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哈爾濱銀行股份有限公司*
Harbin Bank Co., Ltd.*

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6138)

2024 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the “**Board**”) of Harbin Bank Co., Ltd. (the “**Bank**”) is pleased to announce the audited annual results of the Bank and its subsidiaries (the “**Group**”) for the year ended 31 December 2024. This results announcement, containing the full text of the 2024 Annual Report of the Bank, complies with the relevant content requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to preliminary announcements of annual results. The annual financial statements of the Group for the year ended 31 December 2024 have been audited by BDO Limited in accordance with International Standards on Auditing. Such annual results have also been reviewed by the Board and the audit committee of the Board. Unless otherwise stated, financial data of the Group are presented in Renminbi.

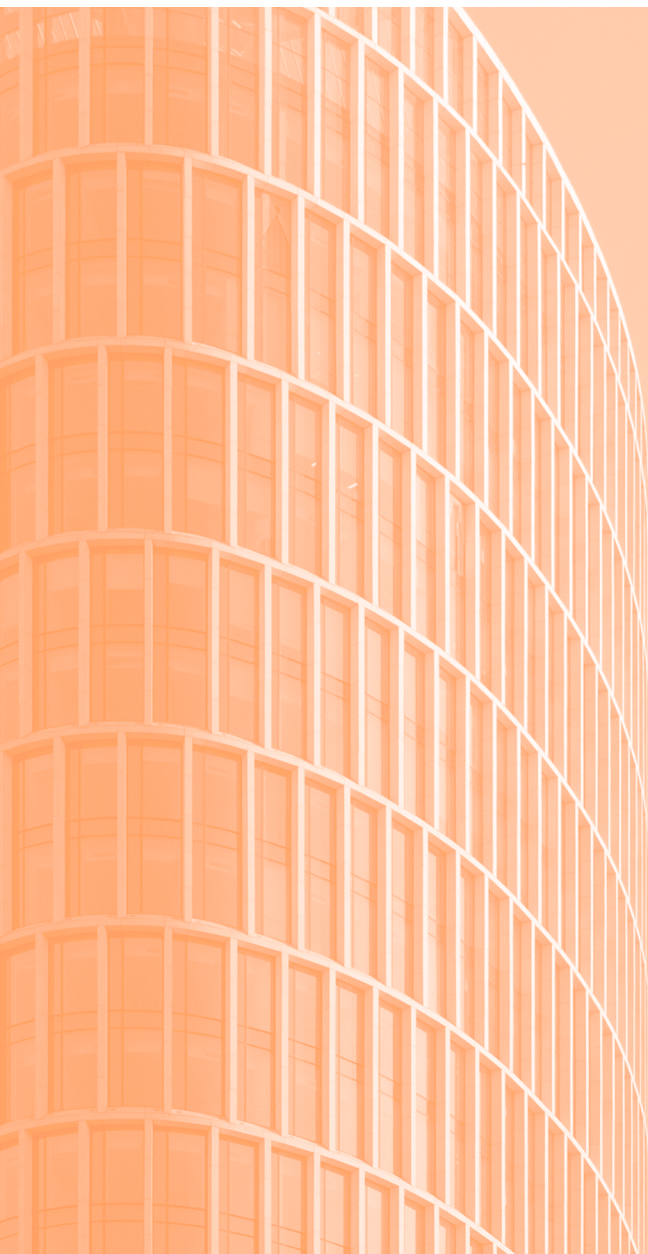
This results announcement is published on the websites of the Bank (www.hrbb.com.cn) and HKExnews (www.hkexnews.hk).

By order of the Board of Directors
Harbin Bank Co., Ltd.
Deng Xinquan
Chairman

Harbin, the PRC, 28 March 2025

As at the date of this announcement, the Board of the Company comprises Deng Xinquan and Yao Chunhe as executive directors; Zhang Xianjun, Liu Peiwei, Cheng Shuai and Zhao Hongbo as non-executive directors; and Hou Bojian, Jin Qinglu, Chen Ming and Leung Sau Fan, Sylvia as independent non-executive directors.

* *Harbin Bank Co., Ltd. is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of 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.*



The Company holds the Finance Permit No. B0306H223010001 approved by the National Financial Regulatory Administration (the former China Banking and Insurance Regulatory Commission) and has obtained the Business License (Unified Social Credit Code: 912301001275921118) approved by the Market Supervision and Administration Bureau of Harbin. The Company is not an authorised institution within the meaning of the Hong Kong Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorised to carry on banking/deposit-taking business in Hong Kong.

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Definitions

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

"Articles of Association"	the articles of association of Harbin Bank Co., Ltd.
"Board" or "Board of Directors"	the board of directors of the Company
"Board of Supervisors"	the board of supervisors of the Company
"China" or "PRC"	the People's Republic of China
"Company"	Harbin Bank Co., Ltd. (哈爾濱銀行股份有限公司), a joint stock company incorporated in the PRC on 25 July 1997 with limited liability in accordance with PRC laws
"CSRC"	the China Securities Regulatory Commission
"Director(s)"	the director(s) of the Company
"Supervisor(s)"	the supervisor(s) of the Company
"Domestic Share(s)"	ordinary share(s) of a nominal value of RMB1.00 each in the share capital of the Company, which is/are subscribed for or credited as paid in RMB
"Group" or "Bank"	the Company and all of its subsidiaries and branches
"H Share(s)"	overseas-listed foreign invested ordinary share(s) of a nominal value of RMB1.00 each in the share capital of the Company, which is/are listed on the Hong Kong Stock Exchange and subscribed and traded in Hong Kong dollars
"Harbin Economic Development"	Harbin Economic Development and Investment Company Co., Ltd.
"HBCF"	Harbin Bank Consumer Finance Co., Ltd.
"HB Leasing"	Harbin Bank Financial Leasing Co., Ltd.
"Heilongjiang Financial Holdings"	Heilongjiang Financial Holdings Group Co., Ltd.
"HKD" or "HK\$"	the lawful currency of Hong Kong, the PRC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

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"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"LPR"	Loan Prime Rate
"Latest Practicable Date"	28 March 2025, being the latest practicable date for the purpose of ascertaining certain information of this report
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Hong Kong Listing Rules
"NFRA"/"CBIRC"/"CBRC"	the National Financial Regulatory Administration/the China Banking and Insurance Regulatory Commission (before 18 May 2023)/China Banking Regulatory Commission (before 17 March 2018)
"PBOC" or "Central Bank"	the People's Bank of China
"Reporting Period"	the year ended 31 December 2024
"RMB"	Renminbi, the lawful currency of PRC
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong

Unless otherwise stated, all figures in this report are approximates, and any figure, amount or information expressed in hundred, thousand, ten thousand, million, a hundred million, billion or similar expressions, as well as percentage are rounded to certain decimal places or the whole number. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

This report has been prepared in Chinese with English translation. In case of any discrepancy, the Chinese version shall prevail over the English translation.

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Basic Information

Legal Chinese Name:

哈爾濱銀行股份有限公司(Abbreviation: 哈爾濱銀行)

English Name:

HARBIN BANK CO., LTD. (Abbreviation: HARBIN BANK)

Legal Representative:

Deng Xinquan

Authorised Representatives for the Hong Kong

Stock Exchange:

Deng Xinquan and Ngai Wai Fung

Board Secretary:

Wu Siliang

Joint Company Secretaries:

Wu Siliang and Ngai Wai Fung

Registered Address:

No. 888 Shangjiang Street, Daoli District, Harbin, PRC

Principal Place of Business in Hong Kong:

40th Floor, Dah Sing Financial Centre,
No. 248 Queen's Road East, Wanchai, Hong Kong

Contact Address:

No. 888 Shangjiang Street, Daoli District, Harbin, PRC

Telephone:

86-451-86779933

Facsimile:

86-451-86779829

Email:

ir@hrbb.com.cn

Websites for Publishing this Report:

www.hrbb.com.cn

www.hkexnews.hk

Place Where this Report is Available:

No. 888 Shangjiang Street, Daoli District, Harbin, PRC

Place of Listing, Stock Name and Stock Code:

The Stock Exchange of Hong Kong Limited,
HARBIN BANK and 6138

Corporate Unified Social Credit Code:

912301001275921118

Finance Permit Institution Number:

B0306H223010001

Date of Initial Registration:

25 July 1997

Initial Registration Authority:

Market Supervision and Administration Bureau of Harbin,
Heilongjiang Province, PRC

Legal Adviser as to Laws of China:

Beijing Jun He Law Offices

Legal Adviser as to Laws of Hong Kong, China:

Jun He Law Offices

Auditors:

Overseas auditor: BDO Limited

Domestic auditor: BDO China SHU LUN PAN Certified
Public Accountants LLP

Hong Kong H Share Registrar and Transfer Office:

Computershare Hong Kong Investor Services Limited

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The Company, headquartered in Harbin, was granted its finance permit to carry on financial business by the PBOC in February 1997, and obtained its corporate business license on 25 July 1997. As of the end of 2024, the Company had established 17 branches in Tianjin, Chongqing, Dalian, Shenyang, Chengdu, Harbin, Daqing, etc. and promoted and set up 30 village and township banks in 14 provinces and municipalities, including Beijing, Guangdong, Jiangsu, Jilin, Heilongjiang, etc. The Company, as a controlling shareholder, has promoted the establishment of HB Leasing, the first financial leasing company in Northeastern China, and HBCF, the first consumer finance company in Heilongjiang Province. As at 31 December 2024, the Group had 390 business outlets with branches and sub-branches across seven regions in China.

As at 31 December 2024, the Bank had total assets of RMB916,231.9 million, total loans and advances to customers of RMB379,093.9 million and total customer deposits of RMB693,679.4 million.

In 2024, the Bank ranked 183rd in the “Top 1000 World Banks 2024” according to The Banker of United Kingdom; 282nd in the “2024 Top 500 Banking Brand Value List” of Brand Finance (a renowned business brand valuation consulting firm based in the United Kingdom); 42nd in the “2024 China Banking Top 100 List” of the China Banking Association. The Bank was awarded the “Mobile Banking Channel Integration and Innovation Award” of the 2024 Digital Finance Gold List Award jointly issued by China Financial Certification Authority Co., Ltd. (CFCA), the Joint Publicity Year of Digital Finance and China E-banking Net, the “22nd China Financial and Economic Billboard: 2024 Corporate Social Responsibility Contribution Enterprise” and the “2024 Green Finance Practice Model Bank” by Hexun.com. In October 2024, the Bank won the “Outstanding Regional Private Banking Service Award” and the “Bank with Outstanding Wealth Management Service” awarded by the Golden Reputation Award of Puyi Standards. The Bank also won the “Best Organization Award” issued by the China Financial Planners Competition (2024) of Modern International Financial Management Standards (Shanghai) Co., Ltd. Besides, the Bank’s “Cross-border Digital Finance Platform” won the “15th Financial Product and Service Innovation Award in 2024” issued by Financial Computerizing Magazine. The “Ice Shield Anti-Fraud Platform” product won the Banking Product with Outstanding Risk Control Award of the “Golden Wisdom Cup” in 2024 at the 5th “China Banking Digital and Intelligent Summit in 2024” of CIFS. The Bank has also been rated as the “Demonstration Unit for Service Certification of Modern Bank Branches in 2024” by the Beijing National Financial Technology Certification Center. In addition, the Bank has been shortlisted for the “National Inclusive Finance Typical Cases (2024)” selected by the China Association of Small and Medium Enterprises.

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Major Awards for 2024

List of Major Awards for 2024

No.	Name of Award	Awarding Party	Time of Award
1	282nd in “2024 Brand Finance Global 500”	Brand Finance	March 2024
2	183rd in the “Top 1000 World Banks 2024”	The Banker (英國《銀行家》)	July 2024
3	42nd in the “2024 China Banking Top 100 List”	China Banking Association	August 2024
4	The “Gold Award for Printing and Production” and the “Bronze Award for Infographic Design” of “Harbin Bank’s Environmental, Social and Governance Report 2022”	ARC (International Awards Competition)	September 2024
5	The “Ice Shield Anti-Fraud Platform” product won the Banking Product with Outstanding Risk Control Award of the “Golden Wisdom Cup” in 2024 at the 5th “China Banking Digital and Intelligent Summit in 2024” of CIFS	Organizing Committee of China Digital and Intelligent Finance Summit	September 2024
6	Excellent Award for News Publicity in 2024	China Financial Media Co., Ltd.	September 2024
7	Puyi Standards “Golden Reputation Award”: “Outstanding Regional Private Banking Service Award”	Puyi Standards	October 2024
8	Puyi Standards “Golden Reputation Award”: “Bank with Outstanding Wealth Management Service Capability”	Puyi Standards	October 2024
9	“Mobile Banking Channel Integration and Innovation Award” of the 2024 Digital Finance Golden List Award	China Financial Certification Authority Co., Ltd. (CFCA), the Joint Publicity Year of Digital Finance and China E-banking Net	November 2024
10	Harbin Bank’s “Inclusive Finance Benefits the People, and ‘One Bank, One Strategy’ Serves All Industries” was shortlisted for the “National Inclusive Finance Typical Case (2024)”	China Association of Small and Medium Enterprises	November 2024
11	“Best Organization Award” of the China Financial Planners Competition (2024)	International Financial Planning Standards Board	November 2024
12	The “Cross-border Digital Finance Platform” won the “15th Financial Product and Service Innovation Award in 2024”	Financial Computerizing Magazine	December 2024
13	“Enterprise Making Contributions to Corporate Social Responsibility in 2024” at the 22nd Financial and Economic Billboard	Hexun.com	December 2024
14	“Model Bank for Green Finance Practice in 2024” at the 22nd Financial and Economic Billboard	Hexun.com	December 2024
15	“Demonstration Unit for Service Certification of Modern Bank Branches in 2024”	Beijing National Financial Technology Certification Center	December 2024

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Major Subsidiaries

The details of major subsidiaries of the Company as at 31 December 2024 were as follows:

Company Name	Place of incorporation/ registration and operations place in the PRC	Nominal value of issued share/ paid-up capital RMB million	Percentage of ownership/ voting rights directly owned by the Company %	Amount invested by the Company RMB million
Huining Huishi Village and Township Bank Co., Ltd.	Huining, Gansu	30	100.00	30
Beijing Huairou Rongxing Village and Township Bank Co., Ltd.	Huairou, Beijing	200	85.00	207.6
Yushu Rongxing Village and Township Bank Co., Ltd.	Yushu, Jilin	30	100.00	30
Shenzhen Bao'an Rongxing Village and Township Bank Co., Ltd.	Bao'an, Shenzhen	220	70.00	140
Chongqing Dadukou Rongxing Village and Township Bank Co., Ltd.	Dadukou, Chongqing	180	83.33	174.4
Suining Anju Rongxing Village and Township Bank Co., Ltd.	Suining, Sichuan	80	75.00	60
Huachuan Rongxing Village and Township Bank Co., Ltd.	Huachuan, Heilongjiang	344.7	99.63	343.4
Baiquan Rongxing Village and Township Bank Co., Ltd. ^(Note)	Baiquan, Heilongjiang	269	100.00	269
Yanshi Rongxing Village and Township Bank Co., Ltd.	Luoyang, Henan	90	100.00	90
Leping Rongxing Village and Township Bank Co., Ltd.	Leping, Jiangxi	294	100.00	294
Jiangsu Rudong Rongxing Village and Township Bank Co., Ltd.	Rudong, Jiangsu	106	80.00	80
Honghu Rongxing Village and Township Bank Co., Ltd.	Honghu, Hubei	30	100.00	30
Zhuzhou Rongxing Village and Township Bank Co., Ltd.	Zhuzhou, Hunan	55	80.00	40
Chongqing Wulong Rongxing Village and Township Bank Co., Ltd.	Wulong, Chongqing	50	70.00	35
Xin'an Rongxing Village and Township Bank Co., Ltd.	Xin'an, Henan	33.3	90.09	30
Anyi Rongxing Village and Township Bank Co., Ltd.	Anyi, Jiangxi	60	100.00	30
Yingcheng Rongxing Village and Township Bank Co., Ltd.	Yingcheng, Hubei	142	100.00	132

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Company Name	Place of incorporation/ registration and operations place in the PRC	Nominal value of issued share/ paid-up capital RMB million	Percentage of ownership/ voting rights directly owned by the Company %	Amount invested by the Company RMB million
Leiyang Rongxing Village and Township Bank Co., Ltd.	Leiyang, Hunan	160	100.00	160
Hainan Baoting Rongxing Village and Township Bank Co., Ltd.	Baoting, Hainan	30	96.67	29
Chongqing Shapingba Rongxing Village and Township Bank Co., Ltd.	Shapingba, Chongqing	100	80.00	80
Hejian Ronghui Village and Township Bank Co., Ltd.	Hejian, Hebei	50	100.00	50
Chongqing Youyang Rongxing Village and Township Bank Co., Ltd. ^(Note)	Youyang, Chongqing	60	100.00	60
Harbin Bank Financial Leasing Co., Ltd.	Harbin, Heilongjiang	2,000	80.00	1,600
Harbin Bank Consumer Finance Co., Ltd.	Harbin, Heilongjiang	1,500	53.00	795
Ning'an Rongxing Village and Township Bank Co., Ltd. ^(Note)	Ning'an, Heilongjiang	30	100.00	30
Huanan Rongxing Village and Township Bank Co., Ltd. ^(Note)	Huanan, Heilongjiang	30	100.00	30
Nehe Rongxing Village and Township Bank Co., Ltd.	Nehe, Heilongjiang	50	80.00	40
Pingliang Kongtong Rongxing Village and Township Bank Co., Ltd.	Pingliang, Gansu	50	90.00	45
Tianshui Maiji Rongxing Village and Township Bank Co., Ltd.	Tianshui, Gansu	50	98.00	49
Zhongjiang Rongxing Village and Township Bank Co., Ltd.	Zhongjiang, Sichuan	50	70.00	35
Langzhong Rongxing Village and Township Bank Co., Ltd.	Langzhong, Sichuan	50	90.00	45
Chengdu Qingbaijiang Rongxing Village and Township Bank Co., Ltd.	Chengdu, Sichuan	100	70.00	70

Note: As of the end of 2024, the Company had a total of 30 village and township banks established by it. Among them, four village and township banks, namely Baiquan Rongxing Village and Township Bank Co., Ltd., Ning'an Rongxing Village and Township Bank Co., Ltd., Huanan Rongxing Village and Township Bank Co., Ltd., and Chongqing Youyang Rongxing Village and Township Bank Co., Ltd., have all obtained the approval for the dissolution issued by local regulatory authorities. Baiquan Rongxing Village and Township Bank Co., Ltd. has completed the industrial and commercial deregistration on 18 February 2025, and Huanan Rongxing Village and Township Bank Co., Ltd. has completed the industrial and commercial deregistration on 24 February 2025, while the other two were in the process of the industrial and commercial deregistration as of the Latest Practicable Date.

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The financial information contained herein is prepared under the International Financial Reporting Standards on a consolidated basis. Unless otherwise stated, such information represents the Group's financials denominated in RMB.

For the year ended 31 December						
	2024	2023	2024 vs. 2023	2022	2021	2020
(In RMB million, except percentages)						
Results of operations			Rate of change			
Net interest income	9,836.9	9,549.0	3.01%	9,007.2	10,061.0	12,309.2
Net fee and commission income	367.5	645.3	-43.05%	731.6	697.0	880.0
Operating income	14,243.2	13,241.7	7.56%	12,870.5	12,319.5	14,606.3
Operating expenses	(5,415.8)	(5,826.5)	-7.05%	(5,285.2)	(4,956.8)	(4,896.0)
Credit impairment losses	(8,073.1)	(6,957.9)	16.03%	(6,584.1)	(6,700.5)	(8,301.4)
Other assets impairment loss	(102.9)	—	—	—	(101.0)	—
Profit before tax	651.4	457.3	42.44%	1,001.2	561.2	1,408.9
Net profit	1,082.4	888.1	21.88%	712.5	398.7	795.8
Net profit attributable to shareholders of the Company	919.7	740.0	24.28%	554.8	274.1	745.7
For each share (RMB)			Rate of change			
Net assets per share attributable to shareholders of the Company ⁽¹⁾	4.68	4.54	3.08%	4.50	4.53	4.48
Earnings per share ⁽²⁾	0.03	0.02	50.00%	0.002	0.02	0.07
Profitability indicators			Change			
Return on average total assets ⁽³⁾	0.13%	0.12%	increased by 0.01 percentage point	0.10%	0.06%	0.13%
Return on average equity ⁽⁴⁾	0.69%	0.35%	increased by 0.34 percentage point	0.04%	0.55%	1.51%
Net interest spread ⁽⁵⁾	1.38%	1.56%	decreased by 0.18 percentage point	1.58%	1.74%	2.18%
Net interest margin ⁽⁶⁾	1.31%	1.43%	decreased by 0.12 percentage point	1.55%	1.78%	2.20%
Net fee and commission income to operating income ratio	2.58%	4.87%	decreased by 2.29 percentage points	5.68%	5.66%	6.02%
Cost-to-income ratio ⁽⁷⁾	36.10%	42.01%	decreased by 5.91 percentage points	39.41%	38.28%	32.06%

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	As of 31 December					
	2024	2023	2024 vs. 2023	2022	2021	2020
(In RMB million, except percentages)						
Capital adequacy indicators⁽⁸⁾			Change			
Core tier 1 capital adequacy ratio	8.68%	8.69%	decreased by 0.01 percentage point	8.64%	9.28%	10.18%
Tier 1 capital adequacy ratio	12.37%	12.48%	decreased by 0.11 percentage point	10.69%	11.33%	10.20%
Capital adequacy ratio	13.61%	13.71%	decreased by 0.10 percentage point	11.91%	12.54%	12.59%
Total equity to total assets	7.16%	7.86%	decreased by 0.70 percentage point	8.88%	9.73%	8.54%
Assets quality indicators			Change			
Non-performing loan ratio ⁽⁹⁾	2.84%	2.87%	decreased by 0.03 percentage point	2.89%	2.88%	2.97%
Impairment coverage ratio ⁽¹⁰⁾	202.59%	197.38%	increased by 5.21 percentage points	181.54%	162.45%	133.26%
Impairment losses on loans ⁽¹¹⁾	5.75%	5.66%	increased by 0.09 percentage point	5.25%	4.68%	3.96%
Other indicators			Change			
Loan-deposit ratio	54.65%	50.30%	increased by 4.35 percentage points	50.99%	58.67%	59.79%
Scale indicators			Rate of change			
Total assets	916,231.9	813,328.7	12.65%	712,733.1	645,046.2	598,603.6
Of which: total loans and advances to customers	379,093.9	323,182.7	17.30%	284,414.9	294,359.2	280,567.2
Total liabilities	850,635.6	749,440.5	13.50%	649,412.5	582,266.3	547,494.5
Of which: total due to customers	693,679.4	642,505.6	7.96%	557,825.8	501,751.2	469,280.0
Share capital	10,995.6	10,995.6	–	10,995.6	10,995.6	10,995.6
Equity attributable to shareholders of the Company	63,161.9	61,604.3	2.53%	61,174.5	60,794.2	49,247.1
Non-controlling interests	2,434.4	2,283.9	6.59%	2,146.1	1,985.7	1,862.0
Total equity	65,596.3	63,888.2	2.67%	63,320.6	62,779.9	51,109.1

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Notes:

- (1) The equity attributable to shareholders of the Company divided by the share capital at the end of the period, after deducting other equity instruments at the end of the Reporting Period.
- (2) The net profit attributable to ordinary shareholders of the Company during the Reporting Period divided by the share capital at the end of the period. Earnings per share is calculated using the amount of net profit attributable to equity holders of the Bank expressed in thousand.
- (3) The percentage of net profit during the Reporting Period to the average balance of the total assets at the beginning and the end of the Reporting Period.
- (4) The percentage of net profit attributable to ordinary shareholders of the Company during the Reporting Period to the average balance of total equity attributable to ordinary shareholders of the Company at the beginning and the end of the Reporting Period.
- (5) Calculated as the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities, calculated based on the daily average of the interest-earning assets and interest-bearing liabilities.
- (6) Calculated by dividing net interest income by average interest-earning assets, calculated based on the daily average of the interest-earning assets.
- (7) Calculated with the operating cost after deducting tax and surcharges and divided by the operating income.
- (8) Calculated in accordance with the Measures for the Administration of Capital of Commercial Banks issued in 2023 since 1 January 2024, and calculated in accordance with the Measures for the Administration of Capital of Commercial Banks (for Trial Implementation) in terms of data as at and before 31 December 2023.
- (9) Calculated with the total non-performing loans divided by the total loans to customers.
- (10) Calculated with the allowance for impairment loss on loans divided by the total non-performing loans. According to the Notice of the CBIRC on Phased Adjustment of the Requirements for the Loan Loss Allowance for Small and Medium Commercial Banks (Yin Bao Jian Fa [2020] No. 16), the impairment coverage ratio standard was lowered to 130% in 2020.
- (11) Calculated with the allowance for impairment loss on loans divided by the total loans to customers. According to the Notice of the CBIRC on Phased Adjustment of the Requirements for the Loan Loss Allowance for Small and Medium Commercial Banks (Yin Bao Jian Fa [2020] No. 16), the impairment losses on loans ratio standard was lowered to 2% in 2020.

Chairman's Statement



Deng Xinquan
Chairman

In 2024, Harbin Bank resolutely adhered to the guidance of President Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, thoroughly implemented President Xi Jinping's Thought on Economy and his important exposition on financial work, and comprehensively implemented the spirit of the 20th National Congress of the Communist Party of China and the Third Plenary Session of the 20th Central Committee. Under the strong leadership of the local Party committees and governments, the careful guidance of the People's Bank of China and regulatory authorities, and the strong support of numerous shareholders, the Board of Directors united and led the management and all employees to make remarkable progress in comprehensively strengthening the Party's leadership, deeply serving the real economy, transforming and developing characteristic businesses, strengthening risk control and compliance management, improving the level of operation and management, and innovating the institutional mechanisms. The business situation has maintained a stable and progressive trend, with improved quality in the process of progress. It has contributed financial strength to the all-round revitalization and development of the local area and helped promote Chinese path to modernization.

Over the past year, the Bank's operating performance saw a steady growth momentum. As at the end of 2024, the Group had total assets of RMB916,231.9 million, representing

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an increase of 12.65% as compared to the end of last year; the balance of loans amounted to RMB379,093.9 million, representing an increase of 17.30% as compared to the end of last year; the balance of deposits amounted to RMB693,679.4 million, representing an increase of 7.96% as compared to the end of last year. In 2024, the operating income amounted to RMB14,243.2 million, representing a year-on-year increase of 7.56%, and the net profit amounted to RMB1,082.4 million, representing a year-on-year increase of 21.88%. As of the end of 2024, non-performing loan ratio was 2.84%, representing a decrease of 0.03 percentage point as compared with the beginning of the year; the provision coverage ratio was 202.59%, representing an increase of 5.21 percentage points as compared with the beginning of the year. The cost-to-income ratio was 36.10%, which has been decreased by 5.91 percentage points year-on-year. With respect to the Company's subsidiaries, HB Leasing has optimized its investment strategy, asset structure and income structure, and its business performance has been steadily improving; the total assets of HB Leasing amounted to RMB24.870 billion, representing a year-on-year increase of 0.84%; the cumulative investment in leasing business in this year was RMB14.963 billion. HBCF has implemented the "big platform strategy" to enhance its market-oriented financing capabilities; the total assets of HBCF amounted to RMB24.369 billion, representing a year-on-year increase of 14.01%; the balance of loans was RMB22.567 billion, representing a year-on-year increase of 11.35%. The business operation of the village and township banks has remained stable, which has actively maintained the smooth and orderly operation and successfully completed the work of absorbing and merging four village and township banks and converting them into sub-branches.

Over the past year, the Bank practically enhanced the quality and effectiveness of supporting and serving the real economy. Focusing on the "Three Bases, One Barrier, and One Highland", the "4567" modern industrial system, and doing a good job in the "Five Major Articles", the Bank has better served and integrated into the regional real economy. As of the end of 2024, the balance of loans was RMB379,093.9 million, representing a year-on-year increase of 17.30%. Among them, the balance of loans in the region within Heilongjiang Province was RMB233,051.3 million, representing an increase of 28.49% as compared to the end of last year. The Bank has strengthened credit support for key areas such as the manufacturing industry, technology-based enterprises, and green finance. The Bank has completed the credit approval for 19 real estate "white list" projects with a total amount of RMB5.844 billion.

Over the past year, significant improvements have been made to the internal management mechanisms of the Bank. We have improved the corporate governance structure, successfully completed the renewal of the "Board of Directors, Board of Supervisors and management", formulated the management measures for "major issues of decision-making, important personnel appointments and removals, major project arrangements, and large amounts of funds", and promoted the organic integration of the Party's leadership and corporate governance. We have strengthened the promotion of the risk culture, improved the five systems of comprehensive risk management, namely the system, preference, limit, monitoring and reporting. We have optimized the risk assessment process for new products and new businesses, strengthened the construction of two management systems for market risk and impairment measurement, and promoted the implementation of projects related to the new capital regulations. We have carried out the work of the "Year of System Implementation" in a solid manner, reshaped the management framework and institutional system for operational risks and anti-money laundering, and promoted the construction projects of the digital intelligent internal control compliance and operational risk management platform, as well as the new anti-money laundering system. We have launched the construction of the "Digital Harbin Bank", compiled the overall plan for digital transformation, and established a five-in-one construction system integrating business operation, business management, data services, technological support and risk prevention. We have optimized the incentive and restraint mechanism, implemented the budget management of the total salary of the Group, and optimized the promotion mechanism of employees' job ranks and salary grades. We have strengthened the performance assessment and the application of its results, tilted the performance pay towards important positions and front-line employees, and achieved effective incentives and constraints.

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Over the past year, the Bank's image has been improved significantly. A total of 1,548 positive reports were originally published in mainstream media at the central, provincial and municipal levels, as well as in leading self-media platforms. We have reshaped the "365" service management system and created the "Orange" service brand. All business outlets have passed the national standard certification, and the Bank is the banking institution with the largest number of star-rated service outlets certified in Northeast China. We have solidly promoted the construction of a diligent and honest Harbin Bank in the new era and on the new journey. We have reshaped the corporate culture of "compliance, stability, innovation and development", and strove to become a demonstration enterprise with distinct clean culture, honest and law-abiding operation, standardized internal management, and innovative social services. The Bank has sponsored and supported the Harbin Marathon for the sixth time, fully supported the 9th Asian Winter Games in Harbin, and ensured the financial services for the competition venues and the urban side during the Asian Winter Games. The Bank ranked 183rd in "The Banker's Top 1000 World Banks 2024" published by The Banker magazine in the United Kingdom, and ranked 42nd in the "Top 100 Chinese Banks 2024" selected by the China Banking Association.

In 2025, the Bank will resolutely adhere to taking President Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era as the guide, comprehensively implement the spirit of the 20th National Congress of the Communist Party of China, the second and third plenary sessions of the 20th Central Committee of the Communist Party of China, as well as the economic work conferences of the central, provincial and municipal governments. Focusing on building a "New Harbin Bank" that encompasses guidance of new ideas, new strategic planning, new business support, new mechanism guarantee, new technology empowerment and new culture forging the soul, we will adhere to long-termism, be oriented towards value creation and light-capital development, pay more attention to the quality development with coordinated scale, structure, quality and efficiency, and accelerate the construction of a city commercial bank with controllable risks, excellent development, distinct characteristics and strong competitiveness, thus fully opening a new realm of high-quality development for Harbin Bank.



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Yao Chunhe
Secretary of the Party Committee, President

The year of 2024 was a crucial year for the country to implement the goals and tasks of the 14th Five-Year Plan, and also marked a pivotal transition for the Bank to carry out the three-year “Revitalizing Entrepreneurship” plan. Throughout the year, the Bank resolutely adhered to taking President Xi Jinping’s Thought on Socialism with Chinese Characteristics for a New Era as the guiding ideology, thoroughly implemented President Xi Jinping’s economic thought and important expositions on financial work, comprehensively implemented the spirit of the 20th National Congress of the Communist Party of China and the second and third plenary sessions of the 20th Central Committee of the Communist Party of China. We resolutely implemented the decisions and arrangements of the Central Committee of the Communist Party of China and the State Council, as well as the work requirements of the provincial and municipal Party committees and governments. We strictly implemented regulatory policies, comprehensively strengthened the Party’s leadership, accelerated the restructuring of balance sheets, continuously deepened reform and transformation, provided in-depth services to the real economy, actively prevented and defused risks, and maintained a dynamic and balanced development in terms of “scale, structure, quality, and efficiency”, outlining an endogenous development curve of steady progress with improved quality.

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Strengthen the leadership of the Party building and promote high-quality development with high-quality Party building. The renewal of the Party committee of the head office and the "Board of Directors, Board of Supervisors and management" has been completed, and high-quality cooperation with the provincial Party committee's upgraded inspection has been carried out. Promote the in-depth integration of the Party's leadership and corporate governance, and establish and improve the institutional system for "major issues of decision-making, important personnel appointments and removals, major project arrangements, and large amounts of funds". Deeply implement the red gene project, launch the "Three-Year Action Plan" for the standardization and regularization of Party branches, carry out the evaluation of star-rated Party branches and the selection and cultivation of Party building demonstration sites, and actively give play to the role of Party branches as fighting fortresses and the exemplary leading role of Party members. Strengthen the construction of a clean and upright Party conduct, and carry out in-depth study and education on Party discipline. Centering on the concepts of "compliance, stability, innovation and development", reshape the corporate culture criteria and connotation system.

Return to the local roots and nourish the real economy with the living water of finance. Practice the political nature and the people-centered nature of financial work, thoroughly do a good job in the "Five Major Articles", implement the coordination mechanisms for real estate financing and financing for small and micro enterprises, provide efficient services for "two key aspects" and "two new areas", and help build a new highland for opening up to the north. Establish a long-term mechanism for credit investment in major strategies, key areas and weak links. As at 31 December 2024, the loan balance in the manufacturing industry was RMB11.973 billion, representing an increase of 28.27% as compared with the end of the previous year; the loan balance in strategic emerging industries was RMB5.628 billion, representing an increase of 398.05% as compared with the end of the previous year; the loan balance in science and technology finance was RMB11.767 billion, representing an increase of 41% as compared with the end of the previous year; the loan balance in green finance was RMB10.832 billion, representing an increase of 249.46% as compared with the end of the previous year; the loans extended to inclusive small and micro enterprises amounted to RMB29.5 billion, representing an increase of 4.8% as compared with the previous year.

Maintain strategic determination and build the "three troikas" with differentiation and distinctiveness. Focusing on differentiated operation, batch customer acquisition, and comprehensive development, we will promote the parallel development of the "three troikas" of corporate and interbank business, retail and small and micro business, and cross-border finance, forming a competitive advantage that suits the actual situation and is unique. The corporate institutional business has transformed towards comprehensiveness, differentiation, and the integration of industry and finance. The first loans for "dual-purpose for peacetime and emergencies", the first green environmental protection syndicated loan, the first ESG + digital asset pledged loan, the first photovoltaic power generation project supported by the carbon emission reduction facility, and the first "Longjiang Green Carbon" transaction have been extended. The effect of the retail wealth transformation is becoming evident. The retail deposit balance was RMB499.977 billion, representing an increase of 12.33% as compared with the end of the previous year. The inclusive small and micro business, focusing on "scenario-based, online, and digital" development, has accelerated its digital and intelligent transformation, establishing a product system of "standard + characteristic" and "online + offline", and accelerating the pace of integration improvement and brand reconstruction. In terms of cross-border finance, we have adhered to the "compliance" bottom line, strengthened product innovation and service efficiency

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improvement, and established three core customer ecosystems, namely energy and minerals, high-end complete sets of equipment, and cross-border EPC services for central state-owned enterprises, resulting in an increase of 5 times in the number of cross-border financial services customers; we have been approved for the pilot qualifications for facilitating foreign exchange receipts and payments for goods trade and service trade of high-quality enterprises, launched the direct participation function in Hong Kong dollars under the Cross-Border Interbank Payment System (CIPS), and established a cross-border digital financial platform.

Coordinate development and security, and regard risk prevention and control as the eternal theme of financial work. Firmly establish the concepts that “asset quality is the lifeline” and adopt a forward-looking and proactive pre-management approach. Build a “firewall” for new access, strengthen the management of assets that are approaching maturity and in key areas, and achieve closed-loop management of credit risks. Optimize the Group's risk management mechanism under the new capital regulations, strengthen the management of both traditional and non-traditional risks, and establish a unified and comprehensive risk management philosophy, risk preference, and values within the Group. Improve the construction of management systems and systems for internal control and compliance, case prevention and control, money laundering risks, related transactions, etc. Carry out the work of the “Year of System Implementation”, strengthen the awareness of the system, standardize the implementation of the system, and safeguard the authority of the system.

Build a Digital Harbin Bank and enhance the level of financial services empowered by financial technology. Launch the construction of a Digital Harbin Bank, strengthen top-level design and overall planning, and orderly carry out digital and intelligent reshaping in key areas such as channel connection, product upgrading, scenario platforms, operation optimization, and intelligent risk control. Actively integrate into the scenarios of the digital government and digital economy. Put into operation business systems such as cross-border clearing, cross-border online banking, standard transceivers, the new generation of bill business systems, and the rural version of the mobile banking app. Promote intelligent queuing in branches and online services suitable for the elderly, enhancing customers' service experience and convenience of use.

In 2025, the Bank will fully, accurately and comprehensively implement the new development concept. Guided by value creation and light-capital development, we will unify the aesthetic cognition. Instead of pursuing large-scale and all-inclusive development, we will focus on refinement and excellence. We will not blindly pursue scale expansion and rapid growth, but will pay more attention to endogenous development characterized by improving quality and pursuing innovation. We will continue to build the “New Harbin Bank” that encompasses new ideas, new strategies, new businesses, new mechanisms, new technologies and new cultures, and accelerate the construction of a city commercial bank with controllable risks, excellent development, distinct characteristics and strong competitiveness.

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We will adhere to the leadership of Party building and create a development environment that encourages responsibility-taking, revitalization and entrepreneurship. We will promote the in-depth development of comprehensive and strict governance of the Party, and facilitate the synchronous resonance and deep integration of Party building work with corporate governance and business operations. We will deepen the reform of the Group's talent development, reconstruct the performance appraisal and application system, optimize the rank and salary management system, establish a clear orientation that values practical work and emphasizes implementation, and maximize the internal driving force of all cadres and employees to start businesses and make achievements. We will build a corporate culture system featuring "compliance, stability, innovation and development", temper the work style of "democracy, openness, tolerance, preciseness and practicality", achieve the unity of knowledge and practice in corporate culture, and inject new confidence, new vitality and new momentum into the "New Harbin Bank".

Adhere to long-termism and achieve endogenous development with coordinated scale, structure, quality and efficiency. Shift from scale-driven development to value creation, from deposit and loan management to the management of assets and liabilities both on and off the balance sheet, and from risk control to risk management. Achieve coordinated development of risk-weighted assets, profits and capital, as well as a dynamic balance among safety, liquidity and profitability. Engage in activities that are truly valuable and of long-term significance.

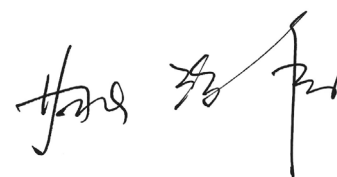
Adhere to high standards and promote the balanced and coordinated development of the "three driving forces". Insist on the simultaneous progress and mutual promotion of corporate and interbank business, retail and small and micro enterprise business, and cross-border financial business. Strengthen the coordinated linkage across different business segments and lines. Build on existing strengths in areas of advantage and specialize and excel in differentiated development. For the corporate and interbank business segment, with the aim of building a specialized and distinctive bank, the Bank breaks through in niche markets, creates unique features, accelerates innovation in emerging fields, and establishes competitive advantages, so as to construct a new ecosystem of comprehensive financial services. The financial market business should accelerate its transformation towards light assets and active management, and maintain its position in the first echelon of city commercial banks. In the retail and small and micro enterprise business segment, elevate the transformation of wealth management to a strategic level for the whole bank. Accelerate the construction of a bank that serves families, the people's livelihood, a digital and intelligent retail bank, and a leading city commercial bank in retail finance recognized within the industry. With the directions of "being a companion to small and micro private enterprises" and "intensively cultivating modern agriculture in Heilongjiang", reshape the customer base positioning, product system, and process mechanisms, and recreate new advantages for the inclusive finance brand. In the cross-border financial business segment, closely follow the national strategy of high-level opening-up, expand and strengthen cross-border financial services with countries along the Belt and Road Initiative, and take on heavy responsibilities in building a new highland for opening up to the north.

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Adhere to systematic thinking and enhance the systematicness, integrity and synergy of reforms. Coordinate and balance the present and the future, as well as the local and the whole. Carry out “comprehensive” rather than “partial” reforms, and conduct “systematic” rather than “fragmented” reshaping. Optimize the organizational structure, division of responsibilities and authorization system. Straighten out the management processes of marketing, product research and development, examination and approval, post-loan management, and customer service management. Improve the performance appraisal, incentive and restraint mechanisms, and move towards the goal of having the smoothest system, the most flexible mechanism and the optimal process. Grasp the wave of scientific and technological progress, cultivate and develop the “second growth curve”, accelerate the construction of the “Digital Harbin Bank”, implement ten basic projects, and lay a solid foundation for digital transformation.

Those who are good at playing chess plan the overall situation, those who are good at strategizing can achieve long-term goals, and those who are good at taking action can succeed. The path of improving quality and pursuing innovation will definitely not be easy. The Bank will improve the top-level design in the process of deepening institutional reforms, strengthen its core competitiveness by focusing on its main responsibilities and businesses, and consolidate the foundation for development by reshaping mechanisms and capabilities. We will unswervingly follow the path of financial development with Chinese characteristics and make new contributions to building a financial power and promoting Chinese-style modernization.



Yao Chunhe
President

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I. Past Economy and Environment and Operation Overview

(I) Past Economy and Environment

In 2024, in the face of a complicated and challenging international environment and the arduous tasks of domestic reform, development and stability, under the firm leadership of the Central Committee of the Communist Party of China headed by President Xi Jinping, all regions and departments conscientiously implemented the decisions and deployment of the Central Committee of the Party and the State Council, adhered to the general direction of seeking progress while ensuring stability, promoting stability with progress and establishing the new before abolishing the old, implemented the new development philosophies in a comprehensive manner, accelerated the construction of a modern industrial system led by scientific and technological innovation, comprehensively deepened reform and opening up, established a new development pattern represented by new productive forces of a higher quality, intensified macro-regulation with a focus on expanding domestic demand and deepening reforms in key areas, expanded high-level opening up to the outside world, continuously carried out structure optimization, boosted market confidence, continuously and effectively prevented and defused risks in key areas, firmly adhered to the bottom line of preventing systemic risks, unremittingly promoted the work related to agriculture, rural areas and rural residents, clarified the 'Five Major Articles' for building a strong financial country and serving the real economy, effectively promoted the integration of urban and rural areas and coordinated regional development, deeply advanced ecological civilization and green and low-carbon development, and effectively improved people's livelihoods. Through these efforts, China's economy picked up, supply and demand steadily improved, transformation and upgrade made active progress, employment and prices generally stabilized, people's livelihood was effectively protected, high-quality development achieved solid progress, and main targets were successfully fulfilled. In 2024, China's gross domestic product (GDP) amounted to RMB134.91 trillion, representing a year-on-year increase of 5%. On an industrial structure basis, the growth rates of primary, secondary and tertiary industries were 3.5%, 5.3% and 5%, respectively. At the end of December, the balance of M2 amounted to RMB313.53 trillion, representing a year-on-year increase of 7.3%; the balance of M1 amounted to RMB67.1 trillion, representing a year-on-year decrease of 1.4%, and the balance of M0 amounted to RMB12.82 trillion, representing a year-on-year increase of 13%. The balance of RMB loans amounted to RMB255.68 trillion, representing a year-on-year increase of 7.6%, the balance of RMB deposits amounted to RMB302.25 trillion, representing a year-on-year increase of 6.3%, and social financing scale amounted to RMB408.34 trillion, representing a year-on-year increase of 8%. Throughout the year, the RMB loans increased by RMB18.09 trillion, representing a year-on-year decrease of RMB4.66 trillion; and the RMB deposits increased by RMB17.99 trillion, representing a year-on-year decrease of RMB0.775 billion.

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In 2024, as guided by President Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, Heilongjiang Province thoroughly implemented the strategies and decisions of the Central Committee of the Communist Party of China on promoting the comprehensive revitalization of Northeast China, adhered to the general direction of seeking improvement in stability, firmly shouldered the strategic responsibility of safeguarding the five major national security aspects. It focused on building up Heilongjiang Province from six aspects, accelerated revitalization in eight aspects, promoted high-quality development and sustainable revitalization, speeded up the construction of agricultural modernization, cultivated and strengthened the modern industrial system with the characteristics of Heilongjiang Province, comprehensively deepened reforms in key areas with a focus on expanding domestic demand, expanded high-level opening up to the outside world, consolidated the advantages of green development, and effectively improved people's livelihood. On the one hand, Heilongjiang's agricultural production was satisfactory, seeing twenty one consecutive years of bumper harvest of grain; on the other hand, its industrial production forged ahead under pressure, with continuous accumulation of new growth drivers. Besides, the consumer market continued to pick up and high-contact service industries bounced back strongly, with ice and snow tourism booming in Harbin. Moreover, its residents' average income grew steadily, people's livelihood was effectively ensured and economic performance sustained overall stability. In 2024, the regional gross domestic product (RGDP) of Heilongjiang reached RMB1,647.69 billion, representing a year-on-year increase of 3.2%. Specifically, the added value of the primary industry was RMB320.33 billion, representing a year-on-year increase of 2.9%; the added value of the secondary industry was RMB414.73 billion, representing a year-on-year decrease of 0.2%; and the added value of the tertiary industry was RMB912.62 billion, representing a year-on-year increase of 4.7%. Total retail sales of consumer goods increased by 1.9% year on year, and the disposable income per capita of urban and rural residents increased by 4.7% and 6.1%, respectively. The port freight volume and inbound and outbound tourists of Heilongjiang increased by 13.6% and 86.7%, respectively, with an increase of 20.3% in the total cross-border trade volume. The actual utilization of foreign investment increased by 1.83%, with a growth rate 30.63 percentage points higher than the national average level.

(II) Operation Overview

In 2024, under the strong leadership of the Party committees and governments at the provincial and municipal levels, and with the guidance and support of the People's Bank of China and regulatory authorities, the Bank resolutely adhered to the guidance of President Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, to comprehensively implement the spirit of the 20th National Congress of the Communist Party of China and the Second, Third Plenary Sessions of the 20th Central Committee. The Bank steadily promoted business development and risk resolution, and achieved remarkable progress in aspects such as comprehensively strengthening the Party's leadership, the transformation and development of characteristic businesses, providing in-depth services to the real economy, strengthening risk control and compliance management, improving the level of operation and management, and reforming and innovating the institutional mechanisms. Therefore, business operation has shown a steady progress with improvement in quality while moving forward.

Steady business development

As at 31 December 2024, the Group had total assets of RMB916,231.9 million, representing an increase of RMB102,903.2 million or 12.65% as compared to the end of last year; the balance of loans and advances to customers of the Group amounted to RMB379,093.9 million, representing an increase of RMB55,911.2 million or 17.30% as compared to the end of last year; and the balance of customer deposits of the Group amounted to RMB693,679.4 million, representing an increase of RMB51,173.8 million or 7.96% as compared to the end of last year.

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Stable and positive operating efficiency

The Group recorded a net profit of RMB1,082.4 million for the year of 2024, representing a year-on-year increase of RMB194.3 million or 21.88%; and the net profit attributable to shareholders of the Company was RMB919.7 million, representing a year-on-year increase of RMB179.7 million or 24.28%. In 2024, the return on average equity of the Group was 0.69%, representing an increase of 0.34 percentage point as compared to last year.

Stable loan quality

As at 31 December 2024, the balance of the Group's non-performing loans was RMB10,757.0 million, and the non-performing loan ratio was 2.84%, representing a decrease of 0.03 percentage point as compared to the end of last year; the impairment coverage ratio was 202.59%, representing an increase of 5.21 percentage points as compared to the end of last year; and impairment losses on loans was 5.75%, representing an increase of 0.09 percentage point as compared to the end of last year.

Stable development of subsidiaries

In 2024, HB Leasing, HBCF and 30 village and township banks controlled by the Company kept stable and healthy development momentum as a whole. As at 31 December 2024, HB Leasing had total assets of RMB24,870 million, representing an increase of 0.84% as compared to the end of last year; HBCF had total assets of RMB24,369 million, representing an increase of 14.01% as compared to the end of last year. The balance of loans amounted to RMB22,567 million, representing an increase of 11.35% as compared to the end of last year. Total assets of the 30 village and township banks controlled by the Company amounted to RMB26,846 million.

Compliance with applicable laws and regulations

The Company has been, throughout its operation, in compliance with applicable laws and regulations, including the Commercial Bank Law of the People's Republic of China, the Company Law of the People's Republic of China, the Hong Kong Listing Rules and other laws and regulations. During the Reporting Period, there were no penalties by regulatory authorities that posed significant impact on the Company.

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(III) Analysis of Key Issues

1. *Net interest margin*

In 2024, the net interest spread of the Bank was 1.38%, representing a decrease of 0.18 percentage point as compared to last year, and the net interest margin was 1.31%, representing a decrease of 0.12 percentage point as compared to last year. The Bank has continuously implemented national policy requirements, given full play to its role in serving the real economy, deeply implemented the “Five Major Articles”, actively adapted to the downward trend of the LPR, reduced the financing costs of the real economy, strengthened financial service guarantees and the intensity of credit disbursement, and contributed to the high-quality development of the local economy. The Bank has also continuously improved the liability product and service system, actively provided financial service guarantees for the general public to achieve a better life, expanded the sources of low-cost deposits, strengthened the control of long-term high-cost deposits, and lowered the customer deposit interest rate several times. While maintaining a stable growth trend of the deposit scale, it has gradually optimized the liability term and cost structure. However, affected by factors such as the insufficient effective demand for credit in the real economy, the maturity of high-yield asset businesses, the downward trend of market interest rates, and repricing, the decline rate of the asset yield was greater than that of interest payment rate of the liability cost compared with the same period, resulting in a slight decrease in the net interest margin and net interest spread compared with the same period.

Looking ahead to 2025, there are still uncertainties in the external environment. The effective domestic demand is still in the recovery stage, market interest rates remain at a low level, and competition among peers is fierce. The net interest spread and net interest margin are expected to still face pressure. To this end, on the basis of deeply serving the local real economy, the Bank will create a benign development model driven by credit disbursement to drive asset growth, optimize the asset portfolio and credit structure in combination with the market environment, expand liability sources through multiple channels, continuously optimize the cost structure, improve the marginal benefit, and ensure the basic stability of the net interest spread and net interest margin.

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2. *Quality of key assets*

As at 31 December 2024, the balance of the Bank's non-performing loans was RMB10,757.0 million, and the non-performing loan ratio was 2.84%, representing a decrease of 0.03 percentage point as compared to the end of last year. Impairment coverage ratio was 202.59%, representing an increase of 5.21 percentage points as compared to the end of last year; and impairment losses on loans was 5.75%, representing an increase of 0.09 percentage point as compared to the end of last year, showing that the Bank's capability to risk resistance remained stable.

During the Reporting Period, the Bank conscientiously implemented various national credit policies and regulatory requirements, strengthened support to the real economy and increased loans to manufacturing industry, regional featured industries with competitive advantages, high-tech industry, green finance, inclusive finance and other related key areas according to the 14th Five-Year Plan. The Bank has closely monitored changes of internal and external situations, and strengthened risk prevention and control on focused sectors such as real estate and financing platforms of local governments, and promoted the steadily adjustment of structures of assets and business and maintained a generally stable asset quality.

3. *Capital management*

During the Reporting Period, the Bank fulfilled and implemented requirements of its capital management plans, continuously strengthened the construction of its capital management fundamental capability, and further enhanced the role of capital in leading and restraining its business development. The Bank placed its capital in business areas with lower capital occupancy and higher returns in accordance with the Administration Measures for the Capital of Commercial Banks. During the Reporting Period, the Bank met the regulatory requirements for the capital adequacy ratios as required by the NFRA.

As at 31 December 2024, the core tier-1 capital adequacy ratio, tier-1 capital adequacy ratio and capital adequacy ratio of the Bank were 8.68%, 12.37% and 13.61%, respectively, representing a decrease of 0.01 percentage point, 0.11 percentage point and 0.10 percentage point, respectively, as compared to the end of last year, which was mainly due to the increase in risk-weighted assets. As at the end of the Reporting Period, risk-weighted assets of the Bank amounted to RMB591,204.9 million, representing an increase of RMB15,136.8 million or 2.6% as compared to the end of last year.

Looking ahead to 2025, the Bank will continue to strengthen capital management through the following initiatives. First, the Bank will continue to maintain a capital-conservation development model, establish diversified profit channels and further enhance internal capital generation capabilities. Second, the Bank will actively adapt to the current evolving market conditions, enhance refined capital management, constantly optimize business structure, and improve capital returns. Third, the Bank will further improve multi-tiered capital replenishment channels to ensure capital levels consistently exceed regulatory requirements.

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4. Investment in debt instruments issued by financial institutions

The Bank consistently performed rigid review on risk and compliance with respect to use of capital in accordance with the requirements of the Notice on Regulating the Interbank Business of Financial Institutions (Yin Fa [2014] No. 127). The Bank accurately measured risks, and set aside capital and made provisions accordingly based on the principle of “substance over formality” and the nature of the underlying assets. With reference to loan provision requirements, the Bank progressively raised the coverage ratio for investment in debt instruments issued by financial institutions to a relatively higher level in a steady, prudent and dynamic manner based on the expected credit loss model measurement. As at 31 December 2024, total investment by the Bank in debt instruments issued by financial institutions amounted to RMB137,083.2 million, representing a decrease of 8.5% as compared to the end of last year; and its balance of provision amounted to RMB7,440.3 million, representing an increase of RMB782.0 million as compared to the end of last year, and the coverage ratio was 5.43%, representing an increase of 0.99 percentage point as compared to the end of last year.

5. Net stable funding ratio

As at 31 December 2024, the net stable funding ratio of the Bank was 136.70%, which was in compliance with the net stable funding ratio of commercial banks required by the Measures for the Liquidity Risk Management of Commercial Banks (CBIRC Order [2018] No. 3) (“in compliance with the regulatory standards”). The available stable funding (upon conversion) was RMB632.728 billion, and the required stable funding (upon conversion) was RMB462.874 billion.

The following table sets out the net stable funding ratio of the Bank as at the dates indicated.

Item	As at 31 December 2024	As at 30 September 2024	As at 30 June 2024
(In RMB100 million, except percentages)			
Net stable funding ratio	136.70%	132.80%	131.22%
Available stable funding	6,327.28	5,986.09	5,933.06
Required stable funding	4,628.74	4,507.49	4,521.31

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II. Analysis on Income Statement

For the year ended 31 December				
	2024	2023	Change in amount	Rate of change
(In RMB million, except percentages)				
Interest income	30,272.7	29,719.1	553.6	1.9%
Interest expense	(20,435.8)	(20,170.1)	(265.7)	1.3%
Net interest income	9,836.9	9,549.0	287.9	3.0%
Fee and commission income	570.2	824.3	(254.1)	-30.8%
Fee and commission expense	(202.7)	(179.0)	(23.7)	13.2%
Net fee and commission income	367.5	645.3	(277.8)	-43.0%
Net trading income or loss	2,424.7	2,691.9	(267.2)	-9.9%
Net gains on financial investments	1,521.8	264.9	1,256.9	474.5%
Net other operating income or loss	92.3	90.6	1.7	1.9%
Operating income	14,243.2	13,241.7	1,001.5	7.6%
Operating expenses	(5,415.8)	(5,826.5)	410.7	-7.0%
Credit impairment losses	(8,073.1)	(6,957.9)	(1,115.2)	16.0%
Other assets impairment loss	(102.9)	–	(102.9)	–
Operating profit	651.4	457.3	194.1	42.4%
Profit before tax	651.4	457.3	194.1	42.4%
Income tax credit	431.0	430.8	0.2	0.0%
Net profit	1,082.4	888.1	194.3	21.9%

In 2024, the Bank recorded a profit before tax of RMB651.4 million, and a net profit of RMB1,082.4 million, representing a year-on-year increase of 21.9%.

(I) Net Interest Income

In 2024, the Bank recorded a net interest income of RMB9,836.9 million, representing an increase of RMB287.9 million or 3.0% year on year. The following tables set forth, for the periods indicated, the average balance of the Bank's interest-earning assets and interest-bearing liabilities, interest income and expenses from these assets and liabilities, and the average yield ratio of these interest-earning assets and the average cost ratio of these interest-bearing liabilities.

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For the year ended 31 December						
	2024			2023		
	Average balance ⁽⁶⁾	Interest income	Average yield ratio	Average balance ⁽⁶⁾	Interest income	Average yield ratio
(In RMB million, except percentages)						
Interest-earning assets						
Loans and advances to customers	345,953.1	16,816.3	4.86%	303,236.0	16,520.1	5.45%
Investments in debt securities ⁽¹⁾	278,689.0	9,785.7	3.51%	230,678.4	9,740.9	4.22%
Cash and balances with Central Bank Due from banks and other financial institutions ⁽²⁾	48,809.6	684.3	1.40%	51,351.0	728.4	1.42%
	49,836.0	1,255.5	2.52%	59,724.9	1,440.7	2.41%
Financial lease receivables	26,018.7	1,730.9	6.65%	22,300.3	1,289.0	5.78%
Total interest-earning assets	749,306.4	30,272.7	4.04%	667,290.6	29,719.1	4.45%

For the year ended 31 December						
	2024			2023		
	Average balance ⁽⁶⁾	Interest expense	Average cost ratio	Average balance ⁽⁶⁾	Interest expense	Average cost ratio
(In RMB million, except percentages)						
Interest-bearing liabilities						
Due to customers	667,803.0	17,809.2	2.67%	629,517.9	17,967.4	2.85%
Due to banks ⁽³⁾	70,363.6	1,909.2	2.71%	44,636.9	1,545.4	3.46%
Debt securities issued and others	26,610.0	626.0	2.35%	22,222.4	619.6	2.79%
Due to Central Bank	4,861.6	91.4	1.88%	1,872.5	37.7	2.01%
Total interest-bearing liabilities	769,638.2	20,435.8	2.66%	698,249.7	20,170.1	2.89%
Net interest income		9,836.9			9,549.0	
Net interest spread⁽⁴⁾			1.38%			1.56%
Net interest margin⁽⁵⁾			1.31%			1.43%

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- (1) Include financial assets measured at fair value through other comprehensive income and financial assets measured at amortised cost.
- (2) Include due from banks and other financial institutions and financial assets held under reverse repurchase agreements.
- (3) Include due to banks, financial assets sold under repurchase agreements and borrowing from banks and other financial institutions.
- (4) Calculated as the difference between the average yield ratio on total interest-earning assets and the average cost ratio on total interest-bearing liabilities, calculated based on the daily average of the interest-earning assets and interest-bearing liabilities.
- (5) Calculated by dividing net interest income by the balance of interest-earning assets, calculated based on the daily average of the interest-earning assets.
- (6) Calculated as the average of the Bank's daily balances.

The following table sets out, for the periods indicated, the changes in the Bank's interest income and interest expense attributable to changes in volumes and interest rates. Changes in volumes are measured by changes in the average balances of the Bank's interest-earning assets and interest-bearing liabilities and changes in interest rates are measured by changes in the average interest rates of the Bank's interest-earning assets and interest-bearing liabilities. Effects of changes caused by both volumes and interest rates have been allocated to changes in interest.

	For the year ended 31 December		
	2024 vs. 2023		
	Increase/ (decrease) Volume ⁽¹⁾	Interest rate ⁽²⁾	Net increase/ (decrease) ⁽³⁾
(In RMB million)			
Interest-earning assets			
Loans and advances to customers	2,327.2	(2,031.0)	296.2
Investments in debt securities	2,027.4	(1,982.6)	44.8
Cash and balances with Central Bank	(36.1)	(8.0)	(44.1)
Due from banks and other financial institutions	(238.5)	53.3	(185.2)
Financial lease receivables	214.9	227.0	441.9
Change in interest income	4,294.9	(3,741.3)	553.6
Interest-bearing liabilities			
Due to customers	1,092.7	(1,250.9)	(158.2)
Due to banks	890.7	(526.9)	363.8
Debt securities issued and others	122.3	(115.9)	6.4
Due to Central Bank	60.2	(6.5)	53.7
Change in interest expense	2,165.9	(1,900.2)	265.7

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Notes:

- (1) Represents the average balance for the Reporting Period minus the average balance for the previous period, multiplied by the average yield/cost ratio for such previous period.
- (2) Represents the average yield/cost ratio for the Reporting Period minus the average yield/cost ratio for the previous period, multiplied by the average balance for the Reporting Period.
- (3) Represents the interest income/expense for the Reporting Period minus the interest income/expense for the previous period.

(II) Interest income

In 2024, the Bank realized an interest income of RMB30,272.7 million, representing an increase of RMB553.6 million or 1.9% year on year, which was primarily due to an increase in the average balance of overall interest-bearing assets from RMB667,290.6 million last year to RMB749,306.4 million in 2024, while the interest income was partially offset by a decrease in average yield from 4.45% last year to 4.04% in 2024.

1. Interest income from loans and advances to customers

In 2024, the Bank's interest income from loans and advances to customers increased by RMB296.2 million or 1.8% year on year to RMB16,816.3 million, primarily due to the Bank's proactive efforts in serving the real economy, adapting to the downward trend of the LPR, reducing financing costs for entities, and strengthening financial services and credit investment, resulting in an increase of the credit size as compared with the same period of last year. The following table sets out, for the periods indicated, the average balance, interest income and average yield ratio for each component of the Bank's loans and advances to customers.

	For the year ended 31 December					
	2024			2023		
	Average balance	Interest income	Average yield ratio	Average balance	Interest income	Average yield ratio
(In RMB million, except percentages)						
Corporate loans	198,069.8	9,111.9	4.60%	168,623.3	8,526.4	5.06%
Personal loans	115,281.4	7,276.4	6.31%	118,747.0	7,755.1	6.53%
Discounted bills	32,601.9	428.0	1.31%	15,865.7	238.6	1.50%
Total loans and advances to customers	345,953.1	16,816.3	4.86%	303,236.0	16,520.1	5.45%

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2. *Interest income from investments in debt securities*

In 2024, the Bank's interest income from investments in debt securities increased by RMB44.8 million or 0.5% year on year to RMB9,785.7 million, mainly attributable to the fact that the Bank adjusted the bond and equity allocation in line with its liquidity to enhance the contribution value of funds, contributing to a year-on-year increase of RMB48,010.6 million in the average balance of investments in debt securities.

3. *Interest income from cash and balances with Central Bank*

In 2024, the Bank's interest income from cash and balances with Central Bank decreased by RMB44.1 million or 6.1% year on year to RMB684.3 million, mainly attributable to a year-on-year decrease in the average balances of cash and balances with Central Bank.

4. *Interest income from amounts due from banks and other financial institutions*

In 2024, the Bank's interest income from amounts due from banks and other financial institutions decreased by RMB185.2 million or 12.9% year on year to RMB1,255.5 million, primarily attributable to the Bank's adjustment of asset allocation structure and prioritization on funds to support the issuance of credit assets as well as a decrease of the scale of interbank assets.

5. *Interest income from financial lease receivables*

In 2024, the Bank's interest income from financial lease receivables amounted to RMB1,730.9 million, representing an increase of RMB441.9 million or 34.3% year on year, mainly due to a year-on-year increase in the average balances of financial lease receivables of RMB3,718.4 million with a year-on-year increase in the average yield of 0.87 percentage point.

(III) Interest Expense

In 2024, the Bank's interest expense increased by RMB265.7 million or 1.3% to RMB20,435.8 million as compared to the same period of last year, which was mainly due to a decrease in average cost ratio from 2.89% last year to 2.66% in 2024, which partially offset an increase in average balances of overall interest-bearing liabilities from RMB698,249.7 million last year to RMB769,638.2 million in 2024.

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1. Interest expense on due to customers

In 2024, the Bank continuously improved its liability products and service system, continued to consolidate its customer base and expanded the sources of low-cost deposits, and maintained a steady growth in deposit scale. The Bank's interest expense on due to customers decreased by RMB158.2 million or 0.9% year on year to RMB17,809.2 million, primarily because the Bank voluntarily lowered deposit interest rates for customers several times in the past two years, contributing to a year-on-year decrease in interest rates.

	For the year ended 31 December					
	2024			2023		
	Average balance	Interest expense	Average cost ratio	Average balance	Interest expense	Average cost ratio
(In RMB million, except percentages)						
Corporate deposits						
Demand	71,947.6	1,079.9	1.50%	86,798.5	1,714.1	1.97%
Time	123,950.7	3,565.0	2.88%	117,250.4	3,579.2	3.05%
Subtotal	195,898.3	4,644.9	2.37%	204,048.9	5,293.3	2.59%
Personal deposits						
Demand	42,933.1	88.4	0.21%	43,460.6	124.0	0.29%
Time	428,971.6	13,075.9	3.05%	382,008.4	12,550.1	3.29%
Subtotal	471,904.7	13,164.3	2.79%	425,469.0	12,674.1	2.98%
Total deposits from customers	667,803.0	17,809.2	2.67%	629,517.9	17,967.4	2.85%

2. Interest expense on due to banks

In 2024, the Bank's interest expense on due to banks increased by RMB363.8 million or 23.5% year on year to RMB1,909.2 million, primarily attributable to the Bank's adjustment of liability structure in light of market and liquidity and an increase in the daily transaction volume.

3. Interest expense on debt securities issued and others

In 2024, the Bank's interest expense on debt securities issued and others amounted to RMB626.0 million, representing an increase of RMB6.4 million or 1.0% year on year, mainly attributable to the Bank's adjustment of liability structure in light of market and liquidity and an increase in the daily transaction volume.

(IV) Net Interest Spread and Net Interest Margin

In 2024, the Bank's net interest spread decreased from 1.56% in last year to 1.38%, and the net interest margin decreased from 1.43% in last year to 1.31%. For the analysis of the reasons for the decrease in net interest spread and net interest margin, please refer to "I. (III) Analysis of Key Issues" of this chapter.

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(V) Non-interest Income

1. Net fee and commission income

In 2024, the Bank's net fee and commission income decreased by RMB277.8 million or 43.0% year on year to RMB367.5 million, primarily attributable to a decrease in the advisory and consultancy fee as well as the agency and custodian fee.

For the year ended 31 December				
	2024	2023	Change in amount	Rate of change
(In RMB million, except percentages)				
Fee and commission income	570.2	824.3	(254.1)	-30.8%
Advisory and consultancy fee	64.8	182.3	(117.5)	-64.5%
Settlement fee	91.3	78.2	13.1	16.8%
Agency and custodian fee	203.2	316.4	(113.2)	-35.8%
Of which: non-principal protected wealth management agency fee	146.3	232.0	(85.7)	-36.9%
Bank card fee	201.7	225.3	(23.6)	-10.5%
Others	9.2	22.1	(12.9)	-58.4%
Fee and commission expense	(202.7)	(179.0)	(23.7)	13.2%
Net fee and commission income	367.5	645.3	(277.8)	-43.0%

In 2024, the Bank's advisory and consultancy fee income decreased by RMB117.5 million or 64.5% year on year to RMB64.8 million, mainly attributable to the fact that affected by the external policies and market environment, the Bank proactively adjusted its business structure, resulting in a year-on-year decrease in advisory fee.

In 2024, the Bank's settlement fee income increased by RMB13.1 million or 16.8% year on year to RMB91.3 million, mainly attributable to the change in volume of settlement business.

In 2024, the Bank's agency and custodian fee income decreased by RMB113.2 million or 35.8% year on year to RMB203.2 million, mainly attributable to a decrease in scale of agency and custodian business.

In 2024, the Bank's bank card fee income decreased by RMB23.6 million or 10.5% year on year to RMB201.7 million, mainly attributable to the changes in bank card intermediary business volume.

In 2024, the Bank realised other fee and commission income of RMB9.2 million, representing a decrease of RMB12.9 million or 58.4% year on year.

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2. *Net trading income or loss*

In 2024, the Bank's net trading income decreased by RMB267.2 million or 9.9% year on year to RMB2,424.7 million, mainly attributable to a decrease in gains and losses arising from changes in the fair value of financial assets measured at fair value through profit or loss.

3. *Net gains on financial investments*

In 2024, the Bank's net gains on financial investments increased by RMB1,256.9 million or 474.5% year on year to RMB1,521.8 million, mainly attributable to an increase in net gains on disposal of financial assets measured at amortised cost.

4. *Net other operating income or loss*

In 2024, the Bank's net other operating income or loss increased by RMB1.7 million or 1.9% year on year to RMB92.3 million, mainly attributable to the changes in exchange gains or losses of the Bank.

(VI) Operating Expenses

In 2024, the Bank's operating expenses decreased by RMB410.7 million or 7.0% year on year to RMB5,415.8 million.

	For the year ended 31 December			
	2024	2023	Change in amount	Rate of change
	(In RMB million, except percentages)			
Staff costs	2,577.5	2,644.7	(67.2)	-2.5%
Tax and surcharges	274.5	264.2	10.3	3.9%
Depreciation and amortisation	716.7	769.7	(53.0)	-6.9%
Others	1,847.1	2,147.9	(300.8)	-14.0%
Total operating expenses	5,415.8	5,826.5	(410.7)	-7.0%

Staff costs are the largest component of the Bank's operating expenses, representing 47.6% and 45.4% of the Bank's total operating expenses for 2024 and 2023, respectively.

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The following table shows the major components of staff costs of the Bank for the periods indicated.

For the year ended 31 December				
	2024	2023	Change in amount	Rate of change
(In RMB million, except percentages)				
Staff costs				
Salaries, bonuses and allowances	1,808.8	1,908.1	(99.3)	-5.2%
Social insurance	441.9	420.8	21.1	5.0%
Housing fund	175.1	164.3	10.8	6.6%
Staff benefits	98.2	114.3	(16.1)	-14.1%
Labor union expenditure and education costs	40.3	28.9	11.4	39.4%
Early retirement benefits	13.2	8.3	4.9	59.0%
Total	2,577.5	2,644.7	(67.2)	-2.5%

In 2024, the staff costs of the Bank reached RMB2,577.5 million, representing a decrease of RMB67.2 million or 2.5% year on year.

In 2024, the tax and surcharges of the Bank were RMB274.5 million, representing an increase of RMB10.3 million or 3.9% year on year.

In 2024, depreciation and amortisation of the Bank were RMB716.7 million, representing a decrease of RMB53.0 million or 6.9% year on year.

In 2024, the Bank’s other operating expenses decreased by RMB300.8 million or 14.0% year on year to RMB1,847.1 million.

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(VII) CREDIT IMPAIRMENT LOSSES

In 2024, the Bank's credit impairment losses increased by RMB1.1152 billion or 16.0% year on year to RMB8.0731 billion.

	For the year ended 31 December			
	2024	2023	Change in amount	Rate of change
(In RMB million, except percentages)				
Impairment losses on loans and advances to customers at amortised cost	6,437.1	5,737.6	699.5	12.2%
Impairment losses on financial assets at amortised cost	959.4	951.7	7.7	0.8%
Impairment losses on financial investments at fair value through other comprehensive income	(2.7)	(41.9)	39.2	-93.6%
Impairment losses on finance lease receivables	493.1	166.9	326.2	195.4%
Other assets impairment loss	186.2	143.6	42.6	29.7%
Total	8,073.1	6,957.9	1,115.2	16.0%

(VIII) OTHER ASSETS IMPAIRMENT LOSSES

In 2024, the Bank's other assets impairment losses increased by RMB102.9 million year on year to RMB102.9 million.

	For the year ended 31 December			
	2024	2023	Change in amount	Rate of change
(In RMB million, except percentages)				
Impairment losses on repossessed assets	102.9	–	102.9	–
Total	102.9	–	102.9	–

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(IX) Income Tax Credit

In 2024, the Bank's income tax expenses decreased by RMB0.2 million year on year to RMB-431.0 million.

For the year ended 31 December				
	2024	2023	Change in amount	Rate of change
(In RMB million, except percentages)				
Current income tax expenses	601.6	351.3	250.3	71.2%
Deferred income tax expenses	(1,032.6)	(782.1)	(250.5)	-32.0%
Effective income tax expenses	(431.0)	(430.8)	(0.2)	0.0%

III. Analysis of Key Items of Financial Position

(I) Assets

As at 31 December 2024, the Bank's total assets increased by RMB102.9032 billion or 12.7% to RMB916.2319 billion as compared to the end of last year, mainly attributable to increases in loans and advances to customers, cash and balances with the Central Bank as well as the investment in securities and other financial assets.

As at 31 December				
	2024		2023	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Loans and advances to customers, net	362,408.1	39.6%	308,438.9	37.9%
Net investment in securities and other financial assets	377,801.0	41.2%	344,959.1	42.4%
Cash and balances with the Central Bank	99,873.9	10.9%	63,873.4	7.9%
Due from banks and other financial institutions	31,944.2	3.5%	31,866.2	3.9%
Reverse repurchases	150.0	0.0%	19,946.4	2.5%
Other assets	44,054.7	4.8%	44,244.7	5.4%
Total assets⁽¹⁾	916,231.9	100.0%	813,328.7	100.0%

Note:

- (1) Of which, accrued interest is accounted in each of the interest-generating assets items but not in other discussions and analysis.

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1. Loans and advances to customers

As at 31 December 2024, the Bank's total loans and advances to customers increased by RMB55.9112 billion to RMB379.0939 billion, representing an increase of 17.3% as compared to the end of last year.

The following table sets out a breakdown of the Bank's loans by business lines as at the dates indicated.

	As at 31 December			
	2024		2023	
	Amount	% of total	Amount	% of total
	(In RMB million, except percentages)			
Corporate loans	205,405.0	54.2%	184,005.1	56.9%
Personal loans	117,779.9	31.1%	118,550.6	36.7%
Discounted bills	55,909.0	14.7%	20,627.0	6.4%
Total loans and advances to customers	379,093.9	100.0%	323,182.7	100.0%

(1) Corporate loans

As at 31 December 2024, the Bank's corporate loans increased by RMB21.3999 billion to RMB205.4050 billion, representing an increase of 11.6% as compared to the end of last year.

The following table sets out a breakdown of the Bank's corporate loans by customer type as at the dates indicated.

	As at 31 December			
	2024		2023	
	Amount	% of total	Amount	% of total
	(In RMB million, except percentages)			
Loans to small enterprises ⁽¹⁾	93,269.0	45.4%	79,315.9	43.1%
Other corporate loans excluding loans to small enterprises	112,136.0	54.6%	104,689.2	56.9%
Total corporate loans	205,405.0	100.0%	184,005.1	100.0%

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Note:

- (1) Loans to small enterprises include corporate loans to small enterprises and micro enterprises as defined in the SME Classification Standards. According to the SME Classification Standards, there are different classification standards for different industries. For example, industrial enterprises having more than 20 but less than 1,000 employees and generating more than RMB3 million in operating income in a year are classified as small enterprises, while enterprises having more than 5 but less than 200 employees and generating more than RMB10 million in operating income in a year in the wholesale industry are also classified as small enterprises. Industrial enterprises having less than 20 employees or generating less than RMB3 million in operating income in a year are classified as micro enterprises, while enterprises having less than 5 employees or generating less than RMB10 million in operating income in a year in the wholesale industry are also classified as micro enterprises.

As at 31 December 2024, the Bank’s loans to small enterprises increased by RMB13.9531 billion to RMB93.2690 billion, representing an increase of 17.6% as compared to the end of last year. As at the end of current year and last year, the Bank’s loans to small enterprises accounted for 45.4% and 43.1% of the Bank’s total corporate loans, respectively.

(2) Personal loans

As at 31 December 2024, the Bank’s personal loans decreased by RMB770.7 million to RMB117.7799 billion, representing a decrease of 0.7% as compared to the end of last year, mainly attributable to a decrease in loans to small enterprise owners by RMB507.7 million or 2.2% as compared to the end of last year.

The following table sets out a breakdown of the Bank’s personal loans by product type as at the dates indicated.

	As at 31 December			
	2024		2023	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Loans to small enterprise owners	22,813.2	19.3%	23,320.9	19.6%
Personal consumption loans	80,520.3	68.4%	80,931.8	68.3%
Loans to farmers	14,446.4	12.3%	14,297.9	12.1%
Total personal loans	117,779.9	100.0%	118,550.6	100.0%

As at 31 December 2024, loans to farmers increased by 1.0% as compared to the end of last year, while loans to small enterprise owners and personal consumption loans decreased by 2.2% and 0.5%, as compared to the end of last year, respectively.

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2. Investment in securities and other financial assets

As at 31 December 2024, the total amount of the Bank's investment in securities and other financial assets was RMB378.9250 billion, representing an increase of RMB31.4801 billion or 9.1% as compared to the end of last year. The increase in such assets in 2024 is mainly due to the fact that the Bank improved its capital utilization rate by upscaling its various investments and continuously expanding channels of capital utilization.

The following table sets out the components of the Bank's investment in securities and other financial assets as at the dates indicated.

	As at 31 December			
	2024		2023	
	Amount	% of total	Amount	% of total
	(In RMB million, except percentages)			
Financial assets measured at fair value through profit or loss	81,644.6	21.5%	85,711.3	24.7%
Financial assets measured at amortised cost	226,606.5	59.8%	175,576.3	50.5%
Financial assets measured at fair value through other comprehensive income	70,673.9	18.7%	86,157.3	24.8%
Total investment in securities and other financial assets	378,925.0	100.0%	347,444.9	100.0%

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The following table sets out the distribution of the Bank's investment in securities and other financial assets divided by debt investments and equity investment as at the dates indicated.

	As at 31 December			
	2024		2023	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Debt investments:				
Bond investments	236,959.4	62.5%	192,121.1	55.3%
Debt instruments issued by financial institutions ⁽¹⁾	137,083.2	36.2%	149,801.1	43.1%
Subtotal	374,042.6	98.7%	341,922.2	98.4%
Equity investment	4,882.4	1.3%	5,522.7	1.6%
Total investment in securities and other financial assets	378,925.0	100.0%	347,444.9	100.0%

Note:

(1) include fund trust scheme, funds and asset management plans.

As at 31 December 2024, the Bank's total investment in debt instruments issued by financial institutions was RMB137.0832 billion, representing a decrease of RMB12.7179 billion or 8.5% as compared to the end of last year. The investments of this class as a percentage of total investment in securities and other financial assets decreased from 43.1% as at 31 December 2023 to 36.2% as at 31 December 2024.

	As at 31 December			
	2024		2023	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Government bonds	168,163.2	71.0%	103,018.2	53.6%
Bonds issued by financial institutions	13,786.9	5.8%	9,556.3	5.0%
Corporate bonds	43,698.1	18.4%	52,948.6	27.6%
Bonds issued by policy banks	11,311.2	4.8%	26,598.0	13.8%
Total bond investments	236,959.4	100.0%	192,121.1	100.0%

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3. *Other components of the Bank's assets*

Other components of the Bank's assets primarily consist of (i) cash and balances with the Central Bank, (ii) due from banks and other financial institutions.

As at 31 December 2024, the Bank's total cash and balances with the Central Bank increased by RMB36.0057 billion to RMB99.8569 billion, representing an increase of 56.4% as compared to the end of last year.

As at 31 December 2024, the Bank's due from banks and other financial institutions increased by RMB177.5 million to RMB31.7732 billion, representing an increase of 0.6% as compared to the end of last year.

As at 31 December 2024, the Bank's total reverse repurchases decreased by RMB19.7828 billion to RMB150.0 million as compared to the end of last year.

(II) **Liabilities**

The Bank diligently implemented the requirements of the Measures for Liability Quality Management of Commercial Banks (Yin Bao Jian Ban Fa [2021] No. 35) and established and completed a liability quality management system across the Bank in accordance with the principle of compatibility with business strategy, risk appetite and overall business characteristics of the Bank, and continuously improved the level of liability quality management. During the Reporting Period, the Bank conscientiously implemented the requirements of the "six characteristics" of liability quality management, continuously strengthened the foundation for the development of our liabilities business, while strengthening the monitoring, analysis and management of the sources, structure and costs of our liabilities, resulting in a steady increase in the total liabilities and healthy development of overall liabilities business. As at 31 December 2024, the Bank's total liabilities were RMB850.6356 billion, representing an increase of RMB101.1951 billion or 13.5% as compared to the end of last year. Among them, customer deposits accounted for 83.9% of the total liabilities, representing a decrease of 3.8 percentage points as compared to the end of last year.

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	As at 31 December			
	2024		2023	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Due to customers	713,113.5	83.9%	656,988.7	87.7%
Due to banks ⁽¹⁾	49,759.4	5.8%	46,651.8	6.2%
Repurchase agreements	34,721.2	4.1%	10,668.4	1.4%
Debt securities issued	39,942.0	4.7%	23,726.3	3.2%
Due to Central Bank	5,548.2	0.6%	3,410.7	0.4%
Other liabilities ⁽²⁾	7,551.3	0.9%	7,994.6	1.1%
Total liabilities⁽³⁾	850,635.6	100.0%	749,440.5	100.0%

Notes:

- (1) Due to banks also includes borrowings from banks and other financial institutions.
- (2) Other liabilities primarily consist of derivative financial liabilities, income tax payable and other tax payable, items in the process of clearance and settlement as well as staff salary payable.
- (3) Of which, interest payable is accounted in each of the interest-bearing liabilities items but not in other discussions and analysis.

1. Due to customers

As at 31 December 2024, the Bank's total due to customers increased by RMB51.1738 billion to RMB693.6794 billion, representing an increase of 8.0% as compared to the end of last year.

	As at 31 December			
	2024		2023	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Corporate deposits				
Demand deposits	78,967.7	11.4%	81,370.1	12.6%
Time deposits	114,734.7	16.5%	116,021.5	18.1%
Subtotal	193,702.4	27.9%	197,391.6	30.7%
Personal deposits				
Demand deposits	43,993.5	6.3%	44,899.4	7.0%
Time deposits	455,983.5	65.8%	400,214.6	62.3%
Subtotal	499,977.0	72.1%	445,114.0	69.3%
Total due to customers	693,679.4	100.0%	642,505.6	100.0%

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2. *Due to banks*

As at 31 December 2024, the Bank's due to banks balance increased by RMB3,087.9 million to RMB49.3617 billion, representing an increase of 6.7% as compared to the end of last year.

3. *Repurchase agreement*

As at 31 December 2024, the Bank's repurchase agreement was RMB34.7005 billion, representing an increase of RMB24.0361 billion or 225.4% as compared to the end of last year.

4. *Debt securities issued*

As at 31 December 2024, the Bank's debt securities issued were RMB39.9420 billion, representing an increase of RMB16.2157 billion or 68.3% as compared to the end of last year.

(III) Shareholders' Equity

As at 31 December 2024, the Bank's total shareholders' equity increased by RMB1,708.1 million to RMB65.5963 billion, representing an increase of 2.7% as compared to the end of last year. As at 31 December 2024, total equity attributable to shareholders of the parent company increased by RMB1,557.6 million to RMB63.1619 billion, representing an increase of 2.5% as compared to the end of last year.

	As at 31 December			
	2024		2023	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Share capital	10,995.6	16.8%	10,995.6	17.2%
Other equity instruments	11,699.0	17.8%	11,699.0	18.3%
Reserves	22,350.7	34.1%	20,149.2	31.5%
Undistributed profits	18,116.6	27.6%	18,760.5	29.4%
Equity attributable to shareholders				
of the parent company	63,161.9	96.3%	61,604.3	96.4%
Non-controlling interests	2,434.4	3.7%	2,283.9	3.6%
Total equity	65,596.3	100.0%	63,888.2	100.0%

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IV. Off-balance Sheet Commitments

The following table sets out the contract value of the Bank’s off-balance sheet commitments as of the dates indicated.

	As at 31 December	
	2024	2023
(In RMB million)		
Credit commitments:		
Bank bills acceptance	7,332.8	6,431.9
Issued letters of guarantee	192.9	522.6
Issued letters of credit	1,377.2	3,647.6
Credit limit of credit card	15,372.3	20,501.6
Subtotal	24,275.2	31,103.7
Capital expenditure commitments	181.9	16.8
Treasury bond redemption commitments	194.0	602.0
Total	24,651.1	31,722.5

In addition, as at 31 December 2024, the amount involved in major pending litigation cases where the Group is the defendant or a third-party defendant with the amount in dispute for each case exceeding RMB10,000,000 was RMB29,665,330 (as of 31 December 2023: Nil). As of 31 December 2024, based on the best estimate, the Group did not recognize a provision for liabilities in the balance sheet (as of 31 December 2023: RMB17,000,000). Details of off-balance sheet commitment contracts are disclosed in “Commitments and Contingent Liabilities” in the Note 44 to financial statements of this report.

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V. Analysis of Loan Quality

During the Reporting Period, the Bank proactively implemented high-quality development goals, adhered to the principles of active defense and precise risk resolution, focused on stabilizing existing business, optimizing new business, and strengthening mechanisms, and continuously improved and refined risk prevention and control. The Bank accelerated the digital transformation of risk management, continuously improved intelligent early warning risk control models and full-process risk monitoring mechanisms, significantly enhanced the forward-looking nature of risk identification and the scientific nature of decision-making. While strictly controlling new risks, the Bank took multiple measures to speed up the disposal of existing non-performing assets, effectively activating inefficient assets through market-oriented transfer, debt restructuring, and legal recovery. As at 31 December 2024, the non-performing loan ratio was 2.84%, representing a decrease of 0.03 percentage point as compared to the end of last year. The impairment coverage ratio was 202.59%, representing an increase of 5.21 percentage points as compared to the end of last year. The provision rate of impairment losses on loans was 5.75%, representing an increase of 0.09 percentage point as compared to the end of last year. The capability of risk resilience remained stable.

(I) Distribution of Loans by Five-category Loan Classification

The following table sets out the Bank's loans and advances to customers in each category of the Bank's five-category loan classification as of the dates indicated.

	As at 31 December			
	2024		2023	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Pass	346,268.5	91.4%	293,933.4	90.9%
Special mention	22,068.4	5.8%	19,989.7	6.2%
Substandard	1,322.6	0.3%	1,315.3	0.4%
Doubtful	1,337.8	0.4%	2,003.6	0.6%
Loss	8,096.6	2.1%	5,940.7	1.9%
Total loans and advances to customers	379,093.9	100.0%	323,182.7	100.0%
Non-performing loans amount				
and non-performing loan ratio⁽¹⁾	10,757.0	2.84%	9,259.6	2.87%

Note:

- (1) Non-performing loan ratio is calculated by dividing non-performing loans by total loans and advances to customers.

According to the five-category loan classification system, the Bank classified its non-performing loans into substandard, doubtful and loss categories.

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(II) The Distribution of Loans and Non-performing Loans by Business Lines

The following table sets out the Bank's loans and non-performing loans by business lines as of the dates indicated.

	As at 31 December					
	2024			2023		
	Loan amount	Non-performing loans amount	Non-performing loan ratio	Loan amount	Non-performing loans amount	Non-performing loan ratio
(In RMB million, except percentages)						
Corporate loans						
Loans to small enterprises	93,269.0	2,682.1	2.88%	79,315.9	2,407.7	3.04%
Other corporate loans excluding loans to small enterprises	112,136.0	2,219.3	1.98%	104,689.2	2,197.9	2.10%
Subtotal	205,405.0	4,901.4	2.39%	184,005.1	4,605.6	2.50%
Personal loans						
Loans to small enterprise owners	22,813.2	1,212.2	5.31%	23,320.9	1,206.0	5.17%
Personal consumption loans	80,520.3	4,438.4	5.51%	80,931.8	3,187.4	3.94%
Loans to farmers	14,446.4	205.0	1.42%	14,297.9	260.6	1.82%
Subtotal	117,779.9	5,855.6	4.97%	118,550.6	4,654.0	3.93%
Discounted bills	55,909.0	–	–	20,627.0	–	–
Total	379,093.9	10,757.0	2.84%	323,182.7	9,259.6	2.87%

During the Reporting Period, due to factors such as the slowdown in economic growth, overcapacity in certain industries, and weak recovery of consumer spending, the real economy still faced certain pressures. The Bank continuously tracked, researched and assessed the external economic situation, and adjusted business guidance and admission rules in a timely manner. The Bank made dynamic adjustments to policies, optimized customer and asset structures, and strictly prevented default risks in new businesses. The Bank established regular monitoring and feedback mechanisms, intelligent early warning management, and elaborative overdue supervision systems, and paid close attention to source prevention and control and full-process management to continuously improve the quality and efficiency of risk prevention and control. As of 31 December 2024, the non-performing loan ratio was 2.84%, the non-performing loan ratio of corporate loans was 2.39%, the non-performing loan ratio of personal loans was 4.97%.

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(III) Distribution of Loans and Non-performing Loans Classified by Industry

The following table sets out the distribution of the Bank's loans and non-performing loans by industry as of the dates indicated.

	As at 31 December							
	2024				2023			
	Loan amount	% of total	Non-performing loans amount	Non-performing loan ratio	Loan amount	% of total	Non-performing loans amount	Non-performing loan ratio
(In RMB million, except percentages)								
Agriculture, forestry, husbandry and fishery	1,039.0	0.3%	122.2	11.76%	1,449.6	0.4%	134.6	9.29%
Mining	1,720.1	0.5%	–	–	193.1	0.1%	–	–
Manufacturing	11,972.5	3.2%	988.7	8.26%	9,334.1	2.9%	1,178.8	12.63%
Production and supply of electricity, heating, gas and water	11,559.2	3.0%	58.8	0.51%	10,137.1	3.1%	58.8	0.58%
Construction	14,026.6	3.7%	486.6	3.47%	11,463.1	3.5%	455.6	3.97%
Wholesale and retail	36,931.2	9.7%	1,570.1	4.25%	32,517.4	10.1%	1,383.9	4.26%
Transportation, storage and postal services	3,045.2	0.8%	31.5	1.03%	2,728.6	0.8%	23.9	0.88%
Accommodations and catering	3,258.2	0.9%	127.7	3.92%	3,180.2	1.0%	130.9	4.12%
Information transmission, software and information technology services	465.3	0.1%	1.2	0.26%	332.7	0.1%	20.0	6.01%
Finance	49.7	0.0%	–	–	1.9	0.0%	1.9	100.00%
Real estate	28,920.7	7.6%	621.5	2.15%	29,650.3	9.2%	481.2	1.62%
Leasing and commercial services	80,945.2	21.4%	726.2	0.90%	72,548.4	22.4%	615.5	0.85%
Scientific research and technological services	1,131.6	0.3%	7.8	0.69%	532.5	0.2%	37.1	6.97%
Water conservation, environment and public utility management	9,015.9	2.4%	106.8	1.18%	8,714.4	2.7%	45.5	0.52%
Residential, repair and other services	299.9	0.1%	10.4	3.47%	164.1	0.1%	10.4	6.34%
Education	114.4	0.0%	38.1	33.30%	128.4	0.0%	23.7	18.46%
Health and social work	474.5	0.1%	3.8	0.80%	376.0	0.1%	3.8	1.01%
Culture, sports and entertainment	435.8	0.1%	–	–	553.2	0.2%	–	–
Total corporate loans	205,405.0	54.2%	4,901.4	2.39%	184,005.1	56.9%	4,605.6	2.50%
Total personal loans	117,779.9	31.1%	5,855.6	4.97%	118,550.6	36.7%	4,654.0	3.93%
Discounted bills	55,909.0	14.7%	–	–	20,627.0	6.4%	–	–
Total	379,093.9	100.0%	10,757.0	2.84%	323,182.7	100.0%	9,259.6	2.87%

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(IV) Distribution of Loans and Non-performing Loans by Geographical Region

The following table sets out the distribution of the Bank's loans and non-performing loans by geographical region as of the dates indicated.

	As at 31 December							
	2024				2023			
	Loan amount	% of total	Non-performing loan amount	Non-performing loan ratio	Loan amount	% of total	Non-performing loan amount	Non-performing loan ratio
(In RMB million, except percentages)								
Heilongjiang region	233,051.3	61.5%	4,649.9	2.00%	181,370.1	56.1%	4,158.2	2.29%
Other regions in Northeastern China	37,877.4	10.0%	1,730.9	4.57%	39,742.9	12.3%	1,574.8	3.96%
Southwestern China	68,211.1	18.0%	2,660.8	3.90%	66,114.3	20.5%	1,609.2	2.43%
Other regions	39,954.1	10.5%	1,715.4	4.29%	35,955.4	11.1%	1,917.4	5.33%
Total	379,093.9	100.0%	10,757.0	2.84%	323,182.7	100.0%	9,259.6	2.87%

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During the Reporting Period, the Bank actively implemented the national strategy of coordinated regional development and steered credit capital towards local resources, promoting the growths in both the disbursement size and contribution level of loan business in Heilongjiang province. As of 31 December 2024, loans disbursed to Heilongjiang region by the Bank accounted for 61.5% of its total loans, to regions other than Heilongjiang in Northeastern China was 10.0%, for Southwestern China was 18.0%, and to other regions was 10.5%.

(V) Distribution of Loans and Non-performing Loans by Collateral

The following table sets out the distribution of the Bank's loans and non-performing Loans by collateral as of the dates indicated.

	As at 31 December							
	2024				2023			
	Loan amount	% of total	Non-performing loan amount	Non-performing loans ratio	Loan amount	% of total	Non-performing loan amount	Non-performing loans ratio
(In RMB million, except percentages)								
Unsecured loans	165,903.2	43.8%	4,441.9	2.68%	117,153.3	36.2%	2,972.4	2.54%
Guaranteed loans	101,390.3	26.7%	1,489.1	1.47%	91,416.0	28.3%	1,710.4	1.87%
Collateralised loans	92,715.6	24.5%	4,771.6	5.15%	97,337.7	30.2%	4,521.3	4.64%
Pledged loans	19,084.8	5.0%	54.4	0.29%	17,275.7	5.3%	55.5	0.32%
Total	379,093.9	100.0%	10,757.0	2.84%	323,182.7	100.0%	9,259.6	2.87%

During the Reporting Period, the Bank kept abreast with the deployment of national key strategic development, offered financial support to the development of the real economy, and increased disbursements of inclusive loans to small and micro enterprises and resident consumer loans, contributing to an increase in the size of unsecured loans and guaranteed loans. Meanwhile, as reflected in the overall loan structure of the Bank, the overall size of collateralised loans and pledged loans had a relatively higher share of 29.5% for maintaining controls over the ultimate risks arising loans.

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(VI) Concentration of Borrowers

As at 31 December 2024, the loan balance of the Bank for any single borrower was in compliance with the lending limit of 10% of the Bank’s net capital. The following table sets out the loan balances of the Bank for the 10 largest single borrowers (excluding group borrowers) as at 31 December 2024.

Industry	As at 31 December 2024		
	Loan balance	% of total loans	% of net capital
(In RMB million, except percentages)			
L-Leasing and commercial services	6,900.0	1.81%	8.57%
L-Leasing and commercial services	6,790.0	1.79%	8.44%
L-Leasing and commercial services	5,445.6	1.44%	6.77%
K-Real estate	3,059.4	0.81%	3.80%
L-Leasing and commercial services	2,945.6	0.78%	3.66%
K-Real estate	2,537.2	0.67%	3.15%
K-Real estate	2,535.9	0.67%	3.15%
N-Water conservation, environment and public utility management	2,175.8	0.57%	2.70%
F-Wholesale and retail	2,041.0	0.54%	2.54%
L-Leasing and commercial services	1,970.0	0.52%	2.45%
Total	36,400.5	9.60%	45.23%

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(VII) Overdue Loans and Advances to Customers

The following table sets out the distribution of the Bank's loans and advances to customers by maturity as of the dates indicated.

	As at 31 December			
	2024		2023	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Current loans and advances	327,487.4	86.4%	275,398.7	85.2%
Loans and advances past due: ⁽¹⁾				
For 1 to 90 days	17,457.9	4.6%	17,475.3	5.4%
For 91 days to 1 year	4,775.0	1.3%	4,051.1	1.3%
For 1 year and above	29,373.6	7.7%	26,257.6	8.1%
Subtotal	51,606.5	13.6%	47,784.0	14.8%
Total loans and advances to customers	379,093.9	100.0%	323,182.7	100.0%

Note:

- (1) Loans to customers with specific repayment date are classified as overdue when their principals or interests become overdue.

During the Reporting Period, the Bank always adhered to the principle of "asset quality is our lifeline", adopted prevention and control measures against all operational risks, reasonably guided credit resources, enhanced the quality and efficiency of financial services, persistently strengthened asset quality management, constantly optimised risk prevention and control measures, and by establishing a pre-management concept featuring forward looking and proactiveness, the Bank pushed risk thresholds forward, and made "controlling new delinquencies" a key task for the Bank, effectively curbing the deterioration of asset quality at source. Meanwhile, the Bank intensified collection and disposal measures, adopted category-specific implementation of strategies, used multi-pronged measures, formulated differentiated collection plans based on the actual business situation, and combined various methods such as collection in cash, collection by litigation, and write-off of doubtful debts, which have comprehensively reduced non-performing assets, promoting the Bank's all-round, high-quality development. As at 31 December 2024, the percentage of overdue loans in total loans decreased by 1.2 percentage points year-on-year.

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(VIII) Changes in Allowance for Impairment Losses on Loans

Pursuant to the requirements of IFRS 9, the Bank made use of “expected credit loss model” for the measurement of impairment of underlying financial assets. The Bank adhered to the prudence principle and made provision for impairment losses on loans in full amount. As at 31 December 2024, the allowance for impairment losses on loans amounted to RMB21,792.6 million, representing an increase of RMB3,516.1 million as compared to the end of last year. The ratio of allowance for impairment losses on loans was 5.75%, representing an increase of 0.09 percentage point as compared to the end of last year. Risk resilience remained stable.

Changes in allowance for impairment losses on loans are as follows:

Item	As at 31 December	
	2024	2023
	(In RMB million)	
Balance at the beginning of the period	18,276.5	14,920.0
Exchange difference	(0.2)	(0.1)
Charged for the year	6,437.1	5,737.6
Accreted interest on impaired loans	(569.6)	(513.0)
Write-offs and transfer	(2,907.0)	(2,313.1)
Recovery of loans and advances written off in previous years	555.8	445.1
Balance at the end of the period	21,792.6	18,276.5

VI. Segment Report

(I) Geographical Segment Report

The description of the geographical areas of the Bank is as follows:

Heilongjiang region:	Head Office, branches in Harbin, Shuangyashan, Jixi, Hegang, Suihua, Daqing, Qitaihe, Mudanjiang, Jiamusi, Qiqihar, Yichun and Nongken, as well as HB Leasing, HBCF and village and township banks operating within Heilongjiang province;
Other regions in Northeastern China:	Branches in Dalian and Shenyang, as well as village and township banks operating in regions other than Heilongjiang province in Northeastern China;
Southwestern China:	Branches in Chengdu and Chongqing, as well as village and township banks operating in Southwest China (mainly Sichuan and Chongqing);
Other regions:	Branch in Tianjin as well as village and township banks operating in regions other than those listed above.

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The table below sets out certain key financial indicators of the Bank's head office and branches in each of the geographical regions for the periods indicated.

Mainland China					
	Heilongjiang region	Other regions in Northeastern China	Southwestern China	Other regions	Total
(In RMB million)					
For the year ended 31 December 2024					
Operating income	10,992.6	105.4	2,525.4	619.8	14,243.2
Operating expenses	(4,133.3)	(332.2)	(488.1)	(462.2)	(5,415.8)
Credit impairment loss	(5,075.4)	(653.7)	(746.1)	(1,597.9)	(8,073.1)
Other assets impairment loss	(102.5)	0.0	0.0	(0.4)	(102.9)
Operating profit	1,681.4	(880.5)	1,291.2	(1,440.7)	651.4
As at 31 December 2024					
Segment assets	722,960.8	49,761.8	91,955.7	51,553.6	916,231.9
Segment liabilities	674,189.3	50,184.5	75,950.3	50,311.5	850,635.6

Mainland China					
	Heilongjiang region	Other regions in Northeastern China	Southwestern China	Other regions	Total
(In RMB million)					
For the year ended 31 December 2023					
Operating income	9,155.0	510.2	2,357.3	1,219.2	13,241.7
Operating expenses	(4,446.8)	(378.6)	(504.6)	(496.5)	(5,826.5)
Credit impairment loss	(6,174.4)	(13.0)	(416.6)	(353.9)	(6,957.9)
Other assets impairment loss	—	—	—	—	—
Operating profit	(1,466.2)	118.6	1,436.1	368.8	457.3
As at 31 December 2023					
Segment assets	628,326.0	49,590.3	74,375.5	61,036.9	813,328.7
Segment liabilities	569,525.9	49,106.4	72,243.6	58,564.6	749,440.5

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The table below sets out the Bank's operating income by geographical region and their percentage in the Bank's total operating income for the periods indicated.

	For the year ended 31 December			
	2024		2023	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Heilongjiang region	10,992.6	77.3%	9,155.0	69.2%
Other regions in Northeastern China	105.4	0.7%	510.2	3.9%
Southwestern China	2,525.4	17.7%	2,357.3	17.8%
Other regions	619.8	4.3%	1,219.2	9.1%
Total operating income	14,243.2	100.0%	13,241.7	100.0%

(II) Business Segment Report

The table below sets out the Bank's total operating income by business segment for the periods indicated.

	For the year ended 31 December			
	2024		2023	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Corporate finance business	5,315.1	37.3%	4,641.6	35.1%
Retail finance business	6,447.2	45.3%	5,723.3	43.2%
Financial institutions business	2,403.6	16.9%	1,749.0	13.2%
Other businesses	77.3	0.5%	1,127.8	8.5%
Total operating income	14,243.2	100.0%	13,241.7	100.0%

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VII. Capital Adequacy Ratio and Leverage Ratio

(I) Capital Adequacy Ratio

During the Reporting Period, the Group continued to optimise its business structure and strengthen capital management, and as at 31 December 2024, the core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio of the Bank were 8.68%, 12.37% and 13.61%, respectively, which were in line with the regulatory requirements provided in the Measures for the Administration of Capital of Commercial Banks. Due to an increase in risk-weighted assets, core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio decreased by 0.01 percentage point, 0.11 percentage point and 0.10 percentage point, respectively, as compared to the end of last year.

In accordance with the Measures for the Administration of Capital of Commercial Banks and the Measures for the Administration of Capital of Commercial Banks (for Trial Implementation), the capital adequacy ratios of the Bank as at 31 December 2024 and 31 December 2023 were calculated respectively as follows:

	As at 31 December	
	2024	2023
(In RMB million, except percentages)		
Core capital	52,621.8	50,987.7
Core tier 1 capital deductible items:		
Fully deductible items	(1,324.4)	(912.2)
Net core tier 1 capital	51,297.4	50,075.5
Net other tier 1 capital	21,853.3	21,843.4
Net tier 1 capital	73,150.7	71,918.9
Net tier 2 capital	7,324.1	7,057.0
Net capital	80,474.8	78,975.9
Total credit risk-weighted assets	568,243.6	548,258.0
Total market risk-weighted assets	859.7	4,646.9
Total operational risk-weighted assets	22,101.6	23,163.2
Total risk-weighted assets	591,204.9	576,068.1
Core tier 1 capital adequacy ratio	8.68%	8.69%
Tier 1 capital adequacy ratio	12.37%	12.48%
Capital adequacy ratio	13.61%	13.71%

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(II) Leverage Ratio

In accordance with the Measures for the Administration of Capital of Commercial Banks and the Measures for the Administration of Leverage Ratio of Commercial Banks (Revised), the leverage ratios of the Bank as at 31 December 2024 and 31 December 2023 were calculated respectively as follows:

	As at 31 December	
	2024	2023
(In RMB million, except percentages)		
Net tier 1 capital	73,150.7	71,918.9
Adjusted on-and off-balance sheet assets	930,120.8	851,826.4
Leverage ratio	7.86%	8.44%

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VIII. Business Operation

The principal businesses of the Company comprise the provision of banking services such as deposit, loan and settlement, as well as other approved businesses.

(I) Retail Finance Business

The retail finance business of the Bank is positioned as a focus of the Bank's strategic transformation, which aims to gradually improve the wealth management system to serve the demand of customers and their families for wealth planning. The Bank strengthened eco-scenario construction to meet customers' needs for diversified investment and balanced asset allocation and achieved breakthroughs in brand building and customer market positioning. By adhering to the essence of "finance serving the people", the Bank continuously deepened the involvement in the field of people's livelihood services, and kept expanding the boundaries of social security services, in a bid to become the first city commercial bank in China to achieve the cross-provincial handling of high-frequency social security services. The Bank strengthened customer relationship management with digitalisation, accelerated "online + offline" pipeline synergy and digital marketing transformation to provide powerful support for the transformation of comprehensive retail business from monolithic to integrated. The Bank had built a close loop from retail finance business to customer service to deepen its image as a warm and connotational retail service brand and promote the sustainable and high-quality development of its retail finance business.

During the Reporting Period, the retail finance business of the Bank recorded an operating income of RMB6,447.2 million, representing an increase of 12.6% as compared to the same period of last year and accounting for 45.3% of the operating income of the Bank.

Retail customers

The Bank has always adhered to the business philosophy of "customer-centricity" and established a comprehensive customer marketing service model that integrates "dedicated service + tailored activities + exclusive privileges + scenario-based marketing". The Bank focused on enhancing the professional capabilities of its wealth management manager team, with multiple team members winning awards in national competitions such as the China Financial Planner Competition (2024) during the Reporting Period, effectively improving the team's professional service capabilities in asset allocation. The Bank carried out characteristic customer activities to meet the non-financial comprehensive needs of multiple customer groups, including elderly customers, child customers, and payroll customers. The Bank upgraded the privileges for private banking customers to enhance their satisfaction with its services. During the Reporting Period, the Bank won private banking business awards for the first time, namely the Golden Reputation Award – "Excellence in Regional Private Banking Service Award". By leveraging on large-scale events such as marathons and the Asian Winter Games, the Bank created rich marketing scenarios to increase the contribution of customers' comprehensive financial assets. As of 31 December 2024, the Company had 14.9077 million retail customers, representing an increase of 260,100 as compared to the same period of last year. The number of customers with personal financial assets (in RMB and other currencies) over RMB50,000 amounted to 1,414,200, representing an increase of 159,600 or 12.72% as compared to the same period of last year.

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Retail deposits

The Company provides demand and time deposits service to retail customers, which are mostly denominated in RMB with only a small portion being denominated in foreign currencies, in accordance with national and industry regulatory policies. As of 31 December 2024, the balance of retail deposits of the Bank (in RMB and other currencies) amounted to RMB499,977.0 million, representing an increase of RMB54,863.0 million or 12.3% as compared to the end of last year. In 2024, average balance of retail deposits (in RMB and other currencies) amounted to RMB471,904.7 million, representing an increase of RMB46,435.7 million or 10.9% as compared to last year. According to the statistics provided by the Heilongjiang Branch of the PBOC, the balance of retail deposits of the Harbin branch of the Company ranked first in the regional market for seven consecutive years with a market share of 19.65% as at the end of the Reporting Period.

Retail loans

During the Reporting Period, with a focus on “wholesale”, “scene”, “online” and “big data”, the Bank accelerated the business transformation in respect of its retail credit business. The Bank actively responded to national policies promoting consumption by increasing the supply of personal financial consumer loans. Focusing on core products, the Bank deepened the expansion of consumer scenarios and precisely addressed the increasingly diverse needs of consumers. By continuously iterating and upgrading online products, the Bank was committed to optimizing the user interaction experience and providing more convenient and efficient services. The Bank strengthened the talent development and the team culture cultivation, aiming to enhance the team’s professional skills and industry expertise. The Bank also delved into technological exploration, empowered by technology, and fully drove the digital transformation of the business, thus contributing to the prosperous development of the financial consumer market.

As of 31 December 2024, the balance of the Bank’s personal loans reached RMB117,779.9 million, representing a decrease of 0.7% as compared to the end of last year and accounting for 31.1% of the Bank’s total loans to customers, of which the balance of loans to small enterprise owners, personal consumption loans and loans to farmers amounted to RMB22,813.2 million, RMB80,520.3 million and RMB14,446.4 million, respectively, and accounted for 19.3%, 68.4% and 12.3% of the Bank’s total personal loans, respectively.

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Bank cards

During the Reporting Period, the bank card business of the Bank developed steadily. In 2024, credit card customers grew steadily. The Bank adhered to the keynote of “seeking progress while ensuring stability” and deepened reforms and innovation and firmly laid the foundation for development. In accordance with its high-quality development goals, combined with changes in market trends and business needs, the Bank continuously optimized product functions and business processes, strengthened marketing and promotion through various channels, and improved the third-party payment channel system. By leveraging the incentive-driven activities at three critical moments of “activation + card binding + card usage”, the Bank guided customers to form the consumption habit of making frequent small-amount payments, which helped to increase the scale of the Bank’s loan disbursement and boost the economy. In addition, the Bank utilized technological means to accelerate the digital transformation, address business pain points and enhance customer experience.

In 2024, the Bank continuously optimized its debit card products and services, actively responded to the construction of the “one card for all” project for resident social security card services, and further promoted the in-depth integration of online and offline social-banking services and enhance the efficiency of digital government services. The Bank focused on the unique features of cross-provincial social security card services, and building on the foundation of cross-provincial issuance of social security cards in Heilongjiang Province, which enabled the Bank to provide cross-provincial services for querying Heilongjiang’s subsidies for the well-being of farmers and the public, which in turn helped the Bank achieve immediate cross-provincial handling of high-frequency social security services. The Bank continued to deepen the “government-bank cooperation” by establishing 66 “integrated social-banking service zones” in Heilongjiang Province, and incorporating 24 high-frequency social security services in 13 categories into the scope of bank branch operations. Focusing on the consumer scenarios of social security card services for the well-being of the public, the Bank launched a series of activities offering discounts on consumption around daily life areas such as “food, accommodation, transportation, travel, shopping, and entertainment”, fully promoting the widespread application and in-depth popularization of the functions of the financial accounts of social security cards. During the Reporting Period, the Bank had provided services for issuing, replenishing, and replacing the third-generation social security cards for 1,521.7 thousand residents.

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As of 31 December 2024, the total number of debit cards issued by the Bank amounted to 18,177.3 thousand, of which the number of cards issued during the Reporting Period increased by 80.8 thousand; the total number of issued credit cards reached 1,992.2 thousand, representing an increase of 4.92% as compared to the end of last year, of which 93,400 were newly issued during the Reporting Period. The credit card asset balance amounted to RMB15.397 billion, representing a decrease of 6.83% as compared to the end of last year.

Wealth management business

The wealth management business of the Company focuses on enhancing the value of customers' family wealth management. During the Reporting Period, by always adhering to improving customer experience, the Bank integrated online and offline channel resources to enhance the quality and efficiency of customer services, so as to build an excellent financial services brand of Clove Wealth. It made efforts to improve the strategic cooperation structure with leading institutions to expand its strategic cooperation continually, while also improved its wealth management product system, and continuously calculated the online financial product market from the perspective of customers' diversified financial investment needs. The Bank innovated the linkage marketing model to promote through large-scale site events such as Harbin International Fair and Harbin Marathon. Focusing on the financial scenarios such as healthcare for the elderly, children, education and issuing for others, the Bank dedicated itself to providing professional, convenient and high-quality wealth management service to customers.

During the Reporting Period, the Company realised total sales of personal wealth management products, such as wealth management, fund and insurance, of RMB61,965 million.

(II) Corporate Finance Business

In 2024, the Bank's corporate finance business closely focused on the keynote of "pursuing progress and while maintaining stability, promoting stability through progress and building the new before breaking the old" with "returning to the basics, focusing on key areas, optimising the structure and reshaping the foundation" as its main goal. The Bank actively implemented the service philosophy of "being customer-oriented", supported the development of the local real economy, and created a comprehensive financial service system for customers throughout their lifetimes, forming an integrated and comprehensive financial service pattern with "quick response to customer needs, service plans with collaborated design, and coordinated advancement of financial services".

During the Reporting Period, the corporate finance business of the Bank recorded a profit before tax amount of RMB249.3 million, accounting for 38.3% of the profit before tax of the Bank; an operating income amount of RMB5,315.1 million, representing an increase of RMB673.5 million as compared to the same period of last year and accounting for 37.3% of the operating income of the Bank.

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Corporate customers

During the Reporting Period, by leveraging the Bank's strengths in cross-regional operation layout and outlet resource and closely following the direction of the national strategy, the Bank continuously improved the marketing service system for the three key customer segments, namely institutional customers, settlement customers and credit customers, thereby solidifying its corporate customer base. The Bank adopts the basic principle of "Dedicated management for each and every customer" and strengthens tri-level collaboration among headquarters, branches and sub-branches. It develops comprehensive financial service solutions for customers throughout their lifetimes through information sharing, product mix, and cross-selling, achieving precision marketing and integrated financial service management for core customers, thereby effectively enhances brand recognition and customers' loyalty. The Bank focused on its local roots and concentrated its financial resources to give priority to supporting the high quality development of Heilongjiang Province. The Bank continued to deepen its strategic cooperation with provincial and municipal enterprise groups, enhanced cooperation with customer groups and core customer groups in key regions and industries. The Bank has continued to strengthen its customer base by intensifying customer visits and increasing its business reserves. At the same time, the Bank adhered to the four-pronged institutional customer service model of "channel building, qualification development, technical support and team service" and strengthened communication and coordination with government agencies. Relying on digital means to explore diversified service modes, the Bank was fully engaged in institutional business marketing and empowered customer value creation, and further strengthened corporate client base, striving to support the efficient development of Heilongjiang's economy in all aspects.

Corporate deposits

During the Reporting Period, the Bank continued to intensify its efforts in marketing corporate deposits, further enhanced the marketing of low-cost settlement funds, optimized its deposit structure, so as to improve the stability of corporate deposits. At the same time, the Bank continued to implement cost reduction and efficiency enhancement and gradually lowered the pricing of deposit products with interest costs reduced. By fully leveraging local advantages, the Bank expanded the layout of institutional business, continuously strengthened "bank-government" strategic cooperation model, provided comprehensive and integrated financial services through deep cooperation in multi-dimensions, such as settlement, financing and system building, improved its regional expansion service capabilities for institutional customers, and realised the multi-level coverage of institutional business qualifications at provincial, city and county levels, so as to increase the scale of institutions' deposits through various initiatives. The Bank intensified its marketing efforts targeting key customer groups such as state-owned enterprises, quality private enterprises, and listed companies, explored upstream and downstream marketing chains to expand deposit sources through multiple channels. The Bank continuously improved functions of products to meet customers' personalized payment and settlement demands, so as to enhance customers' loyalty.

As at 31 December 2024, the balance of corporate deposits of the Bank amounted to RMB193,702.4 million. The stability of deposits was further enhanced.

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Corporate loans

During the Reporting Period, centered on the finance, the fundamental of the Bank, the Bank took serving real economy as the starting point and the ultimate goal. Leveraging the advantage of the distribution of the Bank's operating institutions, focusing on "Three Bases, One Barrier, One Highland (三基地、一屏障、一高地)" "567" modern industry system and "five Major Articles (五篇大文章)" and keeping abreast with national key strategic development and deployment, including "the Chengdu-Chongqing Economic Circle" and "Beijing-Tianjin-Hebei Integration", the Bank provided financial support to the development of the real economy. Through enhanced industrial research, the Bank increased credit investment for key sectors, such as Fintech, green finance, inclusive finance, pension finance, and digital finance; fully supported the transformation and upgrading of the manufacturing industry by focusing on increasing medium-and long-term loans for manufacturing and exploring high-quality enterprises with high added value and core position in the industrial chain; increased credit investment for energy sectors by fully utilizing development potential of new energy on the basis of ensuring the safety of traditional energy; concentrated advantageous resources to support the development of modern agriculture of the Heilongjiang Province by leveraging linkage between agricultural and industrial chains and incorporating industrial chain finance into the integrated production and operation mode of "leading enterprises + bases + farmers"; concentrated and increased financing support for infrastructure construction projects, particularly for those in areas relating to people's livelihoods such as electricity, heat supply and transportation; quickly responded to working requirements of the financing coordination mechanism of real estate enterprises to support the steady and sound development of the real estate market; strengthened financial cooperation among peers and proactively promoted the development of the syndicate business, so as to improve financial services; and continuously increased visits to customers and actively organized various forms of banking-enterprise communication, to focus on strengthening financial support for private enterprises and small and micro enterprises.

As at 31 December 2024, the total corporate loans of the Company amounted to RMB205,405.0 million, representing an increase of 21,399.9 million as compared to the beginning of the year and accounting for 54.2% of total loans.

Intermediary business

During the Reporting Period, the Bank continued to strengthen its management of intermediary business. Taking into account the market environment, policy guidance and the diverse financial service needs of customers, the Bank developed integrated service solutions. Also, the Bank actively promoted the development of its syndicate, bank acceptances and bond underwriting businesses. The Bank continuously strengthened the construction of corporate payment and settlement product systems and platforms, and constantly improved treasury management platforms function in financial scenarios such as finance, housing construction, bidding, trade and financing, and capital supervision. The Bank strove to build a comprehensive financial service system integrating payment, settlement, corporate property management and value-added service, strengthened technology empowerment, and continuously improved its customer service capabilities.

During the Reporting Period, the corporate finance business services of the Bank recorded a non-interest income amount of RMB96.6 million.

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Transaction Banking

During the Reporting Period, the Bank continuously expanded its transaction banking business, comprehensively accelerated business upgrade and transformation, and won the “Golden Tripod Award – Best Transaction Banking Innovation Application & Integrated Solutions” from the Asian Financial Federation in 2024. The Bank set up standardized product lines, established brands of transaction banking, such as Finance and Management Connect (財管通), Credit and Financing Connect (信融通), Chain Financing Connect (鏈融通) and e-Financing Connect (e 融通) and incubated 21 transaction banking products. The Bank deeply cultivated key industrial chains and up-and-down stream supply chains, focusing on the “transaction +” ecology of scenario-based finance and accelerating the establishment of systems to enhance the level of digital intelligence and continuously constructed a system of transaction banking with multiple levels, modes and products. The Bank continuously developed the digital supply chain financial products under the e-Financing Connect and the investment in inclusive credit business was driven by batch core enterprises. The Bank researched and developed the online business system for the domestic re-factoring products and enriched product lines of Chain Financing Connect. The Bank launched “college and university scenario” financial service scheme and organized to carry out industrial chain and medical institution scenario marketing, achieving “acquiring customers from various channels” through “one marketing channel”. Moreover, the Bank promoted the iterative upgrade of the business system platforms, completed the construction of 4 institutional customization system platforms, comprising regional monitoring systems for pre-sale properties transaction funds and monitoring systems for driving school funds, and finalised 22 functional optimization and upgrades. As at 31 December 2024, the “online banknote instant discounting” business under e-Financing Connect has accumulated RMB11,662 million in discounting.

(III) Financial Market Business

Regarding financial market business qualifications, the Company is a Class A settlement member of the national interbank bond market, a member of the underwriting syndicate of financial bonds of China Development Bank, a member of the underwriting syndicates of local government bonds of Heilongjiang Province, Sichuan Province, Liaoning Province, Tianjin municipality and Chongqing municipality, a member of the SHIBOR quoting syndicate of National Interbank Funding Center, and a member of the underwriting syndicate of debt financing instruments of non-financial enterprises. The Bank has business qualification of derivative transactions and qualification of national interbank bond market settlement agent.

During the Reporting Period, financial market businesses of the Bank recorded an operating income of RMB2,403.6 million, accounting for 16.9% of the operating income of the Bank.

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Bond Investments and Transactions

During the Reporting Period, due to the global economic downturn and loose monetary policies of central banks, the interbank bond market presented a trend of the central level declining and fluctuating within a wide range. Amid the complex environment, the Bank accurately predicted the market trend at different stages, timely made profits, and optimized its bond portfolio simultaneously. As of 31 December 2024, the balance of bond Investments was RMB236,959.4 million. Taking into account of the tax exemption, the aggregate income from bond business in 2024 amounted to RMB10,328 million.

During the Reporting Period, the Bank actively participated in various businesses in the interbank bond market and was awarded the “Top 100 Self-Clearing Institutions in Bond Investment and Trading” by the China Central Depository Trust & Clearing Co., Ltd; and it was also awarded by the National Interbank Funding Center as the Monthly Innovative Business Active Institution for a number of times.

Financial Interbank Business

During the Reporting Period, based on the guidance of regulatory policies, market development and its requirements for capital use, the Bank actively cooperated with non-bank financial institutions such as fund companies, asset management companies, consumer finance companies and financial leasing companies and continuously increased investments in funds and interbank loans to strongly support the financing needs of real enterprises and residents’ consumption. As at 31 December 2024, the balance of the Bank’s investments in funds amounted to RMB41,360.9 million and the balance of placements with banks amounted to RMB19,220.0 million.

Interbank Investment Business

During the Reporting Period, the Bank closely monitored the changes in the economic environment and market and closely followed the national policies and policy guidance and orientation of the regulatory authorities. The Bank increased efforts in supporting the real economy and continued to optimize customer and product structure based on the market condition, regulatory policy and annual plan. The Bank continuously increased the investment in standardised products and rationally deployed asset allocation. As at 31 December 2024, excluding the fund investment, the balance of investment in debt instruments issued by financial institutions amounted to RMB95,722.3 million, thus effectively supported the real economy development.

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Wealth management business

During the Reporting Period, the Company, in active response to changes in market, has adjusted business strategies as appropriate and continued to improve self-operated wealth management products' structure and asset allocation. In terms of products, in accordance with the risk appetite of customers, the Company has continued to supply products under the strategy of stable returns and less fluctuation, and enriched product offerings to comprehensively construct its product matrix with stable returns by building certain flagship series of fixed-income products, including "Ri Tian Jin (日添金)", "Zhiying (智赢)", "Ruiying (睿赢)" and "Yueying (悦赢)". In terms of investment, on the basis of the idea of constructing major assets allocation, the Company has enhanced professionalism of investment in various types of products and improved investment processes to enhance investment efficiency and prevent market risks and liquidity risk, thereby optimizing and upgrading the asset structure. In addition, the Company closely monitored the policy guidance of the regulatory authorities on the establishment of wealth management subsidiaries by small and medium-sized banks in order to fully prepare for the license application of wealth management subsidiary.

During the Reporting Period, the Company raised funds of RMB48,630 million in total through self-operated wealth management products. As at the end of the Reporting Period, the balance of self-operated wealth management products amounted to RMB32,961 million.

During the Reporting Period, the Company was honored with the Outstanding Bank Wealth Management Product in Cash Management Class (優秀現金管理類銀行理財產品獎) in the "Golden Honor Award (金譽獎)" by Puyi Standards, and "Qunxing Award (群星獎)" in commercial bank general award and "Wealth Management Award in Equity Class (權益類理財管理獎)" in commercial bank individual award at 2024 Ji'an Super Five-star Awards Conference.

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(IV) Key Featured Businesses

1. *Microcredit business*

During the Reporting Period, the Company adhered to its policy-led approach and focused on agricultural supporting and small enterprises supporting financial services. Taking the financial needs of inclusive customer groups as the starting point and the ultimate goal, the Company increased the inclination of policies and resources, upgraded its microcredit products and services, accelerated the digital transformation of inclusive financial services, and comprehensively constructed a long-term mechanism of lending, being willing to lend, available to lend, and being able to lend, aiming to enhance the coverage, accessibility and convenience of microcredit services. During the Reporting Period, the Company continued to improve its customer service, product innovation and risk control capabilities in microcredit business to effectively promote the high-quality development of microcredit business.

The Company steadfastly implemented “large scale platforms strategy”, successfully cooperated with more 30 leading platforms, including BATMD, and flexibly addressed ever-changing market environment. Meanwhile, adhering to the concept of “One Harbin Bank (一個哈行)”, the Company fully utilized its business presence across the nation, digitalization achievements and advanced risk control technologies to strengthen the deep cooperation with the parent bank in consumption credit, make full use of subsidiaries for communication, thereby further deepening mutually beneficial cooperation among shareholders and jointly open up a new chapter of win-win situation for all parties.

In addition, the Company increased the application of cutting-edge AI large models and actively explored innovative practices in the areas of products, collection, customer service and consumer protection, which significantly enhanced customer acquisition capability, risk control capability and customer service capability in consumer finance business. This not only expanded the application scenarios and customer coverage of consumer finance service, but also significantly improved the inclusiveness and convenience of consumer finance service, bringing customers a more high-quality and efficient finance service experience.

As at 31 December 2024, the balance of the Bank’s microcredit loans reached RMB211,048.9 million, accounting for 55.7% of the Bank’s total loans to customers.

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The following table sets out the distribution of the balance of microcredit loans by product type as of the dates indicated.

	As at 31 December			
	2024		2023	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Loans to small enterprises	93,269.0	44.2%	79,315.9	40.1%
Personal loans	117,779.9	55.8%	118,550.6	59.9%
Total of microcredit loans	211,048.9	100.0%	197,866.5	100.0%

Small and micro enterprise finance business

During the Reporting Period, the Company’s inclusive finance business adhered to the politic-based and people-oriented principle of finance and oriented towards differentiated operation and bulk customer acquisition, comprehensively met the diverse financial needs of inclusive customers from various dimensions such as the full lifecycle patterns of small and micro customers and the characteristics of segmented customers. In active response to the work deployment of supporting small and micro enterprise financing coordination mechanism, the Company established specialized teams at all levels to formulate specialized working plans and initiated visits to thousands of enterprises, which granted credits to 822 enterprises in total amounting to RMB1,260 million. The Company launched the “One Bank, One Policy” Cup Design Competition for Specialized Service Solutions for Inclusive Financial Clients according to local conditions, and formulated more than 10 specialized service solutions for the grain and food industry chain clientele, the technology innovation clientele, and the green environmental protection clientele, etc., which invested RMB2,000 million in total. Among which, the inclusive product, namely “Inclusive finance benefits people, ‘One Bank, One Policy’ services industries (普惠金融福澤百姓, ‘一行一策’服務百業)” and innovative service cases have been successfully selected in the “National Inclusive Finance Typical Case (2024)”. In addition, the Company has strengthened public-private linkages to explore medical supply chain and state grid supplier projects, and finally has launched the Longxin (龍信), Cloudchain, supply chain reverse factoring business and relied on high-quality public customer resources to launch the expansion of inclusive small and micro businesses in bulk. Moreover, the Company improved business processes, by simplifying redundant links, and continued to enrich the functions of online quota measurement and self-service withdrawals of inclusive finance services for mobile customers, so as to continue to enhance the quality and efficiency of financial services for small and micro enterprises.

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During the Reporting Period, the inclusive small and micro enterprise loans granted by the Company was RMB29.5 billion, representing an increase of RMB1.4 billion as compared with that of the last year, with the number of existing customers amounting to 190,000. The average price of loans during the Reporting Period was 6.71%, representing a decrease of 0.61 percentage point as compared with that of last year. The Company has continued to reduce the financing costs for small and micro enterprises.

During the Reporting Period, the Company strengthened the prediction of risk trends, established risk prevention and control think tank for inclusive credit business to build intelligent and standardized dual recording and in-person signing system, accelerated the in-depth integration of fintech and digital technology with traditional financial services, strengthened the construction of its internal control system, refined its warning indicators, consolidated routine post-risk oversight and standardized action management practices and continued to improve the proactive risk management mechanism of its small and micro finance business, so as to continuously improve the asset quality of its small and micro finance business.

As at 31 December 2024, the balance of the Company's loans to small enterprises amounted to RMB93,269.0 million.

Consumer finance business

During the Reporting Period, adhering to the philosophy of "being customer-oriented", the Bank further developed its consumption loan business by enhancing innovation in finance products and services to meet the customer needs. In addition, the Bank fully facilitated the optimization and upgrading of product system and accelerated the transformation of online operation and digitalization, so as to provide more convenient and efficient financial services to customers and promote the upgrading of consumption.

As at 31 December 2024, the balance of the Bank's personal consumption loans amounted to RMB80,520.3 million.

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2. *Cross-border financial business*

During the Reporting Period, by deeply implementing working requirements of finance serving the real economy from the Communist Party of China, and provincial and municipal governments, the Company facilitated the Heilongjiang province to open up for the construction of new hub, actively participated in the new development pattern of “dual circulation”, steadily achieving a full increase in various indicators of cross-border financial business, including scale, quality and efficiency. The integration of industry and finance continued to be deepened, leveraged advantages and returned to its fundamental principles, promoting the quality and efficiency of investment attraction. Meanwhile, the Company was successfully approved as a pilot project for the facilitation of foreign exchange earnings and expenses on trade in goods and services for quality enterprises, which further facilitated the commencement of trade foreign exchange business for quality enterprises.

During the Reporting Period, the Company continued to improve technological services in cross-border business and successfully launched a new-generation international settlement system and Cross-Border Inter-Bank Payments System (“CIPS”) Hong Kong Dollars direct participation system, making it the second commercial city bank in China to be granted qualification for the CIPS Hong Kong Dollars direct participation. The Company’s cross-border business system can support more comprehensive operational model, more efficient business process and more refined management requirements. The system has been fully enhanced in a more professional, intelligent and online way.

During the Reporting Period, the Company continued to enhance cross-border online digitalized services, optimize the functions of cross-border online payment and settlement system and keep enriching the mainstream online payment and settlement channels for the “Belt and Road” countries, by establishing cross-border digital financial platform and cooperating with service platforms with qualification to provide global and one-stop payment and settlement solutions for cross-border e-commerce enterprises to “Go Global”.

During the Reporting Period, the Company strove to build a foreign exchange compliance management system covering all aspects before, during and after events. Meanwhile, the Company strengthened forwarding research for financial risks and researched and judged external economic situation and changes in regulatory policies to improve the foreign exchange compliance and anti-money laundering management system and strictly abide by the International Law and laws and regulations related to cross-border finance, thereby carrying out cross-border financial business in a cautious and sound manner.

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3. *Agriculture-benefiting finance business*

During the Reporting Period, the Company actively implemented the requirements of the tasks of promoting comprehensive rural revitalization by finance and accelerating the construction of a strong agricultural country and worked intensively in the field of agriculture-related financial services. Focusing on farmland construction, unique rural industry and other key areas, it strengthened service upgrading to effectively enhance farmers' sense of fulfillment and satisfaction, thereby playing a role in providing financial support for agricultural and rural modernization.

During the Reporting Period, the Company achieved results on the optimization of agriculture-benefiting loan structure, with over 92% of the loans granted to new agricultural subjects. In the 2023-2024 cycle, over RMB12 billion of loans was granted for the spring farming, and the pricing of loans to farmers decreased by 0.8 percentage point as compared to the last year, which further lowered the finance cost of farmers for spring farming. The Company organized and carried out the marketing transformation action in respect of Harbin Bank's inclusive agriculture-related businesses across the organization, and optimized and formulated the implementation plan for such action to ensure the chain development of agriculture-related loans for the whole industry. The Company continued to improve agriculture-related product system and launched Harbin Bank's exclusive service solutions for animal husbandry in respect of the delivery of financial services for the main players in the animal husbandry chain. Based on the agricultural big data of Beidahuang, the newly launched "Agricultural Flash Loan (Agricultural Reclamation Version)" has granted credit of a total of over RMB1.9 billion since its launch, efficiently meeting the financing needs of various agriculture-related industries, such as bulk grain, economic crops, understory economy, modern animal husbandry, and black soil protection. This effectively improved the service level of "one branch, one policy". The "Mobile Phone Banking – Rural Version" has been developed specifically for the rural market. In addition to satisfying basic service functions such as account inquiry, account transfer and living payment, it also increases functions such as "inquiry on preferential subsidies for the public and farmers" and "loan application for farmers" to provide "one-stop" financial services for rural customers.

As at 31 December 2024, the balance of agriculture loans of the Bank amounted to RMB28,480.1 million, and the balance of the loans to farmers amounted to RMB14,446.4 million, with the scope of service covering the majority of rural village markets of 11 prefecture-level cities in Heilongjiang Province and 6 major Agricultural Cultivation Bureaus as well as some rural villages of Chengdu, Chongqing, Shenyang, Tianjin and Dalian which are located outside the province, greatly promoting the economic development of county areas and the prosperity of rural financial markets, and supporting the rural areas to achieve comprehensive revitalisation.

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(V) Information on Controlling Subsidiaries

1. Village and township banks

As at 31 December 2024, the Company had a controlling interest in 30 village and township banks and 45 village and township sub-branches, which were mainly located in the eastern, central and western regions of China. As at 31 December 2024, the total assets of 30 village and township banks amounted to RMB26,846 million, of which the balance of loans amounted to RMB12,288 million; and the balance of deposits amounted to RMB21,689 million, representing an increase of 0.21% as compared to the end of last year.

2. HB Leasing

Since its establishment, HB Leasing has made some achievements in respect of asset scale, accumulated leased amount, business innovation model, etc., and initially maintained leading position in domestic leasing market to farmers. As at 31 December 2024, the total assets of HB Leasing amounted to RMB24,870 million. The accumulated leased amount during the Reporting Period amounted to RMB14,963 million.

HB Leasing always strives to serve the real industry and the “Agriculture, Rural Areas and Farmers” and remains steadfast in its agricultural strategies. With “strategic focus, returning to the basics, outstanding characteristics and elevating values” as corporate goals and “pragmatic and efficient, innovative development, and inclusive and win-win” as business philosophy, HB Leasing strives to build a first-class domestic financial leasing company with distinct business features, scientific corporate governance, outstanding regional advantages, well-designed product system, tightened risk prevention and control and leading management technology. By adhering to the characteristic and differentiated development path with a focus on maintaining operation efficiency through management, HB Leasing, strives to develop its featured businesses, explores the transformation of direct lease business, proactively creates new income source, explores the agriculture and agricultural equipment industries, puts great efforts into developing the agricultural machinery leasing business, and successfully launched its “contactless leasing service model” according to regulatory guidelines. It continues to build and optimise the agricultural machinery leasing and retail business model under the empowerment of science and technology. Through the leasing of special products and business innovation, HB Leasing contributes to rural revitalization and high-quality development of the real economy, and support to excel in the “Five Major Articles (五篇大文章)”.

3. HBCF

HBCF is a licensed consumer financial company approved by the former CBIRC, the 19th company nationwide and also the first to receive strategic investments from internet giants in China. It is also the second licensed consumer financial company in the country with the qualification of a high-tech enterprise. With the Company as its major founder, the registered capital of HBCF was RMB1.5 billion as of the end of the Reporting Period.

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HBCF adheres to the development philosophy of “Inclusive Finance, Harmonious Co-enrichment”. Capitalising on the extensive experiences in product, customer and technology that the Company has accumulated across over a decade of in-depth operation in microcredit business, and leveraging shareholders’ resource advantages in leading financial technology and diverse business scenarios, HBCF gives full play to its advantages such as strong ability of risk control based on big data, agile “digital intelligence” technology, professional core team and rapid market response, and deeply engages with a focus on consumption scenarios. It mainly targets customers who are young and ambitious with consumption credit needs, with relatively stable jobs, a certain extent of debt repayment ability and certain growth and development potential in the future, as well as small and micro owners, entrepreneurs of small business and new citizens with certain consumption capacity and profitability, whose short-term consumption credit needs are not related to housing and cars. HBCF is committed to building itself into a leading domestic consumer financial company with sound risk quality, good economic benefits and a high market reputation.

As at 31 December 2024, the total assets of HBCF amounted to RMB24.369 billion, representing a year-on-year increase of 14.01%; loan balances amounted to RMB22,567 million, representing a year-on-year increase of 11.35%; the credit customers exceeded 24 million in total; the cumulative loans in Heilongjiang Province exceeded RMB7.6 billion; and operating income amounted to RMB1.399 billion, representing a year-on-year increase of 13.46%.

In line with the regulatory guiding opinions and requirements, HBCF builds a compliance culture, strengthens internal control implementation, accelerates the improvement on modern financial system applicable to the development of digital economy, and continuously improves the level of corporate governance. Adhering to the principle of “a holistic approach to capital and assets” (資金資產一盤棋), the HBCF has implemented a number of plans and successfully obtained a credit of RMB600 million from Bank of China Group, as well as credit from CMBC, Industrial Bank and other joint-stock banks and wealth management subsidiaries. At the same time, the HBCF has always adhered to the service concept of “customer-focused”, and continued to improve service efficiency and customer satisfaction by perfecting the matrix of intelligent customer service products and implementing measures such as problem tracing and front-end management, etc. HBCF has also been awarded the “2024 Excellence in Risk Control Product Award” and the “Annual Best Inclusive Finance Practice Award”, endeavouring to contribute to the economic development of the region and the overall revitalisation of Northeast China.

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(VI) Distribution Channels

1. *Physical network*

As at 31 December 2024, the Company had a total of 313 branch outlets, including 17 branches, 294 sub-branches, 1 branch-level financial service centre for small enterprises and 1 headquarter business department.

In addition, the Company had controlling interest in 30 village and township banks, 45 village and township sub-branches, 1 consumer finance company and 1 financial leasing company.

2. *Electronic banking*

The Bank has built up an electronic service system combining online means such as mobile phone banking, online banking, WeChat banking, phone banking and offline self-service terminals. E-channels have become the main business channels of the Bank.

(1) *Self-service banking*

The Bank has provided various convenient services to customers through self-service terminals, including deposit and withdrawal, account opening and transfer, account inquiry, passcode changing and social security card issuance. As at 31 December 2024, the Bank had 1,202 self-service terminals, including 366 BCDMs, 106 ATMs, 256 cash smart counters, 222 non-cash smart counters, 193 desktop card-making machines III for social security cards and 59 CRS III for social security cards.

(2) *Online banking*

The Bank continues to expand the functions of online banking. Personal online banking provides customers with account services, transfer and remittance, membership management, loan management, investment and wealth management, credit card, special services and other functions, while corporate online banking provides customers with account management, transfer and remittance, issuing and paying for others, investment and wealth management, electronic commercial drafts, bill pools, treasury management and other functions. As at 31 December 2024, the Bank had 5,728.7 thousand e-membership customers, representing an increase of 6.67% as compared to the same period of last year.

(3) *Phone banking*

The Bank provides 24-hour phone banking services, which include account inquiries, verbal report of card loss, operator inquiry and outgoing calls, to customers through the unified national customer service hotline 95537/4006095537. At the same time, the Bank has opened a special hotline for the elderly, who can choose self-service or manual service. If choosing manual service, the elderly can enjoy priority access to the special hotline for the elderly. In 2024, the total volume of inbound calls to the remote bank center's customer service hotline reached 1,450 thousand, with a customers' satisfaction of 99.5%; online customer service channel served 38 thousand customers, with a response rate of 99.5%.

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The Bank provides services including credit card consultancy, complaint and advice, card activation, reporting for loss and instalment through the unified national customer service hotline for credit card 4006695537.

In 2024, the credit card customer service centre recorded a total of 1.39 million business calls, representing a increase of 2.4% as compared to the same period of last year.

(4) *Mobile phone banking*

The Bank continues to expand the functions of mobile phone banking. While providing customers with basic services such as account management, investment and wealth management, transfers and remittance, living payment and credit card etc., the Bank also focuses on featured businesses such as microfinance and agriculture-benefiting finance, and provides guidance and constructs relevant scenarios for mobile banking customers, so as to put people-benefit services into practice through people-benefit scenarios such as medical insurance zones and social security zones. In addition, the minimalist version of mobile banking fully considers the actual needs and application habits of elderly and disabled users, providing customers with a more convenient and efficient experience to improve their happiness. As at 31 December 2024, the Bank had 4,493.6 thousand mobile banking users, representing an increase of 9.00% as compared to the same period of last year.

(5) *WeChat banking*

The Bank continues to upgrade the customer service and marketing capabilities of WeChat banking, and has launched a business hall mini program on WeChat platform, offering a variety of financial services including wealth management, deposits and loans. At the same time, it provides diversified value-added daily-life services such as online medical insurance payment, and provident fund inquiry and withdrawal. As at 31 December 2024, WeChat banking had 6,247.2 thousand followers, representing an increase of 13.88% as compared to the same period of last year.

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(VII) Information Technology

In 2024, the Company, guided by the “Financial Technology Development Plan (2022-2025)” (《金融科技發展規劃(2022-2025)》) issued by the People’s Bank of China, closely aligned with the Group’s development strategy, focusing on the construction of “Digital Harbin Bank”, and strengthened the top-level design. The Company also prepared the “Harbin Bank Information Technology Strategic Execution Plan (2025-2027)” (《哈爾濱銀行信息科技戰略執行規劃(2025-2027)》) and the “Overall Work Plan for Digital Transformation of Harbin Bank”, making every effort to promote the Bank’s digital transformation. The Company continued to enhance the breadth of business-technology integration and depth of service quality and efficiency, emphasizing the proactive advancement of technology services and its responsibility in business innovation and development, and established a collaborative and agile technology service system to strengthen technology support for business development. We further improved the information technology governance system, refined the construction of the information technology system, and established a “three-dimensional” R&D management framework towards business dimension, technical dimension and management dimension, thereby further improving the agile system for the integration of business and technology. In addition, we strengthened team development, established mechanisms for internal circulation between technology and business personnel, and nurtured a group of “dual-skilled” talents who are proficient in both finance and technology. We reinforced information technology risk management, firmly adhered to the bottom line of information technology risks, and took resolute measures to prevent information technology risk incidents. We established a comprehensive information technology risk management process with characteristics such as effective identification, rapid response and resolution, and continuous improvement. Furthermore, we explored the development of monitoring indicator system for information technology risk, with the annual system service availability rate exceeding 99.98%.

The Bank attaches great importance to information security and has established an integrated information security management system covering management, technical protection, and operations, providing a stable and reliable information system environment to support the high-quality development of the Company’s business.

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IX. Risk Exposure and Management

Adhering to the core philosophy of “creating value through risk management”, the Bank maintains a steady and prudent risk appetite, fosters a risk culture of “compliance and stability”, and has coordinated and promoted the construction of a comprehensive risk management system that is commensurate with its development strategy, business scale, organisational structure and risk characteristics. The Bank continuously enhanced the proactivity and foresight of its risk management and integrated risk management into the whole process of strategic development, performance targets and value enhancement, and into all aspects of business development, so as to ensure the effective operation of management mechanisms. The Bank continued to enrich its risk management strategies and methods, optimising its risk identification, measurement, monitoring and control processes covering the whole range, process and cycle, while effectively strengthening its internal control mechanisms of pre-prevention, in-process control, post-event monitoring and correction, thereby promoting the continuous improvement of risk management capabilities and laying a solid foundation for its high-quality development.

During the Reporting Period, the Bank adhered strictly to the legal and compliance operating principles, strengthened the top-level design of risk management, communicated and implemented risk appetite and policies, reinforced the foundation of various risk management measures, enhanced intelligent risk control capabilities, and actively prevented and responded to various risks, so as to safeguard the sound and sustainable development of the Bank’s various businesses.

(I) Credit Risk

Credit risk refers to the Bank’s risk of economic losses caused by a debtor or a counter-party failing to fulfil his obligations under the contract, or credit quality changes affecting the value of the financial products. The Bank’s credit risks exist mainly in loan portfolios, investment portfolios, guarantees, commitments and other on – and off-balance-sheet exposures. The Bank executes a unified risk appetite in credit risk management and controls risk within an acceptable range, in order to achieve a higher risk return and effectively identify, measure, monitor, and control credit risk.

During the Reporting Period, adhering to the principle of stability and seeking improvement in stability, closely focusing on the work goal of “Enhancing Development Quality”, and with the general idea of “risk management driving business development and escorting business development”, the Bank continuously enhanced its credit risk management. **Return to the basis of business and strengthen policy guidance.** Based on the requirement of local economic development and the guidance of regulatory policies, the Bank returned to the basic and local business while focusing on the main responsibility and business. With the mission of “taking root in black soil and gathering momentum for the economic development of Heilongjiang”, the Bank improved the quality and efficiency of financial services for the local economy and the real economy. With the national strategies and cutting-edge technology in high-tech industry development as its guidance, the Bank actively contributed to the sectors of five areas of scientific and technological finance, green finance, inclusive finance, pension finance and digital finance, “agriculture, rural areas and farmers” and the development of small and micro enterprises, increased policy guidance

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and financial assistance for the real economy especially technological innovation, and green development, and implemented the strategic plan for inclusive finance and green finance. **Strengthen the active management of credit risk and improve the quality and efficiency of risk control.** The Bank set up a forward-looking and proactive pre-management philosophy and drove the entire Bank to strengthen daily proactive management through mechanisms such as potential risk management, large-amount risk reporting, and joint consultations for major customers, so as to continuously solidify its asset control efforts and rigorously control the addition of overdue and non-performing assets. The Bank also organized the development of an intelligent risk monitoring platform that leverages both internal and external data to deeply explore and detect customer warning rules, which enhances the scientific and timely monitoring management and achieves early warning alerts and review processes within our full-process credit management system through technology empowerment. **Optimise the credit granting system and refine credit risk control.** The Bank maintained strict oversight of customer admission criteria and gave priority to the first source of repayment from customers. With compliance with legal and regulatory policies as the guiding principle, the Bank fully utilized the “Contact Bank” and “Account Manager” mechanism to clarify marketing directions through collaboration between branches and headquarters, thereby establishing a robust “firewall” for new admissions. The Bank initiated the optimisation of the review and approval processes to eliminate redundant steps and reduce uncertainties, ultimately improving customer satisfaction. By effectively employing parallel operation mechanism, the Bank intervened early in the investigation of key projects and major customers, allowing for proactive risk management and control. Additionally, the Bank refined its auxiliary review mechanism to leverage the guidance of specialized departments, thereby improving the accuracy and professionalism of risk identification during the review process. The Bank strengthened the unified credit granting management of the Group by adhering to the principle of thorough review and approval, to effectively prevent the credit risk of Group customers and related customers and then achieve comprehensive management and rigid control over the credit facilities granted to the Group’s customers. The Bank also implemented strict control over review and approval timelines while flexibly adjusting loan approval meeting schedules to improve approval efficiency. The Bank summarised key approval points and optimised review templates to enhance the review quality. The Bank established a rapid response mechanism and a special approval green channel for financing small and micro enterprises, which prioritised credit allocation to key industries and projects. The Bank strengthened the management of assets approaching maturity and newly overdue assets by proactively connecting with customers to develop tailored credit solutions, and resolutely curbing the emergence of non-performing assets and deterioration in asset quality. The Bank reinforced assessments by linking the overdue rate of new business to approval quality, ensuring the sound development of its credit business. **Increase efforts in the disposal of non-performing assets to enhance asset recovery and disposal quality and efficiency.** In 2024, the Bank continued to pursue the goal of “high-quality recovery and disposal” and concentrated efforts and steadily advanced the orderly recovery and disposal of non-performing assets across the Bank by adhering to the work guidelines of “stabilizing the overall situation, coordinating comprehensively, implementing differentiated strategies, and precisely defusing risks”. The Bank formulated an annual recovery plan, clarified recovery strategies, and translated annual objectives into actionable plans and measures. The Bank strengthened organizational leadership by implementing the guarantee and responsibility system of bank leaders for key projects. The Bank enhanced recovery supervision and enforced the primary responsibility of both head offices and branches. The Bank guided branches to develop recovery plans, ensuring that all tasks have been effectively implemented through

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collaboration between the head office and branches, thereby ensuring the orderly recovery and disposal of non-performing assets. The Bank strengthened cooperation to explore innovations by further leveraging external resources to broaden channels for disposing of non-performing assets, thus continually improving the disposal efficiency of non-performing assets.

(II) Liquidity Risk

Liquidity risk refers to the risk of commercial banks failing to acquire sufficient funds at reasonable cost in time in order to pay the due debt, fulfill other payment obligations or meet other capital requirements for normal operation.

With the goal of “strong monitoring, emphasis on early warning, and maintaining bottom lines”, the Bank adheres to the prudent liquidity management principle, implements robust management strategies and strives to balance liquidity safety with capital yields, so as to firmly uphold the bottom line against regional and systemic financial risks and maintain local financial stability. The Bank regularly analysed economic and financial situation, financial market trends and relevant policy orientations, paid close attention to specific situations or events that may cause liquidity risks, assessed their impact on the liquidity of the Bank in a prudent manner, and identified the potential source of liquidity risk. The Bank established a compliant, reasonable and effective liquidity risk management and control mechanism according to relevant regulatory requirements, so as to identify, measure, monitor and control the liquidity risks and manage the safety of its liquidity risk. Liquidity risk was measured through indicator analysis, gap analysis, cash flow analysis, scenario simulation, stress testing and other methods. A limits management system and reporting system was built to continuously monitor the liquidity risks by taking liquidity risk appetite, operation, management level and changes in the external environment into account. Through formulating liquidity risk limits management policy and procedure, and establishing mechanisms for setting and adjusting liquidity risk limits, and relevant review and approval processes, the Bank monitored the compliance with the liquidity risk limits, gave early warning in time, and timely took effective measures to control the liquidity risk when the limit is exceeded. It has established a standardized liquidity risk reporting system, which specifies the content, form, frequency and scope of reporting of various liquidity risk reports to ensure that the Board of Directors, senior management and other management personnel have a timely understanding of the level of liquidity risk and its management status. The liquidity monitoring mechanism has been further improved. The Bank has established a liquidity monitoring system that integrates coordination between the head office and branches and combines online and offline channels. This system conducts regular and multidimensional monitoring of important sensitive transactions, providing effective basis for risk event warnings, risk situation assessments, and emergency responses. It regularly counts and monitors the scale and structure of qualified high-quality current assets in bonds, and information on bonds that are readily realizable and can be used for collateralized repurchase financing. Therefore, in the normal operating environment or under stress, the Bank can have sufficient daytime liquidity positions and financing arrangements to meet the needs of asset allocation and liability repayment at maturity in a timely manner. Analysis of the remaining maturity of the financial assets and financial liabilities of the Group is set out below:

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(In RMB million)									
Total financial assets	67,184.4	110,068.2	10,269.2	26,941.1	190,937.7	272,020.9	175,945.0	43,602.3	896,968.8
Total financial liabilities	-	149,875.5	74,028.1	86,783.6	254,106.0	276,680.5	7,344.0	-	848,817.7
Net position	67,184.4	(39,807.3)	(63,758.9)	(59,842.5)	(63,168.3)	(4,659.6)	168,601.0	43,602.3	48,151.1

As at 31 December 2024, the liquidity coverage ratio of the Bank was 213.38%, which was in compliance with the liquidity coverage ratio of commercial banks required by the Measures for the Liquidity Risk Management of Commercial Banks (Order [2018] No. 3, CBIRC).

Item	As of 31 December 2024	As of 30 September 2024	As of 30 June 2024
(In RMB100 million, except percentages)			
Liquidity coverage ratio (%)	213.38%	300.27%	196.54%
Qualified high-quality current assets	1,682.18	1,430.28	1,703.55
Net cash outflow in the next 30 days	788.35	476.33	866.79

(III) Market Risk

Market risk refers to the risk of loss on the Bank's on-and off-balance sheet businesses as a result of adverse changes in market prices (interest rates, exchange rates, stock and commodity prices). Currently, the market risks mainly faced by the Bank are interest rate risk and exchange rate risk.

The Bank was committed to establishing a market risk management system commensurate to the nature, scale and complexity of the Bank's business, and continuously improved the market risk management efficiency in light of new regulatory requirements and market dynamics. The Bank carried out thorough research on the measurement of market risk-weighted assets under the requirements of the New Capital Accord, refined the division standards and boundaries of account book, and implemented various management requirements of the New Capital Accord. In addition, the Bank improved the market risk management system, continuously sorted out regulations and established systems, so as to consolidate the foundation of market risk management. It also carried out market risk measurement in an orderly manner, regularly conducting market risk duration analysis, foreign exchange exposure analysis, value-at-risk measurement and stress testing, etc., to quantify the level of market risk. Besides, it improved the market risk quota system, regularly assessed and optimised the setting up of market risk quota system to strengthen market risk research, judgment and early warning capabilities. During the Reporting Period, the Bank conducted daily monitoring and reporting of market risk in accordance with risk appetite determined by the Board and market risk limits.

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The Bank generally adopts a relatively prudent investment strategy with the investment of trading account mostly in RMB interest rate bonds, and continuously carries out market risk control in conjunction with the quota system and measurement methods such as stress testing and sensitivity analysis, so as to ensure that its overall interest rate risk level is within the acceptable scope. The Bank established a risk management system for the interest rate risk of bank books commensurate with the risk profile and business complexity, and clarified the main responsibilities of the Board of Directors, senior management and relevant departments. By using repricing gap analysis, net interest income analysis, stress testing and other methods to measure the interest rate risk of bank books, the Bank set limit management targets and continuously monitors the indicators.

The following table sets out the results of the Bank’s gap analysis as at 31 December 2024, based on the earlier of (i) the next expected re-pricing dates and (ii) the final maturity dates for its financial assets and financial liabilities.

31 December 2024	Less than three months	Three months to one year	One to five years	More than five years	Non-interest bearing	Total
						(In RMB million)
Total financial assets	142,301.0	190,776.7	275,336.1	176,340.6	112,214.4	896,968.8
Total financial liabilities	296,073.6	254,905.0	267,407.5	7,245.4	23,186.2	848,817.7
Interest rate sensitivity gap	(153,772.6)	(64,128.3)	7,928.6	169,095.2	N/A	N/A

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The Bank's exchange rate risk exists mainly in its foreign currency related trading and non-trading businesses, including foreign currency loans, foreign currency deposits, proprietary foreign exchange trading and foreign exchange settlement and sale on behalf of customers. The Bank proactively responded to changes in external environment and market fluctuations through measuring and averting exchange rate risk primarily by measures such as limit management, sensitivity analysis and foreign exchange derivative financial instruments. The Bank continuously optimised the foreign exchange limit management system, set transaction limits, stop-loss limits and exposure limits to conduct foreign exchange risk management. It also used foreign exchange exposure analysis and other measurement methods and conducted market risk stress tests on a regular basis to reasonably measure exchange rate risk levels, continued to optimise the structure of monetary assets, effectively maintained the risk-benefit balance of the overall foreign exchange assets, and improved the effectiveness and pertinence of exchange rate risk management.

The following table sets out the Bank's financial assets and liabilities by currency as at 31 December 2024.

31 December 2024	RMB	USD equivalent to RMB	HKD equivalent to RMB	RUB equivalent to RMB	Other currencies equivalent to RMB	Total (RMB equivalent)
(In RMB million)						
Total financial assets	893,940.0	2,655.8	16.7	45.6	310.7	896,968.8
Total financial liabilities	848,002.2	484.6	40.6	23.5	266.8	848,817.7
Net position of financial assets and liabilities	45,937.8	2,171.2	(23.9)	22.1	43.9	48,151.1
Credit commitments	24,275.2	–	–	–	–	24,275.2

(IV) Operational Risk

During the Reporting Period, the Company strictly implemented the requirements of the regulatory authorities on the “double new regulations” on risk management, and continued to improve the Company's risk management. Based on the current status of operational risk management, the Company further enhanced the management mechanism construction, optimized the management process, upgraded management tools, and improved risk appetite and guidance, capital measurement, stress test, etc., so as to build a more effective operational risk management system, cultivate a culture of operational risk management with full participation of all staffs, and realize the long-term governance of operational risk in daily running. In particular, it formulated and improved operational risk appetite and management policies and strengthened its identification, assessment, monitoring and control; and by comprehensively amending the operational risk-related management system, it studied to promote the optimization of the operational risk system and enhance the adaptability of the system requirements to risk management. The Bank also improved the quality of operational risk loss data to ensure the implementation of the new standard law and the smooth conversion of the Bank's capital measurements, and to further enhance the capability of operational risk refinement and management by adopting a multi-track approach. The Bank will further enhance its ability to gradually strengthen the substantive management of operational risk.

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(V) Information Technology Risk

Information technology risk refers to operational, legal, reputational and other risks caused by natural factors, human factors, technical loopholes and flawed management in the course of the Bank's usage of information technology.

During the Reporting Period, the Bank continued to strengthen the top-level design of information technology (IT) risk, optimize the organizational structure of IT risk management, and enhance the professional ability of IT risk management. It also continuously optimized the monitoring indicators of IT risks and regularly evaluated the effectiveness of the indicators to identify and resolve IT risks, as well as managed the IT outsourcing risk and strengthened outsourcing risk prevention and control capabilities, thus to prevent and reduce outsourcing risks by enhancing the service capability of our own technical team and strengthening the level of independent development and maintenance of systems.

(VI) Compliance Risk

During the Reporting Period, the Company was committed to preventing and resolving financial risks, focusing on a series of tasks of enhancing comprehensive governance of internal control and compliance, with aims to allow the internal control and compliance management having clearer planning, optimized system, improved processes and more notable results, and to promote the compliance risk management of the Company to operate in the same track and direction as the steady development of the financial industry. **Firstly**, the Company continuously established a scientifically designed, stringent and clear structure and comprehensively applied the review mechanism, filing mechanism, abolition mechanism and evaluation mechanism of the system to standardize system management. **Secondly**, the Company continued to establish a legal risk prevention and control system with clear responsibilities and effective checks and balances, and continued to implement process-based control mechanisms such as pre-review, mid-term tracking, post-assessment, and full-process support. **Thirdly**, the Company continued to optimize the "comprehensive task system for rectification and implementation", and coordinated the management of internal and external risk rectification; to effectively implement the working mechanism of comprehensive inspection, investigation and monitoring of internal control and compliance by coordinating the whole bank's inspection resources. **Fourthly**, the Company actively built an accountability mechanism with an integration of punishment and linkage and cooperation, a due diligence exemption mechanism, and an optimized accountability review structure and continuously improved the compliance performance assessment indicator system, to further strengthen the level of strict governance and rule by law. **Fifthly**, the Company adopted the basic principle of focusing on a sound and consistently effective mechanism with short-term key punishment, continued to promote the handling of cases and risk mitigation, strengthened the investigation of case risks, and convened case warning and education conferences to take each case as a lesson and use the cases to promote governance. **Sixthly**, the Company continued to refine the construction work of internal control and compliance culture, and actively carried out the daily promotion of the compliance culture, as well as the concept and cultivation education.

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(VII) Anti-money Laundering (AML)

During the Reporting Period, the Company adhered to the “risk-based” AML philosophy, implemented relevant laws, regulations and regulatory requirements, and established and improved the money laundering risk prevention and control mechanism to comprehensively enhance the effectiveness and quality of AML risk management. **Firstly**, the Company integrated AML risk management into its comprehensive risk management system and strengthened resource investment in AML work to ensure that AML risk management aligns with and integrates into the overall risk management strategy. **Secondly**, the Company proactively benchmarked against regulatory standards and peers’ practices, continuously optimized the AML management system and operational mechanism, and established a well-organized, structurally complete and clearly defined AML risk management framework. The responsibilities for the three lines of defense in AML management were clearly outlined, and the internal AML control system was comprehensively revised. **Thirdly**, the Company focused on exploring the use of technology to empower AML and initiated the development of a new-generation AML system. The AML system’s architecture and functions were comprehensively optimized to improve its compliance and intelligence. **Fourthly**, the Company fulfilled its obligations as a financial institution in combating money laundering by continuously enhancing the monitoring of suspicious transactions, strengthening the detection of suspicious clues, establishing a long-term customer due diligence mechanism, standardizing customer money laundering risk classification processes, and optimizing product money laundering risk assessment models to effectively identify and mitigate money laundering risks. **Fifthly**, the Company carried out extensive AML training and education, organized the first-ever internal AML qualification exams within the industry, and conducted over 80 specialized AML training sessions, so as to effectively enhance the AML capabilities at all levels while cultivating a professional team of AML experts. **Sixthly**, the Company actively engaged in AML propaganda and education campaigns by leveraging both online and offline channels and utilizing radio and television to further enhance the impact and audience reach of these campaigns, and to raise public awareness, attention and support for AML efforts, thereby performing its corporate social responsibilities.

X. Key Relationships with Persons with Significant Impact

The Bank adheres to its customer-oriented approach to establish a system for financial customers’ rights and interests protection. During the Reporting Period, the Bank formulated and revised the Measures for Administration of Financial Consumers’ Rights and Interests of Harbin Bank, the Measures for Reviewing of Protection of Financial Consumers’ Rights and Interests of Harbin Bank, the Measures for Protection of Financial Information of Harbin Bank Consumers, the Emergency Plan for Protecting Financial Consumers’ Financial Information of Harbin Bank, Service Management Measures for Business Institutions of Harbin Bank, the Measures for the Assessment and Evaluation of Service Quality of Business Institutions of Harbin Bank, and the System of Joint Conference on Letters and Visits Work of Harbin Bank. The Bank further improved closed-loop management measure for the rights and interests protection of financial customers, implemented customers’ rights and interests protection management with full life cycle in product design and service links, and continuously improved the level and effectiveness of customers’ rights and interests protection from preventing and responding to personal financial information leakage, standardizing the publicity and disclosure of financial products and service information, and clarifying the content of the review. On 15 March 2025, in the “List of Excellent Cases of Financial Consumer Protection and Service Innovation in 2025” announced by the China Banking and Insurance News, the Bank’s two typical cases, namely “A Hundred Sub-branch Managers Explain Consumer Protection” and “All Business Outlets Dedicatedly Serving the Asian Winter Games”, have successfully been shortlisted as excellent cases of consumer protection and service innovation in the national financial industry.

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The Bank pays attention to communication with customers and timely gives feedbacks of customers' questions, through its national customer service hotline 95537, provides 24-hour telephone banking services, and, through its credit card customer service hotline 400-66-95537, provides services including service enquiries, complaint and advice, reporting for loss and repayments by instalments. During the Reporting Period, the voice channel of remote banking centre of the Bank handled a total of 1.89 million transactions with the volume of customer visits online reaching nearly 40,000, and its credit card centre handled a total of 1.39 million transactions. Better communication with customers provided a solid customer base for the Bank.

XI. Corporate Social Responsibilities

In 2024, the Bank continued to thoroughly study, publicize and implement the spirit of the 20th National Congress of the Communist Party of China and the second and third plenary sessions of the 20th Central Committee of the Communist Party of China, and earnestly implement the spirit of the Central Economic Work Conference, the seventh plenary session of the 13th Heilongjiang Provincial Party Committee and the sixth plenary session of the 15th Harbin Municipal Party Committee. Adhering to the goals of the 14th Five-Year Strategic Plan of the State and Heilongjiang Province, the Bank insisted on concentrating on and fully exploring local resources and helped build up Heilongjiang Province from "six aspects" and Harbin city develop in "seven major cities". During the Reporting Period, the Bank continued to improve its "Environmental, Social and Governance" (ESG) capabilities, and enhanced the participation of the Board of Directors of the Company in ESG matters by strengthening training sessions on specific topics of ESG. The Bank integrated the brand philosophy of "trust, warmth, connection and commitment" into its daily operation, focused on providing more convenient and effective diversified and multilevel financial services for special groups and groups with specific needs, and continued to explore the best mode of participation to help rural revitalization, communities investment, supporting education, developing green finance, and volunteering and relevant social responsibilities. During the Reporting Period, total expenditure on social charitable business of the Bank amounted to RMB16.7531 million. As of 31 December 2024, the balance of green finance loans of the Bank amounted to RMB10,832 million. The corporate culture of "compliance, steadiness, innovation and development" is deeply rooted in people's hearts.

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The Bank proactively practiced its political and social responsibilities as a city commercial bank, tied the operations with the overall background, plan and strategy of local economic and social development, and upheld the position of serving the local economy, serving urban and rural residents and serving small and medium sized enterprises. The Bank has made positive exploration in social security, medical security and other areas related to people's livelihood. The Bank has set up a comprehensive system for issuing social security cards, developed new scenarios for cross-provincial services, expanded integrated social-banking services, and provided multi-channel subsidy inquiries, providing one-stop comprehensive services for insured people. The Bank has thoroughly implemented the requirements for the construction of the "one-card" residential services of social security cards, and with the guidance and support of the Heilongjiang Human Resources and Social Security Bureau, continuously optimized social security services for the convenience of the people, and provided information inquiry and disbursement services for preferential subsidies for the public and farmers. To facilitate Heilongjiang residents who are retired or residing in other provinces to inquire about these subsidy information, Harbin Bank has further upgraded its services based on the cross-provincial issuance of social security cards in Heilongjiang Province. The inquiry function for preferential subsidies for the public and farmers in Heilongjiang Province has been officially launched on the smart devices in the lobbies of its branches in Dalian, Chengdu, Chongqing, Tianjin, and Shenyang, providing services for inquiring about subsidy policies and individual subsidy information. This allows Heilongjiang residents to truly enjoy the convenience and efficiency of digital government services, making Harbin Bank the first city commercial bank in China to realize cross-provincial handling of high-frequency social security services. Up to now, the Bank has set up 184 and 9 outlets providing social security card services in and out of Heilongjiang Province, respectively, and has launched 372 card-manufacturing machines nationwide, which have provided the third generation social security card issuance and replacement services to 1,521,700 residents.

The Bank has actively implemented the national strategic deployments of green finance and dual-carbon work. In line with national and local green finance policies such as the "Comprehensive Work Plan for Energy Conservation and Emission Reduction during the 14th Five-Year Plan Period" of the State Council, the "Guiding Opinions on Building a Green Finance System", the "Green Credit Guidelines", the "Guidance Catalog for Green Industries", and the "Implementation Plan for Green Finance Work in Heilongjiang Province", the Bank has established a green finance policy and system framework to rationally allocate credit resources, continuously deepen its own reform and development, actively engage in the field of green credit, strongly support the development of the green economy, circular economy, and low-carbon economy, and further enrich the connotation of corporate culture and improve the level of social responsibility management. In October 2024, China's first "ESG-linked data asset pledged loan" project was launched in Jixi City, Heilongjiang Province. This is the first loan business in China to innovate from the two dimensions of enterprise ESG performance and data asset pledge. In November 2024, the Bank promoted the implementation of the first transformation finance project in the steel industry in Heilongjiang. The overall credit amount is RMB100 million, and the first-phase investment of RMB15 million has been put into place. In December 2024, the Suihua Branch launched the Bank's first carbon footprint-linked loan business, which has been assessed and certified by Lianhe Equator.

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In 2024, by maintaining cooperation with the Harbin Bank Foundation, the Bank continually made efforts and achieved results in promoting rural revitalization, engaging in community welfare and innovating volunteer services. 17 charity projects were carried out with 16 public welfare organizations in Shenzhen and Harbin. During the period, a total of 52 activities of various types were carried out, covering 26 residential communities, nearly 160 volunteers and 53 employees of the Bank participating, and benefiting over 20,000 people. During the Reporting Period, the Bank continued to support the “Lilac Blossom • Left-behind Children’s Home” project of Heilongjiang Youth Development Foundation, and launched the “Harbin Bank’s Bags for Poverty Alleviation”, a warmth-sending volunteer service activity, in Yanshou County, Heilongjiang Province to solve the livelihood problems of the poor people in Yanshou County by distributing soybean oil and flour to them. In addition, the Bank donated 120 sets of lighting street lamps to Jixiang Village, Juren Town, Bin County, which has improved the living environment of the villagers, assisting the village government in better completing environmental construction work, and fulfilling our corporate social responsibility. During the Reporting Period, the Harbin Bank Foundation, together with the Youth League Committee of the Company, actively organized various volunteer service programs in Harbin City to deliver the public welfare concept of Harbin Bank to the hearts of community residents through a variety of activities such as caring for widows and orphans, caring students and condolences to veterans.

In addition, the Bank, as the title sponsor, supported the sixth session of “Harbin Bank • 2024 Harbin Marathon”, deepening the integrated development model of “Harbin Bank × Harbin Marathon”. Through custom-designing the “2024 Medal-edition Marathon Credit Card” and leveraging technological empowerment to achieve instant approval and use of credit cards and other innovative financial products, the Bank explored a new model of financial services for the event, making it the “spokesperson” for the promotion of the “Harbin Marathon” brand.

XII. Dividend

(I) Dividend

As approved at the meeting of the Board held on 28 March 2025, no final cash dividend for the year of 2024 would be distributed to all shareholders. The related 2024 Profit Distribution Plan of the Company is subject to the approval of the 2024 annual general meeting.

Independent non-executive Directors of the Company have also expressed their independent views on the profit distribution plan.

(II) Dividend Tax

Withholding and Payment of Corporate Income Tax for Overseas Non-Resident Enterprise Shareholders

Pursuant to the applicable provisions and the implementing regulations of the Enterprise Income Tax Law of the PRC, the Company shall withhold and pay the enterprise income tax at the rate of 10% for non-resident enterprises holders of H Shares (including the H Shares registered in the name of HKSCC Nominees Limited) when distributing the final dividend on shareholders’ behalf.

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Withholding and Payment of Individual Income Tax for Overseas Individual Shareholders

Pursuant to the Circular on Collection of Individual Income Tax after Repeal of the Documents Guoshuifa [1993] No. 045 promulgated by State Administration of Taxation, dividends and/or bonus shares received by overseas resident individual shareholders from domestic non-foreign invested enterprises which have issued shares in Hong Kong are generally subject to individual income tax at the tax rate of 10%. However, the individual income rate in respect of each overseas resident individual shareholder may vary due to the provisions in the tax agreements between the countries in which he/she is a resident and China. If shareholders of H Shares have any queries on the above arrangements, they should seek advice from their tax advisors on the tax impact in the PRC, Hong Kong and other country(ies) or region(s) in relation to the holding and disposing of H Shares.

XIII. Other matters

(I) Share Capital and Substantial Shareholders

Please refer to “Changes in Share Capital and Information on Shareholders” for the detailed information relating to the share capital and substantial shareholders of the Company.

(II) Use of Proceeds

Please refer to “Important Events” – “Issuance of Debt Securities” for the detailed information relating to the use of proceeds of the Company.

(III) Reserves

For the year ended 31 December 2024, details of the changes in reserves of the Bank are set out in the Consolidated Statement of Changes in Equity.

(IV) Distributable Reserves

As at 31 December 2024, the distributable reserve of the Company and its subsidiaries under the China Accounting Standards for Business Enterprises was RMB18,120 million and the distributable reserve of the Company was RMB16,300 million.

(V) Debentures

Please refer to “Important Events” – “Issuance of Debt Securities – Bond Issuance during the Reporting Period” for the detailed information relating to the debentures of the Company during the Reporting Period.

(VI) Purchase, Sale or Redemption of Listed Securities of the Company

Save as disclosed in the section headed “Important Events” – “Issuance of Debt Securities” in this report, the Company or any of its subsidiaries did not purchase, sell or redeem any listed securities of the Company (including sale of treasury shares (if any)) during the Reporting Period.

The Company did not hold any treasury shares as at the end of the Reporting Period.

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(VII) Pre-emptive Rights

The Company does not have provisions in respect of pre-emptive rights in the Articles of Association of and under the PRC laws.

(VIII) Public Float

As at the Latest Practicable Date, the total issued shares of the Company are 10,995,599,553 shares, among which, the H Shares held by the public amount to 3,023,570,000 shares based on publicly available information, representing 27.50% of the total issued shares of the Company, thus the Company is in compliance with the public float requirement of the Hong Kong Listing Rules.

(IX) Management Contracts

There were no management or administration contracts for all or any key businesses of the Bank during the Reporting Period.

(X) Major Customers

As at the end of the Reporting Period, the balance of the Bank's loans to any single borrower did not exceed 10% of the Bank's net capital. The interest income from the five largest customers of the Bank did not exceed 30% of total interest income. The Directors of the Bank and their close associates and shareholders holding more than 5% of the issued shares of the Bank did not have any interest in these five largest customers.

(XI) Donations

The Bank made charitable and other donations in an aggregate sum of approximately RMB16.7531 million for the year ended 31 December 2024.

(XII) Connected Transactions under Hong Kong Listing Rules

During the Reporting Period, in the ordinary and usual course of business, the Bank provided commercial banking services and products to the public in China, which included certain connected persons of the Bank such as substantial shareholders, Directors, Supervisors, the President and/or their respective associates. Pursuant to the Hong Kong Listing Rules, as these transactions were entered into on normal commercial terms in the ordinary and usual course of business of the Bank, such transactions were exempt from reporting, annual review, disclosure and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. During the Reporting Period, there were no non-exempt connected/continuing connected transactions between the Bank and its connected persons.

Save as disclosed above (if any), there is no related party transaction or continuing related party transaction set out in Note 49 to the Consolidated Financial Statements of this report that constitutes the connected transaction or continuing connected transaction that should be disclosed under the Hong Kong Listing Rules.

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(XIII) Related Transactions as Defined by the NFRA

During the Reporting Period, the Company identified related parties and related transactions in accordance with the management requirements of the Administrative Measures for Related Transactions of Banking and Insurance Institutions (the “Measures”) which was announced by the Order No.1 [2022] of the CBIRC and came into effect on 1 March 2022.

Significant related transactions

1. Significant related transactions between major shareholders and related companies

(1) Harbin Economic Development

Harbin Economic Development is a state-owned enterprise, holding 29.63% Shares of the Company and is a substantial shareholder of the Company. Harbin Economic Development was established on 22 August 1992 with a registered capital of RMB2.3 billion and Mr. Ren Yi (任毅) being the legal representative. It is domiciled in Harbin and mainly engaged in financial investments in fixed-assets of municipally-owned enterprises and others and receipt of dividends in return. Harbin Economic Development is a wholly-owned subsidiary of Harbin Investment Group Corporation Limited (哈爾濱投資集團有限責任公司) (the “Harbin Investment Group”). Harbin Economic Development and its shareholder Harbin Investment Group (including the related parties of Harbin Investment Group) are included in the management of related parties and related transaction of the Company in accordance with relevant provisions of the Administrative Measures for Related Transactions of Harbin Bank Co., Ltd. (《哈爾濱銀行股份有限公司關聯交易管理辦法》).

Harbin Investment Group was established on 28 October 2003 with a registered capital of RMB5 billion. Its legal representative is Zhao Hongbo (趙洪波), and its shareholders are Harbin Municipal People’s Government State-owned Assets Supervision and Administration Commission with a contribution of RMB4.5 billion and shareholding of 90%, and Heilongjiang Provincial People’s Government State-owned Assets Supervision and Administration Commission with a contribution of RMB0.5 billion and shareholding of 10%, respectively. Harbin Investment Group has established presence in five major industries, including financial asset operation, financial capital management, equity investment, heat supply operation and industrial investment. The headquarters is located at No.277, Innovation No. 2 Road, Songbei District, Harbin.

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The Bank’s significant related transactions with Harbin Investment Group:

As at the end of the Reporting Period, Harbin Investment Group and its related companies had credit facilities and guarantee facilities with the Bank amounting to RMB7,554 million, with a business balance of RMB3,651 million (including guarantee business of RMB180 million) (see Table 1 for details of the new significant related transactions), accounting for 5.18% of the Bank’s audited net capital for the fourth quarter of 2024.

The overall credit of significant related transactions between the Bank and Harbin Investment Group was considered and approved by the Risk Management and Related Transactions Control Committee and the Board of Directors, **and the independent Directors expressed their opinions as follows:** the above business was the regular business of Harbin Bank conducted in the ordinary and usual course of business, which followed the principle of market-oriented pricing, was conducted on terms that are not superior to those for similar transactions with non-related parties, met the principle of fairness required by the management of related transactions, did not affect the independence of Harbin Bank, would not have an adverse impact on the going concern, profitability and asset condition of Harbin Bank, and did not harm the legitimate rights and interests of small and medium-sized investors. The voting procedure of the resolutions on significant related transactions was legal and in compliance with the relevant laws, regulations and Articles of Association.

Table 1: Breakdown of Related Credit Transactions with Harbin Investment Group and its Related Companies

Unit: RMB’0,000

Name	Transaction amount	Type of business	Term	Method of guarantee
Heilongjiang Suibao Thermoelectric Co., Ltd. (黑龍江歲寶熱電有限公司)	5,000	Working capital loans	3 years (2024.1.9-2027.1.27)	Guarantee
Heilongjiang Suibao Thermoelectric Co., Ltd. (黑龍江歲寶熱電有限公司)	15,000	Working capital loans	3 years (2024.3.29-2027.3.19)	Pledge
Harbin Investment Group Corporation Limited (哈爾濱投資集團有限責任公司)	42,000	Bond investment (medium term note)	2 years (2024.4.25-2026.4.25)	Credit (Standardized bond products)
Harbin Investment Group Corporation Limited (哈爾濱投資集團有限責任公司)	63,000	Working capital loans	3 years (2024.8.20-2027.8.18)	Guarantee

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Name	Transaction amount	Type of business	Term	Method of guarantee
Harbin Property Financing Guarantee Co., Ltd. (哈爾濱市房屋置業融資 擔保有限責任公司)	5,000	Guarantee	1 year (2024.6.20- 2025.6.19)	
Harbin Hatou Supply Chain Management Co., Ltd. (哈爾濱哈投供應鏈管理 有限公司)	1,000	Working capital loans	1 year (2024.6.26- 2025.6.25)	Guarantee
Harbin Guohui Automobile Sales Service Co., Ltd. (哈爾濱國惠汽車銷售 服務有限公司)	1,000	Working capital loans	1 year (2024.2.19- 2025.2.18)	Guarantee
Total	132,000			

- (2) Heilongjiang Financial Holdings
- Heilongjiang Financial Holdings is a state-owned enterprise, holding 18.52% Shares of the Company and is a substantial shareholder of the Company. Heilongjiang Financial Holdings was established on 18 January 2019 with a registered capital of RMB10.316 billion and Lang Shufeng (郎樹峰) being the legal representative. It is domiciled in Harbin and mainly engaged in investment and asset management, capital investment services, non-public offering of securities investment funds, holding company services and financial information services. Heilongjiang Financial Holdings and its related parties are included in the management of related parties and related transaction of the Company in accordance with relevant provisions of the Administrative Measures for Related Transactions of Harbin Bank Co., Ltd. (《哈爾濱銀行股份有限公司關聯交易管理辦法》).

The Bank’s significant related transactions with Heilongjiang Financial Holdings:

As at the end of the Reporting Period, Heilongjiang Financial Holdings and its related companies had credit facilities and guarantee facilities with the Bank amounting to RMB3,100 million. The significant related transaction it involved was the RMB3,000 million credit facilities granted to Heilongjiang Xinzheng Financing Guarantee Group Co., Ltd. on 17 October 2024. The business balance was RMB1,291 million, all of which were guaranteed credit transactions, accounting for 1.83% of the Bank’s audited net capital as at the end of the fourth quarter of 2024.

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The overall credit of significant related transactions between the Company and Heilongjiang Financial Holdings were considered and approved by the Risk Management and Related Transactions Control Committee under the Board of Directors and the Board of Directors, **and the independent Directors expressed their opinions as follows:** the above business was the regular business of Harbin Bank conducted in the ordinary and usual course of business, which followed the principle of market-oriented pricing, was conducted on terms that are not superior to those for similar transactions with non-related parties, met the principle of fairness required by the management of related transactions, did not affect the independence of Harbin Bank, would not have an adverse impact on the going concern, profitability and asset condition of Harbin Bank, and did not harm the legitimate rights and interests of small and medium-sized investors. The voting procedure of the resolutions on significant related transactions was legal and in compliance with the relevant laws, regulations and Articles of Association.

2. Significant Related Transactions of Subsidiaries

(1) HBCF

HBCF was established on 24 January 2017. Its registered place is No. 1, 12th Floor, Unit B, Building AB, No. 2586, Lijiang Road, Daoli District, Harbin. Its registered capital is RMB1.5 billion. It is a financial enterprise initiated and established by the Company as the controlling shareholder with the approval of the former CBRC.

The Company contributed RMB795 million to HBCF, accounting for 53% of the registered capital. Duxiaoman (Chongqing) Technology Co., Ltd. contributed RMB450 million to HBCF, accounting for 30% of the registered capital. Shanghai Site Fude Property Co., Ltd. contributed RMB95 million to HBCF, accounting for 6.33% of the registered capital. Suzhou Tongcheng Software Co., Ltd. contributed RMB75 million to HBCF, accounting for 5% of the registered capital. Beijing Bosheng Youshi Technology Development Co., Ltd contributed RMB50 million to HBCF, accounting for 3.33% of the registered capital. China Circle International Trade, Inc. contributed RMB25 million to HBCF, accounting for 1.67% of the registered capital. Heilongjiang Xinda Auction Co., Ltd. contributed RMB10 million to HBCF, accounting for 0.67% of the registered capital.

HBCF is a legal entity controlled by the Company, and is included in the management of related parties of the Company.

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The Company's significant related transactions with HBCF:

In 2024, the Company had a total of 54 significant related credit transactions with HBCF, which amounted to RMB14.45 billion and were inter-bank loan and inter-bank lending transactions with a balance of RMB6.9 billion. As at the end of 2024, the transactions balance of HBCF accounted for 9.79% of the Company's audited net capital at the end of the fourth quarter of 2024.

(2) HB Leasing

HB Leasing was established on 11 June 2014. Its registered place is Room 211, No. 66 Shimao Avenue, Building 12, Innovation and Entrepreneurship Square, Sci-Tech Innovation City, Harbin Hightech Zone. Its registered capital is RMB2 billion. It is a financial enterprise engaged in financial leasing business initiated and established by the Company as the controlling shareholder with the approval of the former CBRC. It is also the first bank-based financial leasing company established in Northeast China.

The Company contributed RMB1,600 million to HB Leasing, accounting for 80% of the registered capital. Dongning Lizhi Building Decoration Engineering Co., Ltd. contributed RMB300 million to HB Leasing, accounting for 15% of the registered capital. Harbin Express Auto Sales Co., Ltd. contributed RMB100 million to HB Leasing, accounting for 5% of the registered capital.

HB Leasing is a legal entity controlled by the Company, and is included in the management of related parties of the Company.

The Company's significant related transactions with HB Leasing:

In 2024, the Company had a total of 31 related credit transactions with HB Leasing amounted to RMB24.85 billion with a balance of RMB5.5 billion, all of which were inter-bank loan and inter-bank lending transactions. As at the end of 2024, the balance of the credit transactions of HB Leasing accounted for 7.80% of the Company's audited net capital at the end of the fourth quarter of 2024.

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The overall credit of significant related transactions between the Company and its subsidiaries was considered and approved by the Risk Management and Related Transactions Control Committee under the Board of Directors and the Board of Directors, **and the independent Directors expressed their opinions as follows:** the above business was the regular business of Harbin Bank conducted in the ordinary and usual course of business, which followed the principle of market-oriented pricing, was conducted on terms that are not superior to those for similar transactions with non-related parties, met the principle of fairness required by the management of related transactions, did not affect the independence of Harbin Bank, would not have an adverse impact on the going concern, profitability and asset condition of Harbin Bank, and did not harm the legitimate rights and interests of small and medium-sized investors. The voting procedure of the resolutions on significant related transactions was legal and in compliance with the relevant laws, regulations and Articles of Association.

Ordinary Related Transactions

It is stipulated in the Article 57 of the Measures that, "The following related transactions conducted by banking and insurance institutions may be exempted from consideration and disclosure in the manner of a related transaction: A related transaction with a related natural person of less than RMB500,000 or with a related legal person of less than RMB5,000,000 for a single transaction, and the cumulative amount after such transaction does not reach the conditions of significant related transactions; subscription in cash by one party for stocks, company bonds or corporate bonds, convertible bonds or other derivatives publicly issued by the other party; demand deposit transactions; where the same natural person serves as an independent director of both a banking or insurance institution and other legal person(s) and there are no other circumstances that constitutes a related party, transactions between the legal person and such banking and insurance institution; transactions with the pricing set by the state; other circumstances approved by the CBIRC". Therefore, except for the related transactions exempted from disclosure as mentioned above, the Company discloses ordinary related transactions.

As at the end of 31 December 2024, there were 272 ordinary related transactions that the Company was required to disclose, with a total amount of RMB7.347 billion, mainly including credit transactions, asset transfer transactions, service transactions, deposit and other transactions with related parties. Among which, inter-bank transactions conducted between the Company and its related party banks can be excluded from the scope of calculating the proportion of credit balances and the statistics of significant related transactions according to the requirements under Clause 3 of the Article 16 of the Measures.

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1. Ordinary credit transactions with related parties

During the Reporting Period, the Company had 11 ordinary related-party credit transactions, with a total amount of RMB1.072 billion, including:

- (1) the Company had 1 related-party wealth management product investment transaction with an amount of RMB380 million with Longjiang Bank Corporation, a related party of Heilongjiang Financial Holdings, a shareholder, and 1 related-party secured credit transaction with an amount of RMB100 million with Heilongjiang University Student Startup Financing Guarantee Co., Ltd.
- (2) the Company had 1 buy-out bill rediscounting related transaction with an amount of RMB29 million with Shanghai Bank Corporation Limited, a related party of Jin Qinglu, a Director of the Company.
- (3) the Company had 1 related-party credit transaction with an amount of RMB10 million with Chongqing Shapingba Rongxing Village and Township Bank Co., Ltd., a subsidiary of the Company, for the interbank deposit business; 3 related-party credit transactions with an amount of RMB550 million with Shenzhen Bao'an Rongxing Village and Township Bank Co., Ltd., a subsidiary of the Company, for the interbank deposit business.
- (4) the Company had 4 related-party credit transactions with related natural persons, with a total amount of RMB3 million.

2. Ordinary asset transfer transactions with related parties

During the Reporting Period, the Bank had 15 ordinary asset transfer transactions with related parties, with a total amount of RMB694 million, including:

- (1) the Company had a total of 8 ordinary related-party asset transfer transactions with Xiamen Bank Co., Ltd. and Fubon Bank (China) Co., Ltd., related parties of Fubon Life, with a total amount of RMB325 million, including: 5 ordinary related-party asset transfer transactions with Xiamen Bank Co., Ltd., with a total amount of RMB162.8 million, and 3 ordinary related-party asset transfer transactions with Fubon Bank (China) Co., Ltd., with a total amount of RMB162.5 million, for the spot bonds trading business automatically matched and completed through the inter-bank bond secondary market.
- (2) the Company had 6 ordinary related-party asset transfer transactions with Jianghai Securities Co., Ltd., a related party of Harbin Economic Development, with a total amount of RMB317 million, for the spot bonds trading business automatically matched and completed through the inter-bank bond secondary market.
- (3) the Company had 1 ordinary related-party asset transfer transaction with Beijing Baohong Tiancheng Real Estate Development Co., Ltd., with an amount of RMB52 million.

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3. Ordinary service transactions with related parties

During the Reporting Period, the Company had 8 ordinary related-party service transactions, with a total amount of RMB114 million, including:

- (1) 6 related-party service transactions with HBCF, a subsidiary, with a total amount of RMB98 million, including: the Company made five payments for financial technology service fees to HBCF, with a total amount of RMB84 million, and HBCF made one payment for the lease of the Company's real estate in Beijing, with an amount of RMB14 million.
- (2) 1 payment for the lease of the Company's real estate with HB Leasing, a subsidiary, with an amount of RMB6.5 million.
- (3) 1 ordinary related-party service transaction with Harbin Yintong Property Co., Ltd., with an amount of RMB9.3 million.

4. Ordinary deposit and other transactions with related parties

During the Reporting Period, the Company had 238 ordinary deposit and other transactions with related parties, with a total amount of RMB5.467 billion, including:

- (1) 5 deposit transactions with related corporates, with a total amount of RMB1.129 billion.
- (2) 87 deposit transactions with related inter-bank institutions, with a total amount of RMB4.034 billion.
- (3) 144 deposit transactions with related natural persons, with a total amount of RMB114 million.
- (4) 1 other related transaction with Leiyang Rongxing Village and Township Bank Co., Ltd., a subsidiary, with an amount of RMB110 million, representing the capital contribution to the subsidiary by the Company, and 1 other related-party reverse repurchase transaction with Heilongjiang Lindian Rural Commercial Bank Co., Ltd., an inter-bank institution, with an amount of RMB80 million.

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(XIV) Directors and Supervisors

The details of the members of the Board and the Board of Supervisors of the Company as at the end of the Reporting Period and the Latest Practicable Date and their biographies are set out in the section headed “Basic Information on Directors, Supervisors, Senior Management, Employees and Organisations”, which constitutes a part of the Report of the Board of Directors.

(XV) Directors’ and Supervisors’ Interests in Business in Competition with the Bank

None of the Directors and Supervisors of the Company holds any interest required to be disclosed in accordance with Rule 8.10(2) of the Hong Kong Listing Rules in any business which competes or is likely to compete, whether directly or indirectly, with the Bank.

(XVI) Remuneration Policy

Details of the remuneration policy and reward scheme of the Bank are set out in “Basic Information on Directors, Supervisors, Senior Management, Employees and Organisations” – “Employees”.

The details of the remuneration determination policy for the Directors and Supervisors of the Company are set out in “Basic Information on Directors, Supervisors, Senior Management, Employees and Organisations” – “Information on Evaluation and Incentive Scheme and Annual Remuneration for Directors, Supervisors and Senior Management” and notes 11 and 12 to the financial statements.

(XVII) Directors’ and Supervisors’ Service Contracts

During the Reporting Period, the Directors and Supervisors of the Company did not sign any service contracts which were not determinable by the Bank within one year without payment of compensation (other than statutory compensation).

(XVIII) Directors’, Supervisors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or its Associated Corporations

Save as disclosed below, to the knowledge of the Company, as at 31 December 2024, the Directors, Supervisors and chief executive of the Company did not hold any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (as defined in Part XV of the SFO) which were required be registered in the register pursuant to section 352 of the SFO or to be disclosed to the Company and the Hong Kong Stock Exchange as provided by the Model Code:

Name	Position	Nature of Interest	Class of Shares	Number of Shares held (shares)	Percentage of
					Total Number of Shares of the Company (%)
Deng Xinquan	Executive Director	Beneficial owner	Domestic Shares	1,205	0.00001

During the Reporting Period, the Company did not grant any right to subscribe for shares or debentures of the Company or any associated corporations to its Directors, Supervisors and president (including their spouses or children under the age of 18).

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(XIX) Permitted Indemnity Provisions

In 2024, the Company did not have any permitted indemnity provisions once in effect or in effect for the benefit of Directors of the Company (whether entered into by the Company or not) or any directors of associated companies of the Company (if entered into by the Company).

The Company has purchased legal liability insurance for duties performed by Directors and Supervisors, and the relevant applicable laws for such insurance policies are PRC laws.

(XX) Interests of Directors or Supervisors in Transactions, Arrangements or Contracts

For the year ended 31 December 2024, there was no transaction, arrangement and contract of significance to which the Company, its holding company, its subsidiary or a subsidiary of its holding company was a party and in which a Director, Supervisor or any entity connected with any of them has or had at any time during that period, in any way, whether directly or indirectly, a material interest.

(XXI) Corporate Governance

The Bank is committed to maintaining a high level of corporate governance. Details of corporate governance of the Bank are set out in the “Corporate Governance Report” of this report.

(XXII) Auditors

Please refer to the section “Corporate Governance Report” – “External Auditors and Auditors’ Remuneration” for the information on the auditors of the Company.

(XXIII) Assets Pledged as Security

For the details of assets pledged as security of the Group, please refer to 48. ASSETS PLEDGED AS SECURITY of “Notes to the Consolidated Financial Statements”.

(XXIV) Equity-linked Agreements

For the details of equity-linked agreements of the Company, please refer to the section “Important Events” – “IX. Supplementary Information of Other Tier-one Capital and Equity-linked Agreements”.

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XIV. Prospects

Looking ahead to the new year, the external environment remains severe and complex. The risk of a global economic downturn has increased, and the pace of the decline in global inflation has slowed down. In terms of the domestic economy, there are still some difficulties and challenges to be overcome in order to drive the economic recovery and improvement, mainly including insufficiently effective demand, overcapacity in certain industries, weaker social expectations, many potential risks and hidden dangers, blockages in the domestic economic cycle, and an increasing impact of the complexity, severity and uncertainty of the external environment on the domestic economy. The Political Bureau of the CPC Central Committee has set the principal for the economy in 2025. A moderately loose monetary policy has been adopted again after a 14-year interval while implementing a more proactive fiscal policy. It is emphasized that it is necessary to enrich and improve the policy toolbox, strengthen extraordinary counter-cyclical adjustments, and play a “combination punch” of policies. In terms of economic development, while adhering to the principle of seeking progress while maintaining stability, emphasis is placed on promoting stability through progress. Economic development requires adhering to the correct path and innovating, establishing the new before abolishing the old, integrating systems, coordinating and collaborating. The key points are as follows: First, we should vigorously boost consumption, improve the efficiency of investment, and expand domestic demand in all aspects. Second, we should lead the development of new productive forces with innovative quality through scientific and technological innovation and build and improve a modern industrial system. Third, we should expand high-level opening up to the outside world, stabilize foreign trade and foreign investment. In order to ensure the realization of the above goals, it is necessary to give play to the leading role of economic system reform and promote the implementation and effectiveness of characteristic reform measures. It is necessary to effectively prevent and defuse risks in key areas and firmly hold the bottom line of not allowing systemic risks to occur. It is necessary to continuously consolidate and expand the achievements of poverty alleviation, coordinate the promotion of new urbanization and the comprehensive revitalization of rural areas, and promote the integrated development of urban and rural areas; increase the intensity of implementing regional strategies and enhance the vitality of regional development; jointly promote carbon emission reduction, pollution reduction, green expansion and economic growth, and accelerate the comprehensive green transformation of economic and social development; and increase the efforts in ensuring and improving people’s livelihoods and enhance the people’s sense of gain, happiness and security. Taken together, China’s development embraces more favorable conditions than the unfavorable factors. The basic trend of economic recovery and long-term improvement remain unchanged. In the financial field, we should unswervingly walk on the path of financial development with Chinese special characteristics, deeply grasp the political and people-oriented nature of financial work, so as to continually meet the economic and social development and people’s increasing financial needs, and accelerate the construction of a modern financial system with Chinese special characteristics. Management on the foreign exchange market shall be strengthened to maintain the basic stability of the RMB exchange rate at a reasonable and balanced level. In addition, the financing structure shall be optimized to better leverage the pivotal function of the capital market, enliven the capital market and develop diversified equity financing.

By order of the Board
Chairman
Deng Xinquan

Changes in Share Capital and Information on Shareholders

I. Share Capital

The Company was listed on the Hong Kong Stock Exchange on 31 March 2014, upon an issuance of 2,748,700,000 H Shares in total, and on the same date, 274,870,000 Domestic Shares were transferred to the National Council for Social Security Fund of the PRC (全國社會保障基金理事會) and converted into H Shares on a one-for-one basis pursuant to the relevant PRC regulations relating to reduction of state-owned shares. After completion of the issuance, the total share capital of the Company increased to 10,995,599,553 shares. As at the end of the Reporting Period, the Company has a registered capital of RMB10,995,599,553 in total.

II. Statement of Changes in Shares

								Unit: Shares	
		1 January 2024		Increase/decrease during the Reporting Period (+/-)				31 December 2024	
		Number	Percentage	Private placement	New shares issued	Bonus issue	Others	Subtotal	Number Percentage
Domestic Shares									
1. Non-listed shares held by corporations		7,908,966,550	71.93%	-	-	-	-	-	7,908,966,550 71.93%
Including: (1) Shares held by state-owned enterprises		6,886,196,734	62.63%	-	-	-	-	-	6,886,196,734 62.63%
(2) Shares held by private enterprises		1,022,769,816	9.30%	-	-	-	-	-	1,022,769,816 9.30%
2. Non-listed shares held by natural persons		63,063,003	0.57%	-	-	-	-	-	63,063,003 0.57%
H Shares									
3. Overseas listed foreign shares		3,023,570,000	27.50%	-	-	-	-	-	3,023,570,000 27.50%
Total number of shares		10,995,599,553	100%	-	-	-	-	-	10,995,599,553 100%

Note: Non-listed shares held by corporations (Domestic Shares) of the Company were held by 35 state-owned corporate shareholders, including Harbin Economic Development, Heilongjiang Financial Holdings, Harbin Hadong Investment Co., Ltd. (哈爾濱市哈東投資有限責任公司), and Harbin Industrial Investment Group Co., Ltd. (哈爾濱工業投資集團有限公司), etc.

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III. Shareholdings of Shareholders

As at the end of the Reporting Period, the total number of the shares of the Company was 10,995,599,553 shares, comprising 7,972,029,553 Domestic Shares and 3,023,570,000 overseas listed H Shares.

Shareholdings of Top 10 Shareholders of the Company as at the end of the Reporting Period

Name of shareholder	Nature of shareholder	Number of shares held (Shares)	Shareholding percentage (%) ²	Number of shares pledged or frozen	Type of shares
1 Harbin Economic Development and Investment Company	State-owned	3,257,943,986	29.63%	–	Non overseas-listed shares
2 Heilongjiang Financial Holdings Group Co., Ltd.	State-owned	2,036,215,535	18.52%	–	Non overseas-listed shares
3 Fubon Life Insurance Company Limited	Foreign investment	725,712,000	6.60%	–	H Shares
4 Huaxia Life Insurance Co., Ltd.	Private enterprise	440,699,000	4.01%	–	H Shares
5 Harbin Heli Investment Holding Co., Ltd.	State-owned	397,000,000	3.61%	–	Non overseas-listed shares
6 Finance Bureau of Daoli District, Harbin	State-owned	386,025,859	3.51%	–	Non overseas-listed shares
7 Finance Bureau of Nangang District, Harbin	State-owned	378,941,968	3.45%	–	Non overseas-listed shares
8 Harbin High-tech Industrial Development Zone Infrastructure Development and Construction Co., Ltd. (哈爾濱高新技術產業開發區基礎設施開發建設有限公司) ¹	State-owned	301,315,846	2.74%	–	Non overseas-listed shares
9 CC HB Investment, L.P.	Foreign investment	284,212,000	2.58%	–	H Shares
10 Beijing Xinrun Investment Co., Ltd. (北京新潤投資有限公司)	Private enterprise	255,418,587	2.32%	–	Non overseas-listed shares

Notes:

1. Harbin High-tech Industrial Development Zone Infrastructure Development and Construction Co., Ltd., a shareholder of the Company, and Harbin Science and Technology Innovation Investment Co., Ltd. are related with each other. Harbin Science and Technology Innovation Investment Co., Ltd. held 96,220,000 shares of the Company, with aggregate shareholding of 397,535,846 shares, representing 3.62% of total shareholding.
2. The above shareholding percentage of non overseas-listed shares and H Shares as at the end of the Reporting Period is calculated based on the total share capital of the Company, being 10,995,599,553 shares.

Changes in Share Capital and Information on Shareholders

Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares of the Company

As at 31 December 2024, according to the disclosure of interest information as shown on the website of the Hong Kong Stock Exchange, the interests or short positions of the following persons (excluding the Directors, Supervisors and the chief executive of the Bank) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Domestic Shares

Name of shareholder	Capacity	Number of Domestic Shares held (long position)	Percentage of issued Domestic Share capital of the Company	Percentage of total issued share capital of the Company
Harbin Municipal People's Government State-owned Assets Supervision and Administration Commission ¹	Interest of controlled corporation	3,258,338,652	40.87%	29.63%
Harbin Investment Group Corporation Limited ¹	Interest of controlled corporation	3,258,338,652	40.87%	29.63%
Harbin Economic Development and Investment Company ¹	Beneficial owner	3,257,943,986	40.87%	29.63%
Department of Finance of Heilongjiang Province of the People's Republic of China ²	Interest of controlled corporation	2,041,132,253	25.60%	18.56%
Heilongjiang Financial Holdings Group Co., Ltd. ²	Beneficial owner	2,036,215,535	25.54%	18.52%
	Interest of controlled corporation	4,300,000	0.05%	0.04%
	Interest of controlled corporation	616,718	0.008%	0.006%

Notes:

1. Harbin Investment Group Corporation Limited (哈爾濱投資集團有限責任公司) indirectly holds a total of 3,258,338,652 Domestic Shares of the Company through its controlled corporations, including (1) Harbin Economic Development, its wholly-owned subsidiary, which holds 3,257,943,986 Domestic Shares of the Company; and (2) Harbin Property Financing Guarantee Co., Ltd. (哈爾濱市房屋置業融資擔保有限責任公司), its wholly-owned subsidiary, which holds 394,666 Domestic Shares of the Company. Harbin Investment Group Corporation Limited (哈爾濱投資集團有限責任公司) is owned as to 90% and 10% by the Harbin Municipal People's Government State-owned Assets Supervision and Administration Commission (哈爾濱市人民政府國有資產監督管理委員會) and the Heilongjiang Provincial People's Government State-owned Assets Supervision and Administration Commission (黑龍江省人民政府國有資產監督管理委員會), respectively. According to the SFO, each of the Harbin Municipal People's Government State-owned Assets Supervision and Administration Commission and Harbin Investment Group Corporation Limited are deemed to be interested in the 3,258,338,652 Domestic Shares held by Harbin Economic Development. Harbin Economic Development was established on 22 August 1992 with a registered capital of RMB2,307,522,010, and Ren Yi (任毅) being the legal representative. The business scope of Harbin Economic Development is to make financial investments in areas like fixed-assets to municipally owned enterprises and to receive dividends in return (business subject to approval by law shall be conducted upon approval by competent authorities).

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- Heilongjiang Financial Holdings directly holds 2,036,215,535 Domestic Shares of the Company and indirectly holds 4,300,000 and 616,718 Domestic Shares of the Company through its indirectly controlled entity, namely Harbin Dazheng Microcredit Co., Ltd. (哈爾濱市大正小額貸款有限責任公司), and Heilongjiang Dazheng Investment Group Co., Ltd. (黑龍江省大正投資集團有限責任公司), respectively. According to the SFO, Heilongjiang Financial Holdings is deemed to be interested in a total of 2,041,132,253 Domestic Shares. In addition, Heilongjiang Financial Holdings is wholly owned by the Department of Finance of Heilongjiang Province (黑龍江省財政廳). According to the SFO, the Department of Finance of Heilongjiang Province is also deemed to be interested in such 2,041,132,253 Domestic Shares. Heilongjiang Financial Holdings was established on 18 January 2019 with a registered capital of RMB10,315,660,690 and Lang Shufeng (郎樹峰) being the legal representative. The business scope of Heilongjiang Financial Holdings is investment and asset management and capital investment services; non-public offering of securities investment funds; holding company services; and financial information services (business subject to approval by law shall be conducted upon approval by competent authorities).

H Shares

Name of shareholder	Capacity	Number of H Shares held (long position)	Percentage of issued H Share capital of the Company	Percentage of total issued share capital of the Company
Fubon Financial Holding Co., Ltd. ¹	Interest of controlled corporation	725,712,000	24.00%	6.60%
Huaxia Life Insurance Co., Ltd.	Beneficial owner	440,699,000	14.58%	4.01%
CITIC Capital Holdings Limited ²	Interest of controlled corporation	284,212,000	9.40%	2.58%

Notes:

- Fubon Financial Holding Co., Ltd. held the interests in 725,712,000 H Shares of the Company through its 100% owned corporation Fubon Life Insurance Co., Ltd. which was established in March 2006 with a paid-up capital of TWD118,420,450,000 and Lin Fuxing (林福星) being the legal representative. The business scope of Fubon Life Insurance Co., Ltd. is personal insurance related operations, such as life insurance, injury insurance, health insurance and annuity insurance. Fubon Life Insurance Co., Ltd. held 18% equity interest in CITIC Capital Holdings Limited and nominated directors. Pursuant to PRC laws and regulations and as determined by the competent regulatory authorities, the two companies are therefore parties related to each other. Due to reasons including different requirements under the laws of Taiwan and Mainland China, Fubon Life Insurance Co., Ltd. is unable to issue a capital supplement undertaking to the Company. As of the Latest Practicable Date, its shareholder's qualifications have yet to be approved.
- CITIC Capital Holdings Limited held the interests in the relevant number of shares through a series of controlled corporations. Pursuant to requirements of regulatory authorities, CC HB Investment, L.P. (an indirect subsidiary of CITIC Capital Holdings Limited) was undergoing the approval procedures for shareholder's qualification with Fubon Life Insurance Co., Ltd. As of the Latest Practicable Date, its shareholder's qualifications have yet to be approved.

Save as disclosed above, to the knowledge of the Directors, none of other persons (excluding the Directors, Supervisors and the chief executive of the Bank) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO as at 31 December 2024.

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IV. Substantial Shareholders of the Company under the Hong Kong Listing Rules

As at the end of the Reporting Period, details of the direct substantial shareholders of the Company (holding 10% or more of the shares of the Company) under the Hong Kong Listing Rules are as follows:

- (I) As at 31 December 2024, Harbin Economic Development, the largest shareholder of the Company, directly held 29.63% of the total issued shares of the Company. According to the Business License (Unified Social Credit Code: 91230100424004064C) issued by the Market Supervision and Administration Bureau of Harbin on 3 February 2023, and the Articles of Association of Harbin Economic Development and Investment Company, Harbin Economic Development is a validly subsisting entity with limited liability (sole proprietorship invested or controlled by a non-natural person). Harbin Economic Development is owned as to 100% by Harbin Investment Group Corporation Limited, which in turn is owned as to 90% and 10% by the Harbin Municipal People's Government State-owned Assets Supervision and Administration Commission and the Heilongjiang Provincial People's Government State-owned Assets Supervision and Administration Commission, respectively.
- (II) As at 31 December 2024, Heilongjiang Financial Holdings directly held 18.52% of the total issued shares of the Company. According to the Business License (Unified Social Credit Code: 91230100MA1BF51Q38) issued by the Market Supervision and Administration Bureau of Harbin on 13 September 2024 and the Articles of Association of Heilongjiang Financial Holdings Group Co., Ltd., Heilongjiang Financial Holdings is a validly subsisting entity with limited liability (wholly state-owned). Heilongjiang Financial Holdings is wholly owned by the Department of Finance of Heilongjiang Province.

V. Details of Pledged and Frozen Shares Held by Shareholders with Shareholding of 5% or More in the Company

As at 31 December 2024, no shares held by any shareholder with shareholding of 5% or more of the Company were pledged or judicially frozen.

VI. Controlling Shareholders and Actual Controllers

The Company does not have a controlling shareholder or actual controller.

VII. Shareholders with Shareholding of 5% or More of the Company

Please see "III. Shareholdings of Shareholders" above for the particulars of shareholders with shareholding of 5% or more of the Company as at 31 December 2024.

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VIII. Purchase, Sale or Redemption of Listed Securities of the Company

Save as disclosed in the section headed “Important Events” – “Issuance of Debt Securities” in this report, the Company or any of its subsidiaries did not purchase, sell or redeem any listed securities of the Company (including sale of treasury shares (if any)) during the Reporting Period.

IX. Directors and Supervisors Nominated by the Shareholders of the Company

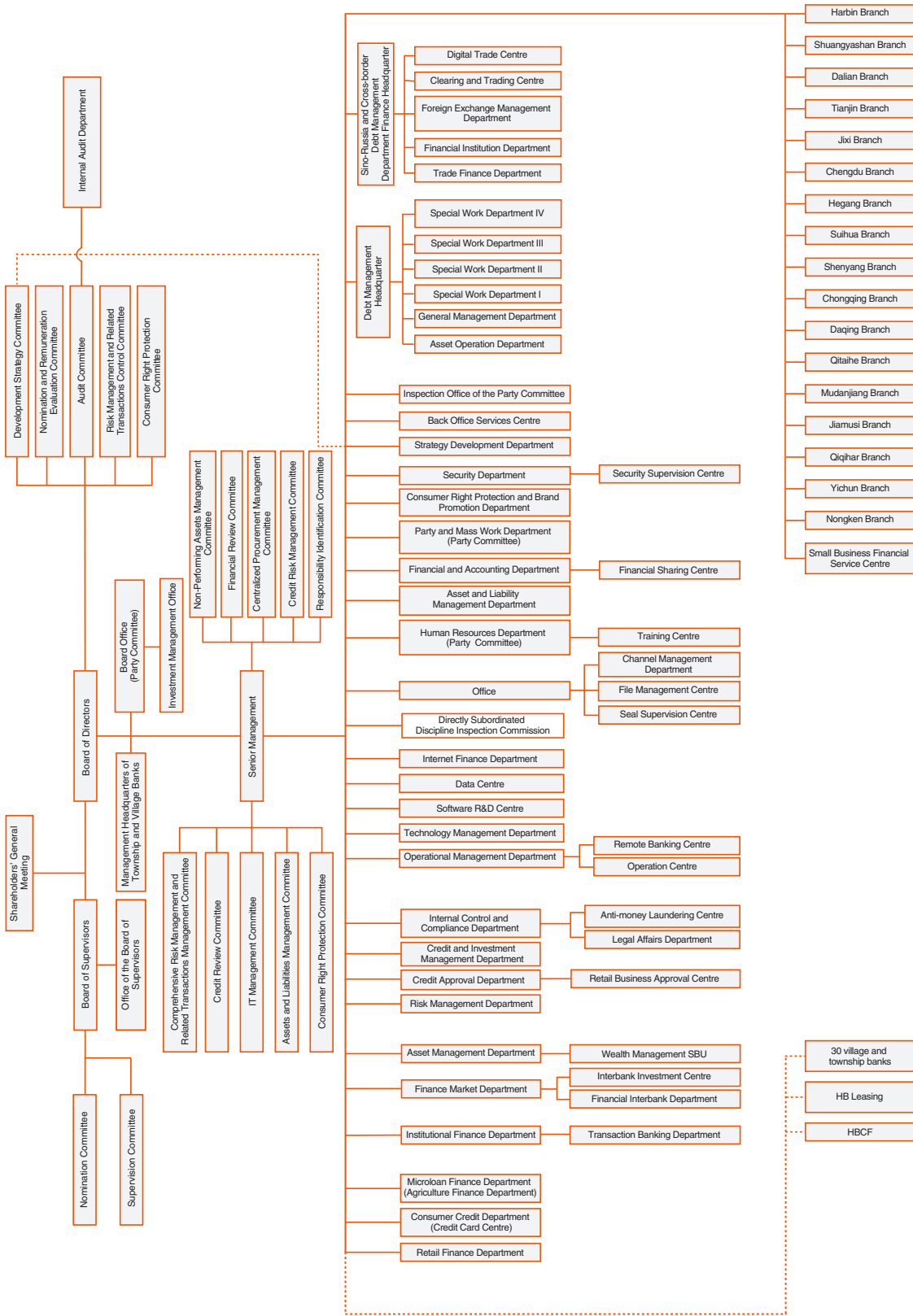
Name of shareholder	Director nominated	Supervisor nominated
Harbin Economic Development and Investment Company	Zhao Hongbo, Zhang Xianjun	–
Heilongjiang Financial Holdings Group Co., Ltd.	Liu Peiwei, Cheng Shuai	–
Harbin High-tech Industrial Development Zone Infrastructure Development and Construction Co., Ltd.	–	Chen Wei

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I. Organisation Chart of Corporate Governance

Organisation Chart of Harbin Bank



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II. Corporate Governance Overview

Sound corporate governance is the essential responsibility of the Board of Directors of the Company. In 2024, the Bank strictly complied with relevant overseas listing regulatory requirements, and strove to improve the Bank's corporate governance mechanisms and enhance its corporate governance. The Bank has adopted the Corporate Governance Code in Appendix C1 of the Hong Kong Listing Rules and the requirements of the PRC commercial bank administrative measures and relevant corporate governance requirements, and has established a sound corporate governance system. Currently, the primary corporate governance documents of the Company include: the Articles of Association, the Rules of Procedure for the Shareholders' General Meeting, the Rules of Procedure for the Board of Directors' Meetings, the Rules of Procedure for the Board of Supervisors' Meetings, the Working Rules for the Independent Directors, the Terms of Reference of the Development Strategy Committee of the Board of Directors, the Terms of Reference of the Risk Management and Related Transactions Control Committee of the Board of Directors, the Terms of Reference of the Audit Committee of the Board of Directors, the Terms of Reference of the Nomination and Remuneration Evaluation Committee of the Board of Directors, the Terms of Reference of the Consumer Rights Protection Committee of the Board of Directors, the Terms of Reference of the President, the Administrative Measures for Shareholding, the Administrative Measures for Related Transactions, the Information Disclosure Administrative Measures, etc. The Board believes that during the period from 1 January 2024 to 31 December 2024, the Company had complied with the requirements of the code provisions of Part 2 of the Corporate Governance Code in Appendix C1 to the Hong Kong Listing Rules.

The shareholders' general meeting is the organ of power of the Company which exercises the following functions and powers within the scope stipulated by laws, regulations and the provisions of the Articles of Association:

- (1) Determining the Company's business policies and investment plans;
- (2) Electing and replacing directors, and determining matters concerning remunerations to directors;
- (3) Electing and replacing the supervisors not appointed from employee representatives, and determining remunerations to supervisors;
- (4) Examining and approving reports of the Board of Directors;
- (5) Examining and approving reports of the Board of Supervisors;
- (6) Examining and approving the Company's annual financial budget and final account proposals;
- (7) Examining and approving the Company's profit distribution plans and losses making up plans;
- (8) Adopting resolutions concerning the increase or decrease of the Company's registered capital;

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- (9) Adopting resolutions on issuing bonds of the Company;
- (10) Adopting resolutions on the listing of the Company;
- (11) Make resolution on merger, division, dissolution and liquidation or form change of the Company;
- (12) Adopting resolutions on the acquisition of the Company's shares that shall be submitted to the shareholders' general meeting in accordance with the law and provisions of the securities regulatory authority of the place in which the Company's shares are listed;
- (13) Modifying the Articles of Association;
- (14) Adopting resolution on engagement, dismissing or discontinuing the appointment of an accounting firm which offers regular legal audits on the financial reports of the Company;
- (15) Examining fixed assets investments, external guarantees, external investments, and affiliated/connected transaction matters which should be submitted to the shareholders' general meeting for examination in accordance with the relevant laws, administrative regulations, departmental regulations, provisions of the securities regulators where the Company's stocks are listed for trading as well as the Articles of Association and other internal system rules;
- (16) Examining temporary proposals put forward by the shareholders who hold more than 3% of the total voting shares of the Company individually or jointly;
- (17) Examining and approving changes in use of the raised capital;
- (18) Examining and approving equity incentive plans and schemes;
- (19) Examining and approving the rules of procedures of the shareholders' general meetings, Board meetings and Supervisors' meetings;
- (20) Examining other matters which shall be decided by the shareholders' general meeting according to the laws, administrative regulations, departmental rules, securities regulatory body where the Company's stocks are listed for trading, the Articles of Association, and the Company's other internal rules. The powers of the shareholders' general meeting stipulated in the Company Law and the Articles of Association shall not be granted to the Board of Directors, other institutions or individuals.

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In 2024, the shareholders' general meetings of the Company passed the following resolutions relating to corporate governance of the Company:

At the 2023 annual general meeting convened by the Company at Harbin Bank Headquarters Building, No. 888 Shangjiang Street, Daoli District, Harbin on 31 May 2024, 8 proposals namely the Proposal on the 2023 Work Report of the Board of Directors of Harbin Bank Co., Ltd., the Proposal on the 2023 Work Report of the Board of Supervisors of Harbin Bank Co., Ltd., the Proposal on the 2023 Final Financial Accounts, the Proposal on the 2024 Financial Budgets, the Proposal on the 2023 Profit Distribution Plan, the Proposal on the 2023 Annual Report, the Proposal on the Appointment of Auditors for 2024, and the Proposal on the 2023 Report on the Management of Related Transactions of Harbin Bank Co., Ltd. were considered and approved. All the Directors of the Company have attended such general meeting.

The Report on the Assessment of Major Shareholders (Substantial Shareholders) of Harbin Bank for 2023 and the 2023 Appraisal of Duty Performance of Directors, Supervisors and Senior Management by the Board of Supervisors were presented at the 2023 annual general meeting.

At the 2024 first extraordinary general meeting convened by the Company at Harbin Bank Headquarters Building, No. 888 Shangjiang Street, Daoli District, Harbin on 12 July 2024, 2 proposals namely the Proposal on the Election of Directors of the Ninth Session of the Board and the Proposal on the Election of the External Supervisors and Shareholder Representative Supervisor of the Ninth Session of the Board of Supervisors were considered and approved. All the Directors of the Company have attended such general meeting.

At the 2024 second extraordinary general meeting convened by the Company at Harbin Bank Headquarters Building, No. 888 Shangjiang Street, Daoli District, Harbin on 26 August 2024, 5 proposals namely the Proposal on Absorption and Merger of Ning'an Rongxing Village and Township Bank Co., Ltd. and Its Conversion to a Sub-branch, the Proposal on Absorption and Merger of Baiquan Rongxing Village and Township Bank Co., Ltd. and Its Conversion to a Sub-branch, the Proposal on Absorption and Merger of Huanan Rongxing Village and Township Bank Co., Ltd. and Its Conversion to a Sub-branch, the Proposal on Absorption and Merger of Chongqing Youyang Rongxing Village and Township Bank Co., Ltd. and Its Conversion to a Sub-branch, and Proposal on Matters on Authorizing the Board to Carry Out the Reform and Reorganization of Village and Township Banks were considered and approved. All the Directors of the Company have attended such general meeting.

In 2024, the Company organised and held 94 important meetings in total of all kinds (such as general meetings, meetings of the Board and its special committees, and meetings of the Board of Supervisors and its special committees), including 3 general meetings, 21 meetings of the Board, 48 meetings of the special committees of the Board, 10 meetings of the Board of Supervisors and 12 meetings of the special committees of the Board of Supervisors. At the meetings, the Company considered and approved 419 major proposals and reports, including: the Work Report of the Board of Directors, the Work Report of the Board of Supervisors, the Work Report of the President, the Financial Budgets, the Final Financial Accounts, the Profit Distribution Plan, the Performance Evaluation Index of Senior Management, the Operation Plan, the Report on the Implementation of Related Transactions, the Risk Management Report, the Institutional Development Plan, etc.

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During the Reporting Period, the Board of the Company conducted an annual evaluation of the senior management approved to be appointed in accordance with the requirements of the Administrative Measures on the Performance Evaluation of Senior Management, and applied the performance evaluation results in the remuneration distribution and terms of employment of the evaluated targets so as to provide incentives for the continuous improvement of duty performance of the senior management of the Company and to systematise, standardise and normalise the evaluation mechanism on the performance of the senior management by the Board.

According to the requirements of the Evaluation Method on Duty Performance of Directors of the Company, the Board of Supervisors of the Company conducted an annual evaluation of duty performance of the Directors in order to promote careful, earnest and diligent duty performance and self-discipline of the Directors.

The Company continued to deepen the development of its internal control system by establishing, optimising and implementing various rules and regulations of internal control. A good internal control culture was developed and the management and control mode of all business lines and business of various regions was refined through systematic publicity and education. Various internal control targets were achieved through various effective measures such as division of responsibilities, lines of reporting, incentive and restraint, etc.

III. Board of Directors

The Board of the Company holds at least 4 regular meetings every year. The notices and materials of the meetings should be sent to each Director at least 14 days and 3 working days before the relevant meeting is convened, respectively, in accordance with the relevant corporate governance requirements under the Hong Kong Listing Rules and the Articles of Association. Each Director may put forward proposals to be added to the agenda of the Board meetings. The detailed minutes of the meetings of the Board will be provided to all attending Directors after the meeting for their review, giving opinions and then signed by all Directors for confirmation. A good communication and report mechanism has been established among the Board, the Directors and senior management of the Company. The senior management provides sufficient information to the Board and its special committees in due course for their decision-making. The senior management conducts business and management activities within the scope of authorisation by the Articles of Association and the Board. All Directors may seek independent professional opinions with the cost paid by the Company. The President of the Company regularly reports to the Board and is subject to the supervision of the Board. Relevant senior management personnel may be invited to attend the meetings of the Board and its special committees from time to time for explanation or answering inquiries. In the Board meetings, all Directors can present their opinions freely, and decisions on important matters should be made after detailed discussion.

As the administrative body of the Board, the Board Office has been established under the Board and is responsible for the preparation of the shareholders' general meetings and the meetings of the Board and each special committees of the Board, information disclosure, investor relationship management and other daily routines.

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As the decision-making body of the Company, the Board is accountable to the shareholders' general meeting and responsible for implementing the resolutions of the shareholders' general meeting. The Board mainly exercises the following functions and powers:

- (1) Convening the shareholders' general meeting, and reporting to the shareholders' general meeting;
- (2) Implementing the resolutions of the shareholders' general meeting; deliberating and approving the external investment, asset acquisition, asset disposal and cancellation, asset mortgage, related party/connected transaction and data governance of the Company within the scope authorized by the shareholders' general meeting of the Company in accordance with laws, regulations and regulatory requirements;
- (3) Deciding on operation plans of the Company, formulating scientific, reasonable and stable development strategy of the Company and supervising the implementation thereof, determining the market positioning and development objective, and reflecting the differentiation and specialization;
- (4) Formulating the risk tolerance level, risk management and internal control policies of the Company, and bearing the ultimate liability for the comprehensive risk management;
- (5) Continuing to focus on the internal control of the Company, formulating good internal control culture and carrying out regular research and evaluation on the robustness, rationality and effectiveness of the internal control;
- (6) Bearing ultimate liability for the establishment, operation and maintenance of the internal audit system, and the independence and effectiveness of internal audit;
- (7) Formulating annual financial budgets and final account plan of the Company;
- (8) Formulating profit distribution plans and loss make-up plans of the Company;
- (9) Formulating proposals on the increase or decrease of registered capital, the issuance of bonds or other securities and the listing of the Company;

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- (10) Formulating capital plans and bearing the ultimate responsibility of capital management;
- (11) Formulating proposals on major acquisitions of the Company, acquisitions of the shares of the Company or merger, division, dissolution and change of the corporate form;
- (12) Regularly evaluating and improving the Company's corporate governance, and protecting the legitimate rights and interests of financial consumers and other stakeholders;
- (13) Determining arrangement plans for the Company's internal management agencies;
- (14) Appointing or removing the president or board secretary of the Company, according to the nomination of the chairman of the Board; appointing or removing senior management such as the vice-president, assistant president and financial controller, according to the nomination of the president;
- (15) Establishing and implementing the responsibility performance accountability system of the senior management, supervising the effective performance of responsibilities by the senior management, deciding on remuneration and disciplinary matters of senior management personnel and specifying the specific way for accountability of malfunction and improper performance of responsibilities;
- (16) Validating work rules for the president, listening to the work reports by the president of the Company, and inspecting the work of the president;
- (17) Formulating the amendment plan for the Articles of Association, formulating the rules of procedures for the shareholders' general meetings and the Board of Directors, and deliberating and approving the working rules of the Special Committees of the Board of Directors;
- (18) Proposing appointment or dismissal of an accounting firm which will provide regular and legal audits on the financial reports of the Company to the shareholders' general meeting;
- (19) Being responsible for determining the green credit development strategy, deliberating and approving the green credit targets formulated by the senior management and the submitted green credit report, supervising and evaluating the implementation of the Company's green credit development strategy;

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- (20) Establishing mechanism for the identification, investigation and management of the conflict of interests between the Company and shareholders, especially major shareholders; bearing the ultimate liability for the management of shareholders' affairs;
- (21) Developing and reviewing the Company's policies and practices on corporate governance;
- (22) Reviewing and monitoring the training and continuous professional development of Directors and senior management;
- (23) Reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- (24) Developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors;
- (25) Verifying the Company's compliance with the Corporate Governance Code specified in the Hong Kong Listing Rules and the information disclosed in the Corporate Governance Report;
- (26) In charge of the information disclosure matters of the Company and bearing the ultimate liability of authenticity, accuracy, completeness and promptness of the Company's accounting and financial report;
- (27) Other functions and powers granted by laws, administrative regulations, department rules or the Articles of Association of the Company.

The Company has multiple mechanisms in place to ensure independent views and inputs are available to the Board, including but not limited to reviewing the structure of the Board to ensure that the composition of executive and non-executive Directors (including independent non-executive Directors) is balanced and ensures that there is a strong independent element on the Board. Independent non-executive Directors of the Company should be of sufficient professional experience for their views to carry weight. All Directors (including independent non-executive Directors) are given opportunities to include matters in the agenda for regular Board meetings. Upon a reasonable request of any Director, the Board will ensure that independent third-party professional bodies are engaged to provide advice, at the Company's expense, to assist such Director(s) or the Board in performing duties to the Company. At each Board meeting, the chairperson of the meeting shall ask the attending Directors for their definite opinions on each of the resolutions, and the Directors shall carefully read documents relating to the meeting and shall express well-informed, independent and discreet opinions. During the Reporting Period, the Board reviewed the implementation of above mechanisms and considered it to be effective.

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IV. Board Members

As at the Latest Practicable Date, the Board of the Company consisted of 10 Directors, including 2 executive Directors (Mr. Deng Xinquan and Mr. Yao Chunhe), 4 non-executive Directors (Mr. Zhao Hongbo, Mr. Zhang Xianjun, Mr. Liu Peiwei and Mr. Cheng Shuai), 4 independent non-executive Directors (Mr. Hou Bojian, Mr. Jin Qinglu, Mr. Chen Ming and Ms. Leung Sau Fan, Sylvia). The 2 executive Directors have worked in the areas of banking and management for a long time and possess extensive bank management experience and professional expertise, the 4 non-executive Directors are all nominated by shareholders and have working experience in the fields of management, finance and accounting; the 4 independent non-executive Directors are experts in economics, finance, accounting and legal fields, 2 of whom are from Hong Kong, and with extensive experience in areas such as auditing, finance, management consulting, as well as corporate governance, risk control and management of the banking industry. For details of the changes, biographies and terms of office of the members of the Board, please refer to the section headed “Basic Information on Directors, Supervisors, Senior Management, Employees and Organisations” in this report.

V. Board Diversity Policy

The Company understands and recognizes the importance of Board diversity and considers it a major factor to ensure that the Company can enhance its corporate governance standards and achieve sustainable development. The Company has developed the Policy of Harbin Bank Co., Ltd. on Board Diversity, pursuant to which the Company should take into account board diversity from various aspects, including gender, age, nationality, education background, professional qualifications, industry experience and other factors when designing the composition of the Board of Directors. When selecting and appointing members of the Board of Directors, the Company should take into full account the diversity characteristics of relevant candidates; evaluate their talents, skills, experience and background comprehensively; and assess their potential contributions to the Bank objectively, thereby making sure the Board of Directors has diverse views and perspectives when discharging its duties by having the best combination of members in line with the Company’s development strategy.

The Company’s main policy for selecting Board members is to actively consider the benefits of diversity to appoint the most appropriate candidates. Selection of Board members shall be based on a range of diversified areas, taking into account the skills, experience, independence, knowledge of the Bank’s business, a combination of various factors (including gender and age) and other factors related to the operation efficiency of the Board. The Nomination and Remuneration Evaluation Committee of the Board shall review this policy in due course to ensure its effectiveness. The Nomination and Remuneration Evaluation Committee shall discuss on the necessity for amendments to be made on the policy, make amendment proposals to the Board and submit them to the Board for consideration and approval. During the Reporting Period, the Board has reviewed the implementation of such policy.

The Board of Directors of the Company currently has one female Director, which achieves the target for gender diversity of the Board of Directors. For details of employee diversity of the Company, please refer to “Employees” in Chapter “Basic Information on Directors, Supervisors, Senior Management, Employees and Organisations”.

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VI. Change in the Composition of the Board during the Reporting Period

The proposal on the election of Directors of the Ninth Session of the Board was considered and approved at the 2024 first extraordinary general meeting of the Company held on 12 July 2024, among other, Mr. Liu Peiwei and Mr. Cheng Shuai were newly appointed as non-executive Directors of the Company, and Mr. Chen Ming and Ms. Leung Sau Fan, Sylvia were newly appointed as independent non-executive Directors of the Company. During the Reporting Period, their qualifications have been approved by the Heilongjiang Office of the National Financial Regulatory Administration, with effect from 12 December 2024. The Proposal on the Resignation of Mr. Deng Xinquan from the Positions of Executive Director, Chairman, and other Roles, and the Proposal on the Election of Mr. Yao Chunhe as Chairman were considered and approved at the twelfth interim meeting of the Board in 2024 of the Company held on 6 November 2024. As Mr. Deng Xinquan is approaching retirement age, he has tendered his resignation as an executive Director, the chairman of the Ninth Session of the Board and the chairman of the Development Strategy Committee of the Board, and the Board has consented to the election of Mr. Yao Chunhe as the chairman of the Board. Mr. Deng Xinquan will continue to perform the duties of executive Director, the chairman of the Ninth Session of the Board and the chairman of the Development Strategy Committee of the Board, until Mr. Yao Chunhe's qualification of chairman is approved. The Proposal on Change of a Candidate for Non-executive Director of the Ninth Session of the Board was considered and approved at the 2025 first extraordinary general meeting of the Company held on 17 January 2025, and Mr. Jia Haining was newly appointed as a non-executive Director of the Company. His qualification is subject to approval by the Heilongjiang Office of the National Financial Regulatory Administration. Pending the approval of Mr. Jia Haining's qualification of the position, Mr. Zhao Hongbo, the former non-executive Director of the Company, will continue to perform his duties as a Director. During the Reporting Period, Mr. Yu Hong and Mr. Lang Shufeng, former non-executive Directors of the Company, and Mr. Sun Yan and Mr. Zhang Zheng, former independent non-executive Directors of the Company ceased to act on expiry of their terms.

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VII. Chairman and President

The roles and works of the chairman of the Board and president of the Company are taken by different individuals. There is a clear division of their responsibilities in compliance with the recommendation of the Hong Kong Listing Rules.

Mr. Deng Xinquan, as the chairman of the Board of the Company, is mainly in charge of chairing shareholders' general meetings, convening and chairing the Board meetings, supervising and examining the implementation of the resolutions of the Board, proposing to the Board candidates of the special committees, the president and secretary to the Board of the Company, signing important documents of the Board and other documents which shall be signed by the legal representative of the Company, encouraging different constructive opinions from Directors and facilitating effective contribution by non-executive Directors.

Mr. Yao Chunhe, as the president of the Company, is mainly in charge of the management of daily operation and the implementation of relevant resolutions and operation plans of the Board.

VIII. Duties of Directors

During the Reporting Period, all Directors of the Company carefully, earnestly and diligently exercised the rights granted by the Company and regulatory authorities, and devoted enough time and energy to handle the matters of the Company. During the Reporting Period, in terms of on-site Board meetings, Mr. Deng Xinquan had an attendance of 95.24%, Mr. Yao Chunhe had an attendance of 95.24%, Mr. Lang Shufeng had an attendance of 89.47%; and the attendance of all other Directors was 100%.

The independent non-executive Directors of the Company gave their professional advice on the proposals considered by the Board, such as the profit distribution plan, significant related transactions, engagement of senior management and engagement of accounting firm. In addition, the independent non-executive Directors of the Company also gave full play to their professional expertise in the special committees of the Board, and put forward professional and independent opinions on the corporate governance and operation management of the Company.

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During the Reporting Period, the Board of Supervisors of the Company conducted annual evaluation of the performance of duties of the Directors, and reported the results of the evaluation to the shareholders' general meeting.

The Directors are responsible for monitoring the preparation of financial statements of every accounting year to ensure a true and fair view of the Group's business condition, results and cash flows in the corresponding accounting period. While preparing for the financial statements for the year ended 31 December 2024, the Group has selected and consistently applied appropriate accounting policies and has made reasonable and prudent judgements and estimates. The Directors have acknowledged their responsibility for the preparation of financial statements and the auditor's statement of reporting responsibility for their report is set out in the Independent Auditor's Report on page 178 of this report.

IX. Board Meetings and the Directors' Attendance

During the Reporting Period, the Company held 21 Board meetings to consider and approve major proposals on the appointment of senior management, operation plans, major related transactions, rule amendments and other matters, including 159 important proposals and reports such as the work report of the Board, the work report of the President, the financial budgets, the final financial accounts, the profit distribution plan, the performance evaluation index of senior management, the operation plan, the management and implementation of related transactions.

Meeting	Meeting date	Meeting mode
The 2024 first interim meeting of the Board	18 January 2024	Written circular
The 2024 second interim meeting of the Board	29 February 2024	Written circular
The 2024 third interim meeting of the Board	26 March 2024	Written circular
The 21st meeting of the eighth session of the Board	27 March 2024	On-site conference
The 2024 fourth interim meeting of the Board	22 April 2024	Written circular
The 22nd meeting of the eighth session of the Board	29 April 2024	On-site conference
The 2024 fifth interim meeting of the Board	10 May 2024	Written circular
The 23rd meeting of the eighth session of the Board	31 May 2024	On-site conference
The 2024 sixth interim meeting of the Board	18 June 2024	On-site conference
The 2024 seventh interim meeting of the Board	24 June 2024	Written circular
The 2024 eighth interim meeting of the Board	28 June 2024	Written circular
The 1st meeting of the ninth session of the Board	12 July 2024	On-site conference
The 2024 ninth interim meeting of the Board	01 August 2024	Written circular
The 2024 tenth interim meeting of the Board	19 August 2024	Written circular
The 2nd meeting of the ninth session of the Board	26 August 2024	On-site conference
The 2024 eleventh interim meeting of the Board	25 September 2024	Written circular
The 2024 twelfth interim meeting of the Board	06 November 2024	On-site conference
The 2024 thirteenth interim meeting of the Board	28 November 2024	On-site conference
The 2024 fourteenth interim meeting of the Board	09 December 2024	Written circular
The 2024 fifteenth interim meeting of the Board	21 December 2024	Written circular
The 3rd meeting of the ninth session of the Board	30 December 2024	On-site conference

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The attendance of each Director in the Board meetings and general meetings in 2024 is set out below:

Board members	Number of Board meetings requiring attendance	Number of Board meetings attended in person	Number of Board meetings attended by proxy	Attendance rate of Board meetings ^(note)	Number of general meetings attended/ requiring attendance
Deng Xinquan	21	20	1	95.24%	3/3
Yao Chunhe	21	20	1	95.24%	3/3
Zhao Hongbo	21	21	0	100%	3/3
Zhang Xianjun	21	21	0	100%	3/3
Yu Hong (ceased to act on 12 July 2024)	11	11	0	100%	2/2
Lang Shufeng (ceased to act on 12 December 2024)	19	17	2	89.47%	3/3
Sun Yan (ceased to act on 12 December 2024)	19	19	0	100%	3/3
Zhang Zheng (ceased to act on 12 December 2024)	19	19	0	100%	3/3
Hou Bojian	21	21	0	100%	3/3
Jin Qinglu	21	21	0	100%	3/3
Liu Peiwei (newly appointed on 12 December 2024)	2	2	0	100%	0/0
Cheng Shuai (newly appointed on 12 December 2024)	2	2	0	100%	0/0
Chen Ming (newly appointed on 12 December 2024)	2	2	0	100%	0/0
Leung Sau Fan, Sylvia (newly appointed on 12 December 2024)	2	2	0	100%	0/0

Note: During the Reporting Period, attendance by proxy was not counted as attendance.

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X. Duty Performance of Independent Non-Executive Directors

The Board of the Company is currently composed of 4 independent non-executive Directors, the appointment of whom is in full compliance with the requirements of the NFRA and the Hong Kong Listing Rules regarding the qualification, number and proportion of independent non-executive Directors. During the Reporting Period, the independent non-executive Directors maintained communications with the Bank through meetings, investigations, trainings and other approaches. They actively expressed independent, objective and professional opinions at the Board meetings and the meetings of the special committees under the Board, attached importance to safeguarding minority shareholders' interests, thus played a full role as independent non-executive Directors.

The Company has received independence confirmation letters from all the independent non-executive Directors, based on which, the Company is of the view that all the independent non-executive Directors have been independent from 1 January 2024 to the Latest Practicable Date.

XI. Special Committees of the Board

The Board of the Company has 5 special committees, including the Audit Committee, Nomination and Remuneration Evaluation Committee, Risk Management and Related Transactions Control Committee, Development Strategy Committee, and Consumer Rights Protection Committee. Both the structure and the composition of each special committee comply with the requirements of regulatory authorities and the Articles of Association. Amongst these committees, each of the Nomination and Remuneration Evaluation Committee, Risk Management and Related Transactions Control Committee, Audit Committee and Consumer Rights Protection Committee is chaired by independent non-executive Directors, thus further strengthens the supervision on the Company by independent non-executive Directors.

In 2024, the special committees of the Board of the Company exercised their power in an independent, standardized and effective manner in accordance with the laws. During the Reporting Period, they held 48 meetings, at which 179 major proposals and reports on regular reports, structural adjustment, rule amendments and other matters were studied and considered, which are critical to the sustainable development and corporate governance of the Bank. As a result, the professionalism of discussion procedure of the Board meetings and the work efficiency, and scientific decision-making process of the Board were improved, and fostering the sustainable and healthy development of businesses of the Bank.

Members and terms of reference of the 5 special committees of the Company and their work in 2024 are as follows:

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(I) Audit Committee

The Audit Committee mainly consists of independent non-executive Directors. As at the Latest Practicable Date, its members included independent non-executive Directors, namely Mr. Jin Qinglu (chairman of the committee), Mr. Hou Bojian, Ms. Leung Sau Fan, Sylvia and a non-executive Director, namely Mr. Cheng Shuai.

The major terms of reference of the Audit Committee during the Reporting Period are as follows:

1. Examining the Bank's accounting policies, financial condition and financial reporting procedures;
2. Reviewing the Bank's financial information and its disclosure;
3. Overseeing the Bank's financial reporting process, internal control procedures and their implementation;
4. Monitoring and evaluating the Bank's Internal Audit Department on its adequacy and effectiveness to internal control system;
5. Making recommendations to the Board on the appointment, re-appointment and removal of external auditors, and approving the remunerations and engagement terms of external auditors;
6. Coordinating internal and external audit work of the Bank;
7. Reporting to the Board on corporate governance principle and terms of reference with respect to the Audit Committee in accordance with Appendix C1 to the Hong Kong Listing Rules.

In 2024, the Audit Committee held 10 meetings, at which 53 proposals and reports, including the Proposal on the 2023 Annual Results Announcement and Annual Report, the Proposal on the 2023 Profit Distribution Plan, the Proposal on the 2024 Financial Budgets, the Proposal on the Appointment of Auditors for 2024, the Proposal on the 2023 Internal Control Evaluation Report of Harbin Bank Co., Ltd., the Proposal on Approval of First Half of 2024 Unaudited Interim Financial Statements Prepared according to the International Financial Reporting Standards, and the Proposal on Consideration of 2024 Interim Results Announcement and Interim Report, were considered and approved. In 2024, the Audit Committee listened to the work reports from the Internal Audit Department, continued to deepen the implementation of the internal control system, supervised and guided the audit and examination work, and further improved the internal control system. The Audit Committee also organised the preparation and review of the 2023 annual report and 2024 interim report according to the disclosure requirements on the annual report of regulatory authorities and the disclosure plan of the Audit Committee. During the Reporting Period, the Audit Committee held two meetings with the external auditors, which, in part, were held in the absence of executive Directors and the senior management. On 24 March 2025, the Audit Committee reviewed the audited consolidated financial statements for the year ended 31 December 2024 prepared in accordance with the accounting principles and policies of the Bank. The attendance of each member in the meetings of the Audit Committee in 2024 is as follows:

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Member of Audit Committee	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy	Attendance rate ^(note)
Jin Qinglu	10	10	0	100%
Hou Bojian	10	10	0	100%
Lang Shufeng (ceased to act on 12 December 2024)	8	6	2	75%
Leung Sau Fan, Sylvia (newly appointed on 12 December 2024)	2	2	0	100%
Cheng Shuai (newly appointed on 12 December 2024)	2	2	0	100%

Note: During the Reporting Period, attendance by proxy was not counted as attendance.

(II) Nomination and Remuneration Evaluation Committee

The Nomination and Remuneration Evaluation Committee mainly consists of independent non-executive Directors. As at the Latest Practicable Date, its members included independent non-executive Directors, namely Mr. Chen Ming (chairman of the committee), Mr. Hou Bojian and Ms. Leung Sau Fan, Sylvia, and a non-executive Director, namely Mr. Zhao Hongbo.

The major terms of reference of the Nomination and Remuneration Evaluation Committee during the Reporting Period are as follows:

1. Reviewing the structure, size and composition of the Board (including the skills, knowledge and experience) at least on an annual basis and proposing suggestions on the proposed change of the Board in accordance with company strategy;
2. Determining the conditions of service, criteria and selection procedures for Directors and senior management personnel;
3. Conducting preliminary review on the qualifications and appointment conditions of Directors and senior management personnel and proposing suggestions to the Board;
4. Assessing the independence of independent Directors;
5. Reviewing the Company's remuneration management system and policies, making and implementing the remuneration policies and structure for Directors and senior management of the Company, making recommendations to the Board in relation to building formal and transparent procedures on formulating remuneration policies;

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- 6. Reviewing and approving the remuneration proposals of the management with reference to the enterprise policies and objectives formulated by the Board;
- 7. Making recommendations to the Board on the remuneration and incentives measures and schemes for the senior management;
- 8. Drafting the performance assessment standards for senior management and conducting such performance review, and reporting the results to the Board;
- 9. Checking and deciding the amounts of annual incentive compensation to be distributed to senior management, operating and management personnel and other employees;
- 10. Formulating Board diversity policy.

In 2024, the Nomination and Remuneration Evaluation Committee held 11 meetings. All members strictly performed the obligations under the Terms of Reference for the Nomination and Remuneration Evaluation Committee of the Board and fully completed the work arrangements of the Reporting Period. Major works that were launched are as follows: conducting nomination and change of Directors, performance assessment of Directors and the senior management and remuneration management, etc. During the Reporting Period, 23 proposals and reports including the Proposal on 2023 Implementation Plan of Senior Management Performance Assessment, the Proposal on the Clawing Back of Performance Remuneration by Harbin Bank in 2023, the Proposal on the Evaluation Report on the Performance of the Directors in 2023 Issued by the Board of Directors, the Proposal on the Performance Assessment of Senior Management in 2023, the Proposal on the Nomination of Director Candidates for the Ninth Session of the Board of Directors, the Proposal on the Appraisal Index of Senior Management Individual Performance in 2024, the Proposal on the Resignation of Mr. Deng Xinquan from Positions such as Executive Director and Chairman of the Board, the Proposal on the Recommendation of Mr. Yao Chunhe as Chairman of the Board, the Proposal on the Performance Assessment of Senior Management in the First Half of 2024, the Proposal on the Pre-settlement of the Performance Remuneration of Senior Management in 2023, and the Proposal on the Change of a Candidate for Non-executive Director of the Ninth Session of the Board of Directors and so on, were considered and approved. The attendance of each member in the meetings of the Nomination and Remuneration Evaluation Committee in 2024 is as follows:

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Member of Nomination and Remuneration Evaluation Committee	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy	Attendance rate ^(note)
Sun Yan (ceased to act on 12 December 2024)	11	11	0	100%
Zhang Zheng (ceased to act on 12 December 2024)	11	11	0	100%
Hou Bojian	11	11	0	100%
Zhao Hongbo	11	11	0	100%
Chen Ming (newly appointed on 12 December 2024)	–	–	–	–
Leung Sau Fan, Sylvia (newly appointed on 12 December 2024)	–	–	–	–

Note: During the Reporting Period, attendance by proxy was not counted as attendance.

Nomination policy:

In selecting candidates for the Directors in accordance with the nomination policy and procedure, the Company's Nomination and Remuneration Evaluation Committee shall:

1. Review the structure, size and composition of the Board (including skills, knowledge and experience) on an annual basis and propose suggestions on the proposed change of the Board in accordance with company strategies;
2. Study and review whether the qualifications of Director candidates meet the standards stipulated in domestic and overseas laws and regulations and the Articles of Association;
3. Extensively search for qualified Director candidates;
4. Review the independence of candidates for independent non-executive Directors;
5. Conduct preliminary review on the qualifications and appointment conditions of Director candidates and propose the qualified candidates to the Board for consideration;
6. Propose the Director candidates to the general meeting via written proposal after consideration and approval of the Board;
7. Take into account the Board diversity policy when performing the above duties;

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8. Review the Board diversity policy when appropriate to ensure the effectiveness of the policy;
9. Advise the Board on the appointment or re-appointment of Directors and the succession of Directors (particularly executive Directors);
10. Deal with other matters authorised by the Board.

(III) Risk Management and Related Transactions Control Committee

The Risk Management and Related Transactions Control Committee consists of independent non-executive Directors and a non-executive Director. As at the Latest Practicable Date, its members included independent non-executive Directors, namely Mr. Jin Qinglu (chairman of the committee), Mr. Hou Bojian and Mr. Chen Ming, and a non-executive Director, namely Mr. Zhang Xianjun.

The major terms of reference of the Risk Management and Related Transactions Control Committee during the Reporting Period are as follows:

1. Discussing with senior management on matters relating to the risk management mechanism, supervising the senior management's control of credit risk, liquidity risk, market risk, operational risk, information technology risk, compliance risk and reputation risk, reviewing the progress of works relating to anti-money laundering, case risk identification, large risk exposure and capital adequacy assessment to ensure that senior management has fulfilled its responsibility to establish an effective risk management mechanism;
2. Receiving the special reports of the Company's risks from senior management on a regular basis, making assessment on the Company's risk policy, risk level, risk management condition and risk tolerance, and making recommendations on the improvement of overall risk management and internal controls;
3. Considering major investigations findings on risk management matters and senior management's response to these findings on its own initiative or as requested by the Board;
4. Reviewing and overseeing the Company's risk management mechanisms on an ongoing basis;
5. Carrying out day-to-day supervision of compliance risk management, understanding the implementation of the compliance policy and the existence of problems through regular individual interviews with the person responsible for compliance or other effective channels, making timely and corresponding comments and recommendations to the Board or senior management, and overseeing the effective implementation of the compliance policy;
6. Management and approval of related/connected transactions of the Company;

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7. Managing the risks of financial innovation activities and the risks of other traditional businesses in a unified manner by developing appropriate risk management procedures and risk control measures to clearly define the specific responsibilities of each business line and relevant departments;
8. Conducting a preliminary review of changes in the Company's shareholdings and the status of shareholders' qualifications and considering the pledge (release) of the Company's shareholdings;
9. Receiving reports on the development of credit and guarantee business for subsidiaries and considering the increase of capital for subsidiaries;
10. Developing an annual work plan for the Risk Management and Related Transactions Control Committee;
11. Other matters authorised by the Board of Directors.

In 2024, the Risk Management and Related Transactions Control Committee held 16 meetings, at which 73 proposals and reports were considered and approved, including the Proposal on the Risk Management Report of Harbin Bank in 2023, the Proposal on the General Evaluation Report on Information Technology Risk of Harbin Bank in 2023, the Proposal on the Report on the Assessment of Major Shareholders (Substantial Shareholders) of Harbin Bank for 2023 and the Proposal on the Report on the Management of Related Transactions of Harbin Bank Co., Ltd. in 2023. The attendance of each member in the meetings of Risk Management and Related Transactions Control Committee in 2024 is as follows:

Member of Risk Management and Related Transactions Control Committee	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy	Attendance rate ^(note)
Jin Qinglu	16	16	0	100%
Sun Yan (ceased to act on 12 December 2024)	15	15	0	100%
Zhang Zheng (ceased to act on 12 December 2024)	15	15	0	100%
Zhang Xianjun	16	16	0	100%
Hou Bojian (newly appointed on 12 July 2024)	6	6	0	100%
Chen Ming (newly appointed on 12 December 2024)	1	1	0	100%

Note: During the Reporting Period, attendance by proxy was not counted as attendance.

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(IV) Development Strategy Committee

The Development Strategy Committee consists of executive Directors, an independent non-executive Director and a non-executive Director. As at the Latest Practicable Date, its members included executive Directors, namely Mr. Deng Xinquan (chairman of the committee) and Mr. Yao Chunhe, an independent non-executive Director, namely Ms. Leung Sau Fan, Sylvia, and a non-executive Director, namely Mr. Liu Peiwei.

The major terms of reference of the Development Strategy Committee during the Reporting Period are as follows:

1. Researching and providing advice on the revision of major systems, such as the Articles of Association, the Rules of Procedure for the Shareholders' General Meeting and the Rules of Procedure for the Board of Directors' Meetings;
2. Researching and providing advice on the Company's long and medium term development strategies;
3. Researching and providing advice on the major sub-strategies and business strategies under the strategic framework for long and medium development of the Company;
4. Researching and providing advice on the annual investment and financing programmes, and long and medium term and annual capital management programmes of the Company;
5. Researching and providing advice on material investment and financing programmes, material capital operation and asset operating projects subject to the approval of the Board as required under the Articles of Association;

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6. Researching and providing advice on other important issues relating to the Company's development;
7. Drafting the Company's annual business targets and the performance appraisal indicators of senior management;
8. Supervising and inspecting the implementation by senior management of the long and medium term development plans, annual business targets, investment and financing programmes and capital operation programmes;
9. Communicating with senior management and departments regarding the operation and risk exposure of the Company on a regular basis, as well as providing advice and recommendation;
10. Researching and providing advice on the Company's organizational planning, department setting and change;
11. Researching and providing advice on the Company's environmental, social and governance (ESG) organizational structure, material issues and annual reports;
12. Researching and providing advice on the strategy, policy and objective for green credit, supervising the senior management in the implementation of green credit, so as to fulfill social responsibility;
13. Other matters authorised by the Board of Directors.

In 2024, the Development Strategy Committee held 7 meetings, at which 24 proposals and reports were considered and approved including the the Proposal on the Operational Plan of Harbin Bank Group for 2024, the Proposal on the Capital Management Planning for 2024-2026, the Proposal on the Institutional Development Plan of Harbin Bank for 2024, the Proposal on the Material Issues of Environmental, Social and Governance (ESG) of Harbin Bank for 2023, the Proposal on the Performance Appraisal Indicators on Senior Management for 2024 and the Proposal on the Evaluation Report on 2023 Strategy Implementation of Harbin Bank (Group). The attendance of each member in the meetings of Development Strategy Committee in 2024 is as follows:

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Member of Development Strategy Committee	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy	Attendance rate ^(note)
Deng Xinquan	7	7	0	100%
Yao Chunhe	7	7	0	100%
Yu Hong (ceased to act on 12 July 2024)	4	4	0	100%
Hou Bojian (ceased to act on 12 December 2024)	6	6	0	100%
Liu Pei Wei (newly appointed on 12 December 2024)	1	1	0	100%
Leung Sau Fan, Sylvia (newly appointed on 12 December 2024)	1	1	0	100%

Note: During the Reporting Period, attendance by proxy was not counted as attendance.

(V) Consumer Rights Protection Committee

The Consumer Rights Protection Committee consists of independent non-executive Director(s), non-executive Director(s) and executive Director(s). As at the Latest Practicable Date, its members included an independent non-executive Director, namely Mr. Chen Ming (chairman of the committee), non-executive Directors, namely Mr. Zhang Xianjun and Mr. Cheng Shuai and an executive Director, namely Mr. Yao Chunhe.

The major terms of reference of the Consumer Rights Protection Committee during the Reporting Period are as follows:

- 1. Formulating the Company’s strategies, policies and objectives of consumer rights protection, guiding the senior management to reinforce the construction of a corporate culture enabling consumer rights protection in terms of overall planning, and incorporating relevant contents of consumer rights protection into corporate governance, corporate culture development and business development strategies;
- 2. Urging the senior management to effectively implement relevant work of consumer rights protection, attending special briefings by the senior management on the Company’s consumer rights protection work on a regular basis, considering and approving relevant special reports and submitting them to the Board, and considering the relevant work as an important item of information disclosure;

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3. Supervising and assessing the Company's consumer rights protection work from the aspect of comprehensiveness, timeliness and effectiveness, and the senior management's performance of duties; and
4. In accordance with the Company's overall strategy, considering the proposals regarding consumer rights protection before submitting the relevant proposals to the Board for consideration.

In 2024, the Consumer Rights Protection Committee held 4 meetings, at which 6 proposals and reports were considered and approved, namely the Proposal on the Self-Assessment Report of Harbin Bank on the Supervisory Evaluation of Financial Consumer Rights Protection for 2023, the Work Conclusions of the Consumer Rights Protection Committee of the Board for 2023 and the Work Plan for 2024, the Proposal on the Report of Consumer Rights Protection of Harbin Bank for 2023, the Proposal on the Work Scheme of Consumer Rights Protection of Harbin Bank for 2024, the Proposal on the Report of Consumer Rights Protection of Harbin Bank for the First Half of 2024, and the Proposal on the Self-Assessment Report of Harbin Bank on the Supervisory Evaluation of Financial Consumer Rights Protection for 2024. The attendance of each member in the meetings of Consumer Rights Protection Committee in 2024 is as follows:

Member of Consumer Rights Protection Committee	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy	Attendance rate ^(note)
Zhang Zheng (ceased to act on 12 December 2024)	4	4	0	100%
Yao Chunhe	4	3	0	75%
Sun Yan (ceased to act on 12 December 2024)	4	4	0	100%
Zhang Xianjun	4	4	0	100%
Chen Ming (newly appointed on 12 December 2024)	—	—	—	—
Cheng Shuai (newly appointed on 12 December 2024)	—	—	—	—

Note: During the Reporting Period, attendance by proxy was not counted as attendance.

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XII. Board of Supervisors

The Board of Supervisors, serving as the internal supervisory body of the Company, independently performs its function of supervision and is accountable to the general meeting of shareholders. During the daily operations, the Board of Supervisors oversees the Company’s financial activities, strategic initiatives, internal controls, and risk management. Additionally, it monitors and assesses the conduct of Directors and senior management in the execution of their duties within the Company. As at the Latest Practicable Date, the Board of Supervisors of the Company consisted of 7 Supervisors, including 3 external Supervisors, 3 employee representative Supervisors and 1 shareholder representative Supervisor. The number and composition of the Board of Supervisors of the Company are in compliance with the provisions of relevant laws and regulations. During the Reporting Period, the Board of Supervisors held 10 meetings, at which 40 proposals and reports were considered, including the annual and interim reports of the Company, the work report and work plan of the Board of Supervisors, the profit distribution plan, the performance evaluation reports of the Board and the Directors, the Board of Supervisors and Supervisors and senior management and its members, the audit proposal and report of the resignation of executive officers, the assessment report of internal control, the nomination of Supervisors, the composition of the committees of the Board of Supervisors, and the work plans for the evaluation of duty performance. The attendance of each Supervisor in the meetings of the Board of Supervisors in 2024 is as follows:

Member of Board of Supervisors	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy	Attendance rate ^(note)
Zhao Baocai	10	10	0	100%
Li Dong (ceased to act on 12 July 2024)	4	4	0	100%
Li Zhaohua	10	10	0	100%
Sun Yi	10	9	1	90%
Chen Wei	10	9	1	90%
Jiang Minghui (newly appointed on 12 July 2024)	6	6	0	100%
Wang Yuanfang	10	10	0	100%
Jiang Yongmei	10	10	0	100%

Note: During the Reporting Period, attendance by proxy was not counted as attendance.

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During the Reporting Period, the Board of Supervisors of the Company had two special committees, namely the Nomination Committee and the Supervision Committee. The structure and composition of each special committee are in compliance with the requirements of the regulatory authorities and the Articles of Association. The chairman of each committee is an external Supervisor. Both special committees work in accordance with the requirements of laws and regulations, the Articles of Association, the Rules of Procedure for the Board of Supervisors and the terms of reference for the committees under the Board of Supervisors.

During the Reporting Period, the special committees of the Board of Supervisors of the Company exercised their authority and power in an independent, regular and effective manner in accordance with the law. 12 meetings were held throughout the year at which 24 proposals were considered and approved including the annual evaluation report of internal control, periodic reports and the profit distribution plan.

(I) Nomination Committee

The Nomination Committee consists of external Supervisor(s), shareholder representative Supervisor(s) and employee representative Supervisor(s). The members include external Supervisors, namely Mr. Sun Yi (chairperson of the committee), a shareholder representative Supervisor, namely Ms. Chen Wei, and an employee representative Supervisor, namely Jiang Yongmei.

The major terms of reference are as follows:

1. Drafting the conditions of service, criteria and selection procedures for Supervisors;
2. Conducting preliminary review and providing advice to the Board of Supervisors on the qualifications and conditions of Supervisor candidates;
3. Nominating qualified external Supervisor candidates and recommending Supervisors to the Board of Supervisors;
4. Supervising the election and employment procedure of Directors;
5. Comprehensively evaluating and reporting to the Board of Supervisors on the performance of duties of Directors, Supervisors and senior management personnel;
6. Providing advice to the Board of Supervisors on the size and composition of the Board of Supervisors based on the Company's operational and management status, total asset size and shareholding structure;
7. Supervising the scientificity and rationality of the Company's remuneration management system and policy and remuneration management of senior management personnel;
8. Other matters authorised by the Board of Supervisors.

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During the Reporting Period, the Nomination Committee held 6 meetings, at which a total of 11 proposals were considered and approved, namely the Report on the Performance Evaluation of Department and Management Employees of the Office of the Board of Supervisors in 2023, the Evaluation on the Performance of Directors, Supervisors and Senior Management in 2023, the Evaluation Report of the Board of Supervisors on the Performance of the Board of Directors and Directors in 2023, the Evaluation Report of the Board of Supervisors on the Performance of the Senior Management and its Members in 2023, the Evaluation Report on the Performance of the Board of Supervisors and Supervisors in 2023, the Recommendation of Candidates for External Supervisors and Shareholder Representative Supervisors of the Ninth Session of the Board of Supervisors, the Performance Plan of the Office of the Board of Supervisors in 2024, the Performance Plan of the Office of the Board of Supervisors of Harbin Bank, the Plan of Evaluation on the Performance of Employees of the Office of the Board of Supervisors of Harbin Bank in the First Half of 2024, the Report on the Performance Evaluation of Employees of the Department and Management of the Office of the Board of Supervisors in the First Half of 2024, the Work Plan on the Evaluation on Duty Performance of Directors, Supervisors and Senior Management in 2024 and the Proposal on the Plan of Evaluation on the Performance of Employees of the Office of the Board of Supervisors of Harbin Bank in 2024. The attendance of each Supervisor in the meetings of the Nomination Committee in 2024 is as follows:

Committee member	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy	Attendance rate
Li Dong (ceased to act on 12 July 2024)	4	4	0	100%
Sun Yi	6	6	0	100%
Chen Wei (newly appointed on 12 July 2024)	2	2	0	100%
Jiang Yongmei	6	6	0	100%

(II) Supervision Committee

The Supervision Committee consists of external Supervisor(s), shareholder representative Supervisor(s) and employee representative Supervisor(s). The members include external Supervisors, namely Ms. Li Zhaohua (chairperson of the committee), Mr. Jiang Minghui and an employee representative Supervisor, namely Mr. Wang Yuanfang.

The major terms of reference are as follows:

1. Drafting the off-office auditing programme on senior management personnel of the Company and implementing such plans as approved by the Board of Supervisors;
2. Tracking the formulation of the Board’s regular reports and relevant material adjustments and reporting the same to the Board of Supervisors;

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3. Supervising the Board to establish steady business philosophy and value criterion, formulate development strategies conforming with the actual circumstances of the Company and supervising the Company's financial activities, business decisions, risk management and internal control;
4. Making recommendations on the engagement of external auditors based on supervision as needed;
5. Other matters authorised by the Board of Supervisors.

During the Reporting Period, the Supervision Committee held 6 meetings, at which 13 proposals and reports were considered and approved, namely the 2023 Annual Report, the 2023 Profit Distribution Plan, the 2023 Internal Capital Adequacy Evaluation Procedure Report of Harbin Bank Co., Ltd., the 2023 Internal Control Evaluation Report of Harbin Bank, the 2024 Interim Report, the Proposal on the Performance Auditing for Yao Chunhe, the Audit Report on the Performance of Yao Chunhe, the President of Harbin Bank Co., Ltd., the Proposal on the Performance Auditing for Zhou Jie, the Audit Report on the Performance of Zhou Jie, Vice President of Harbin Bank Co., Ltd. and the Audit Report on the Performance of Zhou Jie, Chairman of Harbin Bank Consumer Finance Co., Ltd.. The attendance of each Supervisor in the meetings of the Supervision Committee in 2024 is as follows:

Committee member	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy	Attendance rate
Li Zhaohua	6	6	0	100%
Chen Wei (ceased to act on 12 July 2024)	2	2	0	100%
Jiang Minghui (newly appointed on 12 July 2024)	4	4	0	100%
Wang Yuanfang	6	6	0	100%

(III) The Work Performance of External Supervisors

During the Reporting Period, external Supervisors fully leveraged their professional expertise, upheld principles of independence and professional ethics, and diligently fulfilled their legal obligations of loyalty and diligence. They attended 10 meetings of the Board of Supervisors, deliberated 23 resolutions, submitted 17 reports, reviewed 69 reports, and participated in 15 interviews and research activities. The external Supervisor serving as the chairperson of the specialized committee effectively organized and convened specialized committee meetings on a regular and timely basis, presenting collective recommendations for the Board of Supervisors' consideration. In the decision-making and supervision processes, external Supervisors remained unaffected by substantial shareholders, senior management, or other entities and individuals with interests in the Company. They provided objective, impartial, and independent opinions on matters discussed at the general meetings of shareholders, the meetings of the Board, and the meetings of the Board of Supervisors. They completed 14 key tasks, including enhancing the specialized risk management system and evaluating its implementation, conducting post-assessments of the localization reform for branch financial officers, and reviewing risk prevention and control measures related to criminal cases.

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XIII. Change of Members of the Board of Supervisors during the Reporting Period

On 2 July 2024, Mr. Zhao Baocai, Mr. Wang Yuanfang and Ms. Jiang Yongmei were elected as employee representative Supervisors of the Company at the second meeting of the sixth session of the employee representative meeting. On 12 July 2024, Jiang Minghui was newly appointed as an external Supervisor of the Company at the 2024 first extraordinary general meeting of the Company. On the same day, Mr. Li Dong, an external Supervisor, ceased to act upon the expiration of his term.

XIV. Financial, Business and Family Relationship among Directors, Supervisors and Senior Management

No relationship exists among Directors, Supervisors and senior management of the Bank, including financial, business and family relationships or other material relationships.

XV. Securities Transactions by Directors, Supervisors and Relevant Employees

The Company has adopted the Model Code set out in Appendix C3 of the Hong Kong Listing Rules as the code of conduct for governing the securities transactions by the Directors and Supervisors of the Company. Having made specific enquiries to the Directors and Supervisors, all Directors and Supervisors have confirmed that they had complied with the aforesaid code during the period from 1 January 2024 to 31 December 2024. The Bank also set guidelines for employees' dealings in the Company's securities on terms no less exacting than the required standards as set out in the Model Code. The Bank is not aware of any violation of such guidelines by any employee.

XVI. Training of Directors and Supervisors during the Reporting Period

During the Reporting Period, the Board arranged training for all Directors and senior management on corporate governance, information disclosure, risk management, anti-money laundering, integrity culture and capital operation, in order to help them gain a comprehensive understanding of how to strengthen corporate governance capabilities and risk management of the Bank and the importance of consolidated management in improving company management efficiency. They gained an in-depth understanding of anti-money laundering management, the culture of clean finance and the latest policies and established an adequate appreciation of the responsibilities and legal liabilities of listed companies, which further enhanced the professionalism of our Directors in discharging their duties.

During the Reporting Period, the Board of the Company also arranged independent Directors to carry out investigation, research and discussion on scientific and technological information management, so as to listen to Directors' opinions and suggestions in time.

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During the Reporting Period, the Board of Supervisors arranged Supervisors to study the regulatory requirements, relevant national laws and regulations, understand the spirit of supervision and their responsibilities. Supervisors were organized to participate in the Bank's training on risk management, anti-laundersing and other aspects and the Advanced Seminar on Corporate Governance of Financial Institutions and Construction of General Supervision System of Commercial Banks organized by the AFCA to continuously enhance their theoretical level and ability to perform their duties.

During the Reporting Period, the Board of Supervisors conducted survey interviews with 4 branches and 9 head office departments, focusing on understanding the operation and management, risks, internal control, the implementation of regulatory opinions and the relevant rectification measures adopted and the existing difficulties and problems of various institutions.

The attendance of each Director in training sessions on specific topics and on-site business visits in 2024 is as follows:

Name of Directors	Number of training sessions on specific topics attended	Number of on-site business visits
Deng Xinquan	5	9
Yao Chunhe	5	11
Zhao Hongbo	4	0
Zhang Xianjun	6	0
Yu Hong (ceased to act on 12 July 2024)	2	0
Lang Shufeng (ceased to act on 12 December 2024)	4	0
Sun Yan (ceased to act on 12 December 2024)	4	1
Zhang Zheng (ceased to act on 12 December 2024)	4	1
Hou Bojian	5	1
Jin Qinglu	5	0
Cheng Shuai (newly appointed on 12 December 2024)	4	0
Chen Ming (newly appointed on 12 December 2024)	4	0
Leung Sau Fan, Sylvia (newly appointed on 12 December 2024)	3	0
Liu Peiwei (newly appointed on 12 December 2024)	4	0

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The attendance of each Supervisor in training sessions on specific topics and on-site business visits in 2024 is as follows:

Name of Supervisors	Number of training sessions on specific topics attended	Number of on-site business visits
Zhao Baocai	8	18
Li Dong (ceased to act on 12 July 2024)	1	3
Li Zhaohua	3	3
Sun Yi	2	6
Chen Wei	3	4
Jiang Minghui (newly appointed on 12 July 2024)	1	2
Jiang Yongmei	2	8
Wang Yuanfang	2	9

XVII. Amendments to the Articles of Association

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

XVIII. Company Secretary under the Hong Kong Listing Rules

Dr. Ngai Wai Fung and Mr. Wu Siliang are joint company secretaries of the Company since 8 July 2022. Each Director may discuss with, seek advice and obtain materials from the joint company secretaries. Dr. Ngai and Mr. Wu have confirmed their receipt of no less than 15 hours of relevant professional training during the Reporting Period. Mr. Wu is the key contact person for Dr. Ngai (for external services agency).

Dr. Ngai Wai Fung has served as the company secretary of the Company since March 2022. Dr. Ngai served as the joint company secretaries of the Company from January 2014 to May 2017. He is the director and chief executive officer of SWCS Corporate Services Group (Hong Kong) Limited. Dr. Ngai has over 30 years of professional practice and senior management experience including acting as the executive director, chief financial officer and company secretary, most of which are in the areas of finance, accounting, internal control and regulatory compliance, corporate governance and company secretarial work for listed issuers including major red chips companies. Dr. Ngai is a fellow of the Hong Kong Chartered Governance Institute, a fellow of the Chartered Governance Institute, a member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants and a member of the Chartered Institute of Arbitrators. Dr. Ngai obtained a Master’s degree in Business Administration from Andrews University of Michigan, a Bachelor’s degree in Law (Honours) from University of Wolverhampton, a Master’s degree in Corporate Finance from Hong Kong Polytechnic University and a doctoral degree in Economics (Finance) from Shanghai University of Finance and Economics.

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For the biography of Mr. Wu Siliang, senior management of the Company, please refer to “Basic Information on Directors, Supervisors, Senior Management, Employees and Organisations – III. Information on Directors, Supervisors, Senior Management and Other Persons – (III) Information on Senior Management”.

XIX. Communication with Shareholders

In the management of investor relationship, the Company highlights its works in supporting provincial and municipal key projects and important industries, real economy, people’s livelihood and rural revitalization, and gives emphasis to present to investors the Bank’s latest achievements and future potentials of developing business fields such as serving the real economy, inclusive finance, fintech and cross-border credit. Meanwhile, the Company also presents its comprehensive development plan in establishing village and township banks and subsidiaries such as HB Leasing and HBCF.

During the Reporting Period, the Company continuously paid high attention to the interest of investors and strove to create practicable returns for our investors. The Company continued to enhance its communication with investors through the following means: (1) In 2024, the Bank published more than 100 news reports regarding investor relations on many domestic and overseas mainstream media, including Xinhua News Agency, Xinhua Finance, CNR News, Financial News, CRI Online, Finet etc., thus effectively promoting the corporate image and further enhancing market attention and influence of the Bank; (2) The Bank timely responded to the questions and recommendations from investors through various channels, including answering over 200 calls from investors, replying numerous e-mail enquiries from investors and analysts, and arranging meetings between investors and the Bank.

Shareholders may at any time make inquiries to the Board in writing via the Board Office of the Company, whose contact details are as follows:

No. 888 Shangjiang Street, Daoli District, Harbin, PRC
Post code: 150010
Tel: 86-451-86779933
Fax: 86-451-86779829
E-mail: ir@hrbb.com.cn

The Company provides the above contact details for shareholders to express their opinions on various matters affecting the Company, and conducts follow-up and feedback on their opinions in a timely manner. During the Reporting Period, the Company has reviewed the implementation of the shareholders’ communication policy and believes that the shareholders’ communication policy is smooth and efficient.

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XX. Rights of Shareholders

(I) Procedure of convening an extraordinary general meeting of shareholders

According to the provisions of the Articles of Association and the Rules of Procedure for Shareholders' General Meeting of the Company:

1. Shareholders individually or jointly holding 10% or more of shares of the Company may sign one or more written requests in the same form and content and submit to the Board to request that the Board should convene an extraordinary general meeting or a separate class meeting of shareholders while declaring the topic of such meeting in such request. The Board shall, within 10 days after receipt of the request, make written feedback to agree or disagree to convene an extraordinary general meeting or a separate class meeting of shareholders in accordance with provisions of the laws, administrative regulations and the Articles of Association;
2. The Board shall deliver such notice of convening an extraordinary general meeting or a separate class meeting of shareholders within 5 days after the decision of the Board if it agrees to convene an extraordinary general meeting or a separate class meeting of shareholders. Any change of the former request in the notice shall be made with the consent of relevant shareholders;
3. While the Board disagrees to convene an extraordinary general meeting or a separate class meeting of shareholders or does not give feedback within 10 days after the receipt of such request, shareholders individually or jointly holding 10% or more of shares of the Bank are entitled to propose that the Board of Supervisors should convene an extraordinary general meeting by submitting such request in writing;
4. While the Board of Supervisors agrees to convene an extraordinary general meeting or a separate class meeting of shareholders, it shall, within 5 days after the receipt of the request, deliver such notice, in which any change in the former proposal shall be made with the consent of relevant shareholders; and
5. In the event that the Board of Supervisors fails to deliver such notice to convene a general meeting or a separate class meeting of shareholders in a specified period, such acts shall be deemed to be refusing to convene such aforesaid meeting by the Board of Supervisors. Such shareholders individually or jointly holding 10% or more of shares of the Company for 90 consecutive days may at their discretion convene and preside over such aforesaid meeting.

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(II) Procedure for shareholders to submit a proposal to the general meeting of shareholders

Shareholders individually or jointly holding 3% or more of the shares of the Company may propose an interim proposal in writing and submit it to the convener 10 days before the general meeting. For contact details, please refer to “Corporate Governance Report” – “Communication with Shareholders”. The convener shall issue a supplementary notice of the general meeting within 2 days after receiving the proposal and announce such proposal, which shall satisfy such provisions as otherwise specified in the local listing rules (the Hong Kong Listing Rules). Except the aforementioned situation, the convener shall not alter proposals listed in the notice of the general meeting or add any proposals after the issuance of notice of the general meeting.

XXI. Profit and Dividend Distribution Policy

Following is the profit and dividend distribution policy of the Company according to the requirements of the Articles of Association:

- (I) Pursuant to Article 338 of the Articles of Association, the profits after income tax paid by the Company shall be distributed in the following order:
 - (1) To make up the losses of the previous years;
 - (2) To extract ten percent (10%) of the statutory accumulation fund;
 - (3) To extract fund for general (risk) provision;
 - (4) To extract the any accumulation fund by the resolutions of shareholders’ general meeting; and
 - (5) To distribute profits to shareholders.

To distribute the profits in light of the proportions of shares held by shareholders, unless it is instructed by the Articles of Association to not distribute profits according to the proportions of shares held by shareholders.

If the shareholder’ meeting distributes the profits by violating the provisions of the preceding Item (1) to (4), the profits distributed must be refunded to the Company.

No profit may be distributed for the Company’s shares held by the Company.

- (II) Pursuant to Article 341 of the Articles of Association, dividends shall be distributed by the Company in the form of cash or shares. The Company shall pay cash dividends and other amounts to holders of Domestic Shares in Renminbi. The Company shall calculate and declare cash dividends and other payments which are payable to holders of H Shares in Renminbi, and shall pay such amounts in Hong Kong dollar.

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The Company shall pay cash dividends and other amounts to holders of overseas listed foreign shares in foreign currency in accordance with the relevant foreign exchange control regulations of the State. Dividends distributed in shares shall be upon resolutions of the shareholders' general meeting and reported to the banking and insurance regulatory authority for approval.

- (III) Pursuant to Article 341 of the Articles of Association, the profit distribution of the Company attaches the emphasis on the reasonable return on the investment of investors. The Company's profit distribution policy should maintain a certain continuity and stability, and the Company shall distribute dividends in the profitable year. On the premise of meeting regulatory requirements, the profits distributed by the Company in the form of cash shall not be less than ten percent (10%) of the achieved profits available for distribution in each year.
- (IV) Pursuant to Article 134(2) of the Articles of Association, the profit distribution plan and loss make-up plan proposed by the Board of Directors shall be passed by ordinary resolution by the shareholders' general meeting.

XXII. External Auditors and Auditors' Remuneration

Subject to consideration and approval at the 2023 annual general meeting held on 31 May 2024, the Bank engaged BDO China Shu Lun Pan CPAs LLP and BDO Limited to respectively act as auditors for 2024 annual financial report of the Bank prepared in accordance with the China Accounting Standards for Business Enterprises and the International Financial Reporting Standards, respectively. There has been no change in the auditors of the Company since 2021.

For the year ended 31 December 2024, the Company agreed to pay RMB3.050 million (including tax) and RMB1.800 million (including tax) to the above external auditors for their audit and non-audit services, respectively. The non-audit service represents the interim review in 2024.

XXIII. Risk Management, Internal Control and Internal Audit

The Board of Directors is responsible for supervising the Company's risk management and internal control systems on an ongoing basis, upholds responsibility for the Bank's risk management and internal control system and takes responsibility to review the effectiveness of such risk management and internal control systems. The Board of Directors reviews the effectiveness of the Group's risk management and internal control systems through its special committees on an annual basis.

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The Board of Directors has reviewed the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2024 through its special committees. The Company commenced internal control evaluation according to the requirements under the Guidelines for Internal Control of Commercial Banks of the former CBRC. The Board of Directors is of the view that with respect to various controls involving the Company's business and matters included in the scope of the internal control evaluation at the company level and business level as well as in the information technology field, the internal control systems for the major aspects covering Company's operation and management such as finance, operation, compliance monitoring and risk management, were effective and adequate during the Reporting Period. In addition, the Board also reviewed and was satisfied with the sufficiency of resources and the qualifications and experience of the employees for performing the Company's accounting and financial reporting functions, as well as the adequacy of the employee training courses and the relevant budget. However, the risk management and internal control systems were designed to manage rather than to eliminate the risk of failure to achieve the business objectives. Accordingly, the Board can provide only reasonable assurance, instead of absolute assurance, against material misstatement or losses.

(I) Procedures for Identification, Evaluation and Management of Significant Risks

For the procedures adopted by the Bank for identification, evaluation and management of significant risks, please refer to "Report of the Board of Directors" – "Risk Exposure and Management" in this report.

(II) Procedures for Review of the Effectiveness of the Risk Management and Internal Control Systems

The Bank conducts an annual review of the effectiveness of its risk management and internal control systems covering all material controls, including financial, operational and compliance controls as well as risk management. The review is conducted by reference to the guidelines and definitions given by the regulatory authorities and professional bodies for the purpose of assessing five different internal control elements, namely the internal control environment, risk assessment, control activities, information and communication, and internal monitoring. The assessment covers all the major internal controls and measures, including financial, operational and compliance controls as well as risk management functions. The review also considers the adequacy of resources, staff qualifications and experience and training of the Bank's accounting, financial reporting, internal audit functions as well as the ESG performance and report of the issuer. The review is coordinated by the Bank's Internal Audit Department which, after the management and various business departments have performed their self-assessment and the management has confirmed the effectiveness of the relevant systems, then carries out an independent examination and other post-assessment work on the review process and results. The results of the 2024 review, which have been reported to the Audit Committee and the Board, reflect that the Group's risk management and internal control systems are effective and adequate.

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(III) Procedures for Prevention and Resolution of Material Internal Control Defects

The control procedures and measures that the Bank has basically established and implemented to prevent and solve material internal control deficiencies are summarised as follows:

- a rational organisational structure with appropriate personnel is developed and whose responsibility, authority, and accountability are clearly delineated. The Bank has formulated policies and procedures to ensure reasonable checks and balances for all the operating units, reasonable safeguard for the Group's asset and adherence to relevant laws and regulations and risk management in its operations;
- the management draws up and continuously monitors the implementation of the Group's development strategies, business plans and financial budgets. The accounting and management systems that are in place provide the basis for evaluating financial and operational performance;
- the Bank has established various risk management and human resources policies. There are specific units and personnel that are responsible for handling reputation, strategic, legal, compliance, credit, market, operational, liquidity and interest rate risks. There are also procedures and internal controls for the handling and dissemination of inside information. The Bank has set up mechanisms to identify, evaluate and manage all the major risks (including the environmental, social and governance risks) in a timely manner, and has established corresponding internal control procedures;
- the Bank has established an information technology governance structure that produces a range of reports on information systems and management, including information on the monitoring of various business units, financial information and operating performance. Such information facilitates the management, business units and the regulatory authorities in assessing and monitoring the Bank's operation and performance. Proper communication channels and reporting mechanisms are in place at various business units and levels to facilitate the smooth exchange of information; and
- pursuant to a risk-based assessment approach and in accordance with the internal audit plan approved by the Audit Committee of the Board, the Company's Internal Audit Department conducts independent reviews on such aspects as financial activities, various business sectors, various kinds of risks, operations and activities. Reports are submitted directly to the Audit Committee. The Company's Internal Audit Department closely follows up on the items that require attention in a systematic way and reports to the management and the Audit Committee in a timely manner.

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(IV) Procedures and Internal Control Measures for the Handling and Dissemination of Inside Information

The Board secretary of the Company is responsible for organising and coordinating of the information disclosure matters of the Company, collecting the information to be disclosed by the Company and reporting to the Board, continuously paying attention to the media coverage of the Company, and verifying the coverage of the inside information related to the Company.

If any employee of the Bank becomes aware of any new progress or information which may constitute inside information, he/she shall inform his/her reporting person on information disclosure at once through the person in charge of his/her unit or department. The reporting person on information disclosure shall report the related information at once to the reporting person on information disclosure of the related department of the headquarters of the Bank, who shall inform the Board secretary and the Board Office at once. If the information to be disclosed is covered by the media before it is disclosed according to the law, the Company shall make an announcement immediately.

Internal Control

During the Reporting Period, the Company followed the principles of comprehensiveness, prudence, effectiveness and independence, carried out multiple initiatives to optimize and strengthen internal controls. **First**, the Company was committed to establishing and maintaining a sound and prudent internal control environment in compliance with laws and regulations. The Company has a clear and reasonable internal control management framework. The Board, senior management personnel, various departments and branches carry out compliance work within their respective scope of responsibilities. **Second**, the Company constantly improved its risk evaluation system. The Company has established a comprehensive risk management system geared to the Bank, developing a working pattern in which business units and business lines, compliance and risk control lines, internal audit departments and other supervision units work together. **Third**, the Company took multiple measures and implemented practical and effective risk control measures. The Company established and optimized comprehensive, systematic and standardized business and management systems for various business and management activities, so as to continuously regulate system management. **Fourth**, the Company was standardized and reasonable in the establishment of information transmission and communication channels. The Company established information reporting systems such as compliance reports, and formulated a two-way information communication mechanism from two dimensions, namely top-down and down-top communication. **Fifth**, the Company has continuously strengthened its multi-level, multi-dimensional and multi-channel internal supervision mechanism. "Board of Directors, Board of Supervisors and management" continuously and regularly analysed, monitored and guided the internal control compliance management across the Bank, giving full play to the roles of leadership, decision-making, supervision and management.

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Internal Audit

The internal audit of the Company closely focuses on the key areas of regulatory concern and the work priorities of the Group. With the identification and disclosure of risks as the core and the purpose of improving the Group's operation and management, an independent and vertical internal audit management system is implemented. The Internal Audit Department is the internal audit department of the Company, responsible for independently carrying out audit work within its duties and authorities. It is accountable to the Board and the Audit Committee of the Board and reports its work to them, and notifies the senior management of the audit situation.

The internal audit department focuses on key areas and institutions, pays attention to important links, closely monitors key individuals, implements key tasks, strengthens audit planning and organizational management, continuously promotes the construction of audit informatization, and strengthens a focused, effective and high-quality full coverage of audits. In 2024, the internal audit covered areas such as credit operation, basic operation, financial management, risk management, information technology, and the management of important matters of concern to regulatory authorities. It paid attention to the performance of economic responsibilities and carried out supervision of the business activities of subsidiaries. By effectively revealing the deficiencies in internal control and risk management, it supervises all units to conduct in-depth systematic and root cause rectifications, continuously improves the management mechanism, business processes, and internal control, effectively plays the value-added role of audit, thereby promoting the stable operation of the Group and the achievement of strategic goals.

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I. Meeting of the Board of Supervisors

In 2024, the Board of Supervisors of the Company held 10 meetings, at which 23 proposals were considered and approved, namely the 2023 Annual Report, the 2023 Profit Distribution Plan, the 2023 Internal Capital Adequacy Evaluation Procedure Report of Harbin Bank Co., Ltd., the Proposal on the 2023 Work Report of the Board of Supervisors, the 2024 Work Plan of Board of Supervisors, the Evaluation Report on the Performance of the Board and the Directors in 2023 Issued by the Board of Supervisors, the Evaluation Report on the Performance of Senior Management and its Members in 2023 Issued by the Board of Supervisors, the Evaluation Report on the Performance of the Board of Supervisors and the Supervisors in 2023, the 2023 Internal Control Evaluation Report of Harbin Bank, the Nomination of Candidates for External Supervisors and Shareholder Representative Supervisor of the Ninth Session of the Board of Supervisors, the Election on the Chairman of the Board of Supervisors, the Composition of Each Committee of the Ninth Session of the Board of Supervisors, the 2024 Interim Report, the Proposal on Performance Auditing for Yao Chunhe, the Audit Report on the Performance of Yao Chunhe, President of Harbin Bank, the Proposal on the Performance Auditing for Zhou Jie, the Audit Report on the Performance of Zhou Jie, Vice President of Harbin Bank Co., Ltd., the Audit Report on the Performance of Zhou Jie, Chairman of Harbin Bank Consumer Finance Co., Ltd., the Proposal on the Evaluation on Duty Performance of Directors, Supervisors and Senior Management in 2024 and the Proposal on the Management Measures of Performance Auditing for Senior Management of Harbin Bank.

Report of the Board of Supervisors

II. Major Work of the Board of Supervisors

(I) Supervision, Inspection and Investigation

During the Reporting Period, the Board of Supervisors, pursuant to its responsibilities, focused on overseeing the performance of the Board of Directors and senior management, financial activities, as well as risk management and internal control of the Company, and organised relevant activities.

During the Reporting Period, the Bank conducted interviews with and researches on 4 branches and 9 departments including financial and accounting department, human resources department, internal audit department, internal control and compliance department, risk management department, credit and investment management department, consumer right protection and brand promotion department, strategy development department and party and mass work department, focusing on understanding the overall operation of each operating entity, the implementation of regulatory opinions, remuneration and performance evaluation, consumer rights protection, resolution of non-performing loans, risk management, internal control and management, etc. Proposals on accelerating strategy formulation, strengthening system construction and implementation evaluation, clarifying risk management responsibilities, enhancing the coordination of three lines of defence, promoting data governance, revitalizing fixed assets, optimizing product design, supporting real economy, carrying out scientific remuneration analysis, perfecting the mechanism for non-performing collection and overdue balance reduction, stepping up the efforts in post-loan management, strengthening the risk checks and balances in the financial market and wealth management business, effectively implementing due diligence waiver and so on were offered, which were highly valued by the Board and senior management and were deployed and implemented in a timely manner.

(II) Performance Supervision

During the Reporting Period, the Board of Supervisors continued to evaluate the performance of the Board and the senior management and their members in accordance with the Articles of Association and relevant rules in relation to the performance evaluation. Through attending relevant meetings, investigations and interviews, carrying out responsibility audit, reviewing documents and other methods, the Board of Supervisors monitored the performance of the Board of Directors, the senior management and their members in terms of material strategic decision-makings and their implementation, operation management, risk and internal control management and other aspects. At the end of the year, in accordance with regulatory requirements and actual situation, the performance evaluation of Directors, Supervisors and senior management for 2024 was carried out.

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(III) Putting Forward Management Suggestions

During the Reporting Period, the Board of Supervisors consistently paid attention to the risk management status and control measures adopted by the Company, and provided suggestions and comments on strategic positioning, risk management and control, performance assessment, and anti-corruption construction of branches and subsidiaries during the interviews, investigation and supervision process, and reported to the Board and the senior management as assessment for operation decision-making. The Board of Supervisors continuously implemented the supervision of finance, comprehensive risk management and internal control.

(IV) Self-enrichment

Firstly, through the renewal of the Board of Supervisors, a professor from Harbin Institute of Technology was newly appointed as an external Supervisor to enhance the professional advantages in financial risk and international trade and optimize the professional structure of the Supervisory team. Meanwhile, Supervisors were organized to participate in the training on risk management, anti-money laundering, corporate governance, and the construction of large-scale supervisory system to enhance the Supervisory ability to perform their duties. Secondly, the routine work that should be supervised by the Board of Supervisors was further clarified, such as annual report and profit distribution, strategic planning, remuneration management, risk management, internal control evaluation, and connected transactions, etc., which ensured full compliance of the supervision. Thirdly, the Board of Supervisors reviewed the responsibilities assigned to Supervisors as stipulated in various regulations, and promoted their implementation by determined methods and approaches to ensure that tasks were carried out effectively. For instance, the supervision requirements of the Board of Supervisors were clarified in areas such as the treatment and business expenses of responsible personnel, the performance of the Board and senior management in risk management, data governance, case prevention, internal control construction, and capital management.

By Order of the Board of Supervisors

Zhao Baocai

Chairman of the Board of Supervisors

Harbin, PRC
28 March 2025

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I. Issuance of Debt Securities

(I) Bond Issuance during the Reporting Period

During the Reporting Period, the Bank did not issue new bonds.

(II) Previous Financial Bonds Issuance

1. *Capital Bonds without a Fixed Term*

According to the resolutions of the 22nd meeting of the sixth session of the Board held on 28 March 2018 and the 2017 annual general meeting of the Company held on 18 May 2018, the Board and the general meeting of the Company approved the Proposal on the Issuance of not more than RMB15.0 Billion Capital Supplemental Bonds, pursuant to which the Company was approved to issue capital supplemental bonds by way of public or non-public issuance to onshore or offshore investors, and the capital supplemental bonds not exceeding RMB15.0 billion (inclusive) shall, upon approval by regulatory authorities, be issued in a single or multiple series in accordance with the relevant procedures. The actual issuance size of the capital supplemental bonds was determined by the Board or its designated person within the abovementioned scope, in accordance with the capital needs of the Company and the market condition at the time of the issuance. The capital supplemental bonds were issued at the par value. All target investors shall subscribe for the capital supplemental bonds in cash. The initial term of the capital supplemental bonds shall not be less than 5 years. There is no fixed expiration date prior to the exercise of redemption right by the Company. Interests on the capital supplemental bonds shall be paid in cash. The interest-bearing principal amount of the capital supplemental bonds shall be the aggregate amount of the relevant series of the capital bonds without a fixed term then issued and outstanding. After receiving the interests at the prescribed interest rate, the holders of the capital supplemental bonds shall not be entitled to any distribution of residual profits of the Company together with the ordinary shareholders. Relevant matters in respect of the proposed issuance of the capital supplemental bonds by the Company were disclosed in the circular dated 6 April 2018 and the announcement dated 18 May 2018 of the Company. The Company received the Approval of Heilongjiang Regulatory Bureau of the CBIRC for Harbin Bank to Issue the Capital Bonds Without a Fixed Term (Hei Yin Bao Jian Fu [2021] No. 44) on 5 February 2021 and the Administrative Approval Decision of the People's Bank of China (Banking Market Licence [2021] No. 92) issued by the PBOC on 7 June 2021, approving the Company's issuance of capital bonds without a fixed term in an amount not more than RMB15.0 billion, which shall be included in additional tier-1 capital according to relevant regulations.

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The Capital Bonds Without a Fixed Term of Harbin Bank Co., Ltd. in 2021 has an issuance size of RMB8.0 billion. The coupon rate of the bonds for the first five years is 4.8%, and is subject to adjustment every five years. The issuer's conditional redemption right is attached to the bonds which can be exercised on the annual interest payment date of the fifth year and the subsequent years.

The second tranche of Capital Bonds Without a Fixed Term of Harbin Bank Co., Ltd. in 2021 has an issuance size of RMB3.0 billion. The coupon rate of the bonds for the first five years is 5.0%, and is subject to adjustment every five years. The issuer's conditional redemption right is attached to the bonds which can be exercised on the annual interest payment date of the fifth year and the subsequent years.

The Capital Bonds Without a Fixed Term of Harbin Bank Co., Ltd. in 2022 has an issuance size of RMB0.7 billion. The coupon rate of the bonds for the first five years is 4.8%, and is subject to adjustment every five years. The issuer's conditional redemption right is attached to the bonds which can be exercised on the annual interest payment date of the fifth year and the subsequent years.

II. Material Legal Proceedings and Arbitrations

As of the end of the Reporting Period, the amount in dispute for major unresolved litigation cases in which the Group is the defendant or a third party defendant, with a single dispute amount exceeding RMB10 million, is RMB29,665,330. During the Reporting Period, there were no other material legal proceedings or arbitrations which had substantial impact on the operating activities of the Bank.

III. Material Penalties Imposed on the Company and Directors, Supervisors and Senior Management of the Company

During the Reporting Period, the Company and all its Directors, Supervisors and senior management had no records of being imposed on inspections, material administrative penalties or circulating criticisms by the CSRC or public censures by the Hong Kong Stock Exchange, or penalties by other relevant regulatory authorities that posed significant impact on the Company's operation.

IV. Material Contracts and Their Performance

During the Reporting Period, the Company had not entered into any material contracts nor performed such contracts.

V. Audit Review

The Bank's consolidated financial statements for the year ended 31 December 2024 prepared in accordance with International Financial Reporting Standards had been audited by BDO Limited, who had issued an unqualified audit report. The Bank's audited consolidated financial statements for the year ended 31 December 2024 had been reviewed by the Audit Committee of the Board and the Board of Directors of the Company.

Important Events

VI. Material Acquisition and Disposal of Assets and Merger of Enterprises

With the approval of the shareholders of the Company at the general meeting held on 26 August 2024, the Company carried out absorption and merger of four village and township banks, namely Baiquan Rongxing Village and Township Bank Co., Ltd., Ning'an Rongxing Village and Township Bank Co., Ltd., Huanan Rongxing Village and Township Bank Co., Ltd. and Chongqing Youyang Rongxing Village and Township Bank Co., Ltd., converting each of them to a sub-branch (for details, please refer to the circular issued by the Company on 6 August 2024). As of the Latest Practicable Date, all of these village and township banks have obtained the approval for the dissolution issued by local regulatory authorities. Among them, Baiquan Rongxing Village and Township Bank Co., Ltd. has completed the industrial and commercial deregistration on 18 February 2025, and Huanan Rongxing Village and Township Bank Co., Ltd. has completed the industrial and commercial deregistration on 24 February 2025, while the other two were as of the Latest Practicable Date in the process of the industrial and commercial deregistration.

Save for the above, during the Reporting Period, the Bank had no material acquisition, disposal of assets or merger of enterprises.

VII. Profit Distribution during the Reporting Period

The Proposal on the 2023 Profit Distribution Plan was considered and approved at the 2023 annual general meeting held on 31 May 2024, pursuant to which, no final dividend for the year of 2023 would be distributed to all shareholders. The Company has not distributed any interim dividend for the six months ended 30 June 2024.

VIII. Appointment and Dismissal of Auditors

Pursuant to the resolutions of the 2023 annual general meeting of the Company held on 31 May 2024, the Company was approved to re-appoint BDO China Shu Lun Pan CPAs LLP and BDO Limited to respectively act as auditors for 2024 annual financial report of the Bank prepared in accordance with the China Accounting Standards for Business Enterprises and the International Financial Reporting Standards, respectively.

IX. Supplementary Information of Other Tier-one Capital and Equity-linked Agreements

In order to actively implement the government's special bond policy to replenish capital, enhance the Bank's capital strength, improve capital structure and risk resistance level, the Company carried out the convertible negotiated deposit business to replenish other tier-one capital. In this regard, the Company convened the 2022 second extraordinary general meeting on 8 December 2022, the 2022 first domestic shareholders' class meeting, and 2022 first H shareholders' class meeting to consider and approve the Company's replenishment of other tier-one capital by means of the convertible negotiated deposit, and in March 2023, based on the authority granted by shareholders, entered into the Capital Replenishment Instrument – Convertible Negotiated Deposit Subscription Agreement with Harbin Municipal Finance Bureau (the "Agreement").

Pursuant to the Agreement, Harbin Municipal Finance Bureau shall deposit RMB10 billion in the form of negotiated deposit into the special convertible negotiated deposit account in the Bank, all of the deposit will be used to replenish the Company's other tier-one capital, and bear an interest rate of 3.02%, which matches with the corresponding local government special bonds issuance interest rate. During the term of the Agreement, if one of the following triggering events occurs, the remaining principal amount of the deposit, after deducting the expected principal repayment amount of the special bonds for the year, may be fully or partially converted into the Bank's ordinary shares in stages:

1. The core tier-one capital adequacy ratio of the Company decreased to 5.125% (or less);
2. As confirmed by the regulatory authorities, the core tier-one capital adequacy ratio of the Company is not less than 5.125%, but non-viability trigger events occurred to the Company. The non-viability trigger event is defined as the earlier of: (a) the former CBIRC (currently, the NFRA) having decided that without a conversion, the Bank would become non-viable; or (b) the relevant authorities having decided that injection of capital or equivalent support by a public sector is necessary, without which the Bank would become non-viable.

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Subject to the above triggering conditions, if the share-holding entity designated by Harbin Municipal Finance Bureau does not satisfy the relevant requirements of the Banking and Insurance Regulatory Authorities and the Harbin Municipal Government, or if the class and number of ordinary shares to be converted and the shareholding structure of the Company after the conversion as calculated do not satisfy the relevant requirements of the Hong Kong Stock Exchange in respect of the minimum percentage of public float, no conversion shall be made until the conversion is in compliance with the relevant requirements of the Banking and Insurance Regulatory Authorities, the Hong Kong Stock Exchange and the Harbin Municipal Government.

The conversion price shall be the highest of the following and subject to adjustment: (1) the average trading price of H Shares of the Bank for 20 trading days preceding the date of the Board resolution approving the Agreement (i.e. 18 November 2022), i.e. HK\$0.285 (approximately RMB0.259); (2) the appraised value of the net assets per share as determined after asset appraisal at the time of conversion; or (3) RMB1 per share.

Provided that the deposit under the Agreement has fulfilled the conversion conditions and satisfied with the minimum public float requirement, the maximum number to be converted will be 7,774,670,111 Domestic Shares and 2,225,329,889 H Shares of the Company (taking up approximately 37.03% and 10.60% of the enlarged total share capital of the Bank, respectively), with a par value of RMB1 per share. Based on that and the estimated minimum conversion price of RMB1 per share, the conversion will not result in a theoretical dilution effect. The Company has at the time of entering into the Agreement complied with and will at the time of implementing the convertible negotiated deposit ensure to comply with the theoretical dilution effect requirement in accordance with Rule 7.27B of the Hong Kong Listing Rules.

For further details, please refer to the circular of the Company dated 21 November 2022 and the announcement of the Company dated 17 March 2023.

In 2023, the Company received RMB10 billion of convertible negotiated deposit from Harbin Municipal Finance Bureau, which was fully used to replenish other tier-one capital.

During the Reporting Period, the deposits provided by the Harbin Municipal Finance Bureau have not been converted into the Shares of the Bank.

Basic Information on Directors, Supervisors, Senior Management, Employees and Organisations

I. Directors, Supervisors and Senior Management

The Directors, Supervisors and senior management of the Company as at the Latest Practicable Date were as follows:

Directors

Name	Gender	Age	Position	Term of office
Deng Xinquan	Male	60	Executive Director and Chairman of the Board	2024.7.12 – expiry of Ninth Session of the Board
Yao Chunhe	Male	47	Executive Director and President	2024.7.12 – expiry of Ninth Session of the Board
Zhang Xianjun	Male	50	Non-executive Director	2024.7.12 – expiry of Ninth Session of the Board
Jia Haining	Male	38	Non-executive Director	Date of approval of qualification – expiry of Ninth Session of the Board
Liu Peiwei	Male	53	Non-executive Director	2024.12.12 – expiry of Ninth Session of the Board
Cheng Shuai	Male	43	Non-executive Director	2024.12.12 – expiry of Ninth Session of the Board
Hou Bojian	Male	65	Independent non-executive Director	2024.7.12 – expiry of Ninth Session of the Board
Jin Qinglu	Male	52	Independent non-executive Director	2024.7.12 – expiry of Ninth Session of the Board
Chen Ming	Male	54	Independent non-executive Director	2024.12.12 – expiry of Ninth Session of the Board
Leung Sau Fan, Sylvia	Female	61	Independent non-executive Director	2024.12.12 – expiry of Ninth Session of the Board

Notes:

1. Pending the approval of Mr. Yao Chunhe’s qualification for the position of chairman of the Board by the Heilongjiang Office of the NFRA, Mr. Deng Xinquan will continue to serve as an executive Director, chairman of the Board and chairman of the Development Strategy Committee of the Board of the ninth session of the Board of the Company.
2. The qualification of Mr. Jia Haining for the position of non-executive Director shall only come into effect upon approval by the Heilongjiang Office of the NFRA. Pending the approval of his qualification for the position, Mr. Zhao Hongbo, the former non-executive Director of the Company, will continue to perform his duties as a Director.

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Supervisors

Name	Gender	Age	Position	Term of office
Zhao Baocai	Male	56	Chairman of the Board of Supervisors and Employee Representative Supervisor	2024.7.12 – expiry of Ninth Session of the Board of Supervisors
Jiang Yongmei	Female	52	Employee Representative Supervisor	2024.7.12 – expiry of Ninth Session of the Board of Supervisors
Wang Yuanfang	Male	48	Employee Representative Supervisor	2024.7.12 – expiry of Ninth Session of the Board of Supervisors
Chen Wei	Female	54	Shareholder Representative Supervisor	2024.7.12 – expiry of Ninth Session of the Board of Supervisors
Jiang Minghui	Male	58	External Supervisor	2024.7.12 – expiry of Ninth Session of the Board of Supervisors
Li Zhaohua	Female	59	External Supervisor	2024.7.12 – expiry of Ninth Session of the Board of Supervisors
Sun Yi	Male	54	External Supervisor	2024.7.12 – expiry of Ninth Session of the Board of Supervisors

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Senior Management

Name	Gender	Age	Position	Term of office
Yao Chunhe	Male	47	President	2024.7.12 – expiry of Ninth Session of the Board
Han Gang	Male	51	Vice President	2024.7.12 – expiry of Ninth Session of the Board
Liu Dianxin	Male	55	Vice President	2024.7.12 – expiry of Ninth Session of the Board
Yang Dazhi	Male	48	Assistant to the President	2024.7.12 – expiry of Ninth Session of the Board
Wang Ying	Female	53	Chief Audit Officer	2024.7.12 – expiry of Ninth Session of the Board
Liang Yong	Male	53	Chief Information Officer	2024.7.12 – expiry of Ninth Session of the Board
Wu Siliang	Male	40	Board Secretary and Joint Company Secretaries:	2024.7.12 – expiry of Ninth Session of the Board
Fang Shang	Male	53	Assistant to the President	2024.7.12 – expiry of Ninth Session of the Board
Sun Weichao	Male	53	Assistant to the President	2024.7.12 – expiry of Ninth Session of the Board
Sun Shengxue	Male	42	Chief Risk Officer	2024.7.12 – expiry of Ninth Session of the Board
Wu Mingfei	Male	54	Chief Credit Approval Officer	2024.7.12 – expiry of Ninth Session of the Board

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Changes in Directors, Supervisors and Senior Management

The proposal on election of members to the Ninth Session of the Board was considered and approved at the 2024 first extraordinary general meeting of the Company held on 12 July 2024, and Mr. Liu Peiwei and Mr. Cheng Shuai were newly appointed as non-executive Directors of the Company, Mr. Chen Ming and Ms. Leung Sau Fan, Sylvia were newly appointed as independent non-executive Directors of the Company. During the Reporting Period, their qualifications were approved by the Heilongjiang Office of the NFRA, with effective from 12 December 2024. They obtained the Legal opinions as required by Rule 3.09D of the Hong Kong Listing Rules from the Company's Hong Kong legal advisor on 17 July 2024, and confirmed that they understood their responsibilities as directors. The proposal on the resignation of Mr. Deng Xinquan from the positions of executive Director, chairman, and other roles, and the proposal on the election of Mr. Yao Chunhe as chairman, were considered and approved at the twelfth interim meeting of the Ninth Session of the Board of the Company held on 6 November 2024. As Mr. Deng Xinquan is approaching retirement age, he has tendered his resignation as an executive Director, the chairman of the Ninth Session of the Board and the chairman of the Development Strategy Committee of the Board, and the Board of Directors has consented to the election of Mr. Yao Chunhe as the chairman of the Board. Mr. Deng Xinquan will continue to perform the duties of executive Director, the chairman of the Ninth Session of the Board and the chairman of the Development Strategy Committee of the Board in accordance with relevant laws, regulations, and the Articles of Association, until Mr. Yao's qualification of chairman is approved by the national financial supervisory authority. At the 2025 first extraordinary general meeting of the Company held on 17 January 2025, the proposal for the change of a non-executive Director candidate for the Ninth Session of the Board was approved. Mr. Jia Haining was newly appointed as a non-executive Director of the Company, and as at the Latest Practicable Date, his qualification is subject to approval by the Heilongjiang Office of the NFRA. Pending the approval of Mr. Jia Haining's qualification for the position, Mr. Zhao Hongbo, the former non-executive Director of the Company, will continue to perform his duties as a Director. During the Reporting Period, the former non-executive Directors, Mr. Yu Hong, and Mr. Lang Shufeng, as well as the independent non-executive Directors, Mr. Sun Yan and Mr. Zhang Zheng, will cease to hold office upon expiry of their terms of office.

Mr. Zhao Baocai, Ms. Jiang Yongmei and Mr. Wang Yuanfang were re-elected as employee representative Supervisors of the Ninth Session of the Board of Supervisors of the Company at the second meeting of the sixth Session of the employee representative of the Company held on 2 July 2024. Ms. Li Zhaohua and Mr. Sun Yi were re-elected as external Supervisors of the Ninth Session of the Board of Supervisors of the Company; Ms. Chen Wei was re-elected as a Shareholder representative Supervisor of the Ninth Session of the Board of Supervisors of the Company; and Mr. Jiang Minghui was appointed as an external Supervisor of the Ninth Session of the Board of Supervisors of the Company at the 2024 first extraordinary general meeting of the Company held on 12 July 2024. Mr. Zhao Baocai was elected as the chairman of the Board of Supervisors at the first meeting of the Ninth Session of the Board of Supervisors held on the same date, and Mr. Li Dong, the former external Supervisor of the Company ceased to act on expiry of his term.

On 30 December 2024, Ms. Zhou Jie, the Company's former Vice President, resigned from her position.

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II. Information on Remuneration Paid to Directors, Supervisors and Senior Management of the Company for 2024

Please refer to Notes 11 and 12 to the Financial Statements for the details of the remuneration of Directors, Supervisors and senior management of the Company.

The remuneration of the members of the senior management by band for the year ended 31 December 2024 is set out below:

Remuneration band	Number of individuals
RMB1,000,000 and below	1
RMB1,000,001 to RMB1,500,000	5
RMB1,500,001 to RMB2,000,000	3
RMB2,000,001 to RMB2,500,000	1
RMB2,500,001 to RMB3,000,000	1
RMB3,000,001 and above	0

Note: Pursuant to the relevant PRC regulations, total compensation packages for 2024 of the above-mentioned senior management have not yet been finalised, the amount of the compensation not provided for is not expected to have any significant impact on the Group's 2024 consolidated financial statements.

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III. Information on Directors, Supervisors, Senior Management and Other Persons

(I) Information on Directors

Executive Directors

Mr. Deng Xinquan (鄧新權), has been an executive Director, chairman of the Board and the legal representative of the Company since March 2021. Mr. Deng served as the secretary of the Party Committee of the Company from September 2020 to November 2024, and as the chairman of the Board of Supervisors and the employee representative Supervisor of the Company from May 2018 to February 2021. From November 2007 to May 2018, Mr. Deng was a member of the Party Committee and deputy director of Heilongjiang Office of the former China Banking Regulatory Commission (CBRC). From August 2006 to November 2007, he was the director of the office (office of the Party Committee) of Heilongjiang Office of the former CBRC. From December 2003 to August 2006, he was the head of the preparation team, secretary to the Party Committee and director of Daqing Branch of the former CBRC. From June 1997 to December 2003, he was a deputy head of the rural cooperative finance management division of Heilongjiang Provincial Branch of PBOC, deputy head and head of the second bank supervision division of Shenyang Branch of the PBOC, head of the joint-stock commercial bank supervision division of Shenyang Branch of the PBOC, secretary to the Party Committee and president of Daqing City Center Sub-branch of the PBOC. From August 1984 to June 1997, he was an officer of the industrial and commercial credit division, an officer and deputy chief officer of the commercial credit division and chief officer and deputy head of the credit cooperation division of Heilongjiang Provincial Branch of the AGRICULTURAL BANK OF CHINA LIMITED (1288.HK; 601288.SH). Mr. Deng received a Master's degree in Business Administration of Senior Management from Harbin Institute of Technology in July 2010. He is currently a senior economist accredited by the Evaluation Committee of Senior Professional Qualification in Economics of the PBOC.

Mr. Yao Chunhe (姚春和), has been the secretary of the Party Committee of the Company since November 2024 and an executive Director and the president of the Company since March 2023. Mr. Yao was the deputy secretary of the Party Committee of the Company from June 2022 to November 2024. Mr. Yao served as a member of the Party Committee and the vice president of Heilongjiang Branch of Industrial and Commercial Bank of China Limited (1398.HK; 601398.SH) ("ICBC") from November 2020 to June 2022; a member of the Party Committee and the vice president of Heilongjiang Branch of ICBC and the president of Dalian Branch of ICBC from September 2020 to November 2020 (the secretary of the Direct Party Committee of Heilongjiang Branch of ICBC in October 2020); the secretary of the Party Committee and the president of Dalian Branch of ICBC from January 2018 to September 2020; a member, the deputy secretary (in charge of overall work) and the secretary of the Party Committee and the vice president of Dalian Branch of ICBC from February 2015 to January 2018; the secretary of general Party branch committee of Xinghai Sub-branch of Dalian Branch of ICBC, the president of Xinghai Sub-branch and an assistant to the president of Dalian Branch from December 2011 to February 2015; the deputy general manager (in charge of work) and the general manager of the Corporate Business Department of Dalian Branch of ICBC from February 2009 to December 2011; a clerk of the Financial Planning Department, the manager of centralized procurement unit of the Financial Planning Department, the manager and deputy general manager of the Financial and Accounting Department of Dalian Branch of ICBC from August 2003 to February 2009. Mr. Yao received a Master's degree in Economics from Jilin University in July 2003. He is currently an economist accredited by the Ministry of Human Resources and Social Security.

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Non-executive Directors

Mr. Zhao Hongbo (趙洪波), has been a non-executive Director of the Company since November 2020. Mr. Zhao has served as the secretary of the Party Committee and the chairman of Harbin Investment Group Corporation Limited (哈爾濱投資集團有限責任公司) since February 2017; the secretary of the Party Committee, the chairman and a director of Harbin Hatou Investment Co., Ltd. (stock code: 600864.SH) since May 2017; the chairman of Harbin Binxi Railway Co., Ltd. (哈爾濱賓西鐵路有限公司) from June 2017 to November 2021; the secretary of the Party Committee of Jianghai Securities Co., Ltd. since July 2017; and the chairman of Jianghai Securities Co., Ltd. since April 2018. Mr. Zhao served as the general manager, deputy secretary of the Party Committee, chairman and secretary of the Party Committee of Harbin Transportation Group Co., Ltd. (哈爾濱交通集團有限公司) from April 2013 to February 2017; the deputy general manager and a member of the Party Committee of the General Office of Harbin Municipal People's Government from December 2002 to April 2013; the headmaster of Heilongjiang Transportation Cadre School (黑龍江省交通幹部學校) from May 2001 to December 2002; the deputy general manager (deputy division head level) and general manager (division head level) of Heilongjiang Provincial Transportation Information and Communication Center (黑龍江省交通信息通信中心) from March 1997 to May 2001; the deputy general manager of the office of Heilongjiang International Exhibition Center (黑龍江國際博覽中心) from October 1995 to March 1997; and a cadre of the Heilongjiang Border Economic and Trade Administration (黑龍江省邊境經濟貿易管理局) from September 1991 to October 1995. Mr. Zhao received a doctorate degree in Agricultural Economic Management from Northeast Agricultural University in June 2004, and is currently a senior engineer accredited by the Personnel Department of Heilongjiang Province.

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Mr. Zhang Xianjun (張憲軍), has been a non-executive Director of the Company since November 2020. Mr. Zhang has served as a director of Harbin Investment Group Corporation Limited (哈爾濱投資集團有限責任公司) since August 2023; the chairman of the board of directors of Heilongjiang Suibao Thermoelectric Co., Ltd. (黑龍江歲寶熱電有限公司) since June 2021; the vice chairman and general manager of Harbin Hatou Investment Co., Ltd. (600864.SH) since January 2021; a director and the chairman of Harbin Hatou Hengtai Investment Management Co., Ltd. (哈爾濱哈投恒泰投資管理有限公司) since January 2018; a director of Harbin Hatou Investment Co., Ltd. (600864.SH) since November 2016; a director of Jianghai Securities Co., Ltd. since December 2014; the vice chairman and a director of Harbin Junxin Financing Guarantee Co., Ltd. (430558.NQ) since August 2014. Mr. Zhang served as a partner of Ningbo Jinxiang Qianyi Investment Partnership (Limited Partnership) (寧波錦享謙溢投資合夥企業(有限合夥)) with 39.93% shares from March 2018 to September 2024; an executive director and the general manager of Harbin Economic Development and Investment Company Limited from December 2019 to February 2023; the general manager of Harbin Economic Development and Investment Company Limited from October to December 2019; the authorised representative of Shenzhen Zhongrong Hatou Bail-out Investment Partnership (Limited Partnership) (深圳中融哈投紓困投資合夥企業(有限合夥)) from November 2019 to February 2023; a director of Heilongjiang Jinxin Financial Leasing Co., Ltd. (黑龍江金信融資租賃有限公司) from August 2015 to March 2022; a director of Zhongrong International Trust Co., Ltd. from December 2014 to June 2022; the deputy general manager of Harbin Junxin Financing Guarantee Co., Ltd. (哈爾濱均信融資擔保股份有限公司) (430558. NQ) from August 2014 to April 2022; the head of the financial asset management department of Harbin Investment Group Corporation Limited from July 2014 to January 2021; an officer of the long-term development planning division, secretary of the office, secretary of the Youth League Committee, the deputy general manager and officer (ministerial level) of Harbin Investment Group Corporation Limited from March 2004 to June 2014; and a technician, a staff member of the Youth League Committee and the general manager of the labor union of Harbin Cement Factory (哈爾濱水泥廠) from August 1995 to March 2004. Mr. Zhang received a Master's degree in Business Administration from Harbin Engineering University in June 2009, and is currently a senior economist accredited by the Department of Human Resources and Social Security of Heilongjiang Province.

Mr. Jia Haining (賈海寧), his qualification for a non-executive Director of the Company is subject to approval by the Heilongjiang Office of the NFRA. Mr. Jia has been the director of the financial asset management department of Harbin Investment Group Corporation Limited (哈爾濱投資集團有限責任公司) since January 2025, the deputy general manager of Harbin Hatou Capital Co., Ltd. (哈爾濱哈投資本有限公司) since May 2023, a director of Harbin Property Financing Guarantee Co., Ltd. (哈爾濱市房屋置業融資擔保有限責任公司) since October 2021 and a partner of Ningbo Jinxiang Qianyi Investment Partnership (Limited Partnership) (寧波錦享謙溢投資合夥企業(有限合夥)) with 9.98% shares since March 2018; Mr. Jia served as the deputy director of the financial asset management department of Harbin Investment Group Corporation Limited from June 2022 to January 2025, an assistant to the director of the financial asset management department of Harbin Investment Group Corporation Limited from April 2020 to June 2022, a junior staff (II), junior staff (I), intermediate staff and senior staff of the financial business department of Harbin Investment Group Corporation Limited from July 2014 to April 2020, and a trainee and junior staff (II) of the financing department of Harbin Investment Group Corporation Limited from March 2012 to July 2014. Mr. Jia received a Master's degree in Management from Dongbei University of Finance & Economics in December 2011, and is currently a senior economist accredited by the Heilongjiang Human Resources and Social Security Bureau.

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Mr. Liu Peiwei (劉培偉), has been a non-executive Director of the Company since December 2024. Mr. Liu has been the deputy general manager of Heilongjiang Financial Holdings Group Co., Ltd. (黑龍江省金融控股集團有限公司) since July 2019. Mr. Liu served as the deputy general manager of Heilongjiang Longcai Asset Operation Co., Ltd. (黑龍江省龍財資產經營有限公司) and the legal representative and general manager of Heilongjiang Longcai Public Private Partnerships Financing Support Investment Fund Co., Ltd. (黑龍江省龍財財政企合作融資支持投資基金有限公司) from October 2012 to June 2019; the manager of the project management department and assistant to the general manager of Heilongjiang Longcai Asset Operation Co., Ltd. (黑龍江省龍財資產經營有限公司) from September 2005 to September 2012; the manager of the finance department of Heilongjiang Zhongmeng Group Co., Ltd. (黑龍江中盟集團有限公司) from December 2000 to August 2005; the deputy manager of the investment department of Heilongjiang Economic and Trade Development Group Corporation (黑龍江省經濟貿易開發集團總公司) from January 1997 to November 2000; and a staff member of the finance department and investment department of Heilongjiang Economic and Trade Development Group Corporation (黑龍江省經濟貿易開發集團總公司) from July 1993 to December 1996. Mr. Liu received a Master's degree in Economics from Peking University in January 2006, and is currently a senior accountant accredited by the former Personnel Department of Heilongjiang Province.

Mr. Cheng Shuai (程帥), has been a non-executive Director of the Company since December 2024. Mr. Cheng has been the general manager of the FinTech Department of Heilongjiang Financial Holdings Group Co., Ltd. (黑龍江省金融控股集團有限公司) since December 2024, a director of Longjiang Bank Corporation since April 2024, and the general manager of Heilongjiang Credit Corporation (黑龍江省徽信有限責任公司) since January 2024. Mr. Cheng served as the general manager of the first business development department of Heilongjiang Financial Holdings Group Co., Ltd. (黑龍江省金融控股集團有限公司) from October 2022 to December 2024, the deputy general manager (in charge of work) of the first business development department of Heilongjiang Financial Holdings Group Co., Ltd. (黑龍江省金融控股集團有限公司) from March 2021 to October 2022; a chief officer, deputy researcher and fourth level researcher of the finance division of the Department of Finance of Heilongjiang Province from June 2016 to March 2021; a director and the deputy general manager of Heilongjiang Nonghe E-commerce Co., Ltd. (黑龍江農合電子商務有限公司) from August 2012 to June 2016; and an associate chief officer and chief officer of the economic development division of Heilongjiang Province Supply and Marketing Cooperatives (黑龍江省供銷合作社聯合社) from August 2005 to June 2016. Mr. Cheng received a Master's degree in Public Administration from Harbin Institute of Technology in April 2014.

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Independent non-executive Directors

Mr. Hou Bojian (侯伯堅) (former name: Hou Bojian (侯柏堅)), with Hong Kong Chinese nationality, has been an independent non-executive Director of the Company since September 2019. Mr. Hou has been an executive director of S.S. Industrial Limited (盛實興業有限公司) since August 2024, an independent non-executive director of Winox Holdings Limited (6838.HK) since May 2024; a managing director of Hong Kong HT Strategy Ltd. (香港匯通策略有限公司) since October 2011; a director and chairman of audit committee of the board of directors of Shanghai Tonglian Financial Services Co., Ltd. (上海通聯金融服務有限公司) since August 2011; a supervisor of Shanghai Rensheng Import and Export Co., Ltd. (上海仁生進出口有限公司) since August 2011; a director of Guangzhou Renhui Investment Co., Ltd. (廣州仁匯投資有限公司) since December 2010; a director of Guangzhou Renhui Trade Development Co., Ltd. (廣州仁輝貿易發展有限公司) since April 2009; and the deputy chief executive officer of Hong Kong Ren Tong Group Limited (香港仁通集團有限公司) since August 2008. Mr. Hou served as a director of Shenzhen Zhongzhanxin Technology Fund Investment Partnership (深圳中展信科技基金投資合夥企業) from December 2015 to February 2017; and an executive director of Full Apex (Holdings) Limited (BTY.SG) from April 2005 to August 2008. From January 2001 to April 2005, he held several positions, including a senior consultant of Guangzhou Tiancheng Certified Public Accountants, a financial adviser of Guangzhou Full Apex Group and its member companies and a financial adviser of Hong Kong Ren Tong Group (香港仁通集團). Mr. Hou served as an executive director, deputy general manager and chief financial officer of Guangdong Investment Limited (0270.HK) from July 1992 to January 2001. From 1992 to 2001, he held several positions during the same period, including a non-executive director of Guangdong Land Holdings Limited (0124.HK, originally known as Guangdong Brewery Holdings Limited), a non-executive director of Guangdong Tannery Limited (1058.HK), a director of Hi Sun Technology (China) Limited (0818.HK, originally known as Guangdong Building Industries Limited), an executive director of Guangnan (Holdings) Limited (1203.HK), the chairman of the supervisory committee of Guangdong Teem (Holdings) Limited, a director of Hong Kong Baiyue Finance Limited (香港百粵金融財務有限公司), a director of Hong Kong Citybus Ltd. (香港城市巴士有限公司), a director of Hong Kong Far East Landfill Technologies Limited (香港遠東垃圾堆填有限公司), a director and chief financial officer of Hong Kong Guangdong Transportation Co., Ltd. (香港廣東交通有限公司), a director of Hong Kong Guangdong Electricity Co., Ltd. (香港廣東電力有限公司), a director of Wharney Guang Dong Hotel Hong Kong, a director of Guangdong Hotel Hong Kong, and a deputy managing director of Hong Kong Bidacheng Investment Co., Ltd. (香港必達成投資有限公司). Mr. Hou served as the vice general manager of the finance department and the general manager of the accounting department of Guangdong Holdings Group (香港粵海集團) from May 1989 to July 1992; the chief financial officer of Shenzhen Guangdong Hotel Co., Ltd. (深圳粵海酒店有限公司) from July 1988 to May 1989; and a technician at Guangdong Yuedong Diesel Engine Factory (廣東粵東柴油機廠) from 1976 to 1981. Mr. Hou received his Master's degree in economics from Jinan University in July 1988. He is a holder of the professional qualification certificate of Hong Kong securities industry and the fund manager qualification certificate of the Asset Management Association of China. Mr. Hou was granted the title of accountant by Guangdong accountant professional title appraisal panel in October 1992.

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Mr. Jin Qinglu (靳慶魯), has been an independent non-executive Director of the Company since March 2021. Mr. Jin has served as the dean of the School of Accountancy of Shanghai University of Finance and Economics since November 2018, a professor of the School of Accountancy of Shanghai University of Finance and Economics since June 2012; and an independent director of Shanghai Bank Corporation Limited (601229.SH) since September 2024. Mr. Jin was an independent director of Orient Securities Company Limited (600958.SH; 03958.HK) from September 2017 to October 2023; an independent director of Shanghai Emperor of Cleaning Hi-tech Co., Ltd. (603200.SH) from October 2017 to October 2020; an independent director of China Grand Automotive Services Group Co., Ltd. (600297.SH) from July 2015 to December 2015; an independent director of Besttone Holding Co., Ltd. (600640.SH) from May 2014 to December 2015; an independent director of Shanghai SK Petroleum & Chemical Equipment Corporation Ltd. (002278.SZ) from November 2013 to November 2016; the vice dean of the School of Accountancy of Shanghai University of Finance and Economics from March 2015 to November 2018; the vice dean of the Institute of Accounting and Finance of Shanghai University of Finance and Economics from March 2014 to November 2018; an assistant professor and a vice professor in the School of Accountancy of Shanghai University of Finance and Economics from June 2005 to May 2012; and an assistant professor of Accounting Department of Xi'an Jiaotong University from March 1999 to June 2000. Mr. Jin received a doctorate degree in accountancy from the Hong Kong University of Science and Technology in November 2005.

Mr. Chen Ming (陳明), has been served as an independent non-executive Director of the Company since December 2024 and a consultant of Zhong Lun Law Firm since April 2020. Mr. Chen was a partner of Zhong Lun Law Firm from September 2016 to March 2020; a partner of Beijing Jun He Law Offices from March 2013 to August 2016; a lawyer and partner of Zhong Lun Law Firm from August 2003 to February 2013; a lawyer of Guangsheng & Partners Law Offices from September 1996 to June 1999; a legal consultant of Beijing Yintong Real Estate Development Co., Ltd. (北京銀通房地產開發有限公司) from September 1995 to August 1996. Mr. Chen obtained a Master's degree in law from Peking University in July 1995 and a doctorate degree in professional law from Colombia University in May 2002.

Ms. Leung Sau Fan, Sylvia (梁秀芬), a Hong Kong citizen with Chinese nationality, has been an independent non-executive Director of the Company since December 2024. Ms Leung is currently a responsible officer of an entity licensed to conduct type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance. Since August 2010, she has served as an independent non-executive director of Poly Property Group Co., Limited (0119.HK). Ms. Leung has served as an independent non-executive director of China Aerospace International Holdings Limited (0031.HK) from March 2012 to June 2022 and has more than 20 years of experience in the fields of company secretarial work and corporate finance advisory. Ms. Leung obtained a Bachelor's degree in accountancy from City University of Hong Kong in November 1992.

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(II) Information on Supervisors

Mr. Zhao Baocai (趙保才), has been the chairman of the Board of Supervisors and employee representative Supervisor of the Company since March 2023. Mr. Zhao served as a deputy secretary of the Party Committee, general manager and a director of Harbin Venture Capital Group Co., Ltd. (哈爾濱創業投資集團有限公司) from December 2020 to February 2023; the deputy general manager and a member of the Party Committee of Harbin Transportation Group Co., Ltd. (哈爾濱交通集團有限公司) from April 2013 to December 2020; a chief officer, deputy head of the capital operation division, head of the capital operation division, head of the budget and income management division and manager of the state-owned enterprise supervisory board office of State-owned Assets Supervision and Administration Commission of Harbin (哈爾濱市國資委) from March 2004 to April 2013; an officer, associate chief officer and chief officer of Harbin Municipal Finance Bureau (哈爾濱市財政局) from December 1997 to March 2004; and a labour officer and secretary of the Youth League Committee of the Human Resources and Labour Division of China Construction Material and Geological Prospecting Center, Heilongjiang General Team (建材地勘黑龍江總隊人事勞資科) from July 1991 to December 1997. Mr. Zhao received a Master's degree in business administration from Harbin Institute of Technology in April 2005. He is an intermediate economist accredited by the Ministry of Human Resources and Social Security of the PRC.

Ms. Jiang Yongmei (姜詠梅), has been an employee representative Supervisor of the Company since March 2023. Ms. Jiang has been the general manager of the Financial Market Department of the Company since January 2018. Ms. Jiang joined the Company in June 1994. From June 1994 to January 2018, she had held positions as an accountant of the Business Department, dealer and chief dealer of the Planning and Finance Department, assistant to the general manager and deputy general manager and the general manager of Capital Operation Center of the Funding Operation Department, general manager of the Financial Market Department, general manager of the Investment Banking and Interbank Department, general manager of the General Management Department of the Interbank Finance Headquarter. Ms. Jiang received a Master's degree in business administration from Harbin Engineering University in June 2009.

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Mr. Wang Yuanfang (王遠方), has been an employee representative Supervisor of the Company since October 2022. Mr. Wang has been the general manager of the Asset Management Department and the president of the Wealth Management Department of the Bank since January 2021. Mr. Wang joined in the Company in July 2005. From July 2005 to January 2021, he held a number of positions in the Bank, including a staff member and office secretary of the Risk Management Department, assistant to the president and assistant to the general manager of the Bills Discounting Centre of Longqing Sub-branch of Harbin Management Department, deputy director (cadre tempering) of the Wealth Management Centre of the Investment Banking Department, general manager of the Business Division II of the Investment Banking Department, general manager of the Asset Management Centre of the Investment Banking Department, assistant to the general manager of the Investment Banking Interbank Department, president of the Wealth Management Department, and general manager of the Asset Management Department. Mr. Wang obtained a Master's degree in business administration from Harbin Institute of Technology in July 2005 and is an intermediate economist accredited by the Heilongjiang Human Resources and Social Security Bureau (formerly known as the Personnel Department of Heilongjiang Province).

Mr. Jiang Minghui (姜明輝) has been an External Supervisor of the Company since July 2024. Mr. Jiang has served as Dean of School of Economics and Management of East University of Heilongjiang since October 2024, professor and Ph.D. tutor of the School of Economics and Management of Harbin Institute of Technology since September 2007, and independent director of Harbin United Rural Commercial Bank Co., Ltd. (哈爾濱聯合農村商業銀行股份有限公司) since May 2022. Mr. Jiang served as an associate professor of the School of Economics and Management of Harbin Institute of Technology from July 1999 to September 2007; a lecturer of the School of Economics and Management of Harbin Institute of Technology from July 1996 to July 1999; a teaching assistant of the School of Economics and Management of Harbin Institute of Technology from March 1994 to July 1996; a postgraduate in technology economy of Harbin Institute of Technology from September 1991 to March 1994; and a student counselor of the School of Economics and Management of Harbin Institute of Technology from July 1989 to July 1991. Mr. Jiang received a doctorate degree in Technology Economy and Management from Harbin Institute of Technology in December 2006.

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Ms. Li Zhaohua (李兆華), has been an external Supervisor of the Company since May 2019. Ms. Li has been a professor of Guangdong University of Finance since September 2023, an independent director of Harbin Pharmaceutical Group Co., Ltd. (600664.SH) since January 2021, a standing executive member of the fifth council of Heilongjiang Institute of Internal Auditors since December 2017, a performance appraisal expert of Heilongjiang Enterprises Association since June 2017, an executive member of the third council of Heilongjiang Institute of Management since December 2016, a bidding evaluation expert for government procurements in Heilongjiang since May 2015, and the vice president of the Harbin Institute of Environment and Operations since March 2015. Ms. Li served as a professor and a Ph.D tutor at the Accounting School of Harbin University of Commerce from July 2005 to September 2023, an associate professor of the Accounting Department of Harbin University of Commerce from May 2000 to July 2005, an associate professor of the Accounting Department of Heilongjiang College of Finance and Political Science from September 1996 to May 2000, a lecturer of the Audit Department of Heilongjiang College of Finance and Political Science from September 1993 to September 1996, a teaching assistant of the Audit Department of Heilongjiang College of Finance and Political Science from July 1988 to September 1993, and a professional advisor of the Accounting Department of the Professional Construction Committee of Heilongjiang University of Finance and Economics from June 2018 to April 2019. Ms. Li obtained her Master's degree in economics from Peking University in September 1996.

Mr. Sun Yi (孫毅), has been an external Supervisor of the Company since May 2019. Mr. Sun has been a professor and master instructor of the School of Law of Heilongjiang University since September 2015, a standing executive member of the sixth council of the Harbin Law Society since December 2018, a member of the second council of the Civil Law Research Institute of the China Law Association since June 2017, an arbitrator of the fourth and fifth committee of the Harbin Arbitration Commission since September 2013, an editor of the Northern Legal Science Magazine since January 2007, a researcher of the Civil and Commercial Laws Research Center of Heilongjiang University since April 2004, and a lawyer of Tianleping Law Firm since November 2003. Mr. Sun served as an associate professor of the School of Law of Heilongjiang University from September 2004 to August 2015, a lecturer of the School of Law of Heilongjiang University from September 1999 to August 2004, and a teaching assistant of the School of Law of Heilongjiang University from September 1996 to August 1999. Mr. Sun obtained a doctorate degree in law from China University of Political Science and Law in June 2003, and obtained the practicing lawyer's license in May 1997.

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Ms. Chen Wei (陳巍), has been a shareholder representative Supervisor of the Company since August 2023. Ms. Chen has served as the chief accountant of Harbin New Area Industrial Investment Group Co., Ltd. (哈爾濱新區產業投資集團有限公司) since October 2024, the financial controller of Harbin New Area Intelligent Robot Industry Development Co., Ltd. (哈爾濱新區智能機器人產業發展有限公司) since August 2024, the financial controller of Harbin Science and Technology Innovation Investment Co., Ltd. (哈爾濱科技創新投資有限公司) since December 2023, the financial controller of Harbin Songjiang Auto Leasing Co., Ltd. (哈爾濱松江汽車租賃有限公司) since March 2023, the chairman of the labor union of Harbin High-tech Industrial Development Zone Infrastructure Development and Construction Co., Ltd. (哈爾濱高新技術產業開發區基礎設施開發建設有限公司) since August 2019, a director of the finance department of Harbin High-tech Industrial Development Zone Infrastructure Development and Construction Co., Ltd. since October 2017, and a supervisor of Harbin Xingyi Memory Technology Co., Ltd. (哈爾濱星憶存儲科技有限公司) since February 2017. Ms. Chen previously served as the financial controller of Harbin New Area New Material Development Co., Ltd. (哈爾濱新區新材料發展有限公司) and Harbin New Area Internet of Things Co., Ltd. (哈爾濱新區物聯網有限公司) from August 2022 to October 2024, and the accountant, deputy director of the finance department, director of investment and financing department and assistant to the general manager of Harbin High-tech Industrial Development Zone Infrastructure Development and Construction Co., Ltd. from November 2009 to August 2019, an accountant of Harbin Development Zone Heli Infrastructure Development Co., Ltd. (哈爾濱開發區合力基礎設施發展有限公司) from March 2002 to November 2009, an accountant of Harbin High-tech Industrial Development Zone Infrastructure Development and Construction Co., Ltd. from December 2001 to March 2002, an accountant of Harbin High-tech Soybean Food Co., Ltd. (哈高科大豆食品有限責任公司) from October 1998 to December 2001, an accountant of Harbin Chemical Construction Corporation (哈爾濱市化工建設總公司) from October 1991 to October 1998. Ms. Chen received a college degree from Harbin Cadre College of Economic Management in July 1996, and is currently a senior accountant accredited by Heilongjiang Human Resources and Social Security Bureau (formerly known as the Personnel Department of Heilongjiang Province).

(III) Information on Senior Management

Mr. Yao Chunhe (姚春和), is our executive Director. For the biography of Mr. Yao, please refer to “(I) Information on Directors” of this section.

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Mr. Han Gang (韓剛), has been the vice president of the Company since March 2023. Mr. Han has served as a member of the Party Committee of the Company and the secretary of the Party Committee of Harbin Branch since March 2021 and the president of Harbin Branch of the Company since October 2021. Mr. Han served as a deputy secretary to the Discipline Committee of the Company from January 2017 to February 2023; the deputy director and director of the Discipline Inspection Supervisory Office, the general manager of the Security Department, as well as the general manager of the Monitoring and Command Center of the Company from February 2010 to January 2018; the vice general manager of the Human Resources Department, the vice general manager of the Security Department, the vice general manager (in charge of work) of the Security Department and the deputy director of the Discipline Inspection Supervisory Office of the Company from July 2006 to February 2010; the assistant to the general manager of the Human Resources Department of the Company from May 2005 to July 2006; the assistant to the general manager (for training and assessment) of the Human Resources Department of the Company from June 2004 to May 2005; a clerk of the Personnel and Education Department and the assistant to the Human Resources Department of Harbin Commercial Bank Co., Ltd. from March 1999 to June 2004; a clerk of credit department of the Daqing Road Sub-branch of Harbin Commercial Bank Co., Ltd. from February 1997 to March 1999; a clerk of business department of the practicing bank of Heilongjiang Banking School, a clerk of credit department of the Daqing Road Urban Credit Union of Harbin from December 1993 to February 1997. Mr. Han received a Master's degree in Software Engineering from the School of Software of East China Normal University in June 2012.

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Mr. Liu Dianxin (劉殿新), has been a vice president of the Company since March 2024. Mr. Liu was the vice president of the Harbin Branch of Industrial Bank Co. Ltd. (601166.SH) ("Industrial Bank") from May 2015 to October 2023, the member of the Party Committee of the Harbin Branch of Industrial Bank from August 2012 to October 2023, and held the concurrent position as the secretary of the Disciplinary Inspection Committee of the Harbin Branch of Industrial Bank Co., Ltd. from August 2019 to August 2022. From March 2011 to May 2015, he was the assistant to president of the Harbin Branch of Industrial Bank during the time of which he concurrently was the general manager of the Integrated Department of the Harbin Branch of Industrial Bank from April 2011 to March 2012; from March 2009 to March 2011, he was the employee of the business management department and the general manager of Corporate Finance Department of the Harbin Branch of Industrial Bank; from August 2005 to March 2009, he was the general manager of the Corporate Business Department of the Heilongjiang Branch of China Everbright Bank during the time of which he concurrently was the general manager of the International Business Department of the Heilongjiang Branch of China Everbright Bank from February 2006 to January 2008; from May 2003 to August 2005, he was the deputy president and then the president of the Xuanhua Sub-branch of the Heilongjiang Branch of China Everbright Bank; from September 2001 to May 2003, he was deputy general manager of the international business department of the Heilongjiang Branch of China Everbright Bank; from February 2001 to September 2001, he was the assistant to general manager of the business department of the Heilongjiang Branch of China Everbright Bank; from March 2000 to February 2001, he was a staff member and the assistant to general manager of International Business Department of the Heilongjiang Branch of China Everbright Bank; from July 1999 to March 2000, he served as the associate chief officer of Harbin Zhaolin Sub-branch of the Heilongjiang Branch of Bank of China; from November 1991 to July 1999, he served successively as an officer and associate chief officer of the International Business Department of the Harbin Branch of Bank of China; from July 1990 to November 1991, he was the officer of deposit bank of Nantong Street, the Binjiang Branch of Bank of China. Mr. Liu received a postgraduate degree from Harbin Industrial University in April 1995. He is an intermediate economist accredited by the former Ministry of Personnel of the People's Republic of China.

Mr. Yang Dazhi (楊大治), has been an assistant to the president of the Company since July 2018. Mr. Yang worked consecutively as the deputy general manager of the Financial and Accounting Department and the general manager of the Asset and Liability Management Department of the Company from April 2015 to March 2020. From July 1999 to April 2015, he worked at the headquarter of Industrial and Commercial Bank of China Limited (1398.HK; 601398.SH) ("ICBC") and was an officer of the accounting division under the accounting and settlement department, an officer, associate chief officer, chief officer and deputy head of the accounting management division under the accounting and settlement department, deputy head and head of the accounting division under the financial and accounting department, and head of the overseas and controlling company financial management division under the financial and accounting department. Mr. Yang received a Master's degree in Business Administration from the University of Hong Kong in November 2014. He is an assistant accountant accredited by Industrial and Commercial Bank of China Limited.

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Ms. Wang Ying (王穎), has been the chief audit officer of the Company since July 2018. Ms. Wang has been the general manager of the Internal Audit Department of the Company since September 2012 and was an employee representative Supervisor of the Company from June 2007 to May 2018. From July 1997 to September 2012, Ms. Wang held a number of positions in the Company, including assistant to office manager of the Board of Supervisors, deputy general manager of the Internal Audit Department and assistant to general manager. Ms. Wang worked as cashier and accountant at the Harbin Urban Credit Union from August 1992 to July 1997. Ms. Wang received a Master's degree in Law from the China University of Political Science and Law in January 2010. She is currently a senior accountant and senior auditor accredited by the Human Resources and Social Security Department of Heilongjiang Province.

Mr. Liang Yong (梁勇), has been the chief information officer of the Company since October 2018. Mr. Liang worked as chief information officer of Beijing Zhongguancun Bank Co., Ltd. (北京中關村銀行股份有限公司) from June 2017 to August 2018 and worked in the preparation and execution team of the same company from January 2017 to June 2017. From April 1999 to December 2016, he worked at the headquarter of Agricultural Bank of China Limited (1288.HK; 601288.SH) ("Agricultural Bank of China") and held a number of positions, including officer and deputy manager officer of the Science Department, manager officer and deputy director of the Technology Development Division I of the Software Development Center, director of the Application Development Division II, general manager of the Technology Supervision Office, and a member of the Party Committee of and deputy general manager of the Software Development Center. Mr. Liang received a postgraduate degree from Beihang University, and graduated with a Master's degree in Engineering in March 1999. He is a senior engineer under the computer engineering system as recognised by the Agricultural Bank of China.

Mr. Wu Siliang (吳思量), has served as the secretary of the Board of the Company since August 2022 and served as a joint company secretary of the Company since July 2022. Mr. Wu has served as the manager of the Board Office of the Company since January 2021 and the manager of the Board Office (office of the Party Committee) of the Company since March 2022. From March 2022 to April 2022, Mr. Wu held the concurrent position as the manager of the Investment Management Office of the Company. From January 2018 to January 2021, he was an assistant to the manager of the Board Office, an assistant to the manager of the office (office of the Party Committee), a deputy manager of the office and a deputy manager (in charge of work) of the Board Office of the Company. From January 2016 to January 2018, he served as a clerk of the Board Office of the Company. Mr. Wu was an associate chief officer, a chief officer and a secretary for the Party Committee of the office (office of the Party Committee) of former CBRC Heilongjiang Office from January 2012 to January 2016. From July 2008 to January 2012, he was an associate chief officer of the No. 2 State-owned Bank Supervision Department, and an associate chief officer of the Offsite Supervision Department in the former CBRC Heilongjiang Office. Mr. Wu received a Master's degree in Economics from the Central University of Finance and Economics in July 2008.

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Mr. Fang Shang (房尚) (former name: Fang Minghui (房明輝)), has been an Assistant to the President of the Company since December 2022, the president of the Debt Management Headquarters since February 2023 and an arbitrator of the fifth session of committee of Harbin Arbitration Commission since September 2018. Mr. Fang has served as the president of the Debt Management Department from April 2022 to February 2023, the general manager of the Compliance Management Department of the Company from April 2019 to January 2023, the general manager of the Customers' Rights and Interests Protection Department of the Company from April 2019 to June 2022, the employee representative Supervisor of the Company from May 2018 to October 2022, the general manager of the Compliance Management Department of the Company from November 2013 to April 2019, the general manager of the Risk Asset Management Department and the general manager of the Financial Planning Department from January 2011 to November 2013. From May 2006 to January 2011, he served as the vice president (in charge of work) and president of Longjiang Governing Sub-Branch, Harbin Branch. From January 2001 to May 2006, he held various positions including an assistant to general manager, deputy general manager of the Human Resources and Education Department, deputy general manager of the Asset Recovery Center, deputy general manager of the Asset Management Department. From February 1997 to January 2001, he has served as an accountant of the Financial Accounting Department and an officer of the Human Resources and Education Department of the Company. From July 1993 to February 1997, he worked as a teller of Songhuajiang deposit bank of Harbin Urban Credit United Cooperative (哈爾濱城市信用聯社松花江儲蓄所) and an accountant of the Financial accounting Department of the Credit United Cooperative. Mr. Fang received a Master's degree in Business Administration of Senior Management from Harbin Institute of Technology in April 2011. He is a senior economist accredited by the Personnel Department of Heilongjiang Province.

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Mr. Sun Weichao (孫偉超), has been assistant to the president of the Company since December 2022, deputy secretary of the Party Committee and executive vice president of the Harbin Branch of the Company since March 2022, general manager of the Small Business Financial Service Centre of the Company since December 2022 and member of the Party Committee of the Harbin Branch of the Company since September 2014. Mr. Sun was vice president of the Harbin Branch of the Company from May 2021 to March 2022; general manager of the Assets Clearing and Settlement Center of the Harbin Branch of the Company from January 2018 to April 2018; deputy secretary of the Party Committee of the Harbin Branch of the Company from January 2018 to January 2021 (during which from November 2018 to November 2020, served temporarily as a commissioner at Harbin Finance Bureau); vice president of the Harbin Branch of the Company from January 2017 to April 2018; secretary of the Disciplinary Inspection Committee of the Harbin Branch of the Company from April 2016 to September 2023, assistant to the president and general manager of the Assets Clearing and Settlement Center of the Harbin Branch of the Company from October 2015 to January 2017; assistant to the president of the Harbin Branch of the Company from January 2015 to October 2015; served successively as assistant to the president of Acheng Governing Sub-branch, vice president of Longjiang Governing Sub-branch, deputy general manager of the personal finance department, and the president of Daoli Sub-branch of the Harbin Branch of the Company from February 2006 to February 2015; assistant manager of the Personal Finance Department of the Company from January 2001 to February 2006; teller of the operations department of the Company from February 1997 to January 2001; and teller of the operations department of Harbin Urban Credit United Cooperative (哈爾濱城市信用聯社) from September 1994 to February 1997. Mr. Fang received a Master's degree in Business Administration of Senior Management from Harbin Institute of Technology in October 2016. He is a senior economist accredited by the Heilongjiang Human Resources and Social Security Bureau.

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Mr. Sun Shengxue (孫升學), has been the chief risk officer of the Company since July 2023 and the president of Dalian Branch of the Company since November 2023. Mr. Sun served as the standing vice president of the Debt Management Headquarter of the Company from February 2023 to July 2023; the standing vice president of the Debt Management Department of the Company from February 2022 to July 2023; the general manager of the Micro Finance Department (Research Center of Microcredit) and the general manager of the Mobile Finance Department of the Company from January 2020 to March 2022; the vice general manager (in charge of work) of the Mobile Finance Department of the Company from January 2018 to January 2020; the senior manager and apprentice assistant of the Credit Card Center of the Company from August 2015 to January 2018; the assistant to general manager of Nanjing Marketing Center under the Credit Card Center and the deputy general manager (in charge of work) of the Changzhou Secondary Marketing Center at China Minsheng Banking Corp., Ltd. (1988.HK; 600016.SH) ("China Minsheng Bank") successively from June 2013 to August 2015; a credit assessor of the Credit Assessment Department, the deputy manager of Assessment Division IV, the deputy manager (in charge of work) of the South China Credit Assessment Office, the deputy manager (in charge of work) of the Beijing Credit Assessment Office, and the manager of the Beijing Credit Assessment Office under the Head Office's Credit Card Center at China Minsheng Bank successively from July 2006 to June 2013. Mr. Sun graduated from China University of Political Science and Law with a bachelor's degree and received an Executive Master of Business Administration degree from Renmin University of China in June 2018. He currently is an advanced information systems project manager accredited by the Ministry of Human Resources and Social Security and the Ministry of Industry and Information Technology of the PRC and an intermediate economist accredited by the Ministry of Human Resources and Social Security of the PRC.

Mr. Wu Mingfei (吳明飛), has been the chief credit approval officer of the Company since July 2023. Mr. Wu has served as the general manager of the Credit Granting Approval Department of the Company since February 2023. Mr. Wu served as the general manager of the Credit Granting Management Department of the Company from March 2022 to February 2023; the secretary of the Party Committee and the president of Daqing Branch of the Company from April 2019 to March 2022; the secretary of the Party Committee and the president of Suihua Branch of the Company from August 2015 to April 2019; the deputy general manager (in charge of work) of the Finance Market Department and the general manager of the Cross-border E-commerce Financial Platform from February 2012 to August 2015; the president of the Dazhi Governing Sub-branch of Harbin Management Department of the Company from February 2010 to February 2012; the vice president of the Dazhi Governing Sub-branch, the vice president (in charge of work) of the Daoli Sub-branch (governing sub-branch), the president of the Daoli Governing Sub-branch of the Company successively from August 2002 to February 2010; an associate chief officer, an assistant to general manager and the deputy general manager of the Planning and Financial Department of the Company successively from February 2000 to August 2002; the manager of the Credit Department of the Company from May 1996 to February 2000; a teacher of the Heilongjiang Communist Party Cadre School of Agricultural Bank of China Limited (1288.HK; 601288.SH) from July 1992 to May 1996. Mr. Wu Mingfei received a Master's degree in Business Administration from Harbin Engineering University in December 2011 and currently is a senior economist accredited by the Personnel Department of Heilongjiang Province.

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(IV) Information on Company Secretary

For the biographies of Mr. Wu Siliang and Mr. Ngai Wai Fung, the joint company secretaries of the Company, please refer to “(III) Information on Senior Management” and “Corporate Governance Report –XVIII. Company Secretary under the Hong Kong Listing Rules”, respectively.

IV. Information on Evaluation and Incentive Scheme and Annual Remuneration for Directors, Supervisors and Senior Management

In accordance with the Methods of Evaluation of Duty Performance of Directors and the Methods of Evaluation of Duty Performance of Supervisors, the Company has completed the evaluation on Directors through self-evaluation, evaluation by the Board and evaluation by the Board of Supervisors; and evaluation on Supervisors through evaluation by the Board of Supervisors and mutual evaluation between Supervisors; the Nomination and Remuneration Evaluation Committee under the Board of Directors has set up scientific and reasonable evaluation indicators and systems pursuant to the Management Measures of Performance Review of Senior Management based on the principle of tying performance to remuneration and the combination of qualitative and quantitative methods, in order to mobilise the enthusiasm and creativity of senior management to the largest extent.

The Company provides allowances for independent non-executive Directors, non-executive Directors, external Supervisors and shareholder representative Supervisors in accordance with provisions of the Directors' Subsidies Management Measures and the Supervisors' Subsidies Management Measures, and provides remuneration for executive Directors and employee representative Supervisors and senior management in accordance with provisions of the Remuneration Management Measures. Remuneration for senior management should be in strict compliance with requirements of the Guidelines on Supervising the Stable Remuneration of Commercial Banks released by the former CBRC.

V. Confirmation of Independence of Independent Non-executive Directors

The Company had already received letters of confirmation on independence submitted by independent non-executive Directors. Hence, the Company believes that all independent non-executive Directors are in compliance with the Independence Guidelines set out in Rule 3.13 of the Hong Kong Listing Rules during the Reporting Period.

The Company's independent non-executive Directors neither have any business or financial interests in the Company and its subsidiaries nor hold any management position in the Bank. The current independent non-executive Directors of the Company are all elected for a term of three years. They may continue to serve for another three years upon re-election after the expiration of the term.

VI. Share Plan during the Reporting Period

The Bank did not adopt any share plan during the Reporting Period.

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VII. Employees

(I) Personnel Composition

As at 31 December 2024, The Group had a total of 8,860 regular employees. Among them, the Company had 7,209 employees, among which 823 were management functions staff in Head Office, accounting for 11.42% of the total, 498 were staff directly under the centres, accounting for 6.91% of the total, and 2,461 were Harbin Branch staff, accounting for 34.14% of the total. Regarding the gender of employees, the Company had 3,100 male employees, accounting for 43.00% of the total, and 4,109 female employees, accounting for 57.00% of the total. Regarding the age composition, the average age of employees of the Company was 37.76 years old. 1,174 were between 21 and 30 years old, accounting for 16.29% of the total. Regarding the educational background composition, there were 6,692 employees of the Company holding a bachelor's degree or above, accounting for 92.83% of the total. Regarding the number of years of services, the Company had 4,877 employees with 10 years or more banking experiences, accounting for 67.65% of the total. Staff turnover rate of the Company was 2.55%.

Employees of the Company enjoy equal rights in recruitment, position adjustment, training and promotion. The Company appreciates and encourages differences in the workplace to create a professional, inclusive and diversified working environment.

(II) Staff training Programmes

During the Reporting Period, the Bank emphasized on the development demands of the Group and focused on the training needs of staff from different levels with respect to job competency and core competency improvement, with particular emphasis on “two new” groups, namely “new employees” and “employees in new management positions”. The Bank continued to advance the professional capabilities of the staff by initiating the “Ten Hundreds” (十個一百) construction project and creating the “embark, endure, guide, escort, voyage, cruise, pilot” (啟航、續航、導航、護航、遠航、巡航、領航) training system with online and offline integration for the continued creation of excellent training programs. During the Reporting Period, both training completion rate and coverage rate were 100%. In 2024, the Company arranged 727 training sessions in total, including 599 internal training sessions, and 128 external training sessions for selected staff of the Company. The total training hours amounted to 3,609.

(III) Staff Incentive Policy

The Bank has established a scientific and reasonable staff evaluation system to implement comprehensive performance management. At the beginning of each year, the Bank sets up a performance plan for each staff by breaking down its strategic objectives layer by layer, and carries out the mechanism of review every half year, which serves as a pre-assessment. Apart from the performance review on business, the Bank has also adopted a multi-dimensional measurement to evaluate employee performance, and innovatively adopted an autonomous allocation of performance levels within the total points to ensure truthful staff performance evaluation. In addition, the effective performance communication helps the employees reach their performance goals.

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The Bank has established a series of staff incentive policies in line with its development needs based on scientific performance review results: firstly, the Bank has implemented the management of total annual performance remuneration of the head office departments, and gave them the right to distribute performance remuneration. They would focus on distributing performance remuneration to staff with “good performance review results”, “high value contribution” and in “key positions”, so as to form a remuneration determination mechanism of “fixed remuneration reflecting historical contribution and performance remuneration reflecting current contributions”. Secondly, the Bank has adopted a points system for the performance review results, with employees’ annual performance review results translated into points, which may be redeemed for rank or salary promotion qualifications, ensuring the “fairness, openness, transparency” in the rank and salary promotion system. Thirdly, the Bank has established a career development platform, and carried out work of the young talents (profession manager plan) reserve. Through written test and interview selection, a total of 11 people were selected.

(IV) Remuneration Policy for Employees

The Bank has successfully established a broadband salary management system with diversified composition, standardised management and systematic implementation and adopted a market-oriented and diversified management by region in order to scientifically and effectively motivate the Bank’s employees and ensure the smooth implementation of the Bank’s strategic development. The Bank’s remuneration package is composed of fixed remuneration, variable remuneration and welfare income. The Bank is able to strictly comply with regulatory requirements in remuneration payment by adopting deferred payment and setting up a lock-up period for paying senior management as well as employees holding positions that may exert significant influence to risks in order to tie job duties with risk management responsibilities. Meanwhile, the Bank will claw back the performance remuneration of the senior management and key staff who have been exposed to risks within the scope of their duties due to obvious negligence or failure to fulfill their prudent management obligations. In 2024, the Bank clawed back performance remuneration of more than RMB2.09 million with 116 persons involved.

(V) Retirement and Benefits

The Bank pays living expenses and other welfare benefits for employees who have not yet reached the statutory retirement age limit but are approved by the Bank to voluntarily retire from their employment from the internal retirement date to the statutory retirement age limit. For details of the retirement benefit scheme, please refer to Note 35 of “Notes to the Consolidated Financial Statements”. Save as disclosed in Note 35 of “Notes to the Consolidated Financial Statements” in the annual report, there was no forfeiture of retirement benefits schemes contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) in the Group. As at 31 December 2024, no forfeited contribution under the retirement benefits schemes of the Group is available to reduce the contribution payable in future years.

Basic Information on Directors, Supervisors,
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VIII. Basic Information of Branches under the Parent Company

No.	Name of branch	Business address	Notes
1	Harbin Branch	No. 888 Shangjiang Street, Daoli District, Harbin	131 sub-branches
2	Shuangyashan Branch	No. 248 Xinxing Street, Jianshan District, Shuangyashan	12 sub-branches
3	Dalian Branch	1-4/F, No. 118 Gangxing Road, Zhongshan District, Dalian City	14 sub-branches
4	Tianjin Branch	1-4/F, No. 223 Yong'an Road, Hexi District, Tianjin	16 sub-branches
5	Chengdu Branch	1, 2, 4, 5, 6/F, Chengdu Palm Spring International Centre, No. 199 Middle Section of Tianfu Avenue, High-tech District, Chengdu (registered address: 1-4/F, No. 210 Xiyulong Street, Qingyang District, Chengdu)	11 sub-branches
6	Hegang Branch	Room 000101-000114, Building B, Garden Building, 7th Committee, Xiangyang District, Hegang City	8 sub-branches
7	Shenyang Branch	No. 200A3 Shifu Road, Heping District, Shenyang City	13 sub-branches
8	Suihua Branch	Crossing of Huanghe North Road and Xinhua Street, Beilin District, Suihua	10 sub-branches
9	Jixi Branch	No. 45 Jixingdong Street, Jiguan District, Jixi	11 sub-branches
10	Chongqing Branch	1-6/F, No. 197 Wuyi Road, Yuzhong District, Chongqing	22 sub-branches
11	Daqing Branch	H-A, Jingsan Street, Dongfengxin Village, Saertu District, Daqing	7 sub-branches
12	Qitaihe Branch	No. 247 Dongjin Street, Taoshan District, Qitaihe	6 sub-branches
13	Mudanjiang Branch	No. 267 Taiping Road, Dong'an District, Mudanjiang	8 sub-branches
14	Jiamusi Branch	No. 152 Heping Street, Qianjin District, Jiamusi	9 sub-branches
15	Qiqihar Branch	No. 33, 01/F, Unit 00, Qiqihar Jinmao Plaza, Jianhua District, Qiqihar City	10 sub-branches
16	Yichun Branch	No. 115, Xinxing Middle Street, Yimei District, Yichun City	1 sub-branches
17	Nongken Branch	Financial Building, Yingbin Road, Jiansanjiang, Jiamusi City, Heilongjiang Province	5 sub-branches
18	Small Business Financial Service Centre	No. 888 Shangjiang Street, Daoli District, Harbin, Heilongjiang Province	

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- III. Notes to the Consolidated Financial Statements
- IV. Unaudited Supplementary Financial Information

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Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話 : +852 2218 8288
傳真 : +852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

TO THE SHAREHOLDERS OF HARBIN BANK CO., LTD.

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

OPINION

We have audited the consolidated financial statements of Harbin Bank Co., Ltd. (the "Bank") and its subsidiaries (the "Group") set out on pages 185 to 323, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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KEY AUDIT MATTERS (Continued)

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

Refer to the accounting policies in note 3.2, note 22 and note 24 to the consolidated financial statements.

The Key Audit Matter

Since impairment assessment of loans and advances to customers ("loans") and financial investments at amortised cost involves many judgements and assumptions, and in view of the significance of the amount (as at 31 December 2024, gross loans and financial investments at amortised cost amounted to RMB605,700 million, representing 66% of total assets, and impairment allowance for loans and financial investments at amortised cost amounted to RMB29,463 million), impairment of loans and financial investments at amortised cost is considered a key audit matter.

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

- criteria for judging a significant increase in credit risk;
- definition of credit impaired assets;
- models and parameters for the measurement of expected credit losses;
- forward-looking information; and
- individual impairment assessment.

Independent Auditor's Report

KEY AUDIT MATTERS (Continued)

How the matter was addressed in our audit

Our audit procedures to assess the Impairment assessment of loans and advances to customers and financial investments at amortised cost included the following:

- evaluating and testing the effectiveness of design and implementation of key controls related to the credit approval process, post approval credit management, loan grading system, collateral monitoring and loan impairment assessment, including relevant data quality and information systems.
- assessing the debtors' repayment capacity and evaluating the Group's grading for loans and financial investments at amortised cost, taking into consideration post-lending investigation reports, debtors' financial information, collateral valuation reports and other available information which we adopted a risk-based sampling approach in our review procedure for loans and financial investments at amortised cost.
- evaluating and testing the important parameters of the expected credit loss model, management's major judgements and related assumptions with the support of our internal credit risk modelling experts and we mainly focusing on the following aspects:

1. *Expected credit loss model:*

- Assessing the rationality of the expected credit loss model methodology and related parameters, including probability of default, loss given default, risk exposure, and significant increases in credit risk;
- Assessing forward-looking information that management used to determine expected credit losses, including the forecasts of macroeconomic variables and the assumption of multiple macroeconomic scenarios; and
- Evaluating the models and the related assumptions used in individual impairment assessment and analysed the amount, timing and likelihood of management's estimated future cash flows, especially cash flows from collateral.

2. *Design and operating effectiveness of key controls:*

- Evaluating and testing the data and processes used to determine expected credit losses, including loan business data, internal credit rating data, macroeconomic statistics, impairment system computational logic, as well as data inputs and outputs; and
 - Evaluating and testing key controls over the expected credit loss model, including approval of model changes, ongoing monitoring model performance, model validation and parameter calibration.
- assessing whether the disclosures in the consolidated financial statements in relation to the impairment assessment of loans and advances to customers and financial investments at amortised cost meet the requirements in the prevailing accounting standards.

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KEY AUDIT MATTERS (Continued)

Consolidation assessment of structured entities

Refer to the accounting policies in note 3.18 and note 47 to the consolidated financial statements.

The Key Audit Matter

The Group holds interests in various structured entities, such as bank wealth management products, trust and asset management plans, in conducting financial investments and asset management business. The Group determines whether to consolidate these structured entities based on the assessment of whether the Group has control taking into consideration power arising from rights, variable returns, and the link between power and returns.

The assessment of the Group's control over structured entities involves significant judgement on factors such as the purpose and design of structured entities, its ability to direct the relevant activities, direct and indirect beneficial interests and returns, performance fee, remuneration and exposure to loss from providing credit enhancement or liquidity support.

Due to the significance of the unconsolidated structured entities and the complexity of judgement exercised by management, consolidation assessment of structured entities is considered a key audit matter.

How the matter was addressed in our audit

Our audit procedures to the consolidation assessment of structured entities included the following:

- evaluating and testing the design and operating effectiveness of the key controls related to the Group's assessment of whether it controls a structured entity;
- assessing the Group's analysis and conclusions on whether it controls structured entities based on the Group's analysis on its power over structured entities, and the magnitude and variability of variable returns from its involvement with structured entities;
- assessing whether the Group has legal or constructive obligation to absorb any loss of structured entities by reviewing relevant term sheets, and whether the Group has provided liquidity support or credit enhancement to structured entities, as well as the fairness of transactions between the Group and structured entities; and
- assessing the disclosures in the consolidated financial statements in relation to structured entities with reference to the requirements of the prevailing accounting standards.

Independent Auditor's Report

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Bank's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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

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

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

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

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

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

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

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

BDO Limited

Certified Public Accountants

Chan Wing Fai

Practising Certificate no. P05443

Hong Kong, 28 March 2025

Consolidated Statement of Profit or Loss

For the year ended 31 December 2024

(Amount in thousands of RMB, unless otherwise stated)

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	Note	Year ended 31 December	
		2024	2023
Interest income	5	30,272,702	29,719,055
Interest expense	5	(20,435,759)	(20,170,073)
NET INTEREST INCOME	5	9,836,943	9,548,982
Fee and commission income	6	570,241	824,312
Fee and commission expense	6	(202,741)	(178,989)
NET FEE AND COMMISSION INCOME	6	367,500	645,323
Net trading income	7	2,424,698	2,691,911
Net gains on financial investments	8	1,521,777	264,927
Other operating income, net	9	92,342	90,620
OPERATING INCOME		14,243,260	13,241,763
Operating expenses	10	(5,415,750)	(5,826,526)
Credit impairment losses	13	(8,073,098)	(6,957,929)
Other assets impairment losses	14	(102,984)	–
OPERATING PROFIT		651,428	457,308
PROFIT BEFORE TAX		651,428	457,308
Income tax credit	15	430,927	430,799
PROFIT FOR THE YEAR		1,082,355	888,107
Attributable to:			
Equity holders of the Bank	16	919,666	739,993
Non-controlling interests		162,689	148,114
		1,082,355	888,107
EARNINGS PER SHARE (RMB yuan)			
Basic and diluted	18	0.03	0.02

Details of the dividends declared, paid and proposed are disclosed in note 17 to the consolidated financial statements.

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

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024
(Amount in thousands of RMB, unless otherwise stated)

	Note	Year ended 31 December	
		2024	2023
Profit for the year		1,082,355	888,107
Other comprehensive income/(expense), net of tax:			
Other comprehensive income attributable to equity holders of the Bank	39	1,205,612	257,365
Items that will not be reclassified to profit or loss			
– Net losses on investments in equity instruments designated at fair value through other comprehensive income		(104,491)	(198,562)
Items that may be reclassified to profit or loss in subsequent years			
– Net gains on debt instruments measured at fair value through other comprehensive income		1,428,925	536,653
– Allowance for credit impairment on debt instruments measured at fair value through other comprehensive income		(2,052)	(85,096)
– Reclassified to profit or loss upon disposal		(116,770)	4,370
Subtotal of other comprehensive income for the year, net of tax		1,205,612	257,365
Total comprehensive income for the year		2,287,967	1,145,472
Total comprehensive income attributable to:			
Equity holders of the Bank		2,125,278	997,358
Non-controlling interests		162,689	148,114
Total		2,287,967	1,145,472

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

Consolidated Statement of Financial Position

As at 31 December 2024

(Amount in thousands of RMB, unless otherwise stated)

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		As at 31 December	
	Note	2024	2023
ASSETS			
Cash and balances with the central bank	19	99,873,888	63,873,408
Due from banks and other financial institutions	20	31,944,199	31,866,216
Reverse repurchase agreements	21	149,994	19,946,430
Loans and advances to customers	22	362,408,130	308,438,874
Derivative financial assets	23	375,304	700,177
Financial investments	24	377,800,978	344,959,060
– financial assets at fair value through profit or loss	(a)	81,646,830	85,859,181
– financial assets at fair value through other comprehensive income	(b)	71,353,926	87,005,554
– financial assets at amortised cost	(c)	224,800,222	172,094,325
Finance lease receivables	25	22,755,963	22,771,615
Property and equipment	26	7,807,223	8,119,044
Deferred income tax assets	27	6,172,385	5,530,809
Other assets	28	6,943,865	7,123,092
TOTAL ASSETS		916,231,929	813,328,725
LIABILITIES			
Due to the central bank	29	5,548,237	3,410,653
Borrowings from banks and other financial institutions	30	26,342,546	22,340,821
Due to banks and other financial institutions	31	23,416,864	24,310,955
Derivative financial liabilities	23	375,304	734,648
Repurchase agreements	32	34,721,246	10,668,380
Due to customers	33	713,113,428	656,988,668
Income tax payable		398,304	234,689
Debt securities issued	34	39,942,009	23,726,334
Other liabilities	35	6,777,643	7,025,376
TOTAL LIABILITIES		850,635,581	749,440,524

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Consolidated Statement of
Financial Position

As at 31 December 2024
(Amount in thousands of RMB, unless otherwise stated)

	Note	As at 31 December	
		2024	2023
EQUITY			
Share capital	36	10,995,600	10,995,600
Other equity instruments	37	11,699,007	11,699,007
Capital reserves	38	7,657,284	7,657,284
Other comprehensive income	39	1,478,246	305,322
Surplus reserves	40	4,017,540	3,956,250
General and regulatory reserves	41	9,197,649	8,230,272
Undistributed profits	42	18,116,609	18,760,522
Equity attributable to equity holders of the Bank		63,161,935	61,604,257
Non-controlling interests		2,434,413	2,283,944
TOTAL EQUITY		65,596,348	63,888,201
TOTAL EQUITY AND LIABILITIES		916,231,929	813,328,725

DENG Xinquan	YAO Chunhe	YANG Dazhi	DONG Kai
Chairman	President	Assistant to the President (in Charge of Finance)	General Manager of Finance and Accounting Department

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

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		Equity attributable to equity holders of the Bank								
		Other equity instruments								
	Note	Share capital	Perpetual bonds	Capital reserves	Other comprehensive income	Surplus reserves	General and regulatory reserves	Undistributed profits	Non-controlling interests	Total
Balance at 1 January 2024		10,995,600	11,699,007	7,657,284	305,322	3,956,250	8,230,272	18,760,522	2,283,944	63,888,201
Movements in this year		-	-	-	1,172,924	61,290	967,377	(643,913)	150,469	1,708,147
Total comprehensive income	39	-	-	-	1,205,612	-	-	919,666	162,689	2,287,967
Capital contribution by non-controlling interests		-	-	-	-	-	-	-	-	-
Profit distribution		-	-	-	-	61,290	967,377	(1,028,667)	(12,220)	(12,220)
1. Appropriation to surplus reserves	40	-	-	-	-	61,290	-	(61,290)	-	-
2. Appropriation to general and regulatory reserves	41	-	-	-	-	-	967,377	(967,377)	-	-
3. Distribution to shareholders		-	-	-	-	-	-	-	(12,220)	(12,220)
Distribution of interests of perpetual bonds		-	-	-	-	-	-	(567,600)	-	(567,600)
Transfer of losses on disposal of financial asset at fair value through other comprehensive income to retained earnings		-	-	-	(32,688)	-	-	32,688	-	-
Balance at 31 December 2024		10,995,600	11,699,007	7,657,284	1,478,246	4,017,540	9,197,649	18,116,609	2,434,413	65,596,348

		Equity attributable to equity holders of the Bank								
		Other equity instruments								
	Note	Share capital	Perpetual bonds	Capital reserves	Other comprehensive income	Surplus reserves	General and regulatory reserves	Undistributed profits	Non-controlling interests	Total
Balance at 1 January 2023		10,995,600	11,699,007	7,657,284	50,810	3,920,073	7,880,595	18,971,130	2,146,128	63,320,627
Movements in this year		-	-	-	254,512	36,177	349,677	(210,608)	137,816	567,574
Total comprehensive income	39	-	-	-	257,365	-	-	739,993	148,114	1,145,472
Capital contribution by non-controlling interests		-	-	-	-	-	-	-	277	277
Profit distribution		-	-	-	-	36,177	349,677	(385,854)	(10,575)	(10,575)
1. Appropriation to surplus reserves	40	-	-	-	-	36,177	-	(36,177)	-	-
2. Appropriation to general and regulatory reserves	41	-	-	-	-	-	349,677	(349,677)	-	-
3. Distribution to shareholders		-	-	-	-	-	-	-	(10,575)	(10,575)
Distribution of interests of perpetual bonds		-	-	-	-	-	-	(567,600)	-	(567,600)
Transfer of losses on disposal of financial asset at fair value through other comprehensive income to retained earnings		-	-	-	(2,853)	-	-	2,853	-	-
Balance at 31 December 2023		10,995,600	11,699,007	7,657,284	305,322	3,956,250	8,230,272	18,760,522	2,283,944	63,888,201

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2024
(Amount in thousands of RMB, unless otherwise stated)

		Year ended 31 December	
	Note	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		651,428	457,308
Adjustments for:			
Depreciation and amortisation	10	716,724	769,677
Net trading gains	7	(2,424,698)	(2,691,911)
Dividend income	8	(17,512)	(16,446)
Interest income on financial investments	5	(9,785,741)	(9,740,875)
Credit impairment losses	13	8,073,098	6,957,929
Other assets impairment losses	14	102,984	–
Unrealised foreign exchange losses		(67,272)	(119,188)
Interest expense on debt securities issued	5	609,325	603,432
Interest expense on lease liabilities	5	16,539	16,207
Accrued interest on impaired loans	22	(569,601)	(513,042)
Net gains on disposal of financial investments	8	(1,504,265)	(248,481)
Net losses on disposal of property and equipment	9	21,766	7,625
		(4,177,225)	(4,517,765)
Net (increase)/decrease in operating assets:			
Due from the central bank		4,225,846	(4,260,926)
Due from banks and other financial institutions		(1,625,098)	(8,006,997)
Loans and advances to customers		(58,816,053)	(41,148,920)
Finance lease receivables		(420,298)	(2,146,415)
Other assets		(856,300)	3,939,953
		(57,491,903)	(51,623,305)
Net (decrease)/increase in operating liabilities:			
Due to the central bank		2,136,492	441,751
Borrowings from banks and other financial institutions		4,035,201	7,820,887
Due to banks and other financial institutions		(947,127)	(2,533,614)
Repurchase agreements		24,036,094	7,414,366
Due to customers		51,173,802	84,679,747
Other liabilities		2,349,129	4,919,462
		82,783,591	102,742,599

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

Consolidated Statement of Cash Flows

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	Note	Year ended 31 December	
		2024	2023
Net cash flows from operating activities before tax		21,114,463	46,601,529
Income tax paid		(438,009)	(522,321)
Net cash flows from operating activities		20,676,454	46,079,208
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES			
Purchases of items of property and equipment, intangible assets and other long-term assets		(391,072)	(178,557)
Proceeds from disposal of property and equipment		181,587	5,669
Cash paid for investments		(590,264,095)	(669,437,779)
Proceeds from sales and redemption of investments		560,300,279	617,878,776
Return on investments		13,629,480	11,794,312
Net cash flows used in investing activities		(16,543,821)	(39,937,579)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES			
Cash received from non-controlling shareholders		—	277
Proceeds from issue of debt securities		106,410,000	52,920,000
Payment for redemption of debt securities		(90,200,000)	(58,270,000)
Interest and issue expenses paid on debt securities		(603,650)	(96,998)
Payment for lease liabilities		(147,270)	(407,383)
Dividends or interest paid to holders of other equity instruments		(567,600)	(567,600)
Distribution of dividends to non-controlling shareholders		(12,220)	(10,575)
Net cash flows from/(used in) financing activities		14,879,260	(6,432,279)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the year		57,031,629	57,460,581
Effect of exchange rate changes on cash and cash equivalents		(24,406)	(138,302)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	43	76,019,116	57,031,629
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:			
Interest received		20,486,961	19,978,180
Interest paid		(19,826,434)	(19,566,641)

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

Notes to the Consolidated Financial Statements

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1. CORPORATE INFORMATION AND GROUP STRUCTURE

Harbin Bank Co., Ltd. (the “Bank”) is a joint-stock commercial bank established on 25 July 1997 based on the authorisation of the People’s Bank of China (“PBOC”) designated as YinFu [1997] No. 69 “Approval upon the opening of Harbin Urban Cooperative Bank”.

The Bank obtained its finance permit No. B0306H223010001 from the China Banking and Insurance Regulatory Commission (“CBIRC”) (In 2023, the regulator was renamed as the National Financial Regulatory Administration, hereinafter referred to as the “NFRA”) of the PRC. The Bank obtained its business licence No. 912301001275921118 from the Market Supervision and Administration Bureau of Harbin. As at 31 December 2024, the legal representative is Deng Xinquan and the registered office is located at No. 888 Shangjiang Street, Daoli District, Harbin, PRC.

The principal activities of the Bank and its subsidiaries (collectively referred to as the “Group”) comprise deposit services, loan services, payment and settlement services and financial leasing services, as well as other financial services approved by the NFRA.

The subsidiaries of the Bank as at 31 December 2024 were as follows:

Company name	Place of incorporation/ registration and operations	Nominal value of issued share/ paid-up capital	Percentage of interest owned by the Bank/ voting rights %	Amount invested by the Bank	Principal activities
Huining Huishi Village and Township Bank Co., Ltd.	Huining, Gansu	30,000	100.00	30,000	Village and township bank
Beijing Huairou Rongxing Village and Township Bank Co., Ltd.	Huairou, Beijing	200,000	85.00	207,600	Village and township bank
Yushu Rongxing Village and Township Bank Co., Ltd.	Yushu, Jilin	30,000	100.00	30,000	Village and township bank
Shenzhen Baoan Rongxing Village and Township Bank Co., Ltd.	Baoan, Shenzhen	220,000	70.00	140,000	Village and township bank
Chongqing Dadukou Rongxing Village and Township Bank Co., Ltd.	Dadukou, Chongqing	180,000	83.33	174,420	Village and township bank
Suining Anju Rongxing Village and Township Bank Co., Ltd.	Suining, Sichuan	80,000	75.00	60,000	Village and township bank

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1. CORPORATE INFORMATION AND GROUP STRUCTURE (Continued)

Company name	Place of incorporation/ registration and operations	Nominal value of issued share/ paid-up capital	Percentage of interest owned by the Bank/ voting rights %	Amount invested by the Bank	Principal activities
Huachuan Rongxing Village and Township Bank Co., Ltd.	Huachuan, Heilongjiang	344,655	99.63	343,379	Village and township bank
Baiquan Rongxing Village and Township Bank Co., Ltd.	Baiquan, Heilongjiang	269,000	100.00	269,000	Village and township bank
Yanshi Rongxing Village and Township Bank Co., Ltd.	Luoyang, Henan	90,000	100.00	90,000	Village and township bank
Leping Rongxing Village and Township Bank Co., Ltd.	Leping, Jiangxi	294,000	100.00	294,000	Village and township bank
Jiangsu Rudong Rongxing Village and Township Bank Co., Ltd.	Rudong, Jiangsu	106,000	80.00	80,000	Village and township bank
Honghu Rongxing Village and Township Bank Co., Ltd.	Honghu, Hubei	30,000	100.00	30,000	Village and township bank
Zhuzhou Rongxing Village and Township Bank Co., Ltd.	Zhuzhou, Hunan	55,000	80.00	40,000	Village and township bank
Chongqing Wulong Rongxing Village and Township Bank Co., Ltd.	Wulong, Chongqing	50,000	70.00	35,000	Village and township bank
Xin'an Rongxing Village and Township Bank Co., Ltd.	Xin'an, Henan	33,300	90.09	30,000	Village and township bank
Anyi Rongxing Village and Township Bank Co., Ltd.	Anyi, Jiangxi	60,000	100.00	30,000	Village and township bank
Yingcheng Rongxing Village and Township Bank Co., Ltd.	Yingcheng, Hubei	142,000	100.00	132,000	Village and township bank
Leiyang Rongxing Village and Township Bank Co., Ltd.	Leiyang, Hunan	160,000	100.00	160,000	Village and township bank

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1. CORPORATE INFORMATION AND GROUP STRUCTURE (Continued)

Company name	Place of incorporation/ registration and operations	Nominal value of issued share/ paid-up capital	Percentage of interest owned by the Bank/ voting rights %	Amount invested by the Bank	Principal activities
Hainan Baoting Rongxing Village and Township Bank Co., Ltd.	Baoting, Hainan	30,000	96.67	29,000	Village and township bank
Chongqing Shapingba Rongxing Village and Township Bank Co., Ltd.	Shapingba, Chongqing	100,000	80.00	80,000	Village and township bank
Hejian Ronghui Village and Township Bank Co., Ltd.	Hejian, Hebei	50,000	100.00	50,000	Village and township bank
Chongqing Youyang Village and Township Bank Co., Ltd.	Youyang, Chongqing	60,000	100.00	60,000	Village and township bank
Ning'an Rongxing Village and Township Bank Co., Ltd.	Ning'an, Heilongjiang	30,000	100.00	30,000	Village and township bank
Huanan Rongxing Village and Township Bank Co., Ltd.	Huanan, Heilongjiang	30,000	100.00	30,000	Village and township bank
Nehe Rongxing Village and Township Bank Co., Ltd.	Nehe, Heilongjiang	50,000	80.00	40,000	Village and township bank
Pingliang Kongtong Rongxing Village and Township Bank Co., Ltd.	Pingliang, Gansu	50,000	90.00	45,000	Village and township bank
Tianshui Maiji Rongxing Village and Township Bank Co., Ltd.	Tianshui, Gansu	50,000	98.00	49,000	Village and township bank
Zhongjiang Rongxing Village and Township Bank Co., Ltd.	Zhongjiang, Sichuan	50,000	70.00	35,000	Village and township bank
Chengdu Qingbaijiang Rongxing Village and Township Bank Co., Ltd.	Chengdu, Sichuan	100,000	70.00	70,000	Village and township bank
Langzhong Rongxing Village and Township Bank Co., Ltd.	Langzhong, Sichuan	50,000	90.00	45,000	Village and township bank
Harbin Bank Financial Leasing Co., Ltd.	Harbin, Heilongjiang	2,000,000	80.00	1,600,000	Financial leasing company
Harbin Bank Consumer Finance Co., Ltd.	Harbin, Heilongjiang	1,500,000	53.00	795,000	Consumer finance company

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1. CORPORATE INFORMATION AND GROUP STRUCTURE (Continued)

During the year ended 31 December 2024, the major changes to the structure of the Group are as follows:

Approved by the Hengyang Bureau of the NFRA, the Bank will increase the capital of wholly-owned subsidiary Leiyang Rongxing Village and Township Bank Co., Ltd. by RMB110 million in March 2024.

Other than the major changes mentioned as above, the Group's structure remained unchanged during the year ended 31 December 2024.

2. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

2.1 Basis of Preparation

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and interpretations issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been adopted by the Group in preparation of the financial information throughout the reporting period.

These consolidated financial statements have been prepared under the historical cost convention, except for derivative financial assets, financial assets at fair value through profit or loss, and financial assets at fair value through other comprehensive income. These consolidated financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Bank. Control is achieved when the Bank is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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2. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Basis of Preparation (Continued)

Statement of compliance (Continued)

When the Bank has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Bank considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Bank's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Bank, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Bank and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

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2. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.2 Standards and amendments effective in 2024

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

Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 7 and IFRS 7	<i>Statement of Cash Flows and Financial Instruments: Disclosure Supplier Finance Arrangements</i>

The adoption of the above standards and amendments does not have any significant impact on the operating results, financial position and comprehensive income of the Group.

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

Standards	Subject of amendment	Effective for annual periods beginning on or after
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
Amendments to IAS 21	<i>Lack of Exchangeability</i>	1 January 2025
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
IFRS 18	<i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027

The Group has not early adopted any new standards and amendments that are not yet effective for the current accounting period. Except as described below, the application of the new standards and amendments will have no material impact on the result and the financial position of the Group.

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2. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

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

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 'Presentation and Disclosure in Financial Statements', effective for annual reporting periods beginning on or after 1 January 2027. The new accounting standard aims to give users of financial statements more transparent and comparable information about a company's financial performance. It will replace IAS 1 'Presentation of Financial Statements' but carries over many requirements from this IAS unchanged. In addition, there are three sets of new requirements relating to the structure of the income statement, management defined performance measures and the aggregation and disaggregation of information.

While IFRS 18 will not change recognition criteria or measurement bases, it is expected to have an impact on presenting information in the financial statements. The Group has already commenced an assessment of the potential impact but is not yet in a position to state whether the impact will be material to the Group.

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

In May 2024, the IASB issued Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures', effective for annual reporting periods beginning on or after 1 January 2026. The amendments include clarifications on how ESG-linked features could affect the assessment of contractual cash flows. Further, the amendments provide clarification on the date on which a financial asset or a financial liability is derecognised. The Group has already commenced an assessment of the potential impact but is not yet in a position to state whether the impact will be material to the Group.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Foreign Currency Translation

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

3.2 Financial Instruments

3.2.1 Initial Recognition and Measurement

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

At initial recognition, the Group shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. For a financial asset or financial liability at fair value through profit or loss, transaction costs are directly recognised in profit or loss.

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

All regular way purchases and sales of financial assets are recognised on the trade date, that is the date that the Group commits to purchase or sell the assets. Regular way purchases or sales are the purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Financial Instruments (Continued)

3.2.2 Financial Assets

According to the business model for managing the financial assets and characteristics of the contractual cash flows, the Group classifies the financial assets into following three categories: amortised cost, fair value through other comprehensive income and fair value through profit or loss.

Business models

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

Contractual cash flow characteristics

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

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3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Financial Instruments (Continued)

3.2.2 Financial Assets (Continued)

Financial assets at amortised cost

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

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

Such financial assets that the Group hold mainly include cash and balance with the central bank, reverse repurchase agreement, loans and advances to customers, finance lease receivables, due from banks and other financial institutions and debt securities are subsequently measured at amortised cost.

The amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and adjusted for any loss allowance.

Investments in debt instruments measured at fair value through other comprehensive income

A financial asset shall be classified as investments in debt instruments measured at fair value through other comprehensive income if both of the following conditions are met:

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

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

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3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Financial Instruments (Continued)

3.2.2 Financial Assets (Continued)

Financial assets at fair value through profit or loss

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

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

Equity instruments

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

Reclassification of financial assets

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

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3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Financial Instruments (Continued)

3.2.3 Financial Liabilities

The Group shall classify all financial liabilities as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss. Such liabilities, including financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss;
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies; and
- Financial guarantee contracts and commitments to provide a loan at a below-market interest rate.

Such financial liabilities measured at amortised cost that the Group holds mainly include due to customers, borrowings from banks and other financial institutions, due to banks and debt securities issued, are subsequently measured at amortised cost.

An entity shall not reclassify any financial liability.

3.2.4 Financial Assets and Financial Liabilities Held for Trading

The Group shall classify financial assets or liabilities as financial assets or financial liabilities held for trading if the asset or liability:

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

Notes to the Consolidated Financial Statements

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3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Financial Instruments (Continued)

3.2.5 Financial Guarantee and Loan Commitment

Financial guarantee contract requires the provider to provide reimbursement guarantee for the contract holder, that is, when the guarantee fails to fulfil the terms of the contract at maturity, to compensate for the loss of the contract holder by the guarantor. Such financial guarantees are provided to banks, financial institutions and other entities to secure customer loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised at fair value on the date the guarantee was provided. On the date of financial report, the subsequent measurement shall be made according to the larger of the amortised value of the contract and the amount of impairment provision determined by the expected credit loss model, any increase in the liability relating to guarantees is recognised in the statement of profit or loss.

Loan commitment is provided by the Group to the customer to extend loans to the customer within the commitment period on the agreed terms of the contract. The Group normally does not lend at below-market rates or provide customers with loan commitments to be settled in cash or by issuing other financial instruments. Impairment losses on loan commitment are recognised according to the expected credit loss model.

The Group shows the impairment provision of the financial guarantee contracts and loan commitment in provision.

3.2.6 Determination of Fair Value

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of quoted financial assets and financial liabilities in active markets are based on current bid prices and ask prices, as appropriate. If there is no active market, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and option pricing models, and other valuation techniques commonly used by market participants.

The Group uses the valuation techniques commonly used by market participants to price financial instruments and techniques which have been demonstrated to provide reliable estimates of prices obtained in actual market transactions. The Group makes use of all factors that market participants would consider in setting a price, and incorporates these into its chosen valuation techniques and tests for validity using prices from any observable current market transactions in the same instruments.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Financial Instruments (Continued)

3.2.7 De-Recognition of Financial Instruments

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired, or when the Group has transferred substantially all risks and rewards of ownership, or when the Group neither transfers nor retains substantially all risks or rewards of ownership of the financial asset but has not retained control of the financial asset.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in equity through other comprehensive income is recognised in the statement of profit or loss.

Financial liabilities are de-recognised when they are extinguished – that is, when the obligation is discharged or cancelled, or expires. The difference between the carrying amount of a financial liability de-recognised and the consideration paid is recognised in the statement of profit or loss.

3.2.8 Impairment Losses on Assets

On the financial reporting date, the Group evaluates and confirms the relevant impairment provisions to financial assets measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, and loan commitments and financial guarantee contracts on the basis of anticipated credit losses. See Note 51(a) for specific information.

3.2.9 Derivative Financial Instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow analysis and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of these derivatives are recognised in “Net trading income” in the statement of profit or loss.

3.2.10 Offsetting of Financial Instruments

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position if, and only if, the Group has a legally enforceable right to offset such amounts with the same counterparty and an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.3 Repurchase and Reverse Repurchase Transactions

Assets sold under agreements to repurchase at a specified future date (“repos”) are not derecognised from the statement of financial position. The corresponding cash received, including accrued interest, is recognised on the statement of financial position as a “repurchase agreement”, reflecting its economic substance as a loan to the Group. The difference between the sale and repurchase prices is treated as an interest expense and is accrued over the life of the agreement using the effective interest rate method.

Conversely, assets purchased under agreements to resell at a specified future date (“reverse repos”) are not recognised on the statement of financial position. The corresponding cash paid, including accrued interest, is recognised on the statement of financial position as a “reverse repurchase agreement”. The difference between the purchase and resale prices is treated as interest income and is accrued over the life of the agreement using the effective interest rate method.

3.4 Property and Equipment

Property and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price, tax and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement.

Construction in progress comprises the direct costs of construction during the period of construction and is not depreciated. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.4 Property and Equipment (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment, less any estimated residual value, over the estimated useful life. The estimated useful life, estimated residual value and annual depreciation rate of each item of property and equipment are as follows:

	Estimated useful life	Estimated residual value rate	Annual depreciation rate
Properties and buildings	30 years	5%	3.17%
Office equipment	3-10 years	0 or 5%	9.50%-31.67%
Motor vehicles	5 years	5%	19.00%
Operating lease fixed assets	20 years	5%	4.75%
Leasehold improvements	Over the shorter of the economic useful lives and remaining lease terms		

Residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

3.5 Repossessed Assets

Repossessed assets are initially recognised at fair value and are subsequently measured at the lower of the carrying value and net recoverable amount. If the recoverable amount is lower than the carrying value of the repossessed assets, the assets are written down to the recoverable amount.

3.6 Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair values at acquisition date, unless another measurement basis is required by IFRS Accounting Standards. Acquisition-related costs are expensed as incurred.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.6 Business Combinations (Continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

3.7 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

3.8 Asset Impairment

Impairment losses on assets, except for deferred income tax assets, financial assets and goodwill, are determined based on the following:

The Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, or when impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined on an individual basis, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the CGU to which the asset belongs. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. In assessing value in use of an asset, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of any depreciation/amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss. After such a reversal, the depreciation/amortisation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.9 Cash and Cash Equivalents

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

3.10 Employee Benefits

Employee benefits refer to all forms of consideration and other related expenditure given by the Group in exchange for services rendered by employees. The benefits payable are recognised as liabilities during the period in which the employees have rendered services to the Group. If the effect of discounting on the benefits payable which are payable after one year from the end of the reporting period is significant, the Group will present them at their present value.

Statutory defined contribution plans

In accordance with the relevant laws and regulations, employees of the Group participate in various social insurance schemes like basic pension insurance, medical insurance, unemployment insurance and housing fund schemes administered by the local government authorities. The Group calculates the contributions to the local government agencies for the above pension and insurance schemes using an applicable contribution basis and rates stipulated in the relevant local regulations in the period the employees providing their services to the Group. Contributions to these plans are recognised in the statement of profit or loss as incurred.

Early retirement benefits

According to the Group's policy on early retirement benefits, certain employees are entitled to take leave of absence and in return receive a certain level of staff salaries and related benefits from the Group. The salaries and benefit payments are made from the date of early retirement to the normal retirement date. The Group has established liabilities in connection with benefits payable to early retired employees. These amounts of employee benefit expense and these liabilities are dependent on assumptions used in calculating such amounts. These assumptions include discount rates, inflation rates, and other factors. Actual results that differ from the assumptions are recognised immediately and, therefore, affect recognised expense in the year in which the differences arise. While management believes that its assumptions are appropriate, differences in actual experience or changes in assumptions may affect the Group's expense related to its employee early retirement benefit obligations.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.11 Fiduciary Activities

Where the Group acts in a fiduciary capacity such as custodian or agent, assets arising thereon together with related undertakings to return such assets to customers are excluded from the statement of financial position.

The asset custody services of the Group refer to the business that the Group, as a trustee approved by regulatory authorities, signs custody agreements with clients and takes the responsibility of trustee in accordance with relevant laws and regulations. The assets under custody are recorded as off-balance sheet items as the Group merely fulfils the responsibility as trustee and charges fees in accordance with these agreements without retaining any risks or rewards of the assets under custody.

The Group grants entrusted loans on behalf of trustors, which are recorded off-balance sheet. The Group, as a trustee, grants such entrusted loans to borrowers under the direction of those trustors who fund these loans. The Group has been contracted by those trustors to manage the administration and collection of these loans on their behalf. Those trustors determine both the underwriting criteria for and the terms of all entrusted loans including their purposes, amounts, interest rates, and repayment schedules. The Group charges a commission related to its activities in connection with entrusted loans which are recognised rateably over the period in which the service is provided. The risk of loss is borne by those trustors.

3.12 Recognition of Income and Expense

The “interest income” and “interest expense” in the Group’s statement of profit or loss are the interest income and expense from financial assets and financial liabilities using the effective interest rate method at amortised cost, financial assets at fair value with changes recognised through other comprehensive income.

Interest income and expense

The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider ECLs. The calculation includes all amounts paid or received by the Group that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.12 Recognition of Income and Expense (Continued)

Interest income and expense (Continued)

For the financial assets acquired or originated with credit impairment, the Group calculates the interest income according to the amortised cost of the financial assets and the effective interest rate adjusted since the initial recognition by the Group. The effective interest rate after credit adjustment refers to the estimated future cash flow of the acquired or originated financial assets with credit impairment in the expected duration, which is converted into the interest rate of amortised cost of the financial assets.

For the financial assets acquired or originated without any credit impairment, but incurred credit impairment in the subsequent period, the Group calculates the interest income in accordance with the amortised cost and the effect interest rate of the financial assets.

Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. For those services mainly included advisory and consulting fees, agency and custodian fees that are provided over a period of time, fee and commission income is accrued in accordance with the actual progress. For other services mainly included bank card fees and settlement and clearing fees, fee and commission income is recognised when the transactions are completed.

Government grants

Government grants are recognised in the statements 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 initially recognised as deferred income and consequently are effectively recognised in profit or loss over the useful life of the asset by way of other income.

3.13 Income Tax

Income tax comprises current and deferred income tax. Income tax is recognised in the statement of profit or loss except that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of each reporting period.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.13 Income Tax (Continued)

Deferred income tax (Continued)

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- (i) Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or deductible expenses; and
- (ii) In respect of taxable temporary differences associated with investments in subsidiaries and an associate, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- (i) Where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or deductible expenses; and
- (ii) In respect of deductible temporary differences associated with investments in subsidiaries and an associate, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period and reflect the corresponding tax effect.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.13 Income Tax (Continued)

Deferred income tax (Continued)

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilised. When it is virtually probable that sufficient taxable income will be available, the reduced amount can be reversed accordingly.

Deferred income tax assets and deferred income tax liabilities are offset if and only if the Group has a legally enforceable right to set off current income tax assets and current tax liabilities and the deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current income tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

3.14 Leases

Recognition of lease

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In order to determine whether the contract transfers the right to control the use of the identified assets within a certain period of time, the Group assesses whether the customers in the contract are entitled to receive almost all of the economic benefits arising from the use of the identified assets and have the right to dominate the use of identified assets during the period of use.

Evaluation of lease term

The lease term is the period during which the Group is entitled to use the leased asset and the right is irrevocable. If the Group has the option to renew the lease, that is, it has the right to choose to extend the lease and it is reasonably determined that the option will be exercised, the lease term includes the period covered by the renewal option. If the Group has the option to terminate the lease, that is, has the right to choose to terminate the lease of the asset, but it is reasonably expected that the option will not be exercised, the lease period does not exclude the period covered by the termination lease option.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.14 Leases (Continued)

Evaluation of lease term (Continued)

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Group as a lessee

Right-of-use assets

The Group's right-of-use assets consist of buildings, motor vehicles and others.

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When lease payments change, the Group remeasures lease liabilities and adjusts the book value of right-of-use assets accordingly. If the book value of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the Group recognises the remaining amount as profit or loss.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.14 Leases (Continued)

Evaluation of lease term (Continued)

Group as a lessee (Continued)

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term, except short-term leases and leases of low-value assets. In calculating the present value of lease payments, the Group uses internal interest rate, or incremental borrowing rate when internal interest rate is not obtainable. The Group uses fixed interest rate to calculate interest expense on lease liabilities, and recognises profit or loss (or assets if otherwise stipulated). Variable lease payments, not included in lease liabilities, are recognised as profit or loss (or assets if otherwise stipulated) when made.

After the commencement date, the carrying amount of lease liabilities is remeasured if there is a change in lease payments, estimated payable amounts of guarantee residual value, discount rate, or situations that influence the Group's decision whether to exercise purchase options, extension options, or termination options.

Changes in leases

Changes in lease are the changes in the lease scope, lease consideration, and lease duration. Lease changes include the addition or termination of the right to use one or more leased assets, and the extension or shortening of the lease term in the contract.

When the following conditions are met, the Group regards the change as a separate lease change in the process of accounting treatment.

- (i) The lease change expands the scope of the lease by adding the right to use one or more leased assets; and
- (ii) The increase in consideration is equivalent to the price of the additional part of the lease scope.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.14 Leases (Continued)

Evaluation of lease term (Continued)

Group as a lessee (Continued)

Changes in leases (Continued)

If the lease change is not regarded as a separate change, on the effective date of the lease change, the Group re-determines the lease term and calculates the present value of the lease payment to remeasure the lease liability. In the process of calculating the present value of lease payments after the change, the Group refers to the interest rate implicit in lease in the remaining lease period as the discount rate. If the leased interest rate is not available, the Group adopts incremental borrowing rate to calculate the present value of lease payment. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

Based on the above lease adjustment, the Group distinguishes the following situations for accounting treatment.

- (i) If the lease change leads to a short lease term or small lease scope, the Group reduces the book value of right-of-use assets to represent the partial or complete termination of lease. The relevant gain or loss of termination is included in current profits and losses; and
- (ii) In terms of other lease changes, the Group adjusts the book value of the right-of-use asset accordingly.

Short-term leases and leases of low-value assets

The Group recognises leases without purchase options that do not exceed 12 months as short-term leases; Leases are regarded as low-value asset leases if the cost of a single leased asset does not exceed RMB30,000. The Group does not recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. In each period of the lease term, the relevant asset costs or expenses are calculated in accordance with the straight-line method, and the contingent rent is included in the current profit and loss when it actually occurs.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.14 Leases (Continued)

Evaluation of lease term (Continued)

Group as a lessor

A lease that essentially transfers almost all the risks and returns associated with the ownership of the leased asset on the start date of the lease is a finance lease. All other leases are operating leases.

As a lessor of finance leases

Finance lease receivables, the net investment of lease is recorded as the book value of the finance lease receivables. The net lease investment is the sum of the unguaranteed residual value and the present value of the lease receivables at the start of the lease period discounted at interest rate implicit in lease.

The Group calculates and recognises interest income for each period of the lease term at a fixed periodic interest rate. The variable lease payments obtained by the Group, which are not included in the measurement of the net lease investment, are recorded in the current profit and loss when they actually occur.

When a finance lease is changed, and the following conditions are simultaneously met, the Group regard the change as a separate lease change:

- (i) The change expands the scope of lease by adding the right to use one or more leased assets; and
- (ii) The change in consideration is equivalent to the separate price of the additional part of the lease scope.

The Group does the following accounting treatments for the changes in finance leases that have not been regarded as separate lease changes:

- (i) If the lease change takes effect on the start date of lease and the lease is classified as an operating lease, the Group regards it as a new lease investment since the effective date of change and the net lease investment before the effective date of the lease change is used as the book value of the leased asset; and
- (ii) If the change takes effect on the lease start date and the lease is classified as a finance lease, the Group conducts accounting treatment in accordance with the regulation of contract modification and renegotiation.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.15 Perpetual bonds

At initial recognition, the Group classifies the perpetual bonds issued or their components as financial assets, financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial assets, financial liabilities and equity instruments.

Perpetual bonds issued that should be classified as equity instruments are recognised in equity based on the actual amount received. Any distribution of dividends or interests during the instruments' duration is treated as profit appropriation. When the perpetual bonds are redeemed according to the contractual terms, the redemption price is charged to equity.

3.16 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required, or the amount of obligation cannot be measured reliably. Provisions are disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable and can be reliably estimated, it will then be recognised as a provision.

3.17 Dividends

Dividends are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders in general meetings. Proposed final dividends are disclosed in the notes to the consolidated financial statements. Interim dividends are deducted from equity when they are approved and declared, and no longer at the discretion of the Bank. Dividend for the year that is approved after the end of the reporting period is disclosed as an event after the reporting period.

3.18 Structured Entities

A structured entity is an entity that has been designed so that voting right is not a dominant factor in deciding who controls the entity. Unconsolidated structured entities refer to equity in other entities which have no significant impact on the Group, including but not limited to equity or debt instruments or any other involvements. The Group's unconsolidated structured entities mainly include off-balance sheet non-guaranteed wealth management products sponsored by the Group as disclosed in note 47 to the consolidated financial statements.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.19 Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated 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 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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management has used its judgements and made assumptions of the effects of uncertain future events on the financial statements. The most significant use of judgements and key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are described below.

4.1 Classification of Financial Assets

Business model

The classification of financial assets at initial recognition depends on the Group's business model of financial asset management. When determining business model, the Group considers the way of enterprise performance evaluation and financial asset achievement reporting to the key management, the risk affecting financial asset performance and its management mode and the way of related business management payment, etc. When evaluating whether to take the contract cash flow as the target, the Group needs to analyse and determine the reason, time, frequency and value of the sale of financial asset before the maturity date.

Contractual cash flow characteristics

The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial assets. The Group needs to determine a) whether the contractual cash flow only consist of the payment of principal and interest based on outstanding principal; b) whether there is a significant difference between the cash flow after the modification of time value of money and the benchmark cash flow; c) for the financial assets with prepayment terms, whether the fair value of the prepayment term is very small.

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4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

4.2 Impairment Losses on Financial Assets

The Group measures the impairment losses on all financial assets in accordance with IFRS 9, including many estimates and judgements in the process, especially in determining the amount of impairment losses, estimating future contractual cash flows, the value of collateral and judging the significant increase in credit risk. The Group is affected by various factors in the measurement of impairment, which will result in different levels of impairment provision.

The Group's expected credit loss calculation is the result of model output, which contains many model assumptions and parameter inputs.

The accounting judgements and estimates used in the expected credit loss model include:

- Criteria for judging a significant increase in credit risk
- Definition of credit impaired assets
- Models and parameters for the measurement of ECLs
- Forward-looking information
- Individual impairment assessment

4.3 Fair Value of Derivatives and Other Financial Instruments

The Group establishes fair value of financial instruments with reference to a quoted market price in an active market or, if there is no active market, using valuation techniques. These valuation techniques include the use of recent arm's length transactions, observable prices for similar instruments, discounted cash flow analysis using risk-adjusted interest rates, and commonly used market pricing models. Whenever possible, these models use observable market inputs and data including, for example, interest rate yield curves, foreign currency rates and option volatilities. The results of using valuation techniques are calibrated against industry practice and observable current market transactions in the same or similar instruments.

The Group assesses assumptions and estimates used in valuation techniques including review of valuation model assumptions and characteristics, changes to model assumptions, the quality of market data, whether markets are active or inactive, other fair value adjustments not specifically captured by models and consistency of application of techniques between reporting periods as part of its normal review and approval processes. Valuation techniques are validated and periodically reviewed and, where appropriate, have been updated to reflect market conditions at the financial reporting date.

With respect to the PRC government obligations related to large-scale policy directed financing transactions, fair value is determined using the stated terms of the related instrument and with reference to terms determined by the PRC government in similar transactions engaged in or directed by the PRC government. In this regard, there are no other relevant market prices or yields reflecting arm's length transactions of a comparable size and tenor.

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4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

4.4 Income Tax

Determining income tax provisions requires the Group to estimate the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provisions accordingly. In addition, deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. This requires significant estimation on the tax treatments of certain transactions and also significant assessment on the probability that adequate future taxable profits will be available for the deferred income tax assets to be recovered.

4.5 Judgement of the Control Level to Investees

Management determines whether the Group controls related investment funds, non-guaranteed wealth management products, asset-backed securities, specific asset management plans and investment trust plans according to note 2.1.

The Group manages or invests several investment funds, non-guaranteed wealth management products, asset-backed securities, specific asset management plans and trust fund plans. When determining whether to control structural entities of these types, the Group mainly estimates the whole economic benefit it has in these structural entities (including revenues by holding directly and expected fees) or the range of power of decision-making in the entities. The Group determines whether to consolidate the structured entities into the financial statements according to whether the Group is an agent or a main responsible party and whether the economic interest of the Group in the entities is significant.

4.6 Impairment of Non-Financial Assets

Non-financial assets are periodically reviewed for impairment and where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to disposal and value in use.

4.7 Fair Value of Unlisted Equity Investments

The unlisted equity investments have been valued based on the discounted expected future cash flow of other financial instruments with similar terms and risk characteristics. The valuation requires the Group to make estimates about future cash flow, credit risk, fluctuation, and discount rate.

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5. NET INTEREST INCOME

	Year ended 31 December	
	2024	2023
Interest income on:		
Loans and advances to customers	16,816,262	16,520,066
Including: – Corporate loans and advances	9,111,893	8,526,357
– Personal loans	7,276,376	7,755,086
– Discounted bills	427,993	238,623
Reverse repurchase agreements	245,017	572,361
Financial assets at fair value through other comprehensive income	2,009,339	2,061,813
Financial assets at amortised cost	7,776,402	7,679,062
Due from the central bank	684,345	728,368
Due from banks and other financial institutions	1,010,456	868,390
Finance lease receivables	1,730,881	1,288,995
Subtotal	30,272,702	29,719,055
Interest expense on:		
Due to customers	(17,809,218)	(17,967,424)
Repurchase agreements	(284,670)	(46,885)
Due to banks and other financial institutions	(565,643)	(697,162)
Debt securities issued	(609,325)	(603,432)
Due to the central bank	(91,464)	(37,684)
Borrowings from banks and other financial institutions	(1,058,900)	(801,279)
Lease liabilities	(16,539)	(16,207)
Subtotal	(20,435,759)	(20,170,073)
Net interest income	9,836,943	9,548,982
Including: interest income on impaired loans	569,601	513,042

	Year ended 31 December	
	2024	2023
Interest income from:		
Listed debt instruments	5,167,086	4,950,600
Unlisted debt instruments	25,105,616	24,768,455
Subtotal	30,272,702	29,719,055

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6. NET FEE AND COMMISSION INCOME

	Year ended 31 December	
	2024	2023
Fee and commission income:		
Advisory and consulting fees	64,860	182,297
Agency and custodian fees	203,218	316,417
Including: wealth management products	146,297	232,000
Bank card fees	201,689	225,306
Settlement and clearing fees	91,258	78,214
Others	9,216	22,078
Subtotal	570,241	824,312
Fee and commission expense:		
Settlement and clearing fees	(23,467)	(22,410)
Agency fees	(11,260)	(8,052)
Bank card fees	(34,417)	(43,500)
Others	(133,597)	(105,027)
Subtotal	(202,741)	(178,989)
Net fee and commission income	367,500	645,323

7. NET TRADING INCOME

	Year ended 31 December	
	2024	2023
Financial assets at fair value through profit or loss	2,424,698	2,691,911

The above amounts mainly include gains and losses arising from the purchase and sale of, interest income and changes in the fair value of financial assets at fair value through profit or loss.

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8. NET GAINS ON FINANCIAL INVESTMENTS

	Year ended 31 December	
	2024	2023
Gains on disposal of financial assets at amortised cost, net	1,069,217	117,437
Gains on disposal of financial assets at fair value through other comprehensive income, net	435,048	131,044
Dividends from equity investments at fair value through other comprehensive income	17,512	16,446
Total	1,521,777	264,927

9. OTHER OPERATING INCOME, NET

	Year ended 31 December	
	2024	2023
Losses on disposal of property and equipment	(21,776)	(7,625)
Gains/(losses) on foreign exchange, net	42,867	(19,114)
Leasing income	29,797	45,257
Government grants and subsidies	7,029	7,848
Others	34,425	64,254
Total	92,342	90,620

10. OPERATING EXPENSES

	Year ended 31 December	
	2024	2023
Staff costs:		
Salaries, bonuses and allowances	1,808,752	1,908,117
Social insurance	441,932	420,785
Housing fund	175,085	164,359
Staff benefits	98,231	114,331
Labour union expenditure and education costs	40,313	28,855
Early retirement benefits	13,217	8,297
Subtotal	2,577,530	2,644,744
General and administrative expenses	1,577,054	1,779,379
Tax and surcharges	274,547	264,172
Depreciation and amortisation	716,724	769,677
Leasing expense	120,356	133,083
Auditors' remuneration	4,850	4,850
Others	144,689	230,621
Total	5,415,750	5,826,526

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11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of the directors' and supervisors' emoluments of the Group before tax are as follows:

Name		Position		Year ended 31 December 2024					
				Employer's Contribution to social insurances, housing allowances and enterprise annuity					
				Total		Of which:		Actual	
				emoluments		deferred		amount of	
				before tax		payment		remuneration	
				RMB'000		RMB'000		RMB'000	
Fees		Remuneration paid		Discretionary bonuses		Subtotal			
RMB'000		RMB'000		RMB'000		RMB'000		RMB'000	
						(4)=(1)+(2)			
						+(3)			
						(5)		(6)=(4)+(5)	
								(7)	
								(8)=(6)-(7)	
Deng Xinquan	Executive Director and Chairman of the Board	-	719	825	1,544	116	1,660	495	1,165
Yao Chunhe	Executive Director and President	-	581	864	1,445	125	1,570	518	1,052
Zhao Hongbo	Non-Executive Director	-	-	-	-	-	-	-	-
Zhang Xianjun	Non-Executive Director	-	-	-	-	-	-	-	-
Yu Hong (i)	Non-Executive Director	-	-	-	-	-	-	-	-
Lang Shufeng (ii)	Non-Executive Director	-	-	-	-	-	-	-	-
Liu Peiwei (i)	Non-Executive Director	-	-	-	-	-	-	-	-
Cheng Shuai (i)	Non-Executive Director	-	-	-	-	-	-	-	-
Sun Yan (ii)	Independent Non-Executive Director	273	-	-	273	-	273	-	273
Zhang Zheng (ii)	Independent Non-Executive Director	240	-	-	240	-	240	-	240
Chen Ming (i)	Independent Non-Executive Director	17	-	-	17	-	17	-	17
Leung Sau Fan, Sylvia (i)	Independent Non-Executive Director	14	-	-	14	-	14	-	14
Hou Bojian	Independent Non-Executive Director	381	-	-	381	-	381	-	381
Jin Qinglu	Independent Non-Executive Director	264	-	-	264	-	264	-	264
Zhao Baocai (iii) (iv)	Chairman of the Board of Supervisors and Employee Representative Supervisor	-	503	896	1,399	126	1,525	538	987
Wang Yuanfang (iii)	Employee Representative Supervisor	-	707	458	1,165	198	1,363	183	1,180
Jiang Yongmei (iii)	Employee Representative Supervisor	-	707	653	1,360	197	1,557	258	1,299
Li Dong (iv)	External Supervisor	72	-	-	72	-	72	-	72
Li Zhaohua (iv)	External Supervisor	144	-	-	144	-	144	-	144
Sun Yi (iv)	External Supervisor	132	-	-	132	-	132	-	132
Jiang Minghui (iv)	External Supervisor	60	-	-	60	-	60	-	60
Chen Wei (iv)	Shareholder Representative Supervisor	60	-	-	60	-	60	-	60

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11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

Note: Pursuant to the relevant PRC regulations, total compensation packages for certain directors and supervisors have not yet been finalised, the amount of the compensation not provided for is not expected to have any significant impact on the Group's 2024 consolidated financial statements, abovementioned compensation including a portion of the discretionary bonus payments are deferred.

- (i) The Proposal on the election of Directors of the Ninth Session of the Board was considered and approved at the 2024 first extraordinary general meeting of the Bank held on 12 July 2024, and Mr. Liu Peiwei and Mr. Cheng Shuai were appointed as Non-executive Directors of the Bank, and Mr. Chen Ming and Ms. Leung Sau Fan, Sylvia were appointed as Independent Non-executive Directors of the Bank. Mr. Yu Hong former Non-executive Directors of the Bank retired on expiry of their terms. The qualifications of appointed Directors, namely, Mr. Liu Peiwei, Mr. Cheng Shuai, Mr. Chen Ming and Ms. Leung Sau Fan, Sylvia, are subject to the approval by the Heilongjiang Office of the NFRA, with effect from 12 December 2024.
- (ii) On 12 December 2024, Mr. Lang Shufeng ceased to act as the Non-executive Director of the Bank, and Mr. Sun Yan and Mr. Zhang Zheng ceased to act as the Independent Non-executive Directors of the Bank.
- (iii) On 2 July 2024, Mr. Zhao Baocai, Ms. Jiang Yongmei and Mr. Wang Yuanfang were elected as Employee Representative Supervisors of the Bank at the second meeting of the sixth session of the employee representative meeting.
- (iv) On 12 July 2024, Ms. Li Zhaohua and Mr. Sun Yi were re-elected as External Supervisors of the Ninth Session of the Board of Supervisors of the Bank, and Ms. Chen Wei was re-elected as a Shareholder Representative Supervisor of the Ninth Session of the Board of Supervisors of the Bank, and Mr. Jiang Minghui was appointed as an External Supervisor of the Ninth Session of the Board of Supervisors of the Bank at the 2024 first extraordinary general meeting of the Bank. Mr. Li Dong, the former External Supervisor of the Bank ceased to act on expiry of his term, and on the same date Mr. Zhao Baocai has been elected as the Chairman of the Board of Supervisors.

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11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

Details of the directors' and supervisors' emoluments of the Group before tax are as follows: (Continued)

Name	Position	Year ended 31 December 2023							
		Fees RMB'000	Remuneration paid RMB'000	Discretionary bonuses RMB'000	Subtotal RMB'000 (4)=(1)+ (2)+(3)	Employer's Contribution to social insurances, housing allowances and enterprise annuity RMB'000	Total emoluments before tax RMB'000	Of which: deferred payment RMB'000	Actual amount of remuneration paid (pre-tax) RMB'000
		(1)	(2)	(3)	(4)	(5)	(6)=(4)+(5)	(7)	(8)=(6)-(7)
Deng Xinquan	Executive Director and Chairman of the Board	-	719	825	1,544	370	1,914	495	1,419
Yao Chunhe (i)	Executive Director and President	-	581	864	1,445	118	1,563	518	1,045
Zhao Hongbo	Non-Executive Director	-	-	-	-	-	-	-	-
Zhang Xianjun	Non-Executive Director	-	-	-	-	-	-	-	-
Yu Hong	Non-Executive Director	-	-	-	-	-	-	-	-
Lang Shufeng	Non-Executive Director	-	-	-	-	-	-	-	-
Sun Yan	Independent Non-Executive Director	288	-	-	288	-	288	-	288
Zhang Zheng	Independent Non-Executive Director	288	-	-	288	-	288	-	288
Hou Bojian	Independent Non-Executive Director	364	-	-	364	-	364	-	364
Jin Qinglu	Independent Non-Executive Director	264	-	-	264	-	264	-	264
Wang Haibin (ii)	Chairman of the Board of Supervisors, Employee Representative Supervisor	-	126	-	126	68	194	-	194
Luo Zhonglin (ii)	Employee Representative Supervisor and Member of the nomination committee of the Board of Supervisors	-	37	-	37	14	51	-	51
Zhao Baocai (iii)	Chairman of the Board of Supervisors and Employee Representative Supervisor	-	419	830	1,249	110	1,359	498	861
Jiang Yongmei (iii)	Employee Representative Supervisors	-	708	1,075	1,783	185	1,968	430	1,538
Wang Yuanfang	Employee Representative Supervisors	-	708	967	1,675	185	1,860	387	1,473
Li Dong	External Supervisor	144	-	-	144	-	144	-	144
Li Zhaohua	External Supervisor	144	-	-	144	-	144	-	144
Sun Yi	External Supervisor	138	-	-	138	-	138	-	138
Chen Wei (iv)	Shareholder Representative Supervisor	19	-	-	19	-	19	-	19

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11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

Note: The table as above discloses the all remuneration before tax for the directors and supervisors of the Bank for 2023 (excluding performance remuneration from previous years paid in 2023) and the social insurances welfare during that tenure with the Bank, including amounts already disclosed in the 2023 annual report.

- (i) The Proposal on the Appointment of Executive Director was considered and approved at the 2022 first extraordinary general meeting of the Bank held on 1 August 2022, and Mr. Yao Chunhe was appointed as an Executive Director of the Bank. The qualification of Mr. Yao Chunhe as a Director has been approved by the Heilongjiang Office of the former CBIRC, with effect from 3 March 2023. The Proposal on the Appointment of the President was considered and approved at the 2022 fourth extraordinary meeting of the Board held by the Bank on 8 July 2022. Mr. Yao Chunhe was appointed as the President of the Bank and his qualification as the President has been approved by the Heilongjiang Office of the former CBIRC, with effect from 3 March 2023.
- (ii) On 13 March 2023, Mr. Wang Haibin resigned as the Chairman and an Employee Supervisor of the Board of Supervisors of the Bank and Mr. Luo Zhonglin resigned as an Employee Supervisor and a member of the nomination committee of the Board of Supervisors of the Bank.
- (iii) On 13 March 2023, Mr. Zhao Baocai and Ms. Jiang Yongmei were appointed as Employee Supervisors at the sixteenth meeting of the fifth session of the Employee Representative of the Bank, and Mr. Zhao Baocai was elected as the chairman of the Board of Supervisors at the 2023 second extraordinary meeting of the Board of Supervisors.
- (iv) On 28 August 2023, Ms. Chen Wei was elected as a Shareholder representative Supervisor at the 2023 first extraordinary general meeting of the Bank.

During the year ended 31 December 2024, Zhao Hongbo, Zhang Xianjun, Yu Hong, Lang Shufeng, Liu Peiwei and Cheng Shuai, Non-executive Directors of the Bank, agreed to waive remuneration before tax of RMB144 thousand, RMB168 thousand, RMB77 thousand, RMB136 thousand, RMB8 thousand and RMB9 thousand respectively; Zhang Zheng, Independent Non-executive Director of the Bank, agreed to waive remuneration before tax of RMB33 thousand. (During the year ended 31 December 2023, Zhao Hongbo, Zhang Xianjun, Yu Hong and Lang Shufeng, non-executive Directors of the Bank, agreed to waive remuneration before tax of RMB144 thousand, RMB168 thousand, RMB144 thousand and RMB144 thousand respectively).

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

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12. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals of the Bank are employees of the Bank. Their emoluments were determined based on the prevailing market rates of the region where the Bank operates. During the years ended 31 December 2024 and 2023, the five highest paid individuals of the Group comprised one director and one supervisor of the Bank, respectively, whose emoluments are disclosed in notes 11 and 49(b) to the consolidated financial statements. During the years ended 31 December 2024 and 2023, the emoluments of remaining four and four highest paid individuals are set out below:

	Year ended 31 December	
	2024	2023
Salaries and allowances	3,445	3,206
Discretionary bonuses	4,151	6,056
Contribution to defined contribution schemes	844	1,052
Total	8,440	10,314

The number of non-director and non-supervisor employees whose emoluments fell within the following bands is set out below.

	Number of employees Year ended 31 December	
	2024	2023
RMB1,000,001 to RMB2,000,000	2	–
RMB2,000,001 to RMB3,000,000	2	3
RMB3,000,001 to RMB4,000,000	–	1
RMB4,000,001 to RMB5,000,000	–	–
RMB5,000,001 to RMB6,000,000	–	–
Total	4	4

Pursuant to the relevant PRC regulations, total compensation packages for certain employees mentioned above in 2024 have not yet been finalised, the amount of the compensation not provided for is not expected to have any significant impact on the Group's 2024 consolidated financial statements.

During the year ended 31 December 2024, no emoluments were paid by the Bank to any of these non-director and non-supervisor individuals as an inducement to join or were payable to such persons upon joining the Bank or as compensation for loss of office (During the year ended 31 December 2023: Nil).

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13. CREDIT IMPAIRMENT LOSSES

	Year ended 31 December	
	2024	2023
Provision for/(reversal of) impairment losses on:		
Loans and advances to customers at amortised cost	6,437,155	5,737,648
Financial investments at amortised cost	959,366	951,693
Financial assets at fair value through other comprehensive income	(2,735)	(41,856)
Finance lease receivables	493,157	166,948
Other assets	186,155	143,496
Total	8,073,098	6,957,929

14. OTHER ASSETS IMPAIRMENT LOSSES

	Year ended 31 December	
	2024	2023
Impairment losses on repossessed assets	102,984	–
Total	102,984	–

15. INCOME TAX CREDIT

(a) Income tax

	Year ended 31 December	
	2024	2023
Current income tax	601,624	351,267
Deferred income tax	(1,032,551)	(782,066)
Total	(430,927)	(430,799)

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15. INCOME TAX CREDIT (Continued)

(b) Reconciliation between income tax and accounting profit

The income tax of the Group's institutions has been provided at the statutory rate of 25% or 15%. A reconciliation of the income tax credit applicable to profit before tax at the PRC statutory income tax rate to income tax credit at the Group's effective income tax rate is as follows:

	Year ended 31 December	
	2024	2023
Profit before tax	651,428	457,308
Tax at the PRC statutory income tax rate	162,857	114,327
Effect of different tax rates for certain subsidiaries	(18,738)	(17,153)
Items not deductible for tax purposes	626,547	379,059
Non-taxable income (i)	(1,111,758)	(798,907)
Adjustment for income tax from prior years	36,319	9,196
Effect of unrecognised tax deductible losses	15,746	24,579
Others	(141,900)	(141,900)
Income tax credit at the Group's effective income tax rate	(430,927)	(430,799)

Notes:

- (i) The non-taxable income mainly represents interest income arising from the PRC government bonds and local government bonds and public fund dividends, which are exempted from income tax under Chinese tax regulations.

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16. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK

The consolidated profit attributable to equity holders of the Bank for the year ended 31 December 2024 includes a profit of RMB920 million (for the year ended 31 December 2023: RMB740 million) which has been dealt with in the financial statements of the Bank.

17. DIVIDENDS

The Bank proposed not to distribute any dividend for the years ended 31 December 2024 and 2023.

18. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following:

	Year ended 31 December	
	2024	2023
Net profit attributable to equity holders of the Bank	919,666	739,993
Less: Distribution of interests of perpetual bonds	(567,600)	(567,600)
Net profit attributable to ordinary shareholders of the Bank	352,066	172,393
Shares:		
Weighted average number of ordinary shares in issue (expressed in thousands) at the end of the year	10,995,600	10,995,600
Basic and diluted earnings per share (expressed in RMB per share)	0.03	0.02

The Group had no potentially dilutive ordinary shares for the year ended 31 December 2024 (for the year ended 31 December 2023: Nil).

Basic earnings per share for the years ended 31 December 2024 and 2023 were computed by dividing distributions on non-cumulative perpetual bonds declared for the period was deducted from the amounts attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the year. The Bank has declared an interest of RMB568 million on perpetual bonds during the year ended 31 December 2024 (during the year ended 31 December 2023: RMB568 million).

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19. CASH AND BALANCES WITH THE CENTRAL BANK

	As at 31 December	
	2024	2023
Cash	815,789	864,775
Mandatory reserves with the central bank (i)	38,460,364	42,761,730
Surplus reserves with the central bank (ii)	60,412,232	20,131,695
Fiscal deposits with the central bank	168,526	93,006
Subtotal	99,856,911	63,851,206
Accrued interest	16,977	22,202
Total	99,873,888	63,873,408

- (i) The Group is required to place mandatory reserve deposits with the PBOC. Mandatory reserve deposits with the central bank are not available for use in the Group's daily operations. As at 31 December 2024 and 31 December 2023, the mandatory deposit reserve ratios of the branches and subsidiaries of the Bank in respect of customer deposits denominated in RMB and foreign currencies were consistent with the requirements of the PBOC.
- (ii) Surplus reserves with the central bank mainly include funds for the purpose of cash settlement.

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20. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December	
	2024	2023
Nostro accounts:		
Banks operating in Mainland China	12,364,448	7,005,171
Other financial institutions operating in Mainland China	37,726	51,655
Banks operating outside Mainland China	151,022	988,900
Subtotal	12,553,196	8,045,726
Accrued interest	37,509	35,333
Less: Allowance for impairment losses	(2,819)	(5,467)
Subtotal	12,587,886	8,075,592
Placements with banks and other financial institutions:		
Banks operating in Mainland China	570,000	2,700,000
Other financial institutions operating in Mainland China	18,650,000	20,850,000
Subtotal	19,220,000	23,550,000
Accrued interest	153,004	250,973
Less: Allowance for impairment losses	(16,691)	(10,349)
Subtotal	19,356,313	23,790,624
Total	31,944,199	31,866,216

As at 31 December 2024 and 31 December 2023, all the amounts due from banks and other financial institutions of the Group were in Stage 1, and measured the impairment losses based on expected credit loss (“ECL”) in the next 12 months.

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21. REVERSE REPURCHASE AGREEMENTS

	As at 31 December	
	2024	2023
Reverse repurchase agreements analysed by counterparty:		
Banks operating in Mainland China	–	764,000
Other financial institutions in Mainland China	150,000	19,168,767
Accrued interest	9	16,758
Less: Allowance for impairment losses	(15)	(3,095)
Total	149,994	19,946,430
Reverse repurchase agreements analysed by collateral:		
Bonds	150,000	19,932,767
Accrued interest	9	16,758
Less: Allowance for impairment losses	(15)	(3,095)
Total	149,994	19,946,430

As at 31 December 2024 and 31 December 2023, reverse repurchase agreements were in stage 1, and measured the impairment losses based on ECLs in the next 12 months.

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22. LOANS AND ADVANCES TO CUSTOMERS

22.1 Analysis of loans and advances to customers by measurement category

	As at 31 December	
	2024	2023
Loans and advances measured at amortised cost		
Corporate loans and advances	196,214,319	184,005,130
Personal loans	117,779,856	118,550,619
Subtotal	313,994,175	302,555,749
Loans and advances measured at fair value through other comprehensive income		
Discounted bills and forfaiting	65,099,731	20,626,955
Total loans and advances to customers	379,093,906	323,182,704
Accrued interest	5,106,791	3,532,668
Less: Allowance for impairment losses	(21,792,567)	(18,276,498)
Loans and advances to customers, net	362,408,130	308,438,874

As at 31 December 2024, loans and advances to customers measured at fair value through other comprehensive income of the Group amounted to RMB65,099,731 thousand were in stage 1 and the corresponding accumulated allowance for impairment losses on the above-mentioned loans and advances to customers amounted to RMB9,966 thousand. As at 31 December 2023, loans and advances to customers measured at fair value through other comprehensive income of the Group amounted to RMB20,626,955 thousand were in stage 1 and the corresponding accumulated allowance for impairment losses on the above-mentioned loans and advances to customers amounted to RMB10,098 thousand.

22.2 Analysis of loans and advances to customers by industry, collateral type and analysis of overdue loans and advances to customers are presented in Note 51(a).

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22. LOANS AND ADVANCES TO CUSTOMERS (Continued)

22.3 Analysis of loans and advances to customers

	As at 31 December 2024			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	Total
Total loans and advances at amortised cost	249,276,322	29,973,603	34,744,250	313,994,175
Accrued interest	4,357,491	668,012	81,288	5,106,791
Allowance for impairment losses at amortised cost	(3,713,686)	(3,683,364)	(14,395,517)	(21,792,567)
Loans and advances to customers at amortised cost, net	249,920,127	26,958,251	20,430,021	297,308,399

	As at 31 December 2023			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	Total
Total loans and advances at amortised cost	235,791,515	36,663,610	30,100,624	302,555,749
Accrued interest	2,651,579	811,053	70,036	3,532,668
Allowance for impairment losses at amortised cost	(3,103,354)	(3,325,025)	(11,848,119)	(18,276,498)
Loans and advances to customers at amortised cost, net	235,339,740	34,149,638	18,322,541	287,811,919

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22. LOANS AND ADVANCES TO CUSTOMERS (Continued)

22.4 Movements in allowance for impairment losses of loan and advances to customers at amortised cost during the year are as follows:

	For the year ended 31 December 2024			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	Total
As at 1 January 2024	3,103,354	3,325,025	11,848,119	18,276,498
Charge for the year	884,967	1,003,497	4,548,691	6,437,155
Write-offs and transferred for the year	–	–	(2,907,092)	(2,907,092)
Stage conversion	(274,635)	(645,158)	919,793	–
Converted to Stage 1	397,915	(372,082)	(25,833)	–
Converted to Stage 2	(171,905)	281,542	(109,637)	–
Converted to Stage 3	(500,645)	(554,618)	1,055,263	–
Recovery of loans and advances previously written off	–	–	555,802	555,802
Exchange difference	–	–	(195)	(195)
Accrued interest on impaired loans	–	–	(569,601)	(569,601)
As at 31 December 2024	3,713,686	3,683,364	14,395,517	21,792,567

During the year ended 31 December 2024, the loan principal transferred from stage 1 to stage 2 and stage 3 was RMB13,866 million, and corresponding impairment provision increased by RMB1,693 million. The loan principal transferred from stage 2 to stage 3 was RMB5,026 million, impairment provision increasing by RMB613 million. The loan principal transferred from stage 2 to stage 1 was RMB11,351 million, impairment provision decreasing by RMB252 million. The loan principal transferred from stage 3 to stage 1 and stage 2 was RMB291 million, impairment provision decreasing by RMB27 million.

During the year ended 31 December 2024, the Group transferred loans and advances amount of RMB1,233 million to independent third parties and the transfer price was RMB477 million.

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22. LOANS AND ADVANCES TO CUSTOMERS (Continued)

22.4 Movements in allowance for impairment losses of loan and advances to customers at amortised cost during the year are as follows: (Continued)

	For the year ended 31 December 2023			Total
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	
As at 1 January 2023	2,570,973	1,945,512	10,403,524	14,920,009
Charge for the year	631,101	1,438,345	3,668,202	5,737,648
Write-offs and transferred for the year	–	–	(2,313,128)	(2,313,128)
Stage conversion	(98,720)	(58,832)	157,552	–
Converted to Stage 1	125,855	(93,670)	(32,185)	–
Converted to Stage 2	(157,207)	189,755	(32,548)	–
Converted to Stage 3	(67,368)	(154,917)	222,285	–
Recovery of loans and advances previously written off	–	–	445,102	445,102
Exchange difference	–	–	(91)	(91)
Accreted interest on impaired loans	–	–	(513,042)	(513,042)
As at 31 December 2023	3,103,354	3,325,025	11,848,119	18,276,498

During the year ended 31 December 2023, the loan principal transferred from stage 1 to stage 2 and stage 3 was RMB25,038 million, and corresponding impairment provision increased by RMB1,359 million. The loan principal transferred from stage 2 to stage 3 was RMB1,396 million, impairment provision increasing by RMB69 million. The loan principal transferred from stage 2 to stage 1 was RMB1,938 million, impairment provision decreasing by RMB98 million. The loan principal transferred from stage 3 to stage 1 and stage 2 was RMB491 million, impairment provision decreasing by RMB46 million.

During the year ended 31 December 2023, the Group transferred loans and advances amount of RMB66 million to independent third parties and the transfer price was RMB51 million.

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23. DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into derivative financial instruments related to interest rate, currency rate and price of precious metal, for trading and on behalf of customers.

The contractual/notional amounts of financial instruments provide a basis for comparison with fair value instruments recognised on the statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or market risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in interest rates, currency rates and prices of precious metal relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time. The contractual/notional amounts and fair values of derivative instruments held by the Group are set out in the following tables:

	As at 31 December					
	2024			2023		
	Contractual/ notional amount	Fair value		Contractual/ notional amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
Foreign exchange forwards and swaps	-	-	-	1,988,317	909	(35,380)
Option contract	105,601,786	375,304	(375,304)	126,264,502	699,268	(699,268)
Total	105,601,786	375,304	(375,304)	128,252,819	700,177	(734,648)

24. FINANCIAL INVESTMENTS

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

	As at 31 December	
	2024	2023
Government debt securities	-	173,058
Corporate debt securities	504,116	1,746,779
Trust investments and asset management plans (i)	39,537,565	45,031,249
Subtotal	40,041,681	46,951,086
Equity instruments	242,035	307,705
Funds	41,360,944	38,452,499
Accrued interest	2,170	147,891
Total	81,646,830	85,859,181

As at 31 December 2024 and 2023, no debt securities measured at fair value through profit or loss were pledged.

- (i) The Group classified the trust investments and asset management plans that could not pass the SPPI testing as financial assets at fair value through profit or loss.

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24. FINANCIAL INVESTMENTS (Continued)

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

	As at 31 December	
	2024	2023
Government debt securities	52,699,230	52,359,702
Policy bank debt securities	6,109,996	14,727,628
Financial institution debt securities	3,893,123	6,717,931
Corporate debt securities	3,331,196	7,137,022
Subtotal	66,033,545	80,942,283
Equity investments	4,640,352	5,215,011
Accrued interest	680,029	848,260
Net balance	71,353,926	87,005,554

As at 31 December 2024, all debt securities at fair value through other comprehensive income were in stage 1 and the corresponding accumulated allowance for impairment losses amounted to RMB25,077 thousand. As at 31 December 2023, all debt securities at fair value through other comprehensive income were in stage 1 and the corresponding accumulated allowance for impairment losses amounted to RMB27,680 thousand.

As at 31 December 2024, debt securities of RMB8,472,023 thousand, RMB10,551,838 thousand and RMB1,962,802 thousand at fair value through other comprehensive income of the Group were pledged in fixed time deposits, repurchase agreements and due to the central bank respectively. As at 31 December 2023, debt securities of RMB2,932,934 thousand, RMB4,934,801 thousand and RMB524,721 thousand at fair value through other comprehensive income of the Group were pledged in fixed time deposits, repurchase agreements and due to the central bank respectively.

The Group irrevocably designated parts of its equity investments and classified as financial assets at fair value through other comprehensive income.

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24. FINANCIAL INVESTMENTS (Continued)

(b) Financial assets at fair value through other comprehensive income (Continued)

Movements in allowance for impairment losses of debt securities of financial assets at fair value through other comprehensive income during year are summarised as follows:

	For the year ended 31 December 2024			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	Total
As at 1 January 2024	27,680	–	–	27,680
Reversal for the year	(2,603)	–	–	(2,603)
Write-offs	–	–	–	–
As at 31 December 2024	25,077	–	–	25,077

	For the year ended 31 December 2023			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	Total
As at 1 January 2023	45,806	–	105,000	150,806
Reversal for the year	(18,126)	–	(33,427)	(51,553)
Write-offs	–	–	(71,573)	(71,573)
As at 31 December 2023	27,680	–	–	27,680

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24. FINANCIAL INVESTMENTS (Continued)

(c) Financial assets at amortised cost

	As at 31 December	
	2024	2023
Government debt securities	115,463,889	50,485,401
Policy bank debt securities	5,201,246	11,870,389
Financial institution debt securities	1,990,000	2,469,995
Corporate debt securities	39,862,821	44,064,756
Inter-bank certificates of deposits	7,903,800	368,372
Trust investments and asset management plans	56,184,703	66,317,393
Subtotal	226,606,459	175,576,306
Accrued interest	5,863,960	3,490,583
Allowance for impairment losses	(7,670,197)	(6,972,564)
Net balance	224,800,222	172,094,325

As at 31 December 2024, debt securities of RMB13,047,904 thousand, RMB11,638,293 thousand and RMB2,744,994 at amortised cost of the Group were pledged in fixed time deposits, repurchase agreements and due to the central bank respectively.

As at 31 December 2023, debt securities of RMB3,495,141 thousand, RMB284,023 thousand, RMB10,093,338 thousand and RMB8,110,927 thousand at amortised cost of the Group were pledged in repurchase agreements, due to the central bank, fixed time deposits and borrowing from banks and other financial institutions respectively.

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24. FINANCIAL INVESTMENTS (Continued)

(c) Financial assets at amortised cost (Continued)

Movements in allowance for impairment losses on financial assets at amortised cost during the year are summarised as follows:

	For the year ended 31 December 2024			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	Total
As at 1 January 2024	585,793	–	6,386,771	6,972,564
Charge/(reversal) for the year	(282,666)	24,607	1,217,425	959,366
Write-offs	–	–	(261,733)	(261,733)
Stage conversion	288,074	53,914	(341,988)	–
Converted to Stage 1	305,925	–	(305,925)	–
Converted to Stage 2	(1,352)	53,914	(52,562)	–
Converted to Stage 3	(16,499)	–	16,499	–
As at 31 December 2024	591,201	78,521	7,000,475	7,670,197

	For the year ended 31 December 2023			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	Total
As at 1 January 2023	788,574	804,663	4,545,776	6,139,013
Charge/(reversal) for the year	(28,990)	(107,311)	1,087,994	951,693
Write-offs	–	–	(118,142)	(118,142)
Stage conversion	(173,791)	(697,352)	871,143	–
Converted to Stage 1	13,728	(13,728)	–	–
Converted to Stage 2	–	–	–	–
Converted to Stage 3	(187,519)	(683,624)	871,143	–
As at 31 December 2023	585,793	–	6,386,771	6,972,564

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25. FINANCE LEASE RECEIVABLES

	As at 31 December	
	2024	2023
Finance lease receivables	25,859,783	25,845,729
Less: Unearned finance lease income	(2,028,549)	(2,199,808)
Finance lease receivables, net	23,831,234	23,645,921
Accrued interest	189,808	132,601
Less: Allowance for impairment losses	(1,265,079)	(1,006,907)
Net balance	22,755,963	22,771,615

As at 31 December 2024, the Group divided finance lease receivables into stage 1, stage 2 and stage 3. The gross amounts were RMB22,199,520 thousand, RMB1,263,762 thousand, and RMB557,760 thousand respectively, and allowances for impairment losses were RMB429,848 thousand, RMB389,229 thousand and RMB446,002 thousand respectively.

As at 31 December 2023, the Group divided finance lease receivables into stage 1, stage 2 and stage 3. The gross amounts were RMB21,935,983 thousand, RMB1,517,944 thousand, and RMB324,595 thousand respectively, and allowances for impairment losses were RMB262,656 thousand, RMB431,605 thousand and RMB312,646 thousand respectively.

As at 31 December 2024, the fair value of collateral that the Group holds relating to finance lease receivables amounted to RMB23,782,797 thousand (As at 31 December 2023: RMB28,053,022 thousand). The collateral mainly consists of right to charge for tourist attractions, provision of other public services and other receivables.

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25. FINANCE LEASE RECEIVABLES (Continued)

Finance lease receivables, unearned finance lease income and minimum finance lease receivables analysed by remaining period are as follows:

	As at 31 December					
	2024			2023		
	Finance lease receivables	Unearned finance lease income	Finance lease receivables, net	Finance lease receivables	Unearned finance lease income	Finance lease receivables, net
Less than 1 year	11,907,496	(1,191,955)	10,715,541	12,060,602	(1,224,960)	10,835,642
1 year to 2 years	9,439,617	(649,768)	8,789,849	8,126,109	(629,616)	7,496,493
2 years to 3 years	3,421,017	(123,340)	3,297,677	4,984,631	(318,450)	4,666,181
3 years to 5 years	745,048	(54,891)	690,157	674,387	(26,782)	647,605
More than 5 years	346,605	(8,595)	338,010	–	–	–
	25,859,783	(2,028,549)	23,831,234	25,845,729	(2,199,808)	23,645,921

Movements in allowance for impairment losses of finance lease receivable during the year are summarised as follows:

	For the year ended 31 December 2024			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	Total
As at 1 January 2024	262,656	431,605	312,646	1,006,907
Charge for the year	169,724	107,949	215,484	493,157
Stage conversion	(2,532)	(150,325)	152,857	–
Converted to Stage 1	1,077	(777)	(300)	–
Converted to Stage 2	(2,994)	3,039	(45)	–
Converted to Stage 3	(615)	(152,587)	153,202	–
Write-offs and transferred	–	–	(276,801)	(276,801)
Recovery of finance lease receivables previously written off	–	–	41,816	41,816
As at 31 December 2024	429,848	389,229	446,002	1,265,079

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25. FINANCE LEASE RECEIVABLES (Continued)

	For the year ended 31 December 2023			Total
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	
As at 1 January 2023	202,358	528,911	196,753	928,022
Charge/(reversal) for the year	64,443	(100,166)	202,671	166,948
Stage conversion	(4,145)	2,860	1,285	–
Converted to Stage 1	2,779	(2,713)	(66)	–
Converted to Stage 2	(6,683)	7,180	(497)	–
Converted to Stage 3	(241)	(1,607)	1,848	–
Write-offs and transferred	–	–	(117,301)	(117,301)
Recovery of finance lease receivables previously written off	–	–	29,238	29,238
As at 31 December 2023	262,656	431,605	312,646	1,006,907

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26. PROPERTY AND EQUIPMENT

	Properties and buildings	Construction in progress	Leasehold improvements	Office equipment	Motor vehicles	Operating lease fixed assets	Total
Cost:							
At 1 January 2024	9,279,526	221,797	696,096	2,441,224	67,725	314,398	13,020,766
Additions	197,425	18,882	16,085	78,156	7,625	338	318,511
Transfer from/(to) construction in progress	4,342	(9,138)	-	4,796	-	-	-
Disposals	(722)	(3,277)	-	(233,526)	(1,368)	-	(238,893)
At 31 December 2024	9,480,571	228,264	712,181	2,290,650	73,982	314,736	13,100,384
At 1 January 2023	9,267,514	216,532	678,775	2,416,053	69,085	314,398	12,962,357
Additions	11,807	23,985	17,321	35,875	1,651	-	90,639
Transfer from/(to) construction in progress	205	(5,166)	-	4,961	-	-	-
Disposals	-	(13,554)	-	(15,665)	(3,011)	-	(32,230)
At 31 December 2023	9,279,526	221,797	696,096	2,441,224	67,725	314,398	13,020,766
Accumulated depreciation:							
At 1 January 2024	2,051,145	-	645,124	1,923,534	60,369	120,523	4,800,695
Depreciation charge for the year	291,188	-	24,472	95,969	4,434	7,953	424,016
Disposals	(353)	-	-	(31,047)	(1,177)	-	(32,577)
At 31 December 2024	2,341,980	-	669,596	1,988,456	63,626	128,476	5,192,134
At 1 January 2023	1,750,231	-	604,582	1,828,861	60,201	112,570	4,356,445
Depreciation charge for the year	300,914	-	40,542	97,181	3,042	7,953	449,632
Disposals	-	-	-	(2,508)	(2,874)	-	(5,382)
At 31 December 2023	2,051,145	-	645,124	1,923,534	60,369	120,523	4,800,695
Impairment loss:							
At 31 December 2023 and 1 January 2024	-	-	-	-	-	101,027	101,027
Provided for the year	-	-	-	-	-	-	-
At 31 December 2024	-	-	-	-	-	101,027	101,027
Net carrying amount:							
At 31 December 2024	7,138,591	228,264	42,585	302,194	10,356	85,233	7,807,223
At 31 December 2023	7,228,381	221,797	50,972	517,690	7,356	92,848	8,119,044

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26. PROPERTY AND EQUIPMENT (Continued)

The carrying value of the Group's properties and buildings is analysed based on the remaining terms of the land leases as follows:

	As at 31 December	
	2024	2023
Held in China:		
10 to 50 years	6,940,231	6,954,833
Less than 10 years	198,360	273,548
	7,138,591	7,228,381

As at 31 December 2024, the process of obtaining the titles for the Group's properties and buildings with an aggregate net carrying value of RMB2,678 million (As at 31 December 2023: RMB2,768 million) was still in progress. Management is of the view that the aforesaid matter would not affect the rights of the Group to these assets nor have any significant impact on the business operation of the Group.

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27. DEFERRED INCOME TAX ASSETS AND LIABILITIES

(a) Analysed by nature

	As at 31 December			
	2024		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	27,420,140	6,795,985	24,218,247	6,016,345
Lease liabilities	289,564	71,578	328,881	80,732
Provisions	112,546	28,019	99,598	24,900
Salaries, bonuses, allowances and subsidies payable	217,140	52,930	174,528	42,537
Early retirement benefits	35,388	8,847	32,790	8,198
Deferred revenue	241,896	60,474	146,098	36,524
Others	1,318,808	317,113	224,374	45,199
Subtotal	29,635,482	7,334,946	25,224,516	6,254,435
Deferred income tax liabilities:				
Right-of-use assets	(298,888)	(73,823)	(349,512)	(85,649)
Changes in fair value of financial assets at fair value through profit or loss	(2,197,616)	(549,404)	(2,182,590)	(545,648)
Changes in fair value of financial assets at fair value through other comprehensive income	(1,935,948)	(483,987)	(369,317)	(92,329)
Changed in fair value of derivative financial instruments	(221,388)	(55,347)	–	–
Subtotal	(4,653,840)	(1,162,561)	(2,901,419)	(723,626)
Total	24,981,642	6,172,385	22,323,097	5,530,809

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27. DEFERRED INCOME TAX ASSETS AND LIABILITIES (Continued)

(b) Movements in deferred income tax

For the year ended 31 December 2024

	At 1 January 2024	Total gains/ (losses) recorded in profit or loss	Total gains/(losses) recorded in other comprehensive income	At 31 December 2024
Deferred income tax assets/(liabilities):				
Allowance for impairment losses	6,016,345	779,640	—	6,795,985
Lease liabilities	80,732	(9,154)	—	71,578
Right-of-use assets	(85,649)	11,826	—	(73,823)
Provisions	24,900	3,119	—	28,019
Changes in fair value of financial assets at fair value through profit or loss	(545,648)	(3,756)	—	(549,404)
Changes in fair value of financial assets at fair value through other comprehensive income	(92,329)	—	(391,658)	(483,987)
Allowance for impairment losses on the financial assets at fair value through other comprehensive income	—	(683)	683	—
Changed in fair value of derivative financial instruments	—	(55,347)	—	(55,347)
Salaries, bonuses, allowances and subsidies payable	42,537	10,393	—	52,930
Early retirement benefits	8,198	649	—	8,847
Deferred revenue	36,524	23,950	—	60,474
Others	45,199	271,914	—	317,113
Deferred income tax, net	5,530,809	1,032,551	(390,975)	6,172,385

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27. DEFERRED INCOME TAX ASSETS AND LIABILITIES (Continued)

(b) Movements in deferred income tax (Continued)

For the year ended 31 December 2023

	At 1 January 2023	Total gains/ (losses) recorded in profit or loss	Total gains/(losses) recorded in other comprehensive income	At 31 December 2023
Deferred income tax assets/(liabilities):				
Allowance for impairment losses	5,040,547	975,798	–	6,016,345
Lease liabilities	33,822	46,910	–	80,732
Right-of-use assets	(22,446)	(63,203)	–	(85,649)
Provisions	12,726	12,174	–	24,900
Changes in fair value of financial assets				
at fair value through profit or loss	(356,226)	(189,422)	–	(545,648)
Changes in fair value of financial assets				
at fair value through other				
comprehensive income	20,873	–	(113,202)	(92,329)
Allowance for impairment losses on				
the financial assets at fair value				
through other comprehensive income	–	(28,364)	28,364	–
Changed in fair value of derivative				
financial instruments	–	–	–	–
Salaries, bonuses, allowances and				
subsidies payable	28,355	14,182	–	42,537
Early retirement benefits	8,929	(731)	–	8,198
Deferred revenue	19,715	16,809	–	36,524
Others	47,286	(2,087)	–	45,199
Deferred income tax, net	4,833,581	782,066	(84,838)	5,530,809

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28. OTHER ASSETS

	As at 31 December	
	2024	2023
Interest receivables (a)	390,218	176,368
Right-of-use assets (b)	301,641	360,430
Land use rights	318	337
Advance payments	292,905	471,001
Settlement and clearing accounts	1,048,673	724,666
Intangible assets (c)	379,901	436,550
Other receivables	752,977	798,663
Repossessed assets (d)	4,144,005	4,494,605
Others	281,522	74,410
Subtotal	7,592,160	7,537,030
Less: Allowance for impairment losses	(648,295)	(413,938)
Total	6,943,865	7,123,092

(a) Interest receivable

As at 31 December 2024, the carrying amounts of the Group's overdue interest receivables in stage 1 and 2 were RMB300,440 thousand and RMB89,778 thousand respectively. The allowance for impairment losses were RMB5,760 thousand and RMB9,524 thousand respectively. As at 31 December 2023, the carrying amounts of the Group's overdue interest receivables in stage 1 and 2 were RMB46,224 thousand and RMB130,144 thousand respectively. The allowance for impairment losses were RMB672 thousand and RMB1,111 thousand respectively.

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28. OTHER ASSETS (Continued)

(b) Right-of-use assets

	Properties and buildings	Motor vehicles and others	Total
Cost:			
At 1 January 2024	801,629	16,621	818,250
Additions	83,583	966	84,549
Decrease	(97,401)	(7,216)	(104,617)
At 31 December 2024	787,811	10,371	798,182
Accumulated depreciation:			
At 1 January 2024	444,589	13,231	457,820
Additions	138,245	2,722	140,967
Decrease	(95,414)	(6,832)	(102,246)
At 31 December 2024	487,420	9,121	496,541
Net carrying amount:			
At 31 December 2024	300,391	1,250	301,641
At 1 January 2024	357,040	3,390	360,430

	Properties and buildings	Motor vehicles and others	Total
Cost:			
At 1 January 2023	835,026	84,541	919,567
Additions	146,649	15,148	161,797
Decrease	(180,046)	(83,068)	(263,114)
At 31 December 2023	801,629	16,621	818,250
Accumulated depreciation:			
At 1 January 2023	404,855	50,979	455,834
Additions	158,960	10,095	169,055
Decrease	(119,226)	(47,843)	(167,069)
At 31 December 2023	444,589	13,231	457,820
Net carrying amount:			
At 31 December 2023	357,040	3,390	360,430
At 1 January 2023	430,171	33,562	463,733

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28. OTHER ASSETS (Continued)

(c) Intangible assets

Intangible assets consist primarily of computer software, which is amortised within five years.

(d) Repossessed assets

	As at 31 December	
	2024	2023
Land use rights and buildings	4,114,095	4,494,605
Account receivables	29,910	–
Total	4,144,005	4,494,605

29. DUE TO THE CENTRAL BANK

	As at 31 December	
	2024	2023
Small enterprises supporting re-lending	5,516,500	3,069,413
Agricultural supporting re-lending	23,770	265,635
Poverty alleviation re-lending	5,000	73,730
Subtotal	5,545,270	3,408,778
Interest payable	2,967	1,875
Total	5,548,237	3,410,653

30. BORROWINGS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December	
	2024	2023
Unsecured borrowings	25,312,500	21,201,961
Pledged borrowings	811,120	886,458
Subtotal	26,123,620	22,088,419
Interest payable	218,926	252,402
Total	26,342,546	22,340,821

As at 31 December 2024, the pledged borrowings of RMB811 million were secured by the finance lease receivables of RMB983 million. As at 31 December 2023, the pledged borrowings of RMB886 million were secured by the finance lease receivables of RMB1,076 million.

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31. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December	
	2024	2023
Deposits:		
Banks operating in Mainland China	22,439,418	21,353,563
Banks operating outside Mainland China	688,739	2,230,809
Subtotal	23,128,157	23,584,372
Interest payable	178,100	119,258
Subtotal	23,306,257	23,703,630
Placements:		
Banks operating in Mainland China	110,000	600,912
Subtotal	110,000	600,912
Interest payable	607	6,413
Subtotal	110,607	607,325
Total	23,416,864	24,310,955

Interest due to banks and other financial institutions is calculated based on contractual interest rates.

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32. REPURCHASE AGREEMENTS

	As at 31 December	
	2024	2023
Repurchase agreements analysed by counterparty:		
Banks operating in Mainland China	23,614,150	10,364,366
Other financial institutions in Mainland China	11,086,310	300,000
Interest payable	20,786	4,014
Total	34,721,246	10,668,380
Repurchase agreements analysed by collateral:		
Bonds	34,700,460	8,238,165
Bills	—	2,426,201
Interest payable	20,786	4,014
Total	34,721,246	10,668,380

33. DUE TO CUSTOMERS

	As at 31 December	
	2024	2023
Demand deposits:		
Corporate deposits	78,967,717	81,370,072
Personal deposits	43,993,483	44,899,366
Subtotal	122,961,200	126,269,438
Fixed time deposits:		
Corporate deposits	104,734,672	106,021,505
Personal deposits	455,983,518	400,214,645
Subtotal	560,718,190	506,236,150
Demand and fixed time deposits	683,679,390	632,505,588
Convertible negotiated deposit (i)	10,000,000	10,000,000
Interest payable	19,434,038	14,483,080
Total	713,113,428	656,988,668

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33. DUE TO CUSTOMERS (Continued)

(i) Convertible negotiated deposit

After obtaining the proceeds from issuance of local government special bonds, the Department of Finance of Heilongjiang Province has deposited the relevant funds in the form of negotiated deposit into the special convertible negotiated deposit account in the Bank. The deposit is included in the Bank's other tier-one capital and is converted to ordinary shares in stages to replenish the Bank's capital and be included in its core tier-one capital when the conversion conditions specified in the agreement are triggered. The maturity of the deposit shall be set in accordance with the maturity requirements in batches. Among them, RMB2.0 billion is for the six-year maturity, RMB2.0 billion is for the seven-year maturity, RMB2.0 billion is for the eight-year maturity, RMB2.0 billion is for the nine-year maturity and RMB2.0 billion is for the ten-year maturity. The interest is paid semi-annually on the convertible negotiated deposit, and the interest rate shall match with the corresponding local government special bonds issuance interest rate.

The conversion for convertible negotiated deposit may be fully or partially converted into the ordinary shares of the Bank if one of the following triggering events occurs: (i) The core tier-one capital adequacy ratio of the Bank drops to 5.125% or below; or (ii) As confirmed by the regulatory authorities, the core tier-one capital adequacy ratio of the Bank is not less than 5.125%, but non-viability trigger events occurred to the Bank. The non-viability trigger event is defined as the earlier of: (a) the NFRA having decided that without a conversion, the Bank would become non-viable; or (b) the relevant authorities having decided that injection of capital or equivalent support by a public sector is necessary, without which the Bank would become non-viable. Subject to the above triggering conditions, if the core tier-one capital adequacy ratio of the Bank is still lower than 5.125% as calculated after all the convertible amount is converted into the ordinary shares of the Bank in accordance with the agreement, the Bank shall at the same time take other measures to ensure that the core tier-one capital adequacy ratio reaches 5.125%, otherwise the Harbin Municipal Finance Bureau has the right to suspend the conversion. Subject to the above triggering conditions, if the designated share-holding entity does not satisfy the relevant requirements of the NFRA and the Harbin Municipal Government, or if the class and number of ordinary shares to be converted and the shareholding structure of the Bank after the conversion as calculated do not satisfy the relevant requirements of the Hong Kong Stock Exchange in respect of the minimum public float, no conversion shall be made until the conversion is in compliance with the relevant requirements of the NFRA, the Hong Kong Stock Exchange and the Harbin Municipal Government. In principle, only one conversion can be made during the term of the convertible negotiated deposit.

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34. DEBT SECURITIES ISSUED

	As at 31 December	
	2024	2023
Negotiable certificates of deposit issued (i)	39,530,198	23,401,584
Payable of asset-backed securities	411,811	324,750
Total	39,942,009	23,726,334

- (i) For the years ended 31 December 2024 and 2023, the Group issued at discount 300 and 418 interbank negotiable certificates of deposit with face value of RMB100 through the domestic interbank bond market respectively. As at 31 December 2024, 113 negotiable certificates of deposit issued by the Group, with annual interest rates between 1.74% and 2.70% and maturities between one month and one year, were undue, amounting to RMB39,530 million. As at 31 December 2023, 272 negotiable certificates of deposit issued by the Group, with annual interest rates between 2.21% and 3.05% and maturities between one month and one year, were undue, amounting to RMB23,726 million.

35. OTHER LIABILITIES

	As at 31 December	
	2024	2023
Lease guarantee fee	2,145,176	2,285,961
Settlement and clearing accounts	1,739,212	1,565,599
Salaries, bonuses, allowances and subsidies payable (a)	902,884	838,904
Lease liabilities	292,939	338,095
Accounts payable from agency services	127,104	175,567
Accrued expenses	397,315	362,738
Sundry tax payables	333,530	351,300
Deferred revenue (b)	73,006	140,439
Dividends payable	29,851	30,751
Provisions	110,163	99,790
Other payables	626,463	836,232
Total	6,777,643	7,025,376

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35. OTHER LIABILITIES (Continued)

(a) Salaries, bonuses, allowances and subsidies payable

	As at 31 December	
	2024	2023
Salaries, bonuses and allowances	833,075	764,206
Social insurance	9,549	11,725
Housing fund	2,097	17,144
Employee benefits	—	500
Labour union expenditure and education costs	22,776	12,539
Early retirement benefits	35,387	32,790
Total	902,884	838,904

The Group has no forfeiture of pension scheme contributions (i.e. contributions processed by the employer on behalf of the employee who has exited the scheme prior to vesting of such contributions). As at 31 December 2024 and 31 December 2023, no forfeited contribution under the pension scheme of the Group is available for deduction of contribution payable in coming years.

(b) Deferred revenue

Deferred revenue consists mainly of deferred revenue from the provision of intermediary services. Deferred revenue will be recognised in the next few years in accordance with the corresponding amortisation expense that is charged to the statement of profit or loss.

	As at 31 December	
	2024	2023
Intermediary services	73,006	140,439

36. SHARE CAPITAL

	As at 31 December			
	2024		2023	
	Number of shares (thousand)	Nominal value	Number of shares (thousand)	Nominal value
Issued and fully paid ordinary shares at par value RMB1 per share	10,995,600	10,995,600	10,995,600	10,995,600
At the beginning and end of the year	10,995,600	10,995,600	10,995,600	10,995,600

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37. OTHER EQUITY INSTRUMENTS

	1 January 2024		Changes during the year		31 December 2024	
	Number of shares (thousand)	Amount	Number of shares (thousand)	Amount	Number of shares (thousand)	Amount
Issuance of perpetual bonds						
2022 Perpetual bonds with no maturity date (i)	7,000	699,717	–	–	7,000	699,717
2021 Perpetual bonds with no maturity date – Phase 1 (ii)	80,000	7,999,830	–	–	80,000	7,999,830
2021 Perpetual bonds with no maturity date – Phase 2 (iii)	30,000	2,999,460	–	–	30,000	2,999,460
Total	117,000	11,699,007	–	–	117,000	11,699,007

	1 January 2023		Changes during the year		31 December 2023	
	Number of shares (thousand)	Amount	Number of shares (thousand)	Amount	Number of shares (thousand)	Amount
Issuance of perpetual bonds						
2022 Perpetual bonds with no maturity date (i)	7,000	699,717	–	–	7,000	699,717
2021 Perpetual bonds with no maturity date – Phase 1 (ii)	80,000	7,999,830	–	–	80,000	7,999,830
2021 Perpetual bonds with no maturity date – Phase 2 (iii)	30,000	2,999,460	–	–	30,000	2,999,460
Total	117,000	11,699,007	–	–	117,000	11,699,007

- (i) On 26 December 2022, being approved by relevant regulatory authorities in China, the Group issued perpetual bonds in an amount of RMB700 million with no fixed maturity date which the coupon rate of the Bond for the first five years is 4.8%, respectively, and is subject to adjustment every five years. The perpetual bonds were successful issue on 28 December 2022.
- (ii) On 29 June 2021, being approved by relevant regulatory authorities in China, the Group issued perpetual bonds in an amount of RMB8,000 million with no fixed maturity date which the coupon rate of the Bond for the first five years is 4.8% and is subject to adjustment every five years.
- (iii) On 12 November 2021, being approved by relevant regulatory authorities in China, the Group issued perpetual bonds in an amount of RMB3,000 million with no fixed maturity date which the coupon rate of the Bond for the first five years is 5.0%, respectively, and is subject to adjustment every five years. The perpetual bonds were successful issue on 16 November 2021.

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37. OTHER EQUITY INSTRUMENTS (Continued)

These perpetual bonds have no maturity date and will continue indefinitely until redeemed by the Bank in accordance with their terms. The Bank is entitled to redeem the perpetual bonds at fully or partially written down of par value on the fifth and each of the subsequent interest payment dates of the perpetual bonds if the Bank fulfilled the conditions in their terms. These perpetual bonds have no accumulated interest and the Bank can elect to defer or cancel payment of interest due pursuant to their terms, the aforesaid deferral or cancellation of interest shall not constitute a default by the Bank.

The perpetual bonds are classified as equity instruments as they do not include any contractual obligation:

- to deliver cash or another financial asset to another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer.

During the year ended 31 December 2024, RMB568 million interest payment was paid by the Group to the holders of perpetual bonds. During the year ended 31 December 2023, RMB568 million interest payment was paid by the Group to the holders of perpetual bonds.

38. CAPITAL RESERVES

	Share premium	Other Capital reserves	Total
At 31 December 2023, 1 January 2024 and 31 December 2024	7,420,764	236,520	7,657,284

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39. COMPONENTS OF OTHER COMPREHENSIVE INCOME

Other comprehensive income attributed to equity holders of the Bank in the consolidated statement of financial position:

	Gains/(losses) on debt instruments at fair value through other comprehensive income	Gains/(losses) on equity instruments at fair value through other comprehensive income	Total
At 1 January 2023	14,342	36,468	50,810
Other comprehensive income after tax	455,927	(198,562)	257,365
Other comprehensive income in the previous period and transferred to retained earnings in the current year	–	(2,853)	(2,853)
At 31 December 2023 and 1 January 2024	470,269	(164,947)	305,322
Other comprehensive income after tax	1,310,103	(104,491)	1,205,612
Other comprehensive income in the previous period and transferred to retained earnings in the current year	–	(32,688)	(32,688)
At 31 December 2024	1,780,372	(302,126)	1,478,246

Transactions of other comprehensive income attributed to equity holders of the Bank in the consolidated statement of comprehensive income:

For the year ended 31 December 2024	Amount before tax	Income tax	Amount after tax
Items that will not be reclassified to profit or loss			
Changes in fair value of equity instruments designated at fair value through other comprehensive income	(150,216)	45,725	(104,491)
Items that may be reclassified to profit or loss in subsequent years			
Changes in fair value of debt instruments measured at fair value through other comprehensive income	1,905,233	(476,308)	1,428,925
Allowance for impairment losses on debt instruments at fair value through other comprehensive income	(2,735)	683	(2,052)
Other comprehensive income in the previous period and transferred to profit or loss in the current period	(155,695)	38,925	(116,770)
Total	1,596,587	(390,975)	1,205,612

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39. COMPONENTS OF OTHER COMPREHENSIVE INCOME (Continued)

Transactions of other comprehensive income attributed to equity holders of the Bank in the consolidated statement of comprehensive income: (Continued)

For the year ended 31 December 2023	Amount before tax	Income tax	Amount after tax
Items that will not be reclassified to profit or loss			
Changes in fair value of equity instruments designated at fair value through other comprehensive income	(265,700)	67,138	(198,562)
Items that may be reclassified to profit or loss in subsequent years			
Changes in fair value of debt instruments measured at fair value through other comprehensive income	715,537	(178,884)	536,653
Allowance for impairment losses on debt instruments at fair value through other comprehensive income	(113,460)	28,364	(85,096)
Other comprehensive income in the previous period and transferred to profit or loss in the current period	5,826	(1,456)	4,370
Total	342,203	(84,838)	257,365

40. SURPLUS RESERVES

	Statutory surplus reserves	Discretionary surplus reserves	Total
At 1 January 2023	3,893,887	26,186	3,920,073
Appropriation during the year	36,177	–	36,177
At 31 December 2023 and 1 January 2024	3,930,064	26,186	3,956,250
Appropriation during the year	61,290	–	61,290
At 31 December 2024	3,991,354	26,186	4,017,540

Under the Company Law of the People's Republic of China, the Bank is required to appropriate 10% of its net profit to the statutory surplus reserve. The appropriation to the statutory surplus reserve may cease when the balance of such reserve has reached 50% of the share capital. Subject to the approval of the shareholders, the statutory surplus reserve can be used for replenishing the accumulated losses or increasing the Bank's share capital. The statutory surplus reserve amount used to increase the share capital is limited to a level where the balance of the statutory surplus reserve after such capitalisation is not less than 25% of the share capital.

After making the appropriation to the statutory surplus reserve, the Bank may also appropriate its profit for the year to the discretionary surplus reserve upon approval by the shareholders in general meetings. Subject to the approval by the shareholders, the discretionary surplus reserve may be used to offset accumulated losses of the Bank, if any, and may be converted into capital.

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41. GENERAL AND REGULATORY RESERVES

	Year ended 31 December	
	2024	2023
Balance as at the beginning of the year	8,230,272	7,880,595
Increase during the year (i)	967,377	349,677
Balance as at the end of the year	9,197,649	8,230,272

- (i) For the year ended 31 December 2024, the appropriation made by the Group in the amount of RMB967,377 thousand (For the year ended 31 December 2023: RMB349,677 thousand).

From 1 July 2012, according to the requirements of the Administrative Measures for the Provision of Reserves of Financial Enterprises (No. 20 [2012] of the Ministry of Finance ("MOF")), the Group is required to maintain a general reserve within equity, through the appropriation of profit, which should not be less than 1.5% of the year-end balance of its risk assets.

42. UNDISTRIBUTED PROFITS

	Year ended 31 December	
	2024	2023
Balance as at the beginning of the year	18,760,522	18,971,130
Net profit for the year attributable to equity holders of the Bank	919,666	739,993
Net of: Appropriation to statutory surplus reserves	(61,290)	(36,177)
Appropriation to general and regulatory reserves	(967,377)	(349,677)
Distribution of interests of perpetual bonds	(567,600)	(567,600)
Transfer of losses on disposal of financial asset at fair value through other comprehensive income to retained earnings	32,688	2,853
Balance as at the end of the year	18,116,609	18,760,522

As approved by the equity holders of the Group at the 2023 Annual General Meeting held in May 2024, the Bank did not distribute any cash dividends for the year ended 31 December 2023.

As approved by the equity holders of the Group at the 2022 Annual General Meeting held in May 2023, the Bank did not distribute any cash dividends for the year ended 31 December 2022.

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43. CASH AND CASH EQUIVALENTS

On the consolidated statement of cash flows, cash and cash equivalents with an original maturity of less than three months are as follows:

	As at 31 December	
	2024	2023
Cash on hand (note 19)	815,789	864,775
Balances with the central bank (note 19)	60,412,232	20,131,695
Due from banks and other financial institutions	14,641,101	16,088,729
Reverse repurchase agreements	149,994	19,946,430
Total	76,019,116	57,031,629

44. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

During the reporting period, the Group had capital commitments as follows:

	As at 31 December	
	2024	2023
Contracted, but not provided for	181,222	15,468
Approved, but not contracted	658	1,291
Total	181,880	16,759

(b) Credit commitments

At any given time, the Group has outstanding commitments to extend credit. These commitments are in the form of approved loans and undrawn credit card limits.

The Group provides letters of credit and financial guarantees to guarantee the performance of customers to third parties.

Bank acceptances comprise 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.

The contractual amounts of credit commitments by category are set out below. The amounts disclosed in respect of credit commitments and the undrawn credit card limit are under the assumption that the amounts will be fully advanced. The amounts for bank acceptances, letters of credit and guarantees represent the maximum potential losses that would be recognised at the end of the reporting period had the counterparties failed to perform as contracted.

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44. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(b) Credit commitments (Continued)

	As at 31 December	
	2024	2023
Bank bill acceptances	7,332,781	6,431,953
Letters of guarantee issued	192,871	522,629
Letters of credit	1,377,163	3,647,568
Undrawn credit card limits	15,372,335	20,501,570
Total	24,275,150	31,103,720

Credit risk-weighted amount of financial guarantees and credit related commitments

	As at 31 December	
	2024	2023
Financial guarantees and credit related commitments	5,214,695	5,226,062

The credit risk-weighted amount of financial guarantees and credit related commitments refers to the amount as computed in accordance with the formula promulgated by the NFRA and depends on the status of the counterparty and the maturity characteristics. The risk weights used range from 0% to 100% for contingent liabilities and commitments.

(c) Legal proceedings

As at 31 December 2024, significant legal proceedings exceeding RMB10,000 thousand outstanding against the Group (for itself or as a third party) were RMB29,665 thousand (As at 31 December 2023: Nil). As at 31 December 2024, the Group did not recognise a provision for liabilities in the balance sheet based on the best estimate (As at 31 December 2023: RMB17,000 thousand).

(d) Redemption commitments of government bonds

As an underwriting agent of the government, the Bank underwrites certain PRC government bonds and sells the bonds to the general public. The Group is obliged to redeem these bonds at the discretion of the holders at any time prior to maturity. The redemption price for the bonds is based on the nominal value of the bonds plus any interest accrued up to the redemption date. As at 31 December 2024, the Bank had underwritten and sold bonds with an accumulated amount of RMB194 million (As at 31 December 2023: RMB602 million) to the general public, and these government bonds have not yet matured nor been redeemed. Management expects that the amount of redemption of these government bonds through the Bank prior to maturity will not be material. The MOF will not provide funding for the early redemption of these government bonds on a back-to-back basis but is obliged to repay the principal and the respective interest upon maturity.

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45. FIDUCIARY ACTIVITIES

	As at 31 December	
	2024	2023
Designated funds	2,208,747	1,640,483
Designated loans	2,208,747	1,640,483

The designated funds represent the funding that the trustors have instructed the Group to use to grant loans to third parties as designated by them. The credit risk remains with the trustors.

The designated loans represent the loans granted to specific borrowers designated by the trustors on their behalf according to the entrusted agreements signed by the Group and the trustors. The Group does not bear any risk.

46. TRANSFERS OF FINANCIAL ASSETS

The Group enters into transactions in the normal course of business by which it transfers recognised financial assets to third parties or to special purpose entities. In some cases where these transferred financial assets qualify for derecognition, the transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the transferred assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these assets, the Group continues to recognise the transferred assets.

Repurchase agreements

Transferred financial assets that do not qualify for derecognition mainly include debt securities held by counterparties as collateral under repurchase. The counterparties are allowed to sell or repledge those securities in the absence of default by the Group, but have an obligation to return the securities at the maturity of the contract. If the securities increase or decrease in value, the Group may in certain circumstances require or be required to pay additional cash collateral. The Group has determined that the Group retains substantially all the risks and rewards of these securities and therefore has not derecognised them. In addition, the Group recognised a financial liability for cash received as collateral.

As at 31 December 2024 and 2023, none of the above-mentioned financial assets or financial liabilities which did not qualify for derecognition was transferred to third parties.

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46. TRANSFERS OF FINANCIAL ASSETS (Continued)

Securitisation of credit assets

The Group enters into securitisation of credit assets in the normal course of business by which it transfers credit assets to special purpose entities which in turn issue asset-backed securities to investors. The Group may acquire some subordinated tranches of securities and accordingly may retain part of the risks and rewards of the transferred credit assets. The Group would determine whether or not to derecognise the associated credit assets by evaluating the extent to which it retains the risks and rewards of the assets. With respect to the credit assets that were securitised and qualified for derecognition, the Group derecognised the transferred credit assets in their entirety.

For the year ended 31 December 2024, the Group neither transferred nor retained substantially all the risks (mainly including the credit risk, early repayment risk and interest rate risk of the transferred assets) and rewards of the ownership and retained the control in these financial assets (For the year ended 31 December 2023: Nil).

As at 31 December 2024, the Group recognised the securitised credit assets with an original value of RMB550,000 thousand (As at 31 December 2023: RMB599,424 thousand) and recognised RMB411,811 thousands of payable of asset-backed securities as debt securities issued (As at 31 December 2023: RMB324,750 thousand).

47. INTERESTS IN STRUCTURED ENTITIES

The Group is principally involved with structured entities through financial investments, asset management and credit asset transfers. These structured entities generally finance the purchase of assets by issuing securities or by other means. The Group determines whether or not to consolidate these structured entities depending on the Group's controls on them.

Structured entities consolidated by the Group include certain securitisation products issued, managed and invested by the Group. The Group controls these entities because the Group has power over, is exposed to, or has right to variable returns from its involvement with these entities and has the ability to use its power over these entities to affect the amount of the Group's returns. As at 31 December 2024, the consolidated structured entities amounted to RMB567,312 thousand (As at 31 December 2023: RMB642,184 thousand).

The interests held by the Group in the unconsolidated structured entities are set out below:

47.1 Structured entities managed by the Group

Wealth management products

When conducting the wealth management business, the Group has established various structured entities to provide customers with specialised investment opportunities within narrow and well-defined objectives. As at 31 December 2024, the balance of the unconsolidated wealth management products issued by the Group amounted to RMB32,960,652 thousand (As at 31 December 2023: RMB28,865,428 thousand). For the year ended 31 December 2024, fee and commission income included commission and custodian fee and management fee income from the wealth management business that amounted to RMB146,297 thousand (For the year ended 31 December 2023: RMB232,000 thousand).

For the purpose of asset-liability management, wealth management products may trigger short-term financing needs for the Group and other banks. However, the Group is not contractually obliged to provide financing. For the year ended 31 December 2024, the Group did not provide any financing to the unconsolidated wealth management products (For the year ended 31 December 2023: Nil).

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47. INTERESTS IN STRUCTURED ENTITIES (Continued)

47.2 Structured entities sponsored by other financial institutions

The Group has invested in some structured entities which are issued or managed by other institutions and are out of the consolidation scope, and the Group recognises its investment income. These structured entities include trust fund plans and asset management plans, funds, etc. These structured entities' nature and purpose are to earn management fees by managing the investors' assets, and the way of financing is to issue investment products to investors. For the years ended 31 December 2024 and 2023, the Group has not provided liquidity support for those kinds of structured entities.

As at 31 December 2024, the interests held by the Group in the structured entities sponsored by third party financial institutions through direct investments are set out below:

	As at 31 December 2024			
	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total	Maximum exposure to loss
Trust investments and asset management plans	39,537,565	56,184,703	95,722,268	88,281,942
Funds	41,360,944	–	41,360,944	41,360,944

	As at 31 December 2023			
	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total	Maximum exposure to loss
Trust investments and asset management plans	45,031,249	66,317,393	111,348,642	104,575,678
Funds	38,452,499	–	38,452,499	38,452,499

48. ASSETS PLEDGED AS SECURITY

Financial assets of the Group including securities and finance lease receivables have been pledged as security for liabilities or contingent liabilities, and mainly arise from repurchase agreements, fixed time deposits and due to the central bank. As at 31 December 2024, the carrying value of the financial assets of the Group pledged as security amounted to approximately RMB48,418 million (As at 31 December 2023: approximately RMB23,064 million).

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49. RELATED PARTY DISCLOSURES

(a) Significant related party disclosures

(i) Shareholders of the Bank with ownership of 5% or above

Name	Share percentage in the Bank	
	As at 31 December	
	2024 %	2023 %
Harbin Economic Development and Investment Company Limited	29.63	29.63
Heilongjiang Financial Holdings Group Co., Ltd.	18.52	18.51
Fubon Life Insurance Company Limited	6.60	6.60

(ii) Subsidiaries of the Bank

Details of the subsidiaries of the Bank are set out in note 1.

(iii) Directors, Supervisors and senior management personnel of the Group and their close family members.

(iv) Entities controlled or jointly controlled by the Directors, Supervisors and senior management personnel of the Group and their close family members.

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49. RELATED PARTY DISCLOSURES (Continued)

(b) Related party transactions

1. Transactions between the Group and related parties

(i) Transactions between the Group and shareholders of the Group with ownership of 5% or above

	Year ended 31 December			
	2024		2023	
	Amount	Interest rate	Amount	Interest rate
Interest expense on due to customers				
Name				
Heilongjiang Financial Holdings Group Co., Ltd.	38,184	0.20-2.30%	46,433	0.25-1.35%
Harbin Economic Development and Investment Company Limited	11	0.20%	6	0.25%

(ii) Transactions between the Group and key management personnel or their close family members

	Year ended 31 December			
	2024		2023	
	Amount	Interest rate	Amount	Interest rate
Interest income	216	0.00-5.39%	171	0.00-2.93%
Interest expense	464	0.00-4.18%	279	0.00-4.18%

(iii) Transactions between the Bank and its subsidiaries

	Year ended 31 December			
	2024		2023	
	Amount	Interest rate	Amount	Interest rate
Interest income	617,729	1.80-2.90%	546,924	2.48-4.00%
Interest expense	207,968	0.00-2.45%	300,087	0.72-0.99%
Other operating income	1,570	N/A	—	N/A

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49. RELATED PARTY DISCLOSURES (Continued)

(b) Related party transactions (Continued)

1. Transactions between the Group and related parties (Continued)

- (iv) Transactions between the Group and entities that are controlled or jointly controlled or significantly influenced by the Directors, Supervisors and senior management personnel of the Group or their close family members

For the year ended 31 December 2024, the Group has not undertaken such transactions (For the year ended 31 December 2023: Nil).

- (v) Transactions with other related parties

	Year ended 31 December	
	2024	2023
Emoluments of key management personnel and their close family members	27,037	23,046

In the opinion of the management of the Group, the transactions above with related parties were conducted based on general business terms and conditions, general market prices for the pricing and according to the normal business procedures.

2. Balances with related parties

- (i) Balances between the Group and shareholders of the Group with ownership of 5% or above

	As at 31 December			
	2024		2023	
Due to customers	Balance	Interest rate	Balance	Interest rate
Heilongjiang Financial Holdings Group Co., Ltd.	1,050,754	0.20-2.30%	2,722,845	0.25-1.35%
Harbin Economic Development and Investment Company Limited	2,012	0.20%	1,990	0.25%

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49. RELATED PARTY DISCLOSURES (Continued)

(b) Related party transactions (Continued)

2. Balances with related parties (Continued)

(ii) Balances between the Group and key management personnel or their close family members

	As at 31 December			
	2024		2023	
	Balance	Interest rate	Balance	Interest rate
Loans and advances to customers	4,693	0.00-5.39%	5,088	0.00-2.93%
Due to customers	23,910	0.00-4.18%	26,367	0.00-4.18%

(iii) Balances between the Group and its subsidiaries

	As at 31 December			
	2024		2023	
	Balance	Interest rate	Balance	Interest rate
Due from banks and other financial institutions	13,011,161	1.80-2.90%	13,750,000	2.50-3.85%
Due to banks and other financial institutions	7,804,743	0.00-2.45%	9,539,733	0.72-0.99%
Due to customers	65,130	0.99%	12,219	0.99%
Other assets	58,779	N/A	–	N/A
Other liabilities	53,566	N/A	–	N/A

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50. SEGMENT INFORMATION

(a) Operating segments

For management purposes, the Group is organised into four different operating segments as follows according to products and services:

Corporate financial business

Corporate financial business covers the provision of financial products and services to corporate customers. The products and services include deposits, loans, settlement and clearing and other products and services relating to the trading business.

Retail financial business

Retail financial business covers the provision of financial products and services to retail customers. The products and services include deposits, bank cards and credit cards, personal loans and collateral loans, and personal wealth management services.

Interbank financial business

Interbank financial business covers money market placements, investments and repurchasing, foreign exchange transactions for the Group's own accounts or on behalf of customers.

Other business

This represents businesses other than the corporate financial business, retail financial business and interbank financial business, whose assets, liabilities, income and expenses are not directly attributable or cannot be allocated to a segment on a reasonable basis.

The transfer prices among segments are determined by the capital sources and due time which should match with the level of lending and deposit rates and interbank market rates announced by the People's Bank of China (the "PBOC"). Expenses are distributed among different segments according to their benefits.

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50. SEGMENT INFORMATION (Continued)

(a) Operating segments (Continued)

	Corporate financial business	Retail financial business	Interbank financial business	Other business	Total
<u>Year ended 31 December 2024</u>					
External net interest income/(expense)	6,662,973	(5,240,703)	8,431,212	(16,539)	9,836,943
Internal net interest (expense)/income	(1,444,443)	11,605,111	(10,160,668)	–	–
Net fee and commission income	94,535	79,285	193,680	–	367,500
Other income, net (i)	2,028	3,506	3,939,347	93,936	4,038,817
Operating income	5,315,093	6,447,199	2,403,571	77,397	14,243,260
Operating expenses	(949,026)	(3,890,632)	(558,988)	(17,104)	(5,415,750)
Credit impairment losses on:					
Loans and advances to customers	(3,832,045)	(2,605,110)	–	–	(6,437,155)
Other credit impairment losses	(181,747)	(487,442)	(953,294)	(13,460)	(1,635,943)
Other assets impairment losses	(102,984)	–	–	–	(102,984)
Operating profit/(loss)	249,291	(535,985)	891,289	46,833	651,428
Profit/(loss) before tax	249,291	(535,985)	891,289	46,833	651,428
Income tax credit					430,927
Profit for the year					1,082,355
Other segment information:					
Depreciation and amortisation	102,539	605,884	8,301	–	716,724
Capital expenditure	39,652	345,554	5,133	733	391,072
<u>As at 31 December 2024</u>					
Segment assets	305,545,441	198,474,725	410,698,916	1,512,847	916,231,929
Segment liabilities	203,682,546	520,526,078	124,892,335	1,534,622	850,635,581
Other segment information:					
Credit commitments	8,902,815	15,372,335	–	–	24,275,150

(i) Includes net trading income/loss, net gain/loss on financial investments and other net operating income/loss.

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50. SEGMENT INFORMATION (Continued)

(a) Operating segments (Continued)

	Corporate financial business	Retail financial business	Interbank financial business	Other business	Total
<u>Year ended 31 December 2023</u>					
External net interest income/(expense)	4,861,514	(4,291,509)	8,995,184	(16,207)	9,548,982
Internal net interest (expense)/income	(329,270)	9,714,759	(9,385,489)	–	–
Net fee and commission income	109,235	241,108	294,980	–	645,323
Other income, net (i)	99	58,943	1,844,293	1,144,123	3,047,458
Operating income	4,641,578	5,723,301	1,748,968	1,127,916	13,241,763
Operating expenses	(1,006,885)	(4,508,703)	(280,610)	(30,328)	(5,826,526)
Credit impairment losses on:					
Loans and advances to customers	(3,134,361)	(2,603,287)	–	–	(5,737,648)
Other credit impairment losses	(408,676)	(13,303)	(836,282)	37,980	(1,220,281)
Operating profit/(loss)	91,656	(1,401,992)	632,076	1,135,568	457,308
Profit/(loss) before tax	91,656	(1,401,992)	632,076	1,135,568	457,308
Income tax credit					430,799
Profit for the year					888,107
Other segment information:					
Depreciation and amortisation	76,748	679,617	8,350	4,962	769,677
Capital expenditure	40,705	133,920	3,275	657	178,557
<u>As at 31 December 2023</u>					
Segment assets	238,935,605	176,504,698	395,817,946	2,070,476	813,328,725
Segment liabilities	202,788,080	462,994,288	81,874,216	1,783,940	749,440,524
Other segment information:					
Credit commitments	10,602,149	20,501,571	–	–	31,103,720

(i) Includes net trading income/loss, net gain/loss on financial investments and other net operating income/loss.

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50. SEGMENT INFORMATION (Continued)

(b) Geographical information

The Group operates principally in Mainland China.

The distribution of the geographical areas is as follows:

Heilongjiang region:	Including Head Office, Harbin, Shuangyashan, Jixi, Hegang, Suihua, Daqing, Qitaihe, Mudanjiang, Jiamusi, Qiqihar, Yichun, Nongken, Harbin Bank Financial Leasing Co., Ltd. and Harbin Bank Consumer Finance Co., Ltd. as well as village and township banks operating within Heilongjiang.
Other regions in Northeastern China:	Including Dalian, Shenyang, as well as village and township banks operating in Northeastern China excluding those in Heilongjiang.
Southwestern China:	Including Chengdu, Chongqing, as well as village and township banks operating in Southwestern China and mainly located in Sichuan and Chongqing.
Other regions:	Including Tianjin as well as village and township banks operating in regions other than those listed above.

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50. SEGMENT INFORMATION (Continued)

(b) Geographical information (Continued)

	Mainland China				Total
	Heilongjiang region	Other regions in Northeastern China	Southwestern China	Other regions	
<u>Year ended 31 December 2024</u>					
External net interest income	6,603,905	(17,783)	2,407,318	843,503	9,836,943
Internal net interest income/(expense)	33,022	106,516	84,364	(223,902)	–
Net fee and commission income	304,136	11,778	34,016	17,570	367,500
Other income, net (i)	4,051,605	4,874	(245)	(17,417)	4,038,817
Operating income	10,992,668	105,385	2,525,453	619,754	14,243,260
Operating expenses	(4,133,254)	(332,229)	(488,126)	(462,141)	(5,415,750)
Impairment losses on:					
Loans and advances to customers	(3,439,220)	(653,653)	(746,109)	(1,598,173)	(6,437,155)
Other credit impairment losses	(1,636,195)	–	–	252	(1,635,943)
Other assets impairment losses	(102,614)	–	–	(370)	(102,984)
Operating profit/(loss)	1,681,385	(880,497)	1,291,218	(1,440,678)	651,428
Profit/(loss) before tax	1,681,385	(880,497)	1,291,218	(1,440,678)	651,428
Income tax credit					430,927
Profit for the year					1,082,355
Other segment information:					
Depreciation and amortisation	524,041	49,672	92,099	50,912	716,724
Capital expenditure	246,060	75,542	36,957	32,513	391,072
<u>As at 31 December 2024</u>					
Segment assets	722,960,802	49,761,783	91,955,660	51,553,684	916,231,929
Segment liabilities	674,189,286	50,184,483	75,950,341	50,311,471	850,635,581
Other segment information:					
Credit commitments	19,154,518	1,318,416	2,436,324	1,365,892	24,275,150

(i) Includes net trading income/loss, net gain/loss on financial investments and other net operating income/loss.

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50. SEGMENT INFORMATION (Continued)

(b) Geographical information (Continued)

	Mainland China				
		Other regions in			
	Heilongjiang region	Northeastern China	Southwestern China	Other regions	Total
<u>Year ended 31 December 2023</u>					
External net interest income	5,486,312	448,355	2,363,192	1,251,123	9,548,982
Internal net interest (expense)/income	(157,299)	25,764	(59,834)	191,369	–
Net fee and commission income	560,391	24,518	52,524	7,890	645,323
Other income, net (i)	3,265,604	11,611	1,416	(231,173)	3,047,458
Operating income	9,155,008	510,248	2,357,298	1,219,209	13,241,763
Operating expenses	(4,446,798)	(378,588)	(504,629)	(496,511)	(5,826,526)
Impairment losses on:					
Loans and advances to customers	(4,954,383)	(12,464)	(416,612)	(354,189)	(5,737,648)
Other credit impairment losses	(1,220,033)	(548)	3	297	(1,220,281)
Operating (loss)/profit	(1,466,206)	118,648	1,436,060	368,806	457,308
(Loss)/profit before tax	(1,466,206)	118,648	1,436,060	368,806	457,308
Income tax credit					430,799
Profit for the year					888,107
Other segment information:					
Depreciation and amortisation	509,078	65,660	107,452	87,487	769,677
Capital expenditure	157,353	2,538	8,343	10,323	178,557
<u>As at 31 December 2023</u>					
Segment assets	628,326,027	49,590,286	74,375,480	61,036,932	813,328,725
Segment liabilities	569,525,891	49,106,433	72,243,567	58,564,633	749,440,524
Other segment information:					
Credit commitments	17,892,010	3,034,817	7,165,400	3,011,493	31,103,720

(i) Includes net trading income/loss, net gain/loss on financial investments and other net operating income/loss.

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT

A description and an analysis of the major risks faced by the Group are as follows:

The Board has the ultimate responsibility for risk management and oversees the Group's risk management functions through the Risk Management Committee and the Audit Committee of the Board.

The President supervises the risk management strategies and reports directly to the Board. He chairs two management committees including the Risk Management Committee and the Asset and Liability Management Committee. These two committees formulate and make recommendations in respect of risk management strategies and policies through the President to the Risk Management Committee of the Board. The Chief Risk Officer assists the President to supervise and manage various risks.

The Group has also assigned departments to monitor financial risks within the Group, including the Risk Management Department to monitor credit risk and operational risk as well as the Asset and Liability Management department together with the Risk Management Department to monitor market and liquidity risks. The Risk Management Department is primarily responsible for coordinating and establishing a comprehensive risk management framework, preparing consolidated reports on credit risk, market risk, liquidity risk and operational risk and reporting directly to the Chief Risk Officer.

The Group maintains a dual-reporting line structure at the branch level for risk management purposes. Under this structure, the risk management departments of the branches report to both the corresponding risk management departments at the head office and management of the relevant branches.

(a) Credit risk

Credit risk is the risk of loss arising from a borrower's or counterparty's inability to meet its obligations. Credit risk can also arise from operational failures that result in an unauthorised or inappropriate guarantee, commitment or investment of funds. Credit risk affecting the group is primarily due to loans, debt instruments, guarantees, commitment as well as other risks both on and off the statement of financial position.

The principal features of the Group's credit risk management function include:

- Centralised credit management procedures;
- Risk management rules and procedures that focus on risk control throughout the entire credit business process, including customer investigation and credit rating, granting of credit limits, loan evaluation, loan review and approval, granting of loan and post-disbursement loan monitoring;
- A stringent qualification system for the loan approval officers; and
- Information management systems designed to enable a real time risk monitoring.

To enhance the credit risk management practices, the Group also launches training programs periodically for credit officers at different levels.

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Risk concentration

Credit risk is often greater when counterparties are concentrated in one single industry, or geographic location or have comparable economic characteristics.

(i) Credit risk measurement

Measurement of ECLs

The ECL is a weighted average of credit losses on financial instruments weighted at the risk of default. Credit loss is the difference between all receivable contractual cash flows according to the contract and all cash flows expected to be received by the Group discounted to present value at the original effective interest rate, i.e. the present value of all cash shortfalls.

According to the changes of credit risk of financial instruments since initial recognition, the Group calculates the ECL by three stages:

- Stage 1: The financial instruments without significant increases in credit risk after initial recognition are included in Stage 1 to calculate their impairment allowance at an amount equivalent to the ECL of the financial instrument for the next 12 months;
- Stage 2: Financial instruments that have had a significant increase in credit risk since initial recognition but have no objective evidence of impairment are included in Stage 2, with their impairment allowance measured at an amount equivalent to the ECL over the lifetime of the financial instruments; and
- Stage 3: Financial assets with objective evidence of impairment at the financial reporting date are included in Stage 3, with their impairment allowance measured at the amount equivalent to the ECL for the lifetime of the financial instruments.

For the previous accounting period, the impairment allowance has been measured at the amount equivalent to the ECL over the entire lifetime of the financial instrument. However, at the financial reporting date of the current period, if the financial instrument no longer belongs to the situation of there being a significant increase in credit risk since initial recognition, the Group will measure the impairment allowance of the financial instruments at the financial reporting date of the current period according to the ECL in the next 12 months.

For credit-impaired financial assets that have been purchased or owned, the Group only recognises the accumulated amount equivalent to the ECL for the lifetime as impairment allowance since the initial recognition at the financial reporting date. The Group recognises the amount of the change to the ECL for the lifetime as an impairment loss or gain in profit on each financial reporting date.

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(i) Credit risk measurement (Continued)

Measurement of ECLs (Continued)

The Group shall measure the ECL of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic condition.

When measuring the ECL, an entity need not necessarily identify every possible scenario. However, the Group shall consider the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of the occurrence of a credit loss is very low.

The Group conducts an assessment of ECLs according to forward-looking information and uses complex models and assumptions in its expected measurement of credit losses. These models and assumptions relate to the future macroeconomic conditions and borrower's creditworthiness (e.g., the likelihood of default by customers and the corresponding losses). The Group adopts judgement, assumptions and estimation techniques in order to measure ECLs according to the requirements of accounting standards such as:

- Criteria for judging a significant increase in credit risk;
- Definition of credit-impaired financial assets;
- Models and parameters for measuring ECLs;
- Forward-looking information; and
- Individual impairment assessment.

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(i) Credit risk measurement (Continued)

Criteria for judging significant increases in credit risk

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each financial reporting date. While determining whether the credit risk has significantly increased since initial recognition or not, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort, including qualitative and quantitative analysis based on the historical data of the Group, external credit risk rating, and forward-looking information. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments at the financial reporting date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria

- At the reporting date, the rating or the Probability of Default ("PD") of the financial instruments reaches a certain extent, compared with the one at initial recognition; and
- The debtors' contractual payment (including principal and interest) are overdue more than 30 days.

Qualitative criteria

- The operating or financial condition of the debtor which is highly likely to lead to significant adverse effects;
- Be classified into the Special Mention category; and
- The list of pre-warning debtors.

Upper limit criteria

- Debtor contract payments (including principal and interest) are overdue for more than 30 days.

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(i) Credit risk measurement (Continued)

Definition of credit-impaired financial asset

The method adopted by the Group to determine whether a credit impairment occurs under IFRS 9 is consistent with the internal credit risk management objectives of the relevant financial instrument, and takes into account quantitative and qualitative criteria. When the Group assesses whether a credit impairment of a debtor occurs, the following main factors are considered:

- The issuer or the debtor encounters significant financial difficulty;
- The debtor is in breach of contract, such as defaulting on interest or becoming overdue on interest or principal payments overdue;
- The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, has granted to the debtor a concession that the creditor would not otherwise consider;
- It is becoming probable that the debtor will enter bankruptcy or other financial restructuring;
- An active market for that financial asset disappears because of financial difficulties of the issuer or the debtor;
- The purchase or origination of a financial asset at a deep discount reflects the incurred credit losses; and
- Any principal, advances, interest and corporate bond investments held by debtors are overdue for more than 90 days.

The credit impairment of a financial asset may be caused by the combined effect of multiple events and may not be necessarily due to a single event.

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(i) *Credit risk measurement (Continued)*

Parameters of ECL measurement

Depending on whether there is a significant increase in credit risk and whether there is an impairment of assets, the Group measures the impairment loss for different assets with ECLs of 12 months or the entire lifetime respectively. The key measuring parameters of ECLs include the PD, Loss Given Default (“LGD”) and Exposure at Default (“EAD”). Based on the current New Basel Capital Accord used in risk management and the requirements of IFRS 9, the Group takes into account the quantitative analysis of historical statistics (such as ratings of counterparties, manners of guarantees and types of collateral and repayments) and forward-looking information in order to establish the model of PD, LGD and EAD.

Relative definitions are listed as follows:

- PD refers to the possibility that the debtor will not be able to fulfil its obligations of repayment over the next 12 months or throughout the entire remaining lifetime. The Group’s PD is adjusted based on the results of the Internal Rating-Based Approach under the New Basel Capital Accord, taking into account the forward-looking information and deducting the prudential adjustment to reflect the debtor’s point-in-time (PIT) PD under the current macroeconomic environment;
- LGD refers to the Group’s expectation of the extent of the loss resulting from the default exposure. Depending on the type of counterparty, the method and priority of the recourse, and the type of collateral, the LGD varies. LGD is expressed as a percentage loss per unit of exposure at the time of default and is calculated on a 12-month or lifetime basis; and
- EAD is the amount that the Group should be reimbursed at the time of the default in the next 12 months or throughout the entire remaining lifetime.

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(i) Credit risk measurement (Continued)

Forward-looking information

The assessment of a significant increase in credit risk and the calculation of ECLs both involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECLs of various business types, such as Commodity Price Index, Industrial added value, Consumer Price Index, and Producer Price Index.

The impact of these economic indicators on the PD and the LGD varies according to different types of business. In this process, the Group mainly applies the experts' judgement. According to the result, the Group forecasts these economic indicators regularly and also determines the impact of these economic indicators on the PD and the LGD by conducting regression analysis.

When calculating the weighted average ECL provision, the Group determines the optimistic, neutral and pessimistic scenarios and their weightings through a combination of macro-statistical analysis and expert judgement.

As at 31 December 2024, the Group has taken into account different macro-economic scenarios, made forward-looking forecasts of macro-economic indicators. Of which, the key macro-economic indicator used by the Group to estimate ECL is the commodity price index, which is forecast at 143 in the neutral scenario for 2025.

The Group has carried out sensitivity analysis of macro-economic indicators used in forward-looking measurement. As at 31 December 2024, when the key economic indicators in the neutral scenario moved up or down by 10%, the ECL did not change by more than 5% (As at 31 December 2023: did not change by more than 5%).

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(i) *Credit risk measurement (Continued)*

Modification of contractual cash flows

The modification or re-negotiation of the contract between the Group and the counterparty does not result in the derecognition of the financial assets but resulted in a change in the contractual cash flows. Such contract modifications include loan extension, modification of the repayment schedule, and change of the settlement method. When the contract modification does not cause substantial changes and does not result in the derecognition of the original assets, the Group assesses the default risk of the modified assets on the reporting date and compares the default risk with the original contract terms under initial confirmation, also recalculates the book value of financial assets and includes the relevant gain or loss in the current profit or loss. The recalculated book value of the financial asset is determined based on the present value of the contractual cash flows that will be re-negotiated or modified based on the discounted to present value at the original effective interest rate.

Collateral

The amount and type of collateral required depend on the assessment of the credit risk of the counterparty. Guidelines are in place specifying the types of collateral and valuation parameters which can be accepted.

Reverse repurchase business is mainly collateralised by bills or investment securities. As part of the reverse repurchase agreements, the Group has received securities that it is allowed to sell or repledge in the absence of default by their owners.

Corporate loans are mainly collateralised by properties or other assets. As at 31 December 2024, the carrying value of corporate loans covered by collateral amounted to RMB73,256 million (As at 31 December 2023: RMB71,641 million).

Personal loans are mainly collateralised by residential properties. As at 31 December 2024, the carrying value of personal loans covered by collateral amounted to RMB36,161 million (As at 31 December 2023: RMB42,098 million).

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(i) Credit risk measurement (Continued)

Collateral (Continued)

The Group prefers more liquid collateral with a relatively stable market value and does not accept the collateral that is illiquid, with difficulties in registration or high fluctuations in market value. The value of collateral should be assessed and confirmed by the Group or valuation agents identified by the Group. The value of collateral should adequately cover the outstanding balance of loans. The loan-to-value ratio depends on types of collateral, usage condition, liquidity, price volatility and realisation cost. All collateral has to be registered in accordance with the relevant laws and regulations. The credit officers inspect the collateral and assess the changes in the value of collateral regularly.

Although collateral can be an important mitigation of credit risk, the Group grants loans based on the assessment of the borrowers' ability to meet obligations out of their cash flows, instead of the value of collateral. The necessity of collateral is dependent on the nature of the loan.

In the event of default, the Group might sell the collateral for repayment. The fair values of collateral of past due but not impaired loans and impaired loans are disclosed in note 51(a)(iv).

The credit business management department monitors the market value of collateral periodically and requests additional collateral in accordance with the underlying agreement when it is considered necessary.

It is the Group's policy to dispose of repossessed assets in an orderly manner. In general, the Group does not occupy repossessed assets for business use.

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(ii) *Maximum exposure to credit risk without taking account of any collateral and other credit enhancements*

As at the end of the reporting period, the maximum credit risk exposure of the Group without taking account of any collateral and other credit enhancements is set out below:

	As at 31 December	
	2024	2023
Balances with the central bank	99,058,099	63,008,635
Due from banks and other financial institutions	31,944,199	31,866,216
Reverse repurchase agreements	149,994	19,946,430
Loans and advances to customers	362,408,130	308,438,874
Derivative financial assets	375,304	700,177
Financial investments		
– Financial assets at fair value through profit or loss	81,404,795	85,551,476
– Financial assets at fair value through other comprehensive income	66,713,574	81,790,543
– Financial assets at amortised cost	224,800,222	172,094,325
Finance lease receivables	22,755,963	22,771,615
Others	1,660,327	1,301,694
Subtotal	891,270,607	787,469,985
Credit commitments	24,258,966	31,091,566
Total maximum credit risk exposure	915,529,573	818,561,551

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(iii) Risk concentrations

By industry distribution

The credit risk exposures of the Group mainly comprise loans and advances to customers, finance lease receivables and investments in debt securities. Details of the composition of the Group's investments in debt securities are set out in note 51(a)(vi) to the consolidated financial statements. The composition of the Group's gross loans and advances to customers by industry is analysed as follows:

	As at 31 December	
	2024	2023
Corporate loans and advances		
Agriculture, forestry, animal husbandry and fishing	1,039,026	1,449,600
Mining	1,720,060	193,059
Manufacturing	11,972,546	9,334,133
Production and supply of electricity, gas and water	11,559,167	10,137,139
Construction	14,026,622	11,463,087
Wholesale and retail	36,931,246	32,517,429
Transportation, storage and postal services	3,045,151	2,728,578
Accommodations and catering	3,258,177	3,180,201
Information transmission, software and information technology services	465,314	332,685
Finance	49,750	1,900
Real estate	28,920,677	29,650,331
Leasing and commercial services	80,945,198	72,548,437
Scientific research and technological services	1,131,639	532,458
Water, environment and public utility management	9,015,886	8,714,421
Resident services and other services	299,896	164,086
Education	114,400	128,373
Health and social affair	474,453	376,030
Culture, sports and entertainment	435,839	553,183
Subtotal	205,405,047	184,005,130
Discounted bills	55,909,003	20,626,955
Personal loans		
Personal business	22,813,177	23,320,855
Mortgages	11,419,075	12,098,998
Personal consumption	69,101,218	68,832,837
Loans to farmers	14,446,386	14,297,929
Subtotal	117,779,856	118,550,619
Total	379,093,906	323,182,704

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(iii) Risk concentrations (Continued)

By geographical distribution

The composition of the Group’s gross loans and advances to customers by region:

	As at 31 December	
	2024	2023
Heilongjiang region	233,051,365	181,370,171
Other regions in Northeastern China	37,877,362	39,742,888
Southwestern China	68,211,124	66,114,264
Other regions	39,954,055	35,955,381
Total	379,093,906	323,182,704

By type of guarantees

The composition of the Group’s gross loans and advances to customers by type of guarantee:

	As at 31 December	
	2024	2023
Unsecured loans	165,903,190	117,153,305
Guaranteed loans	101,390,267	91,416,241
Loans secured by mortgages	92,715,606	97,337,458
Pledged loans	19,084,843	17,275,700
Total	379,093,906	323,182,704

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(iv) Loans and advances to customers

The total credit risk exposure of loans and advances to customers is summarised as follows:

	As at 31 December	
	2024	2023
Corporate loans and advances		
Neither past due nor impaired	226,165,089	171,622,240
Past due but not impaired	15,933,243	16,187,125
Impaired	19,215,718	16,822,720
Subtotal	261,314,050	204,632,085
Personal loans		
Neither past due nor impaired	99,599,331	102,965,972
Past due but not impaired	2,651,993	2,306,743
Impaired	15,528,532	13,277,904
Subtotal	117,779,856	118,550,619
Total	379,093,906	323,182,704

Neither past due nor impaired

The loans and advances to customers of the Group that are neither past due nor impaired are classified as “Pass” or “Special mention” under the five-tier loan classification system maintained by the Group. The management of the Group considers that these loans are exposed to normal business risk and there was no identifiable objective evidence of impairment for these loans which may incur losses to the Group at the end of the reporting period.

	As at 31 December 2024		
	Pass	Special Mention	Total
Corporate loans and advances	223,889,202	2,275,887	226,165,089
Personal loans	98,717,247	882,084	99,599,331
Total	322,606,449	3,157,971	325,764,420

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(iv) Loans and advances to customers (Continued)

Neither past due nor impaired (Continued)

	As at 31 December 2023		
	Pass	Special Mention	Total
Corporate loans and advances	169,961,414	1,660,826	171,622,240
Personal loans	102,348,115	617,857	102,965,972
Total	272,309,529	2,278,683	274,588,212

Past due but not impaired

The following tables present the ageing analysis of each type of loans and advances to customers of the Group that are subject to credit risk which are past due but not impaired as at the end of the reporting period:

Overdue days	As at 31 December 2024			
	Within 1 month	1 to 3 months	Over 3 months	Total
Corporate loans and advances	3,235,168	12,698,075	–	15,933,243
Personal loans	1,445,055	1,206,938	–	2,651,993
Total	4,680,223	13,905,013	–	18,585,236

Overdue days	As at 31 December 2023			
	Within 1 month	1 to 3 months	Over 3 months	Total
Corporate loans and advances	4,308,311	11,878,814	–	16,187,125
Personal loans	955,590	1,351,153	–	2,306,743
Total	5,263,901	13,229,967	–	18,493,868

As at 31 December 2024, the fair values of collateral that the Group holds relating to corporate loans which are past due but not impaired amounted to RMB25,458,352 thousand (As at 31 December 2023: RMB29,377,063 thousand), and the fair value of collateral that the Group holds relating to personal loans which are past due but not impaired amounted to RMB1,623,554 thousand (As at 31 December 2023: RMB2,734,124 thousand).

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(iv) Loans and advances to customers (Continued)

Impaired

Impaired loans and advances are defined as those loans and advances which have objective evidence of impairment as a result of one or more events that occurred after initial recognition and that event has an impact on the estimated future cash flows of loans and advances that can be reliably estimated.

	As at 31 December	
	2024	2023
Corporate loans and advances	19,215,718	16,822,720
Personal loans	15,528,532	13,277,904
Total	34,744,250	30,100,624

As at 31 December 2024, the fair value of collateral that the Group holds relating to loans individually determined to be impaired amounted to RMB33,749,262 thousand (As at 31 December 2023: RMB29,813,755 thousand). The collateral mainly consists of land, buildings, equipment and others.

Loans and advances rescheduled

Loans and advances rescheduled represent the loans and advances whose original contract repayment terms have been modified as a result of the deterioration of borrowers' financial conditions or inability to repay the loans and advances according to contractual terms. Forms of loans and advances rescheduled include deferral of payments, borrowing for repayment, deduction of interest or part of the principal, modification of the repayment method, improvement of collateral, changing the type of guarantee, etc. As at 31 December 2024, the gross value of the loans and advances rescheduled held by the Group amounted to RMB21,238 million (As at 31 December 2023: RMB17,754 million).

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(v) Finance lease receivables

	As at 31 December	
	2024	2023
Finance lease receivables, net		
Neither past due nor impaired	23,398,425	21,935,983
Past due but not impaired	64,857	1,517,944
Impaired	557,760	324,595
Subtotal	24,021,042	23,778,522
Less: Allowance for impairment losses	(1,265,079)	(1,006,907)
Net balance	22,755,963	22,771,615

(vi) Financial assets

The following tables represent an analysis of the carrying value of financial assets by credit or issuer rating and credit risk characteristic:

Financial assets at fair value through other comprehensive income

	As at 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
AAA	29,222,448	–	–	29,222,448
AA – to AA+	1,880,905	–	–	1,880,905
A+ or below	–	–	–	–
Unrated	35,610,221	–	–	35,610,221
Total	66,713,574	–	–	66,713,574

	As at 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
AAA	19,955,470	–	–	19,955,470
AA – to AA+	8,608,695	–	–	8,608,695
A+ or below	–	–	–	–
Unrated	53,226,378	–	–	53,226,378
Total	81,790,543	–	–	81,790,543

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(vi) Financial assets (Continued)

Financial assets at amortised cost

	As at 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
AAA	79,542,881	—	—	79,542,881
AA – to AA+	36,565,015	—	—	36,565,015
A+ or below	450,542	—	—	450,542
Unrated	95,158,552	205,400	20,548,029	115,911,981
Total	211,716,990	205,400	20,548,029	232,470,419
Less: Allowance for impairment losses	(591,201)	(78,521)	(7,000,475)	(7,670,197)
Net balance	211,125,789	126,879	13,547,554	224,800,222

	As at 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
AAA	40,548,843	—	—	40,548,843
AA – to AA+	35,508,391	—	—	35,508,391
A+ or below	315,637	—	—	315,637
Unrated	74,647,373	—	28,046,645	102,694,018
Total	151,020,244	—	28,046,645	179,066,889
Less: Allowance for impairment losses	(585,793)	—	(6,386,771)	(6,972,564)
Net balance	150,434,451	—	21,659,874	172,094,325

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(b) Liquidity risk

Liquidity risk is the risk that capital will not be sufficient or funds will not be raised at reasonable cost in a timely manner for the repayment of debts. This may arise from mismatches of amount or maturity between assets and liabilities.

The Group manages its liquidity risk through the Asset and Liability Management Department and aims at:

- optimising the structure of assets and liabilities;
- maintaining the stability of the deposit base;
- projecting cash flows and evaluating the level of current assets; and
- in terms of liquidity of the branches, maintaining an efficient internal fund transfer mechanism.

The Group expected the remaining maturity of their financial instruments may vary significantly from the following analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance although they have been classified as repayable on demand in the following tables.

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)**(b) Liquidity risk (Continued)***(i) Analysis of the remaining maturity of the financial assets and financial liabilities is set out below:*

31 December 2024	Overdue	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated	Total
Financial assets:									
Cash and balances with the central bank	-	61,244,998	-	-	-	-	-	38,628,890	99,873,888
Due from banks and other financial institutions									
and reverse repurchase agreements	-	6,416,972	2,160,980	4,322,397	19,193,844	-	-	-	32,094,193
Loans and advances to customers	41,949,670	-	5,499,446	19,695,917	126,102,371	111,760,653	57,400,073	-	362,408,130
Derivative financial assets	-	-	74,790	67,921	232,593	-	-	-	375,304
Financial investments	24,832,860	42,385,061	2,267,652	2,416,654	43,416,521	139,687,267	117,821,602	4,973,361	377,800,978
Finance lease receivables	26,919	-	225,165	402,679	1,616,923	19,905,723	578,554	-	22,755,963
Other financial assets	374,935	21,133	41,211	35,553	375,410	667,282	144,803	-	1,660,327
Total financial assets	67,184,384	110,068,164	10,269,244	26,941,121	190,937,662	272,020,925	175,945,032	43,602,251	896,968,783
Financial liabilities:									
Due to the central bank	-	-	625,536	813,335	4,109,366	-	-	-	5,548,237
Borrowings from banks and other									
financial institutions	-	-	3,815,063	6,534,028	15,060,378	933,077	-	-	26,342,546
Due to banks and other financial institutions and									
repurchase agreements	-	3,690,953	31,714,890	7,038,793	10,255,450	-	5,438,024	-	58,138,110
Derivative financial liabilities	-	-	74,790	67,921	232,593	-	-	-	375,304
Due to customers	-	145,338,593	31,869,708	52,087,929	208,231,075	273,764,292	1,821,831	-	713,113,428
Debt securities issued	-	-	5,465,514	19,949,217	14,527,278	-	-	-	39,942,009
Other financial liabilities	-	845,889	462,616	292,393	1,689,868	1,983,132	84,159	-	5,358,057
Total financial liabilities	-	149,875,435	74,028,117	86,783,616	254,106,008	276,680,501	7,344,014	-	848,817,691
Net position	67,184,384	(39,807,271)	(63,758,873)	(59,842,495)	(63,168,346)	(4,659,576)	168,601,018	43,602,251	48,151,092

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

(i) Analysis of the remaining maturity of the financial assets and financial liabilities is set out below: (Continued)

31 December 2023	Overdue	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated	Total
Financial assets:									
Cash and balances with the central bank	-	21,018,672	-	-	-	-	-	42,854,736	63,873,408
Due from banks and other financial institutions and reverse repurchase agreements	-	5,286,032	24,997,209	6,311,103	15,218,302	-	-	-	51,812,646
Loans and advances to customers	45,307,465	-	2,970,682	20,822,447	78,125,398	107,685,601	53,527,281	-	308,438,874
Derivative financial assets	-	-	70,136	126,302	503,739	-	-	-	700,177
Financial investments	20,530,224	53,018,355	978,579	5,920,614	40,897,715	127,880,613	90,083,650	5,649,310	344,959,060
Finance lease receivables	426,932	-	1,308,497	1,692,162	7,198,513	12,145,511	-	-	22,771,615
Other financial assets	174,585	729,054	51,718	41,038	123,079	147,741	34,479	-	1,301,694
Total financial assets	66,439,206	80,052,113	30,376,821	34,913,666	142,066,746	247,859,466	143,645,410	48,504,046	793,857,474
Financial liabilities:									
Due to the central bank	-	-	2,120	49,415	3,359,118	-	-	-	3,410,653
Borrowings from banks and other financial institutions	-	-	2,771,538	9,950,862	9,114,337	504,084	-	-	22,340,821
Due to banks and other financial institutions and repurchase agreements	-	2,295,374	10,521,341	3,275,237	18,887,383	-	-	-	34,979,335
Derivative financial liabilities	-	-	70,136	144,696	519,816	-	-	-	734,648
Due to customers	-	167,064,839	35,466,884	42,209,729	147,017,906	265,166,594	62,716	-	656,988,668
Debt securities issued	-	-	4,126,683	6,843,959	12,755,692	-	-	-	23,726,334
Other financial liabilities	-	808,276	721,208	441,078	973,083	2,349,193	302,106	-	5,594,944
Total financial liabilities	-	170,168,489	53,679,910	62,914,976	192,627,335	268,019,871	364,822	-	747,775,403
Net position	66,439,206	(90,116,376)	(23,303,089)	(28,001,310)	(50,560,589)	(20,160,405)	143,280,588	48,504,046	46,082,071

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

(iii) Maturity analysis of contractual undiscounted cash flows

The tables below summarise the maturity profile of the Group's financial instruments based on the contractual undiscounted cash flows. The balances of some items in the tables below are different from the balances on the statement of financial position as the tables incorporate all cash flows relating to both principal and interest. The Group's expected cash flows on these instruments may vary significantly from the following analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance although they have been classified as repayable on demand in the following tables.

31 December 2024	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Overdue/ Undated	Total
Non-derivative cash flows								
Financial assets:								
Cash and balances with the central bank	61,244,998	-	-	-	-	-	38,628,890	99,873,888
Due from banks and other financial institutions and reverse repurchase agreements	6,416,972	2,163,825	4,346,071	19,606,555	-	-	-	32,533,423
Loans and advances to customers	-	5,509,804	19,856,578	129,083,281	126,078,423	93,675,219	44,452,296	418,655,601
Financial investments	42,385,061	2,487,472	3,202,562	48,097,086	159,889,344	138,962,555	24,624,924	419,649,004
Finance lease receivables	-	245,237	438,575	1,761,061	21,680,192	659,447	26,919	24,811,431
Other financial assets	21,133	41,211	35,553	375,410	667,282	144,803	374,935	1,660,327
Total financial assets	110,068,164	10,447,549	27,879,339	198,923,393	308,315,241	233,442,024	108,107,964	997,183,674

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

(ii) Maturity analysis of contractual undiscounted cash flows (Continued)

31 December 2024	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Overdue/ Undated	Total
Non-derivative cash flows (Continued)								
Financial liabilities:								
Due to the central bank	-	626,166	831,267	4,135,958	-	-	-	5,593,391
Borrowings from banks and other financial institutions	-	3,821,709	6,566,240	15,319,157	963,858	-	-	26,670,964
Due to banks and other financial institutions and repurchase agreements	3,696,097	31,766,340	7,678,519	10,258,286	-	5,452,135	-	58,851,377
Due to customers	145,338,593	31,932,142	52,299,681	211,807,311	290,713,247	1,904,701	-	733,995,675
Debt securities issued	-	5,470,000	20,020,000	14,701,811	-	-	-	40,191,811
Other financial liabilities	845,889	462,746	292,393	1,689,942	1,999,629	90,434	-	5,381,033
Total financial liabilities	149,880,579	74,079,103	87,688,100	257,912,465	293,676,734	7,447,270	-	870,684,251
Net position	(39,812,415)	(63,631,554)	(59,808,761)	(58,989,072)	14,638,507	225,994,754	108,107,964	126,499,423
Derivative cash flows								
Derivative financial instruments settled on a gross basis								
Total inflow	-	74,827	68,032	233,714	-	-	-	376,573
Total outflow	-	(74,827)	(68,032)	(233,714)	-	-	-	(376,573)
Credit commitments	50,853	1,119,545	3,554,112	4,033,760	144,545	-	15,372,335	24,275,150

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

(ii) Maturity analysis of contractual undiscounted cash flows (Continued)

31 December 2023	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Overdue/ Undated	Total
Non-derivative cash flows								
Financial assets:								
Cash and balances with the central bank	21,018,672	-	-	-	-	-	42,854,736	63,873,408
Due from banks and other financial institutions and reverse repurchase agreements	5,286,032	25,040,355	6,322,563	15,638,623	-	-	-	52,287,573
Loans and advances to customers	-	3,013,729	21,213,138	82,393,416	125,381,234	89,604,551	45,307,465	366,913,533
Financial investments	53,018,355	1,269,791	6,741,857	48,301,284	149,650,765	109,843,291	26,939,122	395,764,465
Finance lease receivables	-	1,485,140	1,920,600	8,170,296	13,785,127	-	484,566	25,845,729
Other financial assets	729,054	51,718	41,038	123,079	147,741	34,479	174,585	1,301,694
Total financial assets	80,052,113	30,860,733	36,239,196	154,626,698	288,964,867	199,482,321	115,760,474	905,986,402

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

(ii) Maturity analysis of contractual undiscounted cash flows (Continued)

31 December 2023	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Overdue/ Undated	Total
Non-derivative cash flows (Continued)								
Financial liabilities:								
Due to the central bank	-	2,122	49,557	3,401,682	-	-	-	3,453,361
Borrowings from banks and other financial institutions	-	2,782,983	10,058,841	9,326,122	536,595	-	-	22,704,541
Due to banks and other financial institutions and repurchase agreements	2,295,374	10,963,238	3,387,993	20,287,279	-	-	-	36,933,884
Due to customers	167,064,839	36,457,428	51,711,198	151,713,387	274,908,756	67,027	-	681,922,635
Debt securities issued	-	4,154,750	6,890,000	12,850,000	-	-	-	23,894,750
Other financial liabilities	808,276	723,263	462,531	1,001,109	2,459,187	344,051	-	5,798,417
Total financial liabilities	170,168,489	55,083,784	72,560,120	198,579,579	277,904,538	411,078	-	774,707,588
Net position	(90,116,376)	(24,223,051)	(36,320,924)	(43,852,881)	11,060,329	199,071,243	115,760,474	131,278,814
Derivative cash flows								
Derivative financial instruments settled on a gross basis								
Total inflow	-	70,168	126,573	506,774	-	-	-	703,515
Total outflow	-	(70,168)	(126,573)	(506,774)	-	-	-	(703,515)
Credit commitments	111,554	1,113,582	3,201,843	6,033,451	141,720	-	20,501,570	31,103,720

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(c) Market risk

Market risk is the risk of loss, in respect of the Group's on-and off-balance sheet activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices and stock prices. Market risk arises from both the Group's trading and non-trading businesses.

The Group's market risk contains interest rate risk and currency risk.

The Group is primarily exposed to structural interest rate risk arising from commercial banking and position risk arising from treasury transactions.

The Group's currency risk mainly results from the risk arising from exchange rate fluctuations on its foreign exchange exposures. Foreign exchange exposures include the mismatch of foreign exchange assets and liabilities, and off-balance sheet foreign exchange positions arising from derivative transactions.

Sensitivity analysis, interest rate repricing gap analysis and foreign exchange risk concentration analysis are the major market risk management tools used by the Group. The Bank uses different management methods to control market risks, including trading book and banking book risks.

(i) Currency risk

The Group conducts its businesses mainly in RMB, with certain transactions denominated in USD, HKD, Russian ruble ("RUB") and, to a lesser extent, other currencies. Transactions in foreign currencies mainly arise from the Group's treasury operations and foreign exchange dealings.

The exchange rate of RMB to USD is managed under a floating exchange rate system.

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(c) **Market risk** (Continued)

(i) **Currency risk** (Continued)

The tables below indicate a sensitivity analysis of exchange rate changes of the currencies in which the Group has significant exposure on its monetary assets and liabilities and its forecasted cash flows. The analysis shows the effect of a reasonably possible movement in the currency rates against RMB, with all other variables held constant, on profit before tax and equity. A negative amount in the table reflects a potential net reduction in profit before tax or equity, while a positive amount reflects a potential net increase. This effect, however, is based on the assumption that the Group’s foreign exchange exposures as at the year end are kept unchanged and, therefore, has not incorporated actions that would be taken by the Group to mitigate the adverse impact of this foreign exchange risk.

The Group sets trading limits, stop-loss limits and exposure limits to foreign exchange transactions to manage foreign exchange risk and to keep currency risk within limits. Based on the guidelines provided by the Risk Management Committee, laws and regulations as well as evaluation of the current market, the Group sets its risk limits and minimises the possibility of mismatch through more reasonable allocation of foreign currency sources and deployment.

Effect on profit before tax			
		As at 31 December	
Currency	Change in rate	2024	2023
USD	-1%	(21,138)	(38,474)
HKD	-1%	239	(609)
RUB	-1%	(216)	(67)

While the table above indicates the effect on profit before tax of 1% depreciation of USD, HKD and RUB, there will be an opposite effect with the same amount if the currencies appreciate by the same percentage.

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(i) Currency risk (Continued)

A breakdown of the financial assets and financial liabilities analysed by currency is as follows:

31 December 2024	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	RUB (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Financial assets:						
Cash and balances with the central bank	99,844,671	20,407	1,042	6,306	1,462	99,873,888
Due from banks and other financial institutions and reverse repurchase agreements	31,238,749	493,950	15,593	39,190	306,711	32,094,193
Loans and advances to customers	362,405,222	430	-	-	2,478	362,408,130
Derivative financial assets	-	375,304	-	-	-	375,304
Financial investments	376,035,270	1,765,708	-	-	-	377,800,978
Finance lease receivables	22,755,963	-	-	-	-	22,755,963
Other financial assets	1,660,253	-	-	74	-	1,660,327
Total financial assets	893,940,128	2,655,799	16,635	45,570	310,651	896,968,783
Financial liabilities:						
Due to the central bank	5,548,237	-	-	-	-	5,548,237
Borrowings from banks and other financial institutions	26,342,546	-	-	-	-	26,342,546
Due to banks and other financial institutions and repurchase agreements	58,133,772	1,314	-	3,024	-	58,138,110
Derivative financial liabilities	-	375,304	-	-	-	375,304
Due to customers	712,715,538	107,780	2,839	20,493	266,778	713,113,428
Debt securities issued	39,942,009	-	-	-	-	39,942,009
Other financial liabilities	5,320,097	228	37,732	-	-	5,358,057
Total financial liabilities	848,002,199	484,626	40,571	23,517	266,778	848,817,691
Net position	45,937,929	2,171,173	(23,936)	22,053	43,873	48,151,092
Credit commitments	24,275,150	-	-	-	-	24,275,150

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(i) Currency risk (Continued)

A breakdown of the financial assets and financial liabilities analysed by currency is as follows: (Continued)

31 December 2023	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	RUB (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Financial assets:						
Cash and balances with the central bank	63,846,240	9,939	1,020	13,674	2,535	63,873,408
Due from banks and other financial institutions						
and reverse repurchase agreements	50,294,496	1,138,283	13,244	49,567	317,056	51,812,646
Loans and advances to customers	308,429,833	4,689	-	-	4,352	308,438,874
Derivative financial assets	-	700,177	-	-	-	700,177
Financial investments	342,031,459	2,927,601	-	-	-	344,959,060
Finance lease receivables	22,771,615	-	-	-	-	22,771,615
Other financial assets	1,300,549	1,056	-	89	-	1,301,694
Total financial assets	788,674,192	4,781,745	14,264	63,330	323,943	793,857,474
Financial liabilities:						
Due to the central bank	3,410,653	-	-	-	-	3,410,653
Borrowings from banks and other						
financial institutions	22,340,821	-	-	-	-	22,340,821
Due to banks and other financial institutions						
and repurchase agreements	34,944,119	2,250	-	32,966	-	34,979,335
Derivative financial liabilities	-	734,648	-	-	-	734,648
Due to customers	656,636,322	60,451	627	2,063	289,205	656,988,668
Debt securities issued	23,726,334	-	-	-	-	23,726,334
Other financial liabilities	5,558,004	15	36,925	-	-	5,594,944
Total financial liabilities	746,616,253	797,364	37,552	35,029	289,205	747,775,403
Net position	42,057,939	3,984,381	(23,288)	28,301	34,738	46,082,071
Credit commitments	31,021,738	81,982	-	-	-	31,103,720

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(ii) Interest rate risk

The Group's bank account interest rate risk mainly arises from the mismatches of the repricing dates between interest-generating assets and interest-bearing liabilities. The Group's interest-generating assets and interest-bearing liabilities are mainly denominated in RMB. The PBOC establishes interest rate policy for RMB which includes a cap for RMB deposit rates and a floor for RMB loan rates.

The Group manages its interest rate risk by:

- regularly monitoring the macroeconomic factors that may have an impact on the PBOC benchmark interest rates;
- optimising the differences in timing between contractual repricing (maturities) of interest-generating assets and interest-bearing liabilities; and
- managing the deviation of the pricing of interest-generating assets and interest-bearing liabilities from the PBOC benchmark interest rates.

A principal part of the Group's management of interest rate risk is to monitor the sensitivity of projected net interest income under varying interest rate scenarios (simulation modelling). The Group aims to mitigate the impact of prospective interest rate movements which could reduce future net interest income, while balancing the cost of such hedging on the current revenue.

The sensitivity of the net interest income is the effect of the assumed changes in interest rates on the net interest income, arising from the financial assets and financial liabilities held at the year end that are subject to repricing within the coming year. The sensitivity of other comprehensive income is the effect of the assumed changes in interest rates on other comprehensive income, calculated by revaluing financial assets measured at fair value through other comprehensive income held at the year end.

Interest rate risk of the Group's trading book mainly exists in transactions, including those of bonds. For the management of interest rate risk, the Group uses explicit criteria for the classification of financial assets in the trading account, re-evaluates the market value of trading account assets daily, sets trading limits, stop-loss limits and risk limitation for the purpose of limit management, and monitors and controls the limits by frequency.

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(c) **Market risk** (Continued)

(ii) *Interest rate risk* (Continued)

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group’s net interest income and equity.

Change in basis points	Effect on net interest income		Effect on other comprehensive income	
	31 December		31 December	
	2024	2023	2024	2023
+ 100 basis points	(1,270,963)	(1,030,092)	(2,266,602)	(2,124,348)
– 100 basis points	1,270,963	1,030,092	2,493,809	2,296,316

The interest rate sensitivities set out in the tables above are for illustration only and are based on simplified scenarios. The figures represent the effect of the proforma movements in net interest income and other comprehensive income based on the projected yield curve scenarios and the Group’s current interest rate risk profile. This effect, however, does not incorporate actions that would be taken by management to mitigate the impact of interest rate risk. The projections above also assume that interest rates of all maturities fluctuate by the same amount and, therefore, do not reflect the potential impact on net interest income and other comprehensive income in the case where some rates change while others remain unchanged.

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(iii) Interest rate risk (Continued)

The tables below summarise the contractual repricing or maturity dates, whichever are earlier, of the Group's financial assets and financial liabilities:

31 December 2024	Less than three months	Three months to one year	One to five years	More than five years	Non-interest- bearing	Total
Financial assets:						
Cash and balances with the central bank	99,041,121	-	-	-	832,767	99,873,888
Due from banks and other financial institutions and reverse repurchase agreements	12,873,704	19,182,704	-	-	37,785	32,094,193
Loans and advances to customers	25,172,853	125,960,828	111,751,801	57,400,073	42,122,575	362,408,130
Derivative financial assets	-	-	-	-	375,304	375,304
Financial investments	4,591,711	44,024,537	143,834,771	118,368,794	66,981,165	377,800,978
Finance lease receivables	621,600	1,608,648	19,749,563	571,703	204,449	22,755,963
Other financial assets	-	-	-	-	1,660,327	1,660,327
Total financial assets	142,300,989	190,776,717	275,336,135	176,340,570	112,214,372	896,968,783
Financial liabilities:						
Due to the central bank	1,438,100	4,107,170	-	-	2,967	5,548,237
Borrowings from banks and other financial institutions	10,256,270	14,948,344	919,006	-	218,926	26,342,546
Due to banks and other financial institutions and repurchase agreements	42,359,523	10,194,240	-	5,339,855	244,492	58,138,110
Derivative financial liabilities	-	-	-	-	375,304	375,304
Due to customers	216,352,732	210,875,015	264,629,756	1,821,831	19,434,094	713,113,428
Debt securities issued	25,414,731	14,527,278	-	-	-	39,942,009
Other financial liabilities	252,281	252,944	1,858,766	83,680	2,910,386	5,358,057
Total financial liabilities	296,073,637	254,904,991	267,407,528	7,245,366	23,186,169	848,817,691
Total interest sensitivity gap	(153,772,648)	(64,128,274)	7,928,607	169,095,204	N/A	N/A

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(ii) Interest rate risk (Continued)

The tables below summarise the contractual repricing or maturity dates, whichever are earlier, of the Group's financial assets and financial liabilities: (Continued)

31 December 2023	Less than three months	Three months to one year	One to five years	More than five years	Non-interest- bearing	Total
Financial assets:						
Cash and balances with the central bank	62,986,431	-	-	-	886,977	63,873,408
Due from banks and other financial institutions and reverse repurchase agreements	36,551,264	15,218,302	-	-	43,080	51,812,646
Loans and advances to customers	23,651,522	77,592,603	106,463,629	53,060,567	47,670,553	308,438,874
Derivative financial assets	-	-	-	-	700,177	700,177
Financial investments	59,567,246	39,259,881	130,189,080	89,232,837	26,710,016	344,959,060
Finance lease receivables	2,999,895	7,196,680	12,142,418	-	432,622	22,771,615
Other financial assets	-	-	-	-	1,301,694	1,301,694
Total financial assets	185,756,358	139,267,466	248,795,127	142,293,404	77,745,119	793,857,474
Financial liabilities:						
Due to the central bank	51,284	3,357,494	-	-	1,875	3,410,653
Borrowings from banks and other financial institutions	12,399,212	9,013,420	494,288	-	433,901	22,340,821
Due to banks and other financial institutions and repurchase agreements	16,023,024	18,731,167	-	-	225,144	34,979,335
Derivative financial liabilities	-	-	-	-	734,648	734,648
Due to customers	230,270,648	145,261,120	261,598,718	54,820	19,803,362	656,988,668
Debt securities issued	10,970,642	12,755,692	-	-	-	23,726,334
Other financial liabilities	129,400	482,209	1,966,492	55,906	2,960,937	5,594,944
Total financial liabilities	269,844,210	189,601,102	264,059,498	110,726	24,159,867	747,775,403
Total interest sensitivity gap	(84,087,852)	(50,333,636)	(15,264,371)	142,182,678	N/A	N/A

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(d) Capital management

The Group's objectives on capital management are:

- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to support the Group's stability and growth;
- to allocate capital using an efficient and risk-based approach to optimise the risk adjusted return to the shareholders; and
- to maintain an adequate capital base to support the development of its business.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust its profit distribution policy, issue or redeem own shares, issue long-term subordinated bonds, etc.

Capital adequacy and the use of regulatory capital are monitored regularly by the Group's management based on regulations issued by the NFRA. The required information is filed with the NFRA by the Group and the Bank semi-annually and quarterly.

The capital adequacy ratios and related components of the Group are computed in accordance with the statutory financial statements of the Group prepared under PRC GAAP. During the year, the Group has fully complied with all the externally imposed capital requirements. The requirements pursuant to these regulations may have significant differences comparing to those applicable in Hong Kong and other countries.

Since 1 January 2024, the Group has begun to calculate the capital adequacy ratio based on the "Capital Rules for Commercial Banks" issued by the NFRA in 2023 and will continue to promote the content of this disclosure. The capital adequacy ratio as of 31 December 2023 was still calculated in accordance with the provisions of the "Capital Rules for Commercial Banks (Provisional)" issued by the former CBIRC on 7 June 2012. According to the requirements of the NFRA, commercial banks should meet the regulatory requirements of the capital adequacy ratio by the end of 2018. The regulatory requirements request a commercial bank to maintain its core tier 1 capital adequacy ratio above 7.5%, the tier 1 capital adequacy ratio above 8.5% and the capital adequacy ratio above 10.5%.

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51. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(d) Capital management (Continued)

	As at 31 December	
	2024	2023
Core capital		
Qualified part of share capital	10,995,600	10,995,600
Qualified part of capital reserves	7,657,284	7,657,284
Surplus reserves and general reserves	13,215,189	12,186,522
Undistributed profits	18,116,609	18,760,522
Qualified part of non-controlling interests	1,158,841	1,082,512
Other comprehensive income	1,478,246	305,322
Core tier 1 capital deductible items:		
Fully deductible items	(1,324,387)	(912,238)
Net core tier 1 capital	51,297,382	50,075,524
Net other tier 1 capital	21,853,344	21,843,342
Net tier 1 capital	73,150,726	71,918,866
Net tier 2 capital	7,324,059	7,057,053
Net capital	80,474,785	78,975,919
Total risk-weighted assets	591,204,889	576,068,147
Core tier 1 capital adequacy ratio	8.68%	8.69%
Tier 1 capital adequacy ratio	12.37%	12.48%
Capital adequacy ratio	13.61%	13.71%

52. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

The Group uses the following hierarchy for the determination and disclosure of the fair value of financial instruments:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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52. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

The following tables show the fair value hierarchy of financial instruments measured or disclosed at fair value:

31 December 2024	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value</u>				
Derivative financial assets	–	375,304	–	375,304
Financial assets at fair value through profit or loss				
– Debt securities	–	413,789	90,327	504,116
– Funds	–	41,360,944	–	41,360,944
– Trust investments and asset management plans	–	32,121,195	7,416,370	39,537,565
– Equity instruments	9,525	–	232,510	242,035
Subtotal	9,525	73,895,928	7,739,207	81,644,660
Financial assets at fair value through other comprehensive income				
– Debt securities	–	66,033,545	–	66,033,545
– Equity instruments	721	51,564	4,588,067	4,640,352
Subtotal	721	66,085,109	4,588,067	70,673,897
Loan and advance measured at fair value through other comprehensive income				
– Discounted bills and forfaiting	–	65,099,731	–	65,099,731
Total	10,246	205,456,072	12,327,274	217,793,592
<u>Financial liabilities measured at fair value</u>				
Derivative financial liabilities	–	375,304	–	375,304

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52. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

The following tables show the fair value hierarchy of financial instruments measured or disclosed at fair value: (Continued)

31 December 2023	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value</u>				
Derivative financial assets	–	700,177	–	700,177
Financial assets at fair value through				
profit or loss				
– Debt securities	–	1,827,713	92,124	1,919,837
– Funds	–	38,452,499	–	38,452,499
– Trust investments and				
asset management plans	–	34,075,906	10,955,343	45,031,249
– Equity instruments	9,525	–	298,180	307,705
Subtotal	9,525	74,356,118	11,345,647	85,711,290
Financial assets at fair value through				
other comprehensive income				
– Debt securities	–	80,942,283	–	80,942,283
– Equity instruments	49,935	49,291	5,115,785	5,215,011
Subtotal	49,935	80,991,574	5,115,785	86,157,294
Loan and advance measured at fair value				
through other comprehensive income				
– Discounted bills	–	20,626,955	–	20,626,955
Total	59,460	176,674,824	16,461,432	193,195,716
<u>Financial liabilities measured at fair value</u>				
Derivative financial liabilities	–	734,648	–	734,648

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52. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

During the year ended 31 December 2024, there is no significant transfer among each level (During the year ended 31 December 2023: Nil).

Subject to the existence of an active market, such as an authorised securities exchange, the market value is the best reflection of the fair value of financial instruments. As there is no available market value for certain of the financial assets and liabilities held and issued by the Group, the discounted cash flow method or other valuation methods are adopted to determine the fair values of these assets and liabilities.

The financial instruments classified as Level 2 by the Group are mainly debt investment, derivative financial instruments and discounted bills measured at fair value through other comprehensive income. For debt securities, the fair values of these bonds are determined based on the valuation results provided by China Central Depository Trust & Clearing Co., Ltd; For derivative financial instruments, the fair values are determined based on discounted cash flow and other valuation methods; For discounted bills, the fair values are determined based on discounted cash flow. The determination are based on a valuation technique for which all significant inputs are observable market data.

The financial instruments classified as Level 3 by the Group are mainly unlisted equity instruments and trust fund plans and asset management. The valuation methods used are mainly market method and discounted cash flow method, and the unobservable parameters involved are mainly net assets, discount rate, liquidity discount, etc.

All of the above-mentioned assumptions and methods provide a consistent basis for the calculation of the fair values of the Group's assets and liabilities. However, other financial institutions may use different assumptions and methods. Therefore, the fair values disclosed by different financial institutions may not be entirely comparable.

As at 31 December 2024 and 31 December 2023, the Group and the Bank had no assets or liabilities measured at fair value that were discontinued.

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52. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

Reconciliation of movements in Level 3 financial instruments measured at fair value is as follows:

	2024	
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income
As at 1 January 2024	11,345,647	5,115,785
Additions	—	360,560
Disposals/transfers	(4,715,794)	(1,053,266)
Profit through profit or loss	1,109,354	—
Profit through other comprehensive income	—	164,988
As at 31 December 2024	7,739,207	4,588,067

	2023	
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income
As at 1 January 2023	14,242,389	7,041,931
Additions	—	392,891
Disposals/transfers	(2,590,804)	(2,221,035)
Losses through profit or loss	(305,938)	—
Losses through other comprehensive income	—	(98,002)
As at 31 December 2023	11,345,647	5,115,785

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52. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(b) Financial assets and liabilities not measured at fair value

Financial assets and financial liabilities not measured at fair value in the balance sheet mainly include: Balances with the central bank, Due from banks and other financial institutions, Reverse repurchase agreements, Loans and advances to customers measured at amortised cost, Investment in debt securities measured at amortised cost, Due to the central bank, Borrowings from banks and other financial institutions, Repurchase agreements, Due to customers, Debt securities issued, etc.

For debt securities measured at amortised cost and debt securities issued not reflected or disclosed at fair value, the following table sets forth their book value and fair value:

	As at 31 December 2024		As at 31 December 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets at amortised cost	218,936,262	229,883,075	168,603,742	177,695,014
Financial liabilities				
Debt securities issued	39,942,009	39,974,803	23,726,334	23,743,553

Other than the financial assets and financial liabilities disclosed in above table, other financial assets and financial liabilities that are not measured at fair value in the balance sheet, the valuation methods used is discounted cash flow method, the carrying amounts approximate the fair values.

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53. SUBSEQUENT EVENTS

Matters related to the announcement on 26 August 2024 “Notice of 2024 Second Extraordinary General Meeting” about absorption and merger of four village banks and their conversion to sub-branches. As at 31 December 2024, four village and township banks, have all obtained the approval for the dissolution of the institutions issued by the local regulatory authority. Baiquan Rongxing Village and Township Bank Co., Ltd. has completed the industrial and commercial deregistration on 18 February 2025, and Huanan Rongxing Village and Township Bank Co., Ltd. has completed the industrial and commercial deregistration on 24 February 2025, while the other two are currently in the process of the industrial and commercial deregistration.

As approved at the 4th meeting of the 9th session of Board of Directors held on 28 March 2025, the profit distribution plan of 2024 was as follows:

1. 10% of 2024 net profit amounting to RMB61,290 thousand is appropriated to the statutory surplus reserves;
2. Withdrawal of general and regulatory reserves of RMB1,053,816 thousand; and
3. The bank proposed not to distribute any dividend for the year ended 31 December 2024.

The above profit distribution plan will be processed after the approval by shareholders in annual general meeting.

Except for the above, there were no significant events after the reporting period.

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54. STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY OF THE BANK

(a) Statement of financial position of the Bank

	As at 31 December	
	2024	2023
ASSETS		
Cash and balances with the central bank	97,318,507	61,484,724
Due from banks and other financial institutions	38,116,188	41,313,714
Reverse repurchase agreements	149,994	19,946,430
Loans and advances to customers	328,585,507	276,510,185
Derivative financial assets	375,304	700,177
Financial investments	377,795,478	344,953,066
– financial assets at fair value through profit or loss	81,641,330	85,853,187
– financial assets at fair value through other comprehensive income	71,353,926	87,005,554
– financial assets at amortised cost	224,800,222	172,094,325
Investments in subsidiaries	5,133,399	5,023,399
Property and equipment	7,358,262	7,657,633
Deferred income tax assets	5,366,988	4,874,957
Other assets	6,284,841	6,411,188
TOTAL ASSETS	866,484,468	768,875,473
LIABILITIES		
Due to the central bank	5,501,040	2,941,867
Borrowings from banks and other financial institutions	31,221,607	33,947,238
Derivative financial liabilities	375,304	734,648
Repurchase agreements	34,721,246	10,218,380
Due to customers	690,795,801	634,796,987
Income tax payable	206,682	112,621
Debt securities issued	39,530,198	23,401,584
Other liabilities	3,863,247	3,703,719
TOTAL LIABILITIES	806,215,125	709,857,044
EQUITY		
Share capital	10,995,600	10,995,600
Other equity instruments	11,699,007	11,699,007
Capital reserves	7,435,133	7,435,133
Other comprehensive income	1,478,246	305,322
Surplus reserves	4,017,540	3,956,250
General and regulatory reserves	8,343,801	7,445,737
Undistributed profits	16,300,016	17,181,380
TOTAL EQUITY	60,269,343	59,018,429
TOTAL EQUITY AND LIABILITIES	866,484,468	768,875,473

DENG Xinquan

Chairman

YAO Chunhe

President

YANG Dazhi

Assistant to the
President
(in Charge of Finance)

DONG Kai

General Manager of
Finance and Accounting
Department

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54. STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY OF THE BANK (Continued)

(b) Statement of changes in equity of the Bank

	Share capital	Other equity instruments	Capital reserves	Other comprehensive income	Surplus reserves	General and regulatory reserves	Undistributed profits	Total
Balance as at 1 January 2024	10,995,600	11,699,007	7,435,133	305,322	3,956,250	7,445,737	17,181,380	59,018,429
Movements during the year								
Total comprehensive income	-	-	-	1,172,924	61,290	898,064	(881,364)	1,250,914
Profit distribution	-	-	-	1,205,612	-	-	612,902	1,818,514
1. Appropriation to surplus reserves	-	-	-	-	61,290	898,064	(959,354)	-
2. Appropriation to general and regulatory reserves	-	-	-	-	61,290	-	(61,290)	-
3. Distribution to shareholders	-	-	-	-	-	898,064	(898,064)	-
Distribution of interests of perpetual bonds	-	-	-	-	-	-	-	-
Transfer of losses on disposal of financial asset at fair value through other comprehensive income to retained earnings	-	-	-	(32,688)	-	-	(567,600)	(567,600)
Other	-	-	-	-	-	-	32,688	-
Balance as at 31 December 2024	10,995,600	11,699,007	7,435,133	1,478,246	4,017,540	8,343,801	16,300,016	60,269,343

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54. STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY OF THE BANK (Continued)

(b) Statement of changes in equity of the Bank (Continued)

	Share capital	Other equity instruments	Capital reserves	Other comprehensive income	Surplus reserves	General and regulatory reserves	Undistributed profits	Total
Balance as at 1 January 2023	10,995,600	11,699,007	7,639,362	50,810	3,920,073	7,131,754	17,734,511	59,171,117
Movements during the year								
Total comprehensive income	-	-	(204,229)	254,512	36,177	313,983	(553,131)	(152,688)
Profit distribution	-	-	-	257,365	-	-	361,776	619,141
1. Appropriation to surplus reserves	-	-	-	-	36,177	313,983	(350,160)	-
2. Appropriation to general and regulatory reserves	-	-	-	-	36,177	-	(36,177)	-
3. Distribution to shareholders	-	-	-	-	-	313,983	(313,983)	-
Distribution of interests of perpetual bonds	-	-	-	-	-	-	-	-
Transfer of losses on disposal of financial asset at fair value through other comprehensive income to retained earnings	-	-	-	(2,853)	-	-	2,853	-
Other	-	-	(204,229)	-	-	-	-	(204,229)
Balance as at 31 December 2023	10,995,600	11,699,007	7,435,133	305,322	3,956,250	7,445,737	17,181,380	59,018,429

55. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 28 March 2025.

Unaudited Supplementary Financial Information

For the year ended 31 December 2024
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In accordance with the Hong Kong Listing Rules and the Banking (Disclosure) Rules, the Group discloses the unaudited supplementary financial information as follows:

(A) LIQUIDITY RATIO

	As at 31 December	
	2024	2023
RMB current assets to RMB current liabilities	120.69%	116.58%
Foreign currency current assets to foreign currency current liabilities	175.82%	407.87%

These liquidity ratios are calculated based on relevant regulations provided by the NFRA and Chinese accounting policies.

(B) CURRENCY CONCENTRATIONS

	USD	HKD	RUB	Others	Total
31 December 2024					
Spot assets	2,283,363	40,538	–	343,705	2,667,606
Spot liabilities	(1,567,058)	(40,571)	–	(343,672)	(1,951,301)
Forward purchases	–	–	–	–	–
Forward sales	–	–	–	–	–
Net long/(short) position	716,305	(33)	–	33	716,305
31 December 2023					
Spot assets	4,091,397	37,534	–	386,675	4,515,606
Spot liabilities	(3,536,122)	(37,565)	–	(386,018)	(3,959,705)
Forward purchases	–	–	–	–	–
Forward sales	(2,018,570)	–	–	–	(2,018,570)
Net long/(short) position	(1,463,295)	(31)	–	657	(1,462,669)

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(C) INTERNATIONAL CLAIMS

The Group discloses international claims according to Banking (Disclosure) Rules (L.N. 160 of 2014). International claims are risk exposures generated from the countries or geographical areas where the counterparties take the ultimate risk while considering the transfer of the risk, excluding local claims on local residents in local currency. Risk transfer is only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a counterparty whose head office is located in another country.

International claims are included in Due from banks and other financial institutions.

International claims have been disclosed by major country or geographical area. A country or geographical area is reported when the claims from the country or area constitute 10% or more of the aggregate amount of international claims, after taking into account risk transfers.

	Banks	Others	Total
31 December 2024			
Asia Pacific excluding Mainland China	50,959	—	50,959
– of which attributed to Hong Kong	44,899	—	44,899
Europe	12,699	—	12,699
North America	87,365	—	87,365
Total	151,023	—	151,023
31 December 2023			
Asia Pacific excluding Mainland China	80,963	—	80,963
– of which attributed to Hong Kong	21,942	—	21,942
Europe	273,584	—	273,584
North America	634,354	—	634,354
Total	988,901	—	988,901

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(D) LOANS AND ADVANCES TO CUSTOMERS

(i) Overdue loans and advances to customers:

Overdue days	31 December 2024				
	Within 90 days	91 days to 1 year	1 to 5 years	Over 5 years	Total
Unsecured loans	1,199,678	1,363,820	6,169,298	2,062,825	10,795,621
Guaranteed loans	5,488,305	1,340,142	4,618,229	1,636,092	13,082,768
Loans secured by mortgages	10,769,930	1,772,765	11,192,449	2,069,306	25,804,450
Pledged loans	—	298,300	1,596,163	29,267	1,923,730
Total	17,457,913	4,775,027	23,576,139	5,797,490	51,606,569

Overdue days	31 December 2023				
	Within 90 days	91 days to 1 year	1 to 5 years	Over 5 years	Total
Unsecured loans	1,356,407	1,762,351	6,345,636	124,606	9,589,000
Guaranteed loans	4,925,845	477,898	5,362,388	1,177,587	11,943,718
Loans secured by mortgages	11,068,861	1,771,203	10,451,140	1,330,734	24,621,938
Pledged loans	124,138	39,690	1,465,166	420	1,629,414
Total	17,475,251	4,051,142	23,624,330	2,633,347	47,784,070

(ii) Overdue loans and advances to customers by geographical location:

	As at 31 December	
	2024	2023
Heilongjiang region	19,935,456	16,644,210
Other regions in Northeastern China	10,260,717	11,791,977
Southwestern China	10,644,938	8,666,683
Other regions	10,765,458	10,681,200
Total	51,606,569	47,784,070

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(E) OVERDUE AMOUNTS DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

As at 31 December 2024, there were no overdue amounts due from banks and other financial institutions in respect of principal or interest (As at 31 December 2023: Nil).

(F) OVERDUE PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

As at 31 December 2024, there were no overdue placements with banks and other financial institutions in respect of principal or interest (As at 31 December 2023: Nil).

(G) EXPOSURES TO MAINLAND CHINA NON-BANK ENTITIES

The Bank is a commercial bank incorporated in Mainland China with its banking business conducted in Mainland China. As at 31 December 2024, substantial amounts of the Bank's exposures arose from businesses with Mainland China entities or individuals.

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Documents for Inspection

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- I. Financial Statements with Signature and Seal of Legal Representative, Person in Charge of Accounting Work and Person in Charge of Accounting Firms
- II. Original Audit Report with Accounting Firms' Seals and Certified Public Accountants' Signatures and Seals
- III. Text of Annual Report Autographed by Directors of the Company
- IV. Articles of Association of the Company