**JINSHANG BANK CO., LTD.***

**晉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: 2558)**

# 2024 ANNUAL RESULTS ANNOUNCEMENT

The board (the "**Board**") of directors (the "**Directors**") of Jinshang Bank Co., Ltd.* (the "**Bank**") is pleased to announce the audited consolidated annual results of the Bank and its subsidiary (the "**Group**") for the year ended December 31, 2024 (the "**Reporting Period**"). The content of this results announcement has been prepared in accordance with applicable disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**") in relation to preliminary announcements of annual results and the International Financial Reporting Standards (the "**IFRSs**") promulgated by the International Accounting Standards Board (the "**IASB**"). Such annual results have also been reviewed and confirmed by the Board and the Audit Committee of the Board. Unless otherwise indicated, the financial information set out in this announcement is on a consolidated basis and presented in Renminbi ("**RMB**").

## 1. CORPORATE INFORMATION

### 1.1 Basic Information

| | |
|---|---|
| Legal Chinese Name | 晉商銀行股份有限公司 |
| Abbreviation in Chinese | 晉商銀行 |
| Legal English Name | Jinshang Bank Co., Ltd. |
| Abbreviation in English | Jinshang Bank |
| Legal Representative | HAO Qiang(1) |
| Authorized Representatives | HAO Qiang, WONG Wai Chiu |
| Listing Place of H shares | The Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**") |
| Stock Name | JINSHANG BANK |
| Stock Code | 2558 |

(1) According to the articles of association of the Bank, the chairwoman of the Bank is the legal representative.

### 1.2 Contact Persons and Contact Details

| | |
|---|---|
| Secretary to the Board | LI Yanbin |
| Joint Company Secretaries | LI Yanbin, WONG Wai Chiu |
| Registered Address and Address of Head Office | No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC |
| Principal Place of Business in Hong Kong | 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong |
| Tel | 0351-7812583 |
| Fax | 0351-6819503 |
| E-mail | dongban@jshbank.com |
| Website | www.jshbank.com |

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

## 2. SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

| | For the year ended December 31, | | |
|---|---|---|---|
| | **2024** | 2023 | Rate of change (%) |
| | *(Expressed in millions of RMB, unless otherwise stated)* | | |
| **Results of operations** | | | |
| Interest income | **11,705.0** | 11,614.9 | 0.8 |
| Interest expense | **(7,515.7)** | (7,378.7) | 1.9 |
| **Net interest income** | **4,189.3** | 4,236.2 | (1.1) |
| Fee and commission income | **700.8** | 860.9 | (18.6) |
| Fee and commission expense | **(74.1)** | (158.0) | (53.1) |
| **Net fee and commission income** | **626.7** | 702.9 | (10.8) |
| Net trading gains | **115.2** | (78.5) | (246.8) |
| Net gains arising from investment securities | **815.0** | 887.0 | (8.1) |
| Other operating income[(1)] | **44.9** | 54.6 | (17.8) |
| **Operating income** | **5,791.1** | 5,802.2 | (0.2) |
| Operating expenses | **(2,296.3)** | (2,348.4) | (2.2) |
| Impairment losses on credit | **(1,674.8)** | (1,432.0) | 17.0 |
| Impairment losses on other assets | **(28.0)** | – | N/A |
| Operating profit | **1,792.0** | 2,021.8 | (11.4) |
| Share of profits of associate | **26.2** | 12.1 | 116.5 |

| | For the year ended December 31, | | |
|---|---|---|---|
| | **2024** | 2023 | Rate of change (%) |
| | *(Expressed in millions of RMB, unless otherwise stated)* | | |
| **Profit before tax** | **1,818.2** | 2,033.9 | (10.6) |
| Income tax expense | **(68.7)** | (33.3) | 106.3 |
| **Net profit** | **1,749.5** | 2,000.6 | (12.6) |
| **Net profit attributable to:** | | | |
| Equity shareholders of the Bank | **1,755.1** | 2,003.0 | (12.4) |
| Non-controlling interests | **(5.6)** | (2.4) | 133.3 |
| **Earnings per share attributable to equity shareholders of the Bank (RMB per share)** | | | |
| —Basic | **0.30** | 0.34 | (11.8) |
| —Diluted | **0.30** | 0.34 | (11.8) |

*Note:*

(1) Consists primarily of operating government grants and non-operating government grants.

| | **As of December 31, 2024** | As of December 31, 2023 | Rate of change (%) |
|---|---|---|---|
| | *(Expressed in millions of RMB, unless otherwise stated)* | | |
| **Key indicators for assets/liabilities** | | | |
| **Total assets** | **376,305.5** | 361,305.0 | 4.2 |
| Of which: net loans and advances to customers | **195,103.5** | 185,609.7 | 5.1 |
| **Total liabilities** | **348,277.2** | 336,492.2 | 3.5 |
| Of which: deposits from customers | **310,327.9** | 288,250.4 | 7.7 |
| **Total equity** | **28,028.3** | 24,812.8 | 13.0 |
| Of which: share capital | **5,838.7** | 5,838.7 | 0.0 |
| Equity attributable to equity holders of the Bank | **28,017.7** | 24,796.6 | 13.0 |

| | For the year ended December 31, | | |
|---|---|---|---|
| | **2024** | 2023 | Change |
| **Profitability indicators (%)** | | | |
| Return on average total assets[(1)] | **0.47** | 0.57 | (0.10) |
| Return on average equity[(2)] | **6.88** | 8.31 | (1.43) |
| Net interest spread[(3)] | **1.07** | 1.29 | (0.22) |
| Net interest margin[(4)] | **1.20** | 1.36 | (0.16) |
| Net fee and commission income to operating income ratio | **10.82** | 12.11 | (1.29) |
| Cost-to-income ratio[(5)] | **38.13** | 38.94 | (0.81) |

| | As of December 31, | | |
|---|---|---|---|
| | **2024** | 2023 | Change |
| **Asset quality indicators (%)** | | | |
| NPL ratio[(6)] | **1.77** | 1.78 | (0.01) |
| Allowance coverage ratio[(7)] | **205.46** | 198.71 | 6.75 |
| Allowance to gross loan ratio[(8)] | **3.64** | 3.54 | 0.10 |

| | As of December 31, | | |
|---|---|---|---|
| | **2024** | 2023 | Change |
| **Capital adequacy indicators (%)[(9)]** | | | |
| Core tier-one capital adequacy ratio[(10)] | **10.18** | 11.14 | (0.96) |
| Tier-one capital adequacy ratio[(11)] | **10.97** | 11.14 | (0.17) |
| Capital adequacy ratio[(12)] | **12.84** | 13.17 | (0.33) |
| Total equity to total assets ratio | **7.45** | 6.87 | 0.58 |

| | As of December 31, | | |
|---|---|---|---|
| | **2024** | 2023 | Change |
| **Other indicators (%)** | | | |
| Loan-to-deposit ratio[(13)] | **66.95** | 68.11 | (1.16) |
| Liquidity coverage ratio[(14)] | **347.26** | 242.06 | 105.20 |
| Liquidity ratio[(15)] | **120.35** | 104.13 | 16.22 |

| | **December 31, 2024** | September 30, 2024 | December 31, 2023 |
|---|---|---|---|
| | *(Expressed in millions of RMB, unless otherwise stated)* | | |
| **Net stable funding ratio[16]** | | | |
| Net stable funding ratio (%) | **133.47** | 133.34 | 126.76 |
| Available stable funding | **252,981.1** | 249,551.6 | 231,274.6 |
| Required stable funding | **189,545.3** | 187,148.4 | 182,449.4 |

*Notes:*

(1) Calculated by dividing net profit by the average balance of total assets at the beginning and the end of the period.

(2) Calculated by dividing net profit by the average net assets. During the Reporting Period, the Bank paid no interest on undated capital bonds. Interests on undated capital bonds need not be deducted from the "net profit", and the net funds raised from undated capital bonds had been deducted from the "average net assets".

(3) Calculated as the difference between the average yield on total interest-earning assets and the average cost of total interest-bearing liabilities.

(4) Calculated by dividing net interest income by the average balance of total interest-earning assets.

(5) Calculated by dividing total operating expenses (net of taxes and surcharges) by total operating income.

(6) Calculated by dividing total non-performing loans ("**NPL**") by gross loans and advances to customers. Except as otherwise stated, the "gross loans and advances" referred to in this announcement exclude interest accrued.

(7) Calculated by dividing total allowance for impairment losses on loans to customers (including the provision for impairment losses of loans and advances to customers measured at fair value through other comprehensive income) by total NPLs.

(8) Calculated by dividing total allowance for impairment losses on loans to customers (including the provision for impairment losses of loans and advances to customers measured at fair value through other comprehensive income) by gross loans and advances to customers.

(9) The capital ratios for 2024 are calculated in accordance with the Capital Administrative Measures for Commercial Banks (《商業銀行資本管理辦法》) and related regulations. The capital ratios for 2023 are calculated in accordance with the Capital Administrative Measures for Commercial Banks (Provisional) and related regulations, similarly hereinafter.

(10) Calculated by dividing core tier-one capital, net of core tier-one capital deductions, by risk-weighted assets.

(11) Calculated by dividing tier-one capital, net of tier-one capital deductions, by risk-weighted assets.

(12) Calculated by dividing total capital, net of capital deductions, by risk-weighted assets.

(13) Calculated by dividing gross loans and advances to customers by total deposits from customers (excluding interest accrued).

(14) Liquidity coverage ratio is calculated in accordance with the formula promulgated by the former China Banking and Insurance Regulatory Commission (the "**former CBIRC**"). Liquidity coverage ratio = eligible high-quality liquid assets/net cash outflows for the next 30 days × 100%.

(15) Liquidity ratio is calculated in accordance with the formula promulgated by the former CBIRC. Liquidity ratio = balance of current assets/balance of current liabilities × 100%.

(16) Net stable funding ratio is calculated in accordance with the formula stipulated in the Measures for Disclosure of Information on Net Stable Funding Ratio by Commercial Banks (Yin Bao Jian Fa [2019] No. 11) (《商業銀行淨穩定資金比例信息披露辦法》(銀保監發[2019]11號)) as promulgated by the former CBIRC. Net stable funding ratio = available stable funding/required stable funding × 100%.

## 3. MANAGEMENT DISCUSSION AND ANALYSIS

### 3.1 Review of the Economic, Financial and Policy Environment

In 2024, facing the complex and severe situation of increasing external pressure and internal difficulties, China adhered to the general principle of pursuing progress while ensuring stability, fully implemented the new development concept in a comprehensive and accurate manner, accelerated the establishment of a new development pattern, and steadily promoted high-quality development. On the whole, the national economy performed stably and made progress while ensuring stability. New progress was made in high-quality development. In particular, the timely deployment and introduction of a package of incremental policies have effectively boosted social confidence and led to a significant economic upturn. The main goals and tasks of economic and social development have been successfully completed.

The gross domestic product (GDP) throughout the year of 2024 was RMB134,908.4 billion on a constant price basis, representing an increase of 5.0% compared with the previous year. The added value of national industrial enterprises above the designated size throughout the year increased by 5.8% compared with the previous year. Industrial production showed good growth momentum and the equipment manufacturing industry and high-tech manufacturing industry grew rapidly, with growth rates of 1.9 and 3.1 percentage points higher than that of industrial enterprises above the designated size respectively. The service industry kept growing, with the added value of the service industry throughout the year increasing by 5.0% compared with the previous year. The total retail sales of social consumer goods reached RMB48,789.5 billion throughout the year, representing an increase of 3.5% compared with the previous year. Online retail sales were relatively active, with the national online retail sales increasing by 7.2% compared with the previous year. The scale of fixed asset investment expanded, and investment in high-tech industries grew fast. Fixed asset investment (excluding rural households) throughout the year amounted to RMB51,437.4 billion, representing an increase of 3.2% compared with the previous year. Investment in high-tech industries increased by 8.0%, with investment in the high-tech manufacturing industry and the high-tech service industry growing by 7.0% and 10.2%, respectively. The import and export of goods grew fast and the trade structure continued to optimize. The total imports and exports of goods throughout the year amounted to RMB43,846.8 billion, representing an increase of 5.0% compared with the previous year. The consumer price index remained stable on the whole, and the consumer price index (CPI) throughout the year increased by 0.2% compared with the previous year. The employment situation was generally stable, personal incomes continued to increase and the disposable income per capita of the national residents throughout the year amounted to RMB41,314, representing a nominal increase of 5.3% compared with the previous year.

In 2024, Shanxi Province's overall economic operation was stable and made progress while ensuring stability, with major indicators showing an uptrend, favorable factors continuing to accumulate, emerging energies growing rapidly, market confidence gradually boosting, people's livelihood being guaranteed powerfully and effectively, and new progress has been made in high-quality development.

The regional GDP of Shanxi Province amounted to RMB2,549.47 billion in 2024, representing an increase of 2.3% compared with the previous year on a constant price basis. Due to the steady recovery of industrial production and new industrial driving forces continued to grow, the growth rate of the added value of provincial industrial enterprises above the designated size throughout the year remained unchanged year-on-year, with an increase of 0.9 percentage point compared with the previous three quarters. Among these, the new energy equipment manufacturing industry increased by 31.4%, and the new energy vehicle industry increased by 8.4%. The service industry grew steadily, and the modern service industry developed well. The added value of the provincial service industry throughout the year increased by 2.4% compared with the previous year and accelerated by 0.7 percentage point compared with the previous three quarters. The growth rate of investment in fixed assets accelerated, and the investment in emerging industries grew rapidly. The investment in fixed assets in the province throughout the year increased by 3.2% compared with the previous year and accelerated by 1.2 percentage points compared with the previous three quarters. The investment in the high-tech industries in the province throughout the year increased by 33.4%. The recovery of market sales accelerated, with the total retail sales of social consumer goods in the province throughout the year reaching RMB818.05 billion, representing an increase of 2.5% compared with the previous year. The consumer price index increased slightly, and the producer price index for industrial products witnessed a narrowed decline. The consumer price index in the province throughout the year increased by 0.1% compared with the previous year, and the producer price index for industrial products in the province decreased by 6.7% compared with the previous year, the decline of which was narrowed by 0.5 percentage point compared to that of the previous three quarters. Personal incomes steadily increased, and the provincial per capita disposable income of residents was RMB32,441 throughout the year, representing an increase of 4.9% compared with the previous year.

In 2024, China intensified macro-control measures, formulated prudent monetary policies in a flexible, appropriate, precise and effective manner, firmly maintained a supportive stance, enhanced countercyclical adjustments, optimized and improved the monetary policy framework, and comprehensively utilized tools such as interest rates, reserve funds, re-lending and treasury bonds trading, to serve the high-quality development of the real economy and create a favorable monetary and financial environment for the economic upturn. Remarkable results were achieved in the reform of loan prime rates, and the mechanism for market-oriented adjustment of deposit interest rates effectively played its role. The transmission efficiency of monetary policy was enhanced, and social financing costs remained at a historically low level. The RMB exchange rate has moved in both directions with stabilizing expectations and remained basically stable at an adaptive and equilibrium level.

In 2024, the aggregate financing recorded reasonable growth, with the stock of social financing reaching RMB408.3 trillion as of the end of December, representing a year-on-year increase of 8.0%; the broad money (M2) balance was RMB313.5 trillion, representing an increase of 7.3% year-on-year, and the balance of RMB loans was RMB255.7 trillion, increased by 7.6% year-on-year, all of which are higher than nominal economic growth rate. The interest rate of loans dropped steadily. In December, the interest rate of new corporate loans was approximately 3.43%, representing a year-on-year decrease of 0.36 percentage point, and the interest rate of personal residential loans was approximately 3.11%, representing a year-on-year decrease of 0.88 percentage point. The credit structure was in continual optimization. The medium-and long-term loans to the manufacturing industry increased by 11.9% year-on-year; loans for new, distinctive, specialized and sophisticated business (專精特新企業貸款) increased by 13.0% year-on-year, and inclusive loans to small and micro enterprises increased by 14.6% year-on-year, which continued to be higher than the growth speed of all loans in the same period. The RMB exchange rate was basically stable at a reasonable and balanced level, and its exchange rate to a basket of currencies was stable at around 100, which maintained balance both domestically and internationally.

### 3.2 Business Overview and Development Strategies

Since 2024, guided by Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, the Bank firmly took promoting high-quality development as the theme and deepening the structural reform of the financial supply as the main line, efficiently served the real economy, focused on risk prevention and control, and continued to promote the reform and transformation, with the overall development maintaining a trend of steady growth and steady quality improvement.

**Firstly**, we unswervingly promoted reform and transformation, strengthening the momentum for innovative development. We formulated and issued the Overall Plan on Comprehensively Deepening Reform to Promote High-quality Development (《全面深化改革推進高質量發展總體方案》) to make changes in the model and adjust the structure to improve quality and efficiency, and reshaped development with financial innovation practices. We obtained the qualification for independently conducting business of underwriting debt financing instruments issued by non-financial enterprises as a lead underwriter, which made us one of the first batch of banks to conduct business on an online intelligent financing platform for the whole process of government procurement ("政採智貸") across the province. We developed and launched a "code-based loan (碼上貸)" business (i.e. "apply by scanning code, use the loan independently, and withdraw or repay anytime (掃碼申請、自主用款、隨借隨還)"), and explored an integrated online and offline review and approval model and a dynamic hierarchical authorization mechanism of "assessing while delegate authority (邊授權邊評估)", which was in line with the actual situation of the Bank, thus further strengthened the systematicness of the reform and transformation of the whole Bank.

**Secondly**, we strived to improve operational quality and efficiency across the Bank, strengthening our financial services capabilities. We stuck to the primary responsibility and business and deeply implemented the key deployment requirements of the Central Party Committee, the State Council, the Provincial Party Committee and the provincial government on financial services for the real economy. We successively issued a series of special documents such as the Action Plan on Doing a Good Job in the "Five Priorities"(《關於做好「五篇大文章」行動方案》), Action Plan on Supporting the High-quality Development of the Manufacturing Industry (《支持製造業高質量發展行動方案》) and Plan on Implementing a Series of Incremental Policies of the Country (《關於落實國家一攬子增量政策方案》), and implemented several supporting working mechanisms such as medium, small and micro enterprises financing coordination, special work team, "whitelist" of projects and green channel. We increased credit extension to high-tech industries and new, distinctive, specialized and sophisticated businesses, continued to improve the "green series(綠系列)" product system, effectively increased the availability of medium, small and micro enterprises financing, continuously enriched pension product supply, and comprehensively implemented digital transformation strategy to promote the significant improvement in the quality and efficiency of financial services.

**Thirdly**, we spared no effort to safeguard the bottom line of risks to be more confident of making steady progress. We studied and formulated Work Opinion on Fully Promoting the Implementation of Risk Management Mechanisms of Early Identification, Early Warning, Early Exposure and Early Disposal (《關於全面推進風險管理「四早」機制落實的工作意見》), insisted on "clearing the old" and "controlling the new" and effectively strengthened the proactive and forward-looking nature of risk management to continue to improve the comprehensive risk management system of "extensive range and full coverage (橫向到邊、縱向到底、全面覆蓋)". We maintained operation compliance, continued to consolidate the results of the year of the implementation of the system, regularly promoted the process of "abolishing, amending and establishing" of systems, followed up on the rectification of problems discovered during internal and external inspections from the sources, and focused on case warning education and legal compliance training, achieved the benign interaction of high-quality development and high-standard safety within the Bank.

**Fourthly**, we consistently promoted strict governance over the Party and the atmosphere of integrity is getting better. We enhanced the sense of discipline and rules via studying Party discipline, focused on study and discussion, warning education as well as interpretation and training, and formulated and distributed the Implementation Plan on Continuously Promoting the Rectification of Formalism to Reduce the Burden on the Grassroots and Establishing a Sound Mechanism of the Strict Implementation of the Work (《關於持續推進整治形式主義為基層減負建立健全狠抓工作落實機制的實施方案》) to effectively transform the achievements of Party discipline study and education into actual results of work and healthy development. We enhanced party conduct building, maintained "strictness" over the whole process of Party governance and operation and management, continued to improve the effects of supervision, advanced the construction of clean banks and regularly conducted the promotion of a "Clean and Honest Culture Propaganda Month of Jinshang", constantly promoted the construction of the clean and honest culture within the Bank.

In 2025, guided by Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, the Bank will solidly advance high-quality development, continue to deepen all-round transformation, promote the implementation of the customer-centric development concept and compliance-centric security concept, strive for effective quality improvements, reasonable quantity growth, precise risk prevention and control and strict compliance with regulation, so as to accomplish the development strategy planning goals for 2021-2025 in a high-quality manner and contribute to a chapter of Shanxi Province of Chinese-style modern.

### 3.3 Income Statement Analysis

| | For the year ended December 31, | | |
|---|---|---|---|
| | **2024** | 2023 | Rate of change (%) |
| | *(Expressed in millions of RMB, unless otherwise stated)* | | |
| Interest income | **11,705.0** | 11,614.9 | 0.8 |
| Interest expense | **(7,515.7)** | (7,378.7) | 1.9 |
| **Net interest income** | **4,189.3** | 4,236.2 | (1.1) |
| Fee and commission income | **700.8** | 860.9 | (18.6) |
| Fee and commission expense | **(74.1)** | (158.0) | (53.1) |
| **Net fee and commission income** | **626.7** | 702.9 | (10.8) |
| Net trading gains | **115.2** | (78.5) | N/A |
| Net gains arising from investment securities | **815.0** | 887.0 | (8.1) |
| Other operating income (1) | **44.9** | 54.6 | (17.8) |
| **Operating income** | **5,791.1** | 5,802.2 | (0.2) |
| Operating expenses | **(2,296.3)** | (2,348.4) | (2.2) |
| Impairment losses on credit | **(1,674.8)** | (1,432.0) | 17.0 |
| Impairment losses on other assets | **(28.0)** | – | N/A |
| Operating profit | **1,792.0** | 2,021.8 | (11.4) |
| Share of profits of associate | **26.2** | 12.1 | 116.5 |
| **Profit before tax** | **1,818.2** | 2,033.9 | (10.6) |
| Income tax expense | **(68.7)** | (33.3) | 106.3 |
| **Net profit** | **1,749.5** | 2,000.6 | (12.6) |

*Note:*

(1) Consists primarily of operating government grants and non-operating government grants.

For the year ended December 31, 2024, the profit before tax of the Group decreased by 10.6% to RMB1,818.2 million from RMB2,033.9 million for the year ended December 31, 2023, and the net profit for the same period decreased to RMB1,749.5 million from RMB2,000.6 million for the year ended December 31, 2023, representing a year-on-year decrease of 12.6%.

### *3.3.1 Net interest income, net interest spread and net interest margin*

For the year ended December 31, 2024, the net interest income of the Group decreased by 1.1% to RMB4,189.3 million from RMB4,236.2 million for the year ended December 31, 2023, mainly due to an increase of RMB137.0 million in interest expenses on interest-bearing liabilities during the Reporting Period, which was partially offset by the increase of RMB90.1 million in interest income from interest-earning assets.

The net interest margin decreased by 0.16 percentage point from 1.36% for the year ended December 31, 2023 to 1.20% for the year ended December 31, 2024, and the net interest spread decreased by 0.22 percentage point from 1.29% for the year ended December 31, 2023 to 1.07% for the year ended December 31, 2024, which was mainly due to the yield of interest-earning assets decreased by 0.35 percentage point from 3.72% for the year ended December 31, 2023 to 3.37% for the year ended December 31, 2024, which was partially offset by the decrease of 0.13 percentage point in the cost of interest-bearing liabilities from 2.43% for the year ended December 31, 2023 to 2.30% for the year ended December 31, 2024. The decrease in the yield on interest-earning assets was firstly due to the decrease in the yields on loans and advances to customers during the Reporting Period as a result of the downward trend in the loan prime rate and bill market rate, and secondly due to the decrease in the yields on financial investment assets during the Reporting Period as a result of the downward trend in the bond market rate. The decrease in the cost of interest-bearing liabilities was firstly due to the fact that due to the downward trend in the market rate, the Group lowered its nominal interest rate for deposits accordingly to adapt to market dynamics, and secondly due to the decrease in the interest rate on the issuance of interbank deposits as a result of the reasonable and ample market liquidity.

The following table sets forth the average balances of the Group's interest-earning assets and interest-bearing liabilities, the related interest income or expense, and the related average yield on assets or related average cost of liabilities for the years ended December 31, 2023 and 2024.

| | For the year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | **2024** | | | 2023 | | |
| | **Average balance** | **Interest income/ expense** | **Average yield/ cost (%)[(1)]** | Average balance | Interest income/ expense | Average yield/cost (%)[(1)] |
| | *(in millions of RMB, except percentages)* | | | | | |
| **Interest-earning assets** | | | | | | |
| Loans and advances to customers | **203,359.1** | **7,975.4** | **3.92** | 191,373.4 | 8,146.0 | 4.26 |
| Financial investments [(2)] | **81,248.5** | **2,319.8** | **2.86** | 73,418.3 | 2,416.6 | 3.29 |
| Placements with banks and other financial institutions | **15,604.4** | **504.8** | **3.23** | 8,078.9 | 287.2 | 3.55 |
| Financial assets held under resale agreements | **29,203.5** | **619.1** | **2.12** | 21,617.4 | 499.9 | 2.31 |
| Deposits with the central bank [(3)] | **16,601.2** | **241.7** | **1.46** | 16,138.1 | 225.5 | 1.40 |
| Deposits with banks and other financial institutions | **1,695.4** | **44.2** | **2.61** | 1,412.2 | 39.7 | 2.81 |
| **Total interest-earning assets** | **347,712.1** | **11,705.0** | **3.37** | 312,038.3 | 11,614.9 | 3.72 |
| **Interest-bearing liabilities** | | | | | | |
| Deposits from customers | **283,784.2** | **6,553.7** | **2.31** | 260,185.5 | 6,364.6 | 2.45 |
| Deposits from banks and other financial institutions | **65.3** | **0.9** | **1.38** | 61.3 | 1.2 | 1.96 |
| Placements from banks and other financial institutions | **176.8** | **3.3** | **1.87** | 630.7 | 13.8 | 2.19 |
| Financial assets sold under repurchase agreements | **15,778.8** | **300.4** | **1.90** | 18,227.1 | 376.0 | 2.06 |
| Debt securities issued [(4)] | **24,192.2** | **610.8** | **2.52** | 22,098.7 | 579.6 | 2.62 |
| Borrowing from the central bank | **2,439.1** | **46.6** | **1.91** | 2,154.3 | 43.5 | 2.02 |
| **Total interest-bearing liabilities** | **326,436.4** | **7,515.7** | **2.30** | 303,357.6 | 7,378.7 | 2.43 |
| **Net interest income** | | **4,189.3** | | | 4,236.2 | |
| **Net interest spread [(5)]** | | | **1.07** | | | 1.29 |
| **Net interest margin [(6)]** | | | **1.20** | | | 1.36 |

*Notes:*

(1) Calculated by dividing interest income/expense by average balance.

(2) Consist of financial investments measured at amortized costs and financial investments measured at fair value through other comprehensive income.

(3) Consist primarily of statutory deposit reserves and surplus deposit reserves.

(4) Consist of certificates of interbank deposits, tier-two capital debts and financial bonds.

(5) Calculated as the difference between the average yield on total interest-earning assets and the average cost of total interest-bearing liabilities.

(6) Calculated by dividing net interest income by the average balance of total interest-earning assets.

### 3.3.2 Interest income

For the year ended December 31, 2024, the Group's interest income increased by 0.8% to RMB11,705.0 million from RMB11,614.9 million for the year ended December 31, 2023, primarily due to an increase of 11.4% in the average balance of interest-earning assets from RMB312,038.3 million for the year ended December 31, 2023 to RMB347,712.0 million for the year ended December 31, 2024, partially offset by a decrease of 0.35 percentage point in the average yield of interest-earning assets from 3.72% for the year ended December 31, 2023 to 3.37% for the year ended December 31, 2024.

*Interest income from loans and advances to customers*

For the year ended December 31, 2024, interest income from loans and advances to customers decreased by 2.1% from RMB8,146.0 million for the year ended December 31, 2023 to RMB7,975.4 million, primarily due to a decrease of 0.34 percentage point in the average yield on loans and advances to customers from 4.26% for the year ended December 31, 2023 to 3.92% for the year ended December 31, 2024, which was partially offset by an increase of 6.3% in the average balance of loans and advances to customers from RMB191,373.4 million for the year ended December 31, 2023 to RMB203,359.1 million for the year ended December 31, 2024. The increase in the average balance of loans and advances to customers was primarily due to the fact that the Group fully leveraged its advantages as a local corporate bank, continuously increased efforts to grant loans, adhered to the fundamental purpose of financial services for the real economy, focused on the major and important issues concerned by the provincial Party Committee and provincial government, vigorously supported the transformation and upgrading of the manufacturing industry and the development of strategic emerging industries, and increased the supply of financial services in areas such as carbon emission reduction, technological innovation and equipment renewal and upgrade, so as to boost the real economy through multi-channel and multi-level financial services to continuously create new business growth directions. The decrease in the average yield on loans and advances to customers was firstly due to a reduction in the rate of new loans to customers as a result of the downward trend in the loan prime rate, and secondly due to a reduction in the discount rate affected by the decline in bill market rate.

*Interest income from financial investments*

For the year ended December 31, 2024, interest income from financial investments decreased by 4.0% from RMB2,416.6 million for the year ended December 31, 2023 to RMB2,319.8 million, primarily due to a decrease of 0.43 percentage point in the average yield of financial investments from 3.29% for the year ended December 31, 2023 to 2.86% for the year ended December 31, 2024, partially offset by an increase of 10.7% in the average balance of financial investments from RMB73,418.3 million for the year ended December 31, 2023 to RMB81,248.5 million for the year ended December 31, 2024. The increase in the average balance of financial investments was primarily due to the Group's initiative to adjust its asset structure and moderately increase the scale of financial investments measured at amortised cost during the asset allocation process. The decrease in the average yield of financial investments was primarily due to the decrease in the yield of the Group's bond measured at amortised cost as a result of the downward trend in the bond market rate.

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

For the year ended December 31, 2024, interest income from placements with banks and other financial institutions increased by 75.8% to RMB504.8 million from RMB287.2 million for the year ended December 31, 2023, primarily because the average balance of placements with banks and other financial institutions increased by 93.2% from RMB8,078.9 million for the year ended December 31, 2023 to RMB15,604.4 million for the year ended December 31, 2024, partially offset by a decrease of 0.32 percentage point in the average yield on placements with banks and other financial institutions from 3.55% for the year ended December 31, 2023 to 3.23% for the year ended December 31, 2024. The increase in the average balance on placements with banks and other financial institutions was primarily due to the fact that the Group adjusted its asset structure and moderately increased the scale of placements with banks and other financial institutions under the premise of maintaining manageable risks after the Group's comprehensive consideration of the income level. The decrease in the average yield on placements with banks and other financial institutions was primarily due to the decline in market interest rates.

*Interest income from financial assets held under resale agreements*

For the year ended December 31, 2024, interest income from financial assets held under resale agreements increased by 23.8% to RMB619.1 million from RMB499.9 million for the year ended December 31, 2023, primarily because the average balance of financial assets held under resale agreements increased by 35.1% from RMB21,617.4 million for the year ended December 31, 2023 to RMB29,203.5 million for the year ended December 31, 2024, partially offset by the decrease of 0.19 percentage point in the average yield of financial assets held under resale agreements from 2.31% for the year ended December 31, 2023 to 2.12% for the year ended December 31, 2024. The increase in the average balance of financial assets held under resale agreements was primarily because the Group increased the volume of financial assets held under resale agreements in accordance with the business development strategy while taking into account both liquidity and efficiency. The decrease in the average yield of financial assets held under resale agreements was primarily due to the decline in market interest rates.

*Interest income from deposits with the central bank*

Interest income from deposits with the central bank increased by 7.2% from RMB225.5 million for the year ended December 31, 2023 to RMB241.7 million for the year ended December 31, 2024, primarily because the average balance of deposits with the central bank increased by 2.9% from RMB16,138.1 million for the year ended December 31, 2023 to RMB16,601.2 million for the year ended December 31, 2024; and the average yield on deposits with the central bank increased by 0.06 percentage point from 1.40% for the year ended December 31, 2023 to 1.46% for the year ended December 31, 2024. The increase in the average balance of deposits with the central bank was primarily due to a corresponding increase in statutory deposit reserves as deposits increased. The increase in the average yield of deposits with the central bank was primarily due to the decrease in the amount and percentage of reserves with relatively lower yields as the Group strengthened the management of reserves.

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

For the year ended December 31, 2024, interest income from deposits with banks and other financial institutions increased by 11.3% to RMB44.2 million from RMB39.7 million for the year ended December 31, 2023, primarily due to the average balance of deposits with banks and other financial institutions increased by 20.1% from RMB1,412.2 million for the year ended December 31, 2023 to RMB1,695.4 million for the year ended December 31, 2024, partially offset by a decrease of 0.20 percentage point in the average yield on deposits with banks and other financial institutions from 2.81% for the year ended December 31, 2023 to 2.61% for the year ended December 31, 2024.

### *3.3.3 Interest expense*

The Group's interest expense increased by 1.9% from RMB7,378.7 million for the year ended December 31, 2023 to RMB7,515.7 million for the year ended December 31, 2024, primarily due to an increase of 7.6% in the average balance of interest-bearing liabilities from RMB303,357.6 million for the year ended December 31, 2023 to RMB326,436.4 million for the year ended December 31, 2024, partially offset by a decrease of 0.13 percentage point in the average cost of interest-bearing liabilities from 2.43% for the year ended December 31, 2023 to 2.30% for the year ended December 31, 2024.

*Interest expense on deposits from customers*

Interest expense on deposits from customers increased by 3.0% from RMB6,364.6 million for the year ended December 31, 2023 to RMB6,553.7 million for the year ended December 31, 2024, primarily due to the fact that the Group has actively innovated products to meet the needs of different customer groups, optimized service processes, improved service efficiency, cooperating with marketing activities which drove the growth of deposit scale. The average balance of deposits from customers increased by 9.1% from RMB260,185.5 million for the year ended December 31, 2023 to RMB283,784.2 million for the year ended December 31, 2024. The average cost of deposits from customers decreased by 0.14 percentage point from 2.45% for the year ended December 31, 2023 to 2.31% for the year ended December 31, 2024. The decrease in the average cost was firstly because that due to the downward trend in the market rate, the Group lowered its nominal interest rate for deposits accordingly to align with market dynamics, and secondly because the Group proactively adjusted its deposit structure, which resulted in a decrease in the proportion of the average balance of certain time deposits with longer term and higher costs.

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

Interest expense on deposits from banks and other financial institutions decreased by 25.0% from RMB1.2 million for the year ended December 31, 2023 to RMB0.9 million for the year ended December 31, 2024, primarily because the average cost of deposits from banks and other financial institutions decreased by 0.58 percentage point from 1.96% for the year ended December 31, 2023 to 1.38% for the year ended December 31, 2024, partially offset by the increase of 6.5% in the average balance of deposits from banks and other financial institutions from RMB61.3 million for the year ended December 31, 2023 to RMB65.3 million for the year ended December 31, 2024.

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

Interest expense on placements from banks and other financial institutions decreased by 76.1% from RMB13.8 million for the year ended December 31, 2023 to RMB3.3 million for the year ended December 31, 2024, primarily because the average balance of placements from banks and other financial institutions decreased by 72.0% from RMB630.7 million for the year ended December 31, 2023 to RMB176.8 million for the year ended December 31, 2024, as well as a decrease of 0.32 percentage point in the average cost of placements from banks and other financial institutions from 2.19% for the year ended December 31, 2023 to 1.87% for the year ended December 31, 2024. The decrease in the average balance of placements from banks and other financial institutions was mainly due to the decrease in demand for short-term funds in line with the Group's liability management. The decrease in the average cost was mainly due to the decline in market interest rates.

*Interest expense on financial assets sold under repurchase agreements*

Interest expense on financial assets sold under repurchase agreements decreased by 20.1% from RMB376.0 million for the year ended December 31, 2023 to RMB300.4 million for the year ended December 31, 2024, primarily due to a decrease of 13.4% in the average balance of financial assets sold under repurchase agreements from RMB18,227.1 million for the year ended December 31, 2023 to RMB15,778.8 million for the year ended December 31, 2024, as well as a decrease of 0.16 percentage point in the average cost of financial assets sold under repurchase agreements from 2.06% for the year ended December 31, 2023 to 1.90% for the year ended December 31, 2024. The decrease in the average balance of financial assets sold under repurchase agreements was mainly because the Group decreased the volume of funds sold under repurchase agreements according to the liquidity and liability management. The decrease in the average cost was mainly due to the decline in market interest rates.

*Interest expense on debt securities issued*

Interest expense on debt securities issued increased by 5.4% from RMB579.6 million for the year ended December 31, 2023 to RMB610.8 million for the year ended December 31, 2024, primarily due to an increase of 9.5% in the average balance of debt securities issued from RMB22,098.7 million for the year ended December 31, 2023 to RMB24,192.2 million for the year ended December 31, 2024, partially offset by a decrease of 0.10 percentage point in the average cost of debt securities issued from 2.62% for the year ended December 31, 2023 to 2.52% for the year ended December 31, 2024. The increase in the average balance of debt securities issued was mainly due to the fact that the Group increased the issuance of interbank deposits according to the liability management needs, and the decrease in the average cost was mainly due to the lower interest rate on issuance of interbank deposits affected by the market interest rates.

*Interest expense on borrowing from the central bank*

Interest expense on borrowing from the central bank increased by 7.1% from RMB43.5 million for the year ended December 31, 2023 to RMB46.6 million for the year ended December 31, 2024, primarily due to an increase of 13.2% in the average balance of borrowing from the central bank from RMB2,154.3 million for the year ended December 31, 2023 to RMB2,439.1 million for the year ended December 31, 2024, partially offset by the decrease of 0.11 percentage point in the average cost from 2.02% for the year ended December 31, 2023 to 1.91% for the year ended December 31, 2024. The increase in the average balance of borrowing from the central bank was mainly due to the Group's increased applications for small enterprises re-lending loans from the central bank.

### *3.3.4 Net fee and commission income*

The following table sets forth the principal components of net fee and commission income of the Group for the years ended December 31, 2023 and 2024.

| | For the year ended December 31, | | | |
|---|---|---|---|---|
| | **2024** | 2023 | Amount change | Rate of change (%) |
| | *(in millions of RMB, except percentages)* | | | |
| **Fee and commission income** | | | | |
| Wealth management business service fees | **290.2** | 204.4 | 85.8 | 42.0 |
| Acceptance and guarantee service fees | **150.5** | 176.0 | (25.5) | (14.5) |
| Bank card service fees | **104.9** | 148.7 | (43.8) | (29.5) |
| Settlement and clearing fees | **86.6** | 219.2 | (132.6) | (60.5) |
| Agency service fees and others | **68.6** | 112.6 | (44.0) | (39.1) |
| **Subtotal** | **700.8** | 860.9 | (160.1) | (18.6) |
| **Fee and commission expense** | | | | |
| Settlement and clearing fees | **(33.4)** | (44.4) | 11.0 | (24.8) |
| Bank card service fees | **(23.7)** | (71.2) | 47.5 | (66.7) |
| Agency service fees and others | **(17.0)** | (42.4) | 25.4 | (59.9) |
| **Subtotal** | **(74.1)** | (158.0) | 83.9 | (53.1) |
| **Net fee and commission income** | **626.7** | 702.9 | (76.2) | (10.8) |

Net fee and commission income decreased by 10.8% from RMB702.9 million for the year ended December 31, 2023 to RMB626.7 million for the year ended December 31, 2024. The fee and commission income decreased by 18.6% from RMB860.9 million for the year ended December 31, 2023 to RMB700.8 million for the year ended December 31, 2024. The decrease in the fee and commission income was primarily due to a year-on-year decrease in the income from settlement and clearing fees, agency service fees, bank card fees and others as a result of the Group's adjustment in the trade finance business model, the decreases in the volume of agency and underwriting business and credit card settlement business, as well as other factors. Leveraging its accurate prediction of market trends and forward-looking layout, the Group actively optimized and adjusted product structure and asset allocation strategy, achieving stable growth in the income of wealth management business service fees.

### *3.3.5 Net trading gains*

Net trading gains of the Group increased from negative RMB78.5 million for the year ended December 31, 2023 to RMB115.2 million for the year ended December 31, 2024, primarily due to the corresponding increase in the gains from fund redemption price spread as the Group actively adjusted asset structure and appropriately redeemed certain mutual funds, as well as affected by market factors.

### *3.3.6 Net gains arising from investment securities*

Net gains arising from investment securities of the Group decreased by 8.1% from RMB887.0 million for the year ended December 31, 2023 to RMB815.0 million for the year ended December 31, 2024, primarily due to the corresponding decrease in fund dividend income as the Group appropriately redeemed certain mutual funds.

### *3.3.7 Operating expenses*

The following table sets forth the principal components of operating expenses of the Group for the years ended December 31, 2023 and 2024.

| | **For the year ended December 31,** | | | |
|---|---|---|---|---|
| | **2024** | 2023 | Amount change | Rate of change (%) |
| | *(in millions of RMB, except percentages)* | | | |
| Staff costs | **1,399.9** | 1,432.4 | (32.5) | (2.3) |
| Depreciation and amortization | **314.4** | 320.2 | (5.8) | (1.8) |
| Taxes and surcharges | **88.4** | 89.0 | (0.6) | (0.7) |
| Rental and property management expenses | **46.0** | 42.6 | 3.4 | 8.0 |
| Other general and administrative expenses[1] | **447.6** | 464.2 | (16.6) | (3.6) |
| **Total operating expenses** | **2,296.3** | 2,348.4 | (52.1) | (2.2) |
| **Cost-to-income ratio[2]** | **38.13%** | 38.94% | | |

*Notes:*

(1) Consist primarily of insurance premiums, electronic equipment operating costs, supervision fees, business marketing expenses and banknote shipping fees.

(2) Calculated by dividing total operating expenses (net of taxes and surcharges) by total operating income.

Operating expenses decreased by 2.2% from RMB2,348.4 million for the year ended December 31, 2023 to RMB2,296.3 million for the year ended December 31, 2024, which was mainly due to the Group's continuous practice of strategic plan of reducing costs and increasing efficiency, which deepened the cost control system, and optimized the resource allocation structure.

*Staff costs*

Staff costs decreased by 2.3% from RMB1,432.4 million for the year ended December 31, 2023 to RMB1,399.9 million for the year ended December 31, 2024. The following table sets forth the main components of staff costs for the periods indicated.

| | **For the year ended December 31,** | | | |
|---|---|---|---|---|
| | **2024** | 2023 | Amount change | Rate of change (%) |
| | *(in millions of RMB, except percentages)* | | | |
| Salaries, bonuses and allowances | **989.3** | 1,011.5 | (22.2) | (2.2) |
| Social insurance and annuity | **248.5** | 257.5 | (9.0) | (3.5) |
| Housing allowances | **79.2** | 81.1 | (1.9) | (2.3) |
| Staff welfare | **55.7** | 55.7 | 0.0 | 0.0 |
| Employee education expenses and labour union expenses | **17.9** | 19.0 | (1.1) | (5.8) |
| Supplementary retirement benefits | **–** | 1.0 | (1.0) | (100.0) |
| Others | **9.3** | 6.6 | 2.7 | 40.9 |
| **Total staff costs** | **1,399.9** | 1,432.4 | (32.5) | (2.3) |

*Depreciation and amortization*

Depreciation and amortization decreased by 1.8% from RMB320.2 million for the year ended December 31, 2023 to RMB314.4 million for the year ended December 31, 2024, which was basically the same as that of last year.

*Taxes and surcharges*

Taxes and surcharges decreased by 0.7% from RMB89.0 million for the year ended December 31, 2023 to RMB88.4 million for the year ended December 31, 2024, which was basically the same as that of last year.

*Rental and property management expenses*

Rental and property management expenses increased by 8.0% from RMB42.6 million for the year ended December 31, 2023 to RMB46.0 million for the year ended December 31, 2024.

*Other general and administrative expenses*

Other general and administrative expenses primarily consisted of insurance premiums, electronic equipment operating costs, supervision fees, business marketing expenses and banknote shipping fees. The Group's other general and administrative expenses decreased by 3.6% from RMB464.2 million for the year ended December 31, 2023 to RMB447.6 million for the year ended December 31, 2024.

### *3.3.8 Impairment losses on credit*

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

| | For the year ended December 31, | | | |
|---|---|---|---|---|
| | **2024** | 2023 | Amount change | Rate of change (%) |
| | *(in millions of RMB, except percentages)* | | | |
| **Impairment losses on credit** | | | | |
| Loans and advances to customers | **1,783.2** | 959.1 | 824.1 | 85.9 |
| Placements with banks and other financial institutions | **40.7** | 20.7 | 20.0 | 96.6 |
| Credit commitments | **14.1** | (29.5) | 43.6 | N/A |
| Deposits with banks and other financial institutions | **3.8** | (0.2) | 4.0 | N/A |
| Financial assets held under resale agreements | **0.2** | 0.0 | 0.2 | N/A |
| Financial investments | **(177.7)** | 474.3 | (652.0) | (137.5) |
| Others | **10.5** | 7.6 | 2.9 | 38.2 |
| **Total** | **1,674.8** | 1,432.0 | 242.8 | 17.0 |

The Group's impairment losses on credit were RMB1,674.8 million for the year ended December 31, 2024, representing an increase of 17.0% from RMB1,432.0 million for the year ended December 31, 2023, primarily due to the fact that the Group increased efforts in the write-offs of NPLs, and increased the provision for an impairment loss of loan assets based on the expected credit loss method model and the prudent, dynamic and objective assessment of future risk exposures, taking into account macro-economic situations, default rates, default probabilities and the Group's actual situation.

### *3.3.9 Income tax expense*

The following table sets forth the reconciliation between the income tax calculated at the statutory income tax rate applicable to the Group's profit before tax and the Group's actual income tax for the periods indicated.

| | For the year ended December 31, | | | |
|---|---|---|---|---|
| | **2024** | 2023 | Amount change | Rate of change (%) |
| | *(in millions of RMB, except percentages)* | | | |
| Profit before tax | **1,818.2** | 2,033.9 | (215.7) | (10.6) |
| Income tax calculated at applicable statutory tax rate of 25% | **454.5** | 508.4 | (53.9) | (10.6) |
| Non-deductible expenses and others | **105.9** | 44.6 | 61.3 | 137.4 |
| Non-taxable income[1] | **(491.7)** | (519.7) | 28.0 | (5.4) |
| **Income tax expense** | **68.7** | 33.3 | 35.4 | 106.3 |

*Note:*

(1) Non-taxable income mainly represents the interest income arising from the PRC government bonds and dividends from domestic funds.

Income tax expense increased by 106.3% from RMB33.3 million for the year ended December 31, 2023 to RMB68.7 million for the year ended December 31, 2024.

## 3.4 Financial Statement Analysis

### *3.4.1 Assets*

The following table sets forth the components of the Group's total assets as of the dates indicated.

| | **As of December 31, 2024** | | As of December 31, 2023 | |
|---|---|---|---|---|
| | **Amount** | **% of total (%)** | Amount | % of total (%) |
| | *(in millions of RMB, except percentages)* | | | |
| Cash and deposits with the central bank | **19,220.8** | **5.1** | 22,260.5 | 6.2 |
| Deposits with banks and other financial institutions | **2,141.1** | **0.6** | 2,356.7 | 0.7 |
| Placements with banks and other financial institutions | **19,486.0** | **5.2** | 13,674.4 | 3.8 |
| Financial assets held under resale agreements | **28,197.9** | **7.5** | 41,514.9 | 11.5 |
| Net loans and advances to customers | **195,103.5** | **51.8** | 185,609.7 | 51.3 |
| Net financial investments | **106,796.2** | **28.4** | 90,815.4 | 25.0 |
| Investment in an associate | **369.8** | **0.1** | 343.6 | 0.1 |
| Property and equipment | **1,230.7** | **0.3** | 1,306.4 | 0.4 |
| Deferred tax assets | **2,514.0** | **0.7** | 2,079.3 | 0.6 |
| Other assets [(1)] | **1,245.5** | **0.3** | 1,344.1 | 0.4 |
| **Total assets** | **376,305.5** | **100.0** | 361,305.0 | 100.0 |

*Note:*

(1) Consist primarily of accounts receivable and temporary payments, intangible assets and right-of-use assets.

The Group's total assets increased by 4.2% from RMB361,305.0 million as of December 31, 2023 to RMB376,305.5 million as of December 31, 2024, primarily because the Group continuously optimized its business structure and increased the scale of credit assets and financial investment in line with the business development of the Group and in accordance with the Group's asset and liability management requirements.

### *Loans and advances to customers*

The following table sets forth the breakdown of the Group's loans by business line as of the dates indicated.

| | **As of December 31, 2024** | | As of December 31, 2023 | |
|---|---|---|---|---|
| | **Amount** | **% of total (%)** | Amount | % of total (%) |
| | *(in millions of RMB, except percentages)* | | | |
| Corporate loans | **127,307.5** | **63.2** | 120,284.4 | 62.8 |
| Personal loans | **34,283.7** | **17.0** | 31,819.7 | 16.6 |
| Discounted bills | **39,822.9** | **19.8** | 39,332.0 | 20.6 |
| **Gross loans and advances to customers** | **201,414.1** | **100.0** | 191,436.1 | 100.0 |
| Interest accrued | **1,012.2** | | 951.9 | |
| Less: Allowance for impairment on loans and advances to customers measured at amortized cost | **(7,322.8)** | | (6,778.3) | |
| **Net loans and advances to customers** | **195,103.5** | | 185,609.7 | |

*Corporate loans*

As of December 31, 2024, the Group's corporate loans amounted to RMB127,307.5 million, representing an increase of 5.8% from RMB120,284.4 million as of December 31, 2023, mainly because the Group closely centered around the key areas, including transformation and development of a resource-based economy in Shanxi Province, pilot projects for comprehensive reform of the energy revolution, ecological protection of the Yellow River basin, continued to enhance the finance matching and basic factor guarantees, supported the industrial transformation with a clear direction, distinctly developed inclusive finance, took more measures to serve the private economy, and introduced more financial resources into key reforms and critical projects in Shanxi Province. In combination with the strategic orientation of the current national economic transformation, as well as market demand and other factors, the Group increased efforts to grant medium- and long-term loans.

The following table sets forth the breakdown of the Group's corporate loans by contract maturity as of the dates indicated.

| | **As of December 31, 2024** | | As of December 31, 2023 | |
|---|---|---|---|---|
| | **Amount** | **% of total (%)** | Amount | % of total (%) |
| | *(in millions of RMB, except percentages)* | | | |
| Short-term loans and advances (one year or less) | **47,927.4** | **37.6** | 48,935.5 | 40.7 |
| Medium– and long-term loans (above one year) | **79,380.1** | **62.4** | 71,348.9 | 59.3 |
| **Total corporate loans** | **127,307.5** | **100.0** | 120,284.4 | 100.0 |

Short-term loans and advances as a percentage of total corporate loans decreased from 40.7% as of December 31, 2023 to 37.6% as of December 31, 2024, while medium– and long-term loans as a percentage of total corporate loans increased from 59.3% as of December 31, 2023 to 62.4% as of December 31, 2024. The percentage change in the aforementioned corporate loan portfolio was mainly due to the fact that in response to the strategic orientation of the current national economic transformation and taking into account market demand and other factors, the Group increased efforts to grant medium– and long-term loans in 2024.

The following table sets forth the distribution of the Group's corporate loans by product type as of the dates indicated.

| | **As of December 31, 2024** | | As of December 31, 2023 | |
|---|---|---|---|---|
| | **Amount** | **% of total (%)** | Amount | % of total (%) |
| | *(in millions of RMB, except percentages)* | | | |
| Working capital loans | **82,572.8** | **64.8** | 75,797.8 | 63.0 |
| Fixed asset loans | **31,684.0** | **24.9** | 33,311.2 | 27.7 |
| Others[1] | **13,050.7** | **10.3** | 11,175.4 | 9.3 |
| **Total corporate loans** | **127,307.5** | **100.0** | 120,284.4 | 100.0 |

*Note:*

(1) Consist primarily of trade financing, syndicated loans, merger and acquisition loans and advances.

*Personal loans*

As of December 31, 2024, the Group's personal loans amounted to RMB34,283.7 million, representing an increase of 7.7% from RMB31,819.7 million as of December 31, 2023, mainly because the Group increased its investment in consumer finance and inclusive finance based on the service purpose of urban commercial banks in Shanxi Province. With the concept of high-quality development alongside digital reform, the Group has gradually established a personal loan product system that integrates both online and offline services, offering a diverse range of financial services experience for residents in Shanxi Province.

| | **As of December 31, 2024** | | As of December 31, 2023 | |
|---|---|---|---|---|
| | **Amount** | **% of total (%)** | Amount | % of total (%) |
| | *(in millions of RMB, except percentages)* | | | |
| Residential mortgage loans | **24,550.3** | **71.6** | 22,983.7 | 72.2 |
| Personal consumption loans | **4,469.1** | **13.0** | 2,938.7 | 9.2 |
| Personal business loans | **1,329.5** | **3.9** | 1,294.6 | 4.1 |
| Credit card balances | **3,934.8** | **11.5** | 4,602.7 | 14.5 |
| **Total personal loans** | **34,283.7** | **100.0** | 31,819.7 | 100.0 |

As of December 31, 2024, residential mortgage loans were RMB24,550.3 million, representing an increase of 6.8% from RMB22,983.7 million as of December 31, 2023, mainly because the Group has steadily expanded its residential mortgage business to actively support residential housing demand and continuously expanded its business channels in first-hand and second-hand home transactions, resulting in steady growth in residential mortgage loans.

As of December 31, 2024, personal consumption loans amounted to RMB4,469.1 million, representing an increase of 52.1% from RMB2,938.7 million as of December 31, 2023, mainly attributable to the fact that the Group has actively pursued the well-being of residents in Shanxi Province by prioritizing customer satisfaction, continuously upgrading products and enhancing online service capabilities. At the same time, the Group has adopted differentiated pricing strategies to reduce the cost of consumer financing, and actively expanded the consumer credit business of credit consumption and mortgage consumption, enabling the rapid growth of the scale of personal business loans.

As of December 31, 2024, personal business loans amounted to RMB1,329.5 million, representing an increase of 2.7% from RMB1,294.6 million as of December 31, 2023, mainly due to the Group's development and vigorous promotion of online individual credit loan products in order to further enhance the efficient and convenient financing experience.

As of December 31, 2024, credit card balances amounted to RMB3,934.8 million, representing a decrease of 14.5% from RMB4,602.7 million as of December 31, 2023, which was primarily due to the fact that during the Reporting Period, on the one hand, in the face of macro-economic volatility and the impact of a weaker-than-expected recovery in consumer demand and an increase in precautionary savings, the overall customer vitality of the credit card industry declined; on the other hand, with the rise of the consumer finance market, various consumer financial products and "credit card-like" products emerged, leading to the segmentation of the youth consumer market and causing a certain impact on credit card consumption.

*Discounted bills*

The balance of discounted bills increased by 1.2% from RMB39,332.0 million as of December 31, 2023 to RMB39,822.9 million as of December 31, 2024, which was primarily due to the Group's adjustment of its asset-liability structure to moderately expanded the scale of discounted bills business.

***Financial investments***

As of December 31, 2024, the Group's net financial investments (mainly consisting of debt securities investment and special purpose vehicles ("**SPV**") investment) amounted to RMB106,796.2 million, representing an increase of 17.6% from RMB90,815.4 million as of December 31, 2023, which was primarily due to the fact that the Group has appropriately increased the scale of investment in bonds and funds on the basis of ensuring that the liquidity risk is controllable.

The following table sets forth the classification of the Group's financial investments, based on its business model and cash flow characteristics, as of December 31, 2023 and December 31, 2024.

| | **As of December 31, 2024** | | As of December 31, 2023 | |
|---|---|---|---|---|
| | **Amount** | **% of total (%)** | Amount | % of total (%) |
| | *(in millions of RMB, except percentages)* | | | |
| Financial investments measured at amortized cost | **78,409.2** | **73.0** | 75,117.9 | 82.0 |
| Financial investments measured at fair value through other comprehensive income | **6,751.5** | **6.3** | 4,731.0 | 5.2 |
| Financial investments measured at fair value through profit or loss | **22,212.9** | **20.7** | 11,731.8 | 12.8 |
| **Total financial investments** | **107,373.6** | **100.0** | 91,580.7 | 100.0 |
| Interest accrued | **1,068.1** | | 1,056.9 | |
| Less: allowance for impairment losses | **(1,645.5)** | | (1,822.2) | |
| **Net financial investments** | **106,796.2** | | 90,815.4 | |

*Debt Securities Investment*

The following table sets forth the components of the Group's debt securities investment by issuer as of December 31, 2023 and December 31, 2024.

| | **As of December 31, 2024** | | As of December 31, 2023 | |
|---|---|---|---|---|
| | **Amount** | **% of total (%)** | Amount | % of total (%) |
| | *(in millions of RMB, except percentages)* | | | |
| Debt securities issued by the PRC government | **56,839.2** | **72.9** | 49,788.7 | 69.6 |
| Debt securities issued by policy banks | **15,160.9** | **19.4** | 15,228.8 | 21.2 |
| Debt securities issued by commercial banks and other financial institutions | **5,046.9** | **6.5** | 5,357.0 | 7.5 |
| Debt securities issued by corporates | **945.5** | **1.2** | 1,187.1 | 1.7 |
| **Total debt securities investment** | **77,992.5** | **100.0** | 71,561.6 | 100.0 |

The Group's investment in debt securities issued by the PRC government increased by 14.2% from RMB49,788.7 million as of December 31, 2023 to RMB56,839.2 million as of December 31, 2024, which was primarily because the Group increased allocation in debt securities issued by the PRC government as a result of the optimisation of the structure of its assets.

The Group's investment in debt securities issued by policy banks decreased by 0.4% from RMB15,228.8 million as of December 31, 2023 to RMB15,160.9 million as of December 31, 2024, which was basically the same as that of the end of last year.

The Group's investment in debt securities issued by commercial banks and other financial institutions decreased by 5.8% from RMB5,357.0 million as of December 31, 2023 to RMB5,046.9 million as of December 31, 2024, primarily due to the fact that the Group did not renew debt securities issued by commercial banks and other financial institutions after maturity upon the comprehensive consideration of market conditions and the structure of assets and liabilities within the Bank.

The Group's investment in debt securities issued by corporates decreased by 20.4% from RMB1,187.1 million as of December 31, 2023 to RMB945.5 million as of December 31, 2024, primarily due to the fact that the Group did not renew debt securities issued by enterprises after maturity upon the comprehensive consideration of market conditions and the structure of assets within the Bank.

*SPV investment*

The following table sets forth the distribution of the Group's SPV investment by product type as of December 31, 2023 and December 31, 2024.

| | **As of December 31, 2024** | | As of December 31, 2023 | |
|---|---|---|---|---|
| | **Amount** | **% of total (%)** | Amount | % of total (%) |
| | *(in millions of RMB, except percentages)* | | | |
| Trust plans | **718.5** | **3.3** | 854.8 | 8.4 |
| Asset management plans | **710.3** | **3.3** | 1,231.4 | 12.2 |
| Funds | **20,366.1** | **93.4** | 8,062.7 | 79.4 |
| **Total SPV investment** | **21,794.9** | **100.0** | 10,148.9 | 100.0 |

As of December 31, 2024, the total SPV investment increased from RMB10,148.9 million as of December 31, 2023 to RMB21,794.9 million, which was mainly because the Group has appropriately increased the scale of the investment in mutual funds, taking into account the market situation and the need for income and liquidity management.

### *Other Components of the Group's Assets*

The following table sets forth the composition of the Group's other components of assets as of December 31, 2023 and December 31, 2024:

| | **As of December 31, 2024** | | As of December 31, 2023 | |
|---|---|---|---|---|
| | **Amount** | **% of total (%)** | Amount | % of total (%) |
| | *(in millions of RMB, except percentages)* | | | |
| Cash and deposits with the central bank | **19,220.8** | **25.8** | 22,260.5 | 26.2 |
| Deposits with banks and other financial institutions | **2,141.1** | **2.9** | 2,356.7 | 2.8 |
| Placements with banks and other financial institutions | **19,486.0** | **26.2** | 13,674.4 | 16.1 |
| Financial assets held under resale agreements | **28,197.9** | **37.8** | 41,514.9 | 48.9 |
| Investment in associate | **369.8** | **0.5** | 343.6 | 0.4 |
| Property and equipment | **1,230.7** | **1.7** | 1,306.4 | 1.5 |
| Deferred income tax assets | **2,514.0** | **3.4** | 2,079.3 | 2.5 |
| Other assets[1] | **1,245.5** | **1.7** | 1,344.1 | 1.6 |
| **Total other components of assets** | **74,405.8** | **100.0** | 84,879.9 | 100.0 |

*Note:*

(1) Consist primarily of accounts receivable and temporary payments, intangible assets and right-of-use assets.

As of December 31, 2024, total other components of assets decreased by 12.3% to RMB74,405.8 million from RMB84,879.9 million as of December 31, 2023, which was mainly due to the Group's continuous optimization of its asset-liability structure, which resulted in a reduction in the scale of financial assets held under resale agreements as well as cash and deposits with the central bank, partially offset by the increase in the scale of placements with banks and other financial institutions.

### *3.4.2 Liabilities*

The following table sets forth the components of the Group's total liabilities as of the dates indicated.

| | **As of December 31, 2024** | | As of December 31, 2023 | |
|---|---|---|---|---|
| | **Amount** | **% of total (%)** | Amount | % of total (%) |
| | *(in millions of RMB, except percentages)* | | | |
| Borrowing from the central bank | **2,821.6** | **0.8** | 1,726.2 | 0.5 |
| Deposits from banks and other financial institutions | **49.8** | **0.0** | 46.9 | 0.0 |
| Financial assets sold under repurchase agreements | **10,343.4** | **3.0** | 22,078.7 | 6.6 |
| Deposits from customers | **310,327.9** | **89.1** | 288,250.4 | 85.6 |
| Income tax payable | **453.2** | **0.1** | 322.4 | 0.1 |
| Debt securities issued[(1)] | **21,954.1** | **6.3** | 21,825.9 | 6.5 |
| Other liabilities[(2)] | **2,327.2** | **0.7** | 2,241.7 | 0.7 |
| **Total liabilities** | **348,277.2** | **100.0** | 336,492.2 | 100.0 |

*Notes:*

(1) Consist of interbank deposits and tier-two capital debts.

(2) Consist primarily of employee compensation payable, accounts payable in the process of clearance and settlement, provisions, lease liabilities and other taxes payable.

As of December 31, 2024, the Group's total liabilities amounted to RMB348,277.2 million, representing an increase of 3.5% from RMB336,492.2 million as of December 31, 2023, mainly due to the steady growth of the deposit scale which led to an increase in total liabilities.

*Deposits from customers*

As of December 31, 2024, the Group's deposits from customers amounted to RMB310,327.9 million, representing an increase of 7.7% from RMB288,250.4 million as of December 31, 2023. The increase in deposits from customers was mainly due to the fact that the Group continued to strengthen its marketing expansion, improved customer service experience to facilitate the steady increase in the scale of deposits.

The following table sets forth the distribution of the Group's deposits from customers by product type and term structure of deposits as of December 31, 2023 and December 31, 2024.

| | **As of December 31, 2024** | | As of December 31, 2023 | |
|---|---|---|---|---|
| | **Amount** | **% of total (%)** | Amount | % of total (%) |
| | *(in millions of RMB, except percentages)* | | | |
| **Corporate deposits** | | | | |
| Demand | **49,483.5** | **16.4** | 57,557.2 | 20.5 |
| Time | **76,309.9** | **25.4** | 70,109.4 | 24.9 |
| Subtotal | **125,793.4** | **41.8** | 127,666.6 | 45.4 |
| **Personal deposits** | | | | |
| Demand | **15,104.8** | **5.0** | 14,452.6 | 5.1 |
| Time | **142,677.2** | **47.4** | 119,395.0 | 42.5 |
| Subtotal | **157,782.0** | **52.4** | 133,847.6 | 47.6 |
| **Others**[1] | **17,287.7** | **5.8** | 19,567.8 | 7.0 |
| **Total** | **300,863.1** | **100.0** | 281,082.0 | 100.0 |
| Interest accrued | **9,464.8** | | 7,168.4 | |
| **Deposits from customers** | **310,327.9** | | 288,250.4 | |

*Note:*

(1) Consist primarily of pledged deposits, inward and outward remittances and fiscal deposits.

*Debt securities issued*

As of December 31, 2024, debt securities issued amounted to RMB21,954.1 million, representing an increase of 0.6% from RMB21,825.9 million as of December 31, 2023, and the scale of debt securities issued was basically the same as that of the end of last year.

*Financial assets sold under repurchase agreements*

As of December 31, 2024, financial assets sold under repurchase agreements amounted to RMB10,343.4 million, representing a decrease of 53.2% from RMB22,078.7 million as of December 31, 2023, primarily because the Group has further strengthened the quality management of its liabilities and proactively adjusted its debt structure to reduce its market financing liabilities while the deposit scale steadily increased.

### *3.4.3 Equity*

The following table sets forth the components of the Group's equity as of the dates indicated.

| | **As of December 31, 2024** | | As of December 31, 2023 | |
|---|---|---|---|---|
| | **Amount** | **% of total (%)** | Amount | % of total (%) |
| | *(in millions of RMB, except percentages)* | | | |
| Share capital | **5,838.7** | **20.8** | 5,838.7 | 23.5 |
| Other equity instruments | **2,000.0** | **7.1** | – | – |
| Capital reserve | **6,626.6** | **23.7** | 6,627.6 | 26.7 |
| Surplus reserve | **5,239.3** | **18.7** | 4,361.3 | 17.6 |
| General reserve | **4,231.8** | **15.1** | 4,228.1 | 17.0 |
| Fair value reserve | **(19.3)** | **(0.1)** | (42.6) | (0.2) |
| Impairment reserve | **3.5** | **0.0** | 3.5 | 0.0 |
| Deficit on remeasurement of net defined benefit liability | **(6.9)** | **0.0** | (5.3) | (0.0) |
| Retained earnings | **4,104.0** | **14.6** | 3,785.3 | 15.3 |
| Equity attributable to equity holders of the Bank | **28,017.7** | **99.9** | 24,796.6 | 99.9 |
| Non-controlling interests | **10.6** | **0.1** | 16.2 | 0.1 |
| **Total equity** | **28,028.3** | **100.0** | 24,812.8 | 100.0 |

As of December 31, 2024, the total equity of the Group amounted to RMB28,028.3 million, representing an increase of 13.0% from RMB24,812.8 million as of December 31, 2023. As of the same date, the equity attributable to equity holders of the Bank amounted to RMB28,017.7 million, representing an increase of 13.0% from RMB24,796.6 million as of December 31, 2023. The increase in equity was mainly attributable to the Group issuance of undated capital bonds to replenish capital and the increase in retained earnings from the realization of net profit, which was partially offset by the distribution of dividends during the Reporting Period. For the year ended December 31, 2024, the Group realized a net profit of RMB1,749.5 million; according to the 2023 profit appropriation plan approved at the general meeting, cash dividends of RMB583.9 million were distributed to all shareholders of the Bank (the "**Shareholders**").

### 3.5 Off-balance Sheet Items Analysis

The following table sets forth the contractual amounts of the Group's off-balance sheet commitments as of December 31, 2023 and December 31, 2024.

| | **As of December 31, 2024** | As of December 31, 2023 |
|---|---|---|
| | *(in millions of RMB)* | |
| Loan commitments | **8,478.1** | 8,803.2 |
| Credit card commitments | **5,619.0** | 6,724.9 |
| Bank acceptances | **36,541.8** | 44,684.7 |
| Letters of credit | **8,053.6** | 9,552.6 |
| Letters of guarantee | **165.1** | 109.7 |
| Capital commitments | **66.6** | 19.4 |
| **Total off-balance sheet commitments** | **58,924.2** | 69,894.5 |

As of December 31, 2024, the Group's total off-balance sheet commitments amounted to RMB58,924.2 million, representing a decrease of 15.7% from RMB69,894.5 million as of December 31, 2023, mainly due to the decreases of RMB8,142.9 million, RMB1,499.0 million and RMB1,105.9 million in bank acceptances, letters of credit and credit card commitments respectively as compared to the end of the previous year.

## 3.6 Asset Quality Analysis

***Distribution of loans by the five-category loan classification***

The following table sets forth the distribution of the Group's loans by the five-category loan classification as of December 31, 2023 and 2024. According to the current guidelines of risk-based classification of loans, NPLs are classified as substandard, doubtful and loss.

| | **As of December 31, 2024** | | As of December 31, 2023 | |
|---|---|---|---|---|
| | **Amount** | **% of total (%)** | Amount | % of total (%) |
| | *(in millions of RMB, except percentages)* | | | |
| Normal | **188,667.2** | **93.6** | 180,926.1 | 94.5 |
| Special Mention | **9,181.2** | **4.6** | 7,097.7 | 3.7 |
| **Subtotal** | **197,848.4** | **98.2** | 188,023.8 | 98.2 |
| Substandard | **1,820.9** | **0.9** | 867.5 | 0.4 |
| Doubtful | **817.7** | **0.4** | 1,667.5 | 0.9 |
| Loss | **927.1** | **0.5** | 877.3 | 0.5 |
| **Subtotal** | **3,565.7** | **1.8** | 3,412.3 | 1.8 |
| **Gross loans and advances to customers** | **201,414.1** | **100.0** | 191,436.1 | 100.0 |
| **NPL ratio[1]** | | **1.77** | | 1.78 |

*Note:*

(1) Calculated by dividing total NPLs by gross loans and advances to customers.

As of December 31, 2024, according to the five-category loan classification, the Group's normal loans amounted to RMB188,667.2 million, representing an increase of RMB7,741.1 million from that as of December 31, 2023, accounting for 93.6% of the gross loans and advances to customers. Special mention loans amounted to RMB9,181.2 million, representing an increase of RMB2,083.5 million from that as of December 31, 2023, accounting for 4.6% of the gross loans and advances to customers. NPLs amounted to RMB3,565.7 million, representing an increase of RMB153.4 million from that as of December 31, 2023. The NPL ratio was 1.77%, representing a decrease of 0.01 percentage point from that as of December 31, 2023. The increase in special mention loans was mainly attributable to the temporary difficulties in the operation of certain of the loan customers from the mining industry affected by policy factors; the increase in total NPLs was mainly due to the weak operation of the coal and coking market impacted by the slowdown in regional economic growth, resulting in the defaults on the loans from certain of the Group's coal mining enterprises customers and coking enterprises customers.

***Distribution of loans by collateral***

The following table sets forth the distribution of the Group's loans and advances to customers by types of collateral as of December 31, 2023 and 2024.

| | **As of December 31, 2024** | | As of December 31, 2023 | |
|---|---|---|---|---|
| | **Amount** | **% of total (%)** | Amount | % of total (%) |
| | *(in millions of RMB, except percentages)* | | | |
| Pledged loans[1] | **50,684.1** | **25.2** | 50,239.1 | 26.2 |
| Collateralized loans[1] | **32,090.4** | **15.9** | 29,073.5 | 15.2 |
| Guaranteed loans[1] | **82,190.5** | **40.8** | 85,809.1 | 44.8 |
| Unsecured loans | **36,449.1** | **18.1** | 26,314.4 | 13.8 |
| **Gross loans and advances to customers** | **201,414.1** | **100.0** | 191,436.1 | 100.0 |

*Note:*

(1) Represent the total amount of loans fully or partially secured by collateral, pledges or guarantees in each category. If a loan is secured by more than one form of security interest, the categorization is based on the primary form of security interest.

### *Distribution of corporate loans by industry*

The following table sets forth the distribution of the Group's corporate loans by industry as of the dates indicated.

| | **As of December 31, 2024** | | As of December 31, 2023 | |
|---|---|---|---|---|
| | **Amount** | **% of total (%)** | Amount | % of total (%) |
| | *(in millions of RMB, except percentages)* | | | |
| Manufacturing | **39,910.9** | **31.4** | 43,960.9 | 36.6 |
| Mining | **27,366.4** | **21.5** | 23,610.6 | 19.6 |
| Wholesale and retail | **12,753.3** | **10.0** | 10,089.9 | 8.4 |
| Leasing and business services | **10,789.9** | **8.5** | 8,985.8 | 7.5 |
| Real estate | **8,713.7** | **6.8** | 8,469.3 | 7.0 |
| Construction | **8,459.6** | **6.6** | 6,942.4 | 5.8 |
| Electricity, heating, gas and water production and supply | **7,100.7** | **5.6** | 5,081.7 | 4.2 |
| Water, environment and public utility management | **3,673.6** | **2.9** | 3,595.4 | 3.0 |
| Transportation, storage and postal services | **3,148.4** | **2.5** | 3,043.9 | 2.5 |
| Finance | **1,572.5** | **1.2** | 2,841.4 | 2.4 |
| Lodging and catering | **367.6** | **0.3** | 591.2 | 0.5 |
| Education | **168.3** | **0.1** | 138.0 | 0.1 |
| Agriculture, forestry, animal husbandry and fishery | **82.0** | **0.1** | 154.6 | 0.1 |
| Others[1] | **3,200.6** | **2.5** | 2,779.3 | 2.3 |
| **Total corporate loans** | **127,307.5** | **100.0** | 120,284.4 | 100.0 |

*Note:*

(1) Consist primarily of the following industries: (i) scientific research and technical services, (ii) information transmission, software and information technology services, (iii) health and social works, (iv) culture, sports and entertainment, and (v) resident services, maintenance and other services.

For the year ended December 31, 2024, the Group further optimized its credit structure and actively supported the development of the real economy. As of December 31, 2024, the Group's five major components of corporate loans were offered to customers in the following industries: manufacturing, mining, wholesale and retail, leasing and business services and real estate, and the total loans to corporate customers in the top five industries amounted to RMB99,534.2 million, accounting for 78.2% of the total corporate loans and advances to customers granted by the Group.

***Distribution of non-performing corporate loans by industry***

The following table sets forth the distribution of the Group's NPLs to corporate customers by industry as of the dates indicated.

| | **As of December 31, 2024** | | | As of December 31, 2023 | | |
|---|---|---|---|---|---|---|
| | **Amount** | **% of total (%)** | **NPL ratio[1] (%)** | Amount | % of total (%) | NPL ratio[1] (%) |
| | *(in millions of RMB, except percentages)* | | | | | |
| Manufacturing | **1,127.9** | **40.5** | **2.83** | 327.9 | 12.6 | 0.75 |
| Leasing and business services | **577.0** | **20.7** | **5.35** | 602.8 | 23.2 | 6.71 |
| Mining | **431.0** | **15.5** | **1.57** | – | – | – |
| Wholesale and retail | **290.6** | **10.4** | **2.28** | 454.1 | 17.4 | 4.50 |
| Construction | **276.7** | **9.9** | **3.27** | 280.2 | 10.8 | 4.04 |
| Real estate | **31.5** | **1.1** | **0.36** | 894.0 | 34.3 | 10.56 |
| Agriculture, forestry, animal husbandry and fishery | **8.7** | **0.3** | **10.61** | 8.7 | 0.3 | 5.63 |
| Education | **5.6** | **0.2** | **3.33** | 5.6 | 0.2 | 4.06 |
| Lodging and catering | **5.6** | **0.2** | **1.52** | 11.4 | 0.4 | 1.93 |
| Transportation, storage and postal services | **5.6** | **0.2** | **0.18** | 3.9 | 0.1 | 0.13 |
| Water, environment and public utility management | **2.6** | **0.1** | **0.07** | 1.5 | 0.1 | 0.04 |
| Others[2] | **21.7** | **0.9** | **0.68** | 12.6 | 0.6 | 0.45 |
| **Total non-performing corporate loans** | **2,784.5** | **100.0** | **2.19** | 2,602.7 | 100.0 | 2.16 |

*Notes:*

(1) Calculated by dividing NPLs to corporate customers in each industry by gross loans to corporate customers in that industry.

(2) Consist primarily of the following industries: (i) health and social work, (ii) culture, sports and entertainment, (iii) resident services, maintenance and other services, (iv) information transmission, software and information technology services, and (v) scientific research and technical services.

As of December 31, 2024, the Group's non-performing corporate loans were mainly from manufacturing, leasing and business services, mining industry.

As of December 31, 2023 and December 31, 2024, the NPL ratios for corporate loans to the manufacturing industry were 0.75% and 2.83%, respectively; non-performing corporate loans to borrowers in such industry accounted for 12.6% and 40.5% of the total non-performing corporate loans, respectively; the balance of non-performing corporate loans to the manufacturing industry increased from RMB327.9 million as of December 31, 2023 to RMB1,127.9 million as of December 31, 2024. The increase in the balance of NPL and the NPL ratio in the industry was mainly attributable to the difficulties in the operation of certain of the Group's coking enterprises customers due to the impact of the market changes and internal mismanagement, which resulted in loan defaults.

As of December 31, 2023 and December 31, 2024, the NPL ratio for corporate loans in the leasing and business services industry was 6.71% and 5.35%, respectively. Non-performing corporate loans to borrowers in such industry accounted for 23.2% and 20.7% of the total non-performing corporate loans, respectively. The balance of non-performing corporate loans to the leasing and business services industry decreased from RMB602.8 million as of December 31, 2023 to RMB577.0 million as of December 31, 2024, mainly due to these certain enterprises have sufficient guarantee measures in the Group, and the Group has taken various measures to continuously promote the collection and disposal, so that a downward trend has shown in such balance of NPLs and the NPL ratio.

As of December 31, 2023 and December 31, 2024, the NPL ratio for corporate loans in mining industry was 0.0% and 1.57%, respectively, and non-performing corporate loans to borrowers in such industry accounted for 0.0% and 15.5% of the total non-performing corporate loans, respectively, and the non-performing balance of corporate loans in mining industry increased from RMB0.0 million as of December 31, 2023 to RMB431.0 million as of December 31, 2024, mainly due to the slowdown in demand in the coal market and the decline in coal prices, as well as the failure of some enterprises' operations and management to adapt to market changes, resulting in business decline, financial difficulties and loan defaults.

In addition, the Group continued to increase its efforts to collect and dispose of NPLs in real estate in 2024, and NPLs in real estate decreased significantly, with the balance of NPLs significantly decreasing from RMB894.0 million as of December 31, 2023 to RMB31.5 million as of December 31, 2024. The NPL ratio decreased by 10.20 percentage points from 10.56% as of December 31, 2023 to 0.36% as of December 31, 2024.

### *Distribution of NPLs by product type*

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

| | **As of December 31, 2024** | | | As of December 31, 2023 | | |
|---|---|---|---|---|---|---|
| | **Amount** | **% of total (%)** | **NPL ratio[1] (%)** | Amount | % of total (%) | NPL ratio[1] (%) |
| | *(in millions of RMB, except percentages)* | | | | | |
| Corporate loans | **2,784.5** | **78.1** | **2.19** | 2,602.7 | 76.3 | 2.16 |
| Personal loans | **781.2** | **21.9** | **2.28** | 809.6 | 23.7 | 2.54 |
| **Total NPLs** | **3,565.7** | **100.0** | **1.77** | 3,412.3 | 100.0 | 1.78 |

*Notes:*

(1) Calculated by dividing NPLs in each product type by gross loans and advances to customers in that product type.

The NPL ratio for corporate loans increased from 2.16% as of December 31, 2023 to 2.19% as of December 31, 2024, while the balance of non-performing corporate loans increased from RMB2,602.7 million as of December 31, 2023 to RMB2,784.5 million as of December 31, 2024. The increase in the balance of non-performing corporate loans was caused by the defaults of certain of the Group's coal and coking enterprise customers' loans as a result of the internal mismanagement of such coal and coking enterprises, which failed to adapt to market changes, affected by the decrease in the price of the coal and coking products, which was affected by the change in the coal and coking market.

The NPL ratio for personal loans decreased from 2.54% as of December 31, 2023 to 2.28% as of December 31, 2024, and the balance of NPLs for personal loans decreased from RMB809.6 million as of December 31, 2023 to RMB781.2 million as of December 31, 2024. The decrease in the balance of NPLs for personal loans was due to the fact that the Group continued to intensify and accelerate the collection and disposal by means of the combination of various disposal measures, such as direct collection, judicial collection and write-off of bad debts, thus certain of the balance of NPLs and the NPL ratio constantly decreased.

### *Distribution of NPLs by geographical region*

The following table sets forth the distribution of the Group's NPLs by geographical region as of December 31, 2023 and 2024.

| | **As of December 31, 2024** | | | As of December 31, 2023 | | |
|---|---|---|---|---|---|---|
| | **Amount** | **% of total (%)** | **NPL ratio[1] (%)** | Amount | % of total (%) | NPL ratio[1] (%) |
| | *(in millions of RMB, except percentages)* | | | | | |
| Taiyuan | **2,358.0** | **66.1** | **1.96** | 2,446.4 | 71.7 | 2.06 |
| Outside Taiyuan | **1,207.7** | **33.9** | **1.49** | 965.9 | 28.3 | 1.33 |
| **Total NPLs** | **3,565.7** | **100.0** | **1.77** | 3,412.3 | 100.0 | 1.78 |

*Note:*

(1) Calculated by dividing NPLs in each region by gross loans and advances to customers in that region.

### *Borrowers concentration*

*Loans to the ten largest single borrowers*

In accordance with applicable PRC Banking Industry guidelines, the Group is subject to a lending limit of 10% of its net capital base to any single borrower. As of December 31, 2024, the Group's loans to the largest single borrower accounted for 6.0% of the Group's net capital base, which was in compliance with regulatory requirements.

The following table sets forth the Group's loan balance to the ten largest single borrowers as of the date indicated.

| | Industry | As of December 31, 2024<br>Amount | % of total loans (%) | % of net capital base[1] (%) | Classification |
|---|---|---|---|---|---|
| | | *(in millions of RMB, except percentages)* | | | |
| Borrower A | Manufacturing | **1,947.1** | **1.0** | **6.0** | Normal |
| Borrower B | Construction | **1,887.0** | **0.9** | **5.8** | Normal |
| Borrower C | Manufacturing | **1,852.1** | **0.9** | **5.7** | Normal |
| Borrower D | Manufacturing | **1,711.2** | **0.9** | **5.3** | Normal |
| Borrower E | Manufacturing | **1,686.0** | **0.8** | **5.2** | Normal |
| Borrower F | Manufacturing | **1,528.6** | **0.8** | **4.7** | Normal |
| Borrower G | Manufacturing | **1,506.8** | **0.8** | **4.7** | Normal |
| Borrower H | Leasing and business services | **1,492.0** | **0.7** | **4.6** | Normal |
| Borrower I | Manufacturing | **1,489.2** | **0.7** | **4.6** | Normal |
| Borrower J | Manufacturing | **1,475.0** | **0.7** | **4.6** | Normal |
| **Total** | | **16,575.0** | **8.2** | **51.2** | |

*Note:*

(1) Represents loan balances as a percentage of the net capital base. The net capital base is calculated in accordance with the requirements of the Capital Administrative Measures for Commercial Banks and based on the financial statements prepared in accordance with the PRC Generally Accepted Accounting Principles.

As of December 31, 2024, the balance of the Group's loans to the largest single borrower amounted to RMB1,947.1 million, accounting for 1.0% of the gross loans and advances to customers; the total loans to the ten largest single borrowers amounted to RMB16,575.0 million, accounting for 8.2% of the gross loans and advances to customers.

### ***Loan aging schedule***

The following table sets forth the Group's loan aging schedule as of the dates indicated.

| | **As of December 31, 2024** | | As of December 31, 2023 | |
|---|---|---|---|---|
| | **Amount** | **% of total (%)** | Amount | % of total (%) |
| | *(in millions of RMB, except percentages)* | | | |
| Current loan | **197,933.5** | **98.3** | 187,445.4 | 97.9 |
| Loans past due for | | | | |
| Up to 3 months[(1)] | **1,472.3** | **0.7** | 950.6 | 0.5 |
| Over 3 months up to 6 months[(1)] | **152.0** | **0.1** | 115.6 | 0.1 |
| Over 6 months up to 1 year[(1)] | **260.6** | **0.1** | 211.8 | 0.1 |
| Over 1 year up to 3 years[(1)] | **829.9** | **0.4** | 2,363.5 | 1.2 |
| Over 3 years[(1)] | **765.8** | **0.4** | 349.2 | 0.2 |
| **Subtotal** | **3,480.6** | **1.7** | 3,990.7 | 2.1 |
| **Gross loans and advances to customers** | **201,414.1** | **100.0** | 191,436.1 | 100.0 |

*Note:*

(1) Represents the principal amount of loans with principal or interest overdue as of the dates indicated.

### ***Changes to allowance for impairment losses***

Allowance for impairment losses on loans to customers increased by 8.0% from RMB6,780.7 million as of January 1, 2024 to RMB7,326.1 million as of December 31, 2024, mainly due to the fact that the Group increased the loans to customers, and increased the provision for an impairment loss of loan assets based on the expected credit loss method model and the prudent, dynamic and objective assessment of future risk exposures, taking into account macro-economic situations, default rates, default probabilities and the Group's actual situation.

| | As of December 31, 2024 Amount | As of December 31, 2023 Amount |
|---|---|---|
| | *(in millions of RMB)* | |
| **Beginning of the period (January 1)** | **6,780.7**(1) | 5,938.0(3) |
| Charge for the period | **1,783.2** | 959.1 |
| Transfer out | **–** | (39.8) |
| Recoveries | **11.9** | 5.2 |
| Write-offs | **(1,158.0)** | – |
| Other changes | **(91.7)** | (81.8) |
| **End of the period** | **7,326.1**(2) | 6,780.7 |

*Notes:*

(1) Includes (i) allowance for impairment losses on the loans and advances to customers measured at amortized cost which amounted to RMB6,778.3 million; and (ii) allowance for impairment losses on the loans and advances measured at fair value through other comprehensive income which amounted to RMB2.4 million.

(2) Includes (i) allowance for impairment losses on the loans and advances to customers measured at amortized cost which amounted to RMB7,322.8 million; and (ii) allowance for impairment losses on the loans and advances measured at fair value through other comprehensive income which amounted to RMB3.3 million.

(3) Includes (i) allowance for impairment losses on the loans and advances to customers measured at amortized cost which amounted to RMB5,920.2 million; and (ii) allowance for impairment losses on the loans and advances measured at fair value through other comprehensive income which amounted to RMB17.8 million.

### 3.7 Geographical Segments Report

In presenting information by geographical segments, operating income is gathered according to the locations of the branches or subsidiaries that generated the income. For the purpose of presentation, the Group categorizes such information by geographic regions.

The following table sets forth the total operating income of each geographical region for the periods indicated.

| | **For the year ended December 31,** | | | |
|---|---|---|---|---|
| | **2024** | | 2023 | |
| | **Amount** | **% of total (%)** | Amount | % of total (%) |
| | *(in millions of RMB, except percentages)* | | | |
| Taiyuan | **4,208.3** | **72.7** | 4,378.4 | 75.5 |
| Outside Taiyuan | **1,582.8** | **27.3** | 1,423.8 | 24.5 |
| **Total operating income** | **5,791.1** | **100.0** | 5,802.2 | 100.0 |

### 3.8 Capital Adequacy Ratio and Leverage Ratio Analysis

The Group is subject to capital adequacy requirements as promulgated by National Financial Regulatory Administration. The following table sets forth, as of the dates indicated, relevant information relating to the Group's capital adequacy ratio.

| | As of December 31, 2024[1] | As of December 31, 2023[2] |
|---|---|---|
| | *(in millions of RMB, except percentages)* | |
| **Core tier-one capital** | | |
| —Share capital | **5,838.7** | 5,838.7 |
| —Qualifying portion of capital reserve | **6,626.6** | 6,627.6 |
| —Surplus reserve | **5,239.3** | 4,361.3 |
| —General reserve | **4,231.8** | 4,228.1 |
| —Other comprehensive income | **(22.7)** | (44.4) |
| —Retained earnings | **4,104.0** | 3,785.3 |
| —Qualifying portion of non-controlling interests | **7.8** | 6.0 |
| **Total core tier-one capital** | **26,025.5** | 24,802.6 |
| **Core tier-one capital deductions** | **(346.0)** | (344.3) |
| **Net core tier-one capital** | **25,679.5** | 24,458.3 |
| Other tier-one capital | **2,001.0** | 0.8 |
| Net tier-one capital | **27,680.5** | 24,459.1 |
| Tier-two capital | **4,711.2** | 4,463.9 |
| **Net capital base** | **32,391.7** | 28,923.0 |
| **Total risk-weighted assets** | **252,347.1** | 219,585.9 |
| **Core tier-one capital adequacy ratio (%)** | **10.18** | 11.14 |
| **Tier-one capital adequacy ratio (%)** | **10.97** | 11.14 |
| **Capital adequacy ratio (%)** | **12.84** | 13.17 |

*Notes:*

(1) The relevant information on the Group's capital adequacy ratio as of December 31, 2024 is calculated in accordance with the Capital Administrative Measures for Commercial Banks (《商業銀行資本管理辦法》) issued by National Financial Regulatory Administration with effect from January 2024 and the PRC Generally Accepted Accounting Principles.

(2) The relevant information on the Group's capital adequacy ratio as of December 31, 2023 is calculated in accordance with the Capital Administrative Measures for Commercial Banks (Provisional) (《商業銀行資本管理辦法(試行)》) issued by the former CBIRC and the PRC Generally Accepted Accounting Principles.

As of December 31, 2024, the Group's capital adequacy ratio was 12.84%, down by 0.33 percentage point from the end of 2023; the tier-one capital adequacy ratio was 10.97%, down by 0.17 percentage point from the end of 2023; core tier-one capital adequacy ratio was 10.18%, down by 0.96 percentage point from the end of 2023. The above changes were mainly attributable to the Group's capital replenishment growth rate being lower than that of risk-weighted assets for the year.

As of December 31, 2024, the Group's leverage ratio was 6.57%, representing an increase of 0.65 percentage point from 5.92% as of December 31, 2023. Pursuant to the Capital Administrative Measures for Commercial Banks issued by National Financial Regulatory Administration with effect from January 2024, the minimum leverage ratio shall not be lower than 4%. The leverage ratio as of December 31, 2023 was calculated pursuant to the Leverage Ratio Administrative Measures for Commercial Banks (《商業銀行槓桿率管理辦法》), and the minimum leverage ratio shall not be lower than 4%.

## 3.9 Risk Management

The primary risks related to the Bank's operations include credit risk, market risk, liquidity risk, operational risk, information technology risk, reputational risk, strategic risk and ESG risk.

In 2024, the Bank firmly upheld the main keynote of "risk management by the Party", while strengthening its bottom-line thinking and risk awareness with an increasing focus on risk prevention while pursuing steady growth and high-quality development. The Bank constantly improved the long-term mechanism of risk management and control, promoted refined management, strengthened system construction to facilitate and support the steady and rapid development of all businesses across the Bank, and resolutely safeguarded financial stability and financial security.

### *Credit risk*

Credit risk refers to the risk of loss that may arise from the default by, or downgrade of credit rating of, an obligor or counterparty, or from its reduced capacity to fulfill its contractual obligations. The Bank is exposed to credit risks primarily associated with corporate loan business, personal loan business and financial market business.

The Bank has built and continuously enhances its bank-wide credit risk management system to identify, measure, monitor, mitigate and control risks that arise from its credit business. In 2024, the Bank further optimized its credit structure, formulated credit policy guidelines, and concentrated on industrial policies and transformation directions across the province, deeply studied industry and customer trends, deeply explored customers' needs, formulated "Five Priorities (五篇大文章)" action plan, improved work promotion mechanisms and service system and continued to strengthen its ability to provide financial services to the real economy; the Bank strengthened its credit risk monitoring and identification, strengthened see-through management of credit risks, promoted application of big data tools and intelligent platforms in the aspect of post-lending management, thus promoting the improvement of post-lending management efficiency; the Bank steadily promoted the implementation of risk-based classification method of financial asset, established and improved the risk-based classification management system of financial asset of the Bank, carried out risk-based classification management in accordance with the principle of substantial risk judgment, timely adjusted the risk-based classification results, and improved the refinement level of risk-based classification management of financial asset; the Bank continued to improve the asset preservation management system that is integrated and is professional in settlement, and established a supervision mechanism for the disposal and resolution of risk assets, promoted the digital transformation of asset preservation management, strengthened the analysis of non-performing assets, improved the reporting, monitoring and supervision mechanism for multiple policies of an enterprise, and continued to improve the efficiency of the settlement and disposal of non-performing assets.

The Bank is committed to using advanced information technology systems to improve our credit risk management, strengthening financial technology to empower the risk prevention and control, continually optimizing technology risk monitoring indicators, and continually improving the technology capability of risk prevention and control. The Bank introduced external big data such as business administration information and judicial litigation into the credit management system, developed the rules for intelligent risk management, intercepted high-risk customers, and effectively improved the capability of risk identification and the efficiency of risk decision-making management. The Bank applied the concept of digital intelligent management to reconstruct the post-lending management function, iterated the people-oriented post-lending management with the intelligent post-lending management model, and promoted the digital transformation of the post-lending management mechanism.

The Bank is dedicated to striking a balance between achieving steady loan growth and maintaining a prudent culture of risk management. The Bank prepared detailed guidelines on credit risk management based on the provincial, national and international economic conditions, as well as government policies and regulatory requirements. In formulating the credit policies, the Bank studies the macroeconomic environment in the PRC and Shanxi Province and analyzes the risks and uncertainties relevant to the Bank's operations. The Bank also keeps track of the development of the national and local economic development plans, financial regulations and monetary policies, and adjusts the Bank's credit guidelines accordingly.

### *Management of large-scale risk exposure*

The Bank strictly implemented regulatory requirements, continuously improved the system for large-scale risk exposure management, consolidated the data basis, carried out the measurement, monitoring and system construction of large exposures in an orderly manner, strictly implemented each regulatory indicator, regularly submitted regulatory statements and management reports, and continuously improved our capability to measure and manage large-scale risk exposure. As of the end of 2024, other than exempted customers, all limit indicators for the Bank's large-scale risk exposures were in compliance with the regulatory requirements.

### *Market risk*

Market risk refers to the risk from adverse changes in market prices (interest rates, currency rates, stock price and commodity prices) that result in losses to the Bank's on – and off-balance sheet businesses. The Bank is exposed to market risks primarily from interest rate risk and currency rate risk.

During the Reporting Period, the Bank analyzed and studied the development trend of the financial market, formulated a market risk management system that is suitable for the Bank's business development, and confirmed the assignment of responsibilities of the Board, senior management, internal auditing and all departments in accordance with the supervision requirements strictly. In performing the system, each department made joint efforts and better finished the management work on market risk. In this year, the Bank continued to improve its market risk limit system, monitored stop-loss limits for market risk, modified duration, account limits and other indicators by mark-to-market, and better completed daily monitoring of market risk by combining with contingency plans of market risk. Stress tests and reports for market risk were completed on a quarterly basis and regularly reported to senior management and the Board for review. In combination with the Bank's business development strategy and risk appetite, the Bank reasonably controlled the market risk under a bearable range.

As of December 31, 2024, the Bank was engaged in a small-scaled foreign exchange business and held an insignificant amount of US dollars and other foreign currencies. The Bank formulated multiple policies and operating standards for foreign currency businesses, such as foreign exchange capital businesses, and business of foreign exchange settlement and sale, to control foreign currency rate risk.

### *Liquidity risk*

Liquidity risk is the risk of failure to obtain sufficient funds in a timely manner or at a reasonable cost to fulfill payment obligations when due. The liquidity management of the Bank is primarily to provide timely payment of funds for lending, trading and investment activities in business development to meet capital needs, and to fulfill payment obligations when due.

The Bank has established a liquidity risk management system and an organizational structure where the Board bears the ultimate responsibilities for the Bank's liquidity risk management and the senior management is responsible for formulating liquidity risk management strategies and policies. The Bank manages liquidity risk by monitoring the maturities of assets and liabilities to ensure it has sufficient funds readily available or at a reasonable cost to fulfill the payment obligations as they become due. The Assets and Liabilities Management Department monitors the Bank's capital position on a daily basis and provides risk alerts and reminders in a timely manner. The Bank also strictly observes the relevant regulatory requirements, closely monitors each liquidity indicator, formulates crisis management plans, enhances daily liquidity risk management and regularly applies stress tests.

In 2024, the Bank closely monitored the changes in the market interest rates, strengthened the monitoring and management of the regular liquidity risks, and reasonably adjusted its liquidity risk management strategy according to the external market environment by strengthening its fund position management during the day time and rationally adjusting the term structure of assets and liabilities, to ensure that the liquidity risk is controllable for safety purposes. Liquidity risk management was strengthened mainly in the following aspects: 1. The Bank strengthened the routine monitoring of liquidity risks. The Bank improved the monitoring and analysis of large – amount funds through the information system of liquidity risks, rationally adjusted and controlled its day time excess reserves level to ensure that payment and settlement and other businesses could be operated normally. Meanwhile, the Bank strengthened the management and control of liquidity risk indicators and rationally adjusted the structure of its assets and liabilities to ensure that the Bank's liquidity indicators continued to be stable and meet regulatory requirements. 2. The Bank adopted the management of liquidity risk limit indicators and set the limit indicators based on the external market and the actual development of the Bank's business. 3. The Bank strengthened the management of quality liquidity assets to ensure that there were sufficient reserves of quality liquidity assets to meet external financing needs under stress scenarios. 4. The Bank had developed a liquidity risk reporting mechanism to ensure that the Board and senior management can keep abreast of the Bank's liquidity status. 5. The Bank regularly conducted liquidity stress tests and timely predicted the potential liquidity risks based on the results of the stress tests to formulate relevant management measure.

### *Operational risk*

Operational risk refers to the risk of losses arising from potentially defective internal procedures, personnel and information technology systems, and external events.

The Bank has established an operational risk management structure with the Board, the board of supervisors and senior management, and clarified the "three lines of defense" of the operational risk management system for various business and management departments, the Legal and Compliance Department, the Assets and Liabilities Management Department and the Audit Department. During the Reporting Period, the Bank comprehensively revised and improved its operational risk management system, upgraded its digital platform for operational risk and compliance management, optimized the application of operational risk management tools, and strengthened operational risk assessment and monitoring analysis to ensure that operational risk control was within the tolerable range.

Based on strengthening internal control and compliance management, the Bank actively implemented the integrated cross-inspection and problem rectification promoted by the National Financial Regulatory Administration, organized and carried out special rectification of system construction, regularly promoted abolishing, amending and establishing of the systems, and constantly improved the system management system. Continued to strengthen its risk investigation, inspection and supervision in key areas such as credit business, agency business, and staff behavior, standardize and strictly implement management requirements such as important job rotation, mandatory leave, and performance avoidance of employees, so as to continuously enhance its risk prevention capability. Simultaneously, the Bank revised its management system related to business continuity, data security and outsourcing, steadily promoted business impact analysis, business continuity drills and data security categorization and classification, and strengthened the effective connection between operational risk management and relevant system mechanisms to improve the ability to cope with internal and external events.

### *Information technology risk*

Information technology risks include operational risk, reputational risk, legal risk and other types of risks caused by natural factors, human errors, technical loopholes and management failure arising from the Bank's use of information technology. The Bank has set up an Information Technology Management Committee, and the Legal and Compliance Department and the Science and Technology Information Department at the head office are responsible for managing information technology risks. The Bank strives to continuously improve the information technology infrastructure and the Bank's information technology management system to comply with the national standards and regulatory requirements.

To ensure information technology security, the Bank has hired professionals to supervise the information security system and established a series of information security management measures to prevent any unauthorized network intrusions, attacks, data leakage or third-party tampering with the Bank's information system. As part of the Bank's business continuity management measures, the Bank has established a disaster backup and recovery system comprising two local active application-level centers and one off-site data-level disaster recovery center. The Bank has also established detailed contingency plans regarding the potential breakdown of the information system to ensure the continuity of operations. The Bank conducts periodic disaster tolerance and recovery drills for business continuity for important businesses.

### *Reputational risk*

Reputational risk refers to the risk that arises from the behavior of the Bank or its employees or external events that lead to negative evaluations of the Bank by stakeholders, the public and the media, thereby damaging the brand value of the Bank, adversely affecting the operation and management of the Bank, and even affecting the market stability and social stability. The Bank takes its reputation seriously and has established an effective reputational risk management mechanism to monitor, identify, report, control and assess the reputational risk, and at the same time manages the reputational risk emergency handling, and minimizes any loss and negative impact on the Bank due to such incidents.

The office of the Board of the Bank is responsible for undertaking the management of overall reputational risks, including establishing a reputational risk management system, and formulating fundamental internal policies. The Bank has established emergency response teams for reputational risk incidents at the branches and sub-branches, so that the head office can be promptly informed upon the occurrence of material and urgent incidents and take appropriate actions accordingly.

### ***Strategic risk***

Strategic risk refers to the risk caused by inappropriate business strategies or changes in the external operating environment during strategy development and implementation, which may have a negative impact on the current or future profitability, capital, reputation or market position of the Bank.

The Bank strengthens its guidance on the strategic development plan, pushes ahead with the implementation of strategic plans for 2021-2025 steadily, continually focuses on the changes in the external environment, actively conducts the evaluation of strategy implementation and interim revisions of the strategy, and always ensures the strategic planning is aligned with the external environment, so as to enhance the Bank's adaptability in the face of unexpected market changes. The office of the Board is responsible for managing the Bank's strategic risks. The Bank identifies strategic risk factors through cooperation between the office of the Board and the Risk Management Department; conducts regular reviews and studies on prevailing market conditions and the Bank's business operation status to timely identify potential risks, makes prompt adjustments to the strategies and relevant measures accordingly, and closely monitors the implementation of the strategies.

### ***ESG risk***

ESG risk refers to the risk of financial losses, legal sanctions or reputational damage due to inadequate practices in environmental, social and governance or external shocks (such as climate change, social conflicts, etc.) faced by the Bank. The Bank has effectively established an organizational structure for environmental and social risk management that links up and down. As the highest decision-making body on environmental and social risk management, the Board is responsible for formulating green finance development strategies and ensuring that an appropriate and effective risk management system is in place to address environmental and social-related risks. At the same time, the Bank has set up a Development and Strategy Committee at the Board level to deliberate on environmental, social and governance (ESG) related proposals.

Senior management is responsible for setting environment-related targets, establishing green credit mechanisms and processes, conducting internal control inspections and evaluations, and regularly reporting to the Board on environment-related developments such as green credit. All departments of the Bank's head office and branches are responsible for the implementation of specific work related to the environment in accordance with the division of responsibilities. Among them, the Corporate Finance Department is the lead management department of green finance of the Bank, which is responsible for improving the construction of green finance system, collecting green finance data, organizing and carrying out green finance training, etc., the Risk Management Department, as the overall risk management department, is responsible for green finance-related risks, and other departments and branches are responsible for cooperating with relevant specific work.

### 3.10 Business Review

For the year ended December 31, 2024, the Group's principal business lines comprised corporate banking, retail banking and financial markets.

For corporate banking business, the Group focuses on serving the governmental and institutional customers as well as high-quality customers in the business and industries, continuously improves the level of corporate customers management by measures such as intensifying the cooperation between governments and the Bank, enriching trade finance products, deepening reforms within the corporate financial team and accelerating the development of investment banking; for retail banking business, the Bank adheres to the philosophy of "building a bank founded on the basis of deposit (存款立行)" and continues to consolidate the foundation of personal deposits, promotes the rapid development of businesses such as credit cards, personal loans, and wealth management services, accelerates the progress of wealth management and digital transformation, continually enhances customer service capability, and promotes value enhancement for customers, so as to achieve ongoing improvement for retail banking in terms of market competitiveness and brand influence; for financial markets business, the Bank adjusts the asset structure of its bond and bill business proactively, expands credit granting to peer institutions actively, and strengthens the management of counterparties.

The following table sets forth the breakdown of the Group's operating income by business lines for the years ended December 31, 2023 and 2024.

| | For the year ended December 31, | | | |
|---|---|---|---|---|
| | **2024** | | 2023 | |
| | **Amount** | **% of total (%)** | Amount | % of total (%) |
| | *(in millions of RMB, except percentages)* | | | |
| Corporate banking | **3,479.6** | **60.1** | 3,922.7 | 67.6 |
| Retail banking | **1,387.0** | **23.9** | 1,345.6 | 23.2 |
| Financial markets | **902.7** | **15.6** | 524.6 | 9.0 |
| Others[(1)] | **21.8** | **0.4** | 9.3 | 0.2 |
| **Total operating income** | **5,791.1** | **100.0** | 5,802.2 | 100.0 |

*Note:*

(1) Consists primarily of income that is not directly attributable to any specific segment.

### *Corporate banking*

Positioning itself as a "financial steward" for local governments in Shanxi Province and a "partner" of the real economy, the Bank has embraced the concept of green development, and gave its full support to the energy revolution and transformation and comprehensive reform in Shanxi Province. The Bank actively provides financing support for key projects in Shanxi Province and other cities, and constantly provides corporate banking customers with diversified products and services, including deposits, loans, trade finance, cash management, remittance and settlement, bonds and bills service, etc.

For the year ended December 31, 2024, the Group's operating income from corporate banking was RMB3,479.6 million, representing a year-on-year decrease of 11.3% and accounting for 60.1% of the total operating income for the same period. The main reasons for the decrease in operating income from corporate banking were: firstly, intense competition within the industry has led to a continuous decline in market loan interest rates as well as in loan prices for both existing and new customers, thereby diminishing business revenue; secondly, the Group has proactively scaled back certain corporate banking business that were either less profitable or carried higher risks.

As of December 31, 2024, the total corporate loans of the Group amounted to RMB127,307.5 million, representing an increase of 5.8% from December 31, 2023. As of December 31, 2024, total corporate deposits amounted to RMB125,793.4 million, representing a decrease of 1.5% from December 31, 2023.

The Bank continued to enhance its capacity to meet the needs of corporate banking customers for differentiated financial products, actively responded to the guidance of the national industrial policies and vigorously promoted the credit orientation towards medium- and long-term manufacturing. The Bank also placed a focus on the development of intelligent online products centering on the improvement of customer experiences, actively expanded green and low-carbon corporate financing, strongly supported technology-based small or medium size enterprises to broaden capital sources, so as to continuously optimize its business structure, enrich its product portfolio, and enhance its overall service capacity.

### *Retail banking*

Capitalizing on its extensive knowledge of the local market and the preferences of retail banking customers, the Group continually develops and promotes retail banking products and services that are well-received by the market and makes consistent efforts in wealth management, customer service, channel operation, product innovation, etc. The Group offers a diverse range of products and services to retail banking customers, including personal loans, deposit-taking services, personal wealth management services, credit card services and funds, insurance services, treasury bonds and other agency services and remittance services, etc.

For the year ended December 31, 2024, the Group's operating income from retail banking was RMB1,387.0 million, representing a year-on-year increase of 3.1% and accounting for 23.9% of the total operating income for the same period. The increase in operating income from retail banking was mainly due to the decrease in retail banking fee and commission expense as the Group adjusted retail business structure, conducted product transition, adhered to the concept of cost reduction and efficiency improvement, and cut the fee expenses for credit card business and other businesses.

As of December 31, 2024, the total personal loan was RMB34,283.7 million, accounting for 17.0% of the gross loans and advances to customers. As of December 31, 2024, residential mortgage loans, personal consumption loans, personal business loans and credit card balances were RMB24,550.3 million, RMB4,469.1 million, RMB1,329.5 million and RMB3,934.8 million, respectively, accounting for 71.6%, 13.0%, 3.9% and 11.5% of the total personal loans of the Group, respectively. As of December 31, 2024, the Group's total personal deposits amounted to RMB157,782.0 million, representing an increase of 17.9% from December 31, 2023.

Driven by quality services, the number of retail banking customers of the Group further increased during the Reporting Period, from 3,313.0 thousand as of December 31, 2023 to 3,484.9 thousand as of December 31, 2024. After years of persistent efforts, the Group has established an extensive business network in key cities in Shanxi Province. As of December 31, 2024, the Bank had outlets across 11 prefecture-level cities in Shanxi Province. The Bank currently has 153 outlets under its supervision and established a Small Enterprises Financial Service Center. The Bank invested in the establishment of Qingxu Jinshang Village and Township Bank Co., Ltd., and initiated the establishment of the first consumer finance company in Shanxi Province – Jinshang Consumer Finance Co., Ltd.

During the Reporting Period, with a business network that has extensive coverage, the Group was committed to providing customers with convenient online and mobile financial products and services with the use of advanced technologies. During the Reporting Period, the Group continued to enrich the types of services offered through online banking and introduced differentiated user experience for customers through technological upgrades. In addition, by integrating high-quality resources, the Group provided professional and comprehensive financial services to customers in the province. The Group won the award of "Excellent Retail Bank of the Year (年度卓越零售銀行)", "Excellent Investment Return Bank (卓越投資回報銀行)", "Excellence in Wealth Management of City Commercial Bank (卓越財富管理城市商業銀行)", "2024 Wealth Management Income Achievement Pioneer Prize (2024 年理財收益達標先鋒獎)", "Potential Wealth Management Product Sales Bank (理財銷售潛力銀行)", the sixth "IRON HORSE – Best Small and Medium-sized bank for Asset Management Business (鐵馬－最佳資管業務中小銀行)" in 2024 for its professional and outstanding services. Three contestants won the title of "China's Top 100 Financial Planners (2024) (中國百佳金融理財師(2024))", three participating teams won the title of "China's Excellent Financial Planner Team (中國優秀金融理財師團隊)"; one wealth management product won the "Wealth Management Surprise Prize (理財驚喜獎)"; several wealth management products won the "Golden Bull Five-Star Product Award (金牛五星產品獎)"; one personal loan product won the "Outstanding Collateralized Loan and Home Loan Products Award (傑出抵押貸款和房屋貸款產品獎)" at the third Retail Banking • Jie Fu Awards.

To build a brand image as a private bank for the Bank and to facilitate effective customer management for the private banking business, and with a focus on the service system of "promoting the future (升擢未來)", "promoting privileges (升享尊貴)", "promoting the wellbeing (升生之道)", and "promoting extraordinary experience (升鑑不凡)", the Private Banking Center actively explores the development model of private banking in line with its own development strategy, scale and management capabilities, consolidates its presence in the family wealth planning service market, builds a differentiated and distinctive private banking brand, and accelerates the steady and robust development of private banking in the region.

***Financial markets business***

The financial market business of the Group primarily includes inter-bank money market transactions, repurchases transactions, debt securities investment and trading. It also covers the management of the Group's overall liquidity position.

During the Reporting Period, the Group closely monitored the changes in the macroeconomic situation, adhered to the direction of financial market policies, strengthened the monitoring and analysis of market conditions, seized business development opportunities, rationally formulated investment strategies, continuously optimized the investment portfolio, adjusted investment structure and actively carried out innovative business under the premise of risk control, while building a more competitive financial market business.

For the financial market business, the Group continued to focus on liquidity management, constantly promoted its business implementation, maintained risk prevention and compliance management, continuously enhanced its market activity and influence, and made great efforts to improve its profitability. In order to continue to expand the scope of the Group's bond underwriting and distribution business and credit risk prevention and control capabilities, the Group obtained the core dealer qualification of credit risk mitigation instruments and the business qualification of underlying financial derivatives, which further strengthened the Group's capability of risk aversion and hedging.

For the year ended December 31, 2024, the operating income from the Group's financial market business increased by RMB378.1 million to RMB902.7 million from RMB524.6 million in the same period in 2023, accounting for 15.6% of total operating income, mainly due to an increase in interest income from interbank transactions.

*Interbank market transactions*

The Group's interbank market transactions business primarily consists of (i) interbank deposits; (ii) interbank placements; and (iii) purchases under resale agreements and sales under repurchase agreements, which mainly involve bonds and bills.

As of December 31, 2024, deposits with banks and other financial institutions were RMB2,141.1 million, accounting for 0.6% of the Group's total assets as of December 31, 2024.

As of December 31, 2024, placements with banks and other financial institutions were RMB19,486.0 million, accounting for 5.2% of the Group's total assets as of December 31, 2024.

As of December 31, 2024, financial assets held under resale agreements were RMB28,197.9 million, accounting for 7.5% of the Group's total assets as of December 31, 2024. As of the same date, financial assets sold under repurchase agreements were RMB10,343.4 million, accounting for 3.0% of the Group's total liabilities as of December 31, 2024.

*Investment management*

The Group's investment management business mainly consists of debt securities investment and SPV investment. Specifically, debt securities include debt securities issued by the PRC government, policy banks, commercial banks and other financial institutions and enterprises. SPV investment refers to investments in trust plans, asset management plans and mutual funds. When making debt securities investment and SPV investment, the Group takes into account a broad range of factors, including but not limited to risk preferences, capital consumption level and expected yields of relevant products of the Group, as well as overall economic conditions and relevant regulatory development, to achieve a better balance between risk and return.

As of December 31, 2024, the total debt securities investment was RMB77,992.5 million, representing an increase of 9.0% from December 31, 2023, primarily because the Group appropriately increased the allocation of government bonds as a result of the optimisation of the structure of its assets and liabilities of the Bank.

As of December 31, 2024, the total SPV investment was RMB21,794.9 million, representing an increase of 114.8% from December 31, 2023, mainly because the Group has appropriately increased the scale of the investment in mutual funds, taking into account the market situation and the need for income and liquidity management.

*Wealth management*

During the Reporting Period, the Group actively expanded its wealth management products and services to attract a wider range of customers with different financial needs and risk tolerance, and effectively responded to the challenges of traditional banking services amid interest rate liberalisation. For the year ended December 31, 2024, the amount of wealth management products issued by the Group was RMB59,721.2 million, representing a decrease of 11.2% from the year ended December 31, 2023, primarily due to a significant decline in the return on relevant assets, and a certain scale of "asset shortage" in the market as impacted by the economic fundamentals, market liquidity and debt resolution situation while the wealth management business being affected by changes in regulatory policies. As a result, the Group reduced the frequency and quantity of the issuance of wealth management products in a timely and moderate manner. As of December 31, 2024, the Group had more than 455,366 wealth management customers, showing a further increase from the end of 2023.

As of December 31, 2024, the outstanding balance of the non-principal guaranteed wealth management products issued by the Group was RMB40,060.1 million, representing a decrease of 18.1% from December 31, 2023, mainly because based on the above-mentioned decline in the issuance scale, investors voluntarily redeemed a lager scale of products during the period due to fluctuations in the bond and equity markets, and at the same time, the Bank has moderately reduced its scale in accordance with the requirements of the regulatory authorities. For the year ended December 31, 2024, the fee and commission income from the wealth management products issued by the Group was RMB290.2 million, representing an increase of 42.0% from the year ended December 31, 2023, mainly due to the fact that the income and fee income from the wealth management products increased as a result of the impact of the "asset shortage" and debt resolution situation given that the market liquidity was relatively abundant this year, and at the same time, the non-standard assets allocated to long-term products in the previous layout have gradually matured, resulting in an increase of excess income and fee income from the products.

*Debt securities distribution*

The Bank's investment banking team provides customers with comprehensive financial services through the debt securities distribution business, to further leverage the Bank's strong capacity in managing capital market transactions, and to broaden its customer base.

The Bank obtained the preliminary and Class-B qualification for underwriting debt financing instruments issued by non-financial enterprises in October 2016 and February 2019, respectively, and obtained the qualification of independent lead underwriter in February 2024, which allows the Bank to independently act as a lead underwriter in the regional market. For the year ended December 31, 2024, the aggregate principal amount of debt securities the Bank distributed amounted to RMB37,381.4 million, representing a slight increase from the year ended December 31, 2023, mainly because of effective maintenance of customers and vigorous expansion of new channels.

### *Small and micro enterprise*

During the Reporting Period, the Bank has actively implemented the decisions of the Party Central Committee and the State Council on financial support for small and micro enterprises, maintained its strategic determination, adhered to its market positioning, strengthened its inclusive financial services, reasonably reduced the financing costs of inclusive loans to small and micro enterprises to effectively promote the high-quality development of the Bank's financial services for small and micro enterprises.

As of December 31, 2024, the Bank's head office has set up an Inclusive Financial Department (Small Enterprises Financial Department/Small Enterprises Financial Service Center), four directly controlled branches in Taiyuan and ten non-local branches have also set up Inclusive Financial Department (Small Enterprises Financial Department).

As of December 31, 2024, the balance of inclusive loans to small and micro enterprises of the Bank amounted to RMB11,553.9 million, representing an increase of RMB1,722.1 million from December 31, 2023; the number of small and micro enterprise customers for inclusive loans was 5,576, representing an increase of 1,875 from December 31, 2023, achieving the target of "two growth". The NPL ratio of inclusive loans to small and micro enterprises was 3.29%, representing a decrease of 0.52 percentage point from December 31, 2023, and the annualized interest rate of accumulative was 4.00%, representing a decrease of 0.17 percentage point from December 31, 2023, in line with the monitoring requirements of the "two controls".

### *Digital transformation*

During the Reporting Period, the Bank continued to promote digital transformation, completed the work outlined in the Digital Transformation Strategic Plan (2022-2024) (《數字化轉型戰略規劃(2022-2024)》), and continued to formulate a three-year digital financial action plan and promote its implementation. Through continuous digital infrastructure construction, the Bank has established an online operational system for retail customers and a digital marketing system for corporate customers; significantly enhanced counter service efficiency and post-loan management efficiency; realized data self-analysis capability, customer demand insight capability and customer experience monitoring capability; and completed digital transformation in file management and human resources management. The above-mentioned digital capabilities, as well as the continuous improvement of unified data computing capabilities, data asset management capabilities, and artificial intelligence application capabilities will gradually become new qualitative productivity that will drive the Bank's high-quality development.

During the Reporting Period, the Bank was simultaneously committed to promoting the results of digital applications, with typical results including a year-on-year increase of 11.5% in the number of registered users of mobile banking and a year-on-year increase of 9.5% in the number of transactions; a year-on-year increase of 61.3% in the volume of video banking business, with nearly 2 million retail customers reached accurately, and a cumulative total of almost 280,000 outbound calls made by remote banking; an increase of 10% in the coverage rate of the customer experience monitoring scene; and an increase of 70% in the efficiency of post-loan management. The above-mentioned achievements in digitalization are attributable to the Bank's persistent efforts in digital transformation and the vigorous implementation of relevant plans. The Bank will also continue to deepen its digital innovation as the driver, strengthen data empowerment, and promote the upgrading of financial services with a higher level of digitalization capability.

During the Reporting Period, the Bank continued to promote data governance, continuously consolidated its data foundation, improved its processes and mechanisms, enhanced its data quality, and actively introduced external data. At the same time, the Bank optimized the design of its data architecture and standards management, continuously refined its data management framework and data control capabilities, and steadily expanded the scope of data application and data value.

During the Reporting Period, the Bank upgraded the digital literacy of all staff by organizing specialized training sessions, providing online training, and facilitating participation in the national qualification examination for digital talents in professional fields. The staff in the Bank have constantly obtained digital competency certifications, such as Data Asset Operation Manager and Data Governance Engineer, and the professional digital team has continued to grow.

## 4. MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES, JOINT VENTURES AND ASSETS AND BUSINESS MERGER

During the Reporting Period, the Bank was not engaged in any material acquisition or disposal of subsidiaries, associates, joint ventures and assets, or business mergers.

**Substantial Investments**

The Bank had no substantial investments in 2024.

## 5. OTHER INFORMATION

### 5.1 Corporate Governance Code

During the Reporting Period, the Bank continued to improve the transparency and accountability of corporate governance and ensured high standards of corporate governance practices to protect the interests of Shareholders and enhance corporate value and commitment.

The Bank has established a relatively comprehensive corporate governance structure in accordance with the requirements of the Hong Kong Listing Rules. The compositions of the Board and the special committees of the Board are in compliance with the requirements of the Hong Kong Listing Rules. The Bank clearly splits the responsibilities among the Shareholders' general meeting, the Board, the board of supervisors and the senior management. The Shareholders' general meeting is the highest organ of authority of our Bank. The Board is accountable to the Shareholders' general meeting. The Board has established six special committees, which operate under the leadership of the Board and advise on board decisions. The board of supervisors is responsible for supervising the performance of the Board and senior management, and the financial activities, risk management and internal control of the Bank. Under the leadership of the Board, the senior management is responsible for implementing the resolutions of the Board and for the daily operation and management of the Bank and reports to the Board and the board of supervisors on a regular basis. The president of the Bank is appointed by the Board and is responsible for the overall operations and management of the Bank.

The Bank has adopted the Corporate Governance Code (the "**Code**") in Appendix C1 to the Hong Kong Listing Rules, met the requirements of the administrative measures and corporate governance for domestic commercial banks, and established a sound corporate governance system. During the Reporting Period, the Bank has complied with all applicable code provisions set out in Appendix C1 to the Hong Kong Listing Rules.

The Bank is committed to maintaining a high standard of corporate governance. The Bank will continue to review and enhance its corporate governance, so as to ensure compliance with the Code and meet the expectations of its Shareholders and potential investors.

## 5.2 Directors, Supervisors and Senior Management of the Bank

As at the date of this announcement, the composition of the Bank's Board, the board of supervisors and senior management is as follows:

The Bank's Board consists of thirteen Directors, including three executive Directors, namely, Ms. HAO Qiang (chairwoman of the Board), Mr. ZHANG Yunfei (vice chairman) and Mr. WANG Qi; five non-executive Directors, namely, Mr. WU Canming, Mr. MA Hongchao (vice chairman), Mr. LIU Chenhang, Mr. LI Yang and Mr. WANG Jianjun; and five independent non-executive Directors, namely, Mr. WANG Liyan, Mr. DUAN Qingshan, Mr. SAI Zhiyi, Ms. HU Zhihong and Mr. CHAN Ngai Sang Kenny.

The Bank's board of supervisors consists of nine supervisors, including three employee supervisors, namely, Mr. XIE Liying (chairman of the board of supervisors), Mr. WEN Qingquan and Mr. SU Hua; three Shareholders supervisors, namely, Mr. WANG Weiping, Ms. XU Jin and Mr. PANG Zhengyu; and three external supervisors, namely, Mr. ZHUO Zeyuan, Mr. WU Jun and Mr. BAI Guangwei.

The Bank's senior management consists of five members, namely, Mr. ZHANG Yunfei, Mr. LI Yanbin, Mr. WANG Yibin, Mr. WANG Qi and Mr. SHANGGUAN Yujiang.

## 5.3 Changes in Directors, Supervisors and Senior Management during the Reporting Period and up to the Date of this Announcement

***Changes in Directors***

On March 28, 2024, the Board resolved to nominate Mr. WU Canming ("**Mr. Wu**") as a non-executive Director. The appointment of Mr. Wu as a non-executive Director was approved by the Shareholders at the 2023 annual general meeting on June 20, 2024 and was approved by Shanxi Supervision Bureau of National Financial Regulatory Administration (國家金融監督管理總局山西監管局) ("**Shanxi Supervision Bureau**") on the qualification of directorship of Mr. Wu on December 27, 2024. Due to retirement, Mr. LI Shishan had proposed to resign as a non-executive Director, and a member of the Development and Strategy Committee of the Board. Since the qualification of directorship of Mr. Wu has been approved by Shanxi Supervision Bureau, Mr. LI Shishan's resignation as a non-executive Director and a member of the Development and Strategy Committee of the Board became effective on December 27, 2024. For details, please refer to the announcement entitled "PROPOSED CHANGE OF NON-EXECUTIVE DIRECTOR" issued by the Bank on March 28, 2024, the announcement entitled "POLL RESULTS OF THE 2023 ANNUAL GENERAL MEETING HELD ON JUNE 20, 2024 (THURSDAY)" issued by the Bank on June 20, 2024 and the announcement entitled "ANNOUNCEMENT ON APPROVAL OF THE QUALIFICATION OF DIRECTORSHIP BY THE REGULATORY AUTHORITY" issued by the Bank on December 30, 2024. Mr. Wu obtained legal advice on December 27, 2024, confirming his understanding of his responsibilities as a Director under the Hong Kong Listing Rules, and the possible consequences of making a false declaration or giving false information to the Hong Kong Stock Exchange.

Due to work changes, Mr. SAI Zhiyi ("**Mr. Sai**") has tendered his resignation as an independent non-executive Director, the chairperson of the Risk Management Committee, the chairperson of the Related Parties Transactions Control Committee, the vice chairperson of the Audit Committee, the vice chairperson of the Nomination, Remuneration and HR Committee, and a member of the Consumer Rights Protection Committee under the Board on April 26, 2024. Pursuant to the articles of association of the Bank, the resignation of Mr. Sai as an independent non-executive Director was approved by the Shareholders at the 2023 annual general meeting on June 20, 2024. Whereas the resignation of Mr. Sai will result in the number of the independent non-executive Directors falling below the minimum number required by the articles of association of the Bank, pursuant to the articles of association of the Bank, Mr. Sai will continue to perform the duties as an independent non-executive Director and the chairperson/vice chairperson/member of special committees under the Board, until the appointment of a new independent non-executive Director is approved by the Shareholders at a general meeting and his/her qualification of directorship is approved by Shanxi Supervision Bureau. For details, please refer to the announcement entitled "RESIGNATION OF INDEPENDENT NON-EXECUTIVE DIRECTOR" issued by the Bank on April 29, 2024 and the announcement entitled "POLL RESULTS OF THE 2023 ANNUAL GENERAL MEETING HELD ON JUNE 20, 2024 (THURSDAY)" issued by the Bank on June 20, 2024.

On May 14, 2024, the Board resolved to nominate Mr. WANG Qi as an executive Director and appoint Mr. WANG Qi as a vice president of the Bank. The appointment of Mr. WANG Qi as an executive Director was approved by the Shareholders at the 2023 annual general meeting on June 20, 2024 and was approved by Shanxi Supervision Bureau on the qualification of directorship of Mr. WANG Qi on December 27, 2024. For details, please refer to the announcement entitled "PROPOSED APPOINTMENT OF EXECUTIVE DIRECTOR" issued by the Bank on May 14, 2024, the announcement entitled "POLL RESULTS OF THE 2023 ANNUAL GENERAL MEETING HELD ON JUNE 20, 2024 (THURSDAY)" issued by the Bank on June 20, 2024 and the announcement entitled "ANNOUNCEMENT ON APPROVAL OF THE QUALIFICATION OF DIRECTORSHIP BY THE REGULATORY AUTHORITY" issued by the Bank on December 30, 2024. Mr. WANG Qi obtained legal advice on December 27, 2024, confirming his understanding of his responsibilities as a Director under the Hong Kong Listing Rules, and the possible consequences of making a false declaration or giving false information to the Hong Kong Stock Exchange.

On August 6, 2024, the Board resolved to nominate Mr. LI Yanbin ("**Mr. Li**") as an executive Director. The appointment of Mr. Li as an executive Director was approved by the Shareholders at the 2024 first extraordinary general meeting on December 27, 2024, and is still subject to the approval from Shanxi Supervision Bureau on the qualification of directorship of Mr. Li. For details, please refer to the announcement entitled "PROPOSED APPOINTMENT OF EXECUTIVE DIRECTORS" issued by the Bank on August 6, 2024 and the announcement entitled "POLL RESULTS OF THE 2024 FIRST EXTRAORDINARY GENERAL MEETING HELD ON DECEMBER 27, 2024 (FRIDAY)" issued by the Bank on December 27, 2024.

On November 15, 2024, the Board resolved to nominate each of Mr. LIANG Yongming ("**Mr. Liang**") and Mr. SUO Xuquan ("**Mr. Suo**") as an independent non-executive Director of the Bank. The appointment of each of Mr. Liang and Mr. Suo as an independent non-executive Director was approved by the Shareholders at the 2024 first extraordinary general meeting on December 27, 2024, and is still subject to the approval from Shanxi Supervision Bureau on the qualification of directorship of each of Mr. Liang and Mr. Suo. For details, please refer to the announcement entitled "PROPOSED CHANGE OF INDEPENDENT NON-EXECUTIVE DIRECTORS" issued by the Bank on November 15, 2024 and the announcement entitled "POLL RESULTS OF THE 2024 FIRST EXTRAORDINARY GENERAL MEETING HELD ON DECEMBER 27, 2024 (FRIDAY)" issued by the Bank on December 27, 2024.

According to Article 152 of the articles of association of the Bank, an independent non-executive Director shall cumulatively serve a term of at most six years in the Bank. Mr. WANG Liyan tendered his resignation on November 15, 2024 as an independent non-executive Director, the chairperson of the Audit Committee, the vice chairperson of the Consumer Rights Protection Committee, and a member of the Related Parties Transactions Control Committee of the Board, due to the fact that he has served as an independent non-executive Director for a term of six years. Mr. WANG Liyan's resignation as an independent non-executive Director has been approved by the Shareholders at the 2024 first extraordinary general meeting on December 27, 2024. Since the resignation of Mr. WANG Liyan will result in the number of independent non-executive Directors falling below the minimum number required by the articles of association of the Bank, pursuant to the requirements of the articles of association of the Bank, Mr. Wang Liyan will continue to perform his duties as an independent non-executive Director and the chairperson/vice chairperson/member of special committees under the Board, until the appointment of a new independent non-executive Director is approved by the Shareholders at a general meeting and his/her qualification of directorship is approved by Shanxi Supervision Bureau. For details, please refer to the announcement entitled "PROPOSED CHANGE OF INDEPENDENT NON-EXECUTIVE DIRECTORS" issued by the Bank on November 15, 2024 and the announcement entitled "POLL RESULTS OF THE 2024 FIRST EXTRAORDINARY GENERAL MEETING HELD ON DECEMBER 27, 2024 (FRIDAY)" issued by the Bank on December 27, 2024.

***Changes in Senior Management***

On May 14, 2024, the Board appointed Mr. WANG Qi as a vice president of the Bank. On July 25, 2024, Mr. WANG Qi obtained the approval from Shanxi Supervision Bureau for the qualification of vice president of the Bank. Mr. WANG Qi has been appointed as a vice president of the Bank, with effect from July 25, 2024.

On October 30, 2024, Mr. ZHAO Jiquan resigned as a vice president of the Bank due to his work arrangements. Mr. ZHAO Jiquan's resignation as a vice president of the Bank takes effect from October 30, 2024.

During the Reporting Period and up to the date of this announcement, there were no changes in the supervisors of the Bank.

Save as disclosed above, there is no other relevant information required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules during the Reporting Period.

## 5.4 Securities Transaction by Directors, Supervisors and Relevant Employees

The Bank has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix C3 to the Hong Kong Listing Rules as its code of conduct for regulating securities transactions by directors, supervisors and relevant employees of the Bank. Having made enquiry with all Directors and supervisors, all of the Directors and supervisors confirmed that they have been in compliance with the above Model Code throughout the Reporting Period. The Bank is not aware of any violations of the Model Code by the employees concerned.

## 5.5 Profits and Dividends

The Group's revenue for the year ended December 31, 2024 and the Bank's financial position as of the same date are set out in the section headed "Annual Financial Statements" in this annual results announcement.

On March 28, 2024, the Board passed a resolution which proposed to declare and distribute cash dividends of RMB10.0 (tax inclusive) per 100 shares, totaling RMB583.9 million for the year ended December 31, 2023 to all existing Shareholders on record as at July 2, 2024. The declaration and distribution of these dividends were approved at the Shareholders' general meeting on June 20, 2024. The Bank distributed these dividends for the year ended December 31, 2023 with its internal funds on August 9, 2024.

The Board has proposed to distribute final cash dividends for the year ended December 31, 2024 at RMB8.0 (tax inclusive) per 100 shares, totaling approximately RMB467.1 million. The final dividend is subject to the approval of Shareholders of the Bank at the Bank's annual general meeting of 2024. If approved, the final dividend for the year ended December 31, 2024 will be denominated and declared in RMB. Dividends will be distributed to holders of domestic shares of the Bank in RMB and holders of H shares in equivalent Hong Kong dollars. For this conversion, the RMB will be converted to Hong Kong dollars at the average of the central parity rates as published by the People's Bank of China five working days preceding June 27, 2025 (inclusive) (the date of the Bank's annual general meeting of 2024). If approved at the Bank's annual general meeting of 2024, it is expected that the final dividend will be paid on July 31, 2025.

The Bank's register of members of H shares will be closed from Friday, July 4, 2025 to Wednesday, July 9, 2025 (both days inclusive). Shareholders of the Bank whose names appear on the Bank's register of members of H shares and the register of members of domestic shares on Wednesday, July 9, 2025 will be entitled to receive the final dividend. In order to be qualified to receive the final dividend, all transfer documents together with the relevant share certificates shall be delivered to the Bank's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for the holders of the Bank's H shares), or the office of the Board, at No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC (for the holders of the Bank's domestic shares), for registration no later than 4:30 p.m. on Thursday, July 3, 2025.

## 5.6 Purchase, Sale and Redemption of the Bank's Listed Securities

During the period from January 1, 2024 to the date of this annual results announcement, the Bank or its subsidiary did not purchase, sell or redeem any of the Bank's listed securities.

As of December 31, 2024, the Bank did not hold any treasury shares.

## 5.7 Audit of Annual Results and Review of Annual Results by Audit Committee

The financial statements for the year ended December 31, 2024, prepared in accordance with IFRSs issued by the IASB, have been audited by Ernst & Young in accordance with International Standards on Auditing.

The annual results of the Bank have been reviewed and approved by the Board and its Audit Committee.

## 5.8 Use of Proceeds

The proceeds from issuing H shares of the Bank have been used according to the intended use as disclosed in the prospectus of the Bank. All of the net proceeds from the Global Offering of the Bank (after deduction of the underwriting fees and commissions and estimated expenses payable by the Bank in connection with the Global Offering) amounted to approximately RMB3,171 million (including net proceeds from over-allotment), which have been used to expand the capital of the Bank to support the ongoing business growth.

As approved by the People's Bank of China and the former CBIRC Shanxi Office, the Bank issued tier-two capital bonds in the national inter-bank bond market on January 20, 2021 and the payment was completed on January 22, 2021. This tranche of bonds totaled RMB2.00 billion with a maturity of 5+5 years at a fixed interest rate and a coupon interest rate of 4.78%, and the right of redemption with pre-conditions at the end of the fifth year. With prior approval by the regulatory authorities, the Bank is entitled to redeem part or all of such bonds at par value. All funds raised from this tranche of bonds have been used to replenish the tier-two capital of the Bank in accordance with applicable laws and approvals from regulatory authorities.

With the approval of the People's Bank of China and the Shanxi Supervision Bureau, the Bank successfully issued the undated capital bonds for 2024 in the national inter-bank bond market on September 19, 2024 and the payment was completed on September 23, 2024. This tranche of bonds totaled RMB2.00 billion, which is a 5+N year bond with non-fixed term and interest rate, with a coupon interest rate adjusted by phases (adjusted for every five years) and the right of redemption with pre-conditions after five years from the date of issuance. With prior approval by the regulatory authorities, the Bank is entitled to redeem part or all of such bonds at par value. All funds raised from this tranche of bonds have been used to replenish the other tier-one capital of the Bank and increase the capital adequacy ratio in accordance with applicable laws and approvals from regulatory authorities, so as to strengthen the Bank's operational strength, enhance its risk resistance and support the sustainable and steady development of its business.

## 5.9 Subsequent Events

The Group had no other significant event subsequent to the Reporting Period.

### 5.10 Number of Employees, Training Programs, Remuneration Policies, Equity Incentive Plan

As of December 31, 2024, the total number of employees of the Group reached 4,373, including 2,345 female employees and 2,028 male employees, of which 18.2% were employees aged 30 and below, and 90.3% were employees with a bachelor's degree or above. Excellent age distribution and a professional talent team can help cultivate a positive and innovative corporate culture and strengthen the ability to respond to market changes sensitively and seize market opportunities.

As of December 31, 2024, 289 employees in the retail line were qualified for Associate Financial Planner (AFP) certification; 31 employees had Certified Financial Planner (CFP) certificates.

The Bank earnestly implemented the national vocational skills improvement action plan. It formulated a granular annual training plan and carried out various forms of training based on domestic and foreign financial hotspots and trends and its own management and development strategies adhering to the training concept of "party building leading, close to business operations, high practicality and efficiency, and service operation" and the work philosophy of "systematic design, project promotion, practical assessment, and market-oriented operation". The annual training work was aimed at providing a strong talent pipeline with knowledge for the long-term development of the Bank. It has been carried out practically from the three dimensions of focusing on capacity building, improving the training system and strengthening the training management mechanism building. During the Reporting Period, the Bank consolidated training resources at three levels including headquarters, branches and sub-branches. Leveraging internal and external training both online and offline, it carried out all-round and multi-dimensional training work for the Bank's employees focusing on front-line business operations, new products business promotion, customer marketing management, and case study of internal control compliance.

In compliance with the PRC laws and regulations, the Bank contributes to employees' social security and other benefits programs including pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, housing allowances, corporate annuity and supplementary medical insurance.

During the Reporting Period, the Bank has not implemented any equity incentive plan.

## 6. ANNUAL FINANCIAL STATEMENTS

### Audit Opinions

The 2024 financial statements of the Bank prepared in accordance with IFRSs have been audited by Ernst & Young. Ernst & Young has expressed unqualified opinions in the auditor's report.

**CONSOLIDATED INCOME STATEMENT**
*For the year ended 31 December 2024*
*(Amounts in thousands of Renminbi, unless otherwise stated)*

| | *Note* | **2024** | 2023 |
|---|---|---|---|
| Interest income | | **11,705,039** | 11,614,868 |
| Interest expense | | **(7,515,698)** | (7,378,650) |
| **Net interest income** | *3* | **4,189,341** | 4,236,218 |
| Fee and commission income | | **700,768** | 860,938 |
| Fee and commission expense | | **(74,072)** | (158,083) |
| **Net fee and commission income** | *4* | **626,696** | 702,855 |
| Net trading gains | *5* | **115,240** | (78,508) |
| Net gains arising from investment securities | *6* | **814,997** | 887,030 |
| Other operating income | *7* | **44,872** | 54,593 |
| **Operating income** | | **5,791,146** | 5,802,188 |
| Operating expenses | *8* | **(2,296,300)** | (2,348,411) |
| Impairment losses on credit | *11* | **(1,674,872)** | (1,432,030) |
| Impairment losses on other assets | | **(27,955)** | – |
| Operating profit | | **1,792,019** | 2,021,747 |
| Share of profit of an associate | | **26,218** | 12,143 |
| **Profit before tax** | | **1,818,237** | 2,033,890 |
| Income tax expense | *12* | **(68,735)** | (33,339) |
| **Net profit** | | **1,749,502** | 2,000,551 |
| **Net profit attributable to:** | | | |
| Equity holders of the Bank | | **1,755,108** | 2,002,911 |
| Non-controlling interests | | **(5,606)** | (2,360) |
| | | **1,749,502** | 2,000,551 |
| **Earnings per share (in RMB)** | *13* | | |
| – Basic | | **0.30** | 0.34 |
| – Diluted | | **0.30** | 0.34 |

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
*For the year ended 31 December 2024*
*(Amounts in thousands of Renminbi, unless otherwise stated)*

| | *Note* | **2024** | 2023 |
|---|---|---|---|
| **Net profit** | | **1,749,502** | 2,000,551 |
| **Other comprehensive income:** | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | |
| Debt instruments measured at fair value through other comprehensive income: | | | |
| – net movement in the fair value reserve, net of tax | *33(d)* | **42,025** | 55,289 |
| – net movement in the impairment reserve, net of tax | *33(e)* | **–** | (11,532) |
| *Items that will not be reclassified to profit or loss:* | | | |
| Remeasurement of a net defined benefit liability | *33(f)* | **(1,530)** | (1,275) |
| Equity instruments designated at fair value through other comprehensive income: | | | |
| – net movement in the fair value reserve, net of tax | *33(d)* | **10,319** | – |
| **Other comprehensive income, net of tax** | | **50,814** | 42,482 |
| **Total comprehensive income** | | **1,800,316** | 2,043,033 |
| **Total comprehensive income attributable to:** | | | |
| Equity holders of the Bank | | **1,805,922** | 2,045,393 |
| Non-controlling interests | | **(5,606)** | (2,360) |
| **Total comprehensive income** | | **1,800,316** | 2,043,033 |

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2024*
*(Amounts in thousands of Renminbi, unless otherwise stated)*

| | *Note* | **As at 31 December 2024** | As at 31 December 2023 |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and deposits with the central bank | *14* | **19,220,796** | 22,260,537 |
| Deposits with banks and other financial institutions | *15* | **2,141,125** | 2,356,658 |
| Placements with banks and other financial institutions | *16* | **19,486,042** | 13,674,444 |
| Financial assets held under resale agreements | *17* | **28,197,894** | 41,514,880 |
| Loans and advances to customers | *18* | **195,103,488** | 185,609,747 |
| Financial investments | *19* | **106,796,193** | 90,815,403 |
| – Financial investments at fair value through profit or loss | | **22,212,851** | 11,731,796 |
| – Financial investments at fair value through other comprehensive income | | **6,830,860** | 4,807,100 |
| – Financial investments at amortised cost | | **77,752,482** | 74,276,507 |
| Interest in an associate | *20* | **369,769** | 343,551 |
| Property and equipment | *22* | **1,230,708** | 1,306,408 |
| Deferred tax assets | *23* | **2,514,049** | 2,079,326 |
| Other assets | *24* | **1,245,444** | 1,344,077 |
| **Total assets** | | **376,305,508** | 361,305,031 |
| **LIABILITIES** | | | |
| Due to the central bank | *25* | **2,821,624** | 1,726,222 |
| Deposits from banks and other financial institutions | *26* | **49,834** | 46,916 |
| Financial assets sold under repurchase agreements | *27* | **10,343,449** | 22,078,689 |
| Deposits from customers | *28* | **310,327,863** | 288,250,365 |
| Income tax payable | | **453,164** | 322,371 |
| Bonds issued | *29* | **21,954,078** | 21,825,891 |
| Other liabilities | *30* | **2,327,162** | 2,241,771 |
| **Total liabilities** | | **348,277,174** | 336,492,225 |

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

| | Note | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|---|
| **EQUITY** | | | |
| Share capital | *31* | **5,838,650** | 5,838,650 |
| Other equity instruments | *32* | **2,000,000** | – |
| – Perpetual bonds | | **2,000,000** | – |
| Capital reserve | *33(a)* | **6,626,679** | 6,627,602 |
| Surplus reserve | *33(b)* | **5,239,339** | 4,361,372 |
| General reserve | *33(c)* | **4,231,775** | 4,228,153 |
| Fair value reserve | *33(d)* | **(19,260)** | (42,580) |
| Impairment reserve | *33(e)* | **3,462** | 3,462 |
| Deficit on remeasurement of a net defined benefit liability | *33(f)* | **(6,870)** | (5,340) |
| Retained earnings | *34* | **4,103,978** | 3,785,300 |
| Total equity attributable to equity holders of the Bank | | **28,017,753** | 24,796,619 |
| Non-controlling interests | | **10,581** | 16,187 |
| **Total equity** | | **28,028,334** | 24,812,806 |
| **Total liabilities and equity** | | **376,305,508** | 361,305,031 |

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

| | | | |
|---|---|---|---|
| **Hao Qiang** | **Zhang Yunfei** | **Wang Qi** | |
| *Chairwoman of the Board* | *Executive Director* | *Officer in charge of Finance* | (Company chop) |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the year ended 31 December 2024*

*(Amounts in thousands of Renminbi, unless otherwise stated)*

| | | Attributable to equity holders of the Bank | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Other equity instruments | | | | | | | | | | |
| | *Note* | Share capital | Perpetual bonds | Capital reserve | Surplus reserve | General reserve | Fair value reserve | Impairment reserve | Deficit on remeasurement of a net defined benefit liability | Retained earnings | Total | Non-controlling interests | Total equity |
| As at 1 January 2024 | | 5,838,650 | - | 6,627,602 | 4,361,372 | 4,228,153 | (42,580) | 3,462 | (5,340) | 3,785,300 | 24,796,619 | 16,187 | 24,812,806 |
| Changes in equity for the year | | | | | | | | | | | | | |
| Net profit for the year | | - | - | - | - | - | - | - | - | 1,755,108 | 1,755,108 | (5,606) | 1,749,502 |
| Other comprehensive income | | - | - | - | - | - | 52,344 | - | (1,530) | - | 50,814 | - | 50,814 |
| Total comprehensive income | | - | - | - | - | - | 52,344 | - | (1,530) | 1,755,108 | 1,805,922 | (5,606) | 1,800,316 |
| Owner's contributions and reductions in capital | | | | | | | | | | | | | |
| – Capital contribution by other equity instruments holders | | - | 2,000,000 | (923) | - | - | - | - | - | - | 1,999,077 | - | 1,999,077 |
| Appropriation of profits | | | | | | | | | | | | | |
| – Appropriation to surplus reserve | *33(b)* | - | - | - | 877,967 | - | - | - | - | (877,967) | - | - | - |
| – Appropriation to general reserve | *33(c)* | - | - | - | - | 3,622 | - | - | - | (3,622) | - | - | - |
| – Dividends paid to shareholders | *34* | - | - | - | - | - | - | - | - | (583,865) | (583,865) | - | (583,865) |
| Internal transfer within owner's equity | | | | | | | | | | | | | |
| – Other comprehensive income transferred to retained earnings | | - | - | - | - | - | (29,024) | - | - | 29,024 | - | - | - |
| As at 31 December 2024 | | 5,838,650 | 2,000,000 | 6,626,679 | 5,239,339 | 4,231,775 | (19,260) | 3,462 | (6,870) | 4,103,978 | 28,017,753 | 10,581 | 28,028,334 |

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

| | Note | Attributable to equity holders of the Bank | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *Note* | Share capital | Capital reserve | Surplus reserve | General reserve | Fair value reserve | Impairment reserve | Deficit on remeasurement of a net defined benefit liability | Retained earnings | Total | Non-controlling interests | Total equity |
| As at 1 January 2023 | | 5,838,650 | 6,627,602 | 3,976,682 | 3,742,188 | (97,869) | 14,994 | (4,065) | 3,236,909 | 23,335,091 | 18,547 | 23,353,638 |
| Changes in equity for the year | | | | | | | | | | | | |
| Net profit for the year | | – | – | – | – | – | – | – | 2,002,911 | 2,002,911 | (2,360) | 2,000,551 |
| Other comprehensive income | | – | – | – | – | 55,289 | (11,532) | (1,275) | – | 42,482 | – | 42,482 |
| Total comprehensive income | | – | – | – | – | 55,289 | (11,532) | (1,275) | 2,002,911 | 2,045,393 | (2,360) | 2,043,033 |
| Appropriation of profits | | | | | | | | | | | | |
| – Appropriation to surplus reserve | *33(b)* | – | – | 384,690 | – | – | – | – | (384,690) | – | – | – |
| – Appropriation to general reserve | *33(c)* | – | – | – | 485,965 | – | – | – | (485,965) | – | – | – |
| – Dividends paid to shareholders | *34* | – | – | – | – | – | – | – | (583,865) | (583,865) | – | (583,865) |
| As at 31 December 2023 | | 5,838,650 | 6,627,602 | 4,361,372 | 4,228,153 | (42,580) | 3,462 | (5,340) | 3,785,300 | 24,796,619 | 16,187 | 24,812,806 |

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**
*For the year ended 31 December 2024*
*(Amounts in thousands of Renminbi, unless otherwise stated)*

| | **2024** | 2023 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit before tax | **1,818,237** | 2,033,890 |
| *Adjustments for:* | | |
| Impairment losses on credit | **1,674,872** | 1,432,030 |
| Impairment losses on other assets | **27,955** | – |
| Depreciation and amortisation | **314,390** | 320,183 |
| Accreted interest on credit-impaired loans | **(91,723)** | (81,658) |
| Unrealised foreign exchange losses | **1,784** | 1,742 |
| Gains on disposal of property and equipment and other assets | **(847)** | (1,260) |
| Net trading gains | **(117,024)** | 76,766 |
| Net gains arising from investment securities | **(814,997)** | (887,030) |
| Share of profit of an associate | **(26,218)** | (12,143) |
| Interest expense on debts securities issued | **610,825** | 579,603 |
| Interest expense on lease liabilities | **10,572** | 11,149 |
| | **3,407,826** | 3,473,272 |
| *Changes in operating assets* | | |
| Net increase in deposits with the central bank | **(1,241,662)** | (1,029,052) |
| Net (increase)/decrease in deposits with banks and other financial institutions | **(469,002)** | 72,201 |
| Net increase in placements with banks and other financial institutions | **(4,250,000)** | (9,942,000) |
| Net decrease/(increase) in financial assets held under resale agreements | **13,316,495** | (13,377,116) |
| Net increase in loans and advances to customers | **(11,134,868)** | (5,341,941) |
| Net increase in other operating assets | **(520,742)** | (912,445) |
| | **(4,299,779)** | (30,530,353) |

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

| | 2024 | 2023 |
|---|---|---|
| *Changes in operating liabilities* | | |
| Net increase/(decrease) in borrowings from the central bank | **1,094,855** | (1,146,816) |
| Net increase/(decrease) in deposits from banks and other financial institutions | **2,956** | (73,074) |
| Net (decrease)/increase in financial assets sold under repurchase agreements | **(11,724,007)** | 1,862,579 |
| Net increase in deposits from customers | **19,781,146** | 32,648,100 |
| Income tax paid | **(379,929)** | (180,997) |
| Net increase in other operating liabilities | **2,867,377** | 2,207,729 |
| | **11,642,398** | 35,317,521 |
| **Net cash flows from operating activities** | **10,750,445** | 8,260,440 |
| **Cash flows from investing activities** | | |
| Proceeds from disposal and redemption of investments | **60,903,011** | 88,180,511 |
| Gains received from investment activities | **945,785** | 980,222 |
| Proceeds from disposal of property and equipment and other assets | **7,096** | 1,057 |
| Payments on acquisition of investments | **(76,676,455)** | (77,227,575) |
| Payments on acquisition of property and equipment, intangible assets and other assets | **(137,354)** | (260,179) |
| **Net cash flows (used in)/from investing activities** | **(14,957,917)** | 11,674,036 |

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

| | Note | 2024 | 2023 |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Proceeds from bonds issued | *35(c)* | **39,202,962** | 45,536,783 |
| Proceeds from issuance of other equity instruments | | **1,999,077** | – |
| Repayment of bonds issued | *35(c)* | **(39,074,775)** | (57,160,000) |
| Interest paid on bonds issued | *35(c)* | **(610,825)** | (664,753) |
| Dividends paid | | **(599,643)** | (614,577) |
| Repayment of lease liabilities | *35(c)* | **(121,141)** | (114,168) |
| Interest paid on lease liabilities | *35(c)* | **(10,572)** | (11,149) |
| **Net cash flows from/(used in) financing activities** | | **785,083** | (13,027,864) |
| **Effect of exchange rate changes on cash and cash equivalents** | | **581** | 658 |
| **Net (decrease)/increase in cash and cash equivalents** | *35(a)* | **(3,421,808)** | 6,907,270 |
| **Cash and cash equivalents as at 1 January** | | **12,057,574** | 5,150,304 |
| **Cash and cash equivalents as at 31 December** | *35(b)* | **8,635,766** | 12,057,574 |
| Interest received | | **11,520,050** | 11,147,119 |
| Interest paid (excluding interest expense on bonds issued) | | **4,619,245** | 4,967,859 |

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

## 1. BACKGROUND INFORMATION

Jinshang Bank Co., Ltd. (the "Bank") (formerly Taiyuan City Commercial Bank Co., Ltd.) commenced business as a city commercial bank on 16 October 1998, according to the *Approval on Commencement of Taiyuan City Commercial Bank Co., Ltd.*《關於太原市商業銀行開業的批覆》(YinFu [1998] No. 323) issued by the People's Bank of China (the "PBOC"). According to the *Approval on Change of Name for Taiyuan City Commercial Bank Co., Ltd.*《關於太原市商業銀行更名的批覆》(YinJianFu [2008] No. 569) issued by the former China Banking Regulatory Commission (the former "CBRC", now known as the National Financial Regulatory Administration), Taiyuan City Commercial Bank Co., Ltd. was renamed as Jinshang Bank Co., Ltd. on 30 December 2008.

The Bank has been approved by the former CBRC (Shanxi Branch), now known as the National Financial Regulatory Administration (Shanxi Branch), to hold the financial business permit (No. B0116H214010001) and approved by the Shanxi Provincial Administration for Industry and Commerce to hold the business licence (credibility code: 911400007011347302). As at 31 December 2024, the registered capital of the Bank was RMB5,838,650,000, with its registered office located at No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province. The Bank is regulated by the National Financial Regulatory Administration (the "NFRA") which was authorised by the State Council.

In July 2019, the Bank's H shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (Stock code: 2558).

The principal activities of the Bank and its subsidiary (collectively the "Group") are the provision of corporate and personal deposits, loans and advances, settlement, financial market business and other banking services as approved by the NFRA.

## 2. MATERIAL ACCOUNTING POLICY INFORMATION

### (1) Basis of preparation and presentation

These consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board ("IASB"). These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance, and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### (2) Basis of preparation and presentation – Functional and presentation currency

The financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Group. All values presented in RMB have been rounded to the nearest thousands, except when otherwise indicated.

**(3) Basis of preparation and presentation – Basis of measurement**

Financial assets at fair value through other comprehensive income and financial assets and financial liabilities at fair value through profit or loss (including derivative financial instruments) are measured at their fair values in the consolidated financial statements. Other accounting items are measured at their historical costs. Impairment allowance is recognised and measured in accordance with relevant policy.

**(4) Use of estimates and judgements**

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future years if the revision affects both current and future years.

Judgements made by management in the application of IFRSs that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 2(27).

**(5) Changes in accounting policies and disclosures**

***(a) Amendments effective in 2024***

On 1 January 2024, the Group adopted the following amendments.

| | |
|---|---|
| Amendments to IFRS 16 | *Lease Liability in a Sale and Leaseback* |
| Amendments to IAS 1 (2020) | *Classification of Liabilities as Current or Non-current* |
| Amendments to IAS 1 (2022) | *Non-current Liabilities with Covenants* |
| Amendments to IAS 7 and IFRS 7 | *Supplier Finance Arrangements* |

The adoption of the above amendments does not to have significant impacts on the Group's results of operation results, financial position and comprehensive income.

***(b) Standards and amendments that are not yet effective in the current year and have not been adopted before their effective dates by the Group.***

Standards and amendments that are not yet effective for the year ended 31 December 2024 are set out below:

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

The Group has assessed the impact of these standards and amendments. So far it has concluded that the adoptions of them are unlikely to have significant impacts on the Group's results of operations and financial position.

**(6) Subsidiary and non-controlling interests**

Subsidiary is an entity controlled by the Group. 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. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Bank, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Bank. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated comprehensive income as an allocation of the total profit or loss and total comprehensive income between non-controlling interests and the equity shareholders of the Bank.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see Note 2(7)).

In the Bank's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(17)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

**(7) Associates and joint ventures**

An associate is an entity in which the Group or the Bank has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or the Bank and other parties contractually agree to share control of the arrangement and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 2(17)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post – tax results of the investees and any impairment losses for the year are recognised in profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

In the Bank's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses, unless these investments are classified as held for sale (or included in a disposal group that is classified as held for sale).

## (8) Translation of foreign currencies

When the Group receives capital in foreign currencies from investors, the capital is translated to RMB at the spot exchange rate on the date of receipt. Other foreign currency transactions are, on initial recognition, translated to RMB at the spot exchange rates or the rates that approximate the spot exchange rates at the dates of transactions.

A spot exchange rate is quoted by the PBOC, the State Administration of Foreign Exchange, or a cross rate determined based on quoted exchange rates. A rate that approximates the spot exchange rate is determined by a systematic and rational method, normally the average exchange rate of the current period.

Monetary items denominated in foreign currencies are translated to RMB at the spot exchange rate at the end of the reporting period, the resulting exchange differences are recognised in profit or loss. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the spot exchange rates as at the date of recognition. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rate at the date the fair value is determined; the exchange differences are recognised in profit or loss, except for the exchange differences arising from the translation of non-monetary financial investments which are recognised in fair value reserve.

## (9) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, non-restricted balances with the central bank, deposits and placements with banks and other financial institutions with an original maturity of less than three months.

## (10) Financial instruments

### *(a) Recognition and initial measurement of financial assets and financial liabilities*

A financial asset or financial liability is recognised in the statement of financial position when the Group becomes a party to the contractual provisions of a financial instrument.

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs.

### *(b) Classification and subsequent measurement of financial assets*

*Classification of financial assets*

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Financial assets are classified as:

- Financial assets measured at amortised cost, mainly including loans and advances to customers and financial investments measured at amortised cost;

- Financial assets measured at fair value through other comprehensive income (FVOCI), mainly including loans and advances to customers and financial investments measured at FVOCI; and

- Financial assets measured at fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income when the relevant investment meets the definition of an equity investment from the issuer's perspective. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

*Subsequent measurement*

– Financial assets measured at amortised cost

Such financial assets that the Group holds are subsequently measured at amortised cost. That is, 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 initial amount and the maturity amount and adjusted for any loss allowance.

– Debt instruments measured at fair value through other comprehensive income (FVOCI)

Such financial assets that the Group holds 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 interest calculated using the effective interest method, 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. The impairment allowances for such financial assets are recognised in other comprehensive income, impairment gains or losses are recognised in profit or loss, and not reduce the carrying amount of such financial assets in the statement of financial position.

– Equity investments designated at fair value through other comprehensive income

Such financial assets that the Group holds are subsequently measured at fair value. The dividend income shall be recognised through profit and loss, and a gain or loss on a financial asset measured at fair value through other comprehensive income shall be recognised in "Other comprehensive income". When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to retained earnings.

– Financial assets measured at fair value through profit or loss (FVTPL)

Such financial assets that the Group holds are subsequently measured at fair value. A gain or loss on such financial asset is recognised in profit or loss unless it is part of a hedging relationship. Dividends, which the Group is entitled to collect, on equity investments in such measurement category are recognised in profit or loss.

***(c) Classification and subsequent measurement of financial liabilities***

Financial liabilities are classified as measured at amortised cost or financial guarantee liabilities.

– Financial liabilities at amortised cost

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

– Financial guarantee liabilities

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The financial guarantee liability is measured at the higher of the amount of the loss allowance determined in accordance with impairment policies of financial instruments (see Note 2(20)(a)) and the amount initially recognised less the cumulative amount of income.

***(d) Expected credit loss***

The Group recognises loss allowances for expected credit losses (ECLs) on:

– financial assets measured at amortised cost; and

– debt instruments measured at FVOCI.

Financial assets measured at fair value, including debt instruments or equity investments at FVTPL, and equity investments designated at FVOCI, are not subject to the ECL assessment.

*Measurement of ECLs*

The ECL is a weighted average of credit losses on financial instruments weighted at the risk of default. Credit losses are the differences between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate, i.e. the present value of all cash shortfalls.

The maximum period considered when estimating ECL is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

Lifetime ECL is the ECL that results from all possible default events over the expected life of a financial instrument.

12-month ECL is the portion of ECL that results from default events that are possible within the 12 months after the end of the reporting period (or a shorter period if the expected life of the instrument is less than 12 months).

Measurement methods of ECLs used by the Group in the above areas are set out in Note 39(a).

*Presentation of ECLs*

ECL is remeasured at each end of the reporting period to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt instruments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income.

*Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

### *(e) Fair value measurement principles*

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

If there is an active market for a financial asset or financial liability, the quoted price in the active market without adjusting for transaction costs that may be incurred upon future disposal or settlement is used to establish the fair value of the financial asset or financial liability. For a financial asset held or a financial liability to be assumed, the quoted price is the current bid price. For a financial asset to be acquired or a financial liability assumed, it is the current asking price. The quoted prices from an active market are prices that are readily and regularly available from an exchange, broker, industry group or pricing service agency, and represent actual and regularly occurring market transactions on an arm's length basis.

If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models. Where discounted cash flow technique is used, future cash flows are estimated based on management's best estimates and the discount rate used is the prevailing market rate applicable for instruments with similar terms and conditions at the end of the reporting period. Where other pricing models are used, inputs are based on market data at the end of the reporting period.

In estimating the fair value of a financial asset and financial liability, the Group considers all factors including, but not limited to, risk-free interest rate, credit risk, foreign exchange rate and market volatility, that are likely to affect the fair value of the financial asset and financial liability.

The Group obtains market data from the same market where the financial instrument was originated or purchased.

### *(f) Derecognition of financial assets and financial liabilities*

Financial asset is derecognised when one of the following conditions is met:

- the Group's contractual rights to the cash flows from the financial asset expire;

- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or

- the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;

- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt instrument at FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the part derecognised.

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

***(g) Offsetting***

Financial assets and financial liabilities are generally presented separately in the statement of financial position and are not offset. However, a financial asset and a financial liability are offset, and the net amount is presented in the statement of financial position when both of the following conditions are satisfied:

- the Group currently has a legally enforceable right to set off the recognised amounts; and

- the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

**(11) Financial assets held under resale and repurchase agreements**

Financial assets purchased under agreements to resell are not reported as purchases of the assets but as receivables and are carried in the statement of financial position at amortised cost.

Financial assets sold subject to a simultaneous agreement to repurchase these assets are retained in the statement of financial position and measured in accordance with their original measurement principles. The proceeds from the sale are reported as liabilities and are carried at amortised cost.

Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements are recognised respectively as interest income and interest expense over the life of each agreement using the effective interest method.

**(12) Investment in a subsidiary**

In the Group's consolidated financial statements, investment in a subsidiary is accounted for in accordance with the principles described in Note 2(6).

In the Bank's financial statements, investment in a subsidiary is accounted for using the cost method. An investment in a subsidiary acquired other than through a business combination is initially recognised at actual payment cost if the Bank acquires the investment by cash. The investment is stated at cost less impairment loss (see Note 2(18)) in the statement of financial position. Except for declared but not yet distributed cash dividends or profit distributions that have been included in the price or consideration paid-in obtaining the investments, the Group recognises its share of the cash dividends or profit distributions declared by the investees as investment income.

**(13) Property and equipment and construction in progress**

Property and equipment are assets held by the Group for operation and administration purposes with useful lives over one year.

Property and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment loss (see Note 2(17)). Construction in progress is stated in the statement of financial position at cost less impairment loss (see Note 2(17)).

The cost of a purchased property and equipment comprises the purchase price, related taxes, and any expenditure directly attributable to bringing the asset into working condition for its intended use.

All direct and indirect costs that are related to the construction of property and equipment and incurred before the assets are ready for their intended use are capitalised as the cost of construction in progress. Construction in progress is transferred to property and equipment when the item being constructed is ready for its intended use. No depreciation is provided against construction in progress.

Where the individual component parts of an item of property and equipment have different useful lives or provide benefits to the Group in different patterns thus necessitating the use of different depreciation rates or methods, they are recognised as a separate item of property and equipment.

The subsequent costs including the cost of replacing part of an item of property and equipment are recognised in the cost of the item if the recognition criteria are satisfied, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

The Group's property and equipment are depreciated using the straight-line method over their estimated useful lives, after considering their estimated residual values and accumulated impairment loss. The estimated useful lives, residual values and depreciation rates of each class of property and equipment are as follows:

| **Asset category** | **Estimated useful life** | **Estimated rate of residual value** | **Depreciation rate** |
|---|---|---|---|
| Premises | 10 – 20 years | 3% | 4.85% – 9.70% |
| Motor vehicles | 4 years | 3% | 24.25% |
| Electronic equipment | 3 – 10 years | 3% | 9.70% – 32.33% |
| Office equipment | 3 – 20 years | 3% | 4.85% – 32.33% |

Estimated useful lives, estimated residual values and depreciation methods are reviewed at least at each year-end by the Group.

### (14) Leases

At inception of a contract, the Group assesses 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. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

#### *(a) As a lessee*

At the commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative standalone prices.

Except for short-term leases and leases of low-value assets, the Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and 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, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

– its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variables;

– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

– amounts expected to be payable under a residual value guarantee; and

– the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in "other assets" and lease liabilities in "other liabilities" in the statement of financial position.

*Short-term leases and leases of low-value assets*

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

***(b) As a lessor***

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other operating income".

**(15) Intangible assets**

The intangible assets of the Group have finite useful lives. The intangible assets are stated at cost less accumulated amortisation and impairment loss (see Note 2(17)). The cost of intangible assets less residual value and impairment loss is amortised on the straight-line method over the estimated useful lives.

The respective amortisation periods for intangible assets are as follows:

| | |
|---|---|
| Computer software and system development | 2 – 10 years |

**(16) Repossessed assets**

Repossessed assets refer to the real assets or property rights paid by the debtor, guarantor or third party when the Group exercises the creditor's right or real right of guarantee in accordance with the law. Repossessed assets are initially recognised at fair value of assets not retained plus tax and related costs when they are obtained as the compensation for the loans' principal and interest. Subsequent measurement shall be made according to the lower amount of book value and fair value minus disposal expense. Repossessed assets do not depreciate or amortise.

**(17) Allowances for impairment losses on non-financial assets**

The carrying amounts of the following assets are reviewed at the end of the reporting period based on the internal and external sources of information to determine whether there is any indication of impairment:

– property and equipment

– construction in progress

– intangible assets

– investment in a subsidiary

If any indication exists that an asset may be impaired, the recoverable amount of the asset is estimated.

A cash-generating unit ("CGU") is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. A CGU is composed of assets directly relating to cash-generation. Identification of a CGU is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups. In identifying an asset group, the Group also considers how management monitors the Group's operations and how management makes decisions about keeping or disposing of the Group's assets.

The recoverable amount of an asset or CGU, or a group of CGUs (hereinafter called "asset") is the higher of its fair value less costs to sell and its present value of expected future cash flows. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset; if it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs.

An asset's fair value less costs to sell is the amount determined by the price of a sale agreement in an arm's length transaction, less the costs that are directly attributable to the disposal of the asset. The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing to use the asset and from its ultimate disposal, to their present value using a pre-tax discount rate that reflects expected future cash flows, the useful life and the discount rate specific to the asset.

An impairment loss is recognised in profit or loss if the carrying amount of an asset exceeds its recoverable amount. A provision for an impairment loss of the asset is recognised accordingly.

If, in a subsequent period, the amount of impairment loss of the non-financial asset decreases and the decrease can be linked objectively to an event occurring after impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods.

### (18) Employee benefits

#### *(a) Short-term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values. Such schemes are arranged or regulated by PRC local government and pursuant to the applicable laws and regulations, the Group could not use any forfeited contributions to reduce the existing level of contributions.

The defined contribution retirement plans of the Group include social pension schemes and an annuity plan.

*Social pension schemes*

Pursuant to the relevant laws and regulations in the PRC, the Group has participated in the social pension schemes for the employees arranged by local government labour and security authorities. The Group makes contributions to the retirement schemes at the applicable rates based on the amounts stipulated by the government. The contributions are charged to profit or loss on an accrual basis. When employees retire, the local government labour and security authorities are responsible for the payment of the basic retirement benefits to the retired employees.

*Annuity plan*

The Group provides an annuity plan to the eligible employees. The Group makes annuity contributions in proportion to its employees' total salaries and bonuses, which are charged to profit or loss when the contributions are made.

*Housing fund and other social insurances*

In addition to the retirement benefits above, the Group has joined social security contribution schemes for employees pursuant to the relevant laws and regulations of the PRC. These schemes include a housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurance schemes at the applicable rates based on the amounts stipulated by the relevant government authorities. The contributions are charged to profit or loss on an accrual basis.

#### *(b) Supplementary retirement benefits*

*Early retirement plan*

The Group provides early retirement benefit payments to employees who voluntarily agreed to retire early for the period from the date of early retirement to the regulated retirement date. The benefit is discounted to determine the present value based on certain assumptions. The calculation is performed by a qualified actuary using the projected unit credit method. Differences arising from changes in assumptions and estimates of the present value of the liabilities are recognised in profit or loss when incurred.

*Supplementary retirement plan*

The Group provides a supplementary retirement plan to its eligible employees. The Group's obligations in respect of the supplementary retirement plan are calculated by estimating the present value of the total amount of future benefits that the Group is committed to paying to the employees after their retirement. The calculation is performed by the qualified and independent actuaries, Willis Towers Watson Consulting Co., Ltd. (Fellow of Society of Actuaries) using the projected unit credit method. Such obligations were discounted at the interest yield of government bonds with similar duration at the reporting date. The related service cost and net interest from the retirement plan are recognised in profit or loss, and the actuarial gains and losses arising from remeasurements are recognised in other comprehensive income.

Early retirement plan and supplementary retirement plan thereafter are collectively referred to as "supplementary retirement benefits". Except for the above mentioned, the Group has no significant responsibilities to pay any other retirement benefits to employees.

**(19) Deferred tax**

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investment in a subsidiary to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting periods and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and the movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Bank or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

**(20) Financial guarantees, provisions and contingent liabilities**

***(a) Financial guarantees***

In terms of off-balance sheet credit commitments, the Group applies the expected credit loss model to measure the losses caused by particular debtors incapable of paying due debts, which are present in provisions. See Note 2(10)(d) for the description of the expected credit loss model.

***(b) Other provisions and contingent liabilities***

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

For a possible obligation resulting from a past transaction or event whose existence will only be confirmed by the occurrence or non-occurrence of uncertain future events or a present obligation resulting from a past transaction or event, where it is not probable that the settlement of the above obligation will cause an outflow of economic benefits, or the amount of the outflow cannot be estimated reliably, the possible or present obligation is disclosed as a contingent liability.

**(21) Fiduciary activities**

The Group acts in a fiduciary activity as a manager, a custodian, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are recorded as off-balance sheet items as the risks and rewards of the assets reside with customers.

The Group enters into entrusted loan agreements with customers, whereby the customers provide funding (“entrusted funds”) to the Group, and the Group grants loans to third parties (“entrusted loans”) under instructions of the customers. As the Group does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, the entrusted loans and funds are recorded as off-balance sheet items at their principal amount. No provision for impairment loss is made for entrusted loans.

**(22) Income recognition**

Income is the gross inflow of economic benefit in the periods arising in the course of the Group's ordinary activities when the inflows result in an increase in shareholders' equity, other than an increase relating to contributions from shareholders.

Income is recognised when the Group satisfies the performance obligation in the contract which by transferring the control over relevant goods or services to the customers.

The following is the description of accounting policies regarding income from the Group's principal activities:

***(a) Interest income***

Interest income for financial assets is recognised in profit or loss as it is incurred, based on the time for alienation of right to use capital and effective interest rates. Interest income includes the amortisation of any discount or premium or differences between the initial carrying amount of an interest-bearing asset and its amount at maturity calculated using the effective interest rate.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the reporting period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract, transaction costs and all other premiums or discounts that are an integral part of the effective interest rate.

Interest on the impaired assets is recognised using the rate of interest used to discount future cash flows for the purpose of measuring the related impairment loss.

***(b) Fee and commission income***

The Group earns fee and commission income from a diverse range of services it provides to its customers. The fee and commission income recognised by the Group reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring promised services to customers, and income is recognised when its performance obligation in contracts is satisfied.

The Group recognises income over time by measuring the progress towards the complete satisfaction of a performance obligation, if one of the following criteria is met:

– The customer simultaneously receives and consumes the economic benefits provided by the Group's performance as the Group performs;

– The customer controls the service provided by the Group in the course of performance or;

– The Group does not provide service with an alternative use, and the Group has an enforceable right to payment for performance completed to date.

In other cases, the Group recognises revenue at the point in time when a customer obtains control of the promised services.

### *(c) Government grants*

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

## (23) Expenses recognition

### *(a) Interest expense*

Interest expense from financial liabilities is accrued on a time proportion basis with reference to the amortised cost and the applicable effective interest rate, recognised within the corresponding period.

### *(b) Other expenses*

Other expenses are recognised on an accrual basis.

## (24) Dividends

Dividends or distributions of profits proposed in the profit appropriation plan which will be authorised and declared after the end of the reporting period are not recognised as a liability at the end of the reporting period but disclosed separately in the notes to the financial statements.

## (25) Related parties

(a) A person, or a close member of that person's family, is related to the Group if 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 a parent of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities 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 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);

(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);

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to a parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

**(26) Segment reporting**

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to and assessing the performance of the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

**(27) Significant accounting estimates and judgements**

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.

***(a) Measurement of expected credit losses***

The measurement of the expected credit loss allowance for the investment in financial assets and debt instruments measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are required in applying the accounting requirements for measuring expected credit losses, such as:

– Determining criteria for significant increase in credit risk;

– Choosing appropriate models and assumptions for the measurement of expected credit losses;

– Forward-looking information of the ECL model.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in Note 39(a) credit risk.

### *(b) Fair value of financial instruments*

There are no quoted prices from an active market for a number of financial instruments. The fair values for these financial instruments are established by using valuation techniques. These techniques include using recent arm's length market transactions by referring to the current fair value of similar instruments, discounted cash flow analysis, and option pricing models. Valuation models established by the Group make a maximum use of market input and rely as little as possible on the Group's specific data. However, it should be noted that some inputs, such as credit and counterparty risk, and risk correlations require management's estimates. The Group reviews the above estimations and assumptions periodically and makes adjustment if necessary.

### *(c) Deferred taxes*

Determining deferred tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates the tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

### *(d) Impairment of non-financial assets*

Non-financial assets are reviewed regularly to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is provided.

Since the market price of an asset (the asset group) may not be obtained reliably, the fair value of the asset may not be estimated reliably. In assessing the present value of future cash flows, significant judgements are exercised over the asset's selling price, related operating expenses and discount rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the selling price and related operating expenses based on reasonable and supportable assumption.

### *(e) Depreciation and amortisation*

Property and equipment and intangible assets are depreciated and amortised using the straight-line method over their estimated useful lives after taking into account residual values. The estimated useful lives are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The estimated useful lives are determined based on historical experiences of similar assets and the estimated technical changes. If there is an indication that there has been a change in the factors used to determine the depreciation or amortisation, the amount of depreciation or amortisation will be revised.

*(f) Judgement in assessing control over structured entities*

Management applies its judgement to determine whether the control indicators set out in Note 2(6) indicate that the Group controls a non-principal guaranteed wealth management products, investment funds, etc.

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 consideration of power arising from rights it directly owns or indirectly owns through subsidiaries (including controlled structured entities), variable returns, and the link between power and returns.

For all these structured entities managed by the Group, the Group's aggregate economic interest is in each case not significant and the decision makers establish, market and manage them according to restricted parameters as set out in the investment agreements as required by laws and regulations. As a result, the Group has concluded that it acts as agent as opposed to principal for the investors in all cases, and therefore has not consolidated these structured entities.

For further disclosure in respect of unconsolidated non-principal guaranteed wealth management products, investment funds, etc, in which the Group has an interest or for which it is a sponsor, see Note 43.

**(28) Taxation**

The principal income and other taxes to which the Group is subject are listed below:

| Taxes | Statutory rates | Tax basis |
|---|---|---|
| Corporate income tax | 25% | Taxable income |
| Value-added tax | 6% | Taxable added value |
| City construction and maintenance tax | 7% or 5% | Turnover tax paid |
| Education surcharges | 3% | Turnover tax paid |

### 3. NET INTEREST INCOME

| | **2024** | 2023 |
|---|---|---|
| **Interest income arising from** | | |
| Deposits with the central bank | **241,721** | 225,522 |
| Deposits with banks and other financial institutions | **44,246** | 39,651 |
| Placements with banks and other financial institutions | **504,811** | 287,239 |
| Financial assets held under resale agreements | **619,140** | 499,842 |
| Loans and advances to customers | | |
| – Corporate loans and advances | **6,016,149** | 6,026,424 |
| – Personal loans | **1,243,250** | 1,256,814 |
| – Discounted bills | **715,972** | 862,758 |
| Financial investments | **2,319,750** | 2,416,618 |
| Subtotal | **11,705,039** | 11,614,868 |
| **Interest expense arising from** | | |
| Due to the central bank | **(46,634)** | (43,476) |
| Deposits from banks and other financial institutions | **(864)** | (1,208) |
| Placements from banks and other financial institutions | **(3,289)** | (13,808) |
| Financial assets sold under repurchase agreements | **(300,347)** | (376,018) |
| Deposits from customers | **(6,553,739)** | (6,364,537) |
| Bonds issued | **(610,825)** | (579,603) |
| Subtotal | **(7,515,698)** | (7,378,650) |
| **Net interest income** | **4,189,341** | 4,236,218 |

Interest income arising from loans and advances to customers included RMB92 million for the year ended 31 December 2024 with respect to the accreted interest on credit-impaired loans (for the year ended 31 December 2023: RMB82 million).

## 4. NET FEE AND COMMISSION INCOME

### (a) Income and expense streams:

| | **2024** | 2023 |
|---|---|---|
| **Fee and commission income** | | |
| Wealth management business fees | **290,160** | 204,395 |
| Acceptance and guarantee service fees | **150,520** | 175,997 |
| Bank card service fees | **104,906** | 148,694 |
| Settlement and clearing fees | **86,579** | 219,225 |
| Agency service fees and others | **68,603** | 112,627 |
| Subtotal | **700,768** | 860,938 |
| **Fee and commission expense** | | |
| Settlement and clearing fees | **(33,372)** | (44,464) |
| Bank card service fees | **(23,719)** | (71,208) |
| Agency service fees and others | **(16,981)** | (42,411) |
| Subtotal | **(74,072)** | (158,083) |
| **Net fee and commission income** | **626,696** | 702,855 |

### (b) Disaggregation of income:

| | **2024** | | 2023 | |
|---|---|---|---|---|
| | **At a point in time** | **Over time** | At a point in time | Over time |
| Settlement and clearing fees | **86,579** | **–** | 219,225 | – |
| Wealth management business fees | **–** | **290,160** | – | 204,395 |
| Acceptance and guarantee service fees | **–** | **150,520** | – | 175,997 |
| Bank card service fees | **101,877** | **3,029** | 123,127 | 25,567 |
| Agency service fees and others | **68,603** | **–** | 112,251 | 376 |
| Total | **257,059** | **443,709** | 454,603 | 406,335 |

## 5. NET TRADING GAINS

| | **2024** | 2023 |
|---|---|---|
| Net gains/(losses) from funds | **144,687** | (19,421) |
| Net gains/(losses) from equity investments | **84,809** | (23,306) |
| Net gains from debt securities | **19,329** | 24,716 |
| Net (losses)/gains from interbank deposits issued | **(119)** | 288 |
| Exchange losses | **(1,784)** | (1,742) |
| Net losses from investment management products | **(131,682)** | (59,043) |
| Total | **115,240** | (78,508) |

## 6. NET GAINS ARISING FROM INVESTMENT SECURITIES

| | **2024** | 2023 |
|---|---|---|
| Net gains on financial investments measured at fair value through profit or loss | **511,599** | 679,257 |
| Net gains on financial investments measured at fair value through other comprehensive income | **160,443** | 67,504 |
| Net gains on derecognition of financial investments measured at amortised cost | **142,955** | 140,269 |
| Total | **814,997** | 887,030 |

## 7. OTHER OPERATING INCOME

| | **2024** | 2023 |
|---|---|---|
| Government grants | **36,773** | 48,404 |
| Penalty income | **1,337** | 1,212 |
| Net gains on disposal of property and equipment and other assets | **847** | 1,275 |
| Income from long-term unwithdrawn items | **832** | 379 |
| Rental income | **167** | 162 |
| Others | **4,916** | 3,161 |
| Total | **44,872** | 54,593 |

## 8. OPERATING EXPENSES

| | **2024** | 2023 |
|---|---|---|
| Staff costs | | |
| – Salaries, bonuses and allowances | **989,291** | 1,011,464 |
| – Social insurance and annuity | **248,564** | 257,485 |
| – Housing allowances | **79,171** | 81,114 |
| – Staff welfares | **55,698** | 55,687 |
| – Employee education expenses and labour union expenses | **17,878** | 18,981 |
| – Supplementary retirement benefits | **–** | 970 |
| – Others | **9,276** | 6,649 |
| Subtotal | **1,399,878** | 1,432,350 |
| Depreciation and amortisation | **314,390** | 320,183 |
| Taxes and surcharges | **88,386** | 88,996 |
| Rental and property management expenses | **46,007** | 42,559 |
| Other general and administrative expenses | **447,639** | 464,323 |
| Total | **2,296,300** | 2,348,411 |

Auditor's remunerations were RMB3.30 million for the year ended 31 December 2024 (for the year ended 31 December 2023: RMB3.98 million).

## 9. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The emoluments before individual income tax of the directors and supervisors who held office during the reporting period are as follows:

| | For the year ended 31 December 2024 | | | | |
|---|---|---|---|---|---|
| | Salaries (1) | Discretionary bonus (2) | Remuneration paid (before tax) (3)=(1)+(2) | Contributions to social pension schemes and other welfares (4) | Fees (5) |
| **Executive directors** | | | | | |
| Hao Qiang | **376** | **581** | **957** | **221** | **–** |
| Zhang Yunfei | **373** | **562** | **935** | **223** | **–** |
| Wang Qi | **172** | **129** | **301** | **209** | **–** |
| Li Yanbin | **–** | **–** | **–** | **–** | **–** |
| **Non-executive directors** | | | | | |
| Wu Canming | **–** | **–** | **–** | **–** | **–** |
| Ma Hongchao | **–** | **–** | **–** | **–** | **–** |
| Liu Chenhang | **–** | **–** | **–** | **–** | **–** |
| Li Yang | **–** | **–** | **–** | **–** | **–** |
| Wang Jianjun | **–** | **–** | **–** | **–** | **–** |
| **Independent non-executive directors** | | | | | |
| Wang Liyan | **–** | **–** | **–** | **–** | **200** |
| Duan Qingshan | **–** | **–** | **–** | **–** | **200** |
| Sai Zhiyi | **–** | **–** | **–** | **–** | **–** |
| Hu Zhihong | **–** | **–** | **–** | **–** | **200** |
| Chan Ngai Sang Kenny | **–** | **–** | **–** | **–** | **200** |
| Liang Yongming | **–** | **–** | **–** | **–** | **–** |
| Suo Xuquan | **–** | **–** | **–** | **–** | **–** |
| **Employees' representative supervisors** | | | | | |
| Xie Liying | **368** | **558** | **926** | **283** | **–** |
| Wen Qingquan | **219** | **439** | **658** | **229** | **–** |
| Su Hua | **207** | **415** | **622** | **222** | **–** |
| **External supervisors** | | | | | |
| Zhuo Zeyuan | **–** | **–** | **–** | **–** | **200** |
| Wu Jun | **–** | **–** | **–** | **–** | **200** |
| Bai Guangwei | **–** | **–** | **–** | **–** | **200** |
| **Shareholders' representative supervisors** | | | | | |
| Wang Weiping | **–** | **–** | **–** | **–** | **–** |
| Pang Zhengyu | **–** | **–** | **–** | **–** | **–** |
| Xu Jin | **–** | **–** | **–** | **–** | **–** |
| **Former non-executive directors** | | | | | |
| Li Shishan | **–** | **–** | **–** | **–** | **–** |
| **Total** | **1,715** | **2,684** | **4,399** | **1,387** | **1,400** |

| | For the year ended 31 December 2023 | | | | |
|---|---|---|---|---|---|
| | Salaries (1) | Discretionary bonus (2) | Remuneration paid (before tax) (3)=(1)+(2) | Contributions to social pension schemes and other welfares (4) | Fees (5) |
| **Executive directors** | | | | | |
| Hao Qiang | 350 | 679 | 1,029 | 162 | – |
| Zhang Yunfei | 327 | 1,000 | 1,327 | 165 | – |
| **Non-executive directors** | | | | | |
| Li Shishan | – | – | – | – | – |
| Ma Hongchao | – | – | – | – | – |
| Liu Chenhang | – | – | – | – | – |
| Li Yang | – | – | – | – | – |
| Wang Jianjun | – | – | – | – | – |
| **Independent non-executive directors** | | | | | |
| Wang Liyan | – | – | – | – | 200 |
| Duan Qingshan | – | – | – | – | 200 |
| Sai Zhiyi | – | – | – | – | – |
| Hu Zhihong | – | – | – | – | 100 |
| Chan Ngai Sang Kenny | – | – | – | – | 100 |
| **Employees' representative supervisors** | | | | | |
| Xie Liying | 325 | 644 | 969 | 222 | – |
| Wen Qingquan | 219 | 551 | 770 | 209 | – |
| Su Hua | 189 | 235 | 424 | 195 | – |
| **External supervisors** | | | | | |
| Zhuo Zeyuan | – | – | – | – | 200 |
| Wu Jun | – | – | – | – | 200 |
| Bai Guangwei | – | – | – | – | 200 |
| **Shareholders' representative supervisors** | | | | | |
| Wang Weiping | – | – | – | – | – |
| Pang Zhengyu | – | – | – | – | – |
| Xu Jin | – | – | – | – | – |

| | For the year ended 31 December 2023 | | | | |
|---|---|---|---|---|---|
| | Salaries (1) | Discretionary bonus (2) | Remuneration paid (before tax) (3)=(1)+(2) | Contributions to social pension schemes and other welfares (4) | Fees (5) |
| **Former independent non-executive directors** | | | | | |
| Jin Haiteng | – | – | – | – | 117 |
| Sun Shihu | – | – | – | – | 117 |
| Ye Xiang | – | – | – | – | 117 |
| **Former employees' representative supervisors** | | | | | |
| Guo Zhenrong | 15 | 171 | 186 | 77 | – |
| **Former external supervisors** | | | | | |
| Liu Shoubao | – | – | – | – | 17 |
| Liu Min | – | – | – | – | 17 |
| Total | 1,425 | 3,280 | 4,705 | 1,030 | 1,585 |

There was no amount paid during the reporting period to the directors in connection with their retirement from employment or compensation for loss of office with the Group, or inducement to join the Group. There was no arrangement under which a director or supervisor waived or agreed to waive any remuneration during the reporting period.

*Notes:*

(a) At the extraordinary general meeting of shareholders held on 27 December 2024, Li Yanbin was elected as an executive director, Liang Yongming and Suo Xuquan were elected as independent non-executive directors. The qualifications of the directors above shall take effect upon formal approval by the Shanxi Regulatory Bureau of the National Financial Regulatory Administration. Wang Liyan and Sai Zhiyi will continue to perform their duties as independent non-executive directors until Liang Yongming and Suo Xuquan obtain approval for the qualifications of directors by the Shan Regulatory Bureau.

(b) At the general meeting of shareholders held on 20 Jun 2024, Wang Qi was elected as an executive director, Wu Canming was elected as a non-executive director. The Shanxi Regulatory Bureau of the National Financial Regulatory Administration has approved Mr. Wang's qualification as an executive director of the Bank and Mr. Wu's qualification as a non-executive director of the Bank, taking effect on 27 December 2024.

(c) On 27 December 2024, when Wu Canming's qualification for the position was approved, Li Shishan no longer served as a non-executive director.

(d) At the extraordinary general meeting of shareholders held on 22 December 2022, Ma Hongchao was elected as a non-executive director, Hu Zhihong and Chan Ngai Sang Kenny were elected as independent non-executive directors. The Shanxi Regulatory Bureau of the former China Banking and Insurance Regulatory Commission has approved Mr. Ma's qualification as a non-executive director of the Bank, Ms. Hu's and Mr. Chan's qualifications as independent non-executive directors of the Bank, taking effect on 25 June 2023.

## 10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

For the year ended 31 December 2024, the five individuals with highest emoluments did not include any directors and supervisors of the Bank.

The emoluments for the five highest paid individuals for the year ended 31 December 2024 are as follows:

| | **2024** | 2023 |
|---|---|---|
| Salaries and other emoluments | **1,293** | 1,461 |
| Discretionary bonuses | **7,294** | 8,966 |
| Contributions to pension schemes | **197** | 185 |
| Others | **833** | 794 |
| Total | **9,617** | 11,406 |

The numbers of these individuals whose emoluments are within the following bands are set out below:

| | **2024** | 2023 |
|---|---|---|
| HKD1,000,001 – 1,500,000 | **–** | – |
| HKD1,500,001 – 2,000,000 | **2** | 1 |
| HKD2,000,001 – 2,500,000 | **2** | 2 |
| HKD2,500,001 – 3,000,000 | **1** | 1 |
| HKD3,000,001 – 3,500,000 | **–** | – |
| HKD3,500,001 – 4,000,000 | **–** | 1 |
| HKD4,000,001 – 4,500,000 | **–** | – |
| HKD4,500,001 – 5,000,000 | **–** | – |
| HKD5,000,001 and above | **–** | – |

None of these individuals received any inducement to join or upon joining the Group or as compensation for loss of office, or waived any emoluments during the reporting period..

## 11. IMPAIRMENT LOSSES ON CREDIT

| | **2024** | 2023 |
|---|---|---|
| Loans and advances to customers | **1,783,239** | 959,069 |
| Placements with banks and other financial institutions | **40,710** | 20,672 |
| Credit commitments | **14,113** | (29,454) |
| Deposits with banks and other financial institutions | **3,842** | (220) |
| Financial assets held under resale agreements | **169** | 2 |
| Financial investments measured at fair value through other comprehensive income | **(918)** | 20 |
| Financial investments measured at amortised cost | **(176,759)** | 474,319 |
| Others | **10,476** | 7,622 |
| Total | **1,674,872** | 1,432,030 |

## 12. INCOME TAX EXPENSE

### (a) Income tax expense:

| | 2024 | 2023 |
|---|---|---|
| Current tax | **510,721** | 351,417 |
| Deferred tax | **(441,986)** | (318,078) |
| Total | **68,735** | 33,339 |

### (b) Reconciliations between income tax and accounting profit are as follows:

| | | 2024 | 2023 |
|---|---|---|---|
| Profit before tax | | **1,818,237** | 2,033,890 |
| Statutory tax rate | | **25%** | 25% |
| Income tax calculated at the statutory tax rate | | **454,559** | 508,473 |
| Non-deductible expenses | | **105,862** | 44,577 |
| Non-taxable income | *(i)* | **(491,686)** | (519,711) |
| Income tax | | **68,735** | 33,339 |

(i) The non-taxable income mainly represents the interest income arising from the PRC government bonds, and dividends from domestic funds.

## 13. BASIC AND DILUTED EARNINGS PER SHARE

| | | 2024 | 2023 |
|---|---|---|---|
| Net profit attributable to equity holders of the Bank | | **1,755,108** | 2,002,911 |
| Weighted average number of ordinary shares (in thousands) | *(a)* | **5,838,650** | 5,838,650 |
| Basic and diluted earnings per share attributable to equity holders of the Bank (in RMB) | | **0.30** | 0.34 |

There is no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the reporting period.

### (a) Weighted average number of ordinary shares (in thousands)

| | 2024 | 2023 |
|---|---|---|
| Number of ordinary shares at the beginning of the year | **5,838,650** | 5,838,650 |
| Weighted average number of ordinary shares issued during the year | **–** | – |
| Weighted average number of ordinary shares | **5,838,650** | 5,838,650 |

Basic earnings per share amount has been computed by taking into account the aforesaid shares subscribed by the investors during the reporting period.

## 14. CASH AND DEPOSITS WITH THE CENTRAL BANK

| | | 31 December 2024 | 31 December 2023 |
|---|---|---|---|
| Cash on hand | | **223,546** | 318,482 |
| Deposits with the central bank | | | |
| – Statutory deposit reserves | *(a)* | **14,716,829** | 13,473,303 |
| – Surplus deposit reserves | *(b)* | **4,237,723** | 8,424,811 |
| – Fiscal deposits | | **35,410** | 37,274 |
| Subtotal | | **18,989,962** | 21,935,388 |
| Interest accrued | | **7,288** | 6,667 |
| Total | | **19,220,796** | 22,260,537 |

(a) The Group places statutory deposit reserves with the PBOC in accordance with relevant regulations. As at the end of each reporting periods, the statutory deposit reserve ratios applicable to the Bank were as follows:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Reserve ratio for RMB deposits | **5.00%** | 5.00% |
| Reserve ratio for foreign currency deposits | **4.00%** | 4.00% |

The statutory deposit reserves are not available for the Group's daily business. A subsidiary of the Bank is required to place statutory RMB deposit reserve at rates determined by the PBOC.

(b) The surplus deposit reserves are maintained with the PBOC for the purpose of clearing.

## 15. DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Deposits in Chinese mainland | | |
| – Banks | **630,150** | 967,561 |
| – Other financial institutions | **1,502,309** | 1,375,296 |
| Subtotal | **2,132,459** | 2,342,857 |
| Deposits in Hong Kong, Macao, Taiwan and other countries and regions | | |
| – Banks | **2,039** | 2,423 |
| Interest accrued | **10,705** | 11,614 |
| Less: Allowances for impairment losses | **(4,078)** | (236) |
| Total | **2,141,125** | 2,356,658 |

## 16. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Placements in Chinese mainland | | |
| – Other financial institutions | **19,290,000** | 13,500,000 |
| Subtotal | **19,290,000** | 13,500,000 |
| Interest accrued | **263,919** | 201,611 |
| Less: Allowances for impairment losses | **(67,877)** | (27,167) |
| Total | **19,486,042** | 13,674,444 |

## 17. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

### (a) Analysed by type and location of counterparty

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| In Chinese mainland | | |
| – Banks | **28,198,066** | 40,323,586 |
| – Other financial institutions | **–** | 1,190,975 |
| Subtotal | **28,198,066** | 41,514,561 |
| Interest accrued | **–** | 322 |
| Less: Allowances for impairment losses | **(172)** | (3) |
| Total | **28,197,894** | 41,514,880 |

### (b) Analysed by type of collateral held

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Debt securities | | |
| – Government | **–** | 1,299,700 |
| – Policy banks | **–** | 2,290,975 |
| Subtotal | **–** | 3,590,675 |
| Bank acceptances | **28,198,066** | 37,923,886 |
| Interest accrued | **–** | 322 |
| Less: Allowances for impairment losses | **(172)** | (3) |
| Total | **28,197,894** | 41,514,880 |

## 18. LOANS AND ADVANCES TO CUSTOMERS

### (a) Analysed by nature

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| **Loans and advances to customers measured at amortised cost:** | | |
| Corporate loans and advances | **127,307,546** | 120,284,397 |
| Personal loans | | |
| – Residential mortgage loans | **24,550,251** | 22,983,722 |
| – Personal consumption loans | **4,469,144** | 2,938,696 |
| – Personal business loans | **1,329,467** | 1,294,562 |
| – Credit cards | **3,934,869** | 4,602,703 |
| Subtotal | **34,283,731** | 31,819,683 |
| Interest accrued | **1,012,194** | 951,933 |
| Less: Allowances for impairment losses on loans and advances to customers measured at amortised cost | **(7,322,837)** | (6,778,302) |
| Subtotal | **155,280,634** | 146,277,711 |
| **Loans and advances to customers measured at fair value through other comprehensive income:** | | |
| Discounted bills | **39,822,854** | 39,332,036 |
| Subtotal | **39,822,854** | 39,332,036 |
| Net loans and advances to customers | **195,103,488** | 185,609,747 |

**(b) Loans and advances to customers (excluding interest accrued) analysed by industry sector**

| | 31 December 2024 | | |
|---|---|---|---|
| | **Amount** | **Percentage** | **Loans and advances secured by collateral** |
| Manufacturing | **39,910,923** | **19.82%** | **4,814,333** |
| Mining | **27,366,428** | **13.59%** | **6,721,135** |
| Wholesale and retail trade | **12,753,347** | **6.33%** | **3,688,275** |
| Leasing and commercial services | **10,789,923** | **5.36%** | **1,008,300** |
| Real estate | **8,713,651** | **4.33%** | **2,905,545** |
| Construction | **8,459,554** | **4.20%** | **862,689** |
| Production and supply of electric power, heating, gas and water | **7,100,744** | **3.53%** | **154,925** |
| Water, environment and public utility management | **3,673,637** | **1.82%** | **637,300** |
| Transportation, storage and postal services | **3,148,413** | **1.56%** | **559,475** |
| Financial services | **1,572,454** | **0.78%** | **285,000** |
| Lodging and catering | **367,580** | **0.18%** | **84,916** |
| Education | **168,275** | **0.08%** | **122,141** |
| Agriculture, forestry, animal husbandry and fishery | **81,996** | **0.04%** | **9,685** |
| Others | **3,200,621** | **1.59%** | **2,025,151** |
| Subtotal of corporate loans and advances | **127,307,546** | **63.21%** | **23,878,870** |
| Personal loans | **34,283,731** | **17.02%** | **19,072,739** |
| Discounted bills | **39,822,854** | **19.77%** | **39,822,854** |
| Total of loans and advances to customers | **201,414,131** | **100.00%** | **82,774,463** |

| | 31 December 2023 | | |
|---|---|---|---|
| | Amount | Percentage | Loans and advances secured by collateral |
| Manufacturing | 43,960,904 | 22.96% | 5,847,622 |
| Mining | 23,610,552 | 12.33% | 5,580,021 |
| Wholesale and retail trade | 10,089,887 | 5.27% | 2,916,313 |
| Leasing and commercial services | 8,985,826 | 4.69% | 1,635,604 |
| Real estate | 8,469,260 | 4.42% | 2,399,234 |
| Construction | 6,942,448 | 3.63% | 1,073,488 |
| Production and supply of electric power, heating, gas and water | 5,081,743 | 2.65% | 122,150 |
| Water, environment and public utility management | 3,595,434 | 1.88% | 417,500 |
| Transportation, storage and postal services | 3,043,886 | 1.59% | 680,343 |
| Financial services | 2,841,378 | 1.48% | 307,025 |
| Lodging and catering | 591,178 | 0.31% | 338,376 |
| Agriculture, forestry, animal husbandry and fishery | 154,576 | 0.08% | 61,112 |
| Education | 137,987 | 0.07% | 131,637 |
| Others | 2,779,338 | 1.47% | 1,843,964 |
| Subtotal of corporate loans and advances | 120,284,397 | 62.83% | 23,354,389 |
| Personal loans | 31,819,683 | 16.62% | 16,626,169 |
| Discounted bills | 39,332,036 | 20.55% | 39,332,036 |
| Total of loans and advances to customers | 191,436,116 | 100.00% | 79,312,594 |

As at the end of each reporting periods and during the reporting period, detailed information of the impaired loans and advances to customers (excluding interests accrued), the corresponding allowances and the provision and write-off of impairment losses in respect of each industry sector which constituted 10% or more of gross loans and advances to customers is as follows:

| | **31 December 2024** | | | | | |
|---|---|---|---|---|---|---|
| | **Credit-impaired loans and advances** | **Expected credit losses over the next 12 months** | **Lifetime expected credit losses: not credit-impaired loans** | **Lifetime expected credit losses: credit-impaired loans** | **Impairment (reversed)/ charged during the year** | **Written off during the year** |
| Manufacturing | **1,127,890** | **1,001,816** | **213,560** | **412,893** | **(40,000)** | **13,105** |
| Mining | **430,940** | **647,154** | **341,741** | **160,739** | **345,430** | **–** |

| | 31 December 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Credit-impaired loans and advances | Expected credit losses over the next 12 months | Lifetime expected credit losses: not credit-impaired loans | Lifetime expected credit losses: credit-impaired loans | Impairment charged during the year | Written off during the year |
| Manufacturing | 327,891 | 1,094,153 | 417,891 | 156,225 | 271,462 | – |
| Mining | – | 586,094 | 218,110 | – | 94,897 | – |

**(c) Analysed by type of collateral**

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Unsecured loans | **36,449,180** | 26,314,437 |
| Guaranteed loans | **82,190,488** | 85,809,085 |
| Collateralised loans | **32,090,375** | 29,073,478 |
| Pledged loans | **50,684,088** | 50,239,116 |
| Subtotal | **201,414,131** | 191,436,116 |
| Interest accrued | **1,012,194** | 951,933 |
| Gross of loans and advances to customers | **202,426,325** | 192,388,049 |
| Less: Allowances for impairment losses on loans and advances to customers measured at amortised cost | **(7,322,837)** | (6,778,302) |
| Net of loans and advances to customers | **195,103,488** | 185,609,747 |

**(d) Overdue loans (excluding interest accrued) analysed by overdue period**

| | 31 December 2024 | | | | |
|---|---|---|---|---|---|
| | **Overdue within three months (inclusive)** | **Overdue for more than three months to one year (inclusive)** | **Overdue for more than one year to three years (inclusive)** | **Overdue for more than three years** | **Total** |
| Unsecured loans | **200,204** | **211,264** | **184,197** | **20,048** | **615,713** |
| Guaranteed loans | **1,162,086** | **81,364** | **343,162** | **442,086** | **2,028,698** |
| Collateralised loans | **106,211** | **112,908** | **302,586** | **297,709** | **819,414** |
| Pledged loans | **3,742** | **7,070** | **–** | **5,948** | **16,760** |
| Total | **1,472,243** | **412,606** | **829,945** | **765,791** | **3,480,585** |
| As a percentage of gross of loans and advances to customers | **0.73%** | **0.21%** | **0.41%** | **0.38%** | **1.73%** |

| | 31 December 2023 | | | | |
|---|---|---|---|---|---|
| | Overdue within three months (inclusive) | Overdue for more than three months to one year (inclusive) | Overdue for more than one year to three years (inclusive) | Overdue for more than three years | Total |
| Unsecured loans | 90,002 | 149,652 | 273,106 | 37,499 | 550,259 |
| Guaranteed loans | 812,268 | 80,190 | 1,596,740 | 216,782 | 2,705,980 |
| Collateralised loans | 48,070 | 97,535 | 487,738 | 85,367 | 718,710 |
| Pledged loans | 300 | – | 5,952 | 9,500 | 15,752 |
| Total | 950,640 | 327,377 | 2,363,536 | 349,148 | 3,990,701 |
| As a percentage of gross of loans and advances to customers | 0.50% | 0.17% | 1.23% | 0.18% | 2.08% |

Overdue loans represent loans of which the whole or part of the principals or interest were overdue for one day or more.

### (e) Loans and advances and allowances for impairment losses

| | 31 December 2024 | | | |
|---|---|---|---|---|
| | **Expected credit losses over the next 12 months** | **Lifetime expected credit losses: not credit-impaired loans** | **Lifetime expected credit losses: credit-impaired loans[(i)]** | **Total** |
| Total of loans and advances to customers measured at amortised cost | **149,429,740** | **9,608,037** | **3,565,694** | **162,603,471** |
| Less: Allowances for impairment losses | **(3,570,728)** | **(1,680,321)** | **(2,071,788)** | **(7,322,837)** |
| Net of loans and advances to customers measured at amortised cost | **145,859,012** | **7,927,716** | **1,493,906** | **155,280,634** |
| Net of loans and advances to customers measured at fair value through other comprehensive income | **39,822,854** | **–** | **–** | **39,822,854** |
| Net of loans and advances to customers | **185,681,866** | **7,927,716** | **1,493,906** | **195,103,488** |

| | 31 December 2023 | | | |
|---|---|---|---|---|
| | Expected credit losses over the next 12 months | Lifetime expected credit losses: not credit-impaired loans | Lifetime expected credit losses: credit-impaired loans[(i)] | Total |
| Total of loans and advances to customers measured at amortised cost | 142,486,468 | 7,157,269 | 3,412,276 | 153,056,013 |
| Less: Allowances for impairment losses | (3,246,691) | (1,486,571) | (2,045,040) | (6,778,302) |
| Net of loans and advances to customers measured at amortised cost | 139,239,777 | 5,670,698 | 1,367,236 | 146,277,711 |
| Net of loans and advances to customers measured at fair value through other comprehensive income | 39,332,036 | – | – | 39,332,036 |
| Net of loans and advances to customers | 178,571,813 | 5,670,698 | 1,367,236 | 185,609,747 |

(i) The loans and advances are "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the loans and advances have occurred. Evidence that loans and advances are credit-impaired includes the following observable data: significant financial difficulty of the borrower or issuer; a breach of contract, such as overdue of principal or interest for more than 90 days; the possibility that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties, etc.

## (f) Movements in allowances for impairment losses

### *(i) Movements in allowances for impairment losses on loans and advances to customers measured at amortised cost:*

| | For the year ended 31 December 2024 | | | |
|---|---|---|---|---|
| | **Expected credit losses over the next 12 months** | **Lifetime expected credit losses: not credit-impaired loans** | **Lifetime expected credit losses: credit-impaired loans** | **Total** |
| As at 1 January | **3,246,691** | **1,486,571** | **2,045,040** | **6,778,302** |
| Transferred: | | | | |
| – to expected credit losses over the next 12 months | **159,512** | **(112,870)** | **(46,642)** | **–** |
| – to lifetime expected credit losses: not credit-impaired loans | **(106,514)** | **116,288** | **(9,774)** | **–** |
| – to lifetime expected credit losses: credit-impaired loans | **(3,942)** | **(372,872)** | **376,814** | **–** |
| Charge for the year | **274,981** | **563,204** | **944,136** | **1,782,321** |
| Recoveries for the year | **–** | **–** | **11,932** | **11,932** |
| Write-offs for the year | **–** | **–** | **(1,157,995)** | **(1,157,995)** |
| Other changes | **–** | **–** | **(91,723)** | **(91,723)** |
| As at 31 December | **3,570,728** | **1,680,321** | **2,071,788** | **7,322,837** |

| | For the year ended 31 December 2023 | | | |
|---|---|---|---|---|
| | Expected credit losses over the next 12 months | Lifetime expected credit losses: not credit-impaired loans | Lifetime expected credit losses: credit-impaired loans | Total |
| As at 1 January | 2,774,583 | 1,345,928 | 1,799,650 | 5,920,161 |
| Transferred: | | | | |
| – to expected credit losses over the next 12 months | 75,606 | (55,244) | (20,362) | – |
| – to lifetime expected credit losses: not credit-impaired loans | (3,435) | 34,100 | (30,665) | – |
| – to lifetime expected credit losses: credit-impaired loans | (5,641) | (48,821) | 54,462 | – |
| Charge for the year | 405,578 | 210,608 | 358,278 | 974,464 |
| Transfer out for the year | – | – | (39,831) | (39,831) |
| Recoveries for the year | – | – | 5,166 | 5,166 |
| Other changes | – | – | (81,658) | (81,658) |
| As at 31 December | 3,246,691 | 1,486,571 | 2,045,040 | 6,778,302 |

*(ii) Movements in allowances for impairment of loans and advances to customers measured at fair value through other comprehensive income:*

| | For the year ended 31 December 2024 | | | |
|---|---|---|---|---|
| | **Expected credit losses over the next 12 months** | **Lifetime expected credit losses: not credit-impaired loans** | **Lifetime expected credit losses: credit-impaired loans** | **Total** |
| As at 1 January | **2,354** | **–** | **–** | **2,354** |
| Charge for the year | **918** | **–** | **–** | **918** |
| As at 31 December | **3,272** | **–** | **–** | **3,272** |

| | For the year ended 31 December 2023 | | | |
|---|---|---|---|---|
| | Expected credit losses over the next 12 months | Lifetime expected credit losses: not credit-impaired loans | Lifetime expected credit losses: credit-impaired loans | Total |
| As at 1 January | 17,749 | – | – | 17,749 |
| Reversal of the year | (15,395) | – | – | (15,395) |
| As at 31 December | 2,354 | – | – | 2,354 |

Allowances for impairment losses on loans and advances to customers measured at fair value through other comprehensive income is recognised in other comprehensive income without decreasing the carrying amount of loans and advances to customers presented in the statement of financial position, and impairment loss or gain is recognised in profit or loss.

**(g) Disposal of loans and advances to customers**

During the year ended 31 December 2024, the Group did not transfer out any loans and advances to independent third parties. For the year ended 31 December 2023, the Group transferred out loans and advances with a gross amount of RMB80 million to independent third parties, and the transfer price was RMB40 million.

During the years ended 31 December 2024 and 31 December 2023, the Group did not transfer out any portfolio of customer loans and advances through the asset securitisation business.

## 19. FINANCIAL INVESTMENTS

| | | **31 December 2024** | 31 December 2023 |
|---|---|---|---|
| Financial investments measured at fair value through profit or loss | *(a)* | **22,212,851** | 11,731,796 |
| Financial investments measured at fair value through other comprehensive income | *(b)* | **6,830,860** | 4,807,100 |
| Financial investments measured at amortised cost | *(c)* | **77,752,482** | 74,276,507 |
| Total | | **106,796,193** | 90,815,403 |

### (a) Financial investments measured at fair value through profit or loss

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Bonds issued by the following institutions in Chinese mainland | | |
| – Government | **–** | 305,189 |
| – Banks and other financial institutions | **–** | 512,587 |
| – Corporates | **202,920** | 293,962 |
| Subtotal | **202,920** | 1,111,738 |
| Interbank deposits | **–** | 199,440 |
| Investment funds | **20,366,074** | 8,062,705 |
| Investment management products | **1,643,564** | 2,183,589 |
| Other investments | **293** | 174,324 |
| Total | **22,212,851** | 11,731,796 |

As at 31 December 2024 and 31 December 2023, there were no investments subject to material restrictions in the realisation.

**(b) Financial investments measured at fair value through other comprehensive income**

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Bonds issued by the following institutions in Chinese mainland | | |
| – Government | **1,491,846** | 723,113 |
| – Policy banks | **1,696,095** | 1,122,922 |
| – Banks and other financial institutions | **790,710** | 270,657 |
| – Corporates | **61,299** | 101,838 |
| Subtotal | **4,039,950** | 2,218,530 |
| Interest accrued | **49,478** | 38,717 |
| Subtotal | **4,089,428** | 2,257,247 |
| Interbank deposits | **1,728,537** | 493,454 |
| Investment management products | **710,304** | 871,414 |
| Interest accrued | **29,900** | 37,352 |
| Subtotal | **740,204** | 908,766 |
| Other investments | **272,691** | 1,147,633 |
| Total | **6,830,860** | 4,807,100 |

(i) As at 31 December 2024 and 31 December 2023, there were no investments subject to material restrictions in the realisation.

(ii) Movements in allowances for impairment losses on financial investments measured at fair value through other comprehensive income:

| | **For the year ended 31 December 2024** | | | |
|---|---|---|---|---|
| | **Expected credit losses over the next 12 months** | **Lifetime expected credit losses: not credit-impaired** | **Lifetime expected credit losses: credit-impaired** | **Total** |
| Balance at 1 January | **2,264** | **–** | **–** | **2,264** |
| Reversal of the year | **(918)** | **–** | **–** | **(918)** |
| Balance at 31 December | **1,346** | **–** | **–** | **1,346** |

| | For the year ended 31 December 2023 | | | |
|---|---|---|---|---|
| | Expected credit losses over the next 12 months | Lifetime expected credit losses: not credit-impaired | Lifetime expected credit losses: credit-impaired | Total |
| Balance at 1 January | 2,244 | – | – | 2,244 |
| Charge for the year | 20 | – | – | 20 |
| Balance at 31 December | 2,264 | – | – | 2,264 |

Allowances for impairment losses on financial investments measured at fair value through other comprehensive income is recognised in other comprehensive income without decreasing the carrying amount of financial investments presented in the statement of financial position, and impairment loss or gain is recognised in profit or loss.

### (c) Financial investments measured at amortised cost

| | | 31 December 2024 | 31 December 2023 |
|---|---|---|---|
| Bonds issued by the following institutions in Chinese mainland | *(i)* | | |
| – Government | | **55,347,349** | 48,760,419 |
| – Policy banks | | **13,464,756** | 14,105,837 |
| – Banks and other financial institutions | | **4,256,149** | 4,573,802 |
| – Corporates | | **681,252** | 791,339 |
| Interest accrued | | **985,563** | 974,623 |
| Subtotal | | **74,735,069** | 69,206,020 |
| Interbank deposits | | **199,327** | 593,499 |
| Investment management products | | **4,460,380** | 6,292,994 |
| Interest accrued | | **3,186** | 6,233 |
| Subtotal | | **4,463,566** | 6,299,227 |
| Less: Allowances for impairment losses | *(ii)* | **(1,645,480)** | (1,822,239) |
| Total | | **77,752,482** | 74,276,507 |

(i) As at the end of each reporting periods, certain debt securities were pledged for repurchase agreements (Note 42(f)).

(ii) Movements in allowances for impairment losses on financial investments measured at amortised cost:

| | For the year ended 31 December 2024 | | | |
|---|---|---|---|---|
| | **Expected credit losses over the next 12 months** | **Lifetime expected credit losses: not credit-impaired** | **Lifetime expected credit losses: credit-impaired** | **Total** |
| Balance at 1 January | **137,234** | **67,151** | **1,617,854** | **1,822,239** |
| – to expected credit losses over the next 12 months | **12,551** | **(12,551)** | **–** | **–** |
| Reversal of the year | **(84,693)** | **(15,839)** | **(76,227)** | **(176,759)** |
| Balance at 31 December | **65,092** | **38,761** | **1,541,627** | **1,645,480** |

| | For the year ended 31 December 2023 | | | |
|---|---|---|---|---|
| | Expected credit losses over the next 12 months | Lifetime expected credit losses: not credit-impaired | Lifetime expected credit losses: credit-impaired | Total |
| Balance at 1 January | 239,176 | 13,289 | 1,095,455 | 1,347,920 |
| (Reversal of)/Charge for the year | (101,942) | 53,862 | 522,399 | 474,319 |
| Balance at 31 December | 137,234 | 67,151 | 1,617,854 | 1,822,239 |

**(d) Financial investments are analysed as follows**

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Financial investments measured at fair value through profit or loss | | |
| Debt securities | | |
| – Listed | **94,018** | 1,014,990 |
| – Unlisted | **108,902** | 96,748 |
| Interbank deposits | | |
| – Listed | **–** | 199,440 |
| Fund investments and others | | |
| – Listed | **293** | 174,324 |
| – Unlisted | **22,009,638** | 10,246,294 |
| Subtotal | **22,212,851** | 11,731,796 |
| Financial investments measured at fair value through other comprehensive income | | |
| Debt securities | | |
| – Listed | **4,089,428** | 2,257,247 |
| Interbank deposits | | |
| – Listed | **1,728,537** | 493,454 |
| Investment management products and others | | |
| – Listed | **251,965** | 1,074,139 |
| – Unlisted | **760,930** | 982,260 |
| Subtotal | **6,830,860** | 4,807,100 |
| Financial investments measured at amortised cost | | |
| Debt securities | | |
| – Listed | **74,591,282** | 69,058,162 |
| – Unlisted | **140,952** | 111,887 |
| Interbank deposits | | |
| – Listed | **199,319** | 593,346 |
| Investment management products | | |
| – Unlisted | **2,820,929** | 4,513,112 |
| Subtotal | **77,752,482** | 74,276,507 |
| Total | **106,796,193** | 90,815,403 |
| Listed | **80,954,842** | 74,865,102 |
| Unlisted | **25,841,351** | 15,950,301 |
| Total | **106,796,193** | 90,815,403 |

Debt securities traded in the interbank market of Chinese mainland are included in "Listed". Interbank deposits traded in the interbank market of Chinese mainland are classified as "Listed".

## 20. INTEREST IN AN ASSOCIATE

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Interest in an associate | **369,769** | 343,551 |

The following table contains information about the Group's associate which is immaterial to the Bank and is an unlisted corporate entity whose quoted market price is not available:

| Name | **Percentages of equity/voting rights 31 December 2024** | 31 December 2023 | **Place of incorporation/ registration** | **Business sector** |
|---|---|---|---|---|
| Jinshang Consumer Finance Co., Ltd. | **40%** | 40% | Shanxi, China | Consumer finance |

In February 2016, the Bank and other third-party shareholders jointly established Jinshang Consumer Finance Co., Ltd. ("Jinshang Consumer Finance"), which was registered in Taiyuan, Shanxi, China with its main business operating in Chinese mainland. The registered capital of Jinshang Consumer Finance amounted to RMB500 million and the Bank holds 40% of the equity of Jinshang Consumer Finance. As at 31 December 2024, Jinshang Consumer Finance had share capital of RMB500 million.

The following tables illustrate the financial information of the Group's associate that is not individually material:

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Total amount of the individually immaterial associate in the statement of financial position of the Bank | **369,769** | 343,551 |

| | **2024** | 2023 |
|---|---|---|
| Total amounts of the Bank's share of results of the associate | | |
| – Profit from continuing operations | **26,218** | 12,143 |
| – Total comprehensive income | **26,218** | 12,143 |

## 21. INVESTMENT IN A SUBSIDIARY

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Qingxu Jinshang Village and Township Bank Co., Ltd. | **25,500** | 25,500 |

Qingxu Jinshang Village and Township Bank Co., Ltd. was incorporated on 19 January 2012, which was registered in Taiyuan, Shanxi, China with registered capital of RMB50 million. The principal activities of Qingxu Village and Township Bank are operating in Chinese mainland, and it is a corporate legal entity and a non-wholly-owned subsidiary of the Bank. As at 31 December 2024 and 31 December 2023, the Bank held the provision of 51% of equity interests and voting rights of Qingxu Village and Township Bank. As at 31 December 2024, Qingxu Village and Township Bank had share capital of RMB50 million.

## 22. PROPERTY AND EQUIPMENT

| | Premises | Office equipment | Motor vehicles | Electronic equipment | Leasehold improvements | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| As at 1 January 2023 | 1,701,746 | 57,703 | 13,461 | 526,220 | 389,684 | 2,688,814 |
| Additions | 72,870 | 4,107 | – | 41,172 | 18,140 | 136,289 |
| Disposals | – | (1,166) | – | (23,070) | – | (24,236) |
| As at 31 December 2023 | 1,774,616 | 60,644 | 13,461 | 544,322 | 407,824 | 2,800,867 |
| Additions | 12,062 | 4,065 | – | 39,373 | 13,141 | 68,641 |
| Disposals | – | (1,165) | – | (32,900) | – | (34,065) |
| As at 31 December 2024 | **1,786,678** | **63,544** | **13,461** | **550,795** | **420,965** | **2,835,443** |
| **Accumulated depreciation** | | | | | | |
| As at 1 January 2023 | (514,302) | (41,499) | (12,279) | (448,025) | (352,876) | (1,368,981) |
| Charge for the year | (83,400) | (5,904) | (493) | (44,494) | (14,650) | (148,941) |
| Disposals | – | 1,093 | – | 22,370 | – | 23,463 |
| As at 31 December 2023 | (597,702) | (46,310) | (12,772) | (470,149) | (367,526) | (1,494,459) |
| Charge for the year | (86,390) | (5,682) | (285) | (33,784) | (17,169) | (143,310) |
| Disposals | – | 1,127 | – | 31,907 | – | 33,034 |
| As at 31 December 2024 | **(684,092)** | **(50,865)** | **(13,057)** | **(472,026)** | **(384,695)** | **(1,604,735)** |
| **Net book value** | | | | | | |
| As at 31 December 2023 | 1,176,914 | 14,334 | 689 | 74,173 | 40,298 | 1,306,408 |
| As at 31 December 2024 | **1,102,586** | **12,679** | **404** | **78,769** | **36,270** | **1,230,708** |

As at 31 December 2024, the net book values of premises of which title deeds were not yet finalised totalled RMB124 million (31 December 2023: RMB134 million). The Group is still in the progress of applying for the outstanding title deeds for the above premises. The directors of the Bank are of the opinion that there would be no significant costs in obtaining the title deeds.

The net book values of premises as at the end of each reporting periods are analysed by the remaining term of lease as follows:

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Held in Chinese mainland | | |
| – Medium-term leases (10-20 years) | **1,102,586** | 1,176,914 |

## 23. DEFERRED TAX ASSETS

### (a) Analysed by nature

| | 31 December 2024 | | 31 December 2023 | |
|---|---|---|---|---|
| | **Deductible/ (taxable) temporary differences** | **Deferred income tax assets/ (liabilities)** | Deductible/ (taxable) temporary differences | Deferred income tax assets/ (liabilities) |
| Deferred income tax assets | | | | |
| – Allowance for impairment losses | **8,600,056** | **2,150,014** | 7,160,668 | 1,790,167 |
| – Accrued staff costs | **952,932** | **238,233** | 881,956 | 220,489 |
| – Fair value changes of financial assets | **53,820** | **13,455** | – | – |
| – Others | **1,052,520** | **263,130** | 880,716 | 220,179 |
| Subtotal | **10,659,328** | **2,664,832** | 8,923,340 | 2,230,835 |
| Deferred income tax liabilities | | | | |
| – Fair value changes of financial assets | **–** | **–** | (131,444) | (32,861) |
| – Others | **(603,132)** | **(150,783)** | (474,592) | (118,648) |
| Subtotal | **(603,132)** | **(150,783)** | (606,036) | (151,509) |
| Net balances | **10,056,196** | **2,514,049** | 8,317,304 | 2,079,326 |

### (b) Movements in deferred tax

| | **Allowance for impairment losses[(i)]** | **Accrued staff costs** | **Net (gains)/ losses on fair value changes[(ii)]** | **Others** | **Net balance of deferred tax assets** |
|---|---|---|---|---|---|
| As at 1 January 2023 | 1,472,609 | 210,468 | (69,556) | 161,888 | 1,775,409 |
| Recognised in profit or loss | 317,558 | 9,596 | 55,125 | (60,357) | 321,922 |
| Recognised in other comprehensive income | – | 425 | (18,430) | – | (18,005) |
| As at 31 December 2023 | 1,790,167 | 220,489 | (32,861) | 101,531 | 2,079,326 |
| Recognised in profit or loss | 359,847 | 17,234 | 54,089 | 10,816 | 441,986 |
| Recognised in other comprehensive income | – | 510 | (7,773) | – | (7,263) |
| **As at 31 December 2024** | **2,150,014** | **238,233** | **13,455** | **112,347** | **2,514,049** |

*Notes:*

(i) The Group made allowances for impairment losses on loans and advances to customers and other assets. The allowances for impairment losses was determined based on the expected recoverable amount of the relevant assets at the end of the reporting period. However, the amounts deductible for income tax purposes are calculated at 1% of the gross carrying amount of qualifying assets at the end of the reporting period, together with write-offs which fulfil specific criteria as set out in the PRC tax rules and are approved by the tax authorities.

(ii) Net gains or losses on fair value changes of financial instruments are subject to tax when realised.

## 24. OTHER ASSETS

| | | **31 December 2024** | 31 December 2023 |
|---|---|---|---|
| Accounts receivable and prepayments | | **361,528** | 411,328 |
| Intangible assets | *(a)* | **345,966** | 344,339 |
| Right-of-use assets | *(b)* | **303,055** | 311,521 |
| Repossessed assets | *(c)* | **183,795** | 184,555 |
| Land use rights | *(d)* | **56,505** | 58,271 |
| Interest receivables | *(e)* | **30,791** | 30,013 |
| Long-term deferred expenses | | **13,435** | 16,563 |
| Subtotal | | **1,295,075** | 1,356,590 |
| Less: Allowances for impairment losses | | **(49,631)** | (12,513) |
| Total | | **1,245,444** | 1,344,077 |

### (a) Intangible assets

| | **Computer software and system development** |
|---|---|
| **Cost** | |
| As at 1 January 2023 | 542,214 |
| Additions | 116,433 |
| Disposals | (490) |
| As at 31 December 2023 | 658,157 |
| Additions | 68,033 |
| Disposals | (1,025) |
| As at 31 December 2024 | **725,165** |
| **Accumulated amortisation** | |
| As at 1 January 2023 | (252,589) |
| Charge for the year | (61,576) |
| Disposals | 347 |
| As at 31 December 2023 | (313,818) |
| Charge for the year | (65,530) |
| Disposals | 149 |
| As at 31 December 2024 | **(379,199)** |
| **Net book value** | |
| As at 31 December 2023 | 344,339 |
| As at 31 December 2024 | **345,966** |

**(b) Right-of-use assets**

| | Premises |
|---|---|
| **Cost** | |
| As at 1 January 2023 | 737,319 |
| Additions | 101,695 |
| Deductions | (39,007) |
| As at 31 December 2023 | 800,007 |
| Additions | 109,461 |
| Deductions | (28,484) |
| As at 31 December 2024 | **880,984** |
| **Accumulated depreciation** | |
| As at 1 January 2023 | (398,781) |
| Charge for the year | (111,746) |
| Disposals | 22,041 |
| As at 31 December 2023 | (488,486) |
| Charge for the year | (105,395) |
| Disposals | 15,952 |
| As at 31 December 2024 | **(577,929)** |
| **Net book value** | |
| As at 31 December 2023 | 311,521 |
| As at 31 December 2024 | **303,055** |

**(c) Repossessed assets**

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Land use rights and buildings | **183,795** | 184,555 |
| Less: Allowances for impairment losses | **(29,573)** | (1,709) |
| Net balances | **154,222** | 182,846 |

### (d) Land use rights

The net value of land use rights is analysed based on the remaining term of lease as follows:

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| For land located in Chinese mainland: | | |
| 10-35 years | **56,505** | 58,271 |

The Group's right-of-use assets include the above-mentioned fully prepaid land use rights and other right-of-use assets disclosed in Note 24(b).

The amortisation period of the Group's land use rights is between 10 and 35 years.

### (e) Interest receivables

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Interest receivables arising from: | | |
| Loans and advances to customers | **30,791** | 30,013 |
| Total | **30,791** | 30,013 |

As at 31 December 2024 and 31 December 2023, interest receivables only included interest that has been due for the relevant financial instruments but not yet received at the end of the reporting period. Interest on financial instruments based on the effective interest method has been reflected in the balances of the corresponding financial instruments.

## 25. DUE TO THE CENTRAL BANK

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Due to the central bank | **2,820,145** | 1,725,290 |
| Interest accrued | **1,479** | 932 |
| Total | **2,821,624** | 1,726,222 |

## 26. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Deposits in Chinese mainland | | |
| – Banks | **903** | 1,038 |
| – Other financial institutions | **48,298** | 45,207 |
| Subtotal | **49,201** | 46,245 |
| Interest accrued | **633** | 671 |
| Total | **49,834** | 46,916 |

## 27. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

### (a) Analysed by type and location of counterparty

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| In Chinese mainland | | |
| – Banks | **9,818,000** | 20,609,688 |
| – Other financial institutions | **517,984** | 1,450,303 |
| Subtotal | **10,335,984** | 22,059,991 |
| Interest accrued | **7,465** | 18,698 |
| Total | **10,343,449** | 22,078,689 |

### (b) Analysed by type of collateral held

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Debt securities | **9,818,000** | 14,607,300 |
| Bank acceptances | **517,984** | 7,452,691 |
| Subtotal | **10,335,984** | 22,059,991 |
| Interest accrued | **7,465** | 18,698 |
| Total | **10,343,449** | 22,078,689 |

## 28. DEPOSITS FROM CUSTOMERS

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Demand deposits | | |
| – Corporate customers | **49,483,431** | 57,557,248 |
| – Individual customers | **15,104,756** | 14,452,632 |
| Subtotal | **64,588,187** | 72,009,880 |
| Time deposits | | |
| – Corporate customers | **76,309,924** | 70,109,318 |
| – Individual customers | **142,677,247** | 119,394,954 |
| Subtotal | **218,987,171** | 189,504,272 |
| Pledged deposits | | |
| – Acceptances | **14,427,590** | 15,340,401 |
| – Letters of credit and guarantee | **2,276,320** | 2,498,124 |
| – Letters of guarantee | **18,165** | 31,800 |
| – Others | **531,013** | 1,305,226 |
| Subtotal | **17,253,088** | 19,175,551 |
| Fiscal deposits | **11** | 12 |
| Inward and outward remittances | **34,631** | 392,227 |
| Accrued interest | **9,464,775** | 7,168,423 |
| Total | **310,327,863** | 288,250,365 |

## 29. BONDS ISSUED

| | | **31 December 2024** | 31 December 2023 |
|---|---|---|---|
| Interbank deposits issued | *(a)* | **19,864,487** | 19,736,643 |
| Tier-two capital bonds issued | *(b)* | **1,999,491** | 1,999,148 |
| Subtotal | | **21,863,978** | 21,735,791 |
| Interest accrued | | **90,100** | 90,100 |
| Total | | **21,954,078** | 21,825,891 |

### (a) Interbank deposits issued

(i) During the year ended 31 December 2024, the Bank issued a number of certificates of interbank deposits with a total nominal amount of RMB39,590 million and maturity between 1 and 12 months. The coupon interest rates ranged from 1.73% to 2.50% per annum.

(ii) During the year ended 31 December 2023, the Bank issued a number of certificates of interbank deposits with a total nominal amount of RMB45,550 million and maturity between 1 and 12 months. The coupon interest rates ranged from 1.78% to 2.85% per annum.

(iii) As at 31 December 2024, the fair value of interbank deposits issued was RMB19,738 million (31 December 2023: RMB19,664 million).

### (b) Tier-two capital bonds issued

(i) In January 2021, the Bank issued ten-year fixed interest rate tier-two capital bonds with a face value of RMB2,000 million. The coupon interest rate per annum is 4.78%. The Bank had an option to redeem the bonds at the end of the fifth year.

(ii) As at 31 December 2024, the fair value of the tier-two capital bonds issued was RMB2,057 million (31 December 2023: RMB2,058 million).

## 30. OTHER LIABILITIES

| | | **31 December 2024** | 31 December 2023 |
|---|---|---|---|
| Accrued staff cost | *(a)* | **953,167** | 896,389 |
| Accounts payable in the process of clearance and settlement | | **526,917** | 455,755 |
| Provisions | *(b)* | **315,100** | 300,987 |
| Lease liabilities | *(c)* | **284,291** | 309,827 |
| Other taxes payable | | **100,875** | 111,949 |
| Deferred income | | **75,733** | 80,007 |
| Dividend payable | | **71,079** | 86,857 |
| Total | | **2,327,162** | 2,241,771 |

### (a) Accrued staff cost

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Salary, bonuses and allowances payable | **854,980** | 755,303 |
| Supplementary retirement benefits payable | **37,419** | 41,165 |
| Pension and annuity payable | **4,492** | 23,217 |
| Other social insurance payable | **3,608** | 10,754 |
| Housing fund payable | **3,955** | 8,816 |
| Others | **48,713** | 57,134 |
| Total | **953,167** | 896,389 |

***Supplementary retirement benefits***

The Group pays supplementary retirement benefits to eligible employees. The amount confirmed in the statement of financial position represents the discounted value of the estimated benefit liability promised to be paid at the end of the reporting period. The supplementary retirement benefits payable of the Group at the end of the relevant reporting period are actuarial assessed by independent actuary Taorui Huiyue Management Consulting (Shenzhen) Co., Ltd. using the projected unit credit method.

(i) The balances of supplementary retirement benefits of the Group are as follows:

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Present value of supplementary retirement benefits | **37,419** | 41,165 |

(ii) The movements of supplementary retirement benefits of the Group are as follows:

| | **2024** | 2023 |
|---|---|---|
| As at 1 January | **41,165** | 40,996 |
| Benefits paid during the year | **(5,786)** | (3,461) |
| Defined benefit cost recognised in profit or loss | **–** | 1,930 |
| Defined benefit cost recognised in other comprehensive income | **2,040** | 1,700 |
| As at 31 December | **37,419** | 41,165 |

(iii) Principal actuarial assumptions of the Group are as follows:

***Early retirement plan***

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Discount rate | **1.00%** | 2.25% |
| Mortality | **Note** | Note |
| Annual increase rate of social insurance for existing early retirees | **7.00%** | 7.00% |
| Annual increase rate of living expenses, housing fund and annuity for existing early retirees | **3.50%** | 3.50% |
| Annual increase rate of other allowances for existing early retirees | **0.00%** | 0.00% |

***Supplementary retirement plan***

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Discount rate | **1.75%** | 2.50% |
| Mortality | **Note** | Note |
| Turnover rate | | |
| More than 10 years before retirement | **2.00%** | 2.00% |
| Less than 10 years before retirement | **0.00%** | 0.00% |
| Annual growth rate of one-time "one-child" welfare | **7.00%** | 7.00% |

Note: As at 31 December 2024 and 31 December 2023, mortality assumptions were based on China Life Insurance Annuity Table (2010-2013) in China Life Insurance Mortality Table, which were publicly available statistical information in Chinese mainland.

## (b) Provisions

| | | **31 December 2024** | 31 December 2023 |
|---|---|---|---|
| Expected credit losses | *(i)* | **315,100** | 300,987 |

(i) Movements in provisions for expected credit losses are as follows:

| | **Year ended 31 December 2024** | | | |
|---|---|---|---|---|
| | **Expected credit losses over the next 12 months** | **Lifetime expected credit losses not credit-impaired** | **Lifetime expected credit losses credit-impaired** | **Total** |
| Balance at 1 January | **299,010** | **762** | **1,215** | **300,987** |
| Transferred | | | | |
| – to expected credit losses over the next 12 months | **66** | **(66)** | **–** | **–** |
| – to lifetime expected credit losses not credit-impaired | **(1)** | **1** | **–** | **–** |
| – to lifetime expected credit losses credit-impaired | **(91)** | **(176)** | **267** | **–** |
| (Reversal of)/Charge for the year | **(27,154)** | **(461)** | **41,728** | **14,113** |
| Balance at 31 December | **271,830** | **60** | **43,210** | **315,100** |

| | Year ended 31 December 2023 | | | |
|---|---|---|---|---|
| | Expected credit losses over the next 12 months | Lifetime expected credit losses not credit-impaired | Lifetime expected credit losses credit-impaired | Total |
| Balance at 1 January | 328,358 | 1,348 | 735 | 330,441 |
| Transferred | | | | |
| – to expected credit losses over the next 12 months | 189 | (189) | – | – |
| – to lifetime expected credit losses not credit-impaired | (23) | 79 | (56) | – |
| – to lifetime expected credit losses credit-impaired | – | (348) | 348 | – |
| (Reversal of)/Charge for the year | (29,514) | (128) | 188 | (29,454) |
| Balance at 31 December | 299,010 | 762 | 1,215 | 300,987 |

### (c) Lease liabilities

Undiscounted analysis of the maturity of lease liabilities:

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Within one year (inclusive) | **101,919** | 120,822 |
| Between one year and two years (inclusive) | **61,849** | 70,852 |
| Between two years and three years (inclusive) | **43,129** | 41,750 |
| Between three years and five years (inclusive) | **51,256** | 49,888 |
| More than five years | **55,613** | 58,145 |
| Total undiscounted lease liabilities | **313,766** | 341,457 |
| Total carrying amount | **284,291** | 309,827 |

## 31. SHARE CAPITAL

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Domestic RMB ordinary shares | **4,868,000** | 4,868,000 |
| Offshore listed ordinary shares (H Shares) | **970,650** | 970,650 |
| Total | **5,838,650** | 5,838,650 |

All of the above H shares are listed on The Stock Exchange of Hong Kong Limited. The par value of the domestic RMB ordinary shares and the offshore listed ordinary shares is RMB1, and these shares will enjoy the same status in terms of declaration, payment or making of all dividends or distributions.

## 32. OTHER EQUITY INSTRUMENTS

### (a) Perpetual bonds

| Outstanding financial instrument | Issue date | Accounting Classification | Initial interest rate | Issue price (RMB) | Number of shares issued (million) | Amount | Maturity date | Conversion condition | Conversion status |
|---|---|---|---|---|---|---|---|---|---|
| 2024 Undated Capital Bonds | 19 September 2024 | Equity instruments | 2.70% | 100 | 20 | 2,000,000 | Perpetual continuation | NiL | NiL |

As at 31 December 2024, the issuance costs of the outstanding other equity instruments issued by the Bank amounted to RMB1 million (31 December 2023: NiL)

(b) **Main clauses of perpetual bonds**

With the approvals by the relevant regulatory authorities in China, the Bank issued RMB2 billions of undated capital bonds (the "Bonds") with write-down clauses in the domestic interbank bond market on 19 September 2024 and completed the issuance on 23 September 2024. The denomination of the Bonds is RMB100 each, and the annual coupon rate of the Bonds for the first five years is 2.70%, which is reset every 5 years.

The duration of the Bonds is the same as the period of continuing operation period of the Bank. Subject to the satisfaction of the redemption conditions and having obtained the prior approval of relevant regulatory authorities, the Bank can redeem the Bonds in whole or in part on each distribution payment date after 5 years from the issuance date of the Bonds (inclusive the fifth distribution payment date). Upon the occurrence of a trigger event for the write-downs, with the consent of relevant regulatory authorities and without the consent of the bondholders, the Bank has the right to write down all or part of the bonds issued and existing at that time in accordance with the total par value. The claims of the holders of the Bonds will be subordinated to the claims of depositors, general creditors and subordinated creditors; and shall rank in priority to the claims of shareholders and will rank pari passu with the claims under any other additional tier 1 capital instruments of the Bank that rank pari passu with the Bonds.

The Bonds are paid with non-cumulative interest. The Bank shall have the right to cancel distributions on the Bonds in whole or in part and such cancellation shall not constitute a default. The Bank can utilise the proceeds from the cancelled distributions to meet other obligations of maturing debts at its discretion. But the Bank shall not distribute dividends to ordinary shareholders until the resumption of full interest payment.

Capital raised from the issuance of the Bonds, after deduction of transaction costs, was wholly used to replenish the Bank's additional tier one capital and to increase its capital adequacy ratio.

(c) **Interests attributable to equity instruments' holders**

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Total equity attributable to equity shareholders of the Bank | **28,017,753** | 24,796,619 |
| Equity attributable to ordinary shareholders of the Bank | **26,017,753** | 24,796,619 |
| Equity attributable to other equity instruments' holders of the Bank | **2,000,000** | – |
| Total equity attributable to non-controlling interests | | |
| Equity attributable to non-controlling interests of ordinary shares | **10,581** | 16,187 |

## 33. RESERVES

(a) **Capital reserve**

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Share premium | **6,568,558** | 6,568,558 |
| Other capital reserve | **58,121** | 59,044 |
| Total | **6,626,679** | 6,627,602 |

**(b) Surplus reserve**

The surplus reserve at the end of each reporting periods represented statutory surplus reserve and discretionary surplus reserve.

Pursuant to the Company Law of the PRC and the Article of Association of the Bank, the Bank is required to appropriate 10% of its net profit on an annual basis under the People's Republic of China Generally Accepted Accounting Principles (PRC GAAP) after making good of the prior year's accumulated losses to statutory surplus reserve until the balance reaches 50% of its registered capital.

The Bank appropriated an amount of RMB176 million to the statutory surplus reserve for the year ended 31 December 2024. The Bank appropriated an amount of RMB702 million to the discretionary surplus reserve, that is 35% of its net profit on an annual basis of 2023 according to the resolution of the 2023 Annual General Meeting of Shareholders. (2023: RMB201 million to the statutory surplus reserve; RMB184 million to the discretionary surplus reserve).

**(c) General reserve**

Pursuant to the "Measures on Impairment Allowances for Financial Enterprises (Cai Jin [2012] No. 20)" issued by the Ministry of Finance, the Bank is required to set aside a general reserve through profit appropriation which should not be lower than 1.5% of the balance of its gross risk-bearing assets on an annual basis. The balance of the general reserve of the Bank amounted to RMB4,222 million as at 31 December 2024 (31 December 2023: RMB4,218 million).

**(d) Fair value reserve**

| | **2024** | 2023 |
|---|---|---|
| As at 1 January | **(42,580)** | (97,869) |
| Changes in fair value recognised in other comprehensive income | **229,507** | 122,384 |
| Transfer to profit or loss upon disposal | **(169,390)** | (48,665) |
| Transfer to retained earnings upon disposal | **(29,024)** | – |
| Less: Deferred tax | **(7,773)** | (18,430) |
| As at 31 December | **(19,260)** | (42,580) |

**(e) Impairment reserve**

| | **2024** | 2023 |
|---|---|---|
| As at 1 January | **3,462** | 14,994 |
| Impairment losses recognised in other comprehensive income | **–** | (15,376) |
| Less: Deferred tax | **–** | 3,844 |
| As at 31 December | **3,462** | 3,462 |

### (f) Deficit on remeasurement of a net defined benefit liability

Deficit on remeasurement of a net defined benefit liability represents actuarial gains or losses, net of tax, from remeasuring the net defined benefit liability.

| | **2024** | 2023 |
|---|---|---|
| As at 1 January | **(5,340)** | (4,065) |
| Changes in fair value recognised in other comprehensive income | **(2,040)** | (1,700) |
| Less: Deferred tax | **510** | 425 |
| As at 31 December | **(6,870)** | (5,340) |

## 34. RETAINED EARNINGS

### (a) Appropriation of profits

In accordance with the consideration and approval at the Bank's Board of Directors Meeting on 27 March 2025, the profit appropriation of the Bank for the year ended 31 December 2024 was as follows:

- Appropriation of statutory surplus reserve based on 10% of the net profit;
- Appropriation of discretionary surplus reserve based on 55% of the net profit;
- Appropriation of general reserve amounting to approximately RMB400 million;
- Declaration of cash dividends of RMB8 (tax inclusive) per 100 shares, in an aggregate amount of approximately RMB467 million to all existing shareholders; and
- The interest accrual period for RMB undated capital bonds issued in September 2024 is from 23 September 2024 to 23 September 2025 (at an interest rate of 2.70%), and the accrued interest is RMB54 million.

The above profit appropriation will be proposed for approval at the forthcoming Annual general meeting.

In accordance with the consideration and approval at the Bank's Board of Directors Meeting on 28 March 2024, and approval at the 2023 Annual General Meeting of Shareholders held on 20 June 2024, the profit appropriation of the Bank for the year ended 31 December 2023 was as follows:

- Appropriation of statutory surplus reserve based on 10% of the net profit;
- Appropriation of discretionary surplus reserve based on 35% of the net profit;
- Appropriation of general reserve amounting to approximately RMB486 million; and
- Declaration of cash dividends of RMB10 (tax inclusive) per 100 shares, in an aggregate amount of approximately RMB584 million to all existing shareholders.

## (b) Movements in components of equity

Details of the changes in the Bank's individual components of equity for the reporting period are set out below:

| | Share capital | Other equity instruments Perpetual bonds | Capital reserve | Surplus reserve | General reserve | Fair value reserve | Impairment reserve | Deficit on remeasurement of a net defined benefit liability | Retained earnings | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Balance at 1 January 2024 | 5,838,650 | - | 6,627,602 | 4,361,372 | 4,218,230 | (42,580) | 3,462 | (5,340) | 3,803,871 | 24,805,267 |
| Changes in equity for the year | | | | | | | | | | |
| Net profit for the year | - | - | - | - | - | - | - | - | 1,760,887 | 1,760,887 |
| Other comprehensive income | - | - | - | - | - | 52,344 | - | (1,530) | - | 50,814 |
| Total comprehensive income | - | - | - | - | - | 52,344 | - | (1,530) | 1,760,887 | 1,811,701 |
| Owner's contributions and reductions in capital | | | | | | | | | | |
| – Capital contribution by other equity instruments holders | - | 2,000,000 | (923) | - | - | - | - | - | - | 1,999,077 |
| Appropriation of profits | | | | | | | | | | |
| – Appropriation to surplus reserve | - | - | - | 877,967 | - | - | - | - | (877,967) | - |
| – Appropriation to general reserve | - | - | - | - | 3,622 | - | - | - | (3,622) | - |
| – Dividends paid to shareholders | - | - | - | - | - | - | - | - | (583,865) | (583,865) |
| Internal transfer within owner's equity | | | | | | | | | | |
| – Other comprehensive income transferred to retained earnings | - | - | - | - | - | (29,024) | - | - | 29,024 | - |
| Balance at 31 December 2024 | 5,838,650 | 2,000,000 | 6,626,679 | 5,239,339 | 4,221,852 | (19,260) | 3,462 | (6,870) | 4,128,328 | 28,032,180 |

| | Share capital | Capital reserve | Surplus reserve | General reserve | Fair value reserve | Impairment reserve | Deficit on remeasurement of a net defined benefit liability | Retained earnings | Total |
|---|---|---|---|---|---|---|---|---|---|
| Balance at 1 January 2023 | 5,838,650 | 6,627,602 | 3,976,682 | 3,732,265 | (97,869) | 14,994 | (4,065) | 3,253,027 | 23,341,286 |
| Changes in equity for the year | | | | | | | | | |
| Net profit for the year | – | – | – | – | – | – | – | 2,005,364 | 2,005,364 |
| Other comprehensive income | – | – | – | – | 55,289 | (11,532) | (1,275) | – | 42,482 |
| Total comprehensive income | – | – | – | – | 55,289 | (11,532) | (1,275) | 2,005,364 | 2,047,846 |
| Appropriation of profits | | | | | | | | | |
| – Appropriation to surplus reserve | – | – | 384,690 | – | – | – | – | (384,690) | – |
| – Appropriation to general reserve | – | – | – | 485,965 | – | – | – | (485,965) | – |
| – Dividends paid to shareholders | – | – | – | – | – | – | – | (583,865) | (583,865) |
| Balance at 31 December 2023 | 5,838,650 | 6,627,602 | 4,361,372 | 4,218,230 | (42,580) | 3,462 | (5,340) | 3,803,871 | 24,805,267 |

## 35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Net (decrease)/increase in cash and cash equivalents

| | **2024** | 2023 |
|---|---|---|
| Cash and cash equivalents as at 31 December | **8,635,766** | 12,057,574 |
| Less: Cash and cash equivalents at the beginning of the year | **(12,057,574)** | (5,150,304) |
| Net (decrease)/increase in cash and cash equivalents | **(3,421,808)** | 6,907,270 |

### (b) Cash and cash equivalents

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Cash on hand | **223,546** | 318,482 |
| Deposits with the central bank | **4,237,723** | 8,424,811 |
| Deposits with banks and other financial institutions | **634,497** | 1,314,281 |
| Placements with banks and other financial institutions | **3,540,000** | 2,000,000 |
| Total | **8,635,766** | 12,057,574 |

### (c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

| | **Bonds issued** *(Note 29)* | **Interest accrued arising from bonds issued** *(Note 29)* | **Lease liabilities** *(Note 30)* | **Total** |
|---|---|---|---|---|
| As at 1 January 2024 | **21,735,791** | **90,100** | **309,827** | **22,135,718** |
| Changes from financing cash flows | | | | |
| Net proceeds from bonds issued | **39,202,962** | **–** | **–** | **39,202,962** |
| Repayment of bonds issued | **(39,074,775)** | **–** | **–** | **(39,074,775)** |
| Interest paid on bonds issued | **–** | **(610,825)** | **–** | **(610,825)** |
| Repayment of lease liabilities | **–** | **–** | **(121,141)** | **(121,141)** |
| Interest paid on lease liabilities | **–** | **–** | **(10,572)** | **(10,572)** |
| Subtotal | **128,187** | **(610,825)** | **(131,713)** | **(614,351)** |
| Other changes | | | | |
| Interest expense | **–** | **610,825** | **–** | **610,825** |
| Additions of leases | **–** | **–** | **106,177** | **106,177** |
| Subtotal | **–** | **610,825** | **106,177** | **717,002** |
| As at 31 December 2024 | **21,863,978** | **90,100** | **284,291** | **22,238,369** |

| | Bonds issued *(Note 29)* | Interest accrued arising from bonds issued *(Note 29)* | Lease liabilities *(Note 30)* | Total |
|---|---|---|---|---|
| As at 1 January 2023 | 33,359,008 | 175,250 | 323,734 | 33,857,992 |
| Changes from financing cash flows | | | | |
| Net proceeds from bonds issued | 45,536,783 | – | – | 45,536,783 |
| Repayment of bonds issued | (57,160,000) | – | – | (57,160,000) |
| Interest paid on bonds issued | – | (664,753) | – | (664,753) |
| Repayment of lease liabilities | – | – | (114,168) | (114,168) |
| Interest paid on lease liabilities | – | – | (11,149) | (11,149) |
| Subtotal | (11,623,217) | (664,753) | (125,317) | (12,413,287) |
| Other changes | | | | |
| Interest expense *(Note 3)* | – | 579,603 | – | 579,603 |
| Additions of leases | – | – | 111,410 | 111,410 |
| Subtotal | – | 579,603 | 111,410 | 691,013 |
| As at 31 December 2023 | 21,735,791 | 90,100 | 309,827 | 22,135,718 |

## 36. CAPITAL MANAGEMENT

The Group's capital management includes capital adequacy ratio management and capital financing management, of which the primary focus is on capital adequacy ratio management. The Group calculates the capital adequacy ratio in accordance with guidelines issued by the NFRA. The capital of the Group is divided into core tier-one capital, other tier-one capital and tier-two capital.

Capital adequacy ratio management is the key in capital management. The capital adequacy ratio reflects the soundness of the Group's operations and risk management capabilities. The main objective in capital adequacy ratio management is to set an optimal capital adequacy ratio that meets the regulatory requirements by benchmarking against the capital adequacy ratio level of leading peer banks with reference to its own business environment and conditions.

The Group considers its strategic development plans, business expansion plans and risk variables when conducting scenario analysis and stress testing and executing other measures to forecast, plan and manage its capital adequacy ratio.

The Group calculates its capital adequacy ratios in accordance with "Regulation Governing Capital of Commercial Banks" and other relevant regulations promulgated by the NFRA.

The NFRA required commercial banks to meet the requirements of capital adequacy ratios in accordance with "Regulation Governing Capital of Commercial Banks". For non-systemically important banks, the minimum ratios for core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio are 7.50%, 8.50% and 10.50%, respectively.

The on-balance sheet risk-weighted assets are measured using different risk weights, which are determined according to the credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. Similar treatment is adopted for off-balance sheet exposure, with adjustments made to reflect the more contingent nature of any potential losses. Market risk-weighted assets are calculated using the simplified standardised approach. Operational risk-weighted assets are calculated using the basic indicator approach.

The Group has computed its capital adequacy ratios and related data in accordance with "Regulation Governing Capital of Commercial Banks". During the reporting period, the Group complied with the capital requirements imposed by the regulatory authorities.

The Group's capital adequacy ratios at 31 December 2024 calculated in accordance with "Regulation Governing Capital of Commercial Banks" and relevant requirements promulgated by the NFRA; and that at 31 December 2023 calculated in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)" and other relevant requirements promulgated by the former CBRC. Specific data are as follows:

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Total core tier-one capital | | |
| – Share capital | **5,838,650** | 5,838,650 |
| – Capital reserve | **6,626,679** | 6,627,602 |
| – Surplus reserve | **5,239,339** | 4,361,372 |
| – General reserve | **4,231,775** | 4,228,153 |
| – Other comprehensive income | **(22,668)** | (44,458) |
| – Retained earnings | **4,103,978** | 3,785,300 |
| – Qualifying portions of non-controlling interests | **7,766** | 6,041 |
| Core tier-one capital | **26,025,519** | 24,802,660 |
| Core tier-one capital deductions | **(345,966)** | (344,339) |
| Net core tier-one capital | **25,679,553** | 24,458,321 |
| Other tier-one capital | **2,001,036** | 805 |
| Net tier-one capital | **27,680,589** | 24,459,126 |
| Tier-two capital | | |
| – Tier-two capital instruments issued and share premium | **2,000,000** | 2,000,000 |
| – Surplus allowances for impairment | **2,709,096** | 2,462,273 |
| – Qualifying portions of non-controlling interests | **2,071** | 1,611 |
| Net tier-two capital | **4,711,167** | 4,463,884 |
| Net capital base | **32,391,756** | 28,923,010 |
| Total risk weighted assets | **252,347,085** | 219,585,893 |
| Core tier-one capital adequacy ratio | **10.18%** | 11.14% |
| Tier-one capital adequacy ratio | **10.97%** | 11.14% |
| Capital adequacy ratio | **12.84%** | 13.17% |

## 37. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

### (a) Related parties of the Group

#### *(i) Major shareholders*

Major shareholders of the Bank refer to shareholders holding or controlling 5% or more of shares or voting right of the Bank, or holding less than 5% of total capital or total shares of the Bank but having significant impact on the operational management of the Bank. The significant impact mentioned above includes but not limited to dispatching directors, supervisors or senior management to the Bank, influencing the financial and operational management decisions of the Bank through agreements or other means.

As at 31 December 2024, general information and shareholdings of major shareholders are as follows:

| Name | Place of registration | Registered Capital | | Economic nature or type | Legal representative/ head | Business scope | Number of shares | Proportion of shareholding | |
|---|---|---|---|---|---|---|---|---|---|
| | | **31 December 2024** | 31 December 2023 | | | | | **31 December 2024** | 31 December 2023 |
| Shanxi Finance Bureau (山西省財政廳) | Taiyuan, Shanxi | **N/A** | N/A | Government agency | Chang Guohua | N/A | 715,109 | **12.25%** | 12.25% |
| Huaneng Capital Services Co., Ltd. (華能資本服務有限公司) | Beijing | **9,800,000** | 9,800,000 | Limited liability company | Li Hongwei | Investment, asset management, and asset trusteeship service | 600,000 | **10.28%** | 10.28% |
| Taiyuan Municipal Finance Bureau (太原市財政局) | Taiyuan, Shanxi | **N/A** | N/A | Government agency | Tian Wenhao | N/A | 467,472 | **8.01%** | 7.98% |
| Changzhi Nanye Industry Group Co., Ltd. (長治市南燁實業集團有限公司) | Changzhi, Shanxi | **520,000** | 520,000 | Limited liability company | Fan Yunfeng | Corporate headquarters management, corporate management consulting, property service, and construction work | 450,657 | **7.72%** | 7.72% |
| Shanxi Lu'an Mining (Group) Co., Ltd. (山西潞安礦業(集團)有限責任公司) | Changzhi, Shanxi | **4,198,816** | 4,198,816 | Limited liability company | Ma Junxiang | Production and sale of coal, accommodation service, catering service, and wood processing | 359,092 | **6.15%** | 6.15% |
| Shanxi International Electricity Group Limited Company (山西國際電力集團有限公司) | Taiyuan, Shanxi | **6,000,000** | 6,000,000 | Limited liability company | Shi Xiaowen | Electric power business, electricity generation business, and the technology consulting of power transmission project | 300,000 | **5.14%** | 5.14% |
| Shanxi Coking Coal Group Co., Ltd. (山西焦煤集團有限責任公司)* | Taiyuan, Shanxi | **10,623,230** | 10,623,230 | Limited liability company | Zhao Jianze | Mineral resources mining, coal mining, wholesale and retail steel | 297,129 | **5.09%** | 5.09% |

| Name | Place of registration | Registered Capital 31 December 2024 | Registered Capital 31 December 2023 | Economic nature or type | Legal representative/ head | Business scope | Number of shares | Proportion of shareholding 31 December 2024 | Proportion of shareholding 31 December 2023 |
|---|---|---|---|---|---|---|---|---|---|
| Changzhi Huashengyuan Mining Industry Co., Ltd. (長治市華晟源礦業有限公司) | Changzhi, Shanxi | **60,000** | 60,000 | Limited liability company | Han Shaoli | Sale of hardware, mineral and building materials | 234,570 | **4.02%** | 4.02% |
| Jinneng Holding Equipment Manufacturing Group Co., Ltd. (晉能控股裝備製造集團有限公司) | Jincheng, Shanxi | **4,195,155** | 3,905,196 | Limited liability company | Li Jianguang | Investment with its own funds, coal wholesale and engineering survey | 200,000 | **3.43%** | 3.43% |

* Shanxi Coking Coal Group Co., Ltd. (山西焦煤集團有限責任公司) directly holds 4.99 per cent of the equity in Jinshang Bank, and its 100 per cent-owned subsidiary, Shanxi Tongpei Coal and Coke Co., Ltd. (山西統配煤礦煤焦有限公司) holds 0.10 per cent of the equity in Jinshang Bank.

The official names of these related parties are in Chinese. The English translation is for reference only.

*(ii)* ***Subsidiary of the Bank***

The detailed information of the Bank's subsidiary is set out in Note 21.

*(iii)* ***Associate of the Bank***

The detailed information of the Bank's associate is set out in Note 20.

*(iv)* ***Other related parties***

Other related parties can be individuals or enterprises, which include: members of the board of directors, the board of supervisors and senior management, and close family members of such individuals; entities (and their subsidiaries) controlled or jointly controlled by members of the board of directors, the board of supervisors and senior management, and close family members of such individuals; and entities controlled or jointly controlled by the major shareholders of the Bank as set out in Note 37 (a) or their controlling shareholders.

**(b) Transactions with related parties other than key management personnel**

The Bank entered into related-party transactions in the normal course and terms of business, with pricing policies based on market prices.

*(i)* ***Transactions between the Bank and its major shareholders***

| | **2024** | 2023 |
|---|---|---|
| Transactions during the year | | |
| Interest income | **13,117** | 8,257 |
| Interest expense | **54,232** | 34,783 |
| Net fee and commission income | **1,163** | 861 |
| Operating expenses | **–** | 3 |

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Balances at the end of the year | | |
| Loans and advances to customers | **377,486** | 166,717 |
| Deposits from customers | **28,166,034** | 11,238,578 |
| Bank acceptances | **70,000** | – |
| Letters of credit | **62,500** | 293,750 |

*(ii)* ***Transactions between the Bank and its subsidiary***

The subsidiary of the Bank is its related party. The transactions between the Bank and its subsidiary are eliminated on combination.

| | **2024** | 2023 |
|---|---|---|
| Transactions during the year | | |
| Interest expense | **7,240** | 12,471 |

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Balances at the end of the year | | |
| Deposits from banks and other financial institutions | **212,291** | 493,714 |

*(iii)* ***Transactions between the Bank and its associate***

| | **2024** | 2023 |
|---|---|---|
| Transactions during the year | | |
| Interest income | **37,421** | 36,603 |
| Interest expense | **138** | 280 |
| Net fee and commission income | **5,001** | 7,091 |

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Balances at the end of the year | | |
| Deposits with banks and other financial institutions | **1,506,613** | 1,381,618 |
| Deposits from banks and other financial institutions | **1,897** | 4,555 |

*(iv)* ***Transactions between the Bank and other related parties***

| | **2024** | 2023 |
|---|---|---|
| Transactions during the year | | |
| Interest income | **1,087,728** | 962,358 |
| Interest expense | **104,545** | 167,482 |
| Net fee and commission income | **69,033** | 70,048 |
| Operating expenses | **4,818** | 6,347 |
| Debt securities investments | **100,047** | 150,468 |
| Assets transferred | **90,008** | – |

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Balances at the end of the year | | |
| Loans and advances to customers | **27,483,407** | 21,285,216 |
| Financial investments | **857,336** | 1,453,211 |
| Deposits from customers | **8,404,035** | 13,730,550 |
| Deposits from banks and other financial institutions | **43,106** | 36,267 |
| Bank acceptances | **2,992,515** | 4,467,733 |
| Letters of credit | **613,490** | 1,836,600 |
| Letters of guarantee | **25,200** | 29,200 |

**(c) Key management personnel**

The key management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the Group, directly or indirectly, including members of the board of directors, the supervisory board and executive officers.

***(i) Transactions between the Bank and key management personnel***

| | **2024** | 2023 |
|---|---|---|
| Transactions during the year | | |
| Interest income | **21** | 44 |
| Interest expense | **28** | 30 |

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Balances at the end of the year | | |
| Loans and advances to customers | **516** | 940 |
| Deposits from customers | **4,636** | 3,666 |

***(ii) Key management personnel compensation***

The aggregate compensation of key management personnel is as follows

| | **2024** | 2023 |
|---|---|---|
| Key management personnel compensation | **11,973** | 14,378 |

**(d) Loans and advances to key management personnel**

| | **2024** | 2023 |
|---|---|---|
| Aggregate amount of relevant loans outstanding at the end of the year | **516** | 940 |
| Maximum aggregate amount of relevant loans outstanding during the year | **516** | 940 |

## 38. SEGMENT REPORTING

The Group manages its business by business line. Being consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group defines reporting segments based on the following operating segments:

***Corporate banking***

This segment represents the provision of a range of financial products and services to corporations, government agencies and financial institutions. These products and services include corporate loans and advances, trade financing, deposit taking activities, agency services, wealth management services, consulting and advisory services, remittance and settlement services and guarantee services.

***Retail banking***

This segment represents the provision of a range of financial products and services to retail customers. These products and services include personal loans, deposit taking activities, personal wealth management services and remittance services.

***Treasury business***

This segment covers the Group's treasury business operations, including interbank money market transactions, repurchase transactions, interbank investments and debt security trading. The financial market business segment also covers the management of the Group's overall liquidity position, including the issuance of debts.

***Others***

These represent assets, liabilities, income and expenses which cannot be directly attributable or cannot be allocated to a segment on a reasonable basis.

Measurement of segment assets and liabilities and measurement of segment income, expenses and results are based on the Group's accounting policies.

Internal charges and transfer prices are determined with reference to market rates and have been reflected in the performance of each segment. Interest income and expense arising from third parties are referred to as "external net interest income/expense". Net interest income and expense arising from internal charges and transfer pricing adjustments are referred to as "internal net interest income/expense".

Segment income, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Intra-group balances and intra-group transactions are eliminated by segment income, expenses, assets and liabilities as part of the consolidation process. Segment capital expenditure is the total cost incurred during the reporting period on the acquisition of property and equipment, intangible assets and other long-term assets.

| | For the year ended 31 December 2024 | | | | |
|---|---|---|---|---|---|
| | **Corporate banking** | **Retail banking** | **Treasury business** | **Others** | **Total** |
| Operating income | | | | | |
| External net interest income/(expense) | **4,522,451** | **(3,100,819)** | **2,767,709** | **–** | **4,189,341** |
| Internal net interest (expense)/income | **(1,343,459)** | **4,157,953** | **(2,814,494)** | **–** | **–** |
| Net interest income/(expense) | **3,178,992** | **1,057,134** | **(46,785)** | **–** | **4,189,341** |
| Net fee and commission income | **279,328** | **329,821** | **17,547** | **–** | **626,696** |
| Net trading gains | **–** | **–** | **117,024** | **(1,784)** | **115,240** |
| Net gains arising from investment securities | **–** | **–** | **814,997** | **–** | **814,997** |
| Other operating income | **21,244** | **–** | **–** | **23,628** | **44,872** |
| Operating income | **3,479,564** | **1,386,955** | **902,783** | **21,844** | **5,791,146** |
| Operating expenses | **(1,059,785)** | **(1,040,561)** | **(194,334)** | **(1,620)** | **(2,296,300)** |
| Impairment losses on credit | **(1,511,269)** | **(296,559)** | **132,956** | **–** | **(1,674,872)** |
| Impairment losses on other assets | **(27,856)** | **(99)** | **–** | **–** | **(27,955)** |
| Share of profits of an associate | **–** | **–** | **–** | **26,218** | **26,218** |
| Profit before tax | **880,654** | **49,736** | **841,405** | **46,442** | **1,818,237** |
| Segment assets | **164,286,834** | **33,292,806** | **176,211,819** | **–** | **373,791,459** |
| Deferred tax assets | **–** | **–** | **–** | **2,514,049** | **2,514,049** |
| Total assets | **164,286,834** | **33,292,806** | **176,211,819** | **2,514,049** | **376,305,508** |
| Segment liabilities | **154,297,387** | **158,776,171** | **35,203,616** | **–** | **348,277,174** |
| Total liabilities | **154,297,387** | **158,776,171** | **35,203,616** | **–** | **348,277,174** |
| Other segment information | | | | | |
| Depreciation and amortisation | **145,200** | **142,565** | **26,625** | **–** | **314,390** |
| Capital expenditure | **63,437** | **62,285** | **11,632** | **–** | **137,354** |

| | For the year ended 31 December 2023 | | | | |
|---|---|---|---|---|---|
| | Corporate banking | Retail banking | Treasury business | Others | Total |
| Operating income | | | | | |
| External net interest income/(expense) | 4,593,013 | (2,811,553) | 2,454,758 | – | 4,236,218 |
| Internal net interest (expense)/income | (1,138,840) | 3,908,723 | (2,769,883) | – | – |
| Net interest income/(expense) | 3,454,173 | 1,097,170 | (315,125) | – | 4,236,218 |
| Net fee and commission income | 424,933 | 248,452 | 29,470 | – | 702,855 |
| Net trading gains | – | – | (76,766) | (1,742) | (78,508) |
| Net gains arising from investment securities | – | – | 887,030 | – | 887,030 |
| Other operating income | 43,632 | – | – | 10,961 | 54,593 |
| Operating income | 3,922,738 | 1,345,622 | 524,609 | 9,219 | 5,802,188 |
| Operating expenses | (1,072,450) | (1,041,029) | (196,840) | (38,092) | (2,348,411) |
| Impairment losses on credit | (641,808) | (295,429) | (494,793) | – | (1,432,030) |
| Share of profits of an associate | – | – | – | 12,143 | 12,143 |
| Profit before tax | 2,208,480 | 9,164 | (167,024) | (16,730) | 2,033,890 |
| Segment assets | 157,421,596 | 30,838,636 | 170,965,473 | – | 359,225,705 |
| Deferred tax assets | – | – | – | 2,079,326 | 2,079,326 |
| Total assets | 157,421,596 | 30,838,636 | 170,965,473 | 2,079,326 | 361,305,031 |
| Segment liabilities | 155,642,770 | 134,779,510 | 46,069,945 | – | 336,492,225 |
| Total liabilities | 155,642,770 | 134,779,510 | 46,069,945 | – | 336,492,225 |
| Other segment information | | | | | |
| Depreciation and amortisation | 148,629 | 144,274 | 27,280 | – | 320,183 |
| Capital expenditure | 120,775 | 117,237 | 22,167 | – | 260,179 |

## 39. RISK MANAGEMENT

The Group has exposure to the following risks arising from its financial instruments: credit risk, market risk, liquidity risk and operational risk.

This note presents information about the Group's exposure to each of the above risks and their sources, and the Group's objectives, policies and procedures for measuring and managing these risks.

***Risk management system***

The Group's risk management policies were established to identify and analyse the risks to which the Group is exposed, to set appropriate risk limits, and to design relevant internal control policies and systems for monitoring risks and adhering to risk limits. Risk management policies and relevant internal control systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors is responsible for establishing and maintaining a robust and effective risk management system and determining general risk preference and risk tolerance of the Group. Based on the general strategy of the Group, the Committee of Risk Management under the Board reviews the Group's risk management system and basic principles, risk management strategies and internal control system framework; supervises and evaluates the establishment, organization, working procedures, and effectiveness of the risk management department; monitors and evaluates the risk control measures undertaken by the management in credit risk, market risk, operational risk, and other areas; identifies, monitors, controls, and periodically assesses the group's risk management status and risk tolerance capacity. Senior management led by the president will be responsible for the control of credit risk, market risk, operational risk and approval of related policies and procedures. In addition, the Group set up the Department of Risk Management, Department of Credit Examination, Department of Asset and Liability Management, Department of Law and Compliance and the Audit Department based on the requirements of general risk management to perform respective functions in risk management, strengthen risk-covering portfolio management capabilities and conduct inspection on compliance with risk management policy of internal control system on a regular or irregular basis.

### (a) Credit risk

Credit risk represents the potential loss that may arise from the failure of a debtor or counterparty to meet its contractual obligation or commitment to the Group. It arises primarily from credit and bond investment portfolios and guarantees granted.

***Credit business***

To identify, assess, monitor and manage credit risks, the Group has designed effective system frameworks, credit policies and processes for credit risk management and implemented systematic control procedures. The responsible departments for credit risk management include the Risk Management Department and the Credit Examination Department. The Risk Management Department is responsible for implementing the Group's overall risk management system, as well as risk monitoring and control. The Risk Management Department is also responsible for formulating risk management policies. The Credit Examination Department is independent from customer relationship and product management departments to ensure the independence of credit approval. Front office departments including the Department of Corporate Finance and the Personal Credit Asset Department, carry out credit businesses according to the Group's risk management policies and procedures.

The Group continuously improves the internal control mechanism and strengthens the management of the credit business. The Group has established comprehensive assessment and inquiry mechanisms, assigning the credit management accountability to the relevant departments and individuals.

For corporate and inter-bank credit businesses, the Group has formulated credit investment policies and implemented differentiated portfolio management for different industries, regions, products and customers. With respect to pre-lending evaluations, the Group assesses customers' credit ratings and performs integrated analysis on the risk and return of the loan. In the credit approval phase, all credit applications are approved by designated credit officers. During the post-lending monitoring, the Group continually monitors outstanding loans and other credit-related businesses. Any adverse events that may significantly affect a borrower's repayment ability are reported immediately, and actions are taken to mitigate the risks.

For personal credit operation business, customer relationship managers are required to assess the income level, credit history, and repayment ability of the applicant. The customer relationship managers then forward the applications and their recommendations to the loan approval departments for further approval. The Group monitors borrowers' repayment ability, the status of collateral and any changes to their value during the post-lending phase. Once a loan becomes overdue, the Group starts the recovery process according to standardised loan recovery procedures.

***Stages of risks in financial instruments***

The financial assets are categorised by the Group into the following stages to manage credit risk arising from financial assets:

Stage 1: Financial assets have not experienced a significant increase in credit risk since origination and impairment recognised on the basis of 12-month expected credit losses.

Stage 2: Financial assets have experienced a significant increase in credit risk since origination but is not considered to be credit-impaired, impairment is recognised on the basis of lifetime expected credit losses.

Stage 3: Financial assets that are in default and considered credit-impaired.

***Significant increase in credit risk***

When one or more quantitative, qualitative standards or upper limits are triggered, the Group assumes that credit risk on financial assets has increased significantly.

If the borrower is one or more of the following criteria are met:

– the credit spread increases significantly;

– significant changes with an adverse effect that have taken place in the borrower's business, financial and economic status;

– application of a grace period or debt-restructuring;

– significant changes with an adverse effect in the borrower's business conditions;

– decrease in value of the collateral (for the collateral loans and pledged loans only);

– early indicators of problems of cash flow/liquidity, such as late payment of accounts payable/repayment of loans; or

– the borrowing is more than 30 days past due.

The Group uses the above criteria to monitor credit risk of financial assets related to loans and treasury operations, and conducts regular assessments at the counterparty level. The standards used in determining whether credit risk increases significantly are regularly monitored and reviewed by management for appropriateness.

As at 31 December 2024 and 31 December 2023, the Group has not considered that any of its financial assets has lower credit risk and no longer compared the credit risk at the end of the reporting period with that at the initial recognition to identify whether there was a significant increase in credit risk.

***Definition of "default" and "credit-impaired assets"***

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it is becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor;

– the disappearance of an active market for securities because of financial difficulties of the issuer; or

– overdue more than 90 days.

The above criteria apply to all financial assets of the Group and they are consistent with the definition of "default" adopted by the internal management of credit risk.

***Classification of credit risk exposures***

The Group classifies credit risk exposures with sufficient information by considering factors such as product types and customer types.

***Measurement of expected credit losses ("ECLs")***

The Group adopts the ECL model to measure the allowances for impairment losses on financial assets based on the stages categorised above.

The ECL is the result of the discounted product of probability of default (PD), exposure at default (EAD) and loss given default (LGD). The Group takes into account the quantitative analysis of historical statistics (such as ratings of counterparties, overdue situations, repayments.) and forward-looking information in order to establish the models for estimating PD, LGD and EAD. The definitions of these terms are as follows:

– PD refers to the likelihood that a borrower will be unable to meet his repayment obligations over the next 12 months or the remaining lifetime of the loan;

– EAD is the amount that the Group should be reimbursed upon default of an obligor over the next 12 months or the remaining lifetime of the loan;

– LGD refers to the expected degree of loss arising from the exposure at default which is predicted by the Group. LGD varies according to different types of counterparties or other credit support;

– The discount rate used in the calculation of the ECLs is the initial effective interest rate or its approximate value.

Forward-looking information included in the expected credit loss model is as follows:

Both the assessment of significant increase in credit risk and the measurement of expected credit losses involve forward-looking information. Based on the analysis on historical data, the Group identified critical economic indicators that affect the credit risk and expected credit losses of all asset portfolios. The Group identified the relations between these economic indicators and the probability of default historically by conducting regression analysis and regularly identified the expected probability of default by predicting the future economic indicators. In addition to a base economic scenario, the Group conducts statistical analysis with experts' judgement to determine other possible scenarios and their weights. Generally, the highest weighting is assigned to Base scenario, while lower and comparable weightings are assigned to Upside and Downside scenarios. In 2024, the key assumptions the Group has taken include Consumer Price Index (CPI) and Aggregate Financing to the Real Economy (AFRE), etc. The CPI growth rate: the predicted value under the base scenario during the year of 2024 is 0.63%, the optimistic predicted value is 1.12% and the pessimistic predicted value is 0.30%. The Group measures relevant provision for loss by the weighted 12-month ECL (for Stage 1) or the weighted lifetime ECL (for Stage 2 and Stage 3). The above weighted credit losses are calculated by multiplying the ECLs under the different scenarios by the weight of the corresponding scenarios.

Similar to other economic forecasts, there is highly inherent uncertainty in the assessment of estimated economic indicators and the probability of occurrence, and therefore, the actual results may be materially different from the forecasts. The Group believes that these forecasts reflect the Group's best estimate of possible outcomes.

Other forward-looking factors not incorporated in the above scenarios, such as the impact of regulatory and legal changes, have also been taken into account. However, they were not considered to have significant impacts, and the expected credit losses were not adjusted accordingly. The Group reviews and monitors the appropriateness of the above assumptions on a regular basis.

The Group regularly monitors and reviews assumptions related to the calculation of expected credit losses. As at 31 December 2024 and 31 December 2023, there have been no significant changes in the estimate techniques and key assumptions of the Group.

At the same time, when the management believes that the potential impact of economic fluctuations cannot be reflected by properly adjusting the model parameters above in time, the Group uses the management superposition to adjust the amount of expected credit loss.

*(i)* *Maximum credit risk exposure*

The maximum exposure to credit risk is represented by the net carrying amount of each type of financial assets as at the end of each reporting periods.

*(ii)* *Financial assets analysed by credit quality are summarised as follows:*

| | 31 December 2024 | | | | | |
|---|---|---|---|---|---|---|
| | **Cash and deposits with the central bank** | **Deposits/ placements with banks and other financial institutions** | **Financial assets held under resale agreements** | **Loans and Advances to customers** | **Financial investments*** | **Others**** |
| Balances of financial assets that are assessed for expected credit losses over the next 12 months | | | | | | |
| – Overdue but not credit-impaired | – | – | – | 195 | – | – |
| – Neither overdue nor credit-impaired | 19,213,508 | 21,424,498 | 28,198,066 | 188,666,164 | 82,342,800 | 13,918 |
| Subtotal | 19,213,508 | 21,424,498 | 28,198,066 | 188,666,359 | 82,342,800 | 13,918 |
| Balances of financial assets that are not credit-impaired and assessed for lifetime expected credit losses | | | | | | |
| – Overdue but not credit-impaired | – | – | – | 330,376 | – | – |
| – Neither overdue nor credit-impaired | – | – | – | 8,851,702 | 165,000 | 2,790 |
| Subtotal | – | – | – | 9,182,078 | 165,000 | 2,790 |
| Balances of credit-impaired financial assets that are assessed for lifetime expected credit losses | | | | | | |
| – Overdue and credit-impaired | – | – | – | 3,150,014 | 2,380,204 | – |
| – Credit-impaired but not overdue | – | – | – | 415,680 | – | 22,903 |
| Subtotal | – | – | – | 3,565,694 | 2,380,204 | 22,903 |
| N/A | – | – | – | – | 22,212,558 | – |
| Interest accrued | 7,288 | 274,624 | – | 1,012,194 | 1,068,127 | – |
| Less: Allowances for impairment losses | – | (71,955) | (172) | (7,322,837) | (1,645,480) | (20,058) |
| Net value | 19,220,796 | 21,627,167 | 28,197,894 | 195,103,488 | 106,523,209 | 19,553 |

| | 31 December 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Cash and deposits with the central bank | Deposits/ placements with banks and other financial institutions | Financial assets held under resale agreements | Loans and Advances to customers | Financial investments* | Others** |
| Balances of financial assets that are assessed for expected credit losses over the next 12 months | | | | | | |
| – Overdue but not credit-impaired | – | – | – | 892 | – | – |
| – Neither overdue nor credit-impaired | 22,253,870 | 15,845,280 | 41,514,561 | 180,866,077 | 76,003,879 | 2,077 |
| Subtotal | 22,253,870 | 15,845,280 | 41,514,561 | 180,866,969 | 76,003,879 | 2,077 |
| Balances of financial assets that are not credit-impaired and assessed for lifetime expected credit losses | | | | | | |
| – Overdue but not credit-impaired | – | – | – | 918,087 | – | – |
| – Neither overdue nor credit-impaired | – | – | – | 6,238,784 | 278,672 | 34,349 |
| Subtotal | – | – | – | 7,156,871 | 278,672 | 34,349 |
| Balances of credit-impaired financial assets that are assessed for lifetime expected credit losses | | | | | | |
| – Overdue and credit-impaired | – | – | – | 3,071,722 | 2,418,737 | – |
| – Credit-impaired but not overdue | – | – | – | 340,554 | – | 11,441 |
| Subtotal | – | – | – | 3,412,276 | 2,418,737 | 11,441 |
| N/A | – | – | – | – | 11,557,472 | – |
| Interest accrued | 6,667 | 213,225 | 322 | 951,933 | 1,056,925 | – |
| Less: Allowances for impairment losses | – | (27,403) | (3) | (6,778,302) | (1,822,239) | (10,804) |
| Net value | 22,260,537 | 16,031,102 | 41,514,880 | 185,609,747 | 89,493,446 | 37,063 |

* Financial investments include financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments measured at amortised cost.

** Others comprise interest receivables, other receivables and other financial assets.

Financial assets (excluding interest accrued) analysed by credit quality

| | 31 December 2024 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Balance | | | | Allowances for impairment losses | | | |
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Financial assets measured at amortised cost | | | | | | | | |
| Cash and deposits with the central bank | 19,213,508 | – | – | 19,213,508 | – | – | – | – |
| Deposits with banks and other financial institutions | 2,134,498 | – | – | 2,134,498 | (4,078) | – | – | (4,078) |
| Placements with banks and other financial institutions | 19,290,000 | – | – | 19,290,000 | (67,877) | – | – | (67,877) |
| Financial assets held under resale agreements | 28,198,066 | – | – | 28,198,066 | (172) | – | – | (172) |
| Loans and advances to customers | 148,843,505 | 9,182,078 | 3,565,694 | 161,591,277 | (3,570,728) | (1,680,321) | (2,071,788) | (7,322,837) |
| Financial investments | 75,864,009 | 165,000 | 2,380,204 | 78,409,213 | (65,092) | (38,761) | (1,541,627) | (1,645,480) |
| Other assets | 13,918 | 2,790 | 22,903 | 39,611 | (1,459) | (121) | (18,478) | (20,058) |
| Total | 293,557,504 | 9,349,868 | 5,968,801 | 308,876,173 | (3,709,406) | (1,719,203) | (3,631,893) | (9,060,502) |
| Financial assets at fair value through other comprehensive income | | | | | | | | |
| Loans and advances to customers | 39,822,854 | – | – | 39,822,854 | (3,272) | – | – | (3,272) |
| Financial investments | 6,478,791 | – | – | 6,478,791 | (1,346) | – | – | (1,346) |
| Total | 46,301,645 | – | – | 46,301,645 | (4,618) | – | – | (4,618) |
| Credit commitments | 58,661,980 | 5,466 | 190,153 | 58,857,599 | (271,830) | (60) | (43,210) | (315,100) |

| | 31 December 2023 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Balance | | | | Allowances for impairment losses | | | |
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Financial assets measured at amortised cost | | | | | | | | |
| Cash and deposits with the central bank | 22,253,870 | – | – | 22,253,870 | – | – | – | – |
| Deposits with banks and other financial institutions | 2,345,280 | – | – | 2,345,280 | (236) | – | – | (236) |
| Placements with banks and other financial institutions | 13,500,000 | – | – | 13,500,000 | (27,167) | – | – | (27,167) |
| Financial assets held under resale agreements | 41,514,561 | – | – | 41,514,561 | (3) | – | – | (3) |
| Loans and advances to customers | 141,534,933 | 7,156,871 | 3,412,276 | 152,104,080 | (3,246,691) | (1,486,571) | (2,045,040) | (6,778,302) |
| Financial investments | 72,420,481 | 278,672 | 2,418,737 | 75,117,890 | (137,234) | (67,151) | (1,617,854) | (1,822,239) |
| Other assets | 2,077 | 34,349 | 11,441 | 47,867 | (2) | (2,370) | (8,432) | (10,804) |
| Total | 293,571,202 | 7,469,892 | 5,842,454 | 306,883,548 | (3,411,333) | (1,556,092) | (3,671,326) | (8,638,751) |
| Financial assets at fair value through other comprehensive income | | | | | | | | |
| Loans and advances to customers | 39,332,036 | – | – | 39,332,036 | (2,354) | – | – | (2,354) |
| Financial investments | 3,583,398 | – | – | 3,583,398 | (2,264) | – | – | (2,264) |
| Total | 42,915,434 | – | – | 42,915,434 | (4,618) | – | – | (4,618) |
| Credit commitments | 69,860,951 | 9,882 | 4,343 | 69,875,176 | (299,010) | (762) | (1,215) | (300,987) |

Expected credit losses ratios for financial instruments analysed by credit quality:

| | **31 December 2024** | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Financial assets measured at amortised cost | **1.26%** | **18.39%** | **60.85%** | **2.93%** |
| Financial assets at fair value through other comprehensive income | **0.01%** | **N/A** | **N/A** | **0.01%** |
| Credit commitments | **0.46%** | **1.10%** | **22.72%** | **0.54%** |

| | 31 December 2023 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Financial assets measured at amortised cost | 1.16% | 20.83% | 62.84% | 2.81% |
| Financial assets at fair value through other comprehensive income | 0.01% | N/A | N/A | 0.01% |
| Credit commitments | 0.43% | 7.71% | 27.98% | 0.43% |

As at 31 December 2024, the fair values of collaterals held against loans and advances that are not credit-impaired and assessed for lifetime expected credit losses amounted to RMB7,619 million (31 December 2023: RMB3,119 million). The fair values of collaterals held against loans and advances that are credit-impaired and assessed for lifetime expected credit losses amounted to RMB3,873 million (31 December 2023: RMB6,886 million). The collateral mainly includes land, buildings, machinery and equipment, etc. The fair values of collaterals have estimated by the Bank based on the latest external valuations available, adjusted in light of disposal experience and current market conditions.

*(iii) Credit rating*

The Group adopts a credit rating approach for managing the credit risk arising from the debt securities portfolio. Debt securities are rated with reference to major rating agencies where the issuers of the securities are located. The carrying amounts of investments on debt securities (excluding interest accrued) analysed by credit rating as at the end of the reporting period are as follows:

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Neither overdue nor impaired | | |
| Ratings | | |
| – AAA | **76,066,650** | 68,963,095 |
| – AA- to AA+ | **1,813,989** | 2,465,851 |
| Subtotal | **77,880,639** | 71,428,946 |
| Unrated | **108,902** | 96,748 |
| Total | **77,989,541** | 71,525,694 |

## (b) Market risk

Market risk is the risk of loss, in respect of the Group's activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices, stock prices and other prices.

The Group has especially set up a structure and a team for market risk management. The Bank's Department of Risk Management takes the major responsibility for the exposure of market risk and preparation of relevant market risk management policies to submit to the Board of Directors. According to the established standards and current management capabilities, the Group measures market risk with the major adoption of sensitivity analysis. Before the new products or new businesses are launched, their market risks will be identified according to regulations.

The major source of market risk of the Group is from the asset and liability businesses involved in the market operation and the risks in interest rate and exchange rate relating to products.

***Interest rate risk***

The Group is primarily exposed to interest rate risk arising from repricing risk in its commercial banking business and the risk of financial market business position.

*Repricing risk*

Repricing risk, which is also known as "maturity mismatch risk", is the most common form of interest rate risk. It is caused by the differences in timing between the maturities (related to fixed interest instruments) or repricing (related to floating interest instruments) of bank assets, liabilities and off-balance sheet items. The mismatch of repricing timing causes the Group's income or its inherent economic value to vary with the movements in interest rates.

*Trading interest rate risk*

Trading interest rate risk mainly arises from investment portfolios of treasury businesses. Interest rate risk is monitored using the effective duration analysis method. The Group employs other supplementary methods to measure its interest rate sensitivity, which is expressed as changes in the fair value of investment portfolios given a 100 basis points (1%) movement in the interest rates.

*(i)* The following tables indicate the assets and liabilities as at the end of the reporting period by the next expected repricing dates or by maturity dates, depending on which is earlier:

| | 31 December 2024 | | | | | |
|---|---|---|---|---|---|---|
| | **Total** | **Non-interest-bearing** | **Less than three months** | **Between three months and one year** | **Between one year and five years** | **More than five years** |
| **Assets** | | | | | | |
| Cash and deposits with the central bank | 19,220,796 | 238,022 | 18,982,774 | – | – | – |
| Deposits with banks and other financial institutions | 2,141,125 | 10,705 | 634,266 | 1,496,154 | – | – |
| Placements with banks and other financial institutions | 19,486,042 | 263,919 | 7,124,262 | 12,097,861 | – | – |
| Financial assets held under resale agreements | 28,197,894 | – | 28,098,453 | 99,441 | – | – |
| Loans and advances to customers* | 195,103,488 | 1,513,446 | 72,402,227 | 60,840,648 | 50,852,347 | 9,494,820 |
| Financial investments | 106,796,193 | 24,298,228 | 1,738,959 | 10,287,318 | 52,153,958 | 18,317,730 |
| Others | 5,359,970 | 5,359,970 | – | – | – | – |
| Total assets | 376,305,508 | 31,684,290 | 128,980,941 | 84,821,422 | 103,006,305 | 27,812,550 |
| **Liabilities** | | | | | | |
| Due to the central bank | 2,821,624 | 1,479 | 804,000 | 2,016,145 | – | – |
| Deposits from banks and other financial institutions | 49,834 | 633 | 49,201 | – | – | – |
| Financial assets sold under repurchase agreements | 10,343,449 | 7,465 | 10,055,401 | 280,583 | – | – |
| Deposits from customers | 310,327,863 | 9,514,221 | 103,411,372 | 90,160,551 | 107,241,719 | – |
| Bonds issued | 21,954,078 | 90,100 | 9,703,791 | 10,160,696 | – | 1,999,491 |
| Others | 2,780,326 | 2,503,462 | 35,341 | 49,813 | 141,208 | 50,502 |
| Total liabilities | 348,277,174 | 12,117,360 | 124,059,106 | 102,667,788 | 107,382,927 | 2,049,993 |
| Asset-liability gap | 28,028,334 | 19,566,930 | 4,921,835 | (17,846,366) | (4,376,622) | 25,762,557 |

| | 31 December 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Total | Non-interest-bearing | Less than three months | Between three months and one year | Between one year and five years | More than five years |
| **Assets** | | | | | | |
| Cash and deposits with the central bank | 22,260,537 | 339,314 | 21,921,223 | – | – | – |
| Deposits with banks and other financial institutions | 2,356,658 | 11,614 | 1,384,117 | 960,927 | – | – |
| Placements with banks and other financial institutions | 13,674,444 | 201,611 | 2,997,565 | 10,475,268 | – | – |
| Financial assets held under resale agreements | 41,514,880 | 322 | 37,950,455 | 3,564,103 | – | – |
| Loans and advances to customers* | 185,609,747 | 2,110,094 | 68,913,734 | 56,333,132 | 45,187,224 | 13,065,563 |
| Financial investments | 90,815,403 | 13,522,807 | 3,133,239 | 7,525,446 | 51,959,278 | 14,674,633 |
| Others | 5,073,362 | 5,073,362 | – | – | – | – |
| Total assets | 361,305,031 | 21,259,124 | 136,300,333 | 78,858,876 | 97,146,502 | 27,740,196 |
| **Liabilities** | | | | | | |
| Due to the central bank | 1,726,222 | 932 | 4,000 | 1,721,290 | – | – |
| Deposits from banks and other financial institutions | 46,916 | 671 | 46,245 | – | – | – |
| Financial assets sold under repurchase agreements | 22,078,689 | 18,698 | 21,363,174 | 696,817 | – | – |
| Deposits from customers | 288,250,365 | 7,583,012 | 109,313,587 | 69,016,290 | 102,337,476 | – |
| Bonds issued | 21,825,891 | 90,100 | 5,308,488 | 14,428,155 | – | 1,999,148 |
| Others | 2,564,142 | 2,272,743 | – | 2,789 | 164,113 | 124,497 |
| Total liabilities | 336,492,225 | 9,966,156 | 136,035,494 | 85,865,341 | 102,501,589 | 2,123,645 |
| Asset-liability gap | 24,812,806 | 11,292,968 | 264,839 | (7,006,465) | (5,355,087) | 25,616,551 |

* As at 31 December 2024, for loans and advances to customers, the category "Less than three months" included overdue amounts (net of allowances for impairment losses) of RMB610 million (31 December 2023: RMB577 million).

*(ii) Interest rate sensitivity analysis*

The Group uses sensitivity analysis to measure the impact of changes in interest rate on the Group's net profit or loss and equity. The following table sets forth the results of the Group's interest rate sensitivity analysis on net profit and equity with an assumption that all other variables held constant.

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| | **(Decrease)/ Increase** | (Decrease)/ Increase |
| Change in net profit | | |
| Parallel upward shift of 100 bps in yield curves | **(14,588)** | (24,197) |
| Parallel downward shift of 100 bps in yield curves | **14,588** | 24,219 |

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| | **(Decrease)/ Increase** | (Decrease)/ Increase |
| Change in equity | | |
| Parallel upward shift of 100 bps in yield curves | **(58,207)** | (52,138) |
| Parallel downward shift of 100 bps in yield curves | **58,277** | 52,162 |

The sensitivity analysis above is based on a static interest rate risk profile of the Group's assets and liabilities. This analysis measures only the impact of changes in interest rates within one year, showing how annualised net profit or loss and equity would have been affected by repricing the Group's assets and liabilities within the one-year period. The sensitivity analysis is based on the following assumptions:

– Interest rate movements at the end of the reporting period apply to all non-derivative financial instruments of the Group;

– At the end of the reporting period, an interest rate movement of 100 basis points is based on the assumption of interest rate movement over the next 12 months;

– There is a parallel shift in the yield curve with the changes in interest rates;

– There are no other changes to the assets and liabilities portfolio;

– Other variables (including exchange rates) remain unchanged; and

– The analysis does not take into account the effect of risk management measures taken by the Group.

Due to the adoption of the aforementioned assumptions, the actual changes in the Group's net profit or loss and equity caused by an increase or decrease in interest rates might vary from the estimated results of this sensitivity analysis.

***Foreign currency risk***

The currency of the majority of the business of the Group is Renminbi, where the currencies of the rest of the businesses are United States dollars and other foreign currencies.

The changes in exchange rates will affect the financial position and cash flows of the Group. Due to the small amount of foreign currency business of the Group, the effect of foreign currency risk on the Group would be immaterial. The major principle of the Group's control on foreign currency risk is to achieve matching of assets and liabilities in each currency and to conduct daily monitoring on currency exposure.

The Group adopts sensitivity analysis to measure the possible effects of changes in exchange rates on net gains and losses and interests of the Group. As the foreign currency assets and liabilities account for an immaterial part of the total assets and total liabilities of the Group, the effect of changes in exchange rates on net gains and losses and interests of the Group would be immaterial.

The Group's currency exposures as at the end of each reporting periods are as follows:

| | 31 December 2024 | | | |
|---|---|---|---|---|
| | RMB | USD (RMB equivalent) | Others (RMB equivalent) | Total (RMB equivalent) |
| **Assets** | | | | |
| Cash and deposits with the central bank | **19,220,342** | **277** | **177** | **19,220,796** |
| Deposits with banks and other financial institutions | **2,102,110** | **36,880** | **2,135** | **2,141,125** |
| Placements with banks and other financial institutions | **19,486,042** | **–** | **–** | **19,486,042** |
| Financial assets held under resale agreements | **28,197,894** | **–** | **–** | **28,197,894** |
| Loans and advances to customers | **195,103,488** | **–** | **–** | **195,103,488** |
| Financial investments | **106,796,193** | **–** | **–** | **106,796,193** |
| Others | **5,359,970** | **–** | **–** | **5,359,970** |
| Total assets | **376,266,039** | **37,157** | **2,312** | **376,305,508** |
| **Liabilities** | | | | |
| Due to the central bank | **2,821,624** | **–** | **–** | **2,821,624** |
| Deposits from banks and other financial institutions | **49,834** | **–** | **–** | **49,834** |
| Financial assets sold under repurchase agreements | **10,343,449** | **–** | **–** | **10,343,449** |
| Deposits from customers | **310,327,452** | **278** | **133** | **310,327,863** |
| Bonds issued | **21,954,078** | **–** | **–** | **21,954,078** |
| Others | **2,744,392** | **36,147** | **(213)** | **2,780,326** |
| Total liabilities | **348,240,829** | **36,425** | **(80)** | **348,277,174** |
| Net position | **28,025,210** | **732** | **2,392** | **28,028,334** |
| Credit commitments | **58,857,599** | **–** | **–** | **58,857,599** |

| | 31 December 2023 | | | |
|---|---|---|---|---|
| | RMB | USD (RMB equivalent) | Others (RMB equivalent) | Total (RMB equivalent) |
| **Assets** | | | | |
| Cash and deposits with the central bank | 22,260,419 | 96 | 22 | 22,260,537 |
| Deposits with banks and other financial institutions | 2,317,299 | 36,840 | 2,519 | 2,356,658 |
| Placements with banks and other financial institutions | 13,674,444 | – | – | 13,674,444 |
| Financial assets held under resale agreements | 41,514,880 | – | – | 41,514,880 |
| Loans and advances to customers | 185,609,747 | – | – | 185,609,747 |
| Financial investments | 90,815,403 | – | – | 90,815,403 |
| Others | 5,073,362 | – | – | 5,073,362 |
| Total assets | 361,265,554 | 36,936 | 2,541 | 361,305,031 |
| **Liabilities** | | | | |
| Due to the central bank | 1,726,222 | – | – | 1,726,222 |
| Deposits from banks and other financial institutions | 46,916 | – | – | 46,916 |
| Financial assets sold under repurchase agreements | 22,078,689 | – | – | 22,078,689 |
| Deposits from customers | 288,249,894 | 334 | 137 | 288,250,365 |
| Bonds issued | 21,825,891 | – | – | 21,825,891 |
| Others | 2,528,176 | 35,899 | 67 | 2,564,142 |
| Total liabilities | 336,455,788 | 36,233 | 204 | 336,492,225 |
| Net position | 24,809,766 | 703 | 2,337 | 24,812,806 |
| Credit commitments | 69,875,176 | – | – | 69,875,176 |

### (c) Liquidity risk

Liquidity risk is the risk that the Group is unable to obtain funds on a timely basis or obtain funds at a reasonable cost to sustain its asset business or meet its repayment obligations.

The Group plays an active part in managing liquidity risks and improves the related management system in terms of organisation, institution, system, management and mechanism. The organisational structure of the Group's liquidity risk management consists of the Board of Directors, senior management, its Risk Management Committee and Asset and Liability Management Committee, Department of Risk Management, Department of Asset and Liability Management, Department of Corporate Finance, Department of Retail Banking, Department of Personal Credit Assets, Department of Trade Finance, Department of Financial Market, Department of Technology Information and Audit Department of the Bank, which are responsible for formulating liquidity risk management strategies and establishing internal control mechanism to support the implementation and supervision of liquidity risk management strategies.

The measurement of liquidity risk of the Group adopts liquidity indicators and cash flow gap calculation. By stress testing, the Group sets up mild, moderate and severe scenarios to examine the capacity to withstand liquidity or liquidity crises and improve liquidity contingency measures. In terms of responses to liquidity risks, the Group strengthens the management and monitoring of liquidity limits; establishes related liquidity emergency leading groups, early-warning indicators for internal and external liquidity risks and indicators that could trigger contingency plans and monitor these indicators; builds up quality liquidity asset reserves and financing capability management; erects liquidity risk reporting mechanism, in which the asset and liability management department reports to the Asset and Liability Management Committee, senior management and the Board of Directors on issues related to the status, stress testing and contingency plans of liquidity risks on a regular basis.

The following tables provide an analysis of assets and liabilities of the Group by maturity based on the remaining periods to repayment at the end of the reporting period:

| | 31 December 2024 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Indefinite* | Repayable on demand | Within one month | Between one month and three months | Between three months and one year | Between one year and five years | More than five years | Total |
| **Assets** | | | | | | | | |
| Cash and deposits with the central bank | 14,752,239 | 4,461,269 | 7,288 | – | – | – | – | 19,220,796 |
| Deposits with banks and other financial institutions | – | 634,512 | – | – | 1,506,613 | – | – | 2,141,125 |
| Placements with banks and other financial institutions | – | – | 5,183,663 | 2,043,082 | 12,259,297 | – | – | 19,486,042 |
| Financial assets held under resale agreements | – | – | 15,017,017 | 13,081,436 | 99,441 | – | – | 28,197,894 |
| Loans and advances to customers | 1,533,106 | 2,705,957 | 14,538,816 | 24,498,029 | 63,072,580 | 53,264,764 | 35,490,236 | 195,103,488 |
| Financial investments | 1,664,372 | 20,366,074 | 156,928 | 1,369,917 | 10,895,802 | 53,660,423 | 18,682,677 | 106,796,193 |
| Others | 5,205,299 | 154,671 | – | – | – | – | – | 5,359,970 |
| Total assets | 23,155,016 | 28,322,483 | 34,903,712 | 40,992,464 | 87,833,733 | 106,925,187 | 54,172,913 | 376,305,508 |
| **Liabilities** | | | | | | | | |
| Due to the central bank | – | – | – | 805,479 | 2,016,145 | – | – | 2,821,624 |
| Deposits from banks and other financial institutions | – | 49,834 | – | – | – | – | – | 49,834 |
| Financial assets sold under repurchase agreements | – | – | 10,062,866 | – | 280,583 | – | – | 10,343,449 |
| Deposits from customers | – | 66,770,152 | 11,126,196 | 26,770,175 | 92,862,476 | 112,798,864 | – | 310,327,863 |
| Bonds issued | – | – | 2,068,037 | 7,725,854 | 10,160,696 | – | 1,999,491 | 21,954,078 |
| Others | – | 2,470,249 | 18,347 | 25,292 | 74,660 | 141,276 | 50,502 | 2,780,326 |
| Total liabilities | – | 69,290,235 | 23,275,446 | 35,326,800 | 105,394,560 | 112,940,140 | 2,049,993 | 348,277,174 |
| Net position | 23,155,016 | (40,967,752) | 11,628,266 | 5,665,664 | (17,560,827) | (6,014,953) | 52,122,920 | 28,028,334 |

| | 31 December 2023 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Indefinite* | Repayable on demand | Within one month | Between one month and three months | Between three months and one year | Between one year and five years | More than five years | Total |
| **Assets** | | | | | | | | |
| Cash and deposits with the central bank | 13,510,577 | 8,743,293 | 6,667 | – | – | – | – | 22,260,537 |
| Deposits with banks and other financial institutions | – | 964,119 | – | 420,888 | 971,651 | – | – | 2,356,658 |
| Placements with banks and other financial institutions | – | – | 2,000,738 | 1,031,096 | 10,642,610 | – | – | 13,674,444 |
| Financial assets held under resale agreements | – | – | 26,413,226 | 11,537,551 | 3,564,103 | – | – | 41,514,880 |
| Loans and advances to customers | 1,905,904 | 3,146,552 | 14,669,774 | 23,621,854 | 57,624,321 | 47,614,736 | 37,026,606 | 185,609,747 |
| Financial investments | 2,863,661 | 8,062,705 | 348,717 | 2,833,948 | 8,139,953 | 53,543,112 | 15,023,307 | 90,815,403 |
| Others | 4,480,878 | 592,484 | – | – | – | – | – | 5,073,362 |
| Total assets | 22,761,020 | 21,509,153 | 43,439,122 | 39,445,337 | 80,942,638 | 101,157,848 | 52,049,913 | 361,305,031 |
| **Liabilities** | | | | | | | | |
| Due to the central bank | – | – | – | 4,932 | 1,721,290 | – | – | 1,726,222 |
| Deposits from banks and other financial institutions | – | 46,916 | – | – | – | – | – | 46,916 |
| Financial assets sold under repurchase agreements | – | – | 20,837,807 | 544,065 | 696,817 | – | – | 22,078,689 |
| Deposits from customers | – | 74,889,329 | 13,159,490 | 22,580,612 | 70,317,910 | 107,303,024 | – | 288,250,365 |
| Bonds issued | – | – | 1,638,313 | 3,760,275 | 14,428,155 | – | 1,999,148 | 21,825,891 |
| Others | – | 2,237,251 | 17,124 | 14,182 | 95,528 | 147,342 | 52,715 | 2,564,142 |
| Total liabilities | – | 77,173,496 | 35,652,734 | 26,904,066 | 87,259,700 | 107,450,366 | 2,051,863 | 336,492,225 |
| Net position | 22,761,020 | (55,664,343) | 7,786,388 | 12,541,271 | (6,317,062) | (6,292,518) | 49,998,050 | 24,812,806 |

* Indefinite amount of cash and deposits with the central bank represents the statutory deposit reserves and fiscal deposits with the central bank. Indefinite amount of loans and advances to customers includes all the impaired loans and advances, as well as those overdue for more than one month. Loans and advances to customers with no impairment but overdue within one month are classified into the category of "repayable on demand". Indefinite amount of financial investments represents the amount of impaired investments or those overdue for more than one month. Equity investments are listed under the category of "indefinite".

The following tables provides an analysis of the contractual undiscounted cash flows of the non-derivative liabilities of the Group at the end of the reporting period:

| | 31 December 2024 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Carrying amount** | **Contractual undiscounted cash flows** | **Repayable on demand** | **Within one month** | **Between one month and three months** | **Between three months and one year** | **Between one year and five years** | **More than five years** |
| Non-derivative liabilities | | | | | | | | |
| Due to the central bank | **2,821,624** | **2,846,967** | **–** | **–** | **813,133** | **2,033,834** | **–** | **–** |
| Deposits from banks and other financial institutions | **49,834** | **49,834** | **49,834** | **–** | **–** | **–** | **–** | **–** |
| Financial assets sold under repurchase agreements | **10,343,449** | **10,345,821** | **–** | **10,065,238** | **–** | **280,583** | **–** | **–** |
| Deposits from customers | **310,327,863** | **318,518,417** | **66,770,152** | **11,136,479** | **26,872,698** | **94,320,845** | **119,418,243** | **–** |
| Bonds issued | **21,954,078** | **22,659,200** | **–** | **2,075,600** | **7,750,000** | **10,260,000** | **382,400** | **2,191,200** |
| Others | **2,780,326** | **2,809,801** | **2,471,541** | **19,150** | **26,786** | **80,409** | **156,302** | **55,613** |
| Total non-derivative liabilities | **348,277,174** | **357,230,040** | **69,291,527** | **23,296,467** | **35,462,617** | **106,975,671** | **119,956,945** | **2,246,813** |

| | 31 December 2023 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Carrying amount | Contractual undiscounted cash flows | Repayable on demand | Within one month | Between one month and three months | Between three months and one year | Between one year and five years | More than five years |
| Non-derivative liabilities | | | | | | | | |
| Due to the central bank | 1,726,222 | 1,752,013 | – | – | 12,724 | 1,739,289 | – | – |
| Deposits from banks and other financial institutions | 46,916 | 46,916 | 46,916 | – | – | – | – | – |
| Financial assets sold under repurchase agreements | 22,078,689 | 22,084,784 | – | 20,843,902 | 544,065 | 696,817 | – | – |
| Deposits from customers | 288,250,365 | 297,822,444 | 74,889,329 | 13,176,282 | 22,670,853 | 71,513,692 | 115,572,288 | – |
| Bonds issued | 21,825,891 | 22,754,800 | – | 1,645,600 | 3,780,000 | 14,660,000 | 382,400 | 2,286,800 |
| Others | 2,564,142 | 2,595,772 | 2,239,132 | 18,888 | 15,643 | 101,447 | 162,517 | 58,145 |
| Total non-derivative liabilities | 336,492,225 | 347,056,729 | 77,175,377 | 35,684,672 | 27,023,285 | 88,711,245 | 116,117,205 | 2,344,945 |

This analysis of contractual undiscounted cash flows of the non-derivative liabilities might be different from actual results.

**(d) Operational risk**

Operational risk refers to the risk of losses associated with internal process deficiencies, human mistakes and information system failures, or impact from other external events.

The Group has specified issues of operational risks, including its manifestation, management mode, reporting procedure, reporting cycle and statistics of loss and improved comprehensive risk management system, with major initiatives as follows:

– Establishment of operational risk management system in a crisscrossing manner. On the one hand, the Group establishes an operational risk management framework that is compatible with its nature, scale, complexity and risk characteristics, including the operational risk management mechanism that involves its board of directors, board of supervisors, senior management, head office and branches. On the other hand, a three-tier risk prevention system for the front office, middle office and back office has been established for every major risk faced by the Group.

– Formation of business philosophy of compliance and robustness. The Group fosters favourable control environment, including constant advances and promotion in operational risk culture by the board of directors and senior management.

– Preference to low operational risk under the framework of "robust" risk preference. By conducting controls on operational risk including identification, measurement, resolution, monitoring and reporting, the Group establishes mechanisms for risk avoidance, loss prediction, prevention, control, reduction, financing to control operational risk within the carrying capacity of the Group and maximise its profits.

– Prevention of operational risks based on the means of inspection and supervision. All departments and branches of the head office actively perform their duties of supervision and management, conduct routine and special inspections on operational risks in major businesses, and establish ledger of all problems identified for rectification and check-off. Based on the inspection by departments, the internal audit department fully uses the off-site audit system, business risk early-warning system and remote monitoring system to detect violations and pays constant attention to risk-prone problems to prevent operational risks. In the meantime, inspections and investigations are exercised on key businesses, key institutions and key personnel to prevent operational risks.

– Combination of punishments and incentives to encourage compliance and standard operations. Integral management will be implemented to personnel who violate operational standards for strict ascertainment of responsibility; employees are encouraged to spontaneously disclose and actively report operational risks; internal management, compliance operation, inspection and supervision and swindle prevention and control of the head office and branches shall be quantitatively assessed for penalty points; innovative implementation of compliance and internal control management of institutions shall be assessed for bonus points.

– Substantive achievements in carrying out system training and improving staff operation skills have been effective in preventing operational risks for the Group.

## 40. FAIR VALUE

### (a) Methods and assumptions for measurement of fair value

The Group adopts the following methods and assumptions when evaluating fair values:

#### *(i) Debt securities and equity investments*

The fair values of debt securities and equity investments that are traded in an active market are based on their quoted market prices in an active market at the end of the reporting period. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or discounted cash flows.

#### *(ii) Receivables and other non-derivative financial assets*

Fair values are estimated as the present value of the future cash flows, the discount rates are based on the market interest rates at the end of the reporting period.

#### *(iii) Bonds issued and other non-derivative financial liabilities*

Fair values of issued debt securities are based on their quoted market prices at the end of the reporting period, or the present value of estimated future cash flows. The fair values of other non-derivative financial liabilities are valued at the present value of estimated future cash flows. The discount rates are based on the market interest rates at the end of the reporting period.

### (b) Fair value measurement

#### *(i) Financial assets*

The Group's financial assets mainly consist of cash and deposits with the central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions, financial assets held under resale agreements, loans and advances to customers, and financial investments.

Deposits with the central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions, and financial assets held under resale agreements are mostly priced at market interest rates and due within one year. Accordingly, the carrying amounts approximate to the fair values.

Loans and advances to customers are mostly priced at floating rates, which are close to the PBOC rates. Accordingly, the carrying amounts approximate to the fair values.

Financial investments at fair value through other comprehensive income, and financial assets at fair value through profit or loss are stated at fair value. The carrying amounts of financial investments at amortised cost are the reasonable approximations of their fair values because, for example, they are short-term in nature or repriced at current market rates frequently.

#### *(ii) Financial liabilities*

The Group's financial liabilities mainly include due to the central bank, deposits from banks and other financial institutions, financial assets sold under repurchase agreements, deposits from customers, and bonds issued.

The book value and fair value of bonds issued are presented in Note 29. The carrying amounts of other financial liabilities approximate to their fair values.

### (c) Fair value hierarchy

The following table presents the fair value of financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13 *Fair Value Measurement.* The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1: Fair value measured using only Level 1 inputs, i.e., unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;

– Level 2: Fair value measured using Level 2 inputs, i.e., observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and

– Level 3: Fair value measured using significant unobservable inputs.

If there is a reliable market quote for financial instruments, the fair value of financial instruments is based on quoted market prices. If a reliable quoted market price is not available, the fair value of the financial instruments is estimated using valuation techniques. Valuation techniques applied include reference to the fair value of another instrument that is substantially the same, and discounted cash flow analysis. The inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and exchange rates. When the discounted cash flow analysis is used, estimated cash flows are based on management's best estimates and the discount rate used is by reference to another instrument that is substantially the same.

| | 31 December 2024 | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Recurring fair value measurement assets** | | | | |
| *Financial investments at fair value through profit or loss* | | | | |
| – debt securities and interbank deposits | **–** | **94,018** | **108,902** | **202,920** |
| – fund investments | **3,417,672** | **16,948,402** | **–** | **20,366,074** |
| – investment management products | **–** | **–** | **1,643,564** | **1,643,564** |
| – other investments | **293** | **–** | **–** | **293** |
| *Financial investments at fair value through other comprehensive income* | | | | |
| – debt securities and interbank deposits | **–** | **5,817,965** | **–** | **5,817,965** |
| – investment management products | **–** | **740,204** | **–** | **740,204** |
| – other investments | **–** | **199,197** | **73,494** | **272,691** |
| *Loans and advances to customers measured at fair value through other comprehensive income* | | | | |
| – discounted bills | **–** | **39,822,854** | **–** | **39,822,854** |
| Total | **3,417,965** | **63,622,640** | **1,825,960** | **68,866,565** |

| | 31 December 2023 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Recurring fair value measurement assets** | | | | |
| *Financial investments at fair value through profit or loss* | | | | |
| – debt securities and interbank deposits | – | 1,214,430 | 96,748 | 1,311,178 |
| – fund investments | – | 8,062,705 | – | 8,062,705 |
| – investment management products | – | 360,043 | 1,823,546 | 2,183,589 |
| – other investments | 174,324 | – | – | 174,324 |
| *Financial investments at fair value through other comprehensive income* | | | | |
| – debt securities and interbank deposits | – | 2,750,701 | – | 2,750,701 |
| – investment management products | – | 908,766 | – | 908,766 |
| – other investments | – | 1,074,139 | 73,494 | 1,147,633 |
| *Loans and advances to customers measured at fair value through other comprehensive income* | | | | |
| – discounted bills | – | 39,332,036 | – | 39,332,036 |
| Total | 174,324 | 53,702,820 | 1,993,788 | 55,870,932 |

The reconciliation information in the balance of Recurring Level 3 fair value measurements are as follows:

| | | Total gains or losses for the year | | | | |
|---|---|---|---|---|---|---|
| | **1 January 2024** | **Recorded in profit or loss** | **Recorded in other comprehensive income** | **Settlements** | **31 December 2024** | **Unrealised gains or losses for the period included in profit or loss for assets held at the end of the year** |
| Assets | | | | | | |
| Financial investments at fair value through profit or loss | | | | | | |
| – debt securities | **96,748** | **11,901** | **–** | **253** | **108,902** | **11,901** |
| – investment management products | **1,823,546** | **(161,612)** | **–** | **(18,370)** | **1,643,564** | **(161,612)** |
| Subtotal | **1,920,294** | **(149,711)** | **–** | **(18,117)** | **1,752,466** | **(149,711)** |
| Financial investments at fair value through other comprehensive income | | | | | | |
| – other investments | **73,494** | **–** | **–** | **–** | **73,494** | **–** |
| Total | **1,993,788** | **(149,711)** | **–** | **(18,117)** | **1,825,960** | **(149,711)** |

| | | Total gains or losses for the year | | | | |
|---|---|---|---|---|---|---|
| | 1 January 2023 | Recorded in profit or loss | Recorded in other comprehensive income | Settlements | 31 December 2023 | Unrealised gains or losses for the period included in profit or loss for assets held at the end of the year |
| Assets | | | | | | |
| Financial investments at fair value through profit or loss | | | | | | |
| – debt securities | 96,748 | – | – | – | 96,748 | – |
| – investment management products | 2,192,760 | (102,018) | – | (267,196) | 1,823,546 | (108,149) |
| Subtotal | 2,289,508 | (102,018) | – | (267,196) | 1,920,294 | (108,149) |
| Financial investments at fair value through other comprehensive income | | | | | | |
| – other investments | 120,700 | – | (47,206) | – | 73,494 | – |
| Total | 2,410,208 | (102,018) | (47,206) | (267,196) | 1,993,788 | (108,149) |

During the year ended 31 December 2024 and 2023, there were no significant transfers among instruments in Level 1, Level 2 and Level 3.

Quantitative information of Level 3 fair value measurement is set out below:

| | **Fair value as at 31 December 2024** | **Valuation technique** | **Unobservable inputs** |
|---|---|---|---|
| **Financial investments at fair value through profit or loss** | | | |
| – debt securities | 108,902 | Discounted cash flow | Risk-adjusted discount rate, cash flow |
| – investment management products | 1,643,564 | Discounted cash flow | Risk-adjusted discount rate, cash flow |
| **Financial investments at fair value through other comprehensive income** | | | |
| – other investments | 73,494 | Discounted cash flow | Risk-adjusted discount rate, cash flow |

| | Fair value as at 31 December 2023 | Valuation technique | Unobservable inputs |
|---|---|---|---|
| **Financial investments at fair value through profit or loss** | | | |
| – debt securities | 96,748 | Discounted cash flow | Risk-adjusted discount rate, cash flow |
| – investment management products | 1,823,546 | Discounted cash flow | Risk-adjusted discount rate, cash flow |
| **Financial investments at fair value through other comprehensive income** | | | |
| – other investments | 73,494 | Discounted cash flow | Risk-adjusted discount rate, cash flow |

During the years ended 31 December 2024 and 2023, there was no significant change in the valuation techniques.

As at 31 December 2024 and 31 December 2023, unobservable inputs such as risk-adjusted discount rate and cash flow were used in the valuation of financial assets at fair value classified as Level 3, which were mainly investment management products. The fair value of these financial assets fluctuates according to the changes in the unobservable inputs.

The sensitivity of the fair value on changes in unobservable inputs for Level 3 financial instruments is measured at fair value on an ongoing basis.

The fair value of financial instruments is, in certain circumstances, measured using valuation models which incorporate assumptions that are not supported by prices from observable current market transactions in the same instrument and are not based on observable market data. The following table shows the sensitivity of fair value due to parallel movement of favourable or unfavourable 1 percent of change in fair value to reasonably possible alternative assumptions.

| | **At 31 December 2024** | | | |
|---|---|---|---|---|
| | **Effect on net profit** | | **Effect on other comprehensive income** | |
| | **Favourable** | **(Unfavourable)** | **Favourable** | **(Unfavourable)** |
| Financial investments at fair value through profit or loss | | | | |
| – debt securities | **2,285** | **(2,238)** | **–** | **–** |
| – investment management products | **26,341** | **(25,153)** | **–** | **–** |
| Financial investments at fair value through other comprehensive income | | | | |
| – other investments | **–** | **–** | **3,445** | **(3,315)** |

| | At 31 December 2023 | | | |
|---|---|---|---|---|
| | Effect on net profit | | Effect on other comprehensive income | |
| | Favourable | (Unfavourable) | Favourable | (Unfavourable) |
| Financial investments at fair value through profit or loss | | | | |
| – debt securities | 2,829 | (2,744) | – | – |
| – investment management products | 22,028 | (21,371) | – | – |
| Financial investments at fair value through other comprehensive income | | | | |
| – other investments | – | – | 4,406 | (4,199) |

**(d) Financial assets and liabilities not measured at fair value**

Financial assets not presented at fair value in the statement of financial position mainly represent "Cash and deposits with the central bank", "Deposits with banks and other financial institutions", "Placements with banks and other financial institutions", "Financial assets held under resale agreements", "Loans and advances to customers measured at amortised cost" and "Financial investments measured at amortised cost". Financial liabilities not presented at fair value in the statement of financial position mainly represent "Due to the central bank", "Deposits from banks and other financial institutions", "Financial assets sold under repurchase agreements", "Deposits from customers" and "bonds issued".

The table below summarises the carrying amounts and fair values of three levels of "Debt securities measured at amortised cost" and "bonds issued" not presented at fair value at the financial reporting date.

| | | | **At 31 December 2024** | | |
|---|---|---|---|---|---|
| | **Carrying amounts** | **Fair values** | **Level 1** | **Level 2** | **Level 3** |
| **Financial assets** | | | | | |
| Financial investments measured at amortised cost | | | | | |
| – Debt securities[i] | **74,732,234** | **76,918,131** | **–** | **76,918,131** | **–** |
| Total | **74,732,234** | **76,918,131** | **–** | **76,918,131** | **–** |
| **Financial liabilities** | | | | | |
| Bonds issued[ii] | | | | | |
| – Tier-two capital bonds issued | **1,999,491** | **2,057,156** | **–** | **2,057,156** | **–** |
| – Interbank deposits issued | **19,864,487** | **19,738,371** | **–** | **19,738,371** | **–** |
| Total | **21,863,978** | **21,795,527** | **–** | **21,795,527** | **–** |

| | | | At 31 December 2023 | | |
|---|---|---|---|---|---|
| | Carrying amounts | Fair values | Level 1 | Level 2 | Level 3 |
| **Financial assets** | | | | | |
| Financial investments measured at amortised cost | | | | | |
| – Debt securities[i] | 69,170,049 | 69,368,562 | – | 69,368,562 | – |
| Total | 69,170,049 | 69,368,562 | – | 69,368,562 | – |
| **Financial liabilities** | | | | | |
| Bonds issued[ii] | | | | | |
| – Tier-two capital bonds issued | 1,999,148 | 2,058,254 | – | 2,058,254 | – |
| – Interbank deposits issued | 19,736,643 | 19,663,653 | – | 19,663,653 | – |
| Total | 21,735,791 | 21,721,907 | – | 21,721,907 | – |

*(i)* ***Debt securities measured at amortised cost***

As there are no observable market prices or yields reflecting arm's length transactions of a comparable size and tenor, the fair values of the PRC government bonds held by the Bank as an underwriting agent are determined based on the stated interest rate of the instruments.

Fair values of other debt securities measured at amortised cost are based on market prices or broker/dealer price quotations. Where this information is not available, the Bank will perform valuation by referring to prices from valuation service providers or on the basis of discounted cash flow models.

*(ii)* ***Bonds issued***

Fair values of bonds issued are calculated based on quoted active market prices. For those bonds where quoted active market prices are not available, a discounted cash flow model is used based on the current market interest rate of similar bonds with similar remaining maturities as the discount rate.

## 41. FIDUCIARY ACTIVITIES

**Entrusted lending business**

The Group provides entrusted lending business services to customers. All entrusted loans are funded by entrusted funds from these customers. The Group does not take any credit risk in relation to these transactions. The Group acts as an agent to hold and manage these assets and liabilities at the direction of the entrustor and receives fee income for the services provided. The entrusted assets are not the assets of the Group and are not recognised in the statement of financial position. Surplus funding is accounted for as other liabilities.

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Entrusted loans | **3,502,510** | 4,953,091 |
| Entrusted funds | **3,502,821** | 4,953,436 |

## 42. COMMITMENTS AND CONTINGENT LIABILITIES

### (a) Credit commitments

The Group's credit commitments are in the form of approved loans with signed contracts, credit card commitments, bank acceptances, letters of credit and financial guarantees.

The contractual amounts of loan commitments represent the amounts should the contracts be fully drawn upon. The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Acceptances comprise of undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Loan commitments | | |
| – Original contractual maturity within one year | **1,824,772** | 1,857,357 |
| – Original contractual maturity more than one year (inclusive) | **6,653,378** | 6,945,888 |
| Credit card commitments | **5,618,991** | 6,724,904 |
| Subtotal | **14,097,141** | 15,528,149 |
| Acceptances | **36,541,752** | 44,684,701 |
| Letters of credit | **8,053,633** | 9,552,633 |
| Letters of guarantee | **165,073** | 109,693 |
| Total | **58,857,599** | 69,875,176 |

The Group may be exposed to credit risk in all the above credit businesses. The Group's management periodically assesses credit risk and makes provision for any probable losses. As the facilities may expire without being drawn upon, the total of the contractual amounts shown above is not representative of the expected future cash outflows.

### (b) Credit risk-weighted amount for credit commitments

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Credit risk-weighted amount for credit commitments | **24,876,569** | 26,893,789 |

The credit risk-weighted amount for credit commitments at 31 December 2024 represents the amount calculated in accordance with "Regulation Governing Capital of Commercial Banks" and relevant requirements promulgated by the NFRA; The credit risk-weighted amount for credit commitments at 31 December 2023 represents the amount calculated in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)" and other relevant requirements promulgated by the former CBRC.

**(c) Capital commitments**

As at the end of the reporting period, the Group's authorised capital commitments were as follows:

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Contracted but not paid for | **58,317** | 16,723 |
| Authorised but not contracted for | **8,309** | 2,652 |
| Total | **66,626** | 19,375 |

**(d) Outstanding litigations and disputes**

As at 31 December 2024, the Group was the defendant in certain outstanding litigations and disputes with an estimated gross amount of RMB32.445 million (31 December 2023: RMB7.944 million). The Group has assessed the impact of the above outstanding litigations and disputes that may lead to an outflow of economic benefits. In the opinion of the Group's lawyers and external lawyers, it is unlikely for the Group to receive unfavourable ruling in these cases. Therefore, the Group did not make provision for the litigation. The directors of the Bank are of the view that these litigations will not have any material adverse effects on the Group's businesses, financial condition, results of operations or prospects.

**(e) Bond underwriting commitments and redemption obligations**

The Group had no outstanding bond underwriting commitments at the end of the reporting period.

As an underwriting agent of the PRC government bonds, the Group has the responsibility to buy back its bonds if the holders decide to early redeem the bonds. The redemption price for the bonds at any time before their maturity date is based on the coupon value plus any interest accrued up to the redemption date. Accrued interest payable to the bond holders is calculated in accordance with relevant rules of the Ministry of Finance ("MOF") and the PBOC. The redemption price may be different from the fair value of similar instruments traded in the markets at the redemption date.

The redemption obligations below represent the nominal value of government bonds underwritten and sold by the Group, but not yet matured at 31 December 2024 or 31 December 2023:

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Redemption obligations | **3,016,712** | 2,727,759 |

## (f) Pledged assets

### *(i) Assets pledged as collateral*

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| For repurchase agreements: | | |
| – Financial investments measured at amortised cost | **10,760,714** | 16,306,284 |
| – Discounted bills | **518,252** | 7,450,642 |
| Total | **11,278,966** | 23,756,926 |

Financial assets pledged by the Group as collateral for liabilities are mainly debt securities for repurchase agreements.

### *(ii) Pledged assets received*

The Group conducts resale agreements under standard terms of placements and holds collateral for these transactions. The Group's balance of the financial assets held under resale agreements is disclosed in Note 17. The fair value of such collateral accepted by the Group was RMB28,198 million as at 31 December 2024 (31 December 2023: RMB41,758 million). These transactions were conducted under standard terms in the normal course of business.

As at 31 December 2024 and 31 December 2023, the Group had no collateral available for sale or outward encumbrance with an obligation to return at maturity.

## 43. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

### (a) Structured entities sponsored by third party institutions in which the Group holds interests

The Group holds interests in certain structured entities sponsored by third party institutions through investments in the units issued by these structured entities. Structured entities that the Group does not consolidate include fund investments at fair value through profit or loss.

The following table sets out an analysis of the carrying amounts of interests held by the Group in unconsolidated structured entities, as well as an analysis of the line items in the statement of financial position in which relevant assets were recognised as at 31 December 2024 and 31 December 2023:

| | **31 December 2024** | | 31 December 2023 | |
|---|---|---|---|---|
| | **Carrying amount** | **Maximum exposure** | Carrying amount | Maximum exposure |
| Financial investments at fair value through profit or loss | **21,084,618** | **21,084,618** | 9,277,549 | 9,277,549 |
| Financial investments at fair value through other comprehensive income | **740,204** | **740,204** | 908,766 | 908,766 |
| Total | **21,824,822** | **21,824,822** | 10,186,315 | 10,186,315 |

As at 31 December 2024 and 31 December 2023, the carrying amounts of the unconsolidated structured entities were equal to the maximum exposures.

### (b) Structured entities sponsored by the Group in which the Group does not consolidate but holds interests

The types of unconsolidated structured entities sponsored by the Group include non-principal guaranteed wealth management products. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of units to investors. Interests held by the Group include investments in units issued by these structured entities and fees charged by providing management services. As at 31 December 2024 and 31 December 2023, the carrying amounts of the investments in the units issued by these structured entities and management fee receivables being recognised were not material in the statement of financial position.

For the year ended 31 December 2024, the amount of fee and commission income received from the above-mentioned structured entities by the Group was RMB290 million (for the year ended 31 December 2023: RMB204 million).

As at 31 December 2024, the amount of assets held by the unconsolidated non-principal guaranteed wealth management products, which are sponsored by the Group, was RMB40,060 million (for the year ended 31 December 2023: RMB48,907 million).

### (c) Unconsolidated structured entities sponsored by the Group during the period in which the Group does not have interests as at 31 December 2024

For the year ended 31 December 2024, the aggregate amount of the non-principal guaranteed wealth management products sponsored and issued by the Group after 1 January but matured before 31 December was RMB450 million (for the year ended 31 December 2023: RMB1,758 million).

## 44. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

| | *Note* | **31 December 2024** | 31 December 2023 |
|---|---|---|---|
| **Assets** | | | |
| Cash and deposits with the central bank | | **18,902,985** | 22,197,802 |
| Deposits with banks and other financial institutions | | **2,072,848** | 2,307,332 |
| Placements with banks and other financial institutions | | **19,486,042** | 13,674,444 |
| Financial assets held under resale agreements | | **28,197,894** | 41,514,880 |
| Loans and advances to customers | | **194,951,785** | 185,440,216 |
| Financial investments | | **106,796,193** | 90,815,403 |
| – Financial investments at fair value through profit or loss | | **22,212,851** | 11,731,796 |
| – Financial investments at fair value through other comprehensive income | | **6,830,860** | 4,807,100 |
| – Financial investments at amortised cost | | **77,752,482** | 74,276,507 |
| Interest in an associate | | **369,769** | 343,551 |
| Investment in a subsidiary | *21* | **25,500** | 25,500 |
| Property and equipment | | **1,230,577** | 1,306,241 |
| Deferred tax assets | | **2,511,577** | 2,077,218 |
| Other assets | | **1,243,817** | 1,340,990 |
| **Total assets** | | **375,788,987** | 361,043,577 |

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| **Liabilities and equity** | | |
| **Liabilities** | | |
| Borrowing from the central bank | **2,821,624** | 1,712,932 |
| Deposits from banks and other financial institutions | **262,125** | 540,630 |
| Financial assets sold under repurchase agreements | **10,343,449** | 22,078,689 |
| Deposits from customers | **309,602,674** | 287,525,373 |
| Income tax payable | **450,321** | 319,496 |
| Bonds issued | **21,954,078** | 21,825,891 |
| Other liabilities | **2,322,536** | 2,235,299 |
| **Total liabilities** | **347,756,807** | 336,238,310 |
| **Equity** | | |
| Share capital | **5,838,650** | 5,838,650 |
| Other equity instruments | **2,000,000** | – |
| – Perpetual bonds | **2,000,000** | – |
| Capital reserve | **6,626,679** | 6,627,602 |
| Surplus reserve | **5,239,339** | 4,361,372 |
| General reserve | **4,221,852** | 4,218,230 |
| Fair value reserve | **(19,260)** | (42,580) |
| Impairment reserve | **3,462** | 3,462 |
| Deficit on remeasurement of a net defined benefit liability | **(6,870)** | (5,340) |
| Retained earnings | **4,128,328** | 3,803,871 |
| **Total equity** | **28,032,180** | 24,805,267 |
| **Total liabilities and equity** | **375,788,987** | 361,043,577 |

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

| **Hao Qiang** | **Zhang Yunfei** | **Wang Qi** | |
|---|---|---|---|
| *Chairwoman of the Board* | *Executive Director* | *Officer in charge of Finance* | (Company chop) |

## 45. SUBSEQUENT EVENTS

The Group had no material events for disclosure subsequent to the end of the reporting period and up to the date of approval of this Financial Statements.

# SUPPLEMENTARY INFORMATION

*FOR THE YEAR ENDED 31 DECEMBER 2024*

*(Amounts in thousands of Renminbi, unless otherwise stated)*

The information set out below does not form part of the consolidated financial statements and is included herein for the purpose of providing information only.

## 1 DIFFERENCES BETWEEN IFRS ACCOUNTING STANDARDS AND CAS CONSOLIDATED FINANCIAL STATEMENTS

There were no differences in the Group's operating results for the years ended 31 December 2024 and 2023 or total equity as at 31 December 2024 and 2023 presented in the Group's consolidated financial statements prepared under IFRS Accounting Standards and those prepared under CAS.

## 2 UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

In accordance with the Hong Kong Listing Rules and Banking (Disclosure) Rules, the Group discloses the unaudited supplementary financial information as follows:

### (1) LIQUIDITY COVERAGE RATIO, LEVERAGE RATIO AND NET STABLE FUNDING RATIO

#### (a) Liquidity coverage ratio

| | **31 December 2024** | Average for the year ended 31 December 2024 |
|---|---|---|
| Liquidity coverage ratio (RMB and foreign currencies) | **347.26%** | 255.84% |

| | **31 December 2023** | Average for the year ended 31 December 2023 |
|---|---|---|
| Liquidity coverage ratio (RMB and foreign currencies) | **242.06%** | 231.61% |

Pursuant to the Administrative Measures on the Liquidity Risk Management of Commercial Banks, the minimum regulatory requirement of liquidity coverage ratio is 100%.

#### (b) Leverage ratio

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Leverage ratio | **6.57%** | 5.92% |

Pursuant to the Regulation Governing Capital of Commercial Banks issued by the NFRA, effective as of 1 January 2024, a minimum leverage ratio of 4% is required; Pursuant to the Administrative Measures on the Leverage Ratio Management of Commercial Banks (Revision) issued by the former CBRC, effective as of 31 December 2023, a minimum leverage ratio of 4% is required.

**(c) Net stable funding ratio**

| | **31 December 2024** | 30 September 2024 | 31 December 2023 |
|---|---|---|---|
| Net stable funding ratio | **133.47%** | 133.34% | 126.76% |
| Stable funding available | **252,981,108** | 249,551,607 | 231,274,613 |
| Stable funding required | **189,545,261** | 187,148,443 | 182,449,447 |

Pursuant to the Administrative Measures on the Liquidity Risk Management of Commercial Banks, a minimum net stable funding ratio of 100% is required.

The above liquidity coverage ratio, net stable funding ratio are calculated in accordance with the formula promulgated by the former CBRC and based on the financial information prepared in accordance with PRC GAAP. The leverage ratio for the year 2024 is calculated in accordance with the formula promulgated by the NFRA and based on the financial information prepared in accordance with PRC GAAP. The leverage ratio for the year 2023 is calculated in accordance with the formula promulgated by the former CBRC and based on the financial information prepared in accordance with PRC GAAP.

## (2) CURRENCY CONCENTRATIONS

| | **31 December 2024** | | | |
|---|---|---|---|---|
| | **US Dollars *(RMB equivalent)*** | **HK Dollars *(RMB equivalent)*** | **Others *(RMB equivalent)*** | **Total** |
| Spot assets | **37,157** | **2,450** | **283** | **39,890** |
| Spot liabilities | **(36,425)** | **(49)** | **(292)** | **(36,766)** |
| Net position | **732** | **2,401** | **(9)** | **3,124** |

| | 31 December 2023 | | | |
|---|---|---|---|---|
| | US Dollars *(RMB equivalent)* | HK Dollars *(RMB equivalent)* | Others *(RMB equivalent)* | Total |
| Spot assets | 36,936 | 2,403 | 171 | 39,510 |
| Spot liabilities | (36,233) | (53) | (184) | (36,470) |
| Net position | 703 | 2,350 | (13) | 3,040 |

As at 31 December 2024, the Group had no structural foreign exchange position (31 December 2023: RMB35 million). In early 2024, the NFRA adjusted the reporting requirements for structural foreign exchange position, the Group made corresponding adjustments resulting in this change.

### (3) INTERNATIONAL CLAIMS

The Group is principally engaged in business operations within Chinese mainland, and regards all claims on third parties in Hong Kong, Macao, Taiwan and other countries and regions as international claims.

International claims only include deposits from banks and other financial institutions.

A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfers are 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.

| | **31 December 2024** | | |
|---|---|---|---|
| | **Banks and other financial institutions** | **Non-bank private sector** | **Total** |
| Asia Pacific | **1,952** | **–** | **1,952** |
| Europe | **87** | **–** | **87** |
| Total | **2,039** | **–** | **2,039** |

| | 31 December 2023 | | |
|---|---|---|---|
| | Banks and other financial institutions | Non-bank private sector | Total |
| Asia Pacific | 2,337 | – | 2,337 |
| Europe | 86 | – | 86 |
| Total | 2,423 | – | 2,423 |

## (4) GROSS AMOUNTS OF OVERDUE LOANS AND ADVANCES

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Gross loans and advances which have been overdue with respect to either principal or interest for periods of | | |
| – between 3 and 6 months (inclusive) | **152,030** | 115,612 |
| – between 6 months and 1 year (inclusive) | **260,576** | 211,765 |
| – between 1 year and 3 years (inclusive) | **829,945** | 2,363,536 |
| – over 3 years | **765,791** | 349,148 |
| Total | **2,008,342** | 3,040,061 |
| Percentage of total gross loans and advances | | |
| – between 3 and 6 months (inclusive) | **0.08%** | 0.06% |
| – between 6 months and 1 year (inclusive) | **0.13%** | 0.11% |
| – between 1 year and 3 years (inclusive) | **0.41%** | 1.23% |
| – over 3 years | **0.38%** | 0.18% |
| Total | **1.00%** | 1.58% |

## 7. PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement was published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Bank (www.jshbank.com). The 2024 annual report prepared in accordance with IFRSs will be published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Bank (www.jshbank.com).

This annual results announcement is prepared in both English and Chinese languages. If there is any inconsistency between Chinese and English versions, the Chinese version shall prevail.

By order of the Board
**Jinshang Bank Co., Ltd.***
**LI Yanbin**
*Joint Company Secretary*

Taiyuan, March 27, 2025

*As at the date of this announcement, the Board comprises Ms. HAO Qiang, Mr. ZHANG Yunfei and Mr. WANG Qi as the executive Directors; Mr. WU Canming, Mr. MA Hongchao, Mr. LIU Chenhang, Mr. LI Yang and Mr. WANG Jianjun as the non-executive Directors; and Mr. WANG Liyan, Mr. DUAN Qingshan, Mr. SAI Zhiyi, Ms. HU Zhihong and Mr. CHAN Ngai Sang Kenny as the independent non-executive Directors.*

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