	
Segment assets	1,154,140,025	64,032,514	683,546,091	101,415,094	(4,761,257)	1,998,372,467
Including: investments in associates	-	-	5,261,079	-	-	5,261,079
Deferred tax assets	-	-	-	-	-	15,380,607
Total assets	-	-	-	-	-	2,013,753,074
Segment liabilities	(1,126,345,697)	(63,103,619)	(562,465,348)	(101,099,453)	928,204	(1,852,085,913)
Off-balance sheet credit commitments	126,211,406	50,614,315	1,592,811	42,510,327	(312,350)	220,616,509

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

51 SEGMENT ANALYSIS (CONTINUED)

	For the year ended 31 December 2023					
	Anhui Province	Jiangsu Province	Head Office	Others	Intersegment eliminations	Total
Net interest income from external customers	39,290,677	2,030,453	21,101,105	2,570,215	-	64,992,450
Net interest expense to external customers	(22,050,098)	(1,048,082)	(11,080,317)	(2,093,748)	-	(36,272,245)
Intersegment net interest income/(expense)	7,639,312	(177,599)	(8,214,765)	753,052	-	-
Net interest income	24,879,891	804,772	1,806,023	1,229,519	-	28,720,205
Net fee and commission income	2,086,010	241,258	114,303	363,664	-	2,805,235
Net trading gains	13,423	1,839	4,355,431	(769,267)	-	3,601,426
Net gains from investment securities	33,505	13,514	312,786	249,460	-	609,265
Dividend income	-	-	4,640	-	-	4,640
Other operating income	536,396	5,804	48,818	33,551	-	624,569
Operating expenses	(6,816,862)	(435,498)	(1,984,313)	(962,695)	-	(10,199,368)
– Depreciation and amortisation	(514,638)	(39,066)	(316,364)	(209,328)	-	(1,079,396)
Impairment losses on credits	(5,079,128)	(688,272)	(966,704)	(1,835,547)	-	(8,569,651)
Impairment losses on assets	-	-	-	(228,687)	-	(228,687)
Share of profits of associates	-	-	289,272	-	-	289,272
Profit before income tax and impairment loss	20,732,363	631,689	4,946,960	144,232	-	26,455,244
Profit before income tax	15,653,235	(56,583)	3,980,256	(1,920,002)	-	17,656,906
Capital expenditure	444,126	2,037	143,306	33,511	-	622,980

	As at 31 December 2023					
	Anhui Province	Jiangsu Province	Head Office	Others	Intersegment eliminations	Total
Segment assets	1,067,479,042	52,782,348	590,693,148	90,309,395	(9,358,706)	1,791,905,227
Including: investments in associates	-	-	5,151,471	-	-	5,151,471
Deferred tax assets	-	-	-	-	-	14,238,323
Total assets	-	-	-	-	-	1,806,143,550
Segment liabilities	(1,041,055,735)	(52,198,345)	(481,472,332)	(90,239,869)	5,549,573	(1,659,416,708)
Off-balance sheet credit commitments	127,640,839	29,083,189	13,192	31,243,747	(857,440)	187,123,527

There were no material transactions with a single external customer that the Group mainly relies on.

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52 FINANCIAL RISK MANAGEMENT

Overview

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risks or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in the business. The Group's aim is therefore to achieve an appropriate balance between risks and return and minimize potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems.

The most important types of risks are credit risk, liquidity risk and market risk which also includes currency risk and interest rate risk.

The Board of Directors is the responsible for establishing the overall risk appetite of the Group. Management establishes corresponding risk management policies and procedures covering areas of credit risk, market risk and liquidity risk under the risk appetite approved by the Board of Directors.

52.1 Credit risk

The Group takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the Group by failing to discharge an obligation. Credit risk increases when counterparties are within similar industry segments or geographical regions. Credit exposures arise principally in loans and advances to banks, customers and securities. There is also credit risk in off-balance sheet financial arrangements: such as loan commitments. The Group mainly conducts its business in Anhui Province of the PRC, indicating a concentration risk in the Group's credit portfolio which makes it vulnerable to economic changes in the region. Management therefore carefully manages its exposure to credit risks. The credit risk management and control are centralized in the Risk Management Department of Head Office and reported to management regularly.

52.1.1 Credit risk measurement

The ECL is a weighted average of credit losses on financial instruments weighted at the risk of default. Credit loss is the difference between all receivable contractual cash flows according to the contract and all cash flows expected to be received by the Group discounted to the present value at the original effective interest rate, i.e. the present value of all cash shortfalls.

According to the changes of credit risk of financial instruments since the initial recognition, the Group calculates the ECLs by three stages:

- Stage 1: Financial instruments without significant increases in credit risk after initial recognition are included in Stage 1 to calculate their impairment allowance at an amount equivalent to the ECLs of the financial instrument for the next 12 months;
- Stage 2: Financial instruments that have had a significant increase in credit risk since initial recognition but have no objective evidence of impairment are included in Stage 2, with their impairment allowance measured at an amount equivalent to the ECLs over the lifetime of the financial instruments;
- Stage 3: Financial assets with objective evidence of impairment at the balance sheet date are included in Stage 3, with their impairment allowance measured at the amount equivalent to the ECLs for the lifetime of the financial instruments.

Notes to the Consolidated Financial Statements

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

52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.1 Credit risk (Continued)

52.1.1 Credit risk measurement (Continued)

For the previous accounting period, the impairment allowance has been measured at the amount equivalent to the ECLs over the entire lifetime of the financial instrument. However, at the balance sheet date of the current year, if the financial instrument no longer belongs to the situation of there being a significant increase in credit risk since initial recognition, the Group will measure the impairment allowance for the financial instruments on the balance sheet date of the current year according to the ECL in the next 12 months.

The Group shall measure ECLs on a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money;
- 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 condition.

When measuring ECLs, an entity need not necessarily identify every possible scenario. However, the Group shall consider the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of occurrence of a credit loss is very low.

The Group conducts an assessment of ECLs according to forward-looking information and uses complex models and assumptions in its expected measurement of credit losses. These models and assumptions relate to the future macroeconomic conditions and borrower's creditworthiness (e.g., the likelihood of default by customers and the corresponding losses). The Group adopts judgement, assumptions and estimation techniques in order to measure ECLs according to the requirements of accounting standards such as:

- Criteria for judging significant increases in credit risk
- Definition of credit-impaired financial assets
- Parameters for measuring ECLs
- Forward-looking information
- Modification of contractual cash flows

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.1 Credit risk (Continued)

52.1.1 Credit risk measurement (Continued)

Criteria for judging significant increases in credit risk

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each balance sheet date. While determining whether the credit risk has significantly increased since initial recognition or not, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort, including qualitative and quantitative analysis based on the historical data of the Group, external credit risk rating, and forward-looking information. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments on the balance sheet date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

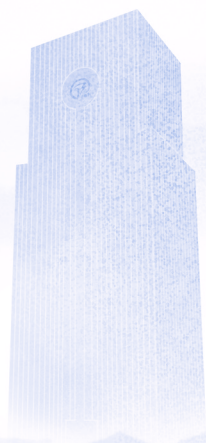
The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria

- The debtor's contractual payments (including principal or interest) is overdue (excluding short-term overdue caused by operational or technical reasons) and the overdue period does not exceed 90 days (including 90 days)

Qualitative criteria

- Significant adverse change in debtor's operation or financial status
- Be classified into the Special Mention category within the five-tier loan classification
- Be listed on the watch-list
- Debtors with internal ratings of CCC, CC, C



Notes to the Consolidated Financial Statements

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.1 Credit risk (Continued)

52.1.1 Credit risk measurement (Continued)

Definition of credit-impaired financial assets

The standard adopted by the Group to determine whether a credit impairment occurs under IFRS 9 is consistent with the internal credit risk management objectives of the relevant financial instrument, taking into account quantitative and qualitative criteria. When the Group assesses whether a credit impairment of debtor has occurred, the following factors are mainly considered:

- Significant financial difficulty of the issuer or the debtor;
- Debtors are in breach of contract, such as defaulting on interest or becoming overdue on interest or principal payments overdue;
- The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;
- It is becoming probable that the debtor will enter bankruptcy or other financial restructuring;
- The disappearance of an active market for that financial asset because of financial difficulties;
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses;
- The debtor leaves any of the principal, advances, interest or investments in corporate bonds of the Group overdue for more than 90 days.

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily due to a single event.

Parameters for ECL measurement

According to whether there is a significant increase in credit risk and whether there is an impairment of assets, the Group measures the impairment loss for different assets based on 12-month ECLs or lifetime ECLs. The key measuring parameters of ECL include probability of default (PD), loss given default (LGD) and exposure at default (EAD). Based on the current New Basel Capital Accord used in risk management and the requirements of IFRS 9, the Group takes into account the quantitative analysis of historical statistics (such as ratings of counterparties, manners of guarantees and types of collateral, repayments, etc.) and forward-looking information in order to establish the model of PD, LGD and EAD.

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.1 Credit risk (Continued)

52.1.1 Credit risk measurement (Continued)

Parameters for ECL measurement (Continued)

The definitions are as follows:

- PD refers to the possibility that the debtor will not be able to fulfil its obligations of repayment over the next 12 months or throughout the entire remaining lifetime. The Group's PD is adjusted based on the results of the Internal Rating-Based Approach under the New Basel Capital Accord, taking into account the forward-looking information and deducting the prudential adjustment to reflect the debtor's point-in-time (PIT) PD under the current macroeconomic environment;
- LGD refers to the Group's expectation of the extent of the loss resulting from the default exposure. Depending on the type of counterparty, the method and priority of the recourse, and the type of collaterals, the LGD varies. The LGD is the percentage of loss on risk exposure at the time of default, calculated over the next 12 months or over the entire remaining lifetime;
- EAD is the amount that the Group should be reimbursed at the time of the default in the next 12 months or throughout the entire remaining lifetime.

Forward-looking information

The assessment of a significant increase in credit risk and the calculation of ECLs both involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECLs of various business types, such as gross domestic production (seasonal), industrial-value added (monthly), consumer price index, producer price index, private fixed asset investment, total retail sale of consumer goods, measure of money supply, new loans in RMB.

The impact of these economic indicators on the PD and the LGD varies according to different types of business. The Group applies specialists' judgement in this process, according to the result of specialists' judgement. The Group predicts these economic indicators on a quarterly basis and determines the impact of these economic indicators on the PD and the LGD by conducting regression analysis.

In addition to providing a baseline economic scenario, the Group combines statistical analysis with specialists' judgement to determine the weight of other possible scenarios. The Group measures the weighted average ECL of 12 months (stage 1) or lifetime (stage 2 and stage 3). The weighted average credit loss above is calculated by multiplying the ECL for each scenario by the weight of the corresponding scenario.

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

52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.1 Credit risk (Continued)

52.1.1 Credit risk measurement (Continued)

Modification of contractual cash flows

A modification or re-negotiation of a contract between the Group and a counterparty may result in a change to the contractual cash flows without resulting in the derecognition of the financial assets. Such restructuring activities include extended payment term arrangements, repayment schedule modifications and changes to the interest settlement method. The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in the derecognition of the original asset and the book value of the financial asset is recalculated and the related gain or loss is included in current profit or loss. The recalculated book value of the financial asset is determined based on the present value of the contractual cash flows following the renegotiation or modification, as calculated using the original effective interest rate of the financial asset.

The Group monitors the subsequent performance of the modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL), at the same time, the calculation basis of the loss allowance was changed from the expected credit loss of the entire duration to the expected credit loss of 12 months, when the assets have met specific criteria after a period of observation. As at 31 December 2024, the carrying amount of financial assets with such modified contractual cash flows was not significant.

(i) *Loans and advances and off-balance sheet commitments*

The Group has developed a five-category classification system for credit assets to measure and manage the quality of the Group's credit assets in accordance with the CBRC's guidelines for the classification of loan risks. The five-category classification system and the guidelines for loan risk classification require that credit assets, both within and off the balance sheet, be divided into pass, special mention, sub-standard, doubtful and loss, of which the latter three types of loans are considered non-performing loans.

The core definition of credit asset classification in the guidelines for the classification of loan risks is:

Pass: loans for which borrowers can honor the terms of the contracts, and there is no reason to doubt their ability to repay principal and interest of loans in full and on a timely basis.

Special Mention: loans for which borrowers are still able to service the loans currently, although the repayment of loans might be adversely affected by some factors.

Sub Standard: loans for which borrowers' ability to service the loans is apparently in question and borrowers cannot depend on their normal business revenues to pay back the principal and interest of loans. Certain losses might be incurred by the Group even when guarantees are executed.

Doubtful: The borrower is unable to repay the loan principal and interest in full, and even if the guarantee is executed, it will certainly cause a great loss.

Loss: After all possible measures or all necessary legal proceedings have been taken, the principal and interest remain uncollectible or can only be recovered in very few parts.

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.1 Credit risk (Continued)

52.1.1 Credit risk measurement (Continued)

(ii) Debt securities and other bills

The Group manages the credit risk through restriction on the types of and management of issuers of debt securities and other bills invested. So far, the Group holds no foreign currency bonds.

(iii) Deposits with banks and other financial institutions, placements with banks and other financial institutions and financial assets held under resale agreements

The Group's Head Office executes regular review and management of credit risk related to individual financial institutions, and sets credit lines for individual banks and other financial institutions that it conducts business with.

(iv) Other financial assets classified as measured at amortised costs

Other financial assets classified as measured at amortised cost include interbank financial products, fund trust schemes and asset management schemes issued by bank financial institutions. The Group implements a rating access system for cooperating trust companies, securities companies and fund companies, and conducts regular follow-up risk management.

52.1.2 Risk limit control and mitigation policies

The Group manages and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and groups, and to industries and regions. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower. Such risks are monitored on a revolving basis and subject to an annual or more frequent review.

The Group implements a first-level legal person management system. The Group grants branches and business departments operational authority from Head Office. Based on the status of geographical economy, management level of branches, types of credit products, types of credit rating, collateral type, and scale of customers, Head Office gives dynamic authority to its branches with respect to credit business. Such authorities are monitored on a revolving basis and subject to a regular review to make sure operations of the branches are within limits of authority granted.

(i) Credit risk mitigation policies

The Group employs a range of policies and practices to mitigate credit risk. The most prevalent practices include the taking of physical or cash collateral, cash deposit and corporate or individual guarantees.

The Group implements guidelines on the acceptability of specific classes of collateral. The principal collateral types are:

- Property and land use rights
- General movable assets
- Time deposit certificates, debt securities and commodity warehouse receipts, etc.

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

52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.1 Credit risk (Continued)

52.1.2 Risk limit control and mitigation policies (Continued)

(i) Credit risk mitigation policies (Continued)

The fair value of collateral should be assessed by professional valuation firms appointed by the Group. The Group has set a maximum loan-to-value ratio (ratio of loan balances against fair value of collateral) for different collateral. The principal collateral types and maximum loan-to-value ratio for corporate and personal loans and advances are as follows:

Collateral	Maximum loan-to-value ratio
Residential property, commercial property, and construction land use rights	70%
Office buildings	60%
General movable assets	50%
RMB deposit receipts, bank notes, government bonds	90%
Debt securities issued by financial institutions	80%
Commodity warehouse receipts	60%

For loans guaranteed by a third-party guarantor, the Group will assess the financial condition, credit history and ability to meet obligations of the guarantor.

(ii) Credit-related off-balance sheet commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees are irrevocable commitments made by the Group for which the Group must make payments to the third party when its customers fail to satisfy this obligation. Hence, the Group carries the same credit risks as loans. The Group usually takes cash collateral to mitigate such credit risk. The Group's maximum exposure to credit risk equals the total amount of credit-related off-balance sheet commitments.

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.1 Credit risk (Continued)

52.1.3 Maximum exposure to credit risk before collateral held or other credit enhancements

	As at 31 December 2024	As at 31 December 2023
Credit risk exposures relating to on-balance sheet financial assets are as follows:		
Balances with the central bank	91,342,395	97,422,787
Deposits with banks and other financial institutions	14,676,207	14,409,056
Placements with banks and other financial institutions	48,012,448	35,272,020
Derivative financial assets	154,242	100,201
Financial assets held under resale agreements	11,904,017	24,774,508
Loans and advances to customers	975,949,136	846,082,311
Investment securities – financial assets at fair value through profit or loss	167,887,788	175,845,337
Investment securities – financial assets at fair value through other comprehensive income	173,589,001	169,061,117
Investment securities – financial assets at amortised cost	429,603,806	341,763,332
Finance lease receivables	57,958,411	58,683,197
Other financial assets	1,129,786	1,158,546
Total	1,972,207,237	1,764,572,412
Credit risk exposures in relation to off-balance sheet items are as follows:		
Bank acceptance	103,407,791	74,698,817
Letters of credit	45,462,809	34,280,402
Letters of guarantee	28,247,542	33,877,057
Loan commitments	796,963	293,625
Unused credit card lines	42,701,404	43,973,626
Total	220,616,509	187,123,527

The above table represents the worst-case scenario of credit risk exposure to the Group at 31 December 2024 and 31 December 2023, without taking into account any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures set out above are based on net carrying amounts as reported in the consolidated statement of financial position.

As mentioned above, 49.49% of on-balance-sheet exposure is attributable to loans and advances to customers (31 December 2023: 47.94%).

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.1 Credit risk (Continued)

52.1.3 Maximum exposure to credit risk before collateral held or other credit enhancements (Continued)

Management is confident in its ability to continue to control and sustain the Group's minimal exposure to credit risk from its loans and advances portfolio based on the following:

- 97.88% of the loans and advances are categorized as Pass in the five-category system (31 December 2023: 97.94%);
- Collateralized loans and mortgage loans, which represent the largest group in the corporate and retail portfolio respectively, are secured by collateral; and
- 98.54% of the loans and advances are considered to be neither past due nor impaired (31 December 2023: 98.44%)

52.1.4 Deposits with banks and other financial institutions, placements with and loans to banks and other financial institutions and financial assets held under resale agreements

Their credit risk can be evaluated based on the credibility of the counterparties.

	As at 31 December 2024	As at 31 December 2023
Commercial banks in Mainland China	21,838,257	18,065,515
Other financial institutions in Mainland China	52,208,829	55,827,961
Commercial banks outside Mainland China	545,586	562,108
Total	74,592,672	74,455,584

52.1.5 Loans and advances to customers

Three-staging exposure of loans and advances

Loans and advances to customers (excluding interest receivable) are analysed by the five-category loan classification and three-staging exposure as follows:

	As at 31 December 2024			Total
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL – impaired)	
Pass	973,830,376	7,085,386	–	980,915,762
Special-mention	–	11,374,420	–	11,374,420
Impaired	–	–	9,876,240	9,876,240
Total	973,830,376	18,459,806	9,876,240	1,002,166,422

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

52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.1 Credit risk (Continued)

52.1.5 Loans and advances to customers (Continued)

Three-staging exposure of loans and advances (Continued)

	As at 31 December 2023			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL – impaired)	Total
Pass	849,645,455	6,537,750	–	856,183,205
Special-mention	–	7,017,592	–	7,017,592
Impaired	–	–	11,021,798	11,021,798
Total	849,645,455	13,555,342	11,021,798	874,222,595

(a) Analysis of loans and advances to customers by industry

Concentrations of credit risk of loans and advances to customers (excluding accrued interest) by industry are analysed as follows:

	As at 31 December 2024		As at 31 December 2023	
	Amount	%	Amount	%
Corporate loans				
Commerce and service	124,826,986	12	98,338,383	11
Manufacturing	123,932,931	12	97,874,714	11
Public utilities	226,469,436	23	223,167,928	25
Real estate	36,945,452	3	34,647,577	4
Construction	43,095,148	4	39,305,174	4
Transportation	11,625,513	1	12,070,968	1
Energy and chemistry	36,302,767	3	35,554,892	4
Catering and travelling	1,187,576	1	1,084,913	1
Education and media	4,784,003	1	3,655,159	1
Financial services	6,928,557	1	5,623,189	1
Others	11,485,019	1	7,184,496	2
Discounted bills	76,629,055	8	56,381,641	6
Subtotal	704,212,443	70	614,889,034	71
Personal loans and advances				
Mortgages	130,716,159	13	126,409,439	14
Credit cards	15,185,512	2	10,844,787	1
Others	152,052,308	15	122,079,335	14
Subtotal	297,953,979	30	259,333,561	29
Total loans and advances to customers, before impairment allowance	1,002,166,422	100	874,222,595	100

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.1 Credit risk (Continued)

52.1.5 Loans and advances to customers (Continued)

(b) Analysis of loans and advances to customers by collateral type

The contractual amounts of loans and advances to customers (excluding accrued interest) are analysed by security type as follows:

	As at 31 December 2024	As at 31 December 2023
Unsecured	229,719,448	176,990,372
Guaranteed	320,165,826	254,677,032
Collateralized	228,495,677	226,103,679
Pledged	223,785,471	216,451,512
Total loans and advances to customers	1,002,166,422	874,222,595

(c) Analysis of loans and advances to customers (excluding accrued interest) by geographical area

	As at 31 December 2024			As at 31 December 2023		
	Total	% NPL ratio		Total	% NPL ratio	
Anhui Province	890,596,530	88.87%	0.89%	767,053,417	87.74%	1.01%
Jiangsu Province	59,569,734	5.94%	2.15%	53,559,125	6.13%	3.31%
Others	52,000,158	5.19%	1.33%	53,610,053	6.13%	2.81%
Total loans and advances to customers	1,002,166,422	100.00%	0.99%	874,222,595	100.00%	1.26%

(d) Analysis of loans and advances to customers (excluding accrued interest) by overdue and impaired status

	As at 31 December 2024		As at 31 December 2023	
	Corporate loans	Personal loans and advances	Corporate loans	Personal loans and advances
Neither overdue nor impaired ^(e)	697,555,457	289,952,941	606,591,740	254,007,899
Overdue but not impaired ^(f)	1,280,108	3,501,676	212,240	2,388,918
Impaired ^(g)	5,376,878	4,499,362	8,085,054	2,936,744
Total	704,212,443	297,953,979	614,889,034	259,333,561
Less: impairment allowance	(18,709,831)	(9,528,429)	(21,773,783)	(8,095,118)
Net	685,502,612	288,425,550	593,115,251	251,238,443

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.1 Credit risk (Continued)

52.1.5 Loans and advances to customers (Continued)

(e) Loans and advances neither past due nor impaired

As at 31 December 2024

Neither overdue nor impaired	Five-category classification		
	Pass	Special-mention	Total
Corporate loans			
– Commercial loans	614,680,946	6,245,456	620,926,402
– Discounted bills	76,629,055	–	76,629,055
Subtotal	691,310,001	6,245,456	697,555,457
Personal loans and advances	289,519,328	433,613	289,952,941
Total	980,829,329	6,679,069	987,508,398

As at 31 December 2023

Neither overdue nor impaired	Five-category classification		
	Pass	Special-mention	Total
Corporate loans			
– Commercial loans	545,932,650	4,277,449	550,210,099
– Discounted bills	56,381,641	–	56,381,641
Subtotal	602,314,291	4,277,449	606,591,740
Personal loans and advances	253,840,473	167,426	254,007,899
Total	856,154,764	4,444,875	860,599,639

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.1 Credit risk (Continued)

52.1.5 Loans and advances to customers (Continued)

(f) Loans and advances overdue but not impaired

Analysis of loans and advances overdue but not impaired by overdue days:

As at 31 December 2024

	Up to 30 days	30 to 60 days	60 to 90 days	Total
Corporate loans	587,709	587,069	105,330	1,280,108
Personal loans and advances	1,948,249	964,133	589,294	3,501,676
Total	2,535,958	1,551,202	694,624	4,781,784

As at 31 December 2023

	Up to 30 days	30 to 60 days	60 to 90 days	Total
Corporate loans	85,536	84,876	41,828	212,240
Personal loans and advances	1,397,137	770,532	221,249	2,388,918
Total	1,482,673	855,408	263,077	2,601,158

The Group is of the opinion that these past due loans can be recovered by the operating income from borrowers, the payment from guarantors or disposal of collateral and are therefore not impaired.

As at 31 December 2024 and 31 December 2023, the fair value of collateral for corporate loans that were past due but not impaired amounted to RMB12,358,846 thousand and RMB19,663 thousand. The fair value for retail loans that were past due but not impaired amounted to RMB798,067 thousand and RMB1,209,776 thousand.

Fair value of collateral was determined by management based on the latest available external valuation results, taking into account experience adjustments for current market conditions and estimated expenses to be incurred in the disposal process.

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.1 Credit risk (Continued)

52.1.5 Loans and advances to customers (Continued)

(g) Impaired loans and advances

The breakdown of the gross amount of impaired loans and advances by class, along with the fair value of the related collateral held by the Group as security, is as follows:

	As at 31 December 2024	As at 31 December 2023
Corporate loans	5,376,878	8,085,054
Personal loans and advances	4,499,362	2,936,744
Total	9,876,240	11,021,798
Fair value of collateral		
Corporate loans	5,138,888	6,795,317
Personal loans and advances	988,655	1,016,451
Total	6,127,543	7,811,768

The fair value of collateral is estimated based on the latest external valuations available, considering the liquidity of the current collateral and the market conditions.

(h) Restructured loans and advances

Restructured assets refer to the financial assets that a commercial bank makes to facilitate the adjustment of the debtor's debt contract or provides refinancing to the debtor's existing debt, including borrowing new debt to repay old debt etc., in order to urge the debtor to repay debts due to the debtor's financial difficulties. As at 31 December 2024, the carrying value of the restructured loans held by the Group amounted to RMB3.61 billion.

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.1 Credit risk (Continued)

52.1.5 Loans and advances to customers (Continued)

(i) Overdue loans and advances by overdue days and collateral type

As at 31 December 2024					
	Overdue 1 to 90 days (inclusive)	Overdue 90 days to 1 year (inclusive)	Overdue 1 year to 3 years (inclusive)	Overdue over 3 years	Total
Unsecured	1,648,967	1,994,736	734,662	151,905	4,530,270
Guaranteed	681,696	1,240,553	306,271	258,739	2,487,259
Collateralized	2,521,774	1,672,223	1,178,310	92,772	5,465,079
Pledged	60,545	37,926	37,560	39,890	175,921
Total	4,912,982	4,945,438	2,256,803	543,306	12,658,529

As at 31 December 2023					
	Overdue 1 to 90 days (inclusive)	Overdue 90 days to 1 year (inclusive)	Overdue 1 year to 3 years (inclusive)	Overdue over 3 years	Total
Unsecured	1,169,619	1,499,245	423,188	79,818	3,171,870
Guaranteed	1,136,350	1,149,538	339,402	532,801	3,158,091
Collateralized	1,584,209	2,154,228	390,628	95,302	4,224,367
Pledged	36,869	1,975	–	59,643	98,487
Total	3,927,047	4,804,986	1,153,218	767,564	10,652,815

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.1 Credit risk (Continued)

52.1.6 Debt securities

The table below presents an analysis of financial investments at amortised cost (excluding interest receivable) by independent credit rating agencies:

	As at 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
AAA	163,294,725	–	–	163,294,725
AA – to AA+	6,483,728	–	–	6,483,728
A – to A+	–	–	–	–
Unrated ^(a)	253,846,461	729,750	7,589,182	262,165,393
Total	423,624,914	729,750	7,589,182	431,943,846
Less: allowance for impairment losses	(2,254,582)	(335,082)	(7,555,385)	(10,145,049)
Net balance	421,370,332	394,668	33,797	421,798,797

	As at 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
AAA	127,983,891	–	–	127,983,891
AA – to AA+	20,742,169	–	–	20,742,169
A – to A+	–	–	–	–
Unrated ^(a)	189,462,598	879,000	5,999,469	196,341,067
Total	338,188,658	879,000	5,999,469	345,067,127
Less: allowance for impairment losses	(2,864,918)	(403,058)	(6,005,731)	(9,273,707)
Net balance	335,323,740	475,942	(6,262)	335,793,420

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.1 Credit risk (Continued)

52.1.6 Debt securities (Continued)

The movements of financial assets at amortised cost are as follows:

	As at 31 December 2024			Total
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	
As at 1 January 2024	2,864,918	403,058	6,005,731	9,273,707
Addition	(610,336)	(67,976)	4,088,185	3,409,873
Stage conversion				
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Write-off and transfer out	-	-	(2,555,000)	(2,555,000)
Recovery of loans and advances written off	-	-	16,469	16,469
At 31 December 2024	2,254,582	335,082	7,555,385	10,540,049

This year, the domestic branch adjusted the five-level classification and customer rating of financial assets at amortised cost, and there is no principal of the financial investments of stage 2 which was transferred to stage 3.

	As at 31 December 2023			Total
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	
As at 1 January 2023	2,425,938	1,861,925	5,987,386	10,275,249
Addition	439,603	(1,420,437)	147,099	(833,735)
Stage conversion				
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(623)	623	-	-
Transfers to Stage 3	-	(39,053)	39,053	-
Write-off and transfer out	-	-	(167,807)	(167,807)
Recovery of loans and advances written off	-	-	-	-
At 31 December 2023	2,864,918	403,058	6,005,731	9,273,707

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.1 Credit risk (Continued)

52.1.6 Debt securities (Continued)

The table below presents an analysis of debt instruments in financial assets at fair value through other comprehensive income (excluding accrued interest) by independent credit rating agencies:

	As at 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
AAA	56,307,781	–	–	56,307,781
AA – to AA++	9,698,888	–	–	9,698,888
A – to A++	–	–	–	–
Unrated ^(b)	104,790,201	377,157	161,514	105,328,872
Total	170,796,870	377,157	161,514	171,335,541
Allowance for impairment losses	(650,034)	(188,289)	(171,450)	(1,009,773)

	As at 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
AAA	49,987,027	–	–	49,987,027
AA – to AA++	43,611,497	201,658	–	43,813,155
A – to A++	–	–	–	–
Unrated ^(b)	72,349,081	–	161,514	72,510,595
Total	165,947,605	201,658	161,514	166,310,777
Allowance for impairment losses	(812,964)	(101,054)	(171,450)	(1,085,468)

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.1 Credit risk (Continued)

52.1.6 Debt securities (Continued)

The allowance movements of debt instruments of financial assets at fair value through other comprehensive income are as follows:

	As at 31 December 2024			Total
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	
As at 1 January 2024	812,964	101,054	171,450	1,085,468
Addition	(162,930)	87,235	–	(75,695)
Stage conversion				
Transfers to Stage 1	–	–	–	–
Transfers to Stage 2	–	–	–	–
Transfers to Stage 3	–	–	–	–
Written and transfer out	–	–	–	–
Recovery of loans and advances written off	–	–	–	–
At 31 December 2024	650,034	188,289	171,450	1,009,773

	As at 31 December 2023			Total
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	
As at 1 January 2023	790,053	44,255	–	834,308
Addition	22,911	101,054	127,195	251,160
Stage conversion				
Transfers to Stage 1	–	–	–	–
Transfers to Stage 2	–	–	–	–
Transfers to Stage 3	–	(44,255)	44,255	–
Written and transfer out	–	–	–	–
Recovery of loans and advances written off	–	–	–	–
At 31 December 2023	812,964	101,054	171,450	1,085,468

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.1 Credit risk (Continued)

52.1.6 Debt securities (Continued)

The table below presents an analysis of financial investments at fair value through profit or loss (excluding accrued interest) by independent credit rating agencies:

	As at 31 December 2024	As at 31 December 2023
AAA	5,117,736	15,694,894
AA – to AA+	3,677,753	8,719,200
A – to A+	–	–
C	–	–
Unrated ^(c)	157,564,395	149,621,947
Total	166,359,884	174,036,041

(a) The unrated financial assets at amortised cost held by the Group mainly represent investments issued by the MOF, policy banks and creditworthy issuers in the market, etc., as well as investments of asset management schemes, trusts and principal-guaranteed wealth management products issued by other financial institutions.

(b) The unrated debt instruments of financial assets at fair value through other comprehensive income held by the Group mainly represent investments issued by the MOF, policy banks, other financial institutions.

(c) The unrated debt instruments of financial assets at fair value through profit or loss held by the Group mainly represent investments and trading securities issued by the MOF, policy banks and creditworthy issuers in the market, etc., as well as investments of asset management schemes, trusts and wealth management products issued by other financial institutions.

52.1.7 Foreclosed collateral

	As at 31 December 2024	As at 31 December 2023
Property and land use rights	203,356	142,229
Others	117,971	124,516
Total	321,327	266,745
Allowance for impairment losses (Note 31)	(86,542)	(93,649)
Net balance	234,785	173,096

Foreclosed properties are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness. Foreclosed property cannot be used for operating activities. Foreclosed property is classified within other assets at the balance sheet date.

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.1 Credit risk (Continued)

52.1.8 Concentration of risks of financial assets with credit risk exposure

Geographical sectors

As at 31 December 2024	Mainland China	Hong Kong	Others	Total
Financial assets				
Balances with the central bank	91,342,395	–	–	91,342,395
Deposits with banks and other financial institutions	14,130,638	6,583	538,986	14,676,207
Placements with banks and other financial institutions	48,012,448	–	–	48,012,448
Derivative financial assets	154,242	–	–	154,242
Financial assets held under resale agreements	11,904,017	–	–	11,904,017
Loans and advances to customers	975,949,136	–	–	975,949,136
Financial investments – financial assets at fair value through profit or loss	167,190,336	697,452	–	167,887,788
Financial investments – financial assets at fair value through other comprehensive income	173,589,001	–	–	173,589,001
Financial investments – financial assets at amortised cost	419,971,190	9,632,616	–	429,603,806
Finance lease receivables	57,958,411	–	–	57,958,411
Other financial assets	1,129,786	–	–	1,129,786
Total	1,961,331,600	10,336,651	538,986	1,972,207,237

The Group's off-balance sheet business credit risk exposures are all concentrated in Chinese Mainland.

As at 31 December 2023	Mainland China	Hong Kong	Others	Total
Financial assets				
Balances with the central bank	97,422,787	–	–	97,422,787
Deposits with banks and other financial institutions	13,882,736	12,357	513,963	14,409,056
Placements with banks and other financial institutions	35,236,241	–	35,779	35,272,020
Derivative financial assets	100,201	–	–	100,201
Financial assets held under resale agreements	24,774,508	–	–	24,774,508
Loans and advances to customers	846,082,311	–	–	846,082,311
Financial investments – financial assets at fair value through profit or loss	175,845,337	–	–	175,845,337
Financial investments – financial assets at fair value through other comprehensive income	169,061,117	–	–	169,061,117
Financial investments – financial assets at amortised cost	339,456,233	2,307,099	–	341,763,332
Finance lease receivables	58,683,197	–	–	58,683,197
Other financial assets	1,158,546	–	–	1,158,546
Total	1,761,703,214	2,319,456	549,742	1,764,572,412

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.2 Market risk

52.2.1 Overview

The Group has exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. It mainly represents volatility risk arising from interest rates, foreign exchange rates, stocks, commodities and their implied volatility.

The Group's market risk mainly includes trading risks arising from trading portfolio and interest rate and foreign exchange rate risks for non-trading portfolio resulting from changes in interest rates, foreign exchange rates and term structures.

The Board of Directors of the Group takes the ultimate responsibility for the oversight of market risk management and is responsible for the identification, measurement, monitoring, control and reporting of market risks on a group basis. Within the authorization of the board of directors, management is fully responsible for implementing the market risk management strategy, policies and decisions that are adopted by the board of directors. The Risk Management Department of the Head Office is the unified management department of market risk, institutionally manages the market risks of the whole bank and supervises the implementation of relevant departments.

52.2.2 Market risk measurement techniques

The Group mainly measures and controls market risk by conducting sensitivity analysis, foreign exchange exposure analysis, gap analysis, duration analysis, stress testing and the VaR (value at risk). The Group establishes strict authorization and exposure limits based on its overall ability to afford market risk, the types of products and the Group's business strategy. The Group sets different exposure limits and takes different quantitative measurements to manage different types of market risk of trading book and banking book. The Group also improves its funding risk management system, adjusts the related risk parameter and refines the risk measurement model in accordance with regulatory requirements.

52.2.3 Interest rate risk

Interest rate risk refers to the risk of fluctuation in interest rates which results in an adverse impact on the financial position of the Bank. Interest rate risk of the Bank's primarily arises from the structural mismatch of maturity or re-pricing periods for the bank's portfolio. Such structural mismatch of durations may cause the Bank's interest income to be affected by changes in the prevailing interest rate. In addition, different pricing benchmarks for different products may also lead to interest rate risk for our assets and liabilities within the same re-pricing period. Currently, the Bank primarily assesses its exposure to interest rate risk through gap analysis, sensitivity analysis and duration analysis. The Bank manages its interest rate risk exposure primarily by adjusting the duration of our banking portfolio based on its assessment of potential changes in the interest rate environment.

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.2 Market risk (Continued)

52.2.3 Interest rate risk (Continued)

The table below summarizes the Group's exposure to interest rate risk. It includes the Group's on-balance sheet assets and liabilities at carrying amounts, categorized by the earlier of contractual re-pricing and maturity dates.

As at 31 December 2024	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest - bearing	Total
Assets							
Cash and balances with central bank	91,304,051	-	-	-	-	1,148,634	92,452,685
Deposits with banks and other financial institutions	14,206,699	100,056	350,196	-	-	19,256	14,676,207
Placements with banks and other financial institutions	7,972,138	14,449,360	25,315,500	-	-	275,450	48,012,448
Derivative financial assets	-	-	-	-	-	154,242	154,242
Financial assets held under resale agreements	11,900,832	-	-	-	-	3,185	11,904,017
Loans and advances to customers	376,160,169	105,981,404	345,774,542	82,704,718	64,440,692	887,611	975,949,136
Financial Investments							
- financial assets at fair value through profit or loss	3,215,472	1,992,115	7,982,251	16,921,473	4,193,397	133,804,753	168,109,461
- financial assets at fair value through other comprehensive income	7,671,182	9,198,754	10,826,231	99,714,212	43,925,162	2,623,757	173,959,298
- financial assets at amortised cost	4,007,887	7,499,491	33,311,572	153,284,472	223,695,375	7,805,009	429,603,806
Finance lease receivables	57,060,461	95,080	120,791	667,218	14,861	-	57,958,411
Other financial assets	-	-	-	-	-	1,129,786	1,129,786
Total assets	573,498,891	139,316,260	423,681,083	353,292,093	336,269,487	147,851,683	1,973,909,497
Liabilities							
Borrowings from central bank	(23,700,000)	(11,694,712)	(103,601,836)	-	-	(583,055)	(139,579,603)
Deposits from banks and other financial institutions	(7,564,666)	(76,998,000)	(89,965,000)	-	-	(1,191,289)	(175,718,955)
Placements from banks and other financial institutions	(6,620,405)	(11,087,500)	(28,160,580)	(3,148,970)	-	(501,163)	(49,518,618)
Derivative financial liabilities	-	-	-	-	-	(131,083)	(131,083)
Financial assets sold under repurchase agreements	(17,313,926)	-	(1,365,450)	-	-	(126,760)	(18,806,136)
Deposits from customers	(398,624,270)	(94,502,594)	(234,905,229)	(410,933,732)	(382)	(27,954,441)	(1,166,920,648)
Debt securities issued	(9,472,550)	(72,758,780)	(134,225,588)	(51,500,000)	(14,000,000)	(989,375)	(282,946,293)
Other financial liabilities	-	(37)	(17,008)	(494,779)	(483,890)	(1,694,439)	(2,690,153)
Total liabilities	(463,295,817)	(267,041,623)	(592,240,691)	(466,077,481)	(14,484,272)	(33,171,605)	(1,836,311,489)
Total interest rate sensitivity gap	110,203,074	(127,725,363)	(168,559,608)	(112,785,388)	321,785,215	114,680,078	137,598,008

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.2 Market risk (Continued)

52.2.3 Interest rate risk (Continued)

As at 31 December 2023	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest – bearing	Total
Assets							
Cash and balances with central bank	97,382,452	-	-	-	-	1,229,311	98,611,763
Deposits with banks and other financial institutions	14,138,706	95,035	170,062	-	-	5,253	14,409,056
Placements with banks and other financial institutions	2,399,582	11,891,423	20,915,128	-	-	65,887	35,272,020
Derivative financial assets	-	-	-	-	-	100,201	100,201
Financial assets held under resale agreements	24,757,044	-	-	-	-	17,464	24,774,508
Loans and advances to customers	367,592,114	171,168,355	122,461,330	124,465,602	59,217,881	1,177,029	846,082,311
Financial Investments							
- financial assets at fair value through profit or loss	66,179,925	3,300,040	14,357,204	17,253,502	4,386,468	70,782,728	176,259,867
- financial assets at fair value through other comprehensive income	5,760,828	17,042,308	15,431,287	100,243,040	27,833,314	3,055,029	169,365,806
- financial assets at amortised cost	1,210,483	3,813,035	29,859,322	139,953,442	160,957,138	5,969,912	341,763,332
Finance lease receivables	57,356,882	106,628	482,147	737,540	-	-	58,683,197
Other financial assets	-	-	-	-	-	1,158,546	1,158,546
Total assets	636,778,016	207,416,824	203,676,480	382,653,126	252,394,801	83,561,360	1,766,480,607
Liabilities							
Borrowings from central bank	(40,317,194)	(11,755,545)	(85,231,426)	-	-	(782,172)	(138,086,337)
Deposits from banks and other financial institutions	(11,032,123)	(47,680,000)	(93,860,000)	(10,000,000)	-	(1,441,660)	(164,013,783)
Placements from banks and other financial institutions	(10,261,654)	(6,361,000)	(29,226,519)	(720,000)	-	(516,692)	(47,085,865)
Derivative financial liabilities	-	-	-	-	-	(100,667)	(100,667)
Financial assets sold under repurchase agreements	(41,589,402)	(2,790,500)	(22,149,489)	-	-	(321,573)	(66,850,964)
Deposits from customers	(416,315,332)	(69,383,164)	(168,510,061)	(365,949,817)	-	(22,156,693)	(1,042,315,067)
Debt securities issued	(2,605,499)	(44,482,393)	(74,819,499)	(45,000,000)	(14,000,000)	(753,666)	(181,661,057)
Other financial liabilities	(17)	(1,333)	(22,447)	(543,440)	(422,574)	(2,959,567)	(3,949,378)
Total liabilities	(522,121,221)	(182,453,935)	(473,819,441)	(422,213,257)	(14,422,574)	(29,032,690)	(1,644,063,118)
Total interest rate sensitivity gap	114,656,795	24,962,889	(270,142,961)	(39,560,131)	237,972,227	54,528,670	122,417,489

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.2 Market risk (Continued)

52.2.3 Interest rate risk (Continued)

The currency for the majority of Group's interest-bearing assets and liabilities is RMB. The potential impact on net interest income as at the balance sheet date stated below with 100 basis points changes along the yield curve is as follows:

	Estimated changes in net interest income	
	As at 31 December 2024	As at 31 December 2023
100 bps up along the yield curve	1,788,326	2,714,222
100 bps down along the yield curve	(1,788,326)	(2,714,222)

The sensitivity analysis on other comprehensive income reflects only the effect of changes in fair value of those financial instruments classified as other comprehensive Income, whose fair values changes are recorded as an element of other comprehensive income. The potential impacts are as follows:

	Year ended 31 December 2024	Year ended 31 December 2023
100 bps up	(5,121,883)	(4,189,325)
100 bps down	5,459,977	4,419,203

During the sensitivity analysis, the Group adopts the following assumptions when determining business conditions and financial index:

- The fluctuation rates of different interest-bearing assets and liabilities are the same;
- Demand deposits will not be re-priced;
- All assets and liabilities are re-priced in the middle of relevant periods;
- Analysis is based on static gap on the balance sheet date, regardless of subsequent changes;
- No consideration of impact on customers' behaviour resulting from interest rate changes;
- No consideration of impact on market price resulting from interest rate changes;
- No consideration of actions taken by the Group.

Therefore, the actual changes of net profit may differ from the analysis above.

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.2 Market risk (Continued)

52.2.4 Exchange rate risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The major principle for controlling the exchange rate risk of the Group is to match assets and liabilities in different currencies and to keep exchange rate risk within limits. Based on the guidelines provided by the Risk Management Committee, relevant laws and regulations as well as evaluation on the current market, the Group sets its risk limits and minimize the possibility of mismatch through more reasonable allocation of foreign currency source and deployment. Authorization management of foreign currency exposure is categorized by business type and traders' limits of authority.

The table below summarizes the Group's exposure to foreign currency exchange rate risk at balance sheet date. Included in the table are the Group's assets and liabilities at carrying amounts in RMB, categorized by the original currency:

As at 31 December 2024	RMB	USD	EUR	Others	Total
Assets					
Cash and balances with central bank	92,275,253	173,688	1,219	2,525	92,452,685
Deposits with banks and other financial institutions	13,340,997	947,920	143,010	244,280	14,676,207
Placements with banks and other financial institutions	46,121,899	1,890,549	-	-	48,012,448
Derivative financial assets	90,391	55,310	2,619	5,922	154,242
Financial assets held under resale agreements	11,904,017	-	-	-	11,904,017
Loans and advances to customers	974,801,307	1,134,442	-	13,387	975,949,136
Financial investments					
– financial assets at fair value through profit or loss	168,098,464	10,997	-	-	168,109,461
– financial assets at fair value through other comprehensive income	173,959,298	-	-	-	173,959,298
– financial assets at amortised cost	429,603,806	-	-	-	429,603,806
Finance lease receivables	57,958,411	-	-	-	57,958,411
Other financial assets	961,150	167,848	788	-	1,129,786
Total assets	1,969,114,993	4,380,754	147,636	266,114	1,973,909,497
Liabilities					
Borrowings from central bank	(139,579,603)	-	-	-	(139,579,603)
Deposits from banks and other financial institutions	(175,718,913)	(42)	-	-	(175,718,955)
Placements from banks and other financial institutions	(48,778,213)	(740,405)	-	-	(49,518,618)
Derivative financial liabilities	(97,177)	(22,731)	(508)	(10,667)	(131,083)
Financial assets sold under repurchase agreements	(18,806,136)	-	-	-	(18,806,136)
Deposits from customers	(1,161,843,383)	(4,961,867)	(82,259)	(33,139)	(1,166,920,648)
Debt securities issued	(282,946,293)	-	-	-	(282,946,293)
Other financial liabilities	(2,690,153)	-	-	-	(2,690,153)
Total liabilities	(1,830,459,871)	(5,725,045)	(82,767)	(43,806)	(1,836,311,489)
Net on-balance sheet financial position	138,655,122	(1,344,291)	64,869	222,308	137,598,008
Financial guarantees and credit commitments	198,274,057	20,407,262	1,084,179	851,011	220,616,509

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.2 Market risk (Continued)

52.2.4 Exchange rate risk (Continued)

As at 31 December 2023	RMB	USD	EUR	Others	Total
Assets					
Cash and balances with central bank	98,456,650	154,003	49	1,061	98,611,763
Deposits with banks and other financial institutions	13,067,381	893,672	87,606	360,397	14,409,056
Placements with banks and other financial institutions	35,272,020	-	-	-	35,272,020
Derivative financial assets	96,160	1,963	1,663	415	100,201
Financial assets held under resale agreements	24,774,508	-	-	-	24,774,508
Loans and advances to customers	844,548,266	1,521,091	-	12,954	846,082,311
Financial investments					
- financial assets at fair value through profit or loss	176,250,596	9,271	-	-	176,259,867
- financial assets at fair value through other comprehensive income	169,365,806	-	-	-	169,365,806
- financial assets at amortised cost	341,763,332	-	-	-	341,763,332
Finance lease receivables	58,683,197	-	-	-	58,683,197
Other financial assets	1,129,350	29,196	-	-	1,158,546
Total assets	1,763,407,266	2,609,196	89,318	374,827	1,766,480,607
Liabilities					
Borrowings from central bank	(138,086,337)	-	-	-	(138,086,337)
Deposits from banks and other financial institutions	(164,013,741)	(42)	-	-	(164,013,783)
Placements from banks and other financial institutions	(46,429,214)	(656,651)	-	-	(47,085,865)
Derivative financial liabilities	(91,192)	(3,248)	(1,242)	(4,985)	(100,667)
Financial assets sold under repurchase agreements	(66,850,964)	-	-	-	(66,850,964)
Deposits from customers	(1,038,416,924)	(3,799,057)	(63,961)	(35,125)	(1,042,315,067)
Debt securities issued	(181,661,057)	-	-	-	(181,661,057)
Other financial liabilities	(3,949,378)	-	-	-	(3,949,378)
Total liabilities	(1,639,498,807)	(4,458,998)	(65,203)	(40,110)	(1,644,063,118)
Net on-balance sheet financial position	123,908,459	(1,849,802)	24,115	334,717	122,417,489
Financial guarantees and credit commitments	165,889,861	20,104,824	660,094	468,748	187,123,527

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.2 Market risk (Continued)

52.2.4 Exchange rate risk (Continued)

The Group's foreign currency exposure is not material. The major foreign currency exposure is with USD and EUR. The potential impact on net profits resulted from foreign currency translation gain or loss with 1% fluctuation of foreign currency against RMB is as follows:

Currency	Changes in exchange rates	Estimated change in net profit/(loss)	
		As at 31 December 2024	As at 31 December 2023
USD	1%	17,431	22,172
EUR	1%	1,683	833

During the sensitivity analysis, the Group adopts the following assumptions when determining the business conditions and financial index, regardless of:

- Analysis is based on static gap on the balance sheet date, regardless of subsequent changes;
- No consideration of impact on the customers' behaviour resulted from interest rate changes;
- No consideration of impact on market price resulted from interest rate changes;
- No consideration of actions taken by the Group.

Therefore, the actual changes of net profit may differ from the analysis above.

52.3 Liquidity risk

52.3.1 Overview

Keeping a match between the maturity dates of assets and liabilities and maintaining an effective control over mismatches is of great importance to the Group. Due to the uncertainty of terms and types of business, it is difficult for banks to keep a perfect match. Unmatched position may increase revenues, but it also exposes the Group to greater risks of losses.

The match between the maturity dates of assets and liabilities as well as a bank's ability to replace due liabilities with acceptable costs are both key factors when evaluating its exposure to liquidity, interest rate and foreign exchange rate risks.

The Group is exposed to daily calls on its available cash resources from overnight deposits, demand accounts, time deposits fall due, debt securities payable, loan drawdowns, guarantees and other calls on cash-settled derivatives. According to previous experience, a large portion of matured deposits is not withdrawn on the maturity date. The Group sets limits on the minimum proportion of funds to be made available to cover different levels of unexpected withdrawals.

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.3 Liquidity risk (Continued)

52.3.2 Cash flows of non-derivatives

The table below presents the cash flows receivable and payable by the Group under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows, and the Group manages the liquidity risk based on the estimation of future cash flows.

As at 31 December 2024	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Liabilities						
Borrowings from central bank	(23,913,744)	(12,078,967)	(105,548,016)	-	-	(141,540,727)
Deposits from banks and other financial institutions	(7,588,530)	(77,943,604)	(91,954,322)	-	-	(177,486,456)
Placements from banks and other financial institutions	(7,128,581)	(11,147,784)	(28,522,033)	(3,264,142)	-	(50,062,540)
Financial assets sold under repurchase agreements	(17,512,769)	-	(1,393,137)	-	-	(18,905,906)
Deposits from customers	(401,479,159)	(98,619,370)	(246,432,294)	(445,384,453)	(565)	(1,191,915,841)
Debt securities issued	(9,600,468)	(64,963,922)	(141,420,728)	(56,392,500)	(14,605,400)	(286,983,018)
Other financial liabilities	(1,694,439)	(37)	(17,008)	(494,779)	(483,890)	(2,690,153)
Total liabilities (contractual maturity)	(468,917,690)	(264,753,684)	(615,287,538)	(505,535,874)	(15,089,855)	(1,869,584,641)
Assets						
Cash and balances with central bank	92,452,685	-	-	-	-	92,452,685
Deposits with banks and other financial institutions	14,229,711	100,112	350,391	-	-	14,680,214
Placements with banks and other financial institutions	8,129,968	14,703,971	25,586,285	-	-	48,420,224
Financial assets held under resale agreements	11,905,403	-	-	-	-	11,905,403
Loans and advances to customers	92,052,206	87,062,881	262,053,339	289,870,341	505,432,106	1,236,470,873
Financial investments						
- financial assets at fair value through profit or loss	136,954,286	2,043,747	8,106,767	17,230,701	4,421,660	168,757,161
- financial assets at fair value through other comprehensive income	8,058,983	10,102,329	14,131,217	111,951,713	47,340,853	191,585,095
- financial assets at amortised cost	12,753,656	10,226,558	42,801,674	191,121,343	250,875,761	507,778,992
Finance lease receivables	4,281,956	4,720,761	18,545,250	39,658,346	656,285	67,862,598
Other financial assets	475,637	11,612	327,005	306,555	8,977	1,129,786
Financial assets held for managing liquidity risk (contractual maturity)	381,294,491	128,971,971	371,901,928	650,138,999	808,735,642	2,341,043,031
Net liquidity	(87,623,199)	(135,781,713)	(243,385,610)	144,603,125	793,645,787	471,458,390

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.3 Liquidity risk (Continued)

52.3.2 Cash flows of non-derivatives (Continued)

As at 31 December 2023	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Liabilities						
Borrowings from central bank	(40,560,772)	(12,177,200)	(87,729,769)	-	-	(140,467,741)
Deposits from banks and other financial institutions	(11,316,587)	(48,371,418)	(95,764,277)	(10,841,869)	-	(166,294,151)
Placements from banks and other financial institutions	(10,791,913)	(6,414,969)	(29,711,293)	(752,769)	-	(47,670,944)
Financial assets sold under repurchase agreements	(41,842,743)	(2,865,690)	(22,696,259)	-	-	(67,404,692)
Deposits from customers	(419,056,755)	(72,794,952)	(176,707,572)	(400,190,782)	-	(1,068,750,061)
Debt securities issued	(2,625,580)	(45,200,831)	(76,229,968)	(46,225,500)	(14,605,400)	(184,887,279)
Other financial liabilities	(2,959,584)	(1,333)	(22,447)	(543,440)	(422,574)	(3,949,378)
Total liabilities (contractual maturity)	(529,153,934)	(187,826,393)	(488,861,585)	(458,554,360)	(15,027,974)	(1,679,424,246)
Assets						
Cash and balances with central bank	98,611,763	-	-	-	-	98,611,763
Deposits with banks and other financial institutions	14,146,159	95,069	170,123	-	-	14,411,351
Placements with banks and other financial institutions	2,498,775	12,113,095	21,112,168	-	-	35,724,038
Financial assets held under resale agreements	25,406,275	-	-	-	-	25,406,275
Loans and advances to customers	54,060,015	42,272,115	170,219,322	327,024,803	509,623,932	1,103,200,187
Financial investments						
- financial assets at fair value through profit or loss	136,591,722	3,363,521	14,015,224	18,391,127	4,595,201	176,956,795
- financial assets at fair value through other comprehensive income	6,347,885	17,671,734	18,538,509	113,109,349	30,252,576	185,920,053
- financial assets at amortised cost	4,952,379	6,202,352	39,560,042	173,293,301	182,355,436	406,363,510
Finance lease receivables	4,303,458	4,322,872	19,297,647	39,587,429	446,999	67,958,405
Other financial assets	638,563	85,737	47,517	378,968	7,761	1,158,546
Financial assets held for managing liquidity risk (contractual maturity)	347,556,994	86,126,495	282,960,552	671,784,977	727,281,905	2,115,710,923
Net liquidity	(181,596,940)	(101,699,898)	(205,901,033)	213,230,617	712,253,931	436,286,677

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.3 Liquidity risk (Continued)

52.3.3 Cash flows of derivative financial instruments

Derivatives settled on a gross basis

The Group's derivatives that will be settled on a gross basis include foreign exchange forward contracts. The table below analyses the Group's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at 31 December 2024 and 31 December 2023 to the contractual maturity date. The figures disclosed in the table are the contractual undiscounted cash flows.

As at 31 December 2024	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Foreign exchange derivatives						
– Outflow	(2,126,959)	(1,847,990)	(300,918)	(1,487,066)	–	(5,762,933)
– Inflow	2,128,807	1,874,382	306,625	1,494,401	–	5,804,215
Total	1,848	26,392	5,707	7,335	–	41,282

As at 31 December 2023	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Foreign exchange derivatives						
– Outflow	(4,001,780)	(1,515,951)	(2,717,971)	(10,103)	–	(8,245,805)
– Inflow	4,002,611	1,515,517	2,714,910	9,701	–	8,242,739
Total	831	(434)	(3,061)	(402)	–	(3,066)

Derivative financial instruments with net settlement

As at 31 December 2024	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Interest rate derivatives	805	(886)	735	(6,860)	–	(6,206)
As at 31 December 2023	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Interest rate derivatives	214	178	259	3,324	–	3,975

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.3 Liquidity risk (Continued)

52.3.4 Maturity analysis

The table below analyses the Group's net assets and liabilities into relevant maturity groupings based on the remaining periods at the balance sheet date to the contractual maturity date.

As at 31 December 2024	Repayable on demand	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Overdue	Indefinite	Total
Cash and balances with central bank	23,266,864	38,344	-	-	-	-	-	69,147,477	92,452,685
Deposits with banks and other									
financial institutions	14,105,888	120,067	100,056	350,196	-	-	-	-	14,676,207
Placements with banks and other									
financial institutions	-	8,044,578	14,578,509	25,389,361	-	-	-	-	48,012,448
Derivative financial assets	-	9,606	30,317	13,434	100,885	-	-	-	154,242
Financial assets held under resale agreements	-	11,904,017	-	-	-	-	-	-	11,904,017
Loans and advances to customers	-	84,366,886	81,036,154	238,213,406	205,630,455	362,353,951	4,348,284	-	975,949,136
Financial investments									
- financial assets at fair value through profit or loss	132,608,686	1,363,669	2,002,302	7,992,505	17,046,731	4,225,968	2,227,155	642,445	168,109,461
- financial assets at fair value through other comprehensive income	-	7,689,228	9,292,091	10,928,565	101,244,475	44,434,642	-	370,297	173,959,298
- financial assets at amortised cost	-	4,186,422	7,670,020	33,645,480	155,690,229	228,377,455	34,200	-	429,603,806
Finance lease receivables	-	3,402,521	3,847,827	15,555,636	34,560,148	566,895	25,384	-	57,958,411
Other financial assets	-	407,044	11,612	327,005	306,555	8,977	68,593	-	1,129,786
Total assets	169,981,438	121,532,382	118,568,888	332,415,588	514,579,478	639,967,888	6,703,616	70,160,219	1,973,909,497
Borrowings from central bank	-	(23,803,071)	(11,863,067)	(103,913,465)	-	-	-	-	(139,579,603)
Deposits from banks and other									
financial institutions	(5,366,200)	(2,206,820)	(77,580,597)	(90,565,338)	-	-	-	-	(175,718,955)
Placements from banks and other									
financial institutions	-	(6,627,320)	(11,140,271)	(28,508,233)	(3,242,794)	-	-	-	(49,518,618)
Derivative financial liabilities	-	(11,776)	(11,452)	(11,718)	(96,137)	-	-	-	(131,083)
Financial assets sold under repurchase agreements	-	(17,426,501)	-	(1,379,635)	-	-	-	-	(18,806,136)
Deposits from customers	(334,406,723)	(66,917,603)	(98,211,937)	(243,338,845)	(424,045,037)	(503)	-	-	(1,166,920,648)
Debt securities issued	-	(9,472,550)	(73,026,501)	(134,275,842)	(52,032,656)	(14,138,744)	-	-	(282,946,293)
Other financial liabilities	-	(1,694,439)	(37)	(17,008)	(494,779)	(483,890)	-	-	(2,690,153)
Total liabilities	(339,772,923)	(128,160,080)	(271,833,862)	(602,010,084)	(479,911,403)	(14,623,137)	-	-	(1,836,311,489)
Net liquidity gap	(169,791,485)	(6,627,698)	(153,264,974)	(269,594,496)	34,668,075	625,344,751	6,703,616	70,160,219	137,598,008

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.3 Liquidity risk (Continued)

52.3.4 Maturity analysis (Continued)

As at 31 December 2023	Repayable on demand	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Overdue	Indefinite	Total
Cash and balances with central bank	27,477,409	40,335	-	-	-	-	-	71,094,019	98,611,763
Deposits with banks and other financial institutions	14,023,915	120,044	95,035	170,062	-	-	-	-	14,409,056
Placements with banks and other financial institutions	-	2,401,223	11,946,523	20,924,274	-	-	-	-	35,272,020
Derivative financial assets	-	1,286	1,631	11,188	86,096	-	-	-	100,201
Financial assets held under resale agreements	-	24,774,508	-	-	-	-	-	-	24,774,508
Loans and advances to customers	-	48,169,524	36,431,751	145,833,611	220,398,907	392,577,857	2,670,661	-	846,082,311
Financial investments									
- financial assets at fair value through profit or loss	127,171,150	1,790,875	3,385,919	13,846,205	18,019,157	4,418,451	6,539,142	1,088,968	176,259,867
- financial assets at fair value through other comprehensive income	-	5,931,670	16,731,104	15,294,699	102,809,458	28,294,186	-	304,689	169,365,806
- financial assets at amortised cost	-	1,243,026	3,948,774	30,488,788	142,323,573	163,759,171	-	-	341,763,332
Finance lease receivables	-	3,319,612	3,715,836	16,421,061	34,813,771	405,124	7,793	-	58,683,197
Other financial assets	-	588,769	85,737	47,517	378,968	7,761	49,794	-	1,158,546
Total assets	168,672,474	88,380,872	76,342,310	243,037,405	518,829,930	589,462,550	9,267,390	72,487,676	1,766,480,607
Borrowings from central bank	-	(40,434,046)	(11,940,370)	(85,711,921)	-	-	-	-	(138,086,337)
Deposits from banks and other financial institutions	(8,084,669)	(3,219,751)	(48,141,133)	(94,400,120)	(10,168,110)	-	-	-	(164,013,783)
Placements from banks and other financial institutions	-	(10,390,215)	(6,523,313)	(29,417,473)	(754,864)	-	-	-	(47,085,865)
Derivative financial liabilities	-	(3,307)	(1,570)	(13,490)	(82,300)	-	-	-	(100,667)
Financial assets sold under repurchase agreements	-	(41,640,136)	(2,852,009)	(22,358,819)	-	-	-	-	(66,850,964)
Deposits from customers	(365,211,363)	(53,788,419)	(72,501,738)	(174,156,618)	(376,656,929)	-	-	-	(1,042,315,067)
Debt securities issued	-	(2,605,499)	(44,780,424)	(74,832,352)	(45,304,417)	(14,138,365)	-	-	(181,661,057)
Other financial liabilities	-	(2,959,584)	(1,333)	(22,447)	(543,440)	(422,574)	-	-	(3,949,378)
Total liabilities	(373,296,032)	(155,040,957)	(186,741,890)	(480,913,240)	(433,510,060)	(14,560,939)	-	-	(1,644,063,118)
Net liquidity gap	(204,623,558)	(66,660,085)	(110,399,580)	(237,875,835)	85,319,870	574,901,611	9,267,390	72,487,676	122,417,489

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.3 Liquidity risk (Continued)

52.3.5 Off-balance sheet items

The Group provides guarantees and letters of credit to customers based on their credit ratings and amounts of cash collaterals. Usually, customers will not withdraw the amount committed by the Group in the guarantees or letters of credit in full, and therefore, funds provided for guarantees and letters of credit are commonly lower than other commitments of the Group. Meanwhile, the Group may be discharged of its obligations due to overdue or termination of the commitments. As a result, the contractual amounts for credit commitments do not represent the actual funds required.

As at 31 December 2024	Within 1 year	1 to 5 years	Over 5 years	Total
Bank acceptance	103,407,791	–	–	103,407,791
Letters of credit	44,858,744	604,065	–	45,462,809
Letters of guarantee	16,760,566	11,484,262	2,714	28,247,542
Loan commitments	291,463	505,500	–	796,963
Unused credit card lines	11,201,458	31,490,601	9,345	42,701,404
Total	176,520,022	44,084,428	12,059	220,616,509

As at 31 December 2023	Within 1 year	1 to 5 years	Over 5 years	Total
Bank acceptance	74,698,817	–	–	74,698,817
Letters of credit	33,721,028	559,374	–	34,280,402
Letters of guarantee	15,757,257	18,119,500	300	33,877,057
Loan commitments	185,325	108,300	–	293,625
Unused credit card lines	3,413,177	40,544,065	16,384	43,973,626
Total	127,775,604	59,331,239	16,684	187,123,527

52.4 Fair value of financial assets and liabilities

(a) Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of the OTC derivative contracts and issued structured debt in the interbank market. The sources of input parameters like LIBOR yield curve or counterparty credit risk are Thomson Reuters, Bloomberg and China Bond.
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt investments with significant unobservable inputs.

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.4 Fair value of financial assets and liabilities (Continued)

(b) *Financial instruments not measured at fair value*

Fair value estimates are made in accordance with relevant market information and information related to various financial instruments at a particular point in time. The fair value of all kinds of financial instruments is based on the following methods and assumptions:

- (1) *Balances with central bank, deposits and placements with banks, financial assets held under resale agreements, deposits and placements from banks, financial assets sold under repurchase agreements, other assets and other liabilities*

Since these financial instruments are short-term or under floating interest rates linked to market interest rate, their carrying value approximates to the fair value.

- (2) *Loans and advances to customers at amortised cost*

Since most loans and advances to customers are repriced at least annually according to market interest rates, their carrying value approximates to the fair value.

- (3) *Deposits from customers*

The fair value of a checking account, a savings account and a short-term money market deposit shall be the amount currently payable to customers. The fair value of a time deposit is calculated based on the discounted cash flow method, and the discount rate is the current rate of a time deposit of which the term is similar to the remaining term of the time deposit being valued. At the end of the reporting period, the carrying value of deposits from customers approximates to the fair value.

- (4) *Finance lease receivables*

The balance of finance lease receivables is calculated based on the effective interest rate method. Since the actual interest rate of a financial leasing is timely adjusted to the interest rates that the PBOC stipulates, the carrying value approximates to the fair value.

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.4 Fair value of financial assets and liabilities (Continued)

(b) Financial instruments not measured at fair value (continued)

(5) Financial assets and bonds issued at amortised cost

The table below summarizes the carrying amounts and the fair values of those financial assets and liabilities not presented at their fair value on the Group's balance sheet date.

	As at 31 December 2024		As at 31 December 2023	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Financial investments – financial assets at amortised cost	429,603,806	450,875,614	341,763,332	347,368,990
Financial liabilities				
Debt securities issued	(282,946,293)	(284,462,058)	(181,661,057)	(180,470,515)

(i) Financial assets at amortised cost

Financial assets at amortised cost whose fair value is based on active market prices are included in level 1. As for financial assets at amortised cost, when such information is not available and the estimated fair value represents the discounted amount of estimated future cash flows expected to be received based on observable yield curves or quoted market prices for products with similar credit, maturity and yield characteristics are used where applicable, the fair value measurement will be included in level 2 or level 3.

(ii) Debt securities in issued

If the fair value is based on active market prices, the fair value measurement will be included in level 1. When the fair value of debt securities issued is determined by valuation techniques and all significant inputs required to fair value are observable, it is included in level 2.

The other financial instruments not measured at fair value in the consolidated financial statements are calculated as the present value of the estimated future cash flows based on observable yield curves. Due to their short duration or the floating rate which is mark to market, the difference between carrying value and fair value of these financial assets is not significant.

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.4 Fair value of financial assets and liabilities (Continued)

(c) Financial instruments measured at fair value

As at 31 December 2024	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
– Debt securities	–	26,428,401	–	26,428,401
– Interbank certificates of deposit	–	3,722,254	–	3,722,254
– Asset management plans, trust plans and others	77,522,463	49,781,133	4,846,295	132,149,891
– Financial institutions' non-principal guaranteed wealth management products	–	3,960,524	–	3,960,524
– Equity investment	98,814	–	–	98,814
Derivative financial assets	–	154,242	–	154,242
Financial assets at fair value through other comprehensive income				
– Debt securities	–	166,890,692	–	166,890,692
– Interbank deposits	–	4,444,849	–	4,444,849
– Equity securities	–	–	370,297	370,297
Loans and advances to customers at fair value through other comprehensive income				
– Discounted bills	–	76,629,055	–	76,629,055
Total assets	77,621,277	332,011,150	5,216,592	414,849,019
Derivative financial liabilities	–	(131,083)	–	(131,083)
Total liabilities	–	(131,083)	–	(131,083)
As at 31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
– Debt securities	–	31,321,227	–	31,321,227
– Interbank certificates of deposit	–	3,052,790	–	3,052,790
– Asset management plans, trust plans and others	67,261,865	55,028,951	13,201,039	135,491,855
– Financial institutions' non-principal guaranteed wealth management products	–	3,907,990	–	3,907,990
– Equity investment	262,179	–	–	262,179
Derivative financial assets	–	100,201	–	100,201
Financial assets at fair value through other comprehensive income				
– Debt securities	–	160,414,948	–	160,414,948
– Interbank deposits	–	5,895,829	–	5,895,829
– Equity securities	–	–	304,689	304,689
Loans and advances to customers at fair value through other comprehensive income				
– Discounted bills	–	56,381,641	–	56,381,641
Total assets	67,524,044	316,103,577	13,505,728	397,133,349
Derivative financial liabilities	–	(100,667)	–	(100,667)
Total liabilities	–	(100,667)	–	(100,667)

There were no significant transfers within the fair value hierarchy of the Group for the years ended 31 December 2024 and 2023.

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.4 Fair value of financial assets and liabilities (Continued)

(c) Financial instruments measured at fair value (Continued)

The table below presents the movement in 2024 for each category of financial instruments categorized as Level 3 of the fair value hierarchy:

	Financial Assets at fair value through profit or loss	Financial Assets at fair value through other comprehensive income	Total
1 January 2024	13,201,039	304,689	13,505,728
Total gain or loss:			
– Recognised in the profit or loss	(1,427,751)	–	(1,427,751)
– Recognised in other comprehensive income	–	65,608	65,608
Purchases	26,203	–	26,203
Settlement	(6,953,196)	–	(6,953,196)
31 December 2024	4,846,295	370,297	5,216,592
Unrealized gains on financial assets held at 31 December, 2024 Through Profit or Loss	(1,645,587)	–	(1,645,587)

The table below presents the movement in 2023 for each category of financial instruments categorized as Level 3 of the fair value hierarchy:

	Financial Assets at fair value through profit or loss	Financial Assets at fair value through other comprehensive income	Total
1 January 2023	16,614,482	292,117	16,906,599
Total gain or loss:			
– Recognised in the profit or loss	(342,886)	–	(342,886)
– Recognised in other comprehensive income	–	12,572	12,572
Purchases	–	–	–
Settlement	(3,070,557)	–	(3,070,557)
31 December 2023	13,201,039	304,689	13,505,728
Unrealized gains on financial assets held at 31 December, 2023 Through Profit or Loss	(744,447)	–	(744,447)

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.4 Fair value of financial assets and liabilities (Continued)

(c) *Financial instruments measured at fair value (Continued)*

The Group uses valuation techniques to determine the fair value of financial instruments when open quotation in active markets is not available.

Financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and derivative financial instruments are stated at fair value by reference to the quoted market prices when available. If quoted market prices are not available, the fair values will be estimated using the discounted cash flow or pricing models. For debt securities, the fair values are determined based on the valuation results provided by China Central Depository Trust & Clearing Co., Ltd., which are determined based on a valuation technique for which all significant inputs are observable market data.

As at 31 December 2024, the carrying amounts of financial instruments valued with significant unobservable inputs were immaterial, and the effects of changes in significant unobservable assumptions to reasonably possible alternative assumptions were also immaterial.

52.5 Capital management

The Group takes sufficient measures of capital management to prevent inherent risks associated with the Group's business for the purpose of meeting external regulators' requirements and shareholders' expectation on returns. Capital management is also aimed to stimulate the expansion of capital scale and to improve risk management.

The Group prudently sets the objective of the capital ratio, taking into account regulatory requirements and the risk situation the Group faces. The Group takes a variety of actions, limit management for example, to ensure the realization of the objectives and proactively adjust its capital structure in line with economic development and risk characteristics. Generally, the measure of capital structure adjustment includes the modification of the dividend distribution plan, raising new capital and issuance of new bonds.

The Group has calculated the capital adequacy ratio in accordance with the Capital Management Measures for Commercial Banks issued by the State Administration of Financial Supervision and Administration in 2023 Since 1 January 2024. Credit risk is measured using the weighting method, market risk is measured using the simplified standard method, and operational risk is measured using the standard method

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.5 Capital management (Continued)

The table below summarizes the Capital Adequacy Ratios of the Group as at 31 December 2023:

		As at 31 December 2024	As at 31 December 2023
Common Equity Tier-one Capital Adequacy Ratio	(a)	9.83%	9.14%
Tier-one Capital Adequacy Ratio	(a)	11.41%	10.82%
Capital Adequacy Ratio	(a)	13.72%	13.21%
Common Equity Tier-one Capital	(b)	139,663,537	125,279,319
Common shares		13,889,801	13,889,801
Capital reserve		19,306,106	17,355,171
Surplus reserve and General reserve		42,027,466	37,532,592
Undistributed profits		62,227,763	54,206,156
Eligible portion of minority interests		2,212,401	2,295,599
Deductible Items from Common Equity Tier-one Capital	(c)	(13,757,492)	(14,946,839)
Net Common Equity Tier-one Capital		125,906,045	110,332,480
Additional Tier-one Capital	(d)	20,284,725	20,294,368
Net Tier-one Capital		146,190,770	130,626,848
Tier-two capital	(e)	29,502,333	28,802,129
Tier 2 capital instruments issued and related premium		14,000,000	14,000,000
Excess loan loss provisions		14,916,260	14,198,905
Eligible portion of non-controlling interests		586,073	603,224
Net capital		175,693,103	159,428,977
Risk-weighted Assets	(f)	1,280,947,330	1,207,079,238

Pursuant to the "Capital Rules for Commercial Banks (Provisional)":

- (a) The scope of consolidation related to the calculation of the Group's Capital Adequacy Ratios includes Institutions and affiliated financial subsidiaries specified in the Regulation. The Common Equity Tier-one Capital Adequacy Ratio is calculated as Net Common Equity Tier-one Capital divided by Risk-weighted Assets. The Tier-one Capital Adequacy Ratio is calculated as Net Tier-one Capital divided by Risk-weighted Assets. The Capital Adequacy Ratio is calculated as Net Capital divided by Risk-weighted Assets.
- (b) The Group's Common Equity Tier-one Capital includes: ordinary share capital, capital reserve (subject to regulatory limitations), surplus reserve, general reserve, retained earnings and, non-controlling interests, to the extent permitted in the Common Equity Tier-one Capital under the Regulation.
- (c) The Group's Deductible Items from Common Equity Tier-one Capital include: goodwill, other intangible assets (excluding land-use rights), etc.

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52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.5 Capital management (Continued)

- (d) The Group's Additional Tier-one Capital includes preference shares, perpetual bonds and non-controlling interests (to the extent permitted in the Additional Tier-one Capital definition under the Regulation).
- (e) The Group's Tier-two Capital includes: Tier-two capital instruments and related premium (to the extent allowed under the Regulation), excessive allowance for loan losses, and minority interests (to the extent permitted in the Tier-two Capital definition under the Regulation).
- (f) Risk-weighted Assets include Credit Risk-weighted Assets, Market Risk-weighted Assets and Operational Risk-weighted Assets.

52.6 Fiduciary activities

The Group provides custodian and trustee services to third parties. These assets arising thereon are excluded from the consolidated financial statements. The Group also grants entrusted loans on behalf of third-party lenders, which are not included in the consolidated financial statements either.

	As at 31 December 2024	As at 31 December 2023
Entrusted loans	35,863,486	34,914,555
Entrusted wealth management products	197,778,908	177,319,156

53 SUBSEQUENT EVENTS

53.1 Profit distributions

In accordance with the resolution of the 71st meeting of the fourth session of the Board of Directors held on 27 March 2025, the profit distribution plan of the Bank for the year ended 31 December 2024 (subject to approval by the shareholders' meeting) is as follows:

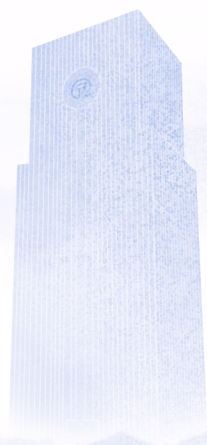
- (i) An appropriation of 10% of profit for the year 2024 amounting to RMB1,454,269 thousand to the statutory surplus reserve;
- (ii) An appropriation of 10% of profit for the year 2024 amounting to RMB1,454,269 thousand to the discretionary surplus reserve;
- (iii) An appropriation of RMB1,963,734 thousand to the general reserve; and
- (iv) Cash dividends of RMB2.1 per 10 shares (RMB2,916,858 thousand in total).

In addition to the above matters, the Group has no significant subsequent events.

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

The attachments do not form one part of the audited financial statements



Appendix I — Unaudited Supplementary Financial Information

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

According to Hong Kong Listing Rules and disclosure requirements of the banking industry, the Group discloses the following supplementary financial information:

1 LIQUIDITY RATIOS

	As at 31 December 2024	As at 31 December 2023
RMB current assets to RMB current liabilities	122.65%	83.44%
Foreign currency current assets to foreign currency current liabilities	25.97%	48.15%

Liquidity ratio is calculated according to the relevant regulations published by the prior China Banking and Insurance Regulatory Commission.

2 CURRENCY CONCENTRATIONS

	USD	EUR	Other	Total
As at 31 December 2024				
Spot assets	4,380,754	147,636	266,114	4,794,504
Spot liabilities	(5,725,045)	(82,767)	(43,806)	(5,851,618)
Forward purchases	1,593,602	3,718	–	1,597,320
Forward sales	(1,127,481)	(163,772)	(1,776,169)	(3,067,422)
Net long/(short) position	(878,170)	(95,185)	(1,553,861)	(2,527,216)
As at 31 December 2023				
Spot assets	2,609,196	89,318	374,827	3,073,341
Spot liabilities	(4,458,998)	(65,203)	(40,110)	(4,564,311)
Forward purchases	2,176,715	41,864	3,697,105	5,915,684
Forward sales	(2,209,121)	(44,381)	(58,429)	(2,311,931)
Net long/(short) position	(1,882,208)	21,598	3,973,393	2,112,783

3 INTERNATIONAL CLAIMS

International claims are the sum of cross-border claims in all currencies and local claims in foreign currencies. The Group is principally engaged in business operations within Chinese Mainland, and regards all the claims on third parties outside Chinese Mainland as cross border claims.

International claims include balances with central bank, deposits with banks and other financial institutions, placements with and loans to banks and other financial institutions, financial assets held for trading, financial assets designated at fair value through profit or loss, loans and advances to customers, financial assets held under resale agreements, financial assets at fair value through other comprehensive income and financial assets at amortised cost.

International claims are disclosed based on different countries or regions. A country or region is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfer is only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

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

3 INTERNATIONAL CLAIMS (CONTINUED)

	Banks and other financial institutions	Others	Total
As at 31 December 2024			
Asia Pacific excluding Chinese mainland	87,106	34,434	121,540
– Hong Kong	6,583	12,356	18,939
Europe	42,184	78	42,262
North and South America	385,089	173	385,262
Oceania	31,190	3,194	34,384
Total	545,569	37,879	583,448
As at 31 December 2023			
Asia Pacific excluding Chinese mainland	70,040	24,113	94,466
– Hong Kong	12,357	1,614	13,971
Europe	30,550	12	30,562
North and South America	455,495	1,504	456,999
Oceania	6,014	3,480	9,494
Total	562,099	29,109	591,208

4 LOANS AND ADVANCES TO CUSTOMERS

4.1 Overdue loans and advances to customers

Total amount of overdue loans and advances to customers:

	As at 31 December 2024	As at 31 December 2023
Total loans and advances to customers which have been overdue:		
Within 3 months	4,912,982	3,927,047
Within 3 to 6 months	2,673,986	1,622,436
Within 6 to 12 months	2,271,452	3,182,550
Over 12 months	2,800,109	1,920,782
Total	12,658,529	10,652,815
By percentage:		
Within 3 months	38.82%	36.86%
Within 3 to 6 months	21.12%	15.23%
Within 6 to 12 months	17.94%	29.88%
Over 12 months	22.12%	18.03%
Total	100.00%	100.00%

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

4 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

4.1 Overdue loans and advances to customers (Continued)

Total amount of overdue loans and advances to customers and allowance assessment by geographic segment:

	Anhui Province	Jiangsu Province	Other	Total
As at 31 December 2024				
Overdue loans and advances to customers	10,579,573	1,234,812	844,144	12,658,529
Individually assessed	(6,804,963)	(1,016,117)	(586,356)	(8,407,436)
As at 31 December 2023				
Overdue loans and advances to customers	8,230,937	1,401,686	1,020,192	10,652,815
Individually assessed	(6,021,818)	(1,289,110)	(683,971)	(7,994,899)

Fair value of collateral against overdue loans and advances to customers:

	As at 31 December 2024	As at 31 December 2023
Fair value of collateral		
Corporate loans	6,374,734	6,814,980
Personal loans and advances	1,786,722	2,226,227
Total	8,161,456	9,041,207

4.2 Identified impaired loans and advances

	Anhui Province	Jiangsu Province	Others	Total
As at 31 December 2024				
Identified impaired loans and advances				
for which allowance is:				
Individually assessed	7,900,024	1,282,178	694,038	9,876,240
	(6,089,138)	(1,160,548)	(759,207)	(8,008,893)
As at 31 December 2023				
Identified impaired loans and advances				
for which allowance is:				
Individually assessed	7,745,199	1,770,710	1,505,889	11,021,798
	(6,466,945)	(1,669,892)	(1,173,807)	(9,310,644)

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

Huishang Bank Co., Ltd. makes a supplementary disclosure of the following information in accordance with CBIRC:

1. SIGNIFICANT RELATED PARTY TRANSACTIONS APPROVED BY THE BOARD OF DIRECTORS

In 2024, Huishang Bank Co., Ltd. has reviewed the proposals for significant related transactions according to the “Administrative Measures on Related Transactions of Banking and Insurance Institutions” with related parties defined in the document (hereinafter referred to as “CBIRC”), and the details are as follows:

Approved by the board of directors	Meeting	Content	New credit limit (including low risk limit)
2024/1/30	The 59th Meeting of the 4th board of directors	Proposal on the approval of related party transactions between Huishang Bank and China Vanke Co., Ltd. with the companies related	2,510,000
		Proposal on the approval of related party transactions between Huishang Bank and Hefei Xing Tai Financial Holding Group Co., Ltd. with the companies related	12,663,000
2024/3/27	The 60th Meeting of the 4th board of directors	Proposal on the approval of related party transactions between Huishang Bank and Anhui Guoyuan Shareholdings (Group) Co., Ltd. with the companies related	3,405,000
2024/6/28	The 63rd Meeting of the 4th board of directors	Proposal on the approval of related party transactions between Huishang Bank and Wuhu City Construction Investment Co., Ltd. with the companies related	3,835,000
		Proposal on the approval of related party transactions between Huishang Bank and Huishang Bank Financial Leasing Co., Ltd. with the companies related	12,000,000
		Proposal on the approval of related party transactions between Huishang Bank and Chery HuiYin Motor Finance Service Co., Ltd. with the companies related	4,600,000
		Proposal on the approval of related party transactions between Huishang Bank and Anhui Credit Financing Guarantee Group Co., Ltd. with the companies related	4,650,000
		Proposal on the approval of related party transactions between Huishang Bank and Anhui Energy Group Co., Ltd. with the companies related	5,990,000
2024/8/29	The 66th Meeting of the 4th board of directors	Proposal on the approval of related party transactions between Huishang Bank and Anhui Provincial Transportation Holdings Group Co., Ltd. with the companies related	20,687,997
		Proposal on Deliberating the Change of Credit Scheme of Huiyin Financial Leasing Co., Ltd.(c)	/

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

2. IMPLEMENTATION OF SIGNIFICANT RELATED PARTY TRANSACTIONS

As of the end of 2024, the significant related transactions between Huishang Bank Co., Ltd. and the related parties under the CBIRC's definition are as follows:

2.1 Transactions with a single related party accounting for more than 1% of the net capital in aggregate

As of the end of 2024, Huishang Bank had no single transaction amount with a single related party that reached over 1% of the net capital at the end of the previous quarter.

2.2 Transactions with a single related party accounting for more than 5% of the net capital in aggregate

(1) Hefei Xing Tai Financial Holding Group Co., Ltd. and its related companies

Related party	Transaction type	Amount
Hefei Xing Tai Financial Holding Group Co., Ltd	Floating capital loans	799,780
	Investment in bonds	330,000
	Charge underwriting fees	991
	Quota for bond standby commitment	347
Anhui Xingtai Financial Leasing Co., Ltd.	Floating capital loans	319,000
	Domestic letter of credit	315,820
	Domestic factoring	104,000
	Time deposit	4,000
	Charge underwriting fees	84
	Quota for bond standby commitment	60,000
Hefei Xingtai Small Loan Co., Ltd.	Floating capital loans	60,000
Hefei Xingtai Commercial Factoring Co., Ltd.	Floating capital loans	130,000
Anhui Xingtai Financing Guarantee Group Co., Ltd.	Quick Redemption of Wealth Management Products	6
	E-bidding guarantee	800
	Time deposit	270,302
Hefei Xingtai Technology Credit Guarantee Co., Ltd.	Repayment to the Bank by the Guarantee Company	1,680
Huafu Fund Management Co., Ltd.	Interest of reverse repurchase	926
	Interest of interbank deposit	5,105
	Collection of fund product custody fee	1,767
	Fund management fee	4,534
	Sales revenue	14
	Cash bond trading	510,000
	Interbank deposits	10,000

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

2. IMPLEMENTATION OF SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

2.2 Transactions with a single related party accounting for more than 5% of the net capital in aggregate (Continued)

(1) Hefei Xing Tai Financial Holding Group Co., Ltd. and its related companies (Continued)

Related party	Transaction type	Amount
CCB Fund Management Co.,	Management fee of asset management plan	12,282
	Interest of reverse repurchase	10,840
	Interest of interbank deposit	65,999
	Interest of repurchase	15
	Collection of fund product custody fee	469
	Cash bond trading	630,000
Hefei Guokong Construction Financing Guarantee Co., Ltd.	E-bidding guarantee	2,860
	Separate letter of guarantee	484,950
	Repayment to the Bank by the Guarantee Company	22,319
	Time Deposit	100,566
Anhui Public Resources Exchange Group Project Management Co., Ltd.	Bid deposits charge	61
Hefei Property Rights Trading Center	Payment of deposits	270
	Agency service fee	21
Suzhou Security Service Co., Ltd.	Security expense	2,572
Chizhou Security Guard Service Co., Ltd.	Security expense	2,253
Hefei Xingtai Commercial Asset Operation Co., Ltd	Time deposits	14,675
Hefei Security Group Co., Ltd.	Security expense	25,059
Ma'anshan MCC Hi Tech Construction Co., Ltd.	Fixed assets loan	87,850
Hefei Tongka Co., Ltd.	Time deposits	100,000
Hefei Xingtai Guaranteed Assets Management Co., Ltd	Working capital loans	71,000
	Time deposits	300,000
Jiayin (Zhejiang) Real Estate Land Asset Appraisal Co., Ltd.	Appraisal fee	139
Hefei Hi-tech Public Resources Trading Co., Ltd	Time deposits	12,020
Anhui Xingtai Information Technology Co., Ltd.	Cooperative service fee	672

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

2. IMPLEMENTATION OF SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

2.2 Transactions with a single related party accounting for more than 5% of the net capital in aggregate (Continued)

(1) Hefei Xing Tai Financial Holding Group Co., Ltd. and its related companies (Continued)

Related party	Transaction type	Amount
Anhui Cultural Property Exchange Co., Ltd.	Agency service fee	10
	Bid Security	25
Hefei Luyang Financial City Investment Development Co., Ltd	Syndicated loans	38,274
CCB Futures Co., Ltd	Cash bond trading	70,000
Hefei Xinzhan Industrial Investment Technology Co., Ltd	Fixed assets loan	200,000
CCB Engineering Consulting Co., Ltd. Anhui Branch.	Audit service fee	6
	Collection of bankers' acceptances for payment	4,100,000
	Rediscounted sell-offs operations	1,025,000
	Rediscounted buyout operations	1,280,000
	Investment of the Bank in the asset management plan in which it is the actual financier	3,650,000
	Investment of the Bank in non-consolidated property of which it is the actual financier	742,024
	Interbank certificates of deposit	500,075
	Interbank deposits	16,101,973
China Construction Bank Corporation	Cash bond trading	5,390,000
	Precious metals financing	1,912,830
	Payment of repurchase interest	101,527
	Interest received on reverse repos	515
	Discount bank acceptance bill due acceptance bank payment	1,117,241
	FX Forward	16,258
	Foreign exchange options trading	36,301
	FX Spot	2,927,339
	Interest paid on foreign currency placements	20,780
	Fee for issuing letters of credit	546

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

2. IMPLEMENTATION OF SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

2.2 Transactions with a single related party accounting for more than 5% of the net capital in aggregate (Continued)

(1) Hefei Xing Tai Financial Holding Group Co., Ltd. and its related companies (Continued)

Related party	Transaction type	Amount
CCB Wealth Management Co., Ltd	Interest paid on interbank certificates of deposit	6,639
CCB Rongtong Co., Ltd	Project construction fee	320
Anhui Amber Property Service Co., Ltd.	Property service fee and electricity fee	227
Anhui Public Resources Exchange Group Co., Ltd.	Time Deposit	404,000
CCB Trust Co., Ltd.	Collection of trustee fees for trust plans	59
	Rent	2,245
	Cash bond trading	20,000
CCB Capital Management Co., Ltd.	Cash bond trading	190,000
CCB Insurance Asset Management Co., Ltd.	Cash bond trading	30,000
Beijing Zhongye Jianxin Investment Fund Management Co., Ltd.	Collection of private placement fund custody fees	64

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

3. RELATED PARTY TRANSACTIONS WITH RELATED NATURAL PERSONS

The identities of related natural persons of the Bank (in accordance with the “Administrative Measures on Related Transactions of Banking and Insurance Institutions”) mainly include: (1) Natural person controlling shareholders and actual controllers of banking and insurance institutions, and their concerted actions and ultimate beneficiaries; (2) Natural persons who hold or control more than 5% of the equity of a bank or insurance institution, or who hold less than 5% but have significant influence on the operation and management of a bank or insurance institution; (3) Directors, supervisors, senior management of the head office and important branches of banks and insurance institutions, as well as personnel with the authority to approve or make decisions on core business such as large credit facilities, asset transfers, and insurance fund utilization; (4) Spouse, parents, adult children and siblings of related parties listed in items (1) to (3) of this Article; (5) Directors, supervisors and senior management of the related parties listed in Article 7 (1) (2) of these Measures. The Bank’s natural person shareholders hold or control less than 5% of the equity, and the Bank has no major natural person shareholders.

By the end of 2024, the credit balance of related party transactions of related natural persons of the Bank was RMB116,619 thousand, mainly for personal housing, personal comprehensive consumption revolving loan and credit card overdraft; Other related transactions such as fixed-term deposits amounted to RMB379,948 thousand. All related transactions with related natural persons are general related transactions.