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SHENGJING BANK CO., LTD.*

盛京銀行股份有限公司*

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

(Stock Code: 02066)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the “**Board**”) of directors of Shengjing Bank Co., Ltd. (the “**Bank**”) is pleased to announce that the audited annual results (the “**Annual Results**”) of the Bank and its subsidiaries for the year ended 31 December 2024 prepared in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board. The Board and its audit committee under the Board have reviewed and confirmed the Annual Results.

The Annual Results are published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Bank (www.shengjingbank.com.cn). The 2024 annual report of the Bank will be published on the above-mentioned websites in due course.

By order of the Board
Shengjing Bank Co., Ltd. *
SUN Jin
Chairman

Shenyang, Liaoning Province, China
28 March 2025

As at the date of this announcement, the executive directors of the Bank are Mr. SUN Jin, Ms. LIU Xu, Mr. WANG Yigong, Mr. ZHANG Xuewen and Mr. HE Yixuan; the non-executive directors of the Bank are Mr. SUN Zhenyu, Mr. HE Peng, Ms. YANG Xiu, Ms. WANG Hongmei and Mr. WANG Jun; and the independent non-executive directors of the Bank are Mr. WANG Mo, Ms. LV Dan, Mr. CHAN Pak Lam, Tom, Ms. WANG Lan and Mr. HUANG Weiqiang.

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

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



COMPANY INFORMATION

Legal Name in Chinese	盛京銀行股份有限公司
Abbreviation in Chinese	盛京銀行
Legal Name in English	SHENGJING BANK CO., LTD.
Abbreviation in English	SHENGJING BANK
Legal Representative	SUN Jin
Authorised Representatives	SUN Jin, ZHOU Zhi
Secretary to the Board of Directors	ZHOU Zhi
Joint Company Secretaries	ZHOU Zhi and KWONG Yin Ping, Yvonne
Registered and Business Address	No. 109 Beizhan Road, Shenhe District, Shenyang, Liaoning Province, the PRC
Contact Number	86-24-22535633
Website	www.shengjingbank.com.cn
Principal Place of Business in Hong Kong	40/F, Dah Sing Financial Centre No. 248 Queen's Road East, Wanchai, Hong Kong
Website of the Hong Kong Stock Exchange on which the H Share Annual Report is Published	www.hkexnews.hk
Place of Maintenance of the Annual Report	Office of the Board of Directors of Shengjing Bank
Stock Short Name in Chinese	盛京銀行
Stock Code	02066



COMPANY INFORMATION (CONTINUED)

H Share Registrar and its Business Address

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong

Legal Advisor as to the PRC Laws and its Business Address

Tian Yuan Law Firm
Suite 509, Tower A, Corporate Square
35 Financial Street, Xicheng District, Beijing, PRC

Auditor and its Business Address

Crowe (HK) CPA Limited
9/F Leighton Centre
77 Leighton Road
Causeway Bay, HongKong



FINANCIAL HIGHLIGHTS

(Expressed in thousands of Renminbi, unless otherwise stated)		2024 compared				
	2024	2023	to 2023	2022	2021	2020
			Rate of Change (%)			
Operation results						
Interest income	32,619,614	38,376,991	(15.0)	43,348,175	40,915,676	42,533,959
Interest expenses	(25,732,939)	(29,510,750)	(12.8)	(30,494,491)	(28,528,067)	(27,975,598)
Net interest income	6,886,675	8,866,241	(22.3)	12,853,684	12,387,609	14,558,361
Net non-interest income	1,689,976	1,173,584	44.0	3,299,427	3,079,002	1,708,452
Operating income	8,576,651	10,039,825	(14.6)	16,153,111	15,466,611	16,266,813
Operating expenses	(5,859,448)	(5,999,866)	(2.3)	(5,790,240)	(5,855,054)	(5,050,086)
Impairment losses on assets	(1,746,910)	(3,119,594)	(44.0)	(9,171,622)	(9,507,962)	(10,625,363)
Operating income	970,293	920,365	5.4	1,191,249	103,595	591,364
Profit before taxation	970,293	920,365	5.4	1,191,249	103,595	591,364
Income tax expense	(326,865)	(155,606)	110.1	(171,980)	327,288	640,577
Net profit	643,428	764,759	(15.9)	1,019,269	430,883	1,231,941
Net profit attributable to equity shareholders of the Bank	621,050	732,434	(15.2)	979,898	401,961	1,203,777



FINANCIAL HIGHLIGHTS (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)	2024	2023	2024 compared to 2023	2022	2021	2020
Change						
Calculated on a per share basis (RMB)						
Basic and diluted earnings per share	0.07	0.08	(0.01)	0.11	0.05	0.14
Rate of Change (%)						
Major indicators of assets/liabilities						
Total assets	1,122,776,226	1,080,052,706	4.0	1,082,413,109	1,006,126,253	1,037,958,375
Of which: total loans and advances to customers ⁽¹⁾	500,592,244	477,876,799	4.8	613,362,329	586,032,668	547,062,557
Total liabilities	1,042,578,840	1,000,157,843	4.2	1,000,976,014	925,623,312	957,911,826
Of which: total deposits from customers ⁽¹⁾	780,589,201	761,154,553	2.6	771,566,101	737,032,942	681,404,747
Share capital	8,796,680	8,796,680	0.0	8,796,680	8,796,680	8,796,680
Equity attributable to equity shareholders of the Bank	79,613,914	79,330,169	0.4	80,774,185	79,879,402	79,451,932
Total equity	80,197,386	79,894,863	0.4	81,437,095	80,502,941	80,046,549
Change						
Profitability indicators (%)						
Return on average total assets ⁽²⁾	0.06	0.07	(0.01)	0.10	0.04	0.12
Return on average equity ⁽³⁾	0.80	0.95	(0.15)	1.26	0.54	1.55
Net interest spread ⁽⁴⁾	1.02	1.14	(0.12)	1.40	1.39	1.55
Net interest margin ⁽⁵⁾	0.80	0.96	(0.16)	1.34	1.40	1.62
Net fee and commission income to operating income	1.35	1.46	(0.11)	1.64	2.78	4.23
Cost-to-income ratio ⁽⁶⁾	64.28	56.41	7.87	33.80	36.26	29.76
Change						
Asset quality indicators (%)						
Non-performing loan ratio ⁽⁷⁾	2.68	2.68	0.0	3.22	3.28	3.26
Provision coverage ratio ⁽⁸⁾	157.00	159.50	(2.50)	140.30	130.87	114.05
Allowance to total loans ⁽⁹⁾	4.21	4.27	(0.06)	4.52	4.29	3.72



FINANCIAL HIGHLIGHTS (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)		2024 compared				
	2024	2023	to 2023	2022	2021	2020
Capital adequacy ratio indicators (%)						
			Change			
Core tier-one capital adequacy ratio ⁽¹⁰⁾	10.26	10.42	(0.16)	9.86	10.54	11.07
Tier-one capital adequacy ratio ⁽¹⁰⁾	12.24	12.43	(0.19)	9.86	10.54	11.07
Capital adequacy ratio ⁽¹⁰⁾	14.69	14.12	0.57	11.52	12.12	12.23
Total equity to total assets ratio	7.14	7.40	(0.26)	7.52	8.00	7.71
Other indicators (%)						
			Change			
Loan-to-deposit ratio ⁽¹¹⁾	64.13	62.78	1.35	79.50	79.51	80.28

Notes:

- (1) Total loans and advances to customers do not include interest receivable, and total deposits from customers do not include interest payable.
- (2) Calculated by dividing the net profit by the average of total assets at the beginning and at the end of the period.
- (3) Representing the net profit during the period as a percentage of the average balance of total equity at the beginning and the end of the period.
- (4) Calculated by deducting the average interest rate of interest-bearing liabilities from the average return rate of interest-earning assets.
- (5) Calculated by dividing net interest income by the average interest-earning assets.
- (6) Calculated by dividing operating expenses (less tax and surcharges) by operating income.
- (7) Calculated by dividing the balance of non-performing loans by the total amount of loans and advances to customers.
- (8) Calculated by dividing the balance of provision for impairment on loans by the non-performing loans.
- (9) Calculated by dividing the balance of provision for impairment on loans by the total amount of loans and advances to customers.
- (10) Core tier-one capital adequacy ratio, Tier-one capital adequacy ratio and capital adequacy ratio were calculated in accordance with the Regulation Governing Capital of Commercial Banks 《商業銀行資本管理辦法》 promulgated by the NFRA.
- (11) Calculated by dividing the total amount of loans and advances to customers by total deposits from customers.



MESSAGE FROM THE CHAIRMAN

In 2024, in the face of the complex and severe situation both domestically and overseas, Shengjing Bank adhered to the general tone of seeking progress amidst stability and promoting stability through progress, actively embodied the road of financial development with Chinese characteristics, created a new situation of “Party building leadership, strategic transformation” in promoting high-quality development, wrote a new answer sheet of “giving full play to the financial resources to strengthen national construction” in serving the local economy, presented a new role of “progressing through reform and building a solid foundation” in continuing to deepen reform, and has taken firm steps towards the strategic vision of “building a sound bank that benefits enterprises and the people”. As of 31 December 2024, the total asset of Shengjing Bank amounted to RMB1,122.776 billion, the total amount of loans and advances to customers amounted to RMB500.592 billion, the total amount of deposits from customers amounted to RMB780.589 billion, the operating income amounted to RMB8.577 billion, and the capital adequacy ratio rose to 14.69%.

Adhering to Party building leadership and strengthening the leadership of the Party to maintain stable development. We took Party leadership as the fundamental guarantee for our business development, formulated the three-year work plan for the Party building, constructed the “11356” pattern of Party building, and created the Party building brand of “Sheng Pioneer (盛先鋒)”. We unswervingly and comprehensively advanced strict Party self-governance and the governance of the Bank and continued to strengthen the development of operations with business integrity in adherence to Communist Party of China (“CPC”) principles to create a clean and upright political ecology. We persistently focused on grassroots Party building, pushed forward the synergistic development of “Party building +” as a whole, and endeavoured to achieve a deep integration of Party building and operation to enable the ‘red gene’ to be deeply rooted in every vein of the Bank, advancing constantly fresh progresses, new heights and new chapters in the Party building of the Bank.

Adhering to people-oriented financial services to fulfil the original mission in serving the real economy. We took financial support for the real economy as our fundamental purpose, cultivated the concept of serving the country through finance, made efforts in “Five Major Articles (五篇大文章)”, and achieved excellence in scientific and technological finance, pursued innovative orientation in green finance, expanded inclusive financial growth, established momentum in pension finance, and activated energy in digital finance. We actively engaged in the main battlefield of regional economic construction, empowered the development of new productive forces, continuously increased support for key areas and vulnerable sectors, and achieved double-digit growth in medium- and long-term loans for science and technology innovation, green industry and manufacturing industry. We focused on the development of small and micro enterprises and rural revitalisation, sent certain business backbones to work as frontline staff, and continuously improved the “Liao series” and “Sheng series” product systems, so as to support every corner of the real economy with financial resources. Adhering to the people-centred business philosophy, the Bank launched the “Shengqing Community (盛情社區)” platform, which enriched the scenarios including government affairs and people’s livelihood and served more than one million community members. The Bank has taken practical actions to fulfil the mission of “the bank of the citizens, the bank of the city and the bank of the nation” and was honored with the “outstanding contributions for the initiation of the three-year action plan for comprehensive revitalisation in Shenyang (瀋陽市全面振興新突破三年行動首戰之年突出貢獻)” and awarded as an excellent case of “Revitalising Liaoning through Finance (金融興遼)”.



MESSAGE FROM THE CHAIRMAN (CONTINUED)

Adhering to strategic transformation and taking firm steps in promoting high-quality development. We took the strategic plan as a guide for our development, accurately drew a business blueprint, prepared a strategic plan for 2024–2026, clearly defined our strategic vision of “building a sound bank that benefits enterprises and the people”, established our core values of “integrity, compliance, agility, innovation and performance”, and generated the development strategy of “12345” to lead the Bank to move forward steadily in the midst of the complex and volatile financial waves. The Bank implemented the business development strategies of “strengthening Shenyang, expanding Liaoning, specialising in extra-territoriality, and promoting county territories (強瀋陽、拓遼寧、特域外、提縣域)”, and executed differentiated development initiatives based on the regional characteristics of each branch, resulting in deep integration of the financial strength with the local development. We were proactive in embracing digital transformation to promote the intensification of operations, achieving comprehensively intensive authorisation of counter transactions and significant improvement in the efficiency of standardised business process.

Upholding fundamental principles and breaking new ground to gather the power to advance in continuous deepening of reform. We took reforms as the key starting point for high-quality development, continued to strengthen risk and internal control management, formulated a three-year action plan for compliance, optimised the approval mechanism, implemented a “full-time approver” system, and reduced non-performing assets in an orderly manner, so that the risk management capacity of the Bank continued to improve and asset quality remained stable. We solidly pushed forward the reform of three systems, continuously optimised our organisational structure, size of personnel force and remuneration system, and implemented a series of initiatives such as temporary secondment of managers, assessment of talented managers, and the “Xingsheng Talent (興盛人才)” reserve, so as to empower the development of the Bank with talents. Focusing on the strategic goals of “One Stability, One Enhancement, and Two Increases (1穩1提2增)”, we have set up the “Polaris + Satellite” assessment structure and perfected the financial resource allocation mechanism of cross-department integration to give full play to the function of the performance appraisal as a “baton”.

The year of 2025 marks the end of the 14th Five-Year Plan and is particularly decisive in the three-year action plan for comprehensive revitalisation in Liaoning, marking a pivotal year for Shengjing Bank to achieve high-quality development. Shengjing Bank will adhere to the guidance of Xi Jinping’s Thoughts on Socialism with Chinese Characteristics for a New Era, thoroughly implement the spirit of the 20th National Congress of the CPC and the 2nd and 3rd Plenary Sessions of the 20th Central Committee, adhere to the political and people-oriented nature of financial work, grasp the pulse of the times and historical opportunities for the revitalisation and development of the Northeast China, and, with the will to develop the strength of reforms and the down-to-earth attitude, continue to enhance its market competitiveness, value creativity, risk prevention and control capability, so as to comprehensively push forward the Bank to achieve high-quality and rapid development.



HONOURS AND AWARDS

Titles of Honor and Award	Awarding Entity
Ranked 150th in the Top 1,000 Global Banks	The Banker magazine
China's Top 500 Service Enterprises	China Enterprise Confederation, China Enterprise Directors Association
2024 Regional Influence Bank Dimensity Award (天璣獎2024年度區域影響力銀行)	Securities Times
2024 Highly Competitive Digital Financial Bank (2024卓越競爭力數字金融銀行)	China Business Journal
Excellent Investment Return Bank (卓越投資回報銀行) Outstanding Cash Management Bank (Wealth Management Product) (優秀現金管理類銀行理財產品)	PY Standards
Pioneer Award for Financial Management Income Surprise Award for Financial Management Sales Potential Bank for Financial Management	Lianhezhiping
2024 Market Influencer – Active Trader (2024年度市場影響力機構—活躍交易者)	National Interbank Funding Center
Fengyun Award for City Commercial Bank of the Year 2024 (2024年度城市商業銀行風雲獎)	eastmoney.com
2024 Most Socially Responsible Small and Medium-sized Bank (2024最具社會責任中小銀行)	Modern Bankers
2024 Brand Innovation Impact – “Sheng Pioneer” (2024年度品牌創新影響力—「盛先鋒」)	CAIJING.COM.CN
2024 Leading Bank for Brand Building – “Sheng Pioneer” (2024年度品牌建設領航銀行—「盛先鋒」)	The Economic Observer
2024 Excellence in Corporate Finance Award (2024年度卓越公司金融獎)	National Business Daily
2024 Socially Responsible Vanguard Bank (2024年度社會責任先鋒銀行獎)	Hexun.com
Golden Bridge Award 2024 Annual Innovation High-quality Commercial Bank (金橋獎2024年度創新高質量商業銀行)	
Golden Bridge Award 2024 Outstanding Public Relations (PR) Team of the Year (金橋獎2024年度傑出公共關係(PR)團隊)	Investor.org.cn



HONOURS AND AWARDS (CONTINUED)

Titles of Honor and Award	Awarding Entity
2024 Yins Finance Award – ESG Sheng Pioneer Party Building Contribution Award (2024銀柿獎ESG盛先鋒黨建貢獻獎)	Yins Finance
2024 Outstanding Brand Building Cases in China's Financial Industry (2024年中國鼎金融業年度品牌建設優秀案例)	Finance.china.com.cn
Golden Jubilee Award 2024 Outstanding Regional Bank (金禧獎2024優秀區域服務銀行)	Investment Times
ESG Green Finance Award in 2024 (2024年度ESG綠色金融獎)	Jiemian
2024 "Golden Intelligence Award" Most Valuable Listed Company Award (2024"金智獎"最具投資價值上市公司獎)	JRJ.com
2024 "Golden Intelligence Award" Outstanding Inclusive Finance Award (2024"金智獎"杰出普惠金融獎)	
Science Popularisation Award, Best Organisation Award and Best Popularity Award for the Financial Sector Science and Technology Competition 2024 (2024年金融業科創科普大賽科學普及獎、最佳組織獎、最佳人氣獎)	Financial Computerizing under People's Bank of China
2024 Liaoning Integrity Financial Brand (2024年遼寧誠信金融品牌)	Liaoning Daily
Outstanding Contribution Award for the Initiation of the Three-year Action Plan for Comprehensive Revitalisation (全面振興新突破三年行動首戰之年突出貢獻獎)	Shenyang Municipal Party Committee and Municipal Government
2024 Award for "Revitalising Liaoning through Finance" Excellent Case (2024"金融興遼"優秀案例獎)	Shenyang Municipal People's Government, Liaoning Provincial Financial Administration Bureau



MANAGEMENT DISCUSSION AND ANALYSIS

5.1 OVERALL OPERATIONS

In 2024, the Bank thoroughly implemented the guiding principles of the Central Financial Work Conference and the Central Economic Work Conference, efficiently implemented the decisions and deployments made by the Party committees of higher-level, formulated and issued a three-year strategic plan and Party building plan following a profound analysis of the internal and external environments, adhered to the leadership of the Party in all respects, adhered to its market positioning of being a city commercial bank, insisted on prudent, sound and sustainable development, pushed forward, bearing the strategic vision of “building a sound bank that benefits enterprises and the people” in mind, the transformation and development of model in a solid manner, and enhanced its internal management, with its asset scale achieving improvement while remaining steady, business structure continuing to be optimised in an orderly manner, ability to resist risks continuously being reinforced, and its operational development tending to be improving continuously while showcasing an upward and stable momentum.

Advancing transformation and development proactively, with the main businesses growing steadily

During the Reporting Period, adapting to the macroeconomic environment and industry development trend, the Bank strengthened the organisation and implementation of its strategic planning, steadily promoted the transformation of its operation, and coordinated and managed to achieve a balance between the effective improvement in terms of quality and a reasonable growth in terms of quantity. As of 31 December 2024, the total asset of the Bank amounted to RMB1,122.776 billion, representing an increase of RMB42.724 billion, or 4.0%, compared with the end of the previous year; various deposits amounted to RMB780.589 billion, representing an increase of RMB19.435 billion, or 2.6%, compared with the end of the previous year; and various loans amounted to RMB500.592 billion, representing an increase of RMB22.715 billion, or 4.8%, compared with the end of the previous year; deposits accounted for 74.9% of total liabilities; loans accounted for 44.6% of the total assets of the Bank, while the principal businesses remained to generate high percentage of revenues.

Strengthening comprehensive risk management with risks resilience being enhanced

During the Reporting Period, the Bank proactively responded to macroeconomic changes, adhered to sound and prudent risk appetite and risk management strategies, and implemented a targeted credit policy that was in line with the policy orientation and development strategy of the Bank. With deepened digital transformation and strengthened technological empowerment, the Company has enhanced the scientificity of credit management and systematic risk management and control. The Bank also continued to strengthen portfolio allocation and management of assets and liabilities and dynamic adjustment, coordinated and balanced volume, price, risk and efficiency, optimized regional, industrial, variety, customer and term structure of assets and liabilities, and effectively improved the robustness of business development and risk prevention and control capabilities. As of 31 December 2024, the Bank’s non-performing loan ratio was 2.68% and the provision coverage ratio was 157.00%, remaining basically the same as the end of the previous year.

Following national strategic directions and improving the quality and efficiency of serving the economy

During the Reporting Period, the Bank focused on serving the high-quality development of real economy, and continued to strengthen its capacity in financial service to the local economy, small and medium enterprises and urban and rural residents by focusing on the “Five Major Articles (五篇大文章)” and positioning itself on “Three Services”. The Bank enriched the “Liao” and “Sheng” series financial products, empowered technological finance, focused on benefiting enterprises and the people, and focused on green and low carbon. As of 31 December 2024, loans to science and technology-based enterprises, loans to small and micro enterprises and green loans grew by 87.7%, 65.4%, and 41.6%, respectively, compared with that for the beginning of the year. In line with the national policy on revitalizing consumer spending, the Bank strengthened the supply of financial products for consumer credit, with the loans to consumer increasing by 44.2% compared with that for the beginning of the year.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5.2 ANALYSIS OF FINANCIAL STATEMENTS

5.2.1 Analysis of the Income Statement

In 2024, the Bank realized a net profit of RMB643 million, representing a year-on-year decrease of RMB121 million, or 15.9%, primarily due to the continuous downward adjustment of the Loan Prime Rate (LPR), the downward trend of market interest rates and the narrowing of the net interest margin of the banking industry. The Bank balanced risks and returns, and further optimized asset investment and business structure, resulting in a year-on-year decrease in net interest income; the Bank actively seized investment and trading opportunities in the financial market, resulting in an increase in bond investment income and effective growth in net non-interest income as compared with the previous year; the Bank continued to strengthen credit risk management and operating cost control, continuously consolidated asset quality, and reduced asset impairment losses and operating expenses as compared with the previous year.

(Expressed in thousands of Renminbi, unless otherwise stated)	For the year ended 31 December			
	2024	2023	Change in amount	Rate of change (%)
Interest income	32,619,614	38,376,991	(5,757,377)	(15.0)
Interest expense	(25,732,939)	(29,510,750)	3,777,811	(12.8)
Net interest income	6,886,675	8,866,241	(1,979,566)	(22.3)
Net fee and commission income	115,767	146,523	(30,756)	(21.0)
Net trading losses	(2,593,699)	(564,610)	(2,029,089)	359.4
Net gains arising from investments	4,047,015	1,520,394	2,526,621	166.2
Other operating income	120,893	71,277	49,616	69.6
Operating income	8,576,651	10,039,825	(1,463,174)	(14.6)
Operating expenses	(5,859,448)	(5,999,866)	140,418	(2.3)
Impairment losses on assets	(1,746,910)	(3,119,594)	1,372,684	(44.0)
Pre-tax profit	970,293	920,365	49,928	5.4
Income tax expense	(326,865)	(155,606)	(171,259)	110.1
Net profit	643,428	764,759	(121,331)	(15.9)



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5.2.1.1 Operating income

In 2024, the Bank achieved an operating income of RMB8,577 million, representing a year-on-year decrease of RMB1,463 million, or 14.6%, mainly due to the impact of macroeconomic conditions and market factors, which led to a further narrowing of the net interest margin and a year-on-year decline in net interest income. However, the Bank continued to enhance its investment and trading capabilities, seized market opportunities, and improved the contribution of trading value. As a result, non-interest income increased year-on-year, partially offsetting the decline in net interest income.

(Expressed in thousands of Renminbi, unless otherwise stated)	For the year ended 31 December			
	2024	2023	Change in amount	Rate of change (%)
Net interest income	6,886,675	8,866,241	(1,979,566)	(22.3)
Net non-interest income	1,689,976	1,173,584	516,392	44.0
Operating income	8,576,651	10,039,825	(1,463,174)	(14.6)

5.2.1.2 Net interest income

In 2024, the Bank achieved a net interest income of RMB6,887 million, representing a year-on-year decrease of RMB1,980 million or 22.3%, of which the year-on-year decrease in interest income was RMB5,757 million and year-on-year decrease in interest expense was RMB3,778 million.

(Expressed in thousands of Renminbi, unless otherwise stated)	For the year ended 31 December			
	2024	2023	Change in amount	Rate of change (%)
Interest income	32,619,614	38,376,991	(5,757,377)	(15.0)
Interest expense	(25,732,939)	(29,510,750)	3,777,811	(12.8)
Interest income	6,886,675	8,866,241	(1,979,566)	(22.3)



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5.2.1.3 Net interest spread and net interest margin

The following table sets forth the average balances of interest-earning assets and interest-bearing liabilities, the related interest income or expense, and the related average yields on interest-earning assets or the related average costs of interest-bearing liabilities for the years indicated.

(Expressed in thousands of Renminbi, unless otherwise stated)	For the year ended 31 December 2024			For the year ended 31 December 2023		
	Average balance	Average yield	Interest income	Average balance	Average yield	Interest income
Interest-earning assets						
Loans and advances to customers	502,576,514	4.92	24,741,552	594,439,890	5.09	30,284,574
Financial investments	276,756,538	2.41	6,660,244	231,227,575	2.81	6,492,826
Deposits with Central Bank	57,350,586	1.44	828,018	68,027,241	1.44	976,869
Deposits and placements with banks and other financial institutions	10,799,278	2.29	247,222	13,900,420	2.28	317,067
Financial assets held under resale agreements	8,033,277	1.77	142,578	17,149,499	1.78	305,655
Total interest-earning assets	855,516,193	3.81	32,619,614	924,744,625	4.15	38,376,991



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)	For the year ended 31 December 2024			For the year ended 31 December 2023		
	Average balance	Interest expense	Average yield (%)	Average balance	Interest expense	Average yield (%)
Interest-bearing liabilities						
Borrowings from Central Bank	392,450	7,812	1.99	1,342,723	27,005	2.01
Deposits from customers	770,596,563	21,314,031	2.77	803,922,234	24,289,966	3.02
Deposits and placements from banks and other financial institutions	72,818,054	2,335,313	3.21	55,585,977	1,831,403	3.29
Financial assets sold under repurchase agreements	64,192,241	1,602,801	2.50	103,453,827	2,812,682	2.72
Debt securities issued	14,796,580	472,982	3.20	16,573,294	549,694	3.32
Total interest-bearing liabilities	922,795,888	25,732,939	2.79	980,878,055	29,510,750	3.01
Net interest income		6,886,675			8,866,241	
Net interest spread ⁽¹⁾			1.02			1.14
Net interest margin ⁽²⁾			0.80			0.96

Notes:

- (1) Calculated as the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities.
- (2) Calculated by dividing net interest income by average balance of total interest-earning assets on annualized basis.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The following table sets forth the changes in the Bank's interest income and interest expense due to changes in volume and interest rates for the years indicated. The changes in volume were measured by the changes in average balances; while changes in interest rates were measured by changes in average interest rates. The changes caused by a combination of volume changes and interest rate changes were included in interest rate changes.

(Expressed in thousands of Renminbi, unless otherwise stated)	For the year ended 31 December 2024 compared with 2023		
	Increase (decrease) in volume ⁽¹⁾	Due to interest rate ⁽²⁾	Net increase (decrease) amount ⁽³⁾
Interest-earning assets			
Loans and advances to customers	(4,675,846)	(867,176)	(5,543,022)
Financial investments	1,279,364	(1,111,946)	167,418
Deposits with Central Bank	(153,744)	4,893	(148,851)
Deposits and placements with banks and other financial institutions	(70,706)	861	(69,845)
Financial assets held under resale agreements	(162,269)	(808)	(163,077)
Changes in interest income	<u>(3,783,201)</u>	<u>(1,974,176)</u>	<u>(5,757,377)</u>
Interest-bearing liabilities			
Borrowings from Central Bank	(19,100)	(93)	(19,193)
Deposits from customers	(1,006,435)	(1,969,500)	(2,975,935)
Deposits and placements from banks and other financial institutions	566,935	(63,025)	503,910
Financial assets sold under repurchase agreements	(1,067,915)	(141,966)	(1,209,881)
Debt securities issued	(58,987)	(17,725)	(76,712)
Changes in interest income expense	<u>(1,585,502)</u>	<u>(2,192,309)</u>	<u>(3,777,811)</u>
Changes in net interest income	<u><u>(2,197,699)</u></u>	<u><u>218,133</u></u>	<u><u>(1,979,566)</u></u>

Notes:

- (1) Representing the average balance for the period minus the average balance for the previous period, multiplied by the average yield or cost for the previous period.
- (2) Representing the average yield or cost for the period minus the average yield or cost for the previous period, multiplied by the average balance for the period.
- (3) Representing interest income or expense for the period minus interest income or expense for the previous period.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5.2.1.4 Interest income

In 2024, the Bank achieved an interest income of RMB32,620 million, representing a year-on-year decrease of RMB5,757 million or 15.0%, mainly due to the year-on-year decrease in the interest income from loans and advances to customers.

The following table sets forth the breakdown of the interest income of the Bank for the periods indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	For the year ended 31 December			
	2024	Of total (%)	2023	Of total (%)
Loans and advances to customers				
Corporate loans (including discounted bills)	19,309,992	59.2	24,287,899	63.4
Personal loans	5,431,560	16.7	5,996,675	15.6
Sub-total	24,741,552	75.9	30,284,574	79.0
Financial investments	6,660,244	20.4	6,492,826	16.9
Deposits with Central Bank	828,018	2.5	976,869	2.5
Deposits and placements with banks and other financial institutions	247,222	0.8	317,067	0.8
Financial assets held under resale agreements	142,578	0.4	305,655	0.8
Total	32,619,614	100.0	38,376,991	100.0

1. Interest Income from Loans and Advances to Customers

Interest income from loans and advances to customers was the essential component of the Bank's interest income. In 2024, interest income of the Bank from loans and advances to customers amounted to RMB24,742 million, representing a year-on-year decrease of RMB5,543 million or 18.3%, and accounted for 75.9% of the total interest income, representing a decrease of 3.1 percentage points, which was mainly due to the year-on-year decrease in the average loan balance during the Reporting Period, resulting in a year-on-year decrease in the yield of loans.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The following table sets forth the average balances of the loans and advances to customers and the average yields of related interest income and loans and advances to customers for the years indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	For the year ended 31 December					
	2024			2023		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans (including discounted bills)	393,726,181	19,309,992	4.90	491,450,977	24,287,899	4.94
Personal loans	108,850,333	5,431,560	4.99	102,998,913	5,996,675	5.82
Total	502,576,514	24,741,552	4.92	594,439,890	30,284,574	5.09

2. Interest Income from Financial Investments

In 2024, the Bank achieved interest income from financial investments amounting to RMB6,660 million, representing a year-on-year increase of RMB167 million or 2.6%, which was mainly due to an increase in the average balance of financial investments.

3. Interest Income from Deposits with Central Bank

In 2024, the Bank achieved interest income from deposits with Central Bank amounting to RMB828 million, representing a year-on-year decrease of RMB149 million or 15.2%, which was mainly due to the decrease in the average balance of the deposits with Central Bank.

4. Interest Income from Deposits and Placements with Banks and Other Financial Institutions

In 2024, the Bank achieved interest income from deposits and placements with banks and other financial institutions amounting to RMB247 million, representing a year-on-year decrease of RMB70 million or 22.0%, which was mainly due to the decrease in the average balance of deposits and placements with banks and other financial institutions during the Reporting Period.

5. Interest Income from Financial Assets Held under Resale Agreements

In 2024, the Bank achieved interest income from financial assets held under resale agreements amounting to RMB143 million, representing a year-on-year decrease of RMB163 million or 53.4%, which was mainly due to the decrease of average balance held under resale agreements during the Reporting Period.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5.2.1.5 Interest expense

In 2024, interest expense of the Bank amounted to RMB25,733 million, representing a year-on-year decrease of RMB3,778 million or 12.8%, which was mainly due to the year-on-year decrease of interest cost of deposits by RMB2,976 million, and year-on-year decreases of interest expenses of sales of repurchase of financial assets, issuance of bonds, borrowings from Central Bank, interbank and other financial institutions' deposits and placements by RMB802 million.

The following table sets forth the breakdowns of the interest expense of the Bank for the years indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	For the year ended 31 December			
	2024	Of total (%)	2023	Of total (%)
Borrowings from Central Bank	7,812	0.1	27,005	0.1
Deposits from customers	21,314,031	82.8	24,289,966	82.3
Deposits and placements from banks and other financial institutions	2,335,313	9.1	1,831,403	6.2
Financial assets sold under repurchase agreements	1,602,801	6.2	2,812,682	9.5
Debt securities issued	472,982	1.8	549,694	1.9
Total	25,732,939	100.0	29,510,750	100.0

1. Interest Expense on Borrowing from the Central Bank

In 2024, the Bank's borrowing interest expense from the Central Bank amounted to RMB8 million, representing a year-on-year decrease of RMB19 million or 71.1%, which was mainly due to the decrease in the average balance of the Bank's borrowing from the Central Bank.

2. Interest Expense on Deposits from Customers

In 2024, interest expense on deposits from customers amounted to RMB21,314 million, representing a year-on-year decrease of RMB2,976 million or 12.3%, which was mainly due to the fact that the Bank kept promoting cost reduction and efficiency enhancement, strengthening deposit pricing management, expanding low-cost deposit sources and strengthening the control of high-cost deposits during the Reporting Period.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The following table sets forth the average balance, interest expense and average cost for each of the components of the Bank's deposits from customers:

(Expressed in thousands of Renminbi, unless otherwise stated)	For the year ended 31 December 2024			For the year ended 31 December 2023		
	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
Corporate deposits						
Demand	119,804,430	1,723,618	1.44	152,560,565	2,378,434	1.56
Time	107,762,922	3,156,291	2.93	118,529,425	3,803,413	3.21
Sub-total	227,567,352	4,879,909	2.14	271,089,990	6,181,847	2.28
Personal deposits						
Demand	36,277,334	59,315	0.16	49,065,432	143,197	0.29
Time	506,751,877	16,374,807	3.23	483,766,812	17,964,922	3.71
Sub-total	543,029,211	16,434,122	3.03	532,832,244	18,108,119	3.40
Total deposits from customers	770,596,563	21,314,031	2.77	803,922,234	24,289,966	3.02

3. *Interest expense on deposits and placements from banks and other financial institutions*

In 2024, interest expense of the Bank on deposits and placements from banks and other financial institutions amounted to RMB2,335 million, representing a year-on-year increase of RMB504 million or 27.5%, which was mainly due to a year-on-year increase in average balance of deposits and placements from banks and other financial institutions during the Reporting Period.

4. *Interest expense on financial assets sold under repurchase agreements*

In 2024, interest expense of the Bank on financial assets sold under repurchase agreements amounted to RMB1,603 million, representing a year-on-year decrease of RMB1,210 million or 43.0%, which was mainly due to a year-on-year decrease in the average balance of financial assets sold under repurchase agreements of the Bank and interest-bearing rate during the Reporting Period.

5. *Interest expense on debt securities issued*

In 2024, the interest expense of the Bank on debt securities issued amounted to RMB473 million, representing a year-on-year decrease of RMB77 million or 14.0%, which was mainly due to a year-on-year decrease in the average balance of debt securities issued by the Bank and interest-bearing rate during the Reporting Period.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5.2.1.6 Net Non-interest Income

1. Net Fee and Commission Income

In 2024, the Bank achieved a net income from fees and commissions of RMB116 million, a year-on-year decrease of RMB31 million, or 21.0%, mainly due to a decrease in agency and custody business fee income during the Reporting Period.

(Expressed in thousands of Renminbi, unless otherwise stated)	For the year ended 31 December			
	2024	2023	Change in amount	Rate of change (%)
Fee and commission income				
Agency and custody services fees	386,848	543,095	(156,247)	(28.8)
Settlement and clearing services fees	20,635	26,912	(6,277)	(23.3)
Bank card services fees	137,968	158,437	(20,469)	(12.9)
Fee and commission expense	(429,684)	(581,921)	152,237	(26.2)
Net fee and commission income	115,767	146,523	(30,756)	(21.0)

2. Net Trading Losses

In 2024, the Bank's net trading losses amounted to RMB2,594 million, representing a year-on-year increase of RMB2,029 million or 359.4%, mainly due to changes in the cost of foreign exchange business and fair value revaluation during the Reporting Period.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3. *Net Gains Arising from Investments*

In 2024, the net gains arising from investments of the Bank amounted to RMB4,047 million, representing a year-on-year increase of RMB2,527 million or 166.2%, mainly due to the increase in net gains from disposal of bond assets during the Reporting Period.

(Expressed in thousands of Renminbi, unless otherwise stated)	For the year ended 31 December			
	2024	2023	Change in amount	Rate of change (%)
Net gains on financial investments at fair value through profit or loss	1,079,205	700,780	378,425	54.0
Net gains on disposal of financial investments at fair value through other comprehensive income	653,884	747,186	(93,302)	(12.5)
Dividends from designated as financial investments at fair value through other comprehensive income	12,759	59,136	(46,377)	(78.4)
Net gains on disposal of financial investments measured at amortised cost	2,301,167	13,292	2,287,875	17,212.4
Total	4,047,015	1,520,394	2,526,621	166.2



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5.2.1.7 Operating Expenses

In 2024, the operating expenses of the Bank amounted to RMB5,859 million, representing a year-on-year decrease of RMB140 million or 2.3%.

(Expressed in thousands of Renminbi, unless otherwise stated)	For the year ended 31 December			
	2024	2023	Change in amount	Rate of change (%)
Staff costs	3,065,938	3,110,058	(44,120)	(1.4)
Tax and surcharges	346,029	336,641	9,388	2.8
Depreciation and amortization	591,633	572,299	19,334	3.4
Rental and property management expenses	153,476	139,755	13,721	9.8
Office expenses	285,837	318,381	(32,544)	(10.2)
Other general and administrative expenses	1,416,535	1,522,732	(106,197)	(7.0)
Total operating expenses	5,859,448	5,999,866	(140,418)	(2.3)

1. Staff Costs

In 2024, staff costs of the Bank amounted to RMB3,066 million, representing a year-on-year decrease of RMB44 million or 1.4%, which was mainly due to the year-on-year decrease in salaries, bonuses and allowances during the Reporting Period.

The following table sets forth the principal components of the staff costs of the Bank for the years indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	For the year ended 31 December			
	2024	2023	Change in amount	Rate of change (%)
Salaries, bonuses and allowances	2,019,566	2,067,794	(48,228)	(2.3)
Pension and annuity	326,522	329,341	(2,819)	(0.9)
Other social insurance expenses	268,205	279,730	(11,525)	(4.1)
Housing allowances	183,825	181,873	1,952	1.1
Supplementary retirement benefits	3,991	1,531	2,460	160.7
Other staff benefits	263,829	249,789	14,040	5.6
Staff costs	3,065,938	3,110,058	(44,120)	(1.4)



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2. Office expenses, rent and property management costs

In 2024, the Bank's office expenses, rent and property management fees were RMB439 million, a decrease of RMB19 million, or 4.1%, year-on-year.

3. Depreciation and Amortisation

In 2024, depreciation and amortization expenses of the Bank amounted to RMB592 million, representing a year-on-year increase of RMB19 million or 3.4%.

4. Other General and Administrative Expenses

In 2024, other general and administrative expenses of the Bank amounted to RMB1,417 million, representing a year-on-year decrease of RMB106 million or 7.0%.

5.2.1.8 Impairment Losses on Assets

In 2024, the Bank's asset impairment losses amounted to RMB1,747 million, representing a decrease of RMB1,373 million or 44.0% year on year.

The following table sets forth the principal components of impairment losses on assets of the Bank for the years indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	For the year ended 31 December			
	2024	2023	Change in amount	Rate of change (%)
Deposits and placements with bank and other financial institutions	(1,417)	(355,777)	354,360	(99.6)
Financial assets held under resale agreements	(244)	(1,178)	934	(79.3)
Loans and advances to customers	1,478,008	1,036,134	441,874	42.6
Financial investments	1,008,218	2,088,543	(1,080,325)	(51.7)
Credit commitment	(42,907)	(311,871)	268,964	(86.2)
Others	(694,748)	663,743	(1,358,491)	(204.7)
Total	1,746,910	3,119,594	(1,372,684)	(44.0)

5.2.1.9 Income Tax Expense

In 2024, the Bank's income tax expense amounted to RMB327 million.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5.2.2 Analysis of the Statement of Financial Position

5.2.2.1 Assets

As of 31 December 2024, total assets of the Bank amounted to RMB1,122.776 billion, representing an increase of RMB42.724 billion or 4.0% as compared with that at the end of the previous year, mainly due to the steady growth of the principal business. The principal components of the Bank's assets are (i) net loans and advances to customers (ii) financial investments and (iii) cash and deposits with Central Bank, which accounted for 47.5%, 41.2% and 6.9% respectively, of total assets of the Bank as of 31 December 2024.

The following table sets forth the composition of the Bank's total assets for the periods indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 31 December 2024		As at 31 December 2023	
	Amount	Of total (%)	Amount	Of total (%)
Assets				
Total loans and advances to customers	500,592,244	44.6	477,876,799	44.3
Interest receivable	54,065,245	4.8	38,692,307	3.6
Provision for impairment losses	(21,086,072)	(1.9)	(20,279,602)	(1.9)
Net loans and advances to customers	533,571,417	47.5	496,289,504	46.0
Financial investments ⁽¹⁾	462,467,835	41.2	457,161,176	42.3
Deposits with banks and other financial institutions	12,441,622	1.1	7,506,953	0.7
Cash and deposits with Central Bank	77,224,626	6.9	76,097,764	7.0
Financial assets held under resale agreements	1,765,783	0.2	3,099,878	0.3
Placements with banks and other financial institutions	5,290,756	0.5	9,591,254	0.9
Derivative financial assets	290,735	0.0	196,703	0.0
Other assets ⁽²⁾	29,723,452	2.6	30,109,474	2.8
Total assets	1,122,776,226	100.0	1,080,052,706	100.0

Notes:

- (1) Financial investments include financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments at amortised cost.
- (2) Include property and equipment, other receivables, deferred income tax assets and other assets.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

1. *Loans and Advances to Customers*

The total loans and advances to customers made by the Bank as of 31 December 2024 amounted to RMB500.592 billion, representing an increase of RMB22.715 billion or 4.8% as compared with that at the end of the previous year, and accounted for 44.6% of the total assets, representing an increase of 0.3 percentage point as compared with that at the end of the previous year. The loans and advances to customers made by the Bank consisted mainly of corporate loans (including discounted bills) and personal loans.

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 31 December 2024		As at 31 December 2023	
	Amount	Of total (%)	Amount	Of total (%)
Corporate loans				
–Corporate loans	337,881,887	67.5	308,103,841	64.5
–Discounted bills	48,078,006	9.6	61,223,282	12.8
Personal loans				
–Residential mortgage	49,510,108	9.9	53,510,771	11.2
–Personal consumption loans	60,144,307	12.0	48,357,404	10.1
–Personal business loans	4,977,936	1.0	6,681,501	1.4
Total loans and advances to customers	500,592,244	100.00	477,876,799	100.00

Corporate loans constituted the largest component of the Bank's loan portfolio. As of 31 December 2024, the corporate loans (including discounted bills) of the Bank amounted to RMB385.960 billion, representing an increase of RMB16.633 billion or 4.5% as compared with that at the end of the previous year, accounting for 77.1% of the total loans and advances to customers and representing a decrease of 0.2 percentage point as compared with that at the end of the previous year. This was mainly due to the fact that during the Reporting Period, the Bank conducted corporate credit business revolving around key regional projects, key industries and high-quality customers; adhering to the market positioning with “three services” and prioritizing the real economy, the Bank strived to be a local financial leader in revitalizing the development of the Liao-Shen area. In this context, the Bank vigorously supported the high-quality economic development of the Liao-Shen area by fully tilting its credit resources towards the area, with its credit structure more aligned with national policy guidance; the Bank's growth in key sectors remained sound; the Bank formulated, printed and issued each of implementation plans to promote technological finance, green finance, inclusive finance, pension finance, and digital finance; the proportion of credit allocated to large and medium-sized enterprises in the “Five Major Articles” and key sectors such as agriculture and manufacturing continued to increase.

Personal loans offered by the Bank mainly include residential mortgage loans, personal consumption loans, and personal business loans. As of 31 December 2024, personal loans of the Bank amounted to RMB114.632 billion, representing an increase of RMB6.083 billion or 5.6% as compared with that at the end of the previous year, and accounted for 22.9% of total loans and advances to customers, representing an increase of 0.2 percentage point as compared with that at the end of the previous year. This was mainly due to the fact that during the Reporting Period, in response to the “trade-in” policy of the Central Committee of the Communist Party of China and the State Council, the Bank assisted in the economic recovery of local economies and highlighted the construction of the development of the Sheng e-Loan consumer credit products by innovating consumer credit services, and achieved full-channel and all-scenario coverage by leveraging digital services to meet the diverse borrowing needs of customers.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

1) Loans by type of guarantee

The structure of collaterals of the Bank's loans and advances to customers was stable and the Bank's capability of mitigating risks was relatively solid. As of 31 December 2024, the balance of loans guaranteed or secured by mortgages and pledges amounted to RMB422.599 billion, representing an increase of RMB13.350 billion or 3.3% as compared with that at the end of the previous year, and accounted for 84.4% of the total loans and advances to customers. If a loan is secured by more than one form of collateral, the entire amount of such a loan is allocated to the category representing the primary form of collateral. The following table sets forth the distribution of loans and advances to customers by type of guarantee as at the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 31 December 2024		As at 31 December 2023	
	Amount	Of total (%)	Amount	Of total (%)
Loans secured by mortgages	183,854,456	36.7	203,536,856	42.5
Guaranteed loans	181,551,606	36.3	124,043,636	26.0
Loans secured by pledges	57,193,366	11.4	81,669,185	17.1
Unsecured loans	77,992,816	15.6	68,627,122	14.4
Total loans and advances to customers	500,592,244	100.0	477,876,799	100.0



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2) Changes in provision for impairment on loans and advances to customers

As of 31 December 2024, the balance of provision for impairment on loans and advances to customers of the Bank amounted to RMB21,086 million, representing an increase of RMB806 million or 4.0% as compared with that at the end of the previous year, which was mainly due to the bank's prudent increase in loan impairment provisions. As of 31 December 2024, the Bank's loan provision rate was 157.00%, representing a decrease of 2.5 percentage points as compared with that at the end of the previous year.

(Expressed in thousands of Renminbi, unless otherwise stated)	For the year ended 31 December 2024				For the year ended 31 December 2023			
	Expected credit loss in the next 12 months	A lifetime expected credit loss-loans without credit impairment loss	A lifetime expected credit loss-loans with credit impairment loss	Total	Expected credit loss in the next 12 months	A lifetime expected credit loss-loans without credit impairment loss	A lifetime expected credit loss-loans with credit impairment loss	Total
Balance as at the beginning of the year	5,247,512	6,248,958	8,783,132	20,279,602	7,183,023	7,843,415	12,348,735	27,375,173
Transferred to:								
– to expected credit loss over the next 12 months	10,636	(7,693)	(2,943)	–	5,571	(136)	(5,435)	–
– to lifetime expected credit losses								
– without credit-impaired loans	(134,230)	135,516	(1,286)	–	(109,523)	594,749	(485,226)	–
– to lifetime expected credit losses								
– with credit-impaired loans	(20,237)	(114,302)	134,539	–	(20,672)	(635,268)	655,940	–
Net charge/(release) for the year	847,039	8,528	756,169	1,611,736	(1,810,887)	(1,553,802)	4,607,901	1,243,212
Transfer out for the year	–	–	(315,598)	(315,598)	–	–	(7,841,229)	(7,841,229)
Write-offs for the year	–	–	(531,453)	(531,453)	–	–	(531,199)	(531,199)
Recoveries for the year	–	–	41,785	41,785	–	–	33,645	33,645
Balance as at the end of the year	<u>5,950,720</u>	<u>6,271,007</u>	<u>8,864,345</u>	<u>21,086,072</u>	<u>5,247,512</u>	<u>6,248,958</u>	<u>8,783,132</u>	<u>20,279,602</u>



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2. Financial Investments

As of 31 December 2024, the balance of financial investments (including financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income, financial investments at amortized cost) of the Bank amounted to RMB456.972 billion, representing an increase of RMB4.869 billion or 1.1% as compared with those at the end of the previous year, and accounted for 40.7% of the total assets, representing a decrease of 1.2 percentage points as compared with that at the end of the previous year.

The following table set forth the main components of the Bank's financial investments (exclusive of interest receivable) as of the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 31 December 2024		As at 31 December 2023	
	Amount	Of total (%)	Amount	Of total (%)
Financial assets at fair value through profit or loss	104,869,270	22.9	105,916,358	23.5
– Government bonds	1,814,260	0.3	–	–
– Bonds issued by policy banks	2,684,533	0.6	2,322,296	0.5
– Bonds issued by banks and other financial institutions	36,559,891	8.0	28,880,590	6.4
– Corporate entity bonds	1,232,360	0.3	1,357,963	0.3
– Investment management products managed by securities companies	39,692,356	8.7	51,144,989	11.3
– Investment management products under the trust scheme	22,885,870	5.0	22,210,520	5.0
Financial assets at fair value through other comprehensive income	89,960,537	19.7	86,001,373	19.0
– Government bonds	23,069,703	5.0	44,754,896	9.9
– Bonds issued by policy banks	36,208,657	8.0	21,717,568	4.8
– Bonds issued by banks and other financial institutions	13,155,078	2.9	778,894	0.2
– Corporate entity bonds	580,075	0.1	808,153	0.2
– Capital bonds with no fixed terms issued by commercial banks	–	–	1,072,640	0.2
– Equity investments	16,947,024	3.7	16,869,222	3.7
Financial investment measured at amortised cost	262,142,022	57.4	260,184,835	57.5
– Government bonds	8,992,296	2.0	20,006,787	4.4
– Bonds issued by policy banks	51,063,234	11.2	28,480,180	6.3
– Bonds issued by banks and other financial institutions	4,852,949	1.1	2,000,000	0.4
– Corporate entity bonds	168,349,512	36.8	179,426,068	39.7
– Investment management products managed by securities companies	2,917,067	0.6	2,920,856	0.6
– Investment management products under the trust scheme	32,963,934	7.2	33,340,269	7.4
Less: provisions for impairment of financial investments at amortised cost	(6,996,970)	(1.5)	(5,989,325)	(1.3)
Total	456,971,829	100.0	452,102,566	100.0



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

1) Changes in the provision for financial investments at fair value through other comprehensive income

(Expressed in thousands of Renminbi, unless otherwise stated)	For the year ended 31 December 2024				For the year ended 31 December 2023			
	Expected credit loss in the next 12 months	A lifetime expected credit loss-loans without credit impairment loss	A lifetime expected credit loss-loans with credit impairment loss	Total	Expected credit loss in the next 12 months	A lifetime expected credit loss-loans without credit impairment loss	A lifetime expected credit loss-loans with credit impairment loss	Total
Balance as at the beginning of the year	3,964	–	–	3,964	2,186	–	1,297,851	1,300,037
Net charge/(release) for the year	573	–	–	573	1,778	–	(664,332)	(662,554)
Write-offs for the year	–	–	–	–	–	–	(633,519)	(633,519)
Transfer out for the year	4,537	–	–	4,537	3,964	–	–	3,964

2) Changes in the provision for financial investments at amortised cost

(Expressed in thousands of Renminbi, unless otherwise stated)	For the year ended 31 December 2024				For the year ended 31 December 2023			
	Expected credit loss in the next 12 months	A lifetime expected credit loss-loans without credit impairment loss	A lifetime expected credit loss-loans with credit impairment loss	Total	Expected credit loss in the next 12 months	A lifetime expected credit loss-loans without credit impairment loss	A lifetime expected credit loss-loans with credit impairment loss	Total
Balance as at the beginning of the year	308,878	2,136,428	3,544,019	5,989,325	867,371	1,091,089	3,899,224	5,857,684
Transferred to:								
– to lifetime expected credit losses								
– not credit-impaired	(83,901)	83,901	–	–	(143,956)	143,956	–	–
– to lifetime expected credit losses								
– credit-impaired	–	–	–	–	(97)	–	97	–
Net (release)/charge for the year	(3,179)	515,877	494,947	1,007,645	881,118	1,276,566	593,412	2,751,096
Write-offs for the year	–	–	–	–	(1,295,558)	(375,183)	(948,714)	(2,619,455)
Transfer out for the year	221,798	2,736,206	4,038,966	6,996,970	308,878	2,136,428	3,544,019	5,989,325



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5.2.2.2 Liabilities

As of 31 December 2024, total liabilities of the Bank amounted to RMB1,042.579 billion, representing an increase of RMB42,421 million or 4.2% as compared with that at the end of the previous year. The Bank's liabilities mainly consisted of (i) deposits from customers (ii) financial assets sold under repurchase agreements and (iii) deposits from banks and other financial institutions, accounting for 77.3%, 9.0% and 8.8%, respectively, with respect to the total liabilities.

The following table sets forth the components of the Bank's total liabilities as at the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 31 December 2024		As at 31 December 2023	
	Amount	Of total (%)	Amount	Of total (%)
Borrowings from Central Bank	342,374	0.0	839,337	0.1
Deposits from customers	805,890,759	77.3	779,966,905	78.0
Deposits from banks and other financial institutions	91,269,976	8.8	71,233,034	7.1
Placements from banks and other financial institutions	12,085,561	1.2	17,970,859	1.8
Financial liabilities at fair value through profit or loss	13,569,581	1.3	–	–
Derivative financial liabilities	225,913	0.0	218,373	0.0
Financial assets sold under repurchase agreements	94,688,474	9.0	106,901,210	10.7
Debt securities issued	18,737,289	1.8	16,834,257	1.7
Other liabilities ⁽¹⁾	5,768,913	0.6	6,193,868	0.6
Total	1,042,578,840	100.0	1,000,157,843	100.0

Note:

- (1) Including settlement accounts, staff remuneration payable, deferred income, taxes payable, dormant accounts and other liabilities.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

1. *Deposits from Customers*

As of 31 December 2024, the Bank's total deposits from customers (exclusive of interest payable) amounted to RMB780.589 billion, with an increase of RMB19.435 billion or 2.6% as compared with that at the end of the previous year, accounting for 74.9% of the total liabilities and representing a decrease of 1.2 percentage points as compared with that at the end of the previous year. Among them, personal deposits increased by RMB36.244 billion or 7.0% as compared with that at the end of the previous year. The main reason is that during the Reporting Period, the Bank adheres to the development strategy of "digitalization and integration", implementing refined management of customer hierarchy and deepening the specialized management of customer segmentation for the "pension, parent-child and payroll", continuously enriching the functions of its products, and maintains a competitive edge in the differentiated market; focuses on the joint development of the FGBC, strengthens the construction of scenarios, and constructs a digital ecosystem; and creates distinctive special zones and outlets, and enhances the capability of its "non-financial+" services continuously to drive stable and sustainable growth in personal deposits. Corporate deposits decreased by RMB19.786 billion and other deposits increased by RMB2.977 billion compared with that at the end of the previous year. The main reason is that during the Reporting Period, the Bank focused on improving the quality of deposits, and since the beginning of the year, it actively adjusted its interest rate pricing policies, and optimized corporate deposit structure.

The following table sets forth the Bank's deposits from customers (exclusive of interest payable) and product types as of the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 31 December 2024		As at 31 December 2023	
	Amount	Of total (%)	Amount	Of total (%)
Corporate deposits				
Demand deposits	112,314,503	14.4	114,540,917	15.0
Time deposits	96,507,570	12.4	114,066,954	15.0
Sub-total	208,822,073	26.8	228,607,871	30.0
Personal deposits				
Demand deposits	35,987,787	4.6	36,895,430	4.8
Time deposits	519,059,622	66.5	481,908,473	63.4
Sub-total	555,047,409	71.1	518,803,903	68.2
Other deposits ⁽¹⁾	16,719,719	2.1	13,742,779	1.8
Total	780,589,201	100.0	761,154,553	100.0

Note:

(1) Mainly including pledged deposits.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2. *Debt Securities Issued*

The following table sets forth the components of the Bank's debt securities issued (exclusive of interest payable) as at the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 31 December 2024 Amount	As at 31 December 2023 Amount
Tier-two capital bond with fixed rate maturing in September 2034	6,000,000	–
Tier-two capital bond with fixed rate maturing in December 2032	4,999,057	4,999,057
Interbank certificates of deposits issued	7,738,232	11,835,200
Total	18,737,289	16,834,257

The Bank issued tier-two capital bonds of commercial banks in the aggregate of RMB5 billion in the national inter-bank bond market on 29 December 2022. The term of maturity of such bonds is 10 years. The coupon rate is interest-bearing fixed rate of 4.80%. Interest on such bonds shall be paid once per year. Upon approval by the NFRA (formerly known as the CBIRC), the Bank could choose to redeem the current bond in a lump sum at a whole or at a portion per the face value on the last day of the fifth interest calculating year for such bonds.

The Bank issued tier-two capital bonds of commercial banks in the aggregate of RMB6 billion in the national inter-bank bond market on 5 September 2024. The term of maturity of such bonds is 10 years. The coupon rate is interest-bearing fixed rate of 2.85%. Interest on such bonds shall be paid once per year. Upon approval by the NFRA, the Bank could choose to redeem the current bond in a lump sum at a whole or at a portion per the face value on the last day of the fifth interest calculating year for such bonds.

As of 31 December 2024, the balance of certificates of interbank deposit issued by the Bank amounted to RMB7.738 billion, representing a decrease of RMB4.097 billion as compared with that at the end of the previous year.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5.2.2.3 Equity

As of 31 December 2024, the equity balance of the Bank amounted to RMB80.197 billion, representing a increase of RMB303 million or 0.4% as compared with that at the end of the previous year. The following table sets forth the components of the equity of the Bank as of the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 31 December 2024		As at 31 December 2023	
	Amount	Of total (%)	Amount	Of total (%)
Share capital	8,796,680	11.0	8,796,680	11.0
Capital reserve	26,957,822	33.6	26,957,822	33.6
Surplus reserve	7,537,771	9.4	7,481,817	9.4
General reserve	14,846,802	18.5	14,830,687	18.6
Investment revaluation reserve	(2,561,420)	(3.2)	(2,346,078)	(2.9)
Provision reserve	11,820	0.1	111,686	0.1
Reserve on remeasurement of defined benefit liability	(48,281)	(0.1)	(32,943)	(0.0)
Retained earnings	24,072,720	30.0	23,530,498	29.5
Non-controlling interests	583,472	0.7	564,694	0.7
Total equity	80,197,386	100.0	79,894,863	100.0



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5.2.3 Loan quality analysis

During the Reporting Period, the Bank adhered to the strategic vision of prudent operation, continued to upgrade the risk management system, actively optimized the whole process of risk control, strengthened risk monitoring and early warning, and enhanced the capacity of identifying potential risk to balance the risk, capital and income and promote the intelligent data and system construction. It reinforced technological empowerment, improved the efficiency of post-credit management, enhanced the ability to prevent and control credit risk, and maintained stable asset quality. The Bank steadily adjusted and optimized the structure of credit assets and took various measures to carry out the collection and disposal of non-performing loans to strengthen asset quality and prevent and resolve financial risks.

5.2.3.1 Breakdown of loans by the five-category classification system

The non-performing loans of the Bank are classified into loans and advances to customers that are substandard, doubtful and loss. As of 31 December 2024, the non-performing loans of the Bank amounted to RMB13.438 billion, and the non-performing loan ratio was 2.68%, representing unchanged as compared with that at the end of the previous year. The following table sets forth the distribution of the Bank's loans and advances to customers by the five-category loan classification system as of the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 31 December 2024		As at 31 December 2023	
	Amount	Of total (%)	Amount	Of total (%)
Normal	467,100,612	93.4	450,185,982	94.2
Special mention	20,053,945	4.0	14,885,253	3.1
Substandard	10,577,467	2.1	10,829,580	2.3
Doubtful	1,713,730	0.3	1,078,900	0.2
Loss	1,146,490	0.2	897,084	0.2
Total loans and advances to customers	500,592,244	100.0	477,876,799	100.0
Non-performing loan	13,437,687	2.68	12,805,564	2.68



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5.2.3.2 Concentration of loans

1. Concentration in terms of Industry and Distribution of Non-performing Loans

During the Reporting Period, effectively implementing national strategies and deeply understanding the political and people-oriented nature of financial work, the Bank continuously enhanced its ability to serve the real economy, focused on its main responsibilities and business, so as to make efforts in “Five Major Articles (五篇大文章)” in financial work, attach importance to the construction of high-quality customer base, strengthen research in key industries, and continue to optimize the structure of the asset business. The following table sets forth the breakdown of loans and non-performing loans by industry as at the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 31 December 2024				As at 31 December 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 (%)
Wholesale and retail	140,022,229	28.0	6,116,131	4.37	118,223,777	24.8	5,937,606	5.02
Renting and business activities	74,003,113	14.8	588,472	0.80	72,446,420	15.2	595,518	0.82
Real estate	41,094,749	8.2	599,709	1.46	44,554,021	9.3	978,953	2.20
Manufacturing	33,282,452	6.6	1,323,906	3.98	29,502,683	6.2	1,064,105	3.61
Construction	10,597,874	2.1	687,098	6.48	10,718,448	2.2	320,416	2.99
Transportation, storage and postal services	5,460,327	1.1	136,752	2.50	5,470,225	1.1	139,158	2.54
Mining	4,013,676	0.8	23,199	0.58	3,343,213	0.7	23,000	0.69
Production and supply of electric power, heat, gas and water	2,794,794	0.6	38,813	1.39	2,854,364	0.6	38,573	1.35
Agriculture, forestry, animal husbandry and fishery	1,370,358	0.3	82,738	6.04	949,178	0.2	84,328	8.88
Accommodation and catering	1,317,399	0.3	40,900	3.10	1,987,802	0.4	129,896	6.53
Culture, sports and entertainment	1,242,059	0.2	15,900	1.28	1,094,636	0.2	34,900	3.19
Household and other services	115,589	0.0	–	–	1,407,052	0.3	–	–
Others	22,567,268	4.5	464,100	2.06	15,552,022	3.3	487,350	3.13
Discounted bills	48,078,006	9.6	–	–	61,223,282	12.8	–	–
Personal loans and advances	114,632,351	22.9	3,319,969	2.90	108,549,676	22.7	2,971,761	2.74
Total	500,592,244	100.0	13,437,687	2.68	477,876,799	100.0	12,805,564	2.68

Note: Non-performing loan ratio of an industry is calculated by dividing the balance of non-performing loans of the industry by the balance of loans granted to the industry.

As of 31 December 2024, loans provided to customers of (i) wholesale and retail, (ii) renting and business activities, (iii) real estate, (iv) manufacturing and (v) construction represented the largest components of the Bank's corporate loans. As of 31 December 2024 and 31 December 2023, the balance of loans provided to the corporate customers in the five industries mentioned above were RMB299.000 billion and RMB275.445 billion, respectively, accounting for 59.7% and 57.7%, respectively, with respect to the Bank's total loans and advances to customers.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2. *Concentration in terms of Borrowers*

Loans to the ten largest single borrowers

The following table sets forth the borrowing amounts of the ten largest single borrowers as of 31 December 2024. As of the same date, all such loans were classified as normal loans:

(Expressed in thousands of Renminbi, unless otherwise stated)	31 December 2024		
	Industry involved	Amount	Of total (%)
Customer A	Wholesale and retail	7,889,362	1.58
Customer B	Renting and business activities	7,601,000	1.52
Customer C	Real estate	6,139,900	1.23
Customer D	Renting and business activities	5,945,000	1.19
Customer E	Renting and business activities	5,543,730	1.11
Customer F	Manufacturing	5,430,900	1.08
Customer G	Real estate	5,185,439	1.04
Customer H	Real estate	5,130,000	1.02
Customer I	Renting and business activities	4,481,000	0.90
Customer J	Renting and business activities	4,165,298	0.83



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3. Distribution of Non-performing Loans by Product Type

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

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 31 December 2024			As at 31 December 2023		
	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)
Corporate loans	385,959,893	10,117,718	2.62	369,327,123	9,833,803	2.66
Short-term loans	128,318,877	6,307,603	4.92	65,835,641	5,646,060	8.58
Medium and long term loans	209,563,010	3,810,115	1.82	242,268,200	4,187,743	1.73
Discounted bills	48,078,006	–	–	61,223,282	–	–
Personal loans	114,632,351	3,319,969	2.90	108,549,676	2,971,761	2.74
Mortgage loans	49,510,108	1,811,664	3.66	53,510,771	1,458,649	2.73
Personal business loans	4,977,936	167,186	3.36	6,681,501	145,723	2.18
Personal consumption loans	60,144,307	1,341,119	2.23	48,357,404	1,367,389	2.83
Total	500,592,244	13,437,687	2.68	477,876,799	12,805,564	2.68

As of 31 December 2024 and 31 December 2023, the non-performing loan ratio of the Bank was 2.68% and 2.68%, respectively.

As of 31 December 2024 and 31 December 2023, the non-performing loan ratio of the Bank's corporate loans (including discounted bills) was 2.62% and 2.66%, respectively.

As of 31 December 2024 and 31 December 2023, the non-performing loan ratio of the Bank's personal loans was 2.90% and 2.74%, respectively.

5.2.4 Analysis on Capital Adequacy Ratio

The Bank calculated and disclosed capital adequacy ratios in accordance with the Regulation Governing Capital of Commercial Banks (商業銀行資本管理辦法) promulgated by National Financial Regulatory Administration. As of 31 December 2024, the Bank's core tier-one capital adequacy ratio was 10.26%, the tier-one capital adequacy ratio was 12.24%, and the capital adequacy ratio was 14.69%, which at all levels met the regulatory requirements.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The following table sets forth the relevant information of the Bank's capital adequacy ratio as at the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 31 December 2024	As at 31 December 2023
Core capital		
– Share capital	8,796,680	8,796,680
– Qualifying portion of capital reserve	26,957,822	26,957,822
– Surplus reserve	7,537,771	7,481,817
– General reserve	14,846,802	14,830,687
– Investment revaluation reserve	(2,561,420)	(2,346,078)
– Provision reserve	11,820	111,686
– Retained earnings	24,072,720	23,530,498
– Qualifying portions of non-controlling interests	133,883	165,248
– Others	(48,281)	(32,943)
Core Tier-one Capital	79,747,797	79,495,417
Core Tier-one capital deductions	(1,740,338)	(1,697,075)
Net Core Tier-one Capital	78,007,459	77,798,342
Other Tier-one Capital-other tier-one capital instruments and their premiums	15,000,000	15,000,000
Net Tier-one Capital	93,007,459	92,798,342
Tier-two Capital		
– Qualifying portions of tier-two capital instruments issued	10,999,057	4,999,057
– Surplus provision for loan impairment	7,659,608	7,618,988
Net tier-two Capital	18,658,665	12,618,045
Total net Capital	111,666,124	105,416,387
Total risk weighted assets	759,950,056	746,552,852
Core Tier-one Capital adequacy ratio	10.26%	10.42%
Tier-one Capital adequacy ratio	12.24%	12.43%
Capital adequacy ratio	14.69%	14.12%



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5.2.5 Segment Information

5.2.5.1 Summary of regional branches

The Bank mainly operates within China. 18 branches are located in five provinces and municipalities directly under the Central Government. It also established seven subsidiaries in Liaoning Province, Shanghai and Zhejiang Province.

(Expressed in thousands of Renminbi, unless otherwise stated)	Operating income for the year ended 31 December				Non-current assets ⁽¹⁾			
	2024		2023		As at 31 December 2024		As at 31 December 2023	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Northeast China Region	7,668,643	89.4	9,406,292	93.7	6,102,206	96.8	6,214,361	97.2
North China Region	677,557	7.9	618,819	6.2	177,064	2.8	161,645	2.5
Others	230,451	2.7	14,714	0.1	26,577	0.4	19,193	0.3
Total	8,576,651	100.0	10,039,825	100.0	6,305,847	100.0	6,395,199	100.0

Note:

- (1) Non-current assets include property and equipment, intangible assets, right-of-use assets and land use rights.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5.2.5.2 Business segments

In 2024, the operating income of corporate business of the Bank amounted to RMB4.952 billion, accounting for 57.7% of the total operating income. The operating income of retail banking business amounted to RMB2.467 billion, accounting for 28.9% of the total operating income. The operating income of treasury business amounted to RMB1.049 billion, accounting for 12.1% of the total operating income.

(Expressed in thousands of Renminbi, unless otherwise stated)	For the year ended 31 December			
	2024		2023	
	Amount	Of total %	Amount	Of total %
Operating income				
Corporate banking	4,951,733	57.7	6,873,037	68.5
Retail banking	2,467,013	28.9	2,749,142	27.4
Treasury business	1,049,392	12.1	357,005	3.6
Others	108,513	1.3	60,641	0.5
Total	8,576,651	100.0	10,039,825	100.0

5.2.6 Commitments of Off-balance Sheet Items

The following table sets forth the Bank's credit commitments as at the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 31 December 2024	As at 31 December 2023
Bank acceptances	27,928,425	33,522,247
Letters of guarantees	3,711,906	3,991,416
Letters of credit	4,854,949	9,879,151
Unused credit card commitments	23,059,759	22,376,738
Total	59,555,039	69,769,552



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5.3 BUSINESS OVERVIEW

5.3.1 Corporate Banking Business

The Bank thoroughly implemented the spirit of the 20th National Congress of the CPC and the 2nd and 3rd Plenary Sessions of the 20th Central Committee, deeply understood the political and people-oriented nature of financial work, made every effort in “Five Major Articles (五篇大文章)” of financial work, focused closely on the strategic vision of “building a sound bank that benefits enterprises and the people”, firmly implemented the strategic plan, and coordinated the balanced development of scale, quality and efficiency. The Bank focused on its main responsibility and core business, increased credit granting, focused on the construction of customer base, improved its product system, strengthened risk prevention and control, enhanced team building and enhanced its market image, with the overall operation showing a steady development with good momentum and significant improvement in development quality and efficiency, resulting an improved and stabilized operation with quality and efficiency and increased momentum for sustainable development.

5.3.1.1 Corporate Deposits

The Bank focused on basic deposits as the core growth driver, increasing basic deposits around key customers, and expanding credit customers and institutional customers in multiple dimensions; focused on customer operation and by high-quality financial services, continuously enhancing customer stickiness, driving the growth of settlement funds and optimization of liability structure. The Bank actively and flexibly adjusted its interest rate pricing strategy, adhered to the integrated marketing strategy for local and foreign currency liabilities, with reasonable supplementation of active liability funding channels and reduction of high-cost deposits, representing a continuous decline in deposit interest payment rates. The Bank fully implemented tiered marketing management for corporate account customers to clarify the service mechanism, management measures and marketing strategies for corporate account customers at all tiers, promoting the growth of the basic customer groups and in-depth customer management. The Bank played a leading role in guiding and demonstrating the “grandiose rivers” quality customer groups, “matched quality products” on the basis of “selecting quality customers” by focusing on the supply chain financial service function of core enterprises, continuously improved its customer management capability, and increased its efforts in expanding central and local state-owned enterprises and industry chain and supply chain enterprises, with improvement in the customer base structure and overall situation improving. As of 31 December 2024, the corporate deposits balance was RMB208.822 billion.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5.3.1.2 Corporate Loans

The Bank has continued to increase its efforts to serve the real economy. Focusing on the “4 Key Developments + 2 Selective Developments” industries, the Bank formulated marketing and service guidelines for certain industries including advanced manufacturing, agriculture-related industries, biomedicine, aerospace, new metallurgical materials, and fine chemicals, and issued industry chain graph to clearly define the direction of asset investment. The Bank conducted corporate credit business revolving around major projects, key industries and high-quality customers in relevant regions, with the credit structure being more in line with the requirements of national policy guidance, the growth rate of key areas maintaining in good condition, and a more pronounced conduct for upholding fundamental principles. The Bank’s credit loans granted to large and medium-sized enterprises in the “Five Major Articles (五篇大文章)” and key areas such as agriculture and manufacturing accounted for more than 50% of the total. The Bank’s loans to technology-based enterprises increased by 87.7% and green credit increased by 41.6%. The Bank’s credit resources fully tilted towards Liaoning and Shenyang to root for the high-quality development of their economy. The Bank innovatively launched a number of “Liao series” loan products, including “Liaoning Digital Loan (遼數貸)”, “Liaoning Innovation Loan (遼新貸)”, “Liaoning Quality Loan (遼質貸)” and “Liaoning Healthcare Loan (遼康貸)”, focused on 22 key industrial clusters in Liaoning Province and 10 key industrial clusters in Shenyang, and issued the “Action Plan for Serving the High-Quality Development of Shenyang’s Ten Key Industry Clusters” to promote the credit investment in the ten industry clusters in a specialised, list-based and project-based manner. As of 31 December 2024, the balance of corporate loans (excluding discounted bills) was RMB337.882 billion, representing an increase of RMB29.778 billion, or 9.7%, as compared to the end of the previous year..

5.3.1.3 Transaction banking

The Bank focused on strategic transformation and development, optimised its asset investment structure, devoted great energy to reducing the concentration of single products and key customers, enriched the supply of products and services, and expanded the medium-sized and inclusive small and micro customer groups through chain-based, list-based and channel-based customer acquisition models. The Bank enhanced its cross-border financial service capabilities, actively promoted the digital transformation of corporate business, improved its level of refined management, and effectively promoted the high-quality development of transaction banking business, contributing to the development of the regional economy. As of 31 December 2024, the balance of the on/off balance assets of the transaction banking of the Bank amounted to RMB41,541 million, representing an increase of 11.4% from the end of the previous year; the cross-border foreign currency settlement volume amounted to USD5,795 million, representing a year-on-year increase of 20.1%; and the cross-border RMB settlement volume amounted to RMB10,540 million, representing a year-on-year increase of 409.4%.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5.3.2 Retail Banking Business

The Bank focused on the strategic vision of “building a sound bank that benefits enterprises and the people”, and actively promoted high-quality Party building to lead the high-quality development of retail banking business to realise coordinated development in terms of scale, quality and efficiency.

5.3.2.1 *Personal Deposits*

The Bank implemented the strategy of “Stabilising Scale, Improving Quality, Increasing Benefit, and Raising Efficiency” and continued to optimise its liability structure, ensuring stable growth in scale and rapid cost reductions and promoting balanced development in terms of volume and price through innovation of special products, classification management of deposit products and enhancement of customer value by tier. The Bank effectively controlled its deposit structure, strengthened low-cost funding sources, increased the proportion of preferential liabilities, and insisted on the synergistic promotion of “Products + Rights and Interests + Services” to enhance the value contribution of full-volume customers with integrated operation. Firstly, enriching product system. The Bank carried out differentiated management by customising products for different regions and customer groups, expanded its brand influence of “Shengqing Community (盛情社區)”, and innovated through series of products, namely, the “Solar Terms Certificate of Deposit (節氣存單)”, the “Love Certificates of Deposit (愛情存單)”, and the “Chinese Zodiac New Year’s Certificates of Deposit (生肖賀歲存單)”, to meet customers’ “financial and non-financial” needs. Secondly, improving entitlement system on an ongoing basis. The Bank carried out special operations in different regions to increase the content of localised and specialised rights and benefits, so as to realise the integration of the “finance+” ecosystem. Thirdly, enhancing comprehensive service capability. The Bank integrated the management of various channels, products and services, unified customer labels and images, formulated comprehensive marketing strategies, and upgraded the scope and quality of services to enhance customer experience. As of 31 December 2024, the balance of the Bank’s personal deposits amounted to RMB555.047 billion, representing an increase of RMB36.244 billion or 7.0% as compared with that at the end of the previous year.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5.3.2.2 Personal Loans

The Bank implemented the political and people-oriented nature of financial work, actively responded to the national policies of expanding domestic demand, promoting consumption, and serving the real economy, and broadened the scope and integrity of consumer loan services, improving the accessibility and convenience of consumer finance. The Bank carried out product and business model innovation, continued to promote the optimisation and upgrading of the “Sheng e Loan (盛e貸)” product, and strengthened its capabilities of customer behaviour analysis, big data risk control and precise services to enhance its core competitiveness; set up four digital operation platforms, namely, data management, operation management, integrated payment and mobile business development for customer managers, and constructed a customer-centric full-chain operation system; and pushed forward the construction of a digital risk control system, optimised and upgraded its approval and access and post-credit risk early warning models, and continued to improve the accuracy of predictions for its retail credit risk model. As of 31 December 2024, the balance of the Bank’s personal loan amounted to RMB114.632 billion, representing an increase of RMB6.083 billion, or 5.6%, as compared with the end of the previous year.

5.3.2.3 Personal Customers

The Bank adhered to a customer-centric, stratified, grouped and hierarchical business model, carried out refined and specialised management of customers, and achieved comprehensive and in-depth management of customers through the creation of a new “digital” + “non-financial” business model, so as to increase customer value contribution. First, the Bank made efforts in the “major article” of pension finance, relied on the construction of the “pension customer group system”, adhered to the business strategies of “regional differentiation, services localisation, rights and benefits diversification, and brand specialisation”, focused on the prosperity and co-construction of “pension + community”, extended the reach of county-wide services, linked up with special pension industries, and enhanced the capacity of aging-friendly services. Secondly, the Bank enhanced its agency financial service system, implemented the work requirement of “acquiring new customers and exploring potential customers”, strengthened joint customer acquisition, enhanced the retention of funds, and organised brand activities, so as to realise the enhancement of both customer scale and contribution. Thirdly, the Bank strengthened the role of parent-child financial linkage, and leveraging the “small hands” to pull the “big hands”, with core values as its operational goal, strengthened the joint marketing of family customers. As of 31 December 2024, the Bank had a total of 31.8652 million individual customers, including 14.1903 million first-class customers, with an annual net increase of 0.3241 million customers, and the number of the Bank’s wealth management customers was 0.3091 million, maintaining a stable growth trend.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5.3.2.4 Wealth Management

The Bank gradually improved its wealth product system and enriched its product types. The Bank has taken the initiative to broaden the cooperation channels, achieving in-depth cooperation with more than 20 commission agents, covering insurance, funds, precious metals, agency sales of wealth management products, etc., with over 200 products on the shelves for sale. The Bank also introduced sales agent to provide customers with cash-based, holding period and other products of agency sales of wealth management to meet the diversified asset allocation needs of residents. The Bank enhanced its financial technology service capability, reshaped its management system and continued to carry out iterative optimisation and upgrading to protect its business. With a view to enhancing the comprehensive financial service capability of its team, the Bank organised and participated in the “China Financial Planner Competition” and won awards in all categories, including institution, team and individual, to further improve its professional level.

5.3.2.5 Debit Cards

The Bank continued to enrich the types and functions of bank cards and upgrade the business functions of the cards to serve the whole life cycle management in a stratified, grouped and graded manner, continuously optimized the issuance of the “Life Accompanied by Shengjing (盛享人生)” card, “Orange Growth Time (橙長光陰)” card, “Salary (薪金)” card, military card, third-generation social security card, etc. to meet customers’ personalised needs, provide tailored exclusive benefits, and enhance convenience and satisfaction for customers. As of 31 December 2024, the Bank issued 21.0964 million debit cards in total, representing an increase of 0.6562 million compared to that at the end of the previous year.

5.3.2.6 Assets Management

For asset management business, the Bank actively practiced the road of financial development with Chinese characteristics, making steady progress and improving quality in all work. The Bank has always been committed to providing customers with professional, safe and efficient asset allocation services and helping investors to preserve and increase the value of their wealth. The Bank strengthened its R&D and innovation capabilities, collaborated in the creation of asset management products, enriched the product categories for distribution, and created a product spectrum with comprehensive categories and abundant maturity periods to meet the diversified and multi-level financial needs of investors. Besides, the Bank consolidated its core competence in active management, carried out opportunistic band operations for bonds, and flexibly adjusted its position holding strategy to enhance the efficiency of its asset allocation. Through the “multi-asset, multi-strategy” investment model, the Bank increased its product returns, diversified investment risks, focused on the real economy, and strengthened financial supply. The Bank closely followed the national key development strategies and invested in high-quality assets in green and low-carbon, science and technology innovation and other key regions to effectively play the role of finance in serving the real economy. In 2024, the scale of wealth management products amounted to RMB38.877 billion, with the cumulative number of customers served of over 500,000, achieving an income from intermediary wealth management business of RMB191 million.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5.3.3 Capital business

For capital business, the Bank was intently engaged in the transformation and development of the financial market business, and further improved its trading profitability by optimising its asset-liability structure and strengthening its market competitiveness against the backdrop of an increasingly complex market environment; provided customers with a wider range of financial products and services through the expansion of customer channels and the enrichment of business varieties; and strengthened its asset trading and optimised its liability structure to achieve cost reduction and efficiency enhancement. With diversified investments, the Bank implemented multi-portfolio trading strategies such as bonds and funds to further enhance its market control ability, effectively increase the level of asset returns, and maintain its trading activity and market influence; continued to optimise its liability structure through active management of interbank liabilities and achieved a reduction in interbank liability costs; and adhered to customer marketing and broadened business cooperation to enhance its market image. The Bank maintained favourable relationship with peer institutions and successfully held a national exchange conference entitled “Crossing Mountains and Oceans with Shengjing’s passion, Cooperating in Revitalisation in Liaoning and Shenyang (盛情跨越山海，共襄遼瀋振興)”, which deepened its market recognition and contributed to the implementation of the three-year action plan for comprehensive revitalisation and new breakthroughs in Liaoning. The Bank maintained its AA+ external rating and raised its outlook to positive; strengthened the application of its products and enhanced its service level to create a cornerstone for customer expansion. The Bank made full use of its financial market products, further improved its system of valet products, and designed a wealth of basic customer service products to help customers diversify and integrate their marketing.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5.3.4 Specialized institutions and subsidiaries

5.3.4.1 *Financial service center for Small Business*

By thoroughly implementing the strategic deployment of the national “Major Articles” on inclusive finance and centering on the strategic vision of “building a sound bank that benefits enterprises and the people”, the financial service center for small businesses of the Bank followed the fundamental purpose of finance in serving the real economy and took the initiative to continuously improve the comprehensive strength of inclusive financial services. Firstly, in order to implement the inclusive financial policy, the Bank has made efforts in the “Major Articles (五篇大文章)” of inclusive finance. Focusing on the issues related to financing difficulties and expensive financing of small and micro-enterprises, the Bank strategically planned the top-level design and layout of inclusive finance and issued the “Guiding Opinions on the Development of Inclusive Business of Shengjing Bank in 2024”, the “Implementation Plan on Making Efforts in “Five Major Articles” for Further Promoting Inclusive Finance” and the “Implementation Plan on Implementing the Coordination Mechanism for Supporting Financing of Small and Micro-enterprises”, etc., to comprehensively promote the sound development of inclusive finance from top to bottom. Secondly, in order to accurately match the credit needs of micro and small enterprises, the Bank created a three-dimensional product matrix in which the “Liao series (辽系列)” scenario-based product system and the “Sheng series (盛系列)” digital product system are mapped onto each other. The Bank launched 12 “Liao series” products and 5 “Sheng series” digital inclusive credit products, focusing on key areas and vulnerable sectors such as technology-based enterprises, agribusinesses and individual businesses. As of 31 December 2024, the balance of the “Liao series (辽系列)” inclusive business grew at a rate of 65.6%, while the balance of the “Sheng series (盛系列)” inclusive business grew at a rate of 189.2%. Thirdly, the Bank responded positively to the national rural revitalisation strategy and vigorously supported the development of rural industries. The Bank innovatively launched certain exclusive agricultural products and services such as “Farmland Loan (農田貸)”, “Facility Loan (設施貸)” and “Agricultural Guarantee Loan (農擔貸)” to provide credit support for the cultivation of new agricultural products and the upgrading of traditional agriculture. The Bank organised certain special financial service activities such as “Early Spring Event (早春行)” and “Golden Autumn Event (金秋行)”, reaching a total of 1,066 “Credit Villages (信用村)”, connecting with more than 3,000 key target customers, and built 117 licensed “Credit Model Villages (授信示範村)”. At the same time, the Bank designed special cluster programmes for businesses with strong scenarios, small amounts of dispersed funds and obvious cluster characteristics, with 12 new clusters during the year, such as the Dandong small berry planting industry cluster and the Yingkou rice processing speciality agriculture cluster, providing fast and efficient financial services for the upstream and downstream firms of the industrial chain as well as for the operation of farming households.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5.3.4.2 *Credit card center*

The Credit Card Center of the Bank, seizing the opportunity related to strategy of stimulating consumption and setting the strategic goal of “1 stability, 1 enhancement, and 2 increases”, focused on its profit centre, and constructed an all-chain customer management system to accelerate the construction of digital risk control capacity and continuously enhance its revenue-generating capacity, with the annual targets and tasks achieved with high quality. Firstly, the Bank improved its consumer finance product system, built a cooperative business and self-operated business structure for auto instalment, enriched the supply of multi-scenario consumer instalment products, pushed forward the iterative upgrading of cash instalment products, and improved the digitalisation level of products. The Bank deepened the investment of high-quality assets, strengthened the cooperation of platform attraction, promoted the “sinking” of the business to the outlets, and provided ladder pricing and preferential rates to satisfy customers’ needs for consumer finance with more refined services. Secondly, strengthening customer value management. On the customer acquisition side, the Bank improved the quality of customer acquisition, built a marketing system for distribution channels, accelerated the release of branch capacity, promoted the transformation of direct marketing channels, created a “one-specialist-multi-talented” team of integrated account managers, and made efforts to create a new situation of “integrated cross-marketing” through public-private linkage and sub-direct joint operation. On the business operation side, the Bank built high-quality online and offline consumption ecological scenes, increased the number of commercial tenants with special offers, built an “olive-shaped” customer group structure, optimised the special benefits of standard credit cards, upgraded the “being spree together (9要一起嗨)” brand activities, and launched a number of rounds of cultural and tourism activities, such as the Shenyang Marathon, to enrich inclusive financial services. Thirdly, building a solid risk control barrier. Before granting loans, the Bank improved the degree of accurate identification, iterated the risk strategy of all products, enhanced the self-research capability of models, developed accurate risk control measurement tools, built a strategy deployment platform, and improved the automatic approval and processing rate. During the period of granting loans, the Bank promoted differentiated risk control, deepened the risk stratification of stock customers and differentiated operation, developed a monitoring and warning platform, and launched automated transfer strategies and disposal strategies. After granting loans, the Bank strengthened refined preservation, promoted the integration of collection, mediation and litigation, and increased its independent collection efforts to ensure the effectiveness of compliant collection. As of 31 December 2024, there were in aggregate 2,624,000 credit cards issued by the Bank, representing an increase of 252,900 cards or 10.7% as compared with the end of the previous year.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5.3.4.3 Shengjing Bank Consumer Finance Co., Ltd.

Shengjing Bank Consumer Finance Co., Ltd. was the first consumer financial company in Northeast China initiated and established by ShengjingBank as its major contributor and was approved to start business in February 2016. During the Reporting Period, Shengjing Bank Consumer Finance Co., Ltd. adhered to high-quality development led by high-quality Party building, conducted in-depth study of the market situation, actively responded to the difficulties and challenges, paid close attention to the transformation of its business structure, focused on improving the core risk control capabilities, and consolidated the scientific and technological infrastructure, resulting in continued steady improvement of various operating indicators in 2024, with the main indicators maintaining double-digit growth and a number of indicators hitting a new high in history. At the same time, it insisted on compliance and continued to improve its compliance system with the “Three-year Compliance Action” as an effective means, and also continued to explore in the areas of “science and technology finance, green finance, inclusive finance, pension finance, and digital finance” to promote the construction of boutique financial companies to achieve new quality and efficiency, making greater contributions to the economic and social development.

5.3.4.4 Village banks

The Bank was the principal contributor to jointly establish six village banks, four of which are located in Shenyang, one in Shanghai and one in Ningbo. The Bank has established a village bank management model through coordination between the head office and branches under which the risk department at the head office level shall take the lead in coordination with the professional supports from functional departments, and which, at the branch level, Shenyang Branch shall support four village banks in the Shenyang area and Shanghai Branch shall support two village banks in Shanghai and Ningbo. As of 31 December 2024, the total assets of the six village banks amounted to RMB2,483 million, and total liabilities amounted to RMB1,880 million, of which the balance of various deposits was RMB1,808 million, with the level of operation and development of the village banks steadily improving and the ability of risk management and control continuously strengthening.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5.3.5 Distribution Channels

5.3.5.1 Offline Channels

Focusing on the high-quality and sustainable development of outlets, the Bank positioned “Three Services”, with the goal of supporting the development of the regional economy, deepened outlet “Five Transformations and Two Penetrations (五化兩沉)” transformation and upgrading, continued to optimize the layout of outlets, improved the service environment of outlets, and actively explored new models of financial services, enriching the functions of its outlets with “financial + non-financial” services, establishing branches characterised with science and technology, health care, parent-child, and culture and tourism, setting up 162 specialised zones under the “Shengqing Station (盛情驛站)”, and exploring the creation of the “Shengqing Community Worker Service Station (盛情社工服務站)”; strengthened the concept of cost control, with resources tilting to the business areas, and continuously reduced construction and leasing costs of outlets; launched the construction of digitalised banking halls 2.0, continuously optimised and enriched the functionalities of self-service devices, established a digital management platform, implemented unified device management, increased the allocation of portable devices, and enhanced the capability of door-to-door services. As of 31 December 2024, the Bank established 213 institutional outlets, including 1 head office, 3 branch-level specialised institutions, 18 branches, 190 traditional sub-branches, and 1 small sub-branch; and equipped with advanced self-service terminal equipment such as self-service deposit/withdrawal machines (ATM and CDM), intelligent teller machines (ITM), Business Conducting PAD, high-speed cash recycling machines (CRS), and intelligent queuing machines.

5.3.5.2 Electronic Banking

1. Corporate Online Banking

To accelerate the process of its online corporate business, 48 functions were launched for the corporate online banking business, including KEY-free reconciliation, corporation overdraft account and electronic certificates. Meanwhile, on the mobile terminal, the Bank focused on inclusive finance and introduced financing products such as Tax e Loan (稅易貸), Real estate e Loan (房易貸) and Entrepreneurship Guarantee Loan (創業擔保貸), thus meeting the needs of corporate customers and further strengthening the banking-enterprise cooperation relationship. As of 31 December 2024, there were 99,100 corporate online banking customers in total, representing an increase of 22.6% as compared with that at the end of the previous year. There were 6.0555 million transactions, with a cumulative transaction value of RMB4,976.19 billion, representing an increase of 28.1% and 48.1%, respectively, as compared with those at the end of the previous year.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2. *Personal Mobile Banking*

The Bank focuses on customer management and promotes the construction of mobile banking scenes, contents and functions. The Bank created the “Shengshi Surprise (盛世惊喜)” activity zone to provide scenario support for marketing activities such as quick payment and customer asset enhancement; created a mobile banking user grading system to greatly simplify the operation process, so that customers can register as a user with their mobile phone number only; opened up the display of deposit and wealth management products to realise that the products for sale can be seen in the entire network without any thresholds to empower online sales; made efforts to improve user experience and conducted extensive user experience surveys throughout the year. The Bank focused on improving user experience, conducted extensive user experience research, and completed 174 optimisation updates throughout the year, such as card replacement with the same number, agency sales of wealth management products, agency sales of precious metal, Shengjing Industry Loan (盛產貸), and optimisation of transfer limits, further expanding the scope of channel services. As of 31 December 2024, there were 4,550,700 mobile banking users in total, representing an increase of 10.2% as compared with that at the end of the previous year, with the number of monthly active users increased by 4.1% and the number of annual active users exceeding 2 million, reaching a stable level of one million for monthly active users.

5.3.6 Information Technology and R&D

For information technology, the Bank observed the overall situation while laying emphasis on the details, adhered to the philosophy of leading by technology and driving by innovation, focused on upgrading the organising power and creative power of science and technology, strengthened the operational foundation, concentrated on the key areas including autonomy and controllability, science and technology governance, and application empowerment, strengthened the prevention of risks and hidden dangers, tapped into the transformation of data value, and continued to promote the digital transformation of business, strongly supporting the high-quality development of the Bank. In 2024, the Bank continued to improve its information technology strategic planning and further refined the granularity of management aspects such as information technology project management and budget management; actively carried out infrastructure replacement and upgrading, and implemented the overall requirements for cost reduction and efficiency enhancement by means of utilising old equipment and downsizing dedicated communication lines; established the “Shengqing Community (盛情社區)” online service platform to enrich financial products; launched “Sheng Business Loan (盛商貸)”, Sheng Mortgage Loan (盛抵貸)” and “Sheng Sci-tech Loan (盛科貸)” to gradually enrich the canvas of inclusive products; continued to iterate the functions of e-banking systems such as the mobile banking 7.0 project and the applet of WeChat, leading to continuous shift of financial services and service scenarios from offline outlets to online channels; released its Enterprise WeChat account to enrich the marketing means and communication channels of account managers, helping acquire and activate customers; steadily promoted intensive business management, and completed centralised authorisation of the Bank’s outlets and online account opening and collection of corporate accounts; optimised credit card operation management, and realised the functions of automated bookkeeping of credit card application materials, face-to-face signing, and overdue repayment of special disposal accounts for instalment business; and perfected more than 10 digital risk models to optimise the accuracy of risk identification, enhancing the efficiency of automatic approval and the level of independent risk control.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5.4 RISK MANAGEMENT

The Bank continued to improve its comprehensive risk management system to enhance its risk measurement capability, adhered to the bottom-line mindset, and served the operation and development to ensure risk management and control. Firstly, adhering to robust and prudent risk appetite, the Bank improved the limit management mechanism, refined the credit policy, and strengthened the tracking and monitoring and appraisal constraints to ensure the effective transmission and implementation of the appetite. Secondly, the Bank strengthened the risk management of the whole process of credit granting, strictly controlled the risk access, optimised the credit granting approval mechanism, and continued to standardise the post-credit granting process, comprehensively enhancing the risk management of credit granting business. Thirdly, the Bank continued to enhance its risk management capabilities in operational risk, market risk, liquidity risk, etc., strictly followed the “three lines of defense” risk governance structure, improved risk control mechanisms and processes, and enhanced its risk resilience. Fourthly, the Bank strengthened the digital transformation of risk management, continued to promote the underlying data governance, strengthened the foundation of digital risk control, optimised and improved the risk management systems for credit granting, early warning and mitigation, and increased the support of digital transformation for risk control. Fifthly, the Bank cultivated a favourable culture for risk and internal control, conducted multi-level professional training, strengthened the transmission of risk management knowledge, skills and concepts in conjunction with warning education, management manuals and other forms, enhanced self-restraint, and improved the risk management initiative of all staff.

5.4.1 Credit Risk Management

The Bank has always practiced the market positioning of “Three Services”, made efforts in the “Five Major Articles (五篇大文章)”, paid adequate attention to the “Direction, Orientation, and Satisfaction”, adhered to the “regulatory mindset, preservation mindset, development awareness, and service awareness”, balanced the certainty and flexibility, took the initiative of the front line, guarded the bottom line of risk, enhanced the quality and efficiency of financial services for the real economy, and promoted the healthy development of asset business. Firstly, optimising approval mechanism. The Bank cancelled the approval model of “Credit Approval Committee” and implemented the approval model of “Corporate Approval Personnel” to improve its professional and decision-making ability of approval; revised and refined the Administrative Measures for the Examination and Approval of Credit Granting (《授信审查审批管理办法》), clarified job responsibilities and due diligence exemption clauses, detailed review and approval processes and requirements, and gave full play to the key role of the second line of defense against risks; and explored the establishment of a centrally managed approval mode for direct connection between sub-branches and the head office to improve the quality and efficiency of review and approval. Secondly, being deeply engaged in industry research. Complying with the national policy guidance and its business strategy deployment, the Bank focused on key areas and advantaged industries with detailed industry division of labour, created a team of industry experts, actively carried out industry research and analysis, refined industry credit strategy, clarified review and approval standards, and summarised and refined the risk prevention and control measures, forming top ten key industry research reports and review points to improve its professional capability of risk research and judgement in various industries. Thirdly, promoting stock take and reduction. With a comprehensive review of the stock of credit assets, the Bank accurately identified potential risk points, clearly reduced the list of withdrawn customers, formulated risk control measures on an account-by-account basis, and dynamically set up the reduction and withdrawal programme to promote the optimisation and adjustment of the credit structure, consolidate the quality of credit assets, and effectively guard against and control credit risks. Fourthly, implementing parallel operation. The Bank took the initiative to integrate credit approval into the first line of defense, continuously carried out parallel operations for complex businesses,



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

fully understood the actual operation of enterprises, production technology, and current situation and trend of industry development, discussed business plans, strengthened forward-looking guidance, adhered to the risk bottom line, and fully supported business development, facilitating the placement of credit assets. Fifthly, strengthening team building. The Bank established a multi-level structure of “system training + industry training + thematic training”, jointly organised training seminars with horizontal sectors, vertical branches, internal backbones and external experts to explain typical business cases and credit risk management requirements, enhanced its understanding of regulatory policies, grasped the key points of credit risk review, and effectively improved its ability to control overall risks in the credit approval sector.

5.4.2 Operational Risk Management

In 2024, within the comprehensive risk management framework, the Bank followed its operational risk governance architecture of the “three lines of defense”, established and implemented an effective operational risk control mechanism based on the scope of its business, risk characteristics, scale, complexity and risk profile, nurtured a strong internal control risk culture, strengthened operational risk monitoring and control, and enhanced its risk resilience. Firstly, the Bank rebuilt its operational risk management system, internalised the requirements of the new regulatory rules, established a systematic operational risk preference management mechanism covering several processes including preference setting, monitoring, response and re-checking, and adjusting, established a sound and standardised operational risk information disclosure mechanism, and clarified the process of reporting major operational risk events. Secondly, the Bank set up the concept of operational risk prevention and control, effectively stockpiled financial knowledge, internalised professional skills, conveyed compliance culture, and disseminated alert education through professional training, alert education, compliance manuals and other learning carriers, continuously enhanced self-restraint, and strengthened the concept of risk prevention and control. Thirdly, the Bank strengthened the investigation and supervision of operational risks, focused on the key direction of regulatory attention, high-risk business areas, and the key sectors with frequent issues, increased the supervision and inspection efforts around the institutional mechanism, internal control process, operational implementation, risk loss, etc., strictly investigated and rectified the “key persons” and “key events” in important positions and sensitive sectors, and troubleshoot risk issues in a timely manner, triggering the optimisation and improvement of processes to eliminate the root causes of hidden risks.

5.4.3 Market Risk Management

The Bank strictly followed the regulatory requirements related to market risk management, actively implemented the new capital regulations, and established a sound market risk management system commensurate with the nature, scale and complexity of its business. Firstly, the Bank completed a market risk management system covering all aspects of market risk, including identification, measurement, monitoring, control and reporting. Secondly, the Bank closely monitored fluctuations in the external financial market, adopted various methods such as sensitivity analysis, exposure analysis, profit and loss analysis, limit management and stress testing, and implemented risk control measures such as measurement, monitoring and reporting to control the market risk within a reasonable and bearable range. Thirdly, the Bank actively progressed the construction of the market risk management system to further enhance the timeliness and accuracy of measurement, early warning, monitoring and control of market risks.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5.4.4 Bank Account Book Interest Rate Risk Management

Adhering to a prudent and conservative interest rate risk preference, the Bank established a comprehensive bank account book interest rate risk mechanism based on its risk management and risk-bearing capabilities, including the structure of the bank account book interest rate risk mechanism and the division of responsibilities, risk management strategies and processes, risk identification, measurement, monitoring, and control systems, internal control and audit systems, as well as risk reporting and information disclosure mechanisms. In 2024, subject to the repeated impact of multiple unexpected factors such as weak momentum of global economic growth, geopolitical conflicts and international trade frictions, domestic effective demand was insufficient, enterprises were under greater pressure to operate, and there were more risks and hidden dangers in key areas. In this complex situation, the Central Bank insisted on seeking progress midst stability, promoting stability through progress, and tackling tough issues after laying a solid foundation, effectively implemented various macro policies, with flexible and moderate monetary policy and the comprehensive use of policy tools such as deposit reserve ratio reduction and interest ratio cut, resulting in reasonably abundant liquidity in the market, continuously deepened market-oriented reform of interest rate, and further enhanced efficiency of the policy transmission. In order to effectively reduce the negative impact of interest rate changes on the Bank's current profit and loss and economic value, the Bank paid close attention to changes in the external market interest rate environment, and strictly implemented the interest rate risk limit management mechanism of books of account of the Bank to continuously strengthen the monitoring and analysis of interest rate risk of such books; reasonably controlled the interest rate sensitivity gap through the adjustment of the structure of assets and liabilities, strengthened internal and external pricing management and reasonably utilised instruments such as interest rate pricing and internal funds transfer pricing FTP, guided the business units to adjust and optimise the repricing maturity structure of assets and liabilities business in accordance with the requirements of the head office in order to control the interest rate risk of banking books and to develop a mechanism for the proactive management of the interest rate risk, with the interest rate risk of the banking books controlled within its tolerable ranges.

5.4.5 Liquidity Risk Management

The Bank's liquidity risk appetite follows the principle of matching capital, return and risk, and is generally positioned as prudent and stable. Through the establishment of quota alert monitoring, stress testing and contingency management mechanism, the Bank has strengthened its day-to-day cash flow management to ensure that the Bank has sufficient cash or high-quality current assets to meet its payment needs under normal operations and stressful situations. Firstly, the Bank focused on expanding long-term, stable and diversified funding sources, strengthened the cornerstone effect of steady growth in general deposits to maintain the stability of interbank deposits, and used stable funding sources such as core liabilities to support asset investment. Secondly, the Bank clarified the "three-tier regular reserve + emergency reserve" mechanism for long-term liquidity management, and flexibly utilized derivative tools to complete the integrated management of domestic and foreign currencies, thereby enhancing the efficiency of capital utilization. Thirdly, the Bank optimized liquidity risk monitoring and early warning management, and proactively advanced system improvement, thereby enhancing the liquidity risk management capability. Fourthly, the Bank adjusted the structure of its active liabilities, and strengthened the intensity of its centralized management of active liabilities as well as its ability of control and regulation, so as to maintain the flexibility and stability of the pipeline of active liabilities, and to keep the costs appropriate. During the Reporting Period, the Bank's capability of risk resistance continued to improve and various liquidity indicators continued to meet regulatory requirements.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5.4.6 Information Technology Risk Management

The Bank continued to deepen its information technology risk management and the three lines of defence department earnestly implemented various risk prevention and control measures. Firstly, based on regulatory documents and information technology risk control requirements, the Bank established a routine information technology risk monitoring and control mechanism by identifying, measuring and monitoring risks in information security, information system development, information technology operations, business continuity management, and outsourcing management, established a total of 177 monitoring indicators, and conducted quarterly risk monitoring to form reports. Secondly, a special information technology risk inspection team was set up to carry out on-site inspections of information technology risks in Beijing, Tianjin and Jinzhou branches to conduct in-depth investigation of hidden security risks and timely address to prevent the occurrence of major risk events. Thirdly, the Bank regularly conducted information technology risk assessments. It reviewed risk warning of regulatory authorities and key aspects of information technology risk management to strengthen daily management of information technology risks. It supervised the implementation of information system security self-inspections, routine inspections, and periodic reviews to enhance the level of information technology risk monitoring. Fourthly, the “Shengjing Bank Information Technology Risk Management Measures (2024)” was revised to further strengthen the Bank’s cyber security and data security management and to enhance the quality and efficiency of information technology risk management. Fifthly, the Bank strengthened business continuity management. It developed a business continuity plan to regulate the implementation of business continuity practices across the Bank, enhance contingency management capabilities, and effectively prevent operational disruptions. Sixthly, the Bank conducted risk assessment before the launch and changes of important information system, and fully identified, analyzed and evaluated the risks associated with the launch and changes of such systems, including operational, legal and reputational risks that may be caused by defective system functionality, leakage of customer information, business interruptions, transaction slowdowns or other factors.

5.4.7 Reputational Risk Management

The Bank closely focused on the general requirement of “committing to innovative services and building a strong reputation” for reputation risk management, and stepped up brand publicity and actively launched positive publicity to create a favourable public opinion atmosphere. Firstly, the Bank created a series of “Sheng” brands such as “Sheng Pioneer (盛先鋒)” and “Sheng Love (盛情)” to demonstrate the practical measures to support the development of the city with heart and soul. Secondly, the Bank integrated into the provincial and municipal key theme columns to elaborate on the firm determination to help local economic development with practical actions. Thirdly, the Bank wrote “Five Major Articles (五篇大文章)” to publicize the specific practices of the Bank in implementing the spirit of the Central Financial Work Conference. Fourthly, the Bank provided title support for promotion and marketing of the 2024 Shenyang Marathon and the Peace Cup Football Tournament (和平杯足球賽), and integrated its own brand with the city’s brand, thereby contributing to the integrated development of high-quality culture, sports and tourism. Fifthly, the Bank enhanced the routine management of reputational risk, rigorously monitored public opinion, conducted thorough analysis and evaluation, and addressed issues appropriately, so as to foster a positive and harmonious financial environment for the development of the banking industry.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5.4.8 Compliance Risk Management

The Bank actively managed compliance risks, continuously strengthened the construction of the compliance management system, played a core role in compliance risk management, and promoted the Bank's lawful and compliant operations. Firstly, the Bank established a compliance management mechanism that covers "proper conduct on the positive side, prohibited acts on the negative side, and penalties for violations", and adhered to the compliance objective of "laying a solid foundation, promoting transformation, strengthening protection and creating value", so as to strengthen compliance awareness among all employees, cultivate a bottom-line thinking, and guide all employees to follow the Bank's code of conduct. The Bank created a compliance atmosphere with the principles of "learning, knowing and abiding by the rules" and built a compliance culture that prioritizes "respecting regulations, fearing systems, prioritizing compliance, and giving precedence to internal controls". Secondly, the Bank thoroughly implemented the three-year action plan for compliance, adhered to the leadership of the Party, clarified the concept of "compliance-based and risk-oriented", and promoted the work at a high level with detailed deployment. The Bank adhered to the overall principle of "party building leadership, responsibility implementation, problem orientation, integrity and innovation", and the Party committee took the lead in promoting compliance and putting compliance into practice, integrating compliance management into the "top leader (一把手)" project, continuously consolidating the foundation of compliance management, and gradually establishing a full-chain, all-round and full-coverage internal control compliance management system. Through measures such as optimizing mechanisms, strengthening management, promoting rectification and improvement, fostering culture and building systems, the foundation of compliance management has been further consolidated, and the concept of compliance management has become deeply rooted in people's minds. Thirdly, the Bank dynamically tracked changes in regulatory policies, clarified policy directions, took the initiative to follow the regulation, continued to improve the quality and efficiency of compliance management in accordance with regulatory requirements in various sectors such as corporate governance, transformation development, risk management, etc., and firmly established the concept of compliance to create value and compliance to safeguard development, and infused compliance management into the whole process and domain of development decision-making and business operation. Fourthly, the Bank intensified internal inspections and audit supervision, drew on advanced experiences from peers in the industry, and continued to standardize operations and refine management in the three stages of credit business: entry, approval, and post-loan, ensuring the effectiveness of regulatory policy implementation and effectively preventing compliance risks.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5.4.9 Money Laundering Risk Management

The Bank has implemented the “risk-based” work philosophy, continuously deepened money laundering risk management and enhanced the effectiveness of money laundering risk management. Firstly, through the optimization of the centralized anti-money laundering mode of operation, the Bank adjusted the management mechanism and resource structure by “intensification”, and continuously enhanced the Bank’s ability to identify, monitor and control money laundering risks. Secondly, the Bank launched the optimization of the suspicious transaction monitoring model to improve the system’s monitoring, alert and analysis capabilities, and to practically strengthen the system’s risk prevention and control capabilities. Thirdly, through the launch of anti-money laundering on-site inspections, special investigations and off-site supervisory inspections, the Bank further strengthened its risk weaknesses and continued to consolidate the effectiveness of corrective actions. Fourthly, through the co-ordination and management of the head office and the “bi-weekly (雙周)” training of branches, the Bank practically implemented anti-money laundering talent reserve and professional echelon construction to enhance the effectiveness of the whole bank in performing its duties. Fifthly, while strengthening regular publicity, the Bank has also deepened joint publicity with regulatory, public security, community and other units, so that the anti-money laundering publicity work has achieved practical results.

5.4.10 Country-specific Risk Management

The Bank has incorporated country-specific risk management into its comprehensive risk management system, established a country-specific risk management system appropriate to the nature, scale and complexity of its cross-border business and internalized it in the design of the relevant systems to effectively identify, measure, monitor and control the country-specific risks. Firstly, the Bank made reasonable use of internal and external resources to conduct internal comprehensive ratings of relevant countries and regions, and dynamically maintained the results of the ratings based on the country-specific risk profile, which provides a basis for internal management and regulatory data reporting. Secondly, the Bank implemented country-specific risk limit management, completed the annual setting of country-specific risk limits based on the internal ratings of countries or regions and effectively monitored compliance with the limits. Thirdly, the Bank strengthened the management of cross-border business by strictly complying with the laws and regulations on anti-money laundering and counter-terrorism financing, ensuring that the same principles are applied to international and domestic credit, and strengthening the due diligence of foreign debtors and post-credit management.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5.5 FUTURE OUTLOOK AND DEVELOPMENT STRATEGY

In 2024, in the face of the complicated and severe situation of increasing external pressure and internal difficulties, the Party Central Committee has united and led the entire Party and the people of the country to respond calmly and adopt comprehensive measures, resulting in stable and orderly economic operation, with high-quality development being pushed forward in a solid manner. The Central Economic Working Conference clearly proposed that the supporting conditions and basic trend for the long-term improvement of China's economy have not changed. It is necessary to insist on "pursuing progress while ensuring stability, promoting stability through progress, observing the right path and being innovative, tackling tough issues after laying a solid foundation, integrating systems, and coordinating efforts", so as to complete the objectives and tasks of the 14th Five-Year Plan in high quality, and lay a solid foundation for a good start of the 15th Five-Year Plan.

In the face of changes in macro environment and increasingly fierce market competition, Shengjing Bank will adhere to its positioning of being a city commercial bank, uphold its strategic vision of "building a sound bank that benefits enterprises and the people", revolve around the strategic theme of "strengthening the leadership of Party building and realizing high-quality development", strengthen the leadership of the Party, and promote the realization of the strategic goal of "One Stabilization, One Enhancement and Two Increases" (i.e. stable growth, improved quality, increased efficiency, and enhanced effectiveness), so as to enhance the Bank's overall development capability and market competitiveness, and to consolidate the foundation of high-quality development.

The Bank will deepen the implementation of the regional development strategy of "strengthening Shenyang, expanding Liaoning, specializing in extra-territoriality, and enhancing county areas", make scientific layout and planning for the operation work, resolutely push forward the asset-liability transformation, deepen the strategy of stratified and refined customer marketing, advance the strategy of specialised products and services, and provide credit support in key areas and weak links such as the "Five Major Articles (五篇大文章)", so as to realise its high quality development in serving national strategies and local development.

The Bank will accelerate its digital transformation to create a new form of smart bank, utilise financial technology to enhance service efficiency and customer experience, and innovate financial products and service models to meet the diversified needs of different customer groups. The Bank will strengthen the transformation of its outlets, promote the transformation of such outlets from traditional transaction type to integrated service type, strengthen the role of outlets in community financial services, and enhance the capacity of community financial services.

The Bank will adhere to sound and prudent risk appetite and risk management strategies to build up a strong risk defence line, improve comprehensive risk management system, promote the construction of an internal control compliance system, strengthen risk management and control in major areas and key links, and continuously enhance risk management capabilities. At the same time, the Bank will take strategic leadership and value creation as its guiding principles to enhance the efficiency of resource protection, consolidate its strengths and enhance its development resilience.

The Bank firmly believes that with the steady advancement and implementation of various strategic initiatives, the Bank will deliver higher-quality financial services to society, actively fulfil its social responsibility, support the development of the real economy, and move forward steadily in the complex and ever-changing financial market.



SIGNIFICANT EVENTS

RELATED PARTY TRANSACTIONS

No material related party transaction that has adverse impact on the Bank's business results and financial position occurred during the Reporting Period.

MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period, the Bank was not involved in any litigation or arbitration that would materially affect its business operations.

PUNISHMENT ON THE BANK AND ITS DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Reporting Period, none of the Bank, the Directors, the Supervisors or the senior management of the Bank was subject to any investigation, administrative penalty or public criticism by the China Securities Regulatory Commission (the "CSRC") or the Liaoning Financial Bureau, or any public censure by any securities exchange, or any punishment by any other regulatory authorities which would have a material impact on the Bank's operations.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS OF ASSETS AND BUSINESS MERGERS

There were no significant investments, acquisitions and disposals of assets and no business mergers during the Reporting Period.



CHANGE IN SHARE CAPITAL AND SHAREHOLDERS

As at 31 December 2024, the Bank had a total of 8,796,680,200 Shares, comprising 6,455,937,700 Domestic Shares and 2,340,742,500 H Shares. During the Reporting Period, there were no changes in the such shares.

	31 December 2023		Changes during the Reporting Period			31 December 2024	
	Number	Percentage (%)	Issue of new shares	Others	Sub-total	Number	Percentage (%)
1. Shareholding of Domestic Shares legal persons	6,334,384,089	72.01	Nil	(18,648,573)	(18,648,573)	6,315,735,516	71.80
Of which:							
1.1 Shareholding of state-owned legal persons	3,300,756,425	37.52	Nil	300,000,000	300,000,000	3,600,756,425	40.93
1.2 Shareholding of private legal persons	3,033,627,664	34.49	Nil	(318,648,573)	(318,648,573)	2,714,979,091	30.86
2. Shareholding of domestic natural persons	121,553,611	1.38	Nil	18,648,573	18,648,573	140,202,184	1.59
3. H Shares	2,340,742,500	26.61	Nil	Nil	Nil	2,340,742,500	26.61
Total	8,796,680,200	100.00	Nil	Nil	Nil	8,796,680,200	100.00

Notes:

- Percentage figures in the table have been adjusted by rounding. Therefore, the total figures shown in the table are not necessarily the arithmetical sum of their previous figures.
- As of the end of the Reporting Period, the total number of domestic shareholders of the Bank was 3,461, and the total number of H Share shareholders was 124. Among domestic shareholders, there are 42 state-owned legal person shareholders, 109 private legal person shareholders, and 3,310 natural person shareholders.



CHANGE IN SHARE CAPITAL AND SHAREHOLDERS (CONTINUED)

7.1 TOP TEN SHAREHOLDERS OF THE DOMESTIC SHARES OF THE BANK

As of 31 December 2024, the top ten Shareholders of the Domestic Shares of the Bank are as follows:

No.	Name of Shareholder	Nature of Shareholder	Total number of Shares held	Percentage of the total share capital of the Bank (%)	Number of Shares pledged
1	Shenyang Shengjing Finance Investment Group Co., Ltd. (瀋陽盛京金融投資集團有限公司("Shengjing Finance Holdings"))	State-owned	1,829,225,327	20.79	0
2	Shenyang Hengxin State-owned Assets Management Group Co., Ltd. (瀋陽恒信國有資產經營集團有限公司)("Shenyang Hengxin")	State-owned	479,836,334	5.45	0
3	Liaoning Huibao International Investment Group Co., Ltd. (遼寧匯寶國際投資集團有限公司)	Private	400,000,000	4.55	400,000,000
4	Founder Securities Co., Ltd. (方正證券股份有限公司)	Private	300,000,000	3.41	0
5	Quzhou Xin'an Development Co., Ltd. (衢州信安發展股份有限公司) ⁽¹⁾	State-owned	300,000,000	3.41	80,000,000
6	Shenyang Heping District State-Owned Assets Management Co., Ltd. (瀋陽市和平區國有資產經營有限公司)	State-owned	250,000,000	2.84	0
7	Shenyang Hi-Tech Development Investment Holding Group Co., Ltd. (瀋陽高新發展投資控股集團有限公司)	State-owned	250,000,000	2.84	0
8	Shanxi Yuwang Coal Gasification Co., Ltd. (山西禹王煤炭氣化有限公司)	Private	200,000,000	2.27	0
9	Lianmei Group Co., Ltd. (聯美集團有限公司)	Private	200,000,000	2.27	0
10	Shanghai Changxin Group Co., Ltd. (上海昌鑫(集團)有限公司)	Private	200,000,000	2.27	0
Total			4,409,061,661	50.12	480,000,000

Note:

- (1) Xinhua Zhongbao Co., Ltd. (新湖中寶股份有限公司) changed its company name to "Quzhou Xin'an Development Co., Ltd. (衢州信安發展股份有限公司)". The de facto controller of the company is Quzhou Industrial Holding Group Co., Ltd. (衢州工業控股集團有限公司), Quzhou Industrial Holding Group Co., Ltd. is a wholly-owned company of Quzhou SASAC, and the nature of shareholders of Xinhua Zhongbao Co., Ltd. changed from private to state-owned.
- (2) Percentage figures in the table have been subject to rounding adjustments. Therefore, the total figures shown in the table are not necessarily the arithmetical sum of their previous figures.



CHANGE IN SHARE CAPITAL AND SHAREHOLDERS (CONTINUED)

7.2 INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

1. Interests of Substantial Domestic Shareholders

As of 31 December 2024, to the knowledge of the Directors after making reasonable enquiries, the interests of substantial shareholders (as defined under the SFO), other than the Directors, Supervisors or chief executive, in the Domestic Shares and underlying Shares of the Bank under Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of Shareholder	Nature of interests	Number of Domestic Shares held	Percentage of the total number of Domestic Shares	Percentage of the total share capital of the Bank
			(%)	(%)
Shengjing Finance Holdings ⁽¹⁾	Beneficial owner	1,829,225,327 (Long position)	28.33	20.79
Shenyang Hengxin ⁽²⁾	Beneficial owner	479,836,334 (Long position)	7.43	5.45
Shenyang Industrial Investment Development Group Co., Ltd. (瀋陽產業投資發展集團有限公司) ⁽²⁾	Interest of a controlled corporation	479,836,334 (Long position)	7.43	5.45

Notes:

- (1) According to the Register of Shareholders of the Bank as of 31 December 2024, Shengjing Finance Holdings held 1,829,225,327 Domestic Shares. Shengjing Finance Holdings was 64.85% owned by SASAC of Shenyang Municipal People's Government. By virtue of the SFO, SASAC of Shenyang Municipal People's Government is deemed to be interested in the Shares held by Shengjing Finance Holdings.
- (2) According to the Register of Shareholders of the Bank as of 31 December 2024, Shenyang Hengxin held 479,836,334 Domestic Shares. Shenyang Hengxin was wholly-owned by Shenyang Industrial Investment Development Group Co., Ltd., which was 98.16% owned by SASAC of Shenyang Municipal People's Government. By virtue of the SFO, Shenyang Industrial Investment Development Group Co., Ltd. and SASAC of Shenyang Municipal People's Government are deemed to be interested in the Shares held by Shenyang Hengxin.



CHANGE IN SHARE CAPITAL AND SHAREHOLDERS (CONTINUED)

2. Interests of Substantial H Shareholders

As of 31 December 2024, to the knowledge of the Directors after making reasonable enquiries, the interests of substantial shareholders (as defined under the SFO), other than the Directors, Supervisors or chief executive, in the H Shares and underlying Shares of the Bank under Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of Shareholder	Nature of interests	Number of H Shares held	Percentage of the total number of H Shares (%)	Percentage of the total share capital of the Bank (%)
Zhengbo Holdings Limited ⁽¹⁾	Beneficial owner	400,000,000 (Long position)	17.09	4.55
Suen Cho Hung, Paul ⁽¹⁾	Interest of a controlled corporation/Beneficial owner	420,898,500 (Long position)	17.98	4.78
Future Capital Group Limited ⁽²⁾	Beneficial owner	400,000,000 (Long position)	17.09	4.55
PEAK TRUST COMPANY-NV ⁽²⁾	Trustee	406,761,000 (Long position)	17.38	4.62
Cheung Chung Kiu ⁽³⁾	Interest of a controlled corporation/Beneficial owner	324,651,500 (Long position)	13.87	3.69
Nu Kenson Limited ⁽⁴⁾	Beneficial owner	190,000,000 (Long position)	8.12	2.16
Oshidori International Holdings Limited ⁽⁴⁾	Interest of a controlled corporation	293,034,000 (Long position)	12.52	3.33
Cheng Yu Tung Family (Holdings II) Limited ⁽⁵⁾	Interest of a controlled corporation	179,518,060 (Long position)	7.67	2.04
Cheng Yu Tung Family (Holdings) Limited ⁽⁵⁾	Interest of a controlled corporation	179,518,060 (Long position)	7.67	2.04
Chow Tai Fook (Holding) Limited ⁽⁵⁾	Interest of a controlled corporation	179,518,060 (Long position)	7.67	2.04
Chow Tai Fook Capital Limited ⁽⁵⁾	Interest of a controlled corporation	179,518,060 (Long position)	7.67	2.04
Chow Tai Fook Nominee Limited ⁽⁵⁾	Interest of a controlled corporation/Beneficial owner	179,518,060 (Long position)	7.67	2.04
Murtsa Capital Limited ⁽⁶⁾	Beneficial owner	172,512,893 (Long position)	7.37	1.96
Seekers Partners Limited ⁽⁶⁾	Interest of a controlled corporation	172,512,893 (Long position)	7.37	1.96



CHANGE IN SHARE CAPITAL AND SHAREHOLDERS (CONTINUED)

Notes:

- (1) Suen Cho Hung, Paul directly held 20,898,500 H Shares of the Bank. Zhengbo Holdings Limited held 400,000,000 H Shares of the Bank. Zhengbo Holdings Limited was wholly owned by Suen Cho Hung, Paul. By virtue of the SFO, Suen Cho Hung, Paul is deemed to be interested in the Shares held by Zhengbo Holdings Limited.

- (2) Cordoba Homes Limited held 6,761,000 H Shares of the Bank through its wholly-owned subsidiary, Cordoba Homes Treasury Limited (registered in the British Virgin Islands); Terra Firma Cordoba Limited held 61.98% of the equity of Cordoba Homes Limited; Terra Firma Cordoba Limited was wholly owned by Terra Firma Holdings Limited; Terra Firma Holdings Limited was wholly owned by PEAK TRUST COMPANY-NV. By virtue of the SFO, Cordoba Homes Limited, Terra Firma Cordoba Limited, Terra Firma Holdings Limited and PEAK TRUST COMPANY-NV are deemed to be interested in the Shares held by Cordoba Homes Treasury Limited (registered in the British Virgin Islands).

Future Capital Group Limited held 400,000,000 H shares of the Bank. Future Capital Group Limited was wholly owned by Core Heaven Group Limited; Core Heaven Group Limited was wholly owned by Cordoba Homes Treasury Limited (registered in the Republic of Liberia); Cordoba Homes Treasury Limited (registered in the Republic of Liberia) was wholly owned by Cordoba Homes Limited. By virtue of the SFO, Core Heaven Group Limited, Cordoba Homes Treasury Limited (registered in the Republic of Liberia), Cordoba Homes Limited, Terra Firma Cordoba Limited, Terra Firma Holdings Limited and PEAK TRUST COMPANY-NV are all deemed to be interested in the Shares held by Future Capital Group Limited.

- (3) Cheung Chung Kiu directly held 299,651,500 H Shares of the Bank. Worthwell Investments Limited held 25,000,000 H Shares of the Bank. Worthwell Investments Limited was wholly owned by Mighty Gain Enterprise Limited; Might Gain Enterprises Limited was wholly owned by CC Land Holdings Limited; CC Land Holdings Limited was held as to 52.99% by Fame Seeker Holdings Limited; Fame Seeker Holdings Limited was wholly owned by Windsor Dynasty Limited; Windsor Dynasty Limited was wholly owned by Chueng Chung Kiu. By virtue of the SFO, Mighty Gain Enterprises Limited, CC Land Holdings Limited, Fame Seeker Holdings Limited, Windsor Dynasty Limited and Cheung Chung Kiu are deemed to be interested in the Shares held by Worthwell Investments Limited.

- (4) Smart Jump Corporation (registered in British Virgin Islands) held 3,034,000 H Shares of the Bank. Smart Jump Corporation (registered in British Virgin Islands) was wholly owned by Smart Jump Corporation (registered in Cayman Islands); Smart Jump Corporation (registered in Cayman Islands) was wholly owned by Smart Jump Corporation (registered in Marshall Islands); Smart Jump Corporation (registered in Marshall Islands) was wholly owned by Win Wind Capital Limited; Win Wind Capital Limited was wholly owned by Oshidori International Holdings Limited. By virtue of the SFO, Smart Jump Corporation (registered in Cayman Islands), Smart Jump Corporation (registered in Marshall Islands), Win Wind Capital Limited and Oshidori International Holdings Limited are deemed to be interested in the Shares held by Smart Jump Corporation (registered in British Virgin Islands).

Nu Kenson Limited held 190,000,000 H Shares of the Bank. Nu Kenson Limited was wholly owned by Win Wind Intermediary Financial Services Limited; Win Winds Intermediary Financial Services Limited was wholly owned by Win Wind Capital Limited; Win Wind Capital Limited was wholly owned by Oshidori International Holdings Limited. By virtue of the SFO, Win Wind Intermediary Financial Services Limited, Win Wind Capital Limited and Oshidori International Holdings Limited are deemed to be interested in the Shares held by Nu Kenson Limited.

Kenson Investment Limited held 100,000,000 H Shares of the Bank. Kenson Investment Limited is wholly owned by Uptown WW Holdings Limited; Uptown WW Holdings Limited is wholly owned by Uptown WW Capital Group Limited (registered in British Virgin Islands); Uptown WW Capital Group Limited (registered in British Virgin Islands) is wholly owned by Uptown WW Capital Group Limited (Registered in Cayman Islands); Uptown WW Capital Group Limited (Registered in Cayman Islands) is wholly owned by Enerchina Investments Limited; Enerchina Investments Limited is wholly owned by Oshidori International Holdings Limited. By virtue of the SFO, Uptown WW Holdings Limited, Uptown WW Capital Group Limited (registered in British Virgin Islands), Uptown WW Capital Group Limited (registered in Cayman Islands), Enerchina Investments Limited and Oshidori International Holdings Limited are deemed to be interested in the shares held by Kenson Investment Limited.



CHANGE IN SHARE CAPITAL AND SHAREHOLDERS (CONTINUED)

- (5) Acemax Enterprises Limited held 50,776,620 H Shares of the Bank. Acemax Enterprises Limited was wholly owned by Chow Tai Fook Nominee Limited. By virtue of SFO, Chow Tai Fook Nominee Limited was deemed to be interested in the Shares held by Acemax Enterprises Limited.

Oceanic Fortress Limited holds 76,164,940 H Shares of the Bank. Oceanic Fortress Limited was wholly owned by Chow Tai Fook Nominee Limited. By virtue of the SFO, Chow Tai Fook Nominee Limited is deemed to be interested in the Shares held by Oceanic Fortress Limited.

Chow Tai Fook Nominee Limited directly held 52,576,500 H Shares of the Bank. Chow Tai Fook Nominee Limited was held as to 99.90% by Chow Tai Fook (Holding) Limited; Chow Tai Fook (Holding) Limited was held as to 81.03% by Chow Tai Fook Capital Limited; Chow Tai Fook Capital Limited was held as to 48.98% and 46.65% by Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited, respectively. By virtue of the SFO, Chow Tai Fook (Holding) Limited, Chow Tai Fook Capital Limited, Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited are deemed to be interested in the Shares held by Chow Tai Fook Nominee Limited.

- (6) Murtsa Capital Limited held 172,512,893 H Shares of the Bank. Murtsa Capital Limited was wholly owned by Seekers Capital (HK) Limited; Seekers Capital (HK) Limited was wholly owned by Seekers Holdings Limited; Seekers Holdings Limited was wholly owned by Seekers Partners Limited. By virtue of the SFO, Seekers Capital (HK) Limited, Seekers Holdings Limited and Seekers Partners Limited are deemed to be interested in the Shares held by Murtsa Capital Limited.

Save as disclosed above, the Bank is not aware of any other person (other than the Directors, Supervisors and the chief executive (as defined under the Listing Rules) of the Bank) having any interests or short positions in the shares or underlying shares of the Bank as of 31 December 2024 as recorded in the register required to be kept by the Bank pursuant to Section 336 of the SFO.

7.3 SHAREHOLDERS HOLDING 5% OR MORE OF THE TOTAL SHARE CAPITAL

As at 31 December 2024, Shengjing Finance Holdings and Shenyang Hengxin held 1,829,225,327 Domestic Shares and 479,836,334 Domestic Shares of the Bank, respectively, representing 20.79% and 5.45% of the Bank's total share capital, respectively.



CHANGE IN SHARE CAPITAL AND SHAREHOLDERS (CONTINUED)

7.4 INFORMATION ON SUBSTANTIAL SHAREHOLDERS OF DOMESTIC SHARES AND DE FACTO CONTROLLERS

Below is the information on the Bank's substantial shareholders and their controlling shareholders, de facto controllers, persons acting in concert and ultimate beneficiaries as of 31 December 2024. For the definition of relevant concepts, please see the Interim Measures for the Shareholding Management of Commercial Banks (《商業銀行股權管理暫行辦法》) issued by the China Banking Regulatory Commission.

No.	Name of shareholder	Number of Shares held (share)	Shareholding percentage	Reasons of being a substantial shareholder	Number of shares pledged (share)	Controlling shareholder	De facto controller	Parties acting in concert	Ultimate beneficial owner
1	Shengjing Finance Holdings	1,829,225,327	20.79%	Holding 5% or more of the Bank's shares, being appointed director	0	Shenyang SASAC	Shenyang SASAC	Nil	Shengjing Finance Holdings
2	Shenyang Hengxin	479,836,334	5.45%	Holding 5% or more of the Bank's shares, being appointed director	0	Shenyang Industrial Investment Development Group Co., Ltd. (瀋陽產業投資發展集團有限公司)	Shenyang SASAC	Nil	Shenyang Hengxin

7.5 ISSUANCE OF DEBT SECURITIES

Details of the debt securities issued by the Bank during the Reporting Period are set out in the "Debt Securities Issued" section of 5.2.2.2 of this Report and note 30 to the section "NOTES TO THE FINANCIAL STATEMENTS".



DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

8.1 BASIC INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As of the Latest Practicable Date, the basic information of the Directors, Supervisors and senior management of the Bank is set out as follows:

Name	Age	Position
Mr. SUN Jin (孫進)	52	Executive Director, Chairman
Ms. LIU Xu (柳旭)	56	Executive Director, President
Mr. WANG Yigong (王亦工)	58	Executive Director, Vice President
Mr. ZHANG Xuewen (張學文)	57	Executive Director, Vice President
Mr. HE Yixuan (何一軒)	41	Executive Director, Vice President
Mr. SUN Zhenyu (孫振宇)	49	Non-executive Director
Mr. HE Peng (何鵬)	43	Non-executive Director
Ms. YANG Xiu (楊秀)	54	Non-executive Director
Ms. WANG Hongmei (王紅枚)	43	Non-executive Director
Mr. WANG Jun (王軍)	59	Non-executive Director
Mr. WANG Mo (王沫)	60	Independent Non-executive Director
Ms. LV Dan (呂丹)	46	Independent Non-executive Director
Mr. CHAN Pak Lam, Tom (陳柏楠)	62	Independent Non-executive Director
Ms. WANG Lan (王嵐)	55	Independent Non-executive Director
Mr. HUANG Weiqiang (黃瑋強)	42	Independent Non-executive Director
Mr. LIU Yan (劉岩)	54	Shareholder Representative Supervisor, chairman of the Board of Supervisors
Mr. YUEN Wing Shing (袁永誠)	78	Shareholder Representative Supervisor
Mr. LI Jinsong (李勁松)	54	Shareholder Representative Supervisor
Mr. XING Tiancai (邢天才)	63	External Supervisor
Ms. MI Juan (米娟)	61	External Supervisor
Mr. LI Yanxi (李延喜)	55	External Supervisor
Mr. YU Xiaolong (于小龍)	47	Employee Representative Supervisor
Mr. NIU Jiao (牛角)	48	Employee Representative Supervisor
Mr. CHEN Shijun (陳世俊)	50	Employee Representative Supervisor
Mr. SUN Yingpin (孫英品) ^{Note 1}	50	Assistant to President
Mr. BAO Hong (包宏)	53	Chief Financial Officer
Mr. ZHOU Zhi (周峙)	56	Secretary to the Board

Note 1 The eligibility of Mr. SUN Yingpin as Assistant to President is subject to formal approval by the Liaoning Financial Bureau.



DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

8.2 CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Changes in Directors and Senior Management

Ms. XU Li resigned as proposed Chief Audit Officer of the Bank in January 2024.

References are made to the announcement of the Bank dated 5 January 2024, the circular dated 9 January 2024 and the poll results announcement at the 2024 First Extraordinary General Meeting dated 22 February 2024. Upon shareholder approval at the 2024 First Extraordinary General Meeting held on 22 February 2024, Mr. SUN Jin, Ms. LIU Xu, Mr. WANG Yigong, Mr. ZHANG Xuewen and Mr. HE Yixuan were elected as Executive Directors of the eighth session of the Board of the Bank; Mr. SUN Zhenyu, Mr. HE Peng, Ms. YANG Xiu, Ms. WANG Hongmei and Mr. WANG Jun were elected as Non-executive Directors of the eighth session of the Board; Mr. WANG Mo, Ms. LV Dan, Mr. Chan Pak Lam, Tom, Ms. WANG Lan and Mr. HUANG Weiqiang were elected as Independent Non-executive Directors of the eighth session of the Board. The terms of office of Mr. SUN Jin, Ms. LIU Xu, Mr. WANG Jun, Mr. WANG Mo and Ms. LV Dan shall take effect from 22 February 2024 until the expiration of the term of the eighth session of the Board. Before the ratification of the Mr. WANG Yigong, Mr. ZHANG Xuewen, Mr. HE Yixuan, Mr. SUN Zhenyu, Mr. HE Peng, Ms. YANG Xiu, Ms. WANG Hongmei, Mr. CHAN Pak Lam, Tom, Ms. WANG Lan and Mr. HUANG Weiqiang eligibilities by the Liaoning Financial Bureau, Mr. SHI Yang, the executive Director of the seventh session of the Board, Mr. SU Qingxiang, Mr. LIANG Zhifang and Mr. JIANG Aiguo, the non-executive Directors of the seventh session of the Board, Mr. TAI Kwok Leung, Alexander and Mr. LI Jinyi, the independent non-executive Directors of the seventh session of the Board, will continue to perform their duties as Directors and members of the committees under the Board of the Bank. Upon expiration of his term of office, Mr. XING Tiancai retired from his position and will no longer serve as a Director of the Bank, with effect from 22 February 2024. Reference is made to the announcement of the Bank dated 28 August 2024 that the eligibilities of Mr. WANG Yigong, Mr. ZHANG Xuewen, Mr. HE Yixuan, Mr. SUN Zhenyu, Mr. HE Peng, Ms. YANG Xiu, Ms. WANG Hongmei, Ms. WANG Lan and Mr. HUANG Weiqiang have been approved by Liaoning Financial Bureau for the terms of office with effect from 27 August 2024 until the expiration of the term of the eighth session of the Board. Therefore, from 27 August 2024, among the seventh session of the Board, executive Director Mr. SHI Yang, non-executive Directors Mr. SU Qingxiang, Mr. LIANG Zhifang and Mr. JIANG Aiguo, and independent non-executive Director Mr. LI Jinyi ceased to perform duties as a Director and a member of the relevant Board committee. Reference is made to the announcement of the Bank dated 15 October 2024 that the eligibility of Mr. Chan Pak Lam, Tom is approved by the Liaoning Financial Bureau, with a term of office effective from 14 October 2024 until the expiration of the term of the eighth session of the Board. Therefore, from 14 October 2024, Mr. TAI Kwok Leung, Alexander ceased to perform his duties as an independent non-executive Director and a member of the relevant committees under the Board of the Bank.



DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

At the first meeting of the eighth session of the Board on 22 February 2024, the Board unanimously agreed to change the name of the Strategic Development Committee to Strategic Development and ESG Committee and the name of the Risk Control and Consumers' Rights Protection Committee (風險控制及消費者權益保護委員會) to Risk Control and Consumers' Rights Protection Committee (風險控制與消費者權益保護委員會). At the same time, the composition of the eighth session of the Board committees of the Bank has been elected. The Strategic Development and ESG Committee consists of five Directors, including Mr. SUN Jin as the chairman, Mr. SUN Zhenyu as the vice chairman, Ms. LIU Xu, Ms. YANG Xiu, and Mr. HUANG Weiqiang as members. The Nomination and Remuneration Committee consists of five Directors, including Ms. LV Dan as the chairlady, Mr. SUN Jin as the vice chairman, Ms. WANG Hongmei, Mr. WANG Mo, and Mr. CHAN Pak Lam, Tom as members. The Risk Control and Consumers' Rights Protection Committee consists of five Directors, including Mr. WANG Mo as the chairman, Ms. LIU Xu as the vice chairlady, Mr. ZHANG Xuewen, Mr. HE Peng and Mr. HUANG Weiqiang as members. The Related Party Transactions Control Committee consists of five Directors, including Mr. HUANG Weiqiang as the chairman, Mr. WANG Yigong as the vice chairman, Mr. HE Yixuan, Ms. LV Dan and Ms. WANG Lan as members. The Audit Committee consists of five Directors, including Mr. CHAN Pak Lam, Tom as the chairman, Mr. HE Peng as the vice chairman, Mr. WANG Jun, Mr. WANG Mo and Ms. WANG Lan as members.

Pursuant to Rule 3.09D of the Listing Rules, Mr. WANG Yigong, Mr. ZHANG Xuewen, Mr. HE Yixuan, Mr. SUN Zhenyu, Mr. HE Peng, Ms. YANG Xiu, Ms. WANG Hongmei, Ms. WANG Lan, Mr. HUANG Weiqiang and Mr. Chan Pak Lam, Tom have obtained legal advice from the external advisers of the Company dated 22 November 2024 in respect of the requirements of the Listing Rules applicable to him/her as a Director of a listed issuer and the possible consequences of any false declaration or provision of false information to the Stock Exchange and has confirmed he/she he is aware of his/her responsibilities as a Director of a listed issuer.

Mr. WU Tienan resigned as the Bank's Chief Information Officer in February 2025.



DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

2. Changes in Supervisors

References are made to the announcement dated 5 January 2024, the circular dated 9 January 2024 and the poll results announcement of the 2024 First Extraordinary General Meeting dated 22 February 2024 of the Bank. Upon the consideration and approval at the 2024 First Extraordinary General Meeting held on 22 February 2024, Mr. LIU Yan, Mr. YUEN Wing Shing and Mr. LI Jinsong were elected as Shareholder Representative Supervisors of the eighth session of the Board of Supervisors of the Bank, and Mr. XING Tiancai, Ms. MI Juan, Mr. LI Yanxi were elected as External Supervisors of the eighth session of the Board of Supervisors of the Bank. The terms of office of the above supervisors took effect from 22 February 2024 until the expiration of the term of the eighth session of the Board of Supervisors. Therefore, Ms. YANG Xiu, Mr. BA Junyu, Mr. SUN Hang and Mr. CHENG Hua ceased to serve as Supervisors of the Bank since 22 February 2024. Upon the consideration and approval at the first meeting of the eighth session of the Board of Supervisors held on the same date, Mr. LIU Yan was elected as the chairman of the eighth session of the Board of Supervisors. His term of office shall commence from 22 February 2024 until the expiration of the term of the eighth session of the Board of Supervisors.

At the employee representative' general meeting held on 20 February 2024, the Bank has elected Mr. YU Xiaolong, Mr. NIU Jiao and Mr. CHEN Shijun as Employee Representative Supervisors of the eighth session of the Board of Supervisors with effect from 20 February 2024 until the expiration of the term of the eighth session of the Board of Supervisors.



DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

8.3 BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Biographies of Directors

Executive Directors

Mr. SUN Jin (孫進), aged 52, was elected as an Executive Director and the Chairman of the eighth session of the Board of the Bank in February 2024. He acts as the secretary of the Party Committee of the Bank and was nominated as a candidate for executive Director of the Bank from April 2023 to date, and was elected as the Chairman of the seventh session of the Board of the Bank on 8 November 2023. From October 2016 to April 2023, Mr. SUN served as the vice president and a member of the Party Committee of the Liaoning Branch of Bank of China. He served as the general manager of the Human Resources Department and the director of the Organization Department of the Party Committee of the Liaoning Branch of Bank of China from October 2012 to October 2016; the director of the General Office of Bank of China Liaoning Provincial Branch from October 2009 to October 2012. From August 2002 to October 2009, Mr. SUN held several positions successively in Bank of China, including the vice president of Zhuanghe Sub-branch and the vice president of Zhongshan Sub-branch in Dalian, Liaoning Province, the deputy general manager of the Business Department of the Provincial Branch, the president and secretary of the Party Committee of Dalian Ganjingzi Sub-branch. From July 1999 to August 2002, Mr. SUN worked for Zhongshan Square Sub-branch of Bank of China Dalian Branch, Liaoning Province, acting as a credit officer of the Retail Business Department, the deputy director of the Savings Division and the chief of Due Diligence Group of Risk Management Department. From August 1994 to July 1999, Mr. SUN worked in the Credit Card Division and the Credit Management Division of Bank of China Dalian Branch, Liaoning Province. Mr. SUN has 30 years of experience in banking operation and management.

Mr. SUN obtained his doctorate of finance from Northeast University of Finance and Economics in June 2013 and holds the title of senior economist.



DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

Ms. LIU Xu (柳旭), aged 56, was elected as an executive Director of the eighth session of the Board of the Bank in February 2024. Ms. LIU has served as a member of the CPC Committee of the Bank since June 2022, and served as the President of the Bank in April 2023. She served as the deputy secretary of the party committee of the Bank since September 2023. Ms. LIU served as a member of the CPC Committee and Vice President of the Northeast Institute of China Construction Bank Research and Training Center (formerly Northeast College of China Construction Bank University) from September 2021 to May 2022. From September 2016 to September 2021, Ms. LIU served as a member of the Party Committee and Vice President of the Liaoning Branch of China Construction Bank. During the period from December 2014 to September 2016, Ms. LIU was assistant to the president and a member of the Party Committee of Liaoning Branch of China Construction Bank. During the period from December 2011 to December 2014, Ms. LIU served as the deputy general manager (in charge of work) of the Corporate Business Department, the general manager and the director of the Corporate Pension Center, and a member of the disciplinary committee of Liaoning Branch of China Construction Bank. During the period from December 2003 to December 2011, Ms. LIU was the deputy head of Nanhu Science and Technology Development Zone Sub-branch of Liaoning Branch of China Construction Bank, the deputy general manager of asset assurance, the deputy general manager of the Corporate Business Department, the deputy head of Nanhu Science and Technology Development Zone Sub-branch (in charge of work), and secretary of general party branch. During the period from July 1990 to December 2003, Ms. LIU served as assistant general manager and deputy general manager of the International Business Department of Liaoning Branch of China Construction Bank.

Ms. LIU obtained a bachelor's degree in economics from Liaoning University in July 1990. Ms. LIU has the senior economist title.

Mr. WANG Yigong (王亦工), aged 58, was elected as an executive Director of the eighth session of the Board of the Bank in February 2024. Mr. WANG has been the vice president of the Bank since December 2012, has served as a member of the Party Committee of the Bank from August 2012 to June 2022 and from September 2023 to present, and has served as an executive Director of the Bank from August 2013 to October 2020. Mr. WANG also served as the president of Tianjin branch of the Bank from August 2020 to November 2020, the chief risk officer of the Bank from January 2013 to November 2019 and concurrently as the director of the development strategy research center of the Bank from January 2009 to March 2018. Mr. WANG held the position of general manager of the Credit and Loan Management Department of the Bank from January 2006 to January 2013. During the period from June 1998 to January 2006, Mr. WANG held the positions of deputy general manager of the Bank's Asset Security Department, head of Liaoshen Sub-branch and head of Zhenghao Subbranch. Mr. WANG also worked for Industrial and Commercial Bank of China

Mr. WANG graduated from The Open University of China (formerly known as China Central Radio and TV University) (Beijing, PRC) in November 2002, majoring in finance. Mr. Wang has a title of economist.



DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

Mr. ZHANG Xuewen (張學文), aged 57, was elected as an executive Director of the eighth session of the Board of the Bank in February 2024. He has been respectively serving as the vice president of the Bank since January 2019 and a member of the Party Committee of the Bank since May 2019. Mr. ZHANG served as the secretary of the Party Committee and president of the Changchun branch of the Bank from January 2014 to January 2019, the general manager of the Marketing Department of the Bank from August 2012 to January 2014, the vice president of Changchun branch of the Bank from April 2011 to August 2012. From September 2003 to April 2011, Mr. ZHANG successively served as a supervisory researcher at the Deputy Department Director level of the Central Bank Department of the Jilin Banking Regulatory Bureau, the director of the Second Corporate On-site Inspection Department of the Jilin Banking Regulatory Bureau and its Contact Group for Improving Small Enterprises' Financial Services. From December 1998 to September 2003, Mr. ZHANG successively served as a senior staff member of the Second Inspection Department and a principal staff member of the Central Bank Department of the Changchun Financial Regulation Bureau. During the period from August 1991 to December 1998, Mr. ZHANG worked in Jilin People's Bank.

Mr. ZHANG obtained a master's degree in political economics from Dongbei Normal University in December 2001 and has a title of economist.

Mr. HE Yixuan (何一軒), aged 41, was elected as an executive Director of the eighth session of the Board of the Bank in February 2024. He has been respectively serving as the vice president of the Bank since December 2022 and a member of the Party Committee of the Bank since September 2023. From March 2022 to December 2022, Mr. HE served as the director of Corporate Business of the Bank. From August 2019 to August 2022, Mr. HE served as the General Manager of the Institutional Business Department and from January 2020 to October 2021 as the Deputy President of the Shenyang Branch. From August 2016 to August 2019, Mr. HE successively served as a member of the Party Committee of the Beijing Branch of the Bank, Deputy General Manager of the Investment Banking Department of the Head Office of the Bank and Head of the Office of the President. From July 2007 to August 2016, Mr. HE successively worked at Shenzhen Yitian Group Co., Ltd., Beijing Tianrun Holdings Group Co., Ltd., and Liaoning Fangda Group Industrial Co., Ltd..

Mr. HE received his Bachelor's degree in law from Peking University in July 2005 and his Master's degree in law from Peking University in July 2007. Mr. HE has the title of senior economist.



DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

Non-executive Directors

Mr. SUN Zhenyu (孫振宇), aged 49, was elected as a Non-executive Director of the eighth session of the Board of the Bank in February 2024. Since November 2024, Mr. SUN has served as the party secretary and chairman of the Board of Directors of Shenyang Industrial Investment Development Group Co., Ltd. During the period from April 2019 to November 2024, Mr. SUN served as the deputy secretary of the party committee and the general manager of Shenyang Industrial Investment Development Group Co., Ltd., and has successively served as a member of the Standing Committee of the Heping District Committee, the director of the District Committee Office and the executive deputy district chief of the Government from April 2019 to May 2023. Mr. SUN successively served as the director of the Street Office of Huishan Street of Shenbei New District, the deputy director of the Management Committee of Huishan Economic Development Zone (Huishan Agricultural Hi-Tech Zone) and the director of the Office of Shenbei New District Government in Shenyang from July 2007 to April 2019. Mr. SUN successively served as a section member and deputy head of the Shenyang Municipal Judicial Bureau, and head of the Office of the Propaganda Department of the Municipal Party Committee from September 1998 and July 2007.

Mr. SUN received his bachelor's degree in engineering of Shenyang Normal University in July 1998.

Mr. HE Peng (何鵬), aged 43, was elected as a Non-executive Director of the eighth session of the Board of the Bank in February 2024. He has been serving as the deputy general manager of Shenyang Shengjing Finance Investment Group Co., Ltd. (瀋陽盛京金控投資集團有限公司), and has concurrently served as the chairman of Shenyang Shengjing Capital Private Equity Fund Management Co., Ltd.* (瀋陽盛京資本私募基金管理有限公司) since August 2023, and had concurrently served as the chairman of the board of directors of Shenyang Shengjing Credit Co., Ltd.* (瀋陽盛京徵信有限公司) and the chairman of the board of directors of Shenyang Digital Industry Development Co., Ltd. (瀋陽數字產業發展有限公司) since February 2021. From July 2018 to August 2023, Mr. HE successively served as the head of the integrated management department and the chief operating officer of Shengjing Finance Investment Group Co., Ltd., and concurrently served as the chairman of the board of directors of Shenyang Hengxin Asset Handling Co., Ltd. and the chairman of the board of directors of Shenyang Shengjing Zhizao Development Co., Ltd. (瀋陽盛京智造發展有限公司). Mr. HE served as the deputy director of the office, the director of the office (Party Office) and a member of the Party Committee of Shenyang Assets Exchange and Equity Exchange* (瀋陽聯合產權交易所) from October 2007 to July 2018, the chairman of Shenyang Rural Comprehensive Property Rights Trading Center Co., Ltd. (瀋陽農村綜合產權交易中心有限公司) from July 2015 to May 2018, and a staff member of Liaoning Shenyang State-owned Assets and Property Rights Registration Office (遼寧省瀋陽市國有資產產權登記辦公室) from November 2004 to October 2007.

In July 2004, Mr. HE obtained a bachelor's degree in engineering from Northeastern University.



DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

Ms. YANG Xiu (楊秀), aged 54, was elected as a Non-executive Director of the eighth session of the Board of the Bank in February 2024. She has served as a shareholder Supervisor of the seventh session of the Board of Supervisors during the period from May 2022 to February 2024, and has served as the chairwoman of Shenyang Technology Venture Capital Co., Ltd. since November 2020, and also the chairwoman of Shenyang Hengxin Antai Equity Investment Fund Management Co., Ltd. since July 2022. Ms. YANG concurrently served as the chairwoman of Shenyang Shengjing Financing Guarantee Co., Ltd. from February 2020 to August 2022, the chief officer of Shenyang Technology Venture Capital Co., Ltd. from September 2018 to November 2020, the deputy head (at deputy department director level) of Shenyang Technology Venture Development Business Center (Shenyang Interim Service Center) (瀋陽市中試服務中心) from March 2014 to September 2018, and the general manager of Shenyang Technology Venture Capital Co., Ltd. from March 2014 to May 2018 and the deputy head (at deputy department director level) of Shenyang Torch Hightech Industry Development Center from May 2012 to March 2014. Ms. YANG successively served as the head of the Guarantee Fund Department of Shenyang Private Science and Technology Institutions Coordination Service Center, the head of the Investment Department of Shenyang Technology Venture Development Business Center from July 1994 to May 2012.

Ms. YANG received her Bachelor's degree in engineering from Dalian University of Technology in July 1994 and her academic ability equivalent to master's degree in National economics from Dongbei University of Finance and Economics in July 2004. Ms. YANG has the professional qualifications of Senior Engineer and Senior Management Accountant.

Ms. WANG Hongmei (王紅枚), aged 43, was elected as a Non-executive Director of the eighth session of the Board of the Bank in February 2024. She has been successively served as the head of the Risk Compliance Department and the chief compliance and risk control officer and the general manager of the Compliance and Risk Control Department (at group director level) of Shenyang Shengjing Financial Holding Investment Co., Ltd. since January 2018. Ms. WANG successively served as a partner and lawyer of Liaoning Xinli Law Firm and Liaoning Shenxin Law Firm (遼寧瀋鑫律師事務所) from October 2010 to January 2018, the head of the Legal Department of Liaoning branch of Anbang Property & Casualty Insurance Co., Ltd. (安邦財產保險股份有限公司) from January 2009 to October 2010, and a salesperson of the Shenyang office of China Great Wall Asset Management Co., Ltd. from July 2006 to January 2009.

Ms. WANG graduated from law profession of the Law School of Harbin University of Commerce in July 2003, and graduated from economic law profession of the Law School of Liaoning University in June 2006. Ms. WANG is a qualified lawyer.



DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

Mr. WANG Jun (王軍), aged 59, was elected as a Non-executive Director of the eighth session of the Board of the Bank in February 2024. He has been respectively serving as the non-executive Director of the seventh session of the Board of the Bank during the period from May 2022 to February 2024. Since November 2024, Mr. Wang has been a senior specialist at Shenyang Hengxin State-owned Assets Management Group Co., Ltd. (瀋陽恒信國有資產經營集團有限公司), and from April 2022 to November 2024, he worked as the Party Committee secretary, chairman and general manager of Shenyang Hengxin State-owned Assets Management Group Co., Ltd. since April 2022 and its deputy general manager, general manager, deputy secretary of the Party Committee from November 2012 to April 2022, and a member of the Party Committee of Shenyang Industrial Investment & Development Group Co., Ltd. since May 2015. Mr. WANG served as the deputy general manager of Shenyang Hengxin State-owned Assets Management Group Co., Ltd. from December 2006 to November 2012, the general manager of Shenyang Hengxin Asset Custody Co., Ltd. from August 2003 to December 2006, the head of the Revenue Department, the manager of the Revenue Department of Shenyang Hengxin State-owned Asset Management Group Co., Ltd. from March 2002 to August 2003, a researcher of Investment Department of Shenyang Asset Management Co., Ltd. from December 1999 to March 2022. Mr. WANG also worked at Northeast Securities and Liaoning Trust and Investment Corporation.

Mr. WANG received his bachelor's degree in engineering from Shenyang University of Technology in July 1986 and his master's degree in engineering from Northeastern University in March 1995. Mr. Wang has the qualification of senior engineer.

Independent non-executive Directors

Mr. WANG Mo (王涑), aged 60, was elected as an Independent non-executive Director of the eighth session of the Board of the Bank in February 2024. He was appointed as an independent non-executive Director of the seventh session of the Board of the Bank in May 2022. Mr. WANG has been serving as the chief partner and chairman of Liaoning Guangming Accounting Firm Co., Ltd. since February 1996. Mr. WANG worked at Shenyang Accounting Firm from August 1988 to February 1996. Since January 2024, he has served as an external director of Shenyang Shengjing Asset Management Group Co., Ltd.. During the period from October 2018 to December 2023, Mr. WANG served as an external director of Shenyang Zhongcheng State-owned Assets Management Group Co., Ltd.; and during the period from March 2019 to November 2022, Mr. WANG served as an external director of Shenyang Blower Group Co., Ltd..

Mr. WANG graduated from the Department of Infrastructure of Dongbei University of Finance and Economics in July 1988, majoring in finance and credit, and Mr. WANG has the professional qualification as a certified public accountant in the PRC.



DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

Ms. LV Dan (呂丹), aged 46, was elected as an Independent non-executive Director of the eighth session of the Board of the Bank in February 2024. She was appointed as an independent non-executive Director of the seventh session of the Board of the Bank in May 2022. Ms. LV Dan has been the dean of the Investment Project Management Institute, Dongbei University of Finance and Economics since August 2022, and served as the deputy dean of the School of Public Administration, Dongbei University of Finance and Economics from December 2012 to August 2022. From April 2004 to December 2012, Ms. LV served as a teacher at the School of Public Administration of Dongbei University of Finance and Economics, and from January 2008 to April 2011, Ms. LV Dan was engaged in postdoctoral research at the Postdoctoral Station of Political Science in Nanjing University.

Ms. LV received her bachelor's degree in economics from Dongbei University of Finance and Economics in July 2001 and her master's degree and doctor's degree in economics from Dongbei University of Finance and Economics in April 2004 and December 2007, respectively. Ms. LV was credited as a professor in July 2021.

Mr. CHAN Pak Lam, Tom (陳柏楠), aged 62, was elected as an Independent non-executive Director of the eighth session of the Board of the Bank in February 2024. He has been serving as the deputy chairman of Success Universe Group since February 2018 and also serves as the managing partner of Syndicate Capital International Limited (聯企融資國際有限公司), the chairman of Leyton House Appraisal and Consultancy Services Company Limited (利登侯士評估及諮詢有限公司), a partner of Blackhorse Wealth Management Limited (黑馬財富管理有限公司) and a consultant solicitor of WAI & CO., SOLICITORS (衛氏律師行). From December 2012 to September 2020, Mr. CHAN served as the chief executive officer of Success Finance Group. From May 2010 to December 2012, Mr. CHAN served as the chief executive officer of Glorious Group (香港榮聲集團). From August 2002 to May 2010, Mr. CHAN served as the general manager of Emperor Securities Limited and Emperor Futures Limited. From September 1993 to April 2007, Mr. CHAN served as an executive director and a director of the legal compliance department of Emperor International Holdings Limited. From September 1994 and May 2010, Mr. CHAN was concurrently a licensed director of Emperor International Exchange (Hong Kong) Company Limited, an executive director of Emperor Finance Limited and an executive director and general manager of Emperor Capital Group Limited. Mr. CHAN also served as the general manager of Happiness Group (Holdings) Limited (幸福集團(控股)有限公司), the manager of the legal department of Chung Wah Shipbuilding & Engineering (Holdings) Co., Ltd. and a solicitor of DLA Piper Hong Kong.

Mr. CHAN obtained a Bachelor degree in Economics and Law from the University of Keele in England in 1987. Mr. Chan is admitted as a solicitor of the Hong Kong Law Society and is a licensed person under Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities of the Securities and Futures Commission of Hong Kong and the Life Honorable President of The Institute of Securities Dealers in Hong Kong.



DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

Ms. WANG Lan (王嵐), aged 55, was elected as an Independent non-executive Director of the eighth session of the Board of the Bank in February 2024. She has been serving as the honorary director of Liaoning Hechang Law Firm during the period from April 2012 to March 2024. She has served as a partner lawyer of Liaoning Luoliyan Law Firm (遼寧羅力彥律師事務所) from December 2009 to April 2012. Ms. WANG has served as an employed lawyer of Liaoning Qianjun Law Firm (遼寧乾均律師事務所) from May 2004 to December 2009. Ms. WANG has successively served as a trainee and employed lawyer of Liaoning Huaxia Law Firm (遼寧華夏律師事務所) from January 2001 to April 2004. Ms. Wang has served as the deputy director (in charge of work) of the Issuance Department of the Dalian Municipal Government Listing Office (大連市政府上市辦發行處) from December 1998 to December 2000, she has successively served as the staff member and deputy director (in charge of work) of the Issuance Department of the Dalian Municipal Securities Administration Office (大連市證券管理辦公室發行處) from December 1994 to December 1998, and she has successively worked in Dalian Xigang District Personnel Bureau (大連市西崗區人事局), the Industrial and Commercial Bank Dalian Trust and Investment Co., Ltd. (工商銀行大連信託投資股份有限公司) and Junan Securities Co., Ltd. (君安證券有限公司) from September 1991 to December 1994.

Ms. WANG obtained a bachelor of Arts degree from Shandong University in July 1991, a master of economics degree from Dongbei University of Finance & Economics in April 2003, a bachelor of Laws degree from Dalian Maritime University in July 2008, and a master of Laws degree from Shandong University in July 2009. Ms. Wang holds a senior economist's license.

Mr. HUANG Weiqiang (黃瑋強), aged 42, was elected as an Independent non-executive Director of the eighth session of the Board of the Bank in February 2024. He has been serving as a professor in the Department of Finance at the College of Business Administration of Northeastern University since January 2020. Mr. HUANG served as an associate professor in the Department of Finance at the College of Business Administration at Northeastern University from January 2012 to January 2020, and he went to the Risk Management and Financial Engineering Laboratory of University of Florida as a visiting scholar from August 2015 and August 2016. Mr. HUANG has served as a lecturer in the Department of Finance at the College of Business Administration at Northeastern University from March 2009 to January 2012 and he has been serving as an independent director of Shenyang Linlong Technology Co., Ltd. (瀋陽麟龍科技股份有限公司) from September 2022 to December 2023.

Mr. HUANG obtained a bachelor's degree in Finance from Northeastern University in June 2004, and a doctoral degree in Management from Northeastern University in January 2009.



DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

2. Biographies of Supervisors

Shareholder Representative Supervisors

Mr. LIU Yan (劉岩), aged 54, has served as a Shareholder Supervisor and Chairman of the eighth session of the Board of Supervisors of the Bank since February 2024. From June 2023 to February 2024, Mr. LIU has served as a Shareholder Supervisor and the Chairman of the seventh session of the Board of Supervisors of the Bank. Mr. LIU has been a member of the Party Committee of the Bank from September 2023 to date. From November 2021 to April 2023, Mr. LIU served as the deputy secretary-general of Shenyang Municipal People's Government. He served as the deputy secretary of Shenhe District, Shenyang City from May 2021 to November 2021; a member of the standing committee of District Committee and the director of United Front Work Department of Dadong District, Shenyang City from June 2019 to May 2021; the secretary of Working Committee for Discipline Inspection, Shenyang Area of China (Liaoning) Pilot Free Trade Zone from October 2017 to June 2019; the leader of discipline inspection group and a member of the Party Committee of Shenyang Municipal Bureau of Planning and Natural Resources from March 2013 to October 2017; the assistant researcher of Secretariat I, the division-level secretary and the director of Technology Department in the General Office of Shenyang Municipal People's Government from December 2003 to March 2013; a junior officer, a senior officer and the deputy director of the Enterprise Reform Office in Shenyang Municipal Economic and Trade Commission from January 1996 to December 2003. From July 1992 to January 1996, Mr. LIU worked in the Sixth Northeastern Pharmaceutical Factory.

Mr. LIU was granted the bachelor degree of economy by Nankai University in July 1992, was granted the master degree of business administration by Dalian University of Technology in April 2002 and the master degree of public management by Illinois Institute of Technology in May 2009. Mr. LIU has the title of intermediate economist.

Mr. YUEN Wing Shing (袁永誠), aged 78, has been serving as a Shareholder Supervisor of the eighth session of the Supervisory Board of the Bank since February 2024. He served as a Shareholder Supervisor of the seventh session of the Supervisory Board of the Bank during the period of October 2020 to January 2024, and a non-executive Director of the Bank during the period of February 2018 to October 2020. Mr. Yuen is currently an executive director of The Cross-Harbour (Holdings) Limited (SEHK stock code: 32), and served as an executive director of Y. T. Realty Group Limited (SEHK stock code: 75) until May 31, 2024, all of which are public companies listed on the Stock Exchange. He had held a senior management position with a major bank in Hong Kong for over 20 years.

Mr. YUEN obtained a Diploma in Management Studies awarded jointly by the then Hong Kong Polytechnic and Hong Kong Management Association.

Mr. LI Jinsong (李勁松), aged 54, has served as a shareholder Supervisor of the eighth session of the Board of Supervisors of the Bank since February 2024. He has been serving as the deputy general manager of Shenyang Wuai Industrial Development Group Co., Ltd. (瀋陽五愛產業發展集團有限公司) since August 2014. From March 2012 to August 2014, Mr. LI served as the deputy director of Wulihe Street Office of Shenhe District. From August 1994 to March 2012, Mr. LI served as the head of the Civil Service Management Department and the financial accountant of the Human Resources and Social Affairs Bureau of Shenhe District.

Mr. LI obtained a bachelor's degree in Science from Liaoning University in July 1994.



DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

External Supervisors

Mr. XING Tiancai (邢天才), aged 63, has served as an External Supervisor of the eighth session of the Board of Supervisors of the Bank since February 2024. Mr. XING served as an Independent Non-executive Director of the seventh session of the Board of the Bank from February 2018 to February 2024. He has been the dean of the Institute of Monetary and Financial Studies of Dongbei University of Finance and Economics (東北財經大學) and the executive dean of Qingdao Institute of Finance (青島金融研究院) since September 2021. Since June 2023, Mr. XING has served as an independent director of Dalian Rural Commercial Bank Co., Ltd. Since December 2023, Mr. XING has served as a non-executive director of Datong Securities Co., Ltd. During the period from October 2017 to December 2023, Mr. XING served as an independent director of Datong Securities Co., Ltd. He has been serving as the dean of the Graduate School of Dongbei University of Finance and Economics from May 2017 to August 2021. From December 2016 to May 2017, he served as the head of the development planning and disciplinary construction department of Dongbei University of Finance and Economics. From December 2006 to December 2016, he served as the dean of the School of Finance of Dongbei University of Finance and Economics. From August 1999 to December 2006, he served as the dean of the Vocational Technical School of Dongbei University of Finance and Economics. From August 1986 to August 1999, Mr. XING served as a deputy director of the research section under the School of Investments, a deputy director of the Graduate Department, the head of Higher Education Research successively at Dongbei University of Finance and Economics.

Mr. XING obtained a bachelor's degree in economics from Liaoning Institute of Finance and Economics (遼寧財經學院) in July 1984 and a master's degree in economics and a doctoral degree in economics from Dongbei University of Finance and Economics in September 1987 and March 2003, respectively. He was awarded the title of Professor in December 2000, and was approved as a national second-level professor in 2011.

Ms. MI Juan (米娟), aged 61, has served as an External Supervisor of the eighth session of the Board of Supervisors of the Bank since February 2024. Ms. MI has been serving as the vice president of Liaoning Statistical Society since December 2019. From April 2002 to September 2022, Ms. MI served as the deputy dean and party secretary of the School of Economics of Shenyang University. From October 2000 to April 2002, Ms. MI served as the deputy dean of the School of Business Administration of Shenyang University and from November 1997 to October 2000, Ms. MI served as the deputy director of the Institute of Economics of Shenyang University. From April 1995 to November 1997, Ms. MI served as the assistant to the head of the Department of Accounting of Shenyang University and from September 1989 to April 1995, Ms. MI served as the head of the Teaching and Research Department of Shenyang University of Finance and Economics.

Ms. MI graduated from Dongbei University of Finance and Economics in July 1986 majoring in Statistics, obtained a master's degree in Economics from Dongbei University of Finance and Economics in July 1989, obtained a master's degree in Business Administration from La Trobe University, Australia in September 2000 and obtained a doctorate degree in Economics from Liaoning University in December 2008. Ms. MI was awarded the title of Professor in June 2002.



DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

Mr. LI Yanxi (李延喜), aged 55, has served as an External Supervisor of the eighth session of the Board of Supervisors of the Bank since February 2024. Mr. LI has served as a professor in the School of Economics and Management of Dalian University of Technology since March 2015, and has also served as a member of the Guiding Committee on Education of Financial Majors (金融學類專業教學指導委員會) of the Ministry of Education since December 2013, as well as a vice chairman of the Guiding Committee on Education of Financial Majors (金融學類專業教學指導委員會) in Liaoning Province. From September 2010 to March 2015, Mr. LI served as a professor and secretary of the Department of Management and Economics of Dalian University of Technology, and from July 1992 to September 2010, Mr. LI served as an assistant professor, a lecturer, an associate professor, a professor and a deputy dean of the School of Management of Dalian University of Technology.

Mr. LI graduated from Dalian University of Technology in July 1992 majoring in Science and Technology Information, obtained a master's degree in Engineering from Dalian University of Technology in June 1996, obtained a doctorate degree in Management from Dalian University of Technology in March 2003 and engaged in post-doctoral research work from February 2004 to September 2006 in the Department of Business Administration of Xiamen University. Mr. LI was awarded the title of Professor in May 2006 and holds a professional qualification of certified public accountant in the PRC.

Employee Representative Supervisors

Mr. YU Xiaolong (于小龍), aged 47, has served as an Employee Representative Supervisor of the eighth session of the Board of Supervisors of the Bank since February 2024. From October 2020 to February 2024, he served as an Employee Representative Supervisor of the seventh session of the Board of Supervisors of the Bank. Mr. YU has served as the party secretary of the Party Committee and the president of the Beijing branch of the Bank since July 2020. From February 2020 to July 2020, he served as the deputy party secretary of the Party Committee and the acting president of the Beijing branch of the Bank. Before joining the Bank, Mr. YU held various positions in China Everbright Bank. From November 2018 to January 2020, Mr. YU served as the secretary of the Disciplinary Committee (a level equal to vice president of the tier 1 branch) at its Dalian branch. From February 2015 to November 2018, Mr. YU successively served as the general manager of the Party affairs supervision department (security department) and the general manager of the General Office at its Beijing branch. From March 2011 to February 2015, Mr. YU served as the president of its Beijing Dongcheng sub-branch. From July 1997 to March 2011, Mr. YU served successively in the Head Office of the Bank as a clerk, business director, business head of business office, deputy director of the business office settlement department, director of the comprehensive management division of the agency payment department, director of the collection management division of the agency payment department, and deputy general manager of the agency payment department (in charge of work) at the sales department.

Mr. YU obtained a bachelor's degree in law from Beijing Institute of Technology in October 2005 and a master's degree in engineering from Beihang University in January 2012.



DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

Mr. NIU Jiao (牛角), aged 48, has served as an Employee Representative Supervisor of the eighth session of the Board of Supervisors of the Bank since February 2024. From October 2020 to February 2024, he served as an Employee Representative Supervisor of the seventh session of the Board of Supervisors of the Bank. Mr. NIU has served as the Party secretary of the Party Committee and the president of the Dalian branch of the Bank since November 2020. From October 2020 to November 2020, Mr. NIU served as the Party secretary of the Party Committee of the Dalian branch. From January 2020 to October 2020, he served as the general manager of the strategic clients department and general manager of the business department of the Bank. From May 2019 to January 2020, Mr. NIU served as member of the Party Committee of the Tianjin branch of the Bank. Before joining the Bank, Mr. NIU held various positions in Shanghai Pudong Development Bank. From January 2017 to May 2019, Mr. NIU served as the general manager of the sales department and general manager of the retail marketing department at its Dalian branch. From October 2010 to January 2017, Mr. NIU served as the president of its Anshan branch. From March 2005 to October 2010, Mr. NIU served successively as a senior clients manager, vice president of the Democracy Square sub-branch and president of the Xigang sub-branch at its Dalian branch. From July 1998 to March 2005, Mr. NIU served as a loan officer and head of credit section at Dalian Bank.

Mr. NIU obtained a bachelor's degree in economics from Dongbei University of Finance and Economics in June 1998 and a master's degree in business administration from the Chinese University of Hong Kong in December 2009.

Mr. CHEN Shijun (陳世俊), aged 50, has served as an Employee Representative Supervisor of the eighth session of the Board of Supervisors of the Bank since February 2024. From August 2022 to February 2024, he served as an Employee Representative Supervisor of the seventh session of the Board of Supervisors of the Bank. Since August 2022, Mr. CHEN has been serving as the General Manager of the Audit Department of the Bank. From April 2020 to August 2022, Mr. CHEN served as Deputy Head of the Office and Head of the Infrastructure Office of the Bank. From January 2014 to January 2019, Mr. CHEN served as Deputy Head of Information Management Department and Social Security Audit Department of Shenyang Municipal Audit Bureau, and from August 2015 to September 2017, he served as the Deputy Director of the Shenyang Shenhe District Audit Bureau (on-the-job training). From December 2006 to January 2014, Mr. CHEN served as a principal staff member of the Information Management Department of Shenyang Municipal Audit Bureau. From May 2003 to December 2006, Mr. CHEN served as a senior staff member of the Office and Information Management Department of Shenyang Municipal Audit Bureau. From August 1997 to May 2003, Mr. CHEN served as a staff member of the Comprehensive Department and Office of Shenyang Municipal Audit Bureau.

Mr. CHEN received his Bachelor's degree in science from Fushun Petroleum Institute in July 1997 and his Master's degree in Computer Systems Engineering from Northeastern University in July 2009. Mr. CHEN has the professional qualification of an auditor.



DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

3. Biographies of Senior Management

For the biography of Ms. LIU Xu (柳旭), please refer to “Directors, Supervisors, Senior Management and Employees – Biographies of Directors”.

For the biography of Mr. WANG Yigong (王亦工), please refer to “Directors, Supervisors, Senior Management and Employees – Biographies of Directors”.

For the biography of Mr. ZHANG Xuewen (張學文), please refer to “Directors, Supervisors, Senior Management and Employees – Biographies of Directors”.

For the biography of Mr. HE Yixuan (何一軒), please refer to “Directors, Supervisors, Senior Management and Employees – Biographies of Directors”.

Mr. SUN Yingpin (孫英品), aged 50, was appointed Assistant to the President of the Bank in August 2021. He was served as the chairman of Shengyin Consumer Finance Co., Ltd. during the period from December 2023 to January 2024. During the period from June 2021 to December 2023, Mr. SUN also served as the General Manager of the Digital Finance Department of the Bank. From September 2019 to August 2021, Mr. SUN successively served as the general manager of the Retail Banking Department of the Head Office, the director of the retail business of the Bank, and from June 2020 to August 2021, he also served as the general manager of Internet Finance Department (renamed Digital Finance Department since June 2021). From November 2016 to September 2019, he served as the general manager of the Retail Banking Department of the Head Office and concurrently served as the general manager of the Comprehensive Management Department for Wealth Management Business of the Head Office from November 2016 to March 2018. From March 2018 to October 2018, Mr. SUN also served as the general manager of the Wealth Management Department of the Head Office. From April 2011 to November 2016, Mr. SUN served successively as the manager of the Marketing Department, president assistant, the Party committee secretary and vice president (in charge of work) of the Anshan Branch of the Bank. From November 1997 to April 2011, Mr. SUN also held various positions in the Anshan Branch of the Agricultural Bank of China, mainly including the section head of the Business Department, the vice president of the Xiuyan sub-branch and the vice president of Haicheng sub-branch.

Mr. SUN received his bachelor's degree in management from Northeastern University in July 1997, and has the title of intermediate economist.



DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

Mr. BAO Hong (包宏), aged 53, Mr. BAO has been serving as the Chief Financial Officer of the Bank since March 2020 and has been serving as the president and secretary of the party committee of the Shenyang Branch of the Bank since January 2025. Mr. BAO joined Shenyang Cooperative Bank, the precedent of the Bank in August 1992 and has held various important positions in the Bank. Mr. BAO has been serving as the director of Shengyin Consumer Finance Co., Ltd. from March 2019 to August 2022, and general manager of the Planning Financial Management Department of the Bank since March 2019. From January 2015 to March 2019, Mr. BAO successively served as the vice president of Tianjin Branch, Changchun Branch of the Bank, the Deputy Director of the President's Office of the Bank (in charge of work), the general manager of the Assets and Liabilities Management Department of the Bank. From January 2009 to January 2015, Mr. BAO successively served as the deputy director of the Board Office (in charge of work) and the deputy director of the development strategy research center of the Bank, the executive vice president of Beijing Branch of the Bank, the deputy general manager of Shenyang Business Management Department of the Bank, the chief financial officer of the Bank, the director of the Board Office, the director of the President's Office, the secretary of the Board, and the director of the Listing Promotion Office. From August 1992 to January 2009, Mr. BAO held several positions at the Baogong Branch, the foreign exchange business department, and Binhe Branch of the Bank.

Mr. BAO obtained his master's degree in business administration from Coventry University in the United Kingdom in November 2002. Mr. BAO obtained the professional qualification of senior accountant recognised by Liaoning Provincial Department of Human Resources and Social Security in September 2005.

Mr. ZHOU Zhi (周峙), aged 56, was appointed Chairman of the Board of Directors of Shengyin Consumer Finance Co., Ltd. in January 2025. He has been appointed as the Secretary of the Board of the Bank since February 2015, and was eligible for appointment in September 2015. Mr. ZHOU joined the Nanhu Sub-branch of Shenyang Cooperative Bank, the Bank's predecessor in August 1991. From June 2006 to September 2019, Mr. ZHOU successively served as the director of the Supervisors' office, the deputy director and director of the strategic development research center of the Bank. From May 2005 to June 2006, Mr. ZHOU served as the deputy director of the president's office of the Bank. From May 1998 to May 2005, he served as the assistant to the general manager and deputy general manager of the market development department and deputy director of the development strategy research center. From August 1991 to May 1998, Mr. ZHOU successively worked as a staff member of the securities department and the City Plaza business department of the Bank (including its predecessor).

Mr. ZHOU obtained his master's degree in business administration from Liaoning University in December 2008. Mr. Zhou has been a senior economist as accredited by Human Resources Department of Liaoning Province since 2003.



DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

4. Biographies of Joint Company Secretaries

For the biography of Mr. ZHOU Zhi (周峙), please refer to “Directors, Supervisors, Senior Management and Employees –Biographies of Senior Management”.

Ms. KWONG Yin Ping Yvonne (鄺燕萍), aged 69, is one of the joint company secretaries of the Bank and was appointed in June 2014 with her appointment taking effect on the Listing Date.

Ms. KWONG has extensive experience in providing company secretarial and compliance services to numerous private and listed companies. She is a senior vice president of SWCS Corporate Services Group (Hong Kong) Limited, a company focusing on the provision of listing company secretarial and compliance services. She currently serves as the company secretary or joint company secretary of several companies listed on the Hong Kong Stock Exchange.

Ms. KWONG received a bachelor’s degree in accounting from Hong Kong Polytechnic University in November 1997. She is a fellow member of both The Hong Kong Institute Chartered Secretaries (currently known as The Hong Kong Chartered Governance Institute) and The Institute of Chartered Secretaries and Administrators (currently known as The Chartered Governance Institute in United Kingdom) since 2012.



DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

8.4 EMOLUMENT OF DIRECTORS, SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS OF THE BANK

The remuneration of all executive Directors as well as the chairman of the Board of Supervisors (i.e., Mr. LIU Yan, a shareholder representative Supervisor) is determined in accordance with the Remuneration Management Measures of the Bank, which specifically includes basic remuneration, performance remuneration and other benefits, wherein the basic remuneration of the aforementioned individual is determined based on his management position(s) in the Bank, performance remuneration is determined based on the Bank's operating performance and personal assessment (mainly based on aspects such as his implementation of the Board's decision and deployment, performance of job responsibilities, operating performance, management performance, and comprehensive evaluation), and other benefits include statutory pension, medical and housing provident fund, enterprise annuity, etc.

All non-executive Directors as well as Mr. YUEN Wing Shing and Mr. LI Jinsong, who are shareholder representative Supervisors of the Bank, do not receive remuneration from the Bank.

The remuneration of independent non-executive Directors and external supervisors of the Bank is determined in accordance with the Allowance System for Directors and Supervisors of the Bank. The basic remuneration of independent non-executive Director of the Bank is RMB10,000 per month. The basic remuneration of external supervisor of the Bank is RMB8,000 per month. At the same time, Independent Non-executive Directors and External Supervisors may receive reward remuneration based on their duty performance (mainly including their working hours, meeting attendance, advice and suggestions and participation in corporate governance and other responsibilities and risk-taking factors) each year, the reward remuneration shall be no more than RMB30,000 per year.

For details of emolument of Directors, Supervisors and the five highest paid individuals of the Bank, please see notes 9 and 10 to the financial statements.



DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (CONTINUED)

8.5 EMPLOYEES, EMPLOYEES' COMPENSATION POLICIES AND TRAINING SCHEMES

As of 31 December 2024, the Group had a total of 8,555 employees.

The remuneration policy of the Bank is based on the operational and development strategies throughout the Bank and is committed to high-quality corporate development. The Bank adheres to market-oriented and value-oriented approaches. By taking into account external competitiveness and internal fairness, the Bank has constructed a diversified remuneration system that fully reflects the characteristics of the positions and the flexibility of the benefits. Employee compensation consists of fixed compensation, variable compensation, welfare income, etc., which can effectively play the long-term role of short-term incentive and long-term incentive. The Bank has implemented a remuneration policy aligned with the sustainable development objectives of the Bank, which is in line with the requirements of corporate governance, the risk management system and the value contribution of its employees. In the process of salary payment, the supervision regulations are strictly enforced, and the deferred payment is implemented for middle and senior management personnel and personnel in positions with important influence on risk to strengthen risk control.

The Bank has aimed to continuously improve the comprehensive quality and professional competence of its employees, and effectively conducted training activities at each hierarchy level, focusing on compliance management, risk prevention and control, and marketing capability, practically carried out training activities of all levels. Through improving training and management system, the Bank strengthened the establishment of training management team and internal trainer team, formulated training books and testing questions, expanded training channels and enriched training resources by establishing "mobile learning platform of Shengjing Bank". The total number of training sessions conducted by the Bank in 2024 amounted to 20,407, with 23,432 learning hours and 353,774 attendees.



CORPORATE GOVERNANCE REPORT

The Bank strives to enhance the transparency and accountability in corporate governance to ensure a high standard of corporate governance to protect shareholders' rights and enhance corporate value and commitment.

In 2024, the Bank complied with relevant laws and regulations in all material respects. The Bank also conducted performance appraisals on the Board of Directors, senior management, and their members, and further upgraded its standards of information disclosure and standardized its work on management of investor relations, to continuously enhance the level of corporate transparency and governance.

During the Reporting Period, the Bank complied with the code provisions in the Corporate Governance Code (the **"Code"**) set out in Appendix C1 to the Listing Rules and the Listing Rules governing disclosure of inside information.

Nothing has come to the attention of the Directors to suggest that the Bank was not in compliance with the code provisions set out in the Code during the Reporting Period.

The Bank will strive to continuously review and strengthen its corporate governance to ensure that its corporate governance continues to meet the requirements of the Code and meet the higher expectations of shareholders and investors.

CULTURE

Adhering to the corporate mission of "providing better services for customers, seeking better development for employees, creating greater value for shareholders, and contributing more to society", the Bank, under the guidance of "Red Bank" concept, it takes "People-Oriented Bank" as basis and focus, strives to build a "Smart Bank". The Bank puts full efforts into strengthening customer managements in "Retail and Community Banking" as well as "Inclusive and Industrial Banking", unwaveringly implementing the strategic vision of "becoming a good bank serving enterprises and benefiting the people". The Bank cultivates the values of "integrity, compliance, agility, innovation, and performance". With the operating purpose of serving the local economy, serving small and medium-sized enterprises, and serving urban and rural residents, the Bank aspires to be the bank of the citizens and the bank of the city.

The Bank is implementing the "12345" development strategy, focusing on the strategic theme of "strengthening the leadership of Party building and realizing high-quality development", and paying close attention to two key tasks: "transformational development" and "reform and risk reduction" in line with its strategic vision, creating three major engines: "institutional reshaping, mechanism reconstruction, and digital transformation", and strengthening four core guarantees: "Party building leadership, compliance management, risk control, and operational and its outlets transformation". The Bank is further constructing five major business segments: "retail banking, inclusive finance, government financial services, corporate finance, and financial markets and asset management". Through the continuous promotion of strategic planning to the business work, the overall development capability of the Bank will be enhanced.



CORPORATE GOVERNANCE REPORT (CONTINUED)

GENERAL MEETING

Information of General Meeting

In 2024, the Bank convened two General Meetings, both of which were held at Room 604, 6/F, No. 109 Beizhan Road, Shenhe District, Shenyang, Liaoning Province, the PRC. Details of which are set out below:

At the 2024 First Extraordinary General Meeting of the Bank held on 22 February 2024, resolutions were proposed and approved in the following matters, including the election of executive Directors, non-executive Directors, and independent non-executive Directors for the eighth session of the Board of Directors, and the election of shareholder Supervisors and external Supervisors for the eighth session of the Board of Supervisors.

At the Bank's 2023 Annual General Meeting convened on 5 June 2024, proposals were considered and approved on the following matters including the 2023 Annual Report of the Board of Directors, the 2023 Annual Report of the Board of Supervisors, the 2023 Financial Accounts and the 2024 Financial Budget Report, the 2023 Profit Distribution Plan, and the Appointment of the Auditor for 2024.

The above General Meetings were convened in compliance with the procedures as required by the relevant laws and regulations.



CORPORATE GOVERNANCE REPORT (CONTINUED)

THE BOARD AND SPECIAL COMMITTEES

Implementation of Resolutions of General Meetings by the Board

In 2024, the Board implemented the resolutions passed at the General Meeting regarding, among other things, the 2023 Financial Accounts and the 2024 Financial Budget Report, the 2023 Profit Distribution Plan, the appointment of the Auditors for 2024 and the appointment of Directors and Supervisors.

Composition of the Board

As at the Latest Practicable Date, the Board of the Bank comprises a total of 15 Directors, including 5 Executive Directors, namely Mr. SUN jin (Chairman), Ms. LIU Xu, Mr. WANG Yigong, Mr. ZHANG Xuewen and Mr. HE Yixuan; 5 Non-executive Directors, namely, Mr. SUN Zhenyu, Mr. HE Peng, Ms. YANG Xiu, Ms. WANG Hongmei and Mr. WANG Jun; and 5 Independent Non-executive Directors, namely, Mr. WANG Mo, Ms. LV Dan, Mr. CHAN Pak Lam, Tom, Ms. WANG Lan and Mr. HUANG Weiqiang.

The list of Directors (by category of Directors) was disclosed in all corporate communications issued by the Bank in accordance with the Listing Rules.

The Board is responsible for developing the management system of the Bank and monitoring the decisions on business and financial strategies, results and other important matters of the Bank. The Board is accountable to the general meeting. The Board has delegated the powers and duties in relation to management of the Bank to the management. In addition, the Board has also defined respective terms of reference of Audit Committee, Nomination and Remuneration Committee, Strategic Development and ESG Committee, Related Party Transactions Control Committee and Risk Control and Consumers' Rights Protection Committee. Details of such committees are set out in this report.

The Board is also responsible for performing the corporate governance functions. During the Reporting Period, the Board performed the corporate governance functions in accordance with code provision D.3.1 of the Code.

The Bank has arranged for appropriate insurance cover for directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities.

Financial, Business and Family Relationships between Directors, Supervisors and Senior Management

There are no relationships between each of the Directors, Supervisors and senior management of the Bank, including financial, business, family or other material relationships.



CORPORATE GOVERNANCE REPORT (CONTINUED)

Changes in Directors

Please refer to “Directors, Supervisors, Senior Management and Employees – Changes in Directors, Supervisors and Senior Management” for details of changes in Directors of the Bank.

Operation of the Board

The Board convenes meetings on a regular basis, including regular meetings at least four times a year and interim meetings when necessary. Board meetings may be conducted by way of on-site meetings or voting via video conference. The agenda for a regular meeting of the Board is prepared after consulting the Directors, which will be notified to all Directors and Supervisors in writing 14 days prior to the date of such meeting. All Directors maintain communication with the secretary to the Board to ensure compliance with the procedures of Board meetings and all applicable rules and regulations.

Detailed minutes of Board meetings are maintained and are available for all attending Directors for their review, comments and signature after the conclusion of such meetings. The minutes of Board meetings are kept by the secretary to the Board and are available for inspection by Directors at any time. A communication and reporting mechanism has been established among the Board, Directors and senior management of the Bank. The president reports regularly to the Board and is overseen by the Board.

Relevant members of the senior management are invited to participate in Board meetings from time to time to provide explanations and answers to inquiries. Directors can express their opinions freely at Board meetings, and major decisions are made after detailed discussions. A Director must abstain from discussion and voting at a Board meeting on any proposal in which he or she is materially interested, and must not be counted in the quorum for such proposal.

The Board has set up an office as its working body, which is responsible for the preparation of general meetings, Board meetings and meetings of the special committees under the Board, disclosure of information and other routine matters to ensure the efficient operation of the Board.



CORPORATE GOVERNANCE REPORT (CONTINUED)

Duties and Powers of the Board

Duties and powers of the Board mainly include, but are not limited to, the following:

- (1) convene and report at shareholders' general meetings;
- (2) implement resolutions adopted at shareholders' general meetings;
- (3) make decisions on the Bank's business plans and investment plans, formulate the Bank's operational development strategies and supervise the implementation of such strategies;
- (4) formulate the Bank's annual financial budgets and accounts;
- (5) formulate the Bank's proposals on profit distribution and loss recovery plans;
- (6) formulate proposals on the increase or reduction of the Bank's registered capital and the issue and listing of bonds and other securities;
- (7) formulate plans for significant acquisitions, purchase of the Bank's shares, or merger, division or dissolution or other change in form of the Bank;
- (8) formulate capital planning of the Bank, and undertake ultimate responsibility of capital or solvency management;
- (9) in accordance with laws and regulations, regulatory requirements and the Articles of Association, to consider and approve matters, such as external investment, asset acquisitions, asset disposals and write-offs, pledge of assets, related party transactions and data governance;
- (10) decide on the establishment of the Bank's internal management departments and overseas branch office which is not a legal person;
- (11) appoint or remove the Bank's president, vice president and other senior management officers in accordance with the recommendations of the chairman, and determine their remunerations, rewards and punishment;
- (12) formulate proposals on the remuneration and subsidies of the Directors of the Bank;
- (13) formulate the basic management systems, formulate the Bank's risk tolerance rate, decide on the policies on risk management, internal control and compliance of the Bank, and assume ultimate responsibility for overall risk management;
- (14) formulate amendments to these Articles, formulate the rules of procedure for the shareholders' general meeting and the rules of procedure for the meeting of the Board of Directors, and review and approve the working rules for each special committee of the Board of Directors;
- (15) formulate the information disclosure system of the Bank, incorporate the risk management work of the Bank's information into daily operation, implement responsibility of various aspects and manage the disclosure of information of the Bank, and take ultimate responsibility for the authenticity, accuracy, completeness and timeliness of the accounting and financial reports;



CORPORATE GOVERNANCE REPORT (CONTINUED)

- (16) propose at a shareholders' general meeting the engagement, replace or discontinuance of engagement of an accounting firm of the Bank for regular legal audit of the Bank's financial statements;
- (17) supervise and evaluate the work performance of the Directors and senior management officers of the Bank, listen to the president's work report and inspect the president's work;
- (18) evaluate and improve corporate governance of the Bank on a regular basis;
- (19) consider any major capital expenditure, contract and commitment which exceeds the expenditure limit for senior management officers set by the Board of Directors;
- (20) formulate proposals on the sale or transfer of all or substantially all of the Bank's business or asset;
- (21) draw up share incentive and equity repurchase plans of the Bank; and decide on the measures to link employees' salaries with the operational performance of the Bank;
- (22) report to the relevant authorities of the government in accordance with the laws and regulations with respect to significant events involving operational risks and financial security as well as major decisions that are likely to lead to financial risks and financial security issues before such decisions are made;
- (23) be responsible for the management of equity affairs of the Bank, and take the ultimate responsibility for the management of equity affairs;
- (24) establish an identification, examination and management mechanism for conflict of interest between the Bank and shareholders, in particular substantial shareholders;
- (25) be responsible for the protection of consumer rights, and take the ultimate responsibility for the protection of consumer rights, take the protection of consumer rights into each segment of corporate governance, incorporate the protection of consumer right into our business development strategies and corporate culture and safeguard the legitimate rights and interests of financial consumers and other stakeholders;
- (26) be responsible for anti-money laundering management work of the Bank, and take the ultimate responsibility for the management of money laundering risks;
- (27) implement requirements of the laws, administrative regulations, departmental rules or these Articles as well as other duties and powers granted by the shareholders' general meeting.

The functions and powers of the Board of Directors shall be exercised collectively by the Board of Directors. The functions and powers of the Board of Directors specified in the Company Law of the People's Republic of China shall not be delegated to the chairman of the Board of Directors, any director or any other body or individual. Where it is necessary to delegate certain powers to make a decision on a specific matter, such delegation shall be approved by means of Board resolutions in accordance with the laws. Each delegation shall be for one matter exclusively, and the functions and powers of the Board of Directors shall not be delegated to any other body or individual generally or permanently.

The resolutions of the above matters of the Board must be approved by more than half of all the Directors, but in respect of matters required by Article 188 of the Articles of Association of the Bank, the resolutions must be approved by more than two-thirds of all the Directors.



CORPORATE GOVERNANCE REPORT (CONTINUED)

Appointment of Directors

The Directors (including non-executive Directors) are appointed for a term of three years, and are eligible for re-election upon expiry of their term of office, provided that the term of office of an independent non-executive Director must not be more than six years on an accumulative basis.

Board Meetings

Pursuant to the Code, the Board is required to convene regular meetings at least four times every year. Such regular meetings do not include obtaining Board approval through circulating written resolutions.

In 2024, the Board convened 10 meetings in total (including voting via video conference), at which 63 proposals were considered and approved, and 4 matters were heard, mainly including: 2023 Work Report of the Board of Directors, 2023 Final Financial Accounts and 2024 Financial Budget Report, 2023 Profit Distribution Plan, 2023 Announcement of Annual Results and 2023 Annual Report, resolution on the election of the Chairman of the eighth session of the Board, resolution on the members of the special committees under the eighth session of the Board, resolution on the appointment of the President of the Bank, 2024–2026 Strategic Planning, resolution on the 2023 performance appraisal of senior management, 2023 Comprehensive Risk Management Report, 2024 Outlets Construction Plan, 2023 Internal Control Evaluation Report, the Summary of the Business Work in 2023 and the Arrangement for Business Work in 2024.

Attendance records of the Directors at the Board meetings, meetings of the special committees under the Board and general meetings held in 2024 are set out below:

Attendance in person/by proxy/required attendance (times) ^{(5) (6)}							
Members of the Board	Board	Consumers' Risk					General Meetings
		Strategic Development and ESG Committee	Nomination and Remuneration Committee	Control and Rights Protection Committee	Related Party Transactions Control Committee	Audit Committee	
Executive Directors							
SUN Jin	9/0/10	2/0/2	5/0/5				2/0/2
LIU Xu	9/1/10	2/0/2		3/0/3	4/0/4		1/0/2
WANG Yigong ⁽¹⁾	4/0/4				2/0/2		
ZHANG Xuewen ⁽¹⁾	4/0/4			2/0/2			
HE Yixuan ⁽¹⁾	4/0/4				2/0/2		
Non-executive Directors							
SUN Zhenyu ⁽²⁾	2/2/4	1/0/1					
HE Peng ⁽²⁾	3/1/4			2/0/2		1/0/1	
YANG Xiu ⁽²⁾	4/0/4	1/0/1					
WANG Hongmei ⁽²⁾	4/0/4		2/0/2				
WANG Jun	10/0/10		2/0/3			3/0/3	1/0/2



CORPORATE GOVERNANCE REPORT (CONTINUED)

Attendance in person/by proxy/required attendance (times) ^{(5) (6)}							
Members of the Board	Board	Strategic	Nomination	Consumers' Risk	Related Party	Audit	General
		Development	and	Control and	Transactions		
		and ESG	Remuneration	Rights	Control		Meetings
		Committee	Committee	Protection	Committee	Committee	
Independent Non-executive Directors							
WANG Mo	9/1/10		4/0/4	4/0/4		3/0/3	1/0/2
LV Dan	10/0/10		5/0/5		6/0/6		2/0/2
CHAN Pak Lam, Tom ⁽⁴⁾	2/1/3		1/1/2			0/0/0	
WANG Lan ⁽³⁾	4/0/4				2/0/2	1/0/1	
HUANG Weiqiang ⁽³⁾	4/0/4	1/0/1		2/0/2	2/0/2		
Former Directors							
SHI Yang	5/0/6				3/0/4		2/0/2
SU Qingxiang	6/0/6	1/0/1					0/0/2
LIANG Zhifang	6/0/6					2/0/2	0/0/2
JIANG Aiguo	6/0/6	1/0/1		2/0/2			0/0/2
XING Tiancai	1/0/1		1/0/1		1/0/1		1/0/1
TAI Kwok Leung Alexander	7/0/7			2/0/2		3/0/3	1/0/2
LI Jinyi	6/0/6	1/0/1	2/0/3		4/0/4		1/0/2

Notes:

- (1) The eligibilities of Mr. WANG Yigong, Mr. ZHANG Xuewen and Mr. HE Yixuan as Executive Directors were formally approved by the Liaoning Financial Bureau on 27 August 2024.
- (2) The eligibilities of Mr. SUN Zhenyu, Mr. HE Peng, Ms. YANG Xiu and Ms. WANG Hongmei as Non-executive Directors were formally approved by the Liaoning Financial Bureau on 27 August 2024.
- (3) The eligibilities of Ms. WANG Lan and Mr. HUANG Weiqiang as Independent Non-executive Directors were formally approved by the Liaoning Financial Bureau on 27 August 2024.
- (4) The eligibility of Mr. CHAN Pak Lam, Tom as an Independent Non-executive Director was formally approved by the Liaoning Financial Bureau on 14 October 2024.
- (5) Directors who were involved in connected transactions and required to abstain from voting at the relevant meetings are deemed as present.
- (6) Attendance in person includes participation by way of physical attendance as well as participation by way of electronic means such as telephone and online video conference.



CORPORATE GOVERNANCE REPORT (CONTINUED)

Board Independence

The Bank has established the following mechanisms to ensure the Board will provide independent opinions and views:

- (1) During the Reporting Period, the composition of the Board met the requirements under the Listing Rules regarding the appointment of at least three independent non-executive Directors representing at least one-third of the Board, with at least one independent non-executive Directors possessing appropriate professional qualifications or accounting or related financial management expertise.
- (2) The independent non-executive Directors do not have any business or financial interests, nor hold any management positions, in the Bank. All the current independent non-executive Directors are elected and appointed for a term of three years, and are eligible for re-election upon expiry of their term of office, provided that the term of office of an independent non-executive Directors must not be more than six years on an accumulative basis.
- (3) Independent Non-executive Directors' independence is assessed upon appointment, annually, and from time to time where the circumstances warrant reconsideration. The Bank has received the annual confirmation from each independent non-executive Directors confirming his independence as required by the Listing Rules. The Bank considers that all independent non-executive Directors are independent.
- (4) During the Reporting Period, the Bank's independent non-executive Directors duly attended the meetings of the Board and the special committees thereof and provided independent and objective advice on various material decisions at the meetings of the Board and relevant special committees by application of their professional capabilities and industrial experiences. They are encouraged to express freely their independent views and constructive challenges during the Board and/or special committee meetings. The Bank's independent non-executive Directors strengthened their communication with the senior management business departments and external auditors and thoroughly studied the operation and management of the Bank. They effectively fulfilled their fiduciary and diligent obligations and provided strong support to the Board for it to make rational decisions and protected the interests of the Bank and its Shareholders as a whole.
- (5) External independent professional advice is available to all Directors, including independent non-executive Directors, whenever deemed necessary. Directors would be reimbursed for any professional fees in relation to their fulfilment of the roles and responsibilities.

The Board has reviewed the mechanisms above and confirmed that they effectively ensure the Board has access to independent opinions and views.



CORPORATE GOVERNANCE REPORT (CONTINUED)

Director's Responsibilities for the Preparation of Financial Statements

The Directors have acknowledged their responsibility for the preparation of the financial statements of the Bank for the year ended 31 December 2024.

The Directors are responsible for overseeing the preparation of financial statements for each accounting period to make sure such financial statements give a true and fair view of the financial conditions, operation results and cash flows of the Bank.

In preparing the financial statements for the year ended 31 December 2024, the Directors have adopted and consistently applied applicable accounting policies, and exercised prudent and reasonable judgment.

Continuous Professional Development Program for Directors

The newly appointed Director of the Bank received a comprehensive, formal and tailored induction upon his/her first appointment, to ensure that he/she has a proper understanding of the operations and business of the Bank and that he/she is fully aware of his/her duties and responsibilities under the Listing Rules, applicable laws and regulatory rules.

The Bank has attached great importance to the continuous professional development and training of its Directors, and provided the Directors with updates on the Listing Rules and other applicable regulatory requirements from time to time, to ensure that the Directors will have sufficient information and comply with good corporate governance codes. During the Reporting Period, the Bank invited intermediaries and institutions and departments within the industry to hold seminars and trainings on the continuing obligations of directors of listed companies, Corporate Governance Regulations for Banking and Insurance Institutions, the comprehensive risk management of commercial banks, and equity management regulations of commercial banks, so as to continuously strengthen the self-construction of the Board of Directors and enhance the performance capabilities of the Directors. The Bank attaches importance to the construction of a clean and honest Party. In line with the actual business development, the Bank is rigorously advancing the education on Party discipline. All Directors and employees adhere to the bottom line of integrity and incorruptibility in their conduct. The company secretary of the Bank is responsible for maintaining records of Directors' participation in training. According to the records maintained by the Company, in 2024, the Directors have participated in continuous professional development and training as below:



CORPORATE GOVERNANCE REPORT (CONTINUED)

Types of continuous professional
development training

Executive Directors

SUN Jin (<i>Chairman</i>)	A, B
LIU Xu	A, B
WANG Yigong	A, B
ZHANG Xuewen	A, B
HE Yixuan	A, B

Non-executive Directors

SUN Zhenyu	A, B
HE Peng	A, B
YANG Xiu	A, B
WANG Hongmei	A, B
WANG Jun	A, B

Independent Non-executive Directors

WANG Mo	A, B
LV Dan	A, B
CHAN Pak Lam, Tom	A, B
WANG Lan	A, B
HUANG Weiqiang	A, B

Former Directors

SHI Yang	A, B
SU Qingxiang	A, B
LIANG Zhifang	A, B
JIANG Aiguo	A, B
XING Tiancai	A, B
TAI Kwok Leung, Alexander	A, B
LI Jinyi	A, B

A: Attending press briefings and/or training sessions

B: Reading articles, journals, newspapers and/or other materials



CORPORATE GOVERNANCE REPORT (CONTINUED)

Corporate Governance Functions of the Board

The Board is responsible for establishing sound corporate governance practices and procedures within the Bank. During the Reporting Period, the Board has:

1. formulated and reviewed the Bank's corporate governance policies and practices, and made recommendations;
2. reviewed and monitored the training and continuous professional development of Directors and senior management members;
3. reviewed and monitored the Bank's policies and practices in respect of compliance with laws and regulatory requirements;
4. formulated, reviewed and monitored the codes of conduct for Directors and employees; and
5. reviewed compliance with the Code and the disclosures in the Corporate Governance Report of the Bank.

Special Committees under the Board

The Board had the following committees: Strategic Development and ESG Committee, Nomination and Remuneration Committee, Risk Control and Consumers' Rights Protection Committee, Related Party Transactions Control Committee and Audit Committee. The Board committees have been operated in accordance with their respective terms of reference defined by the Board.

Please refer to "Directors, Supervisors, Senior Management and Employees – Changes in Directors, Supervisors and Senior Management" for details of changes in members of the Board of Directors of the Bank.

(I) Strategic Development and ESG Committee

As at 31 December 2024, the Strategic Development and ESG Committee of the Bank consisted of 5 Directors, including Mr. SUN Jin as the chairman, Mr. SUN Zhenyu as the vice chairman, and Ms. LIU Xu, Ms. YANG Xiu and Mr. HUANG Weiqiang as members.

The primary duties of the Strategic Development and ESG Committee:

1. review the Bank's medium- to-long-term development plans and make recommendations to the Board; supervise and evaluate the process of strategic implementation, and put forward relevant recommendations; and propose strategic adjustment suggestions based on changes in the business environment;
2. review the annual financial budget and final accounts, and make recommendations to the Board;
3. supervise and inspect the implementation of the annual operation plans and investment plans;
4. provide opinions, suggestions and strategies on the Bank's development strategy, operation and development and other significant events;



CORPORATE GOVERNANCE REPORT (CONTINUED)

5. review the strategic capital allocation (such as capital structure, capital adequacy ratio) and the objectives of assets and liabilities management, and make recommendations to the Board;
6. review major institutional establishment and adjustment plans, and make recommendations to the Board;
7. review the Bank's plans for establishment and development of branches, and make recommendations to the Board;
8. review the Bank's plans for material investment and financing, disposal of assets, mergers and acquisitions, and make recommendations to the Board;
9. coordinate and promote the development of the Bank's environmental, social and governance (ESG) system, review reports on ESG-related work, study trends in sustainable development and ESG development, relevant policies and regulations, ensure the Bank's compliance with and adherence to applicable laws, regulations and supervisory requirements, and promote the implementation of other ESG-related work required by the government and regulatory authorities;
10. supervise, inspect and evaluate the implementation of the Bank's ESG work, and make recommendations to the Board on the Bank's development strategy and ESG-related matters;
11. inspect and assess the integrity of the Bank's corporate governance structure to ensure that financial reports, risk management and internal controls are in line with the Bank's corporate governance standards;
12. review the Bank's information technology strategic plan and annual business continuity management plan;
13. determine the green finance development strategies, approve the green finance goals and green finance report submitted by the senior management, and supervise, assess the implementation of the Bank's green finance development strategies; and
14. other duties required by the laws and regulations, rules, and the securities regulatory authority where the Bank's shares are issued and listed, or authorised by the Board.

As at the Reporting Period, the Strategic Development and ESG Committee held 2 meetings, at which 16 proposals were considered, mainly including the Summary of the Business Work in 2023 and the Arrangement for Business Work in 2024, 2024–2026 Strategic Planning, 2024–2026 strategic planning of capital management and the evaluation and Analysis report for capital adequacy ratio for 2023, 2023 ESG Report, etc.



CORPORATE GOVERNANCE REPORT (CONTINUED)

(II) Nomination and Remuneration Committee

As at 31 December 2024, the Bank's Nomination and Remuneration Committee consisted of 5 Directors, including Ms. LV Dan as the chairlady, Mr. SUN Jin as the vice chairman, Ms. WANG Hongmei, Mr. WANG Mo and Mr. CHAN Pak Lam, Tom as members. The composition of the Nomination and Remuneration Committee of the Bank complies with Rule 3.25 of the Listing Rules and paragraph B3 of the Code of Corporate Governance.

The primary duties of the Nomination and Remuneration Committee include:

1. Nomination and review

- (1) review, at least annually, the structure, size and composition (including the skills, knowledge and experience) of the Board, according to the Bank's operation, asset size and ownership structure, and make recommendations with regard to any contemplated changes made to the Board in line with the Bank's development strategy and operation strategy implementations;
- (2) research and formulate the procedures and standards for electing the Directors and senior management, identify individuals with suitable qualifications for Directors and senior management of the Bank, and make recommendations to the Board, the committee shall exercise its right to nominate directors in an independent and prudent manner, free from the influence of shareholders;
- (3) conduct preliminary reviews of the qualifications of potential Directors and senior management, and make recommendations to the Board;
- (4) assess the independence of the independent non-executive Directors;
- (5) make recommendations to the Board on the appointment or re-appointment of Directors and succession plan for Directors, in particular, the Chairman and President of the Bank;
- (6) develop and review in appropriate cases the Bank's policy concerning diversity of the Board members, and make disclosure of the relevant policy or a summary of the policy in the corporate governance report of the Bank.

2. Remuneration assessment

- (1) study and formulate the standards for assessing Directors and senior management and conduct assessment and put forward proposals to the Bank;
- (2) review the remuneration management policies and systems of the Bank, formulate appraisal, remuneration and incentive plans for the Directors and senior management, review the matters relating to the share plan mentioned in Chapter 17 of the Listing Rules, and make recommendations to the Board and supervise the implementation of the relevant policies, systems and plans. The nomination and remuneration committee must consult the Chairman or the President of the Bank in respect of the remuneration suggestions of executive Directors and senior managers;



CORPORATE GOVERNANCE REPORT (CONTINUED)

- (3) review and approve remuneration suggestions by management based on the corporate goals and objectives formulated by the Board;
 - (4) determine the remuneration packages of the executive Directors and senior management under authorisation of the Board, or make suggestions to the Board in respect of the remuneration packages of the executive Directors and senior management;
 - (5) make suggestions to the Board in respect of the remuneration packages of the non-executive Directors;
 - (6) consider the salaries paid by similar banks, time and responsibilities required for the posts and terms of employment of the Bank's other posts;
 - (7) review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment, and ensure that such compensation is consistent with the terms of the contract; if inconsistent, the compensation must be fair and reasonable but not excessive;
 - (8) review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct, and ensure that such compensation is consistent with the terms of the contract; if inconsistent, the compensation must be fair and reasonable;
 - (9) ensure that no Director or any of their associates is involved in deciding his or her own remuneration.
3. *Other duties required by the laws and regulations, rules, and the securities regulatory authority where the Bank's shares are issued and listed, or authorised by the Board.*

During the Reporting Period, the Nomination and Remuneration Committee convened 5 meetings, at which 13 proposals were considered, mainly including matters such as the resolution on the list of candidates for election as Directors of the eighth session of the Board of Directors, the election of the chairman of the eighth Board of Directors, the appointment of President, Vice President and other senior management, the resolution on the 2023 performance appraisal of senior management, etc. In the process of electing Directors and Chairman, the Nomination and Remuneration Committee fully evaluated the skills, knowledge and experience of the candidates, and preliminarily reviewed the candidate's qualifications in accordance with relevant laws and regulations. The nomination and remuneration committee make recommendations to the Board in conjunction with relevant policies of the Bank, including but not limited to, the diversity policy of the Board.

The diversity policy of the Board is summarised as follows:

The Board believes that a diverse composition will enable the Bank to, in a more efficient manner, improve the work quality and efficiency of the Board, understand and meet customer needs and enhance decision-making ability of the Board. In selecting candidates, the Board and the Nomination and Remuneration Committee consider multiple factors including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge and years of service as well as the contribution and value that can be provided to the Board, in order to achieve the diversity of members of the Board. The Nomination and Remuneration Committee reports annually on the composition of the Board from the perspective of diversity. The Board considers that the current structure and composition of the Board is appropriate to enable it to carry out its responsibilities of leadership and monitoring of the Bank.



CORPORATE GOVERNANCE REPORT (CONTINUED)

As at 31 December 2024, the Board comprised 15 Directors, of whom 1 Director was ordinarily resident in Hong Kong and 5 female directors. Members of the Board are diverse in terms of gender, education background, professional experience, skills knowledge and service term. Mr. WANG Mo has many years of experience in accounting. Ms. LV Dan has many years of experience in investment project management and public administration teaching. Mr. CHAN Pak Lam, Tom has many years of experience in the financial industry. Ms. WANG Lan has many years of experience in legal practice, and Mr. HUANG Weiqiang has many years of experience in financial teaching. The above Directors can promote the diversification of the Board, bringing a wealth of perspectives, professional knowledge, and experience to the Board. The diversity policy of the Board of Directors of the Bank has set quantifiable targets, and the Board would like to keep its female ratio, age distribution and diversity of professional backgrounds remain at the current level.

The Bank adheres to the principles of diversity and anti-discrimination in employment. In the recruitment, training, promotion and remuneration systems, the Bank treats all employees of different races, nationalities, beliefs, genders, ages, marital status and those under special legal protection equally. It strives to provide equal opportunities for employees in all aspects, and actively builds a respectful, open and inclusive corporate culture. The Bank values the diverse talents of employees. The Bank adheres to the principle of gender equality in employment, actively increases the number of female employees, and carries out training and education activities for female management positions. In addition, the Bank also encourages female employees to participate in various activities through various ways to enrich their spare time. Up to now, the Bank has 4,864 female employees, accounting for approximately 55.7% of the total.

(III) Risk Control and Consumers' Rights Protection Committee

As at 31 December 2024, the Risk Control and Consumers' Rights Protection Committee of the Bank consisted of 5 Directors, including Mr. WANG Mo as the chairman, Ms. LIU Xu as the vice chairlady, and Mr. ZHANG Xuewen, Mr. HE Peng and Mr. HUANG Weiqiang as members.

The primary duties of the Risk Control and Consumers' Rights Protection Committee include:

1. review and inspect the responsibilities, authorities, and reporting system of senior management on risks, effectively promote the construction of a risk management system, ensure the effectiveness of the Bank's risk management decision-making system and that the risks faced by the Bank's business are under control;
2. review and amend the Bank's strategies, policies procedures and reports of risk management, conduct supervision and evaluation on its implementation and effectiveness in accordance with the Bank's general strategy, and make recommendations to the Board;
3. conduct regular review of the risk report submitted by the senior management (including but not limited to comprehensive risk, compliance risk, market risk, operational risk, liquidity risk, information technology risk, and money laundering risk management reports), and fully understand the overall situation of the Bank's risk management, the effectiveness of handling significant risk events, and the effectiveness of monitoring and evaluating daily risk management;
4. ensure that necessary measures are adopted by the senior management to effectively identify, assess, measure, monitor, control, and mitigate various types of risks such as credit, liquidity, market, operational, and money laundering;



CORPORATE GOVERNANCE REPORT (CONTINUED)

5. review and approve overall policies for case prevention, promote the construction of a case prevention management system, clarify the duties and authorities of senior management in case prevention, review case prevention work reports, assess the effectiveness of case prevention work, and ensure that necessary measures are adopted by the senior management to effectively detect, alert, and address case risks;
6. communicate with senior management and departments on a regular basis about the Bank's operations and risk status, conduct regular assessment of the Bank's risk policies, management status and risk tolerance, provide opinions and recommendations to improve risk management and internal control, and ensure the timely submission of risk management matters involving the Bank's customer concentration, major strategic cooperation agreements, etc. by senior management to the committee for consideration;
7. review and approve the Bank's compliance policies, conduct regular review of the compliance risk report submitted by the senior management, and supervise the implementation of the compliance policies;
8. conduct regular review of the Bank's business continuity assessment report and risk preference report, urge senior management to establish risk limits based on the risk preferences set by the Board, adequately communicate and effectively implement the risk management strategies, risk preferences and risk limits determined by the Board;
9. review the report on the annual write-off amount for bad debts;
10. review the Bank's strategies, policies, and objectives for consumer rights protection, incorporate consumer rights protection into corporate governance and business development strategies, and regularly listen to special reports from senior management on the implementation of consumer rights protection of the Bank; and
11. other duties required by the laws and regulations, rules, and the securities regulatory authority where the Bank's shares are issued and listed, or authorised by the Board.

As at the Reporting Period, based on the overall risk management strategies of the Bank, the Risk Control and Consumers' Rights Protection Committee reviewed and amended the Bank's risk management policies, regularly reviewed the risk reports submitted by the senior management to further understand the Bank's risk management work and the effectiveness of relevant measures, and made recommendations to the Board.

During the Reporting Period, the Risk Control and Consumers' Rights Protection Committee held 4 meetings, at which 18 proposals were considered, mainly including the 2023 Comprehensive and Specialised Risk Management Report, 2024 Risk Preference Statement, 2023 business continuity strategy, and 2024 business continuity plan, 2023 Consumer Rights Protection Report, etc.



CORPORATE GOVERNANCE REPORT (CONTINUED)

(IV) Related Party Transactions Control Committee

As at 31 December 2024, the Related Party Transactions Control Committee of the Bank consisted of 5 Directors, including Mr. HUANG Weiqiang as the chairman, Mr. WANG Yigong as the vice chairman, and Mr. HE Yixuan, Ms. LV Dan and Ms. WANG Lan as members.

The primary duties of the Related Party Transactions Control Committee include:

1. review and confirm the list and information of related parties of the Bank submitted by the Office of Related Party Transactions Management, report to the Board and the Board of Supervisors, and notify the relevant departments of the Bank of the related parties identified;
2. conduct review of material related party transactions subject to review by the Board and submit such related party transactions to the Board for consideration, or review the related party transactions within its scope of authority; and file general related party transactions reviewed by the Office of Related Party Transactions Management;
3. supervise the Bank's related party transactions; and review the Bank's annual related party transactions and the plan for related party transactions control, and submit to the Board for consideration; review related party transactions listed in the plan for related party transactions control authorized by the Board;
4. communicate with senior management and departments on a regular basis on the Bank's related party transactions and provide advice and recommendations; and
5. other duties required by the laws and regulations, rules, and the securities regulatory authority where the Bank's shares are issued and listed, or authorised by the Board.

As at the Reporting Period, the Related Party Transactions Control Committee held 6 meetings, at which 9 proposals were considered and 1 report was heard on matters, mainly including the confirmation of the list of unrelated parties of Shengjing Bank Co., Ltd. at the end of 2023, the situation of related transactions in 2023, the quota control plan for related transactions in 2024, etc.

(V) Audit Committee

As at 31 December 2024, the Audit Committee of the Bank consisted of five Directors, including Mr. CHAN Pak Lam, Tom as the chairman, Mr. HE Peng as the vice chairman, Mr. WANG Jun, Mr. WANG Mo and Ms. WANG Lan as members. The composition of the Audit Committee of the Bank complies with Rule 3.21 of the Listing Rules and paragraph D3 of the Code.

The primary duties of the Audit Committee include:

1. examine the Bank's risks and compliance status, accounting policies, financial reporting process and financial status, review the completeness of the Bank's financial information, including financial statements an annual report and accounts, interim reports (if any) and quarterly reports (if any), and review the major opinion related to financial reporting as disclosed in the statements and reports.

The audit committee must liaise with the Board and senior management with regard to the above matters and meet at least twice a year with the external auditors. The audit committee must consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and must give due consideration to any matters that have been raised by the Bank's staff responsible for the accounting and financial reporting function, compliance officer (if any) or external auditors;



CORPORATE GOVERNANCE REPORT (CONTINUED)

2. With respect to external auditors:
 - (1) make recommendations to the Board on the appointment, reappointment or removal of the external auditors, reviewing the fees and terms of engagement of the external auditors, and handling any matters relating to the resignation or dismissal of the external auditors;
 - (2) review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards and discuss with the external auditors the nature and scope of the audit and the related reporting obligations before the audit commences;
 - (3) develop and implement policy on engaging external auditors to provide non-audit services;
 - (4) review the audit results letter presented by external auditors to the management, as well as any material queries raised by the auditors to the management about accounting records, financial accounts or monitoring systems, and the management's response;
 - (5) ensure that the Board will timely respond to the matters raised in the audit results letter presented by external auditors to the management; and
 - (6) act as the key representative body for overseeing the Bank's relations with the external auditors and being responsible for the communications between internal and external auditors to ensure that internal and external audit work has been coordinated.
3. being responsible for the Bank's annual audit and overseeing the senior management to rectify the issues raised in the audit and implement audit recommendations;
4. review and approve the Bank's internal audit system and supervise its implementation, review, evaluate and report to the Board on the internal audit on a regular basis, and ensure that the internal audit department has sufficient resources for operation and proper status;
5. examine the Bank's financial reporting system, risk management system and internal control system and their implementation;
6. responsible for urging the senior management to develop and implement anti-money laundering policies, systems and procedures, supervise the work of the anti-money laundering, listen to senior management reports on major anti-money laundering matters and make decisions on the policy adjustments in a timely manner; and
7. other duties required by the laws and regulations, rules and the securities regulatory authority where the Bank's shares are issued and listed, or authorised by the Board.

During the Reporting Period, the Audit committee convened 3 meetings, at which 11 proposals were considered and 1 report was heard on matters, mainly including 2023 Annual Financial Report of Shengjing Bank Co., Ltd., 2023 Profit Distribution Plan, the appointment of the accounting firms for the year 2024, 2023 Annual Results Announcement and 2023 Annual Report, 2024 Announcement of Interim Results and Interim Report, etc. In addition, the Audit Committee held 2 meetings with the auditors and 2 meetings with the auditors in the absence of the management in accordance with the provisions of the Code of Corporate Governance.



CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD OF SUPERVISORS

Composition of the Board of Supervisors

As at 31 December 2024, the Board of Supervisors comprised 9 Supervisors, including 3 Shareholder Representative Supervisors, namely, Mr. LIU Yan, Mr. YUEN Wing Shing and Mr. LI Jinsong; three External Supervisors, namely, Mr. XING Tiancai, Ms. MI Juan, Mr. LI Yanxi, and three Employee Representative Supervisors, namely, Mr. YU Xiaolong, Mr. NIU Jiao and Mr. CHEN Shijun.

Chairman of the Board of Supervisors

Mr. LIU Yan serves as the chairman of the Board of Supervisors of the Bank, responsible for organizing and fulfilling the responsibilities of the Board of Supervisors.

Meetings of the Board of Supervisors

In 2024, the Board of Supervisors held a total of 8 meetings, at which 54 proposals were considered, approved and heard on matters including 2023 Work Report of the Board of Supervisors, 2023 Supervision and Evaluation Report, 2024 Supervision and Inspection Work Plan of the Board of Supervisors, 2023 Annual Report, 2023 Comprehensive Risk Management Report, 2023 Report on Evaluation of Internal Control, 2023 Final Financial Accounts and 2024 Financial Budget Report, 2023 Profit Distribution Plan and the Performance Appraisal on the Directors, Supervisors and Senior Management of the Bank.

During the Reporting Period, the Supervisors performed their supervisory duties in accordance with the laws, regulations, the Articles of Association of the Bank and the Rules of Procedures of the Board of Supervisors, and actively participated in the special supervision and research activities of the Board of Supervisors. They duly performed their supervisory duties, exercised their supervisory power according to the laws and effectively exerted their supervision and counter-balance functions in corporate governance.



CORPORATE GOVERNANCE REPORT (CONTINUED)

Attendance records of the Supervisors at the meetings of the Board of Supervisors and the committees under the Board of Supervisors during the Reporting Period are set out below:

Members of the Board of Supervisors ⁽¹⁾	Attendance in person/by proxy/required attendance (times) ⁽²⁾		
	Board of Supervisors	Supervision Committee	Nomination Committee
Shareholder Representative Supervisors			
LIU Yan	8/0/8	2/0/2	3/0/3
YUEN Wing Shing	8/0/8		3/0/3
LI Jinsong	7/0/7	2/0/2	
External Supervisors			
XING Tiancai	7/0/7		2/0/2
MI Juan	7/0/7	2/0/2	
LI Yanxi	7/0/7	2/0/2	
Employee Representative Supervisors			
YU Xiaolong	8/0/8		3/0/3
NIU Jiao	8/0/8	0/0/0	2/0/2
CHEN Shijun	8/0/8	2/0/2	1/0/1
Former Supervisors			
YANG Xiu	1/0/1	0/0/0	
BA Junyu	1/0/1	0/0/0	
SUN Hang	1/0/1		1/0/1
CHENG Hua	1/0/1	0/0/0	

Notes:

- (1) For details of changes in Supervisors of the Bank, please refer to "Directors, Supervisors, Senior Management and Employees – Changes in Directors, Supervisors and Senior Management".
- (2) Attendance in person includes participation by way of physical attendance as well as participation by way of electronic means such as telephone and online video conference.



CORPORATE GOVERNANCE REPORT (CONTINUED)

Committees under the Board of Supervisors

The Bank has established a supervision committee and a nomination committee under the Board of Supervisors. The committees operate in accordance with terms of reference established by the Board of Supervisors.

(I) *Supervision Committee*

As at the 31 December 2024, the Bank's Supervision Committee under the Board of Supervisors consisted of 5 Supervisors, including Ms. MI Juan as the chairlady, and Mr. LIU Yan, Mr. LI Jinsong, Mr. LI Yanxi, and Mr. CHEN Shijun as members.

The primary duties of the supervision committee include:

1. supervise the adoption by the Board of prudent business philosophy and value standards and formulate development strategies in line with the actual situations of the Bank;
2. conduct supervision and assessment on important financial decisions of the Board and senior management and subsequent implementations, the establishment and improvement of internal control governance structure and comprehensive risk management governance structure and the division of duties of relevant parties and the performance of their duties;
3. communicate with the relevant committees of the Board, the relevant departments of the Bank, and intermediaries to keep aware of the preparation of periodic reports and related significant adjustments, and report to the Board of Supervisors, and provide advice to the accounting firms appointed by the Bank when necessary;
4. draft specific plans on supervising and examining the Bank's financial activities, operating decisions, internal control and risk management with the authorisation of the Board of Supervisors and based on the needs, put forward them to the Board of Supervisors for consideration and implement such plans upon approval;
5. review and provide advice to the Board of Supervisors on the Bank's annual financial report, audit report, profit allocation plan formulated by the Board;
6. organise and conduct special research and study on relevant departments and branches of the head office; and
7. when becoming aware of any unusual operating condition of the Bank, or upon the occurrence of significant contingencies or major risk events, formulate investigation plans according to the decision of the Board of Supervisors, and if necessary, organise relevant staff or engage intermediaries, such as accounting firms and law firms, for assistance.

During the Reporting Period, the Supervision Committee held 2 meetings, at which 26 proposals were considered on the matters mainly including 2023 Work Report of the Supervision Committee of the Board of Supervisors, 2023 Annual Financial Report, 2023 Profit Distribution Proposal, 2023 Final Financial Accounts and 2024 Financial Budget Report, 2023 Management Work Report of Consolidated Financial Statements, 2023 Comprehensive and Special Risk Management Report, etc.



CORPORATE GOVERNANCE REPORT (CONTINUED)

(II) Nomination Committee

As at 31 December 2024, the Bank's Nomination Committee under the Board of Supervisors consisted of 5 Supervisors, including Mr. XING Tiancai as the chairman, and Mr. LIU Yan, Mr. YUEN Wing Shing, Mr. YU Xiaolong and Mr. NIU Jiao as members.

The primary duties of the supervision committee include:

1. provide advice to the Board of Supervisors on the composition and members of the Board of Supervisors based on the Bank's operational and management status, asset size and shareholding structure;
2. seek a wide range of qualified supervisor candidates, and improve the market-oriented selection and appointment mechanism;
3. seek qualified supervisor candidates;
4. supervise the procedures for selection and appointment of Directors;
5. conduct comprehensive evaluation on the work performance of Directors, Supervisors and senior management and report to the Board of Supervisors; and
6. supervise the rationality and reasonableness of the remuneration management system and policies of the Bank and the remuneration packages for the senior management.

During the Reporting Period, the Nomination Committee held 3 meetings, at which 5 proposals were considered and 1 proposal was heard on the matters, mainly including the 2023 Work Report of the Nomination Committee of the Board of Supervisors, the candidate list for Supervisors of the eighth session of the Board of Supervisors, the amendments to Administrative Measures for Appraisal and Evaluation of Senior Management of Shengjing Bank, the 2023 Work Plan and Report on Performance Evaluation of Directors, Supervisors and Senior Management, etc.



CORPORATE GOVERNANCE REPORT (CONTINUED)

SENIOR MANAGEMENT

The senior management, as the executive body of the Bank, is accountable to the Board and supervised by the Board of Supervisors. The division of authority between the senior management and the Board is in strict accordance with the Articles of Association and other corporate governance documents of the Bank.

The President has the right to organise and conduct business and management activities in accordance with the laws, regulations, rules, the Articles of Association of the Bank and under the authorisation of the Board. The President has the following functions and powers:

1. take charge of the business operation and management of the Bank, organise the implementation of the resolutions of the Board of Directors and report the work to the Board of Directors;
2. submit business plans and investment proposals to the Board of Directors on behalf of the senior management, and organise the implementation of Board resolutions, annual plans of the Bank and investment proposals upon approval by the Board of Directors;
3. draft proposals on the establishment of the Bank's internal management departments;
4. set up the Bank's basic management system;
5. formulate the Bank's specific rules and regulations;
6. decide to engage or dismiss management other than those to be engaged or dismissed by the Board of Directors;
7. authorise persons in charge of internal departments and branches to conduct operational activities;
8. formulate proposals on wages, benefits, rewards and punishment of the Bank's staff, and decide on their appointment and dismissal;
9. adopt emergency measures when any major emergency, such as bank run, arises and promptly report them to the banking regulatory authority of the State Council, the Board of Directors and the Board of Supervisors; and
10. other powers and rights conferred by the Articles of Association of the Bank and by the Board of Directors.



CORPORATE GOVERNANCE REPORT (CONTINUED)

Total before tax remuneration paid to the senior management (excluding the Directors) by bands for the year ended 31 December 2024 is set out below:

Remuneration bands	Number of individuals
Nil to RMB2,000,000	3
RMB2,000,001 to RMB3,000,000	0
RMB3,000,001 to RMB4,000,000	0

DELEGATION OF POWER BY THE BOARD

The management represented by the Board exercises its powers in accordance with its responsibilities as set out in the Articles of Association. Apart from implementing resolutions of the Board, the management takes charge of the daily operation and management of the Bank. Major capital expenditure items must be approved by the Board through the annual budget proposal before execution. Items within the annual budget and not exceeding the authorized amount will be decided by the management with the authorisation by the Board.

Such authorized matters also include debt securities investments, credit-granting and asset purchase, disposal of asset, write-off of assets, finance cost expenditure, donations to external bodies, provided that the amount does not exceed a certain limit. For details, please refer to the section headed "Corporate Governance Report – The Board and Special Committees".



CORPORATE GOVERNANCE REPORT (CONTINUED)

CHAIRMAN AND PRESIDENT

The Bank agrees to the principles as set out in the Code of Corporate Governance (Appendix C1 to the Hong Kong Listing Rules). From 1 January 2024 to the Latest Practicable Date, the Bank has been in full compliance with the Code 2.1 of the Code of Corporate Governance.

The Chairman of the Board is responsible for overall strategic planning and presiding over the Board, to ensure that the Board works effectively and timely considers all significant matters. The President is responsible for business development and overall operation and management of the Bank. The President is appointed by and accountable to the Board, and must perform his duties in accordance with the Articles of Association of the Bank and authorisation of the Board. The roles of the Chairman and the President are separated with a clear division of responsibilities. The management is responsible for the day-to-day operation and management.

During the Reporting Period, the Chairman held two meetings with the independent non-executive Directors in the absence of other Directors.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Bank adopted the Rules for Securities Transactions by Directors, Supervisors and Key Employees of Shengjing Bank Co., Ltd. (the “Rules for Securities Transactions”) regarding securities transactions by Directors, Supervisors and certain key employees on terms not less exacting than the required standard in the “Model Code for Securities Transactions by Directors of Listed Issuers” as set out in Appendix C3 to the Listing Rules.

Having made specific enquiries to all Directors and Supervisors, each of the Directors and Supervisors has confirmed that they complied with the Rules for Securities Transactions during the Reporting Period.

EXTERNAL AUDITORS AND AUDITORS’ REMUNERATION

The audit opinion of the external auditors engaged by the Bank and their responsibilities are set out in the “Independent Auditor’s Report”.

According to the Administrative Measures on the Selection and Appointment of Accounting Firms by State-owned Financial Enterprises (Caijin [2020] No.6) 《(國有金融企業選聘會計師事務所管理辦法》(財金[2020]6號)) issued by the Ministry of Finance of the PRC, financial enterprises shall employ the same accounting firm for no more than 8 consecutive years. At the 2023 Annual General Meeting of the Bank held on 5 June 2024, shareholders approved the appointment of Crowe (HK) CPA Limited (“Crowe”) as the international and domestic auditors of the Bank for 2024.

The fees payable by the Bank to Crowe as agreed for the annual financial statements audit and semi-annual financial statements review for the year ended 31 December 2024 are RMB3.9 million and RMB2.6 million, respectively.



CORPORATE GOVERNANCE REPORT (CONTINUED)

INTERNAL CONTROL

Risk Management and Internal Control

(I) Management System

The Board is responsible for the establishment and implementation of a sound risk management and internal control system as well as regularly conducting comprehensive assessment. The Board of Supervisors supervises the establishment and implementation of risk management and internal control by the Board and senior management. The senior management is responsible for the day-to-day operation of risk management and internal control across the Bank. Meanwhile, the Board has established the Audit Committee, the Risk Control and Consumers' Rights Protection Committee and the Related Party Transactions Control Committee to fulfill the corresponding responsibilities of risk management and internal control and evaluate the effectiveness of such risk management and internal control.

The Board attaches great importance to the construction of risk management and internal control, and has established a risk management system featuring "uniform leadership, vertical management and hierarchical accountability" to identify, assess and manage the major risks related to the Bank. In particular, the Bank complies with the requirements on the establishment of risk management and internal control under the Commercial Banking Law of the PRC (《中華人民共和國商業銀行法》), the Basic Standard for Enterprise Internal Control (《企業內部控制基本規範》), the Internal Control Guidelines for Commercial Banks (《商業銀行內部控制指引》), and the guidelines issued by the Basel Committee on Banking Supervision. Accordingly, the Bank developed a risk management and internal control system which covers such five aspects as internal environment, risk identification and assessment, internal control activities, information and communication, and internal supervision and is in line with the Bank's development strategies, operating scale, scope of business and risk appetite. The Board, the Board of Supervisors and senior management constantly pay attention to the effectiveness of risk management and internal control, actively promote relevant rectification and reforms and optimise its system rules, procedures and information technology system, thereby encouraging its functional departments and all branches and sub-branches to strengthen risk control in order to improve business quality.

(II) Annual Assessment

During the Reporting Period, in accordance with the "Commercial Banks Law of the PRC", the "Banking Supervision Law of the PRC", the "Guidelines on the Internal Control of Commercial Banks", the "Guidelines for the Comprehensive Risk Management of Banking Financial Institutions" and other laws, regulations and regulatory requirements, the Bank carried out comprehensive evaluations according to the "Measures for Risk Control Assessment of Shengjing Bank" and "Risk Reporting System of Shengjing Bank" and other rules and regulations by means of business line inspection, risk management department assessment and interview, combining with the internal audit and external inspection during the Reporting Period. The evaluations cover all critical monitoring of the Bank, including financial monitoring, operational monitoring and compliance monitoring, as well as risk management functions. During the Reporting Period, the Board has conducted an annual review of the effectiveness of the Bank's internal control and risk management. The Board reviewed the risk management report nine times and the internal control report once. The Board considers the Bank's risk management and internal control systems effective and adequate. Meanwhile, the Board believes that the resources, qualifications and experience of staff of the Bank's accounting, internal audit and financial reporting functions as well as providing them adequate trainings and financial budgets. There was no significant matter of concern during the Reporting Period.



CORPORATE GOVERNANCE REPORT (CONTINUED)

(III) Management of Inside Information

The Bank attaches great importance to its information disclosure, is in strict compliance with all regulations in the listing venues, adheres to the principles of timeliness, fairness, accuracy, truthfulness and completeness as to its information disclosure. The Bank has established procedures for information disclosure to designate the department responsible for managing inside information to satisfy the requirements of SFO and other applicable laws on information disclosure. The Bank also constantly improves its efforts in information disclosure and investor relations management, and carries out information disclosures in accordance with applicable laws.

For further details of risk management and internal control of the Bank, please refer to the sections headed “Management Discussion and Analysis – Risk Management” and “Internal Control” in this report.

COMPANY SECRETARY

Mr. Zhou Zhi is one of the joint company secretaries of the Company, while Ms. Kwong Yin Ping Yvonne, a senior vice president of SWCS Corporate Services Group (Hong Kong) Limited, is the joint company secretary fulfilling the relevant qualification requirements of the Hong Kong Listing Rules. The company secretary is mainly responsible for facilitating the operation of the Board of Directors, ensuring the effective communication among the members of the Board of Directors and the observation of the policies and procedures of the Board of Directors, and ensuring the compliance with Hong Kong Listing Rules and other regulations by the Bank. Each Director can discuss with, seek advice from and obtain data from the company secretary. The main contact in the Bank for Ms. Kwong Yin Ping Yvonne is Mr. Zhou Zhi.

Each of Mr. Zhou Zhi and Ms. Kwong Yin Ping Yvonne has complied with the requirements of Rule 3.29 of the Listing Rules by receiving relevant professional training for no less than 15 hours during the Reporting Period.

INFORMATION DISCLOSURE

During the Reporting Period, the Bank was in strict compliance with the requirements of carrying out true, accurate, complete and timely information disclosure under relevant laws and regulations. The Bank simultaneously published 39 announcements on HKEx News and the Bank’s website to enhance the transparency of the company’s governance.

Effective Communication with Shareholders

The Bank attaches great importance to communication with shareholders, and strives to improve mutual understanding and communication with shareholders and investors through various channels including general meeting, results presentation, promotion roadshows, visitor reception and telephone enquiries. The Bank ensures effective, equitable and timely communication of information to shareholders and investors at all times and regularly reviews the effectiveness of its communication channels. The Bank has considered the participation and communication activities of shareholders and investors held by the Group in 2024, which meet the requirements for full and effective implementation of the shareholder communication policy.



CORPORATE GOVERNANCE REPORT (CONTINUED)

Articles of Association

Reference are made to (I) announcement of the Bank dated 24 March 2023 and 25 August 2023; (II) the circular of the Bank dated 19 April 2023 and 11 October 2023 in relation to, among others, the proposed amendments to the Articles of Association; and (III) the poll results announcement of the 2022 Annual General Meeting of the Bank dated 2 June 2023 and 31 October 2023 in relation to, among other things, the Shareholders' approval of the resolution in relation to the amendments to the Articles of Association at the 2022 Annual General Meeting and 2023 First Extraordinary General Meeting of the Bank. Reference is also made to announcement of the Bank dated 5 June 2024 that the aforesaid amendments to the Articles of Association have been approved by the Liaoning Financial Bureau on 29 May 2024 which took effect on the same date. The latest version of the Articles of Association is available on the websites of the Bank and the Stock Exchange.

SHAREHOLDERS' RIGHTS

Request of Shareholders for Convening an Extraordinary General Meeting

The Bank effectively protects shareholders' rights in strict compliance with regulatory regulations and its corporate governance system.

Shareholders individually or in aggregate holding 10% or more of the Bank's voting shares have the right to request in writing the Board of Directors to convene an extraordinary Shareholders' general meeting or a class shareholder meeting. The Board of Directors shall grant feedback in writing of whether to convene the extraordinary shareholders' general meeting or class shareholder meeting within 10 days from the receipt date of such request in accordance with the laws, administrative regulations and the Articles of Association. The shareholding of the above shareholders is based on their shareholdings on the date such request is proposed in writing.

The Board of Directors shall give notice of a shareholders' general meeting or a class shareholder meeting within five days from adoption of the resolution of the Board upon agreeing to convene an extraordinary shareholders' general meeting or a class shareholder meeting and any change to the original proposals stated in the notice shall obtain the consent of the relevant shareholders.

If the Board of Directors decides against the convening of an extraordinary Shareholders' general meeting or a class shareholder meeting, or the Board of Directors fails to grant feedback within 10 days from receiving the proposal, shareholders individually or in aggregate holding 10% or more of the Bank's voting shares are entitled to propose for convening an extraordinary Shareholders' general meeting or a class shareholder meeting to the Board of Supervisors in writing.

The Board of Supervisors shall give notice of a Shareholders' General Meeting or a class shareholder meeting within five days from receipt of the request upon agreeing to convene an extraordinary Shareholders' General Meeting or a class shareholder meeting and any change to the original proposals stated in the notice shall obtain the consent of the relevant shareholders.

If the Board of Supervisors fails to issue notice of the Shareholders' general meeting or class shareholder meeting within the stipulated period, the Board of Supervisors will be deemed not to convene or preside over the Shareholders' General Meeting or class shareholder meeting and such a meeting may be convened and presided over by shareholders individually or in aggregate holding 10% or more of the Bank's voting shares for at least ninety consecutive days.

Shareholders may refer to the Articles of Association published on the websites of the Hong Kong Stock Exchange and the Bank for details.



CORPORATE GOVERNANCE REPORT (CONTINUED)

Proposals at General Meetings

The Board and the Board of Supervisors as well as Shareholders individually or collectively holding 3% or more voting shares of the Bank have the right to put forward proposals at a general meeting of the Bank. Shareholders may refer to the Articles of Association published on the websites of the Hong Kong Stock Exchange and the Bank for details.

Shareholders may refer to the Articles of Association published on the websites of the Hong Kong Stock Exchange and the Bank for details of the general methods and procedures for nominating Directors and Supervisors.

PROFIT AND DIVIDEND DISTRIBUTION POLICY

According to the Articles of Association, the profit and dividend distribution policy of the Bank are as follow:

- (I) According to Article 284 of the Articles of Association, the Bank shall set aside 10% of the profits from the after-tax profits for the year to its statutory reserve fund. The Bank needs not allocate further amounts if the accumulated amount of the statutory reserve fund is over 50% of its registered capital. If the statutory reserve fund is not sufficient to cover the losses incurred in the previous year, the profits of the current year shall be used to cover such losses before any allocation to the statutory reserve fund is made in accordance with the provisions of the previous paragraph. After the Bank has set aside statutory reserve fund from the after-tax profits, the Bank, subject to the approval of the Shareholders' general meeting, may make allocation to the discretionary reserve fund from the after-tax profits after setting aside general reserves in accordance with the relevant provisions. The balance of the after-tax profits of the Bank after making up losses and setting aside statutory reserve fund may be distributed to the Shareholders in pro rata to their shareholding unless it is otherwise stipulated in these Articles that the profits shall not be distributed in pro rata to the shareholding of the Shareholders. Where the Shareholders' general meeting distributes profits to Shareholders in violation of the foregoing provisions before the Bank's making up losses and setting aside statutory reserve funds, the Shareholders concerned must return to the Bank the profits distributed in violation of the provisions. Shares of the Bank held by the Bank shall not participate in the distribution of profits.
- (II) According to Article 289 of the Articles of Association, the profit distribution policy of the Bank shall be prudently formulated by taking into account the factors such as providing the reasonable investment return to the investors, ensuring the Bank's ability of risk resilience, and be in the interest of the Bank's long-term development. The Bank may distribute profits via bonus issue, payment of cash dividend and so on.

RELATIONSHIP WITH KEY STAKEHOLDERS

The Bank considers its employees as its core assets. The Bank has established a performance-based compensation system to encourage a fair and friendly working environment. The Bank has also developed and implemented proper strategies and plans to support the career path and professional advancement of its employees.

Paying close attention to the customers' demands, the Bank has continuously diversified its products and services as well as expanded its sales channels, with a view to optimising the customer experience and expanding its client base. The Bank will continue its endeavors to provide its customers with quality products and services.



CORPORATE GOVERNANCE REPORT (CONTINUED)

INVESTOR RELATIONS

Shareholders and investors may send enquiries to the Board as follows:

Office of the Board, Shengjing Bank Co., Ltd.
No. 109 Beizhan Road, Shenhe District, Shenyang, Liaoning Province, the PRC
Tel: +86 (24)2253 5633
Fax: +86 (24)2253 5930
E-mail: dongshihui@shengjingbank.com.cn

Principal place of business in Hong Kong of Shengjing Bank Co., Ltd.:
40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong

SHAREHOLDERS' ENQUIRIES

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

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Tel: (852)2862 8555
Fax: (852)2865 0990

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

Office of the Board, Shengjing Bank Co., Ltd.
No. 109 Beizhan Road, Shenhe District, Shenyang, Liaoning Province, the PRC
Tel: +86 (24)2253 5633
Fax: +86 (24)2253 5930

ADDITIONAL INFORMATION

The Bank currently holds a Financial License institution number: B0264H221010001 issued by the Liaoning Financial Bureau, and a Business License unified social credit code: 91210100117809938P issued by the Shenyang Administration for Market Regulation. The Bank is not an authorised institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorised to carry out banking and/or deposit-taking business in Hong Kong.



REPORT OF THE BOARD OF DIRECTORS

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

PRINCIPAL BUSINESS

The Bank engages in banking businesses and the related financial services.

BUSINESS REVIEW

A review of the Bank's business during the Reporting Period is set out in the section headed "Management Discussion and Analysis". The key financial performance indicators are set out in the section headed "Financial Highlights". Compliance with relevant laws and regulations which have a significant impact on the Bank can be found throughout this report, in particular, in the section headed "Corporate Governance Report". Analysis on the relationship with key stakeholders can also be found in the section headed "Corporate Governance Report".

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the Bank are set out in "Management Discussion and Analysis – Risk Management".

IMPORTANT EVENTS SINCE THE END OF THE REPORTING PERIOD

As of the Latest Practicable Date, there were no important events affecting the Bank that had occurred since the end of the Reporting Period.

FUTURE DEVELOPMENT IN THE BANK'S BUSINESS

Please refer to the "Management Discussion and Analysis – Future Outlook and Development Strategy".

PROFITS AND DIVIDEND

The profit distribution policy of the Bank attaches importance to reasonable investment returns to investors and adheres to the principles that are conducive to the long-term development of the Bank. The profit distribution of the Bank may be made by way of bonus shares, cash dividends, etc. The Board of Directors is responsible for formulating profit distribution plan. A profit distribution plan should be determined by two-thirds or more of the Directors and approved at a general meeting by way of ordinary resolution. The independent Directors should express their opinions on the profit distribution plan to the general meetings or the Board of Directors. The Board of Supervisors should review the profit distribution plan and express its opinions on the compliance and appropriateness of such proposals. The Bank will determine whether to distribute any dividends, and in what amount, based on factors, including the Bank's results of operations, capital adequacy ratios, cash flow, financial condition, status of business operations and future prospects, the Bank's Shareholders' interests, statutory and regulatory restrictions on the Bank's dividend distribution.

The Bank's revenue for the year ended 31 December 2024 and the Bank's financial position as at the same date are set out in the section headed "Financial Statements".



REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

Pursuant to the resolutions passed at the 2023 Annual General Meeting held on 5 June 2024, it was resolved that no final dividend for 2023 would be distributed to all Shareholders.

As approved at the meeting of the Board of the Bank held on 28 March 2025, it is proposed that no final dividend for 2024 be declared to all Shareholders. Such resolution for no distribution of dividend will be considered at the 2024 Annual General Meeting.

The independent non-executive Directors of the Company also expressed independent opinions on such profit distribution plan. The Bank has not made any cash dividend distribution in the last three years.

CHANGES IN THE RESERVES

Details of the changes in the reserves of the Bank and of the reserves available for distribution for the year ended 31 December 2024 are set out in the financial statements.

PLEDGE OF ASSETS

Details of the pledge of assets of the Bank for the year ended 31 December 2024 are set out in the financial statements.

SUMMARY OF FINANCIAL INFORMATION

A summary of the operating results and assets and liabilities of the Bank for the five years ended 31 December 2024 is set out in the "Financial Highlights".

PROPERTY AND EQUIPMENT

Details of the changes in property and equipment of the Bank for the year ended 31 December 2024 are set out in Note 22 to the financial statements.



REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

RETIREMENT BENEFITS

Details of the retirement benefits provided by the Bank to employees are set out in Note 31 to the financial statements.

SUBSTANTIAL SHAREHOLDERS

Details of the Bank's substantial Shareholders as at 31 December 2024 are set out in the "Change in Share Capital and Shareholders – Interests and Short Positions of Substantial Shareholders and Other Persons" and the relevant parts of the notes to the financial statements, respectively.

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

During the Reporting Period, the Bank did not purchase, sell or redeem any listed securities of the Bank (including sale of treasury shares).

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

PRE-EMPTIVE RIGHTS

There are no provisions in the Articles of Association of the Bank and the relevant PRC laws for granting pre-emptive rights to Shareholders of the Bank. The Articles of Association of the Bank provide that the Bank may increase its capital by issuing shares in public, distributing bonus shares to existing Shareholders and other means in accordance with laws and regulations.

MAJOR CUSTOMERS

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

SHARE CAPITAL

Details of the change in the share capital of the Bank during the year are set out in Note 33 to the financial statements.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Details of the Directors, Supervisors, senior management and employees are stated in the section headed "Directors, Supervisors, Senior Management and Employees".



REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

CONFIRMATION OF INDEPENDENCE BY THE INDEPENDENT NON-EXECUTIVE DIRECTORS

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

DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, to the knowledge of the Directors after making reasonable enquiries, none of the Directors, the chief executive or the Supervisors had any interest or short position in the shares, underlying shares and debentures of the Bank or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Divisions 7 and 8 of Part XV of the SFO and Section 352 of the SFO or as otherwise notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Listing Rules.

FINANCIAL, BUSINESS AND FAMILY RELATIONSHIPS BETWEEN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

ARRANGEMENTS FOR DIRECTORS AND SUPERVISORS TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS AND SERVICE CONTRACTS

Saved for the continuing connected transactions, which are exempted from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules of the Stock Exchange, as at 31 December 2024 and at any time during the year, none of the Directors or Supervisors had any interest, whether directly or indirectly, in any material transaction, arrangement or contract (excluding service contracts) in relation to the Bank's business to which the Bank, or its associated companies, is a party. None of the Directors nor Supervisors has entered into any service contract with the Bank that is not determinable by the Bank within one year without payment of compensation (other than statutory compensation).



REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

MANAGEMENT CONTRACT

Save for the service contracts entered into with the management of the Bank, the Bank has not entered into any other contract with any individual, company or body corporate in relation to the management or administration of the whole or any substantial part of any business of the Bank.

DIRECTORS AND SUPERVISORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors or Supervisors have any interest in businesses that compete with the business of the Bank.

CORPORATE GOVERNANCE

The Bank is committed to maintaining high standards in corporate governance. Our approach to applying the principles and provisions of the corporate governance code is set out in the "Corporate Governance Report". Additionally, please refer to the Bank's 2024 Environment, Social and Governance Report published simultaneously by the Bank during the Reporting Date. For details, please visit the Bank's website at www.shengjingbank.com.cn.

CONNECTED TRANSACTIONS

Transactions between the Bank and the Bank's connected persons (as defined under the Listing Rules) will constitute connected transactions of the Bank under Chapter 14A of the Listing Rules. However, certain connected transactions of the Bank during the Reporting Period can be exempted from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Bank has reviewed all its connected transactions and acknowledged that it had complied with the requirements under Chapter 14A of the Listing Rules.

The definition of connected persons under Chapter 14A of the Listing Rules is different from the definition of related parties under International Accounting Standard 24, "Related Party Disclosures", and its interpretations by the International Accounting Standards Board. Certain related party transactions set out in Note 37 to the financial statements also constitute connected transactions or continuing connected transactions as defined under the Listing Rules, but none of them constitute any discloseable connected transaction as defined under the Listing Rules.

REMUNERATION POLICIES FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Under the guidance of the relevant policies of the PRC, the Bank continues to improve its remuneration management measures and performance evaluation system for Directors, Supervisors and senior management.

The remuneration system for the Directors, Supervisors and senior management adheres to the principle of balancing incentives and restraints, focusing on both short-term and long-term incentives and integrating governmental control with market regulation. The remuneration structure implemented by the Bank consists of basic annual remuneration, performance bonus and other benefits. The Bank makes contributions to various statutory pension plans organised by governments at all levels for its Directors, Supervisors and senior management.



REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

PUBLIC FLOAT

Based on the public information available to the Bank and to the knowledge of the Directors, as at the Latest Practicable Date, the Bank has complied with the requirements of the Listing Rules regarding the public float.

AUDITORS AND REVIEW OF ANNUAL RESULTS

Crowe (HK) CPA Limited was appointed as the international and domestic auditor of the Bank for the years from 2022 to 2024.

Crowe has audited the Bank's financial report for 2024 prepared according to the International Financial Reporting Standards and issued an auditor's report with no qualified opinions. The audit committee of the Board of Directors of the Bank has reviewed the results and financial reports for the year ended 31 December 2024.

PERMITTED INDEMNITY PROVISION

The Bank has arranged for appropriate insurance coverage for its directors' and officers' liabilities in respect of potential legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) when the report of the Board of Directors is approved in accordance with section 391(1) (a) of the Companies Ordinance.



REPORT OF THE BOARD OF SUPERVISORS

During the Reporting Period, the Board of Supervisors of the Bank, in accordance with the Company Law of the PRC, Corporate Governance Standards for Banking or Insurance Institutions, the Guidelines on the Duties of the Supervisory Board of Commercial Banks and other laws and regulations and the Articles of Association of the Bank, with the goal of promoting high-quality development, continuously perfected overseas governance system, solidly carried out various key tasks such as performance evaluation, grass-roots research and special supervision, created a closed-loop supervision mechanism, and effectively played the supervisory and promotion role of the Board of Supervisors in perfecting corporate governance, promoting business development and reform dissolving risk, thus to facilitate a better high-quality development of the Bank with stability.

I. REPORT ON MAJOR WORK

1. Regulate the operation of the Board of Supervisors and strengthen the foundation of corporate governance

In 2024, the Bank organized a total of 8 meetings of the Board of Supervisors and 5 meetings of the specialized committees of the Board of Supervisors, at which 86 resolutions were considered and listened to, covering important issues such as the annual report of the Board of Supervisors on its work, specialized supervisory report of the Board of Supervisors, evaluation report on the performance of the directors and supervisors and the annual and interim reports. All Supervisors effectively performed their supervisory functions by expressing objective and independent supervisory opinions and recommendations based on their consideration of the resolutions and listening to the reports. In accordance with the Articles of Association of the Company, the Board of Supervisors has standardized its corporate governance procedures, completed the re-election of the Board of Supervisors, thus improving the ability of the Board of Supervisors to perform its duties.

2. Deepen the performance of supervision and carry out performance evaluation in a scientific manner

The Bank has formulated and published the Work Plan for Performance Evaluation of Directors, Supervisors and Senior Management Personnel of Shengjing Bank for 2023, which sets evaluation indicators in a scientific manner, differentiates the contents of evaluation, raises the weighting of quantitative evaluation indicators in a reasonable manner, and enhances the scientificity and effectiveness of the evaluation work. By means of written duty statement and convening appraisal meetings, a fair and objective evaluation of the performance of the Directors, Supervisors and senior management was undertaken. In order to complete the evaluation of the Board of Supervisors, mutual evaluation and self-assessment in a standardized manner, to reasonably determine the results of the evaluation of the performance of duties, the report of the Board of Supervisors on the Evaluation of the Performance of Duties of Directors and Supervisors for 2023 shall be issued on a timely basis, and the report shall be submitted to the general meeting of the shareholders and the supervisory authorities on a timely basis, upon examination and discussion by the Front Party Committee and review by the Board of Supervisors.



REPORT OF THE BOARD OF SUPERVISORS (CONTINUED)

3. Focus on key areas to effectively carry out specialized supervision

Firstly, the Board of Supervisors launched the supervision of the operation situation, focusing on the problems of declining profitability, less-than-expected operation transformation, weak customer base, and slow progress of digitalization transformation, and offered supervisory opinions and suggestions. Secondly, the Board of Supervisors launched the post-evaluation of development strategy planning, assessed the scientific, reasonable and sound nature of the development strategy, and made recommendations on strengthening the organization and implementation of the strategy, expanding the pipeline of income sources, accelerating the development of inclusive and retail credit business, and strengthening the monitoring of strategic risks. Thirdly, it launched special supervision on the transformation and upgrading of outlets, and offered advice and suggestions on strengthening organization and management, further optimizing outlet pipeline construction, upgrading the level of operational intelligence, and perfecting the personnel assessment and cultivation mechanism. Fourthly, it initiated the special supervision of inclusive financial business, proposing suggestions and recommendations to clarify differentiated competition strategies, improve the financial product system, increase the control of capital product quality, and improve the performance appraisal mechanism of inclusive business.

4. Strengthen the supervisory function by conducting in-depth research and training

First, Board of Supervisors has conducted research on 10 branches in Shanghai, Yingkou and Anshan to better understand the operation and management of the branches. With respect to the issues and requests raised by the branches in the areas of performance appraisal, credit approval, credit investment, asset disposal, and rectification of supervisory issues, Board of Supervisors communicated with the relevant departments of the headquarters in a timely manner to provide feedback, and notified the branches of the implementation status to ensure that the supervisory work would form a closed-loop. Secondly, Board of Supervisors conducted research on the line departments of the headquarters to fully understand the credit investment and risk management, and sincerely proposed opinions and suggestions on developing “pension finance” by emphasizing on the development and matching of big data model, so as to facilitate the high-quality development across the Bank. Thirdly, Board of Supervisors organized thematic training for supervisors, invited a law firm to read the latest domestic and overseas laws and regulations and regulatory policies, and provided on-site training for supervisors in the context of corporate governance practices and supervisory duties and obligations, so as to enhance the performance of the new members of the Board of Supervisors and their awareness of compliance.

5. Perfect the supervisory mechanism to enhance the quality and efficiency of the supervisory work

First, the Rules of Procedure of the Board of Supervisors and the Implementation Rules for Supervision of the Board of Supervisors were amended to regulate the manner of supervisory meetings, the voting procedures and the procedures for the commencement of supervisory work, so as to provide institutional guarantee for the strengthening of the performance of the Board of Supervisors. Secondly, the Board of Supervisors has set up a mailbox for supervisory opinions and suggestions, encouraging all cadres and employees of the Bank to give feedback on the problems found in the operation of the Bank and to contribute their opinions and suggestions for the development of the Bank as a whole. Thirdly, the Board of Supervisors has compiled 12 editions of Supervisory Board Work News, which are regularly reported to all supervisors to broaden the channels of supervisory information acquisition, enhance their understanding of the operation and management work of the Bank, thus supporting supervisors to better fulfill their supervisory functions.



REPORT OF THE BOARD OF SUPERVISORS (CONTINUED)

II. INDEPENDENT OPINIONS ON RELEVANT MATTERS

1. Operations in Compliance with Laws and Regulations

During the Reporting Period, the Board of Directors and senior management of the Bank operated in a standardized manner in accordance with the provisions of the “Company Law of the People’s Republic of China”, “Corporate Governance Standards for Banking or Insurance Institutions”, the Articles of Association of the Bank and regulatory requirements. The corporate governance structure was continuously optimized, and the management measures were reasonable and effective to maintain a steady operation and development.

2. Truthfulness of Financial Report of the Bank

The Bank prepared the 2024 Financial Report according to the International Accounting Standards and relevant provisions of the Listing Rules of the Hong Kong Stock Exchange, which was audited by Crowe (HK) CPA Limited and a standard unqualified audit report was issued. The audit report gave a true, accurate and complete view of the financial position and operating results of the Bank.

3. Related-party Transactions

During the Reporting Period, the Bank further standardized the management of related party transactions, related-party transactions were fairly and reasonably priced and were not detrimental to the interests of the Shareholders or the benefits of the Bank.

4. Acquisition and Disposal of Assets by the Bank

During the Reporting Period, no insider trading nor activities that may damage the shareholders’ rights and interests or cause a loss of assets has been identified in respect of any material acquisition or disposal of assets.

5. Internal Control

During the Reporting Period, the Bank continuously improved the construction of internal control system and strengthened the internal control risk management. The Bank was not aware of any material defect in the design or implementation of the Bank’s internal control system.

6. Implementation of the Resolutions of Shareholders’ General Meetings

During the Reporting Period, the Board of Supervisors organized supervisors to attend the General Meeting. There was no objection to any resolution or report submitted by the Board of Directors to the shareholders’ general meetings in 2024. The Board of Supervisors believed that the Board of Directors and the senior management could duly implemented the relevant resolutions of the shareholders’ general meetings.



SOCIAL RESPONSIBILITY REPORT

During the Reporting Period, the Bank firmly adhered to the strategic vision of “building a sound bank that benefits enterprises and the people” and leveraged on the market positioning of “Three Services”, coupled with the three-year action of serving to ensure the comprehensive revitalization of provinces and cities for a new breakthrough, integrated the political and people-oriented nature of financial work into the specific practice of resolutely implementing national strategies and serving local development, thus to realize the “Five Major Articles (五篇大文章)” of financial work and focused on forging the Party building brand featuring “Shengjin Bank as a Pioneer”, continued to promote reform and transformation, and contributed financial strength to regional economic and social development.

ASSIST IN REGIONAL ECONOMIC

The Bank served the major strategy of regional economic construction, proactively connected with major regional projects, and focused on the construction of Shenyang as a centralized international city in Northeast Asia. The Bank took effective measures in areas such as increased credit allocation, innovated service models, served foreign trade and investment, and promoted market recovery, and continued to increase the credit allocation for industries such as advanced manufacturing, technological innovation, rural revitalization, and livelihood security. Through exclusive product solutions, dedicated team services, exclusive resource allocation, and exclusive green channels, we has been targeting the “10 breakthroughs” in Shenyang, publishing an action plan for the high-quality development of the ten key industrial clusters in Shenyang, and actively supporting the development of automobiles and parts, new energy, new-generation information technology, energy-saving and environmental protection, and bio-pharmaceuticals and medical equipment, among others.

IMPLEMENT INCLUSIVE FINANCIAL

The Bank actively integrated into the new pattern of inclusive development, focused on key industrial chains and other crucial areas, and established a mechanism to support financing coordination for small and micro enterprises. Through overall arrangements in industry selection, product innovation, institutional personnel, resource allocation, due diligence exemption, and external collaboration, we aimed to promote higher quality, faster growth, and larger scale in the development of inclusive finance. Taking characteristic products as the starting point, we strived to build an inclusive product system, strengthen product design, optimization, and application capabilities, and continuously expanded the “Liao series (辽系列)” and “Sheng series (盛系列)” products, providing accurate and efficient comprehensive financial services for relevant enterprise entities.

SUPPORTING RURAL REVITALIZATION

The bank strengthened financial support for the one county, one industry, one township, one specialty, and one village, one product projects, and cooperated deeply with the government, business associations, and agricultural exchange centers to support the development of characteristic industrial clusters in various regions within the province. We implemented poverty alleviation policies of the municipal government, carried out assistance activities for designated poverty alleviation units, understood the living conditions of underprivileged groups, and helped them improve their living conditions and quality of life.



SOCIAL RESPONSIBILITY REPORT (CONTINUED)

CONSUMER RIGHTS PROTECTION

The bank improved the mechanism for protecting consumer rights, strengthened full-process control, and solidly promoted the institutionalization, standardization, and normalization of consumer protection reviews. We actively innovated the model for promoting financial knowledge and carried out characteristic education, such as “specialization, normalization, and scenario-based” propaganda, “3.15 Financial Consumer Rights Protection Education”, “4.15 National Security Education Day”, “5.15 National Investor Protection Propaganda Day”, “Popularizing Financial Knowledge Nationwide”, “Safe Construction Propaganda Month”, and “Financial Education Propaganda Month”, reaching over 14.47 million consumers. We optimized service processes, improved hall hardware configuration, and enhanced accessibility for the elderly. We integrated convenience service areas, public education areas, activity rooms, and other functional areas, and set up “care channels”, “care seats”, and “care windows” to continuously improve the applicability and convenience of financial services.

CONDUCTING SOCIAL SERVICES

The bank enriched the ability to build an ecological service ecosystem, implemented the “five transformations and two penetration (五化兩沉)” to promote the transformation and upgrading of branches, and created financial service brands such as “Shengqing Community (盛情社區)”, “Shengqing Cloud Collection (盛情雲集)”, “Shengyin School (盛銀學堂)” and “Shengqing Station (盛情驛站)” to improve the convenience of community residents’ lives. We also value public welfare undertakings, advocate the spirit of volunteer service, and carry out activities such as “Love Helps Exams”, “Health Lectures”, “Nurse’s Day Visits”, and “Community Square Dance Competitions”, focusing on meeting the actual needs of the masses and conveying social care.



INTERNAL CONTROL

The Bank firmly established the internal control concept of institutionalization of management, proceduralization of systems, and informationization of processes, embedding risk management and compliance requirements into various business processes, so as to form a comprehensive, all-employee and whole-process risk prevention and control mechanism, established and improved a strict, standardized, comprehensive and effective internal control system, ensuring that all business activities are conducted in compliance with laws and regulations, so as to achieve the control goal of “strengthening internal control, preventing risks and promoting compliance”. First, the Bank has established a grid-based management mechanism for internal control compliance. We have set up a grid-based management structure for internal control compliance, refined management responsibilities and assessment and incentive mechanisms, prepared quarterly compliance task lists, and provided guidance on compliance concepts and management requirements in order to promote the effective implementation of the various internal control compliance management tasks of the Bank. Secondly, the internal control system of the Bank was comprehensively assessed. In line with the requirements of the SASAC of Shenyang city for the construction and supervision of the internal control system, the annual evaluation was completed in terms of top-level coordination of internal control, construction of the internal control system, management of internal control in key areas, and management of internal control support, with a view to identifying in-depth deficiencies and inadequacies in internal control and formulating measures for optimization and improvement. Thirdly, the Bank comprehensively evaluated the implementation of authorization, organized the inspection of the implementation of authorization and the re-inspection of authorization, and formulated authorization optimization plans in seven aspects such as inclusive finance, retail credit and financial management by investigating and filling the weak links in the implementation, so as to implement differentiated and refined management requirements. Fourthly, the Bank achieved dynamic monitoring of the abnormal behaviour detection system, and fully utilized the visual tools provided by the detection system connection of various behaviours of employees, obtained multi- dimensional, whole-process and continuous insight into employees, to achieve accurate management. Combining monitoring results with strengthened education on employees’ ideological and political awareness, professional ethics, and corporate culture, the Bank actively guided employees to establish correct views on life, the world, and values, effectively preventing ethical risks.



INDEPENDENT AUDITOR'S REPORT

(Expressed in thousands of RMB, unless otherwise stated)



國富浩華（香港）會計師事務所有限公司
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Independent auditor's report to the shareholders of Shengjing Bank Co., Ltd.

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

OPINION

We have audited the consolidated financial statements of Shengjing Bank Co., Ltd. (the "Bank") and its subsidiaries (collectively the "Group") set out on pages 141 to 286, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement 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 IFRS Accounting Standards ("IFRSs") 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 International Ethics Standard Boards For Accountants' Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for 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.



LOSS ALLOWANCES OF LOANS AND FINANCIAL INVESTMENTS MEASURED AT AMORTISED COST

Refer to note 19, 20(c), 39 and 46 to the consolidated financial statements and the accounting policies in note 2(f).

The Key Audit Matter

The determination of loss allowances using the expected credit loss model is subject to a number of key parameters and assumptions, including the identification of loss stages, estimates of probability of default, loss given default, exposures at default and discount rate, adjustments for forward-looking information and other adjustment factors. Management judgment is involved in the selection of those parameters and the application of the assumptions.

The determination of the expected credit loss model is heavily dependent on the external macro environment and the Group's internal credit risk management strategy. The expected credit losses for corporate loans and financial investments measured at amortised cost are derived from estimates including the historical losses, internal and external credit grading and other adjustment factors. The expected credit losses for personal loans are derived from estimates whereby management takes into consideration historical overdue data, the historical loss experience for personal loans and other adjustment factors.

Management also exercises judgement in determining the quantum of loss given default based on a range of factors. These include available remedies for recovery, the financial situation of the borrower, the recoverable amount of collateral, the seniority of the claim and the existence and cooperativeness of other creditors. Management refers to valuation reports issued by qualified third-party valuers and considers the influence of various factors including the market price, location and use when assessing the value of property held as collateral. The enforceability, timing and means of realisation of collateral can also have an impact on the recoverable amount of collateral and, therefore, the amount of loss allowances as at the end of the Reporting Period.

How the matter was addressed in our audit

Our audit procedures to assess loss allowances of loans and financial investments measured at amortised cost included the following:

- understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the approval, recording and monitoring of those business and loss allowance, the credit grading process and the measurement of loss allowances. For the key underlying systems used for the processing of transactions in above processes, we assessed the design, implementation and operating effectiveness of the key internal controls over these underlying systems, including controls over access to these systems and controls over data and change management;

- assessing the reliability of the expected credit loss model used by management in determining loss allowances, including assessing the appropriateness of the parameters in the expected credit loss model, including the identification of loss stages, probability of default, loss given default, exposure at default, discount rate, adjustments for forward-looking information and other management adjustments;

- assessing the completeness and accuracy of data used for the key parameters in the expected credit loss model. For key parameters derived from internal data relating to original documentary agreements, we compared the total balance of the loan and financial investments list used by management to assess the allowances for impairment with the general ledger, selecting samples and comparing individual loan and investments information with the underlying agreements and other related documentation to assess the accuracy of compilation of the loan and investments list. For key parameters derived from external data, we selected samples to inspect the accuracy of such data by comparing them with public resources;



INDEPENDENT AUDITOR'S REPORT

(Expressed in thousands of RMB, unless otherwise stated)

LOSS ALLOWANCES OF LOANS AND FINANCIAL INVESTMENTS MEASURED AT AMORTISED COST (CONTINUED)

Refer to note 19, 20(c), 39 and 46 to the consolidated financial statements and the accounting policies in note 2(f).

The Key Audit Matter

We identified the impairment of loans and advances to customers and financial investments measured at amortised cost as a key audit matter because of the inherent uncertainty and management judgement involved and because of its significance to the financial results and capital of the Group.

How the matter was addressed in our audit

- for key parameters involving judgement, critically assessing input parameters by seeking evidence from external sources and comparing to the Group's internal records including historical loss experience and type of collateral. As part of these procedures, we challenged the management's revisions to estimates and input parameters, compared with prior period and on transition to the new accounting standard and considered the consistency of judgement. We compared the economic factors used in the models with market information to assess whether they were aligned with market and economic development;
- for key parameters which were derived from system-generated internal data, assessing the accuracy of input data by comparing the input data with original documents on a sample basis;
- evaluating the validity of management's assessment on whether the credit risk of the loan and advance granted and the financial investments at amortised cost has, or has not, increased significantly since initial recognition and whether the loan is credit-impaired. We analysed the portfolio by industry sector to select samples in industries more vulnerable to the current economic situation with reference to other borrowers with potential credit risk. We checked loan overdue information, making enquiries of the credit managers about the borrowers' business operations, checking borrowers' financial information and researching market information about borrowers' businesses;
- for selected samples of loans and financial investments measured at amortised cost that are credit-impaired, evaluating management's assessment of the value of any property collateral held by comparison with market prices based on the location and use of the property and the prices of neighbouring properties. We also evaluated the timing and means of realisation of collateral, evaluated the forecast cash flows, challenged the viability of the Group's recovery plans, and evaluated other credit enhancements that are integral to the contract terms;



LOSS ALLOWANCES OF LOANS AND FINANCIAL INVESTMENTS MEASURED AT AMORTISED COST (CONTINUED)

Refer to note 19, 20(c), 39 and 46 to the consolidated financial statements and the accounting policies in note 2(f).

The Key Audit Matter

How the matter was addressed in our audit

- recalculating the amount of credit loss allowance for 12 month and life time credit losses using the expected credit loss model based on the above parameters and assumptions for a sample of loans and investments where the credit risk of the loan has not, or has, increased significantly since initial recognition, respectively; and
- evaluating whether the disclosures on impairment of loans and financial investments measured at amortised cost meet the disclosure requirements in the prevailing accounting standards.



INDEPENDENT AUDITOR'S REPORT

(Expressed in thousands of RMB, unless otherwise stated)

FAIR VALUE OF FINANCIAL INSTRUMENTS

Refer to note 20(a), 20(b) and 46 to the consolidated financial statements and the accounting policies in note 2(f).

The Key Audit Matter

Financial instruments measured at fair value are one of the significant assets held by the Group and the fair value adjustments may affect profit or loss or other comprehensive income.

The valuation of the Group's financial instruments at fair value is based on a combination of market data and valuation models which often require a considerable number of inputs. Many of these inputs are obtained from readily available data for liquid markets. Where such observable data is not readily available, as in the case of level 3 financial instruments, estimates need to be developed which can involve significant management judgement. The Group has developed its own models to value certain level 2 and level 3 financial instruments, which also involves significant management judgement.

We identified assessing the fair value of financial instruments as a key audit matter because of the degree of complexity involved in valuing certain financial instruments and because of the degree of judgement exercised by management in determining the inputs used in the valuation models.

How the matter was addressed in our audit

Our audit procedures to assess the fair value of financial instruments included the following:

- assessing the design, implementation and operating effectiveness of management's key internal controls over the valuation, independent price verification, front office/back office reconciliations and valuation model approval for financial instruments;
- evaluating the valuation models used by the Group to value certain level 2 and level 3 financial instruments and to perform, on a sample basis, independent valuations of level 2 and level 3 financial instruments and compare these valuations with the Group's valuations. This included comparing the Group's valuation models with our knowledge of current and emerging practice, testing inputs to the fair value calculations and establishing our own valuation models to perform revaluations; and
- assessing whether the consolidated financial statement disclosures appropriately reflected the Group's exposure to financial instrument valuation risk with reference to the requirements of the relevant accounting standards.



CONSOLIDATION OF STRUCTURED ENTITIES

Refer to note 42, 43 and 46 to the consolidated financial statements and the accounting policies in note 2(c).

The Key Audit Matter

Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. The Group may acquire or retain an ownership interest in, or act as a sponsor to, a structured entity through issuing a wealth management product, an asset management plan, a trust plan or an asset-backed security.

In determining whether a structured entity is required to be consolidated by the Group, management is required to consider the power the Group is able to exercise over the activities of the entity and the Group's exposure to and ability to influence its own returns from the entity. In certain circumstances the Group may be required to consolidate a structured entity even though it has no equity interest therein.

We identified the consolidation of structured entities as a key audit matter because it involves significant management judgement to determine whether a structured entity is required to be consolidated by the Group or not and because the impact of consolidating a structured entity on the consolidated statement of financial position and relevant regulatory capital requirements could be significant.

How the matter was addressed in our audit

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

- making enquiries of management and inspecting documents relating to the judgement process over whether a structured entity is consolidated or not to assess whether the Group has a robust process in this regard;
- selecting significant structured entities of each key product type and performing the following procedures for each entity selected:
 - inspecting the related contracts, internal establishment documents and information disclosed to the investors to understand the purpose of the establishment of the structured entity and the involvement the Group has with the structured entity and to assess management's judgement over whether the Group has the ability to exercise power over the structured entity;
 - reviewing the risk and reward structure of the structured entity including any capital or return guarantee, provision of liquidity support, commission paid and distribution of the returns to assess management's judgement as to exposure, or rights, to variable returns from the Group's involvement in such an entity;



INDEPENDENT AUDITOR'S REPORT

(Expressed in thousands of RMB, unless otherwise stated)

CONSOLIDATION OF STRUCTURED ENTITIES (CONTINUED)

Refer to note 42, 43 and 46 to the consolidated financial statements and the accounting policies in note 2(c).

The Key Audit Matter

How the matter was addressed in our audit

- reviewing management's analyses of the structured entity including qualitative analyses and calculations of the magnitude and variability associated with the Group's economic interests in the structured entity to assess management's judgement over the Group's ability to influence its own returns from the structured entity;
- assessing management's judgement over whether the structured entity should be consolidated or not; and
- considering the disclosures in the consolidated financial statements in relation to structured entities with reference to the disclosure requirements of the prevailing accounting standards.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



INDEPENDENT AUDITOR'S REPORT

(Expressed in thousands of RMB, unless otherwise stated)

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Chiu Lung Sang.

Crowe (HK) CPA Limited

Certified Public Accountants

Hong Kong,

28 March 2025

Chiu Lung Sang

Practising Certificate Number P08091



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

(Expressed in thousands of Renminbi ("RMB"), unless otherwise stated)

	Note	2024	2023
Interest income		32,619,614	38,376,991
Interest expense		(25,732,939)	(29,510,750)
Net interest income	3	6,886,675	8,866,241
Fee and commission income		545,451	728,444
Fee and commission expense		(429,684)	(581,921)
Net fee and commission income	4	115,767	146,523
Net trading losses	5	(2,593,699)	(564,610)
Net gains arising from investments	6	4,047,015	1,520,394
Other operating income	7	120,893	71,277
Operating income		8,576,651	10,039,825
Operating expenses	8	(5,859,448)	(5,999,866)
Impairment losses on assets	11	(1,746,910)	(3,119,594)
Profit before taxation		970,293	920,365
Income tax expense	12	(326,865)	(155,606)
Profit for the year		643,428	764,759
Net profit attributable to:			
Equity shareholders of the Bank		621,050	732,434
Non-controlling interests		22,378	32,325
		643,428	764,759

The notes on pages 149 to 286 form part of these financial statements.



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

(Expressed in thousands of Renminbi ("RMB"), unless otherwise stated)

	Note	2024	2023
Profit for the year		643,428	764,759
Other comprehensive loss:			
Items that will not be reclassified to profit or loss			
– Remeasurement of net defined benefit liability		(15,338)	(4,095)
– Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	34(d)	214,824	(1,345,570)
Items that may be reclassified subsequently to profit or loss			
– Loans and advances to customers and debt instruments measured at fair value through other comprehensive income:			
– net movement in the fair value reserve	34(d)	(436,925)	274,116
– net movement in the provision reserve	34(e)	(99,866)	(1,127,363)
Other comprehensive loss net of tax		(337,305)	(2,202,912)
Total comprehensive income/(loss)		306,123	(1,438,153)
Total comprehensive income/(loss) attributable to:			
Equity shareholders of the Bank		283,745	(1,470,478)
Non-controlling interests		22,378	32,325
		306,123	(1,438,153)
Basic and diluted earnings per share (<i>in RMB</i>)	13	0.07	0.08

The notes on pages 149 to 286 form part of these financial statements.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

(Expressed in thousands of RMB, unless otherwise stated)

	Note	31 December 2024	31 December 2023
Assets			
Cash and deposits with central bank	14	77,224,626	76,097,764
Deposits with banks and other financial institutions	15	12,441,622	7,506,953
Placements with banks and other financial institutions	16	5,290,756	9,591,254
Derivative financial assets	17	290,735	196,703
Financial assets held under resale agreements	18	1,765,783	3,099,878
Loans and advances to customers	19	533,571,417	496,289,504
Financial investments:			
Financial assets at fair value through profit or loss	20(a)	104,869,270	105,916,358
Financial assets at fair value through other comprehensive income	20(b)	90,601,577	86,554,502
Financial assets measured at amortised cost	20(c)	266,996,988	264,690,316
Property and equipment	22	4,887,138	5,041,423
Deferred tax assets	23	8,984,990	9,166,865
Other assets	24	15,851,324	15,901,186
Total assets		1,122,776,226	1,080,052,706
Liabilities			
Borrowings from central bank	25	342,374	839,337
Deposits from banks and other financial institutions	26	91,269,976	71,233,034
Placements from banks and other financial institutions	27	12,085,561	17,970,859
Financial liabilities at fair value through profit or loss		13,569,581	–
Derivative financial liabilities	17	225,913	218,373
Financial assets sold under repurchase agreements	28	94,688,474	106,901,210
Deposits from customers	29	805,890,759	779,966,905
Income tax payable		25,262	8,333
Debt securities issued	30	18,737,289	16,834,257
Other liabilities	31	5,743,651	6,185,535
Total liabilities		1,042,578,840	1,000,157,843

The notes on pages 149 to 286 form part of these financial statements.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

(Expressed in thousands of RMB, unless otherwise stated)

	Note	31 December 2024	31 December 2023
Equity			
Share capital	33	8,796,680	8,796,680
Capital reserve	34(a)	26,957,822	26,957,822
Surplus reserve	34(b)	7,537,771	7,481,817
General reserve	34(c)	14,846,802	14,830,687
Fair value reserve	34(d)	(2,561,420)	(2,346,078)
Provision reserve	34(e)	11,820	111,686
Deficit on remeasurement of net defined benefit liability	34(f)	(48,281)	(32,943)
Retained earnings	34(g)	24,072,720	23,530,498
Total equity attributable to equity shareholders of the Bank		79,613,914	79,330,169
Non-controlling interests		583,472	564,694
Total equity		80,197,386	79,894,863
Total liabilities and equity		1,122,776,226	1,080,052,706

Approved and authorised for issue by the board of directors on 28 March 2025.

Sun Jin
Chairman of Board of Directors

Liu Xu
President

Bao Hong
Chief Financial Officer

Yang Xi
Person in Charge of Accounting Institution

Company chop

The notes on pages 149 to 286 form part of these financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

(Expressed in thousands of RMB, unless otherwise stated)

		Attributable to equity shareholders of the Bank										
		Share capital	Capital reserve	Surplus reserve	General reserve	Fair value reserve	Provision reserve	Deficit on remeasurement of net defined benefit liability	Retained earnings	Total	Non-controlling interests	Total equity
	Note											
Balance at 1 January 2024		8,796,680	26,957,822	7,481,817	14,830,687	(2,346,078)	111,686	(32,943)	23,530,498	79,330,169	564,694	79,894,863
		–	–	–	–	–	–	–	621,050	621,050	22,378	643,428
		–	–	–	–	(222,101)	(99,866)	(15,338)	–	(337,305)	–	(337,305)
		–	–	–	–	(222,101)	(99,866)	(15,338)	621,050	283,745	22,378	306,123
		–	–	–	–	–	–	–	–	–	–	–
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		–	–	–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–	–
Balance at 31 December 2024												

Note:

- (i) The appropriation to general reserve included the appropriation made by subsidiaries with a total amount of RMB16.12 million.

The notes on pages 149 to 286 form part of these financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

(Expressed in thousands of RMB, unless otherwise stated)

Attributable to equity shareholders of the Bank												
		Share capital	Capital reserve	Surplus reserve	General reserve	Fair value reserve	Provision reserve	Deficit on remeasurement of net defined benefit liability	Retained earnings	Total	Non-controlling interests	Total equity
	Note											
Balance at 1 January												
2023		8,796,680	26,931,360	7,411,839	14,797,531	(1,274,532)	1,239,049	(28,848)	22,901,106	80,774,185	662,910	81,437,095
Profit for the year		–	–	–	–	–	–	–	732,434	732,434	32,325	764,759
Other comprehensive loss		–	–	–	–	(1,071,454)	(1,127,363)	(4,095)	–	(2,202,912)	–	(2,202,912)
Total comprehensive (loss)/income		–	–	–	–	(1,071,454)	(1,127,363)	(4,095)	732,434	(1,470,478)	32,325	(1,438,153)
Appropriation of profit:												
– Appropriation to surplus reserve	34(b)	–	–	69,978	–	–	–	–	(69,978)	–	–	–
– Appropriation to general reserve (Note (i))	34(c)	–	–	–	33,156	–	–	–	(33,156)	–	–	–
Subtotal		–	–	69,978	33,156	–	–	–	(103,134)	–	–	–
Acquisition non-controlling interests		–	26,462	–	–	–	–	–	–	26,462	(130,541)	(104,079)
Disposal of investment in equity investment at fair value through other comprehensive income		–	–	–	–	(92)	–	–	92	–	–	–
Balance at 31												
December 2023		8,796,680	26,957,822	7,481,817	14,830,687	(2,346,078)	111,686	(32,943)	23,530,498	79,330,169	564,694	79,894,863

Note:

- (i) The appropriation to general reserve included the appropriation made by subsidiaries with a total amount of RMB33.16 million.

The notes on pages 149 to 286 form part of these financial statements.



CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2024

(Expressed in thousands of RMB, unless otherwise stated)

	Note	2024	2023
Cash flows from operating activities			
Profit before taxation		970,293	920,365
<i>Adjustments for:</i>			
Impairment losses on assets		1,746,910	3,119,594
Depreciation and amortisation		591,633	572,299
Interest expense of the lease liability		28,249	29,230
Net (gains)/losses on unrealised foreign exchange		(28,848)	9,094
Net gains on disposal of property and equipment		(205)	(61)
Dividend income		(12,759)	(59,136)
Net gains on financial assets at fair value through profit or loss		(1,079,205)	(700,780)
Net gains on disposal of financial investments		(2,955,051)	(760,478)
Interest expense on debt securities issued		472,982	549,694
Interest income on financial investments		(6,660,244)	(6,492,826)
		<u>(6,926,245)</u>	<u>(2,813,005)</u>
<i>Changes in operating assets</i>			
Net decrease in deposits with central bank		6,141,911	5,514,020
Net decrease/(increase) in deposits and placements with bank and other financial institutions		4,913,085	(5,762,713)
Net increase in loans and advances to customers		(49,364,575)	(419,847)
Net decrease/(increase) in other operating assets		<u>620,055</u>	<u>(6,284,872)</u>
		<u>(37,689,524)</u>	<u>(6,953,412)</u>
<i>Changes in operating liabilities</i>			
Net decrease in borrowings from central bank		(496,963)	(350,782)
Net increase in deposits and placements from banks and other financial institutions		14,151,644	33,648,650
Net decrease in financial assets sold under repurchase agreements		(12,212,736)	(21,760,399)
Net increase/(decrease) in deposits from customers		25,923,854	(8,785,430)
Income tax paid		(20,713)	(1,148,789)
Net (decrease)/increase in other operating liabilities		<u>(391,639)</u>	<u>499,752</u>
		<u>26,953,447</u>	<u>2,103,002</u>
Net cash flows used in operating activities		<u>(17,662,322)</u>	<u>(7,663,415)</u>

The notes on pages 149 to 286 form part of these financial statements.



CONSOLIDATED CASH FLOW STATEMENT

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

	Note	2024	2023
Cash flows from investing activities			
Proceeds from disposal and redemption of investments		903,477,964	1,220,022,254
Proceeds from disposal of property and equipment		70,221	579
Payments on acquisition of investments		(875,228,079)	(1,213,150,485)
Payments on acquisition of property and equipment, intangible assets and other assets		(387,454)	(434,837)
Net cash flows generated from investing activities		27,932,652	6,437,511
Cash flows from financing activities			
Net proceeds from new debt securities issued	36(b)	40,937,699	42,239,694
Repayment of debt securities issued	36(b)	(39,034,667)	(42,385,305)
Interest paid on debt securities issued	36(b)	(472,982)	(549,694)
Acquisition of non-controlling interests		–	(104,079)
Distribution of dividends to non-controlling shareholders		(3,000)	–
Payment of lease liabilities		(209,685)	(203,651)
Net cash flows generated from/(used in) financing activities		1,217,365	(1,003,035)
Effect of foreign exchange rate changes on cash and cash equivalents		(7,083)	(212,138)
Net increase/(decrease) in cash and cash equivalents		11,480,612	(2,441,077)
Cash and cash equivalents as at 1 January		35,769,940	38,211,017
Cash and cash equivalents as at 31 December	36(a)	47,250,552	35,769,940
Net cash flows used in operating activities include:			
Interest received		17,487,158	45,066,578
Interest paid (excluding interest expense on debt securities issued)		(19,014,974)	(30,784,920)

The notes on pages 149 to 286 form part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

1 BACKGROUND INFORMATION

Shengjing Bank Co., Ltd. (the “Bank”), which was formerly known as Shenyang City Cooperative Bank Co., Ltd., is a joint-stock commercial bank established on 10 September 1997 with the approval of the People’s Bank of China (the “PBOC”) of the PRC according to the notices YinFu [1996] No. 362 “Approval upon the Preparing of Shenyang City Cooperative Bank” and YinFu [1997] No.149 “Approval upon the Opening of Shenyang City Cooperative Bank”.

The Bank changed its name from Shenyang City Cooperative Bank Co., Ltd. to Shenyang Commercial Bank Co., Ltd. according to LiaoyinFuZi [1998] No. 78 issued by Liaoning Branch of the PBOC on 2 June 1998 and ShenYinFu [1998] No.103 issued by Shenyang Branch of the PBOC on 29 June 1998. The Bank changed its name from Shenyang Commercial Bank Co., Ltd. to Shengjing Bank Co., Ltd. according to YinJianFu [2007] No. 68 issued by the National Financial Regulatory Administration (the “NFRA”) of the PRC on 13 February 2007.

The Bank obtained its financial institution licence No. B0264H221010001 from the Liaoning Financial Bureau. The Bank obtained its business license No. 91210100117809938P from Shenyang Administration for Market Regulation. The registered office of the Bank is located at No. 109 Beizhan Road, Shenhe District, Shenyang, Liaoning Province, the PRC. In December 2014, the Bank’s H-shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (Stock code: 02066). As at 31 December 2024, the share capital of the Bank is RMB8,796.68 million.

The Bank has 18 branches in Shenyang, Beijing, Shanghai, Tianjin, Changchun, Dalian, Anshan, Benxi, Jinzhou, Yingkou, Huludao, Panjin, Chaoyang, Fushun, Fuxin, Dandong, Liaoyang and Tieling as at 31 December 2024. The principal activities of the Bank and its subsidiaries (collectively referred to as the “Group”) are the provision of corporate and personal deposits, loans and advances, settlement, treasury business and other banking services as approved by the NFRA. The Bank mainly operated in mainland China, which, for the purpose of this report, excludes the Hong Kong Special Administration Region of the PRC (“Hong Kong”), the Macau Special Administration Region of the PRC (“Macau”) and Taiwan.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with the IFRS Accounting Standards (“IFRSs”), which collective term includes all applicable individual IFRSs, International Accounting Standards (“IASs”) 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.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(b) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

The consolidated financial statements for the year ended 31 December 2024 comprise the Bank and its subsidiaries.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(a) Statement of compliance and basis of preparation (Continued)

Unless stated otherwise, the financial statements are presented in Renminbi (RMB), rounded to the nearest thousands, which is the functional currency of the Group.

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

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

Judgments made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 46.

The measurement basis used in the preparation of the financial statements is the historical cost basis, with the exception of financial assets and financial liabilities, which are measured at fair value, as stated in Note 2(f).

(b) Changes in accounting policies

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group. The principal effects of the amendments to IFRSs (including IAS) are as follows:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current and related amendments and Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Leases on Sale and Leaseback

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.



2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

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

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

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

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

(d) Translation of foreign currencies

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(d) Translation of foreign currencies (Continued)

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

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, non-restricted balances with central bank, short-term deposits and placements with banks and other financial institutions, and highly liquid short-term investments which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

(f) Financial instruments

(i) **Recognition and initial measurement of financial assets and financial liabilities**

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

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

(ii) **Classification and subsequent measurement of financial assets**

Classification of financial assets

The Group classifies financial assets into different categories upon initial recognition based on the business model for managing the financial assets and the contractual cash flow characteristics of financial assets:

- Financial assets measured at amortised cost, including loans and advances to customers and financial investments measured at amortised cost;
- Financial assets at fair value through other comprehensive income ("FVOCI"), including loans and advances to customers at FVOCI and financial investments at FVOCI; and
- Financial assets at fair value through profit or loss ("FVTPL").



2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Financial instruments (Continued)

(ii) *Classification and subsequent measurement of financial assets (Continued)*

Classification of financial assets (Continued)

Financial assets may not be reclassified after initial recognition unless the Group changes the business model for managing the financial assets, in which case, all affected financial assets are reclassified on the first day of the first reporting period after the business model changes.

Financial assets not designated as FVTPL that meet the following conditions are classified as financial assets measured at amortised cost:

- The purpose of the Group's business model for managing the financial assets is to receive contractual cash flows;
- The contractual terms of the financial assets stipulate that the cash flows generated on specific dates are only for payment of the principal and the interest based on the amount of principal outstanding.

The Group classifies financial assets not designated as FVTPL that meet the following conditions as financial assets at FVOCI:

- The purpose of the Group's business model for managing the financial assets is to receive contractual cash flows and to sell the financial assets;
- The contractual terms of the financial assets stipulate that the cash flows generated on specific dates are only for payment of the principal and the interest based on the amount of principal outstanding.

For equity investment not held for trading, the Group may irrevocably designate it as financial asset at FVOCI upon initial recognition. The designation is made on an individual basis and the investment is in line with the definition of the equity instrument from the issuer's perspective.

Except for the above-mentioned financial assets that are measured at amortised cost and at FVOCI, the Group classifies all other financial assets into financial assets at FVTPL. At the time of initial recognition, if the accounting mismatch can be eliminated or significantly reduced, the Group can irrevocably designate financial assets that should be measured at amortised cost or FVOCI as financial assets at FVTPL.

The business model for managing financial assets refers to how the Group manages financial assets to generate cash flows. The business model determines whether the sources of cash flows for financial assets managed by the Group is contractual cash flows, the sale of financial assets or both. The Group determines the business model for managing financial assets based on objective facts and specific business objectives for the management of financial assets as determined by key management personnel.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Financial instruments (Continued)

(ii) *Classification and subsequent measurement of financial assets (Continued)*

Classification of financial assets (Continued)

The Group assesses the contractual cash flow characteristics of financial assets to determine whether the contractual cash flows generated by the relevant financial assets on specific dates are solely for payment of the principal and the interest based on the amount of principal outstanding. Of which, the principal is the fair value of the financial assets at initial recognition; the interest includes the time value of money, the credit risk associated with the outstanding principal amount for a specific period, and the consideration of other basic borrowing risks, costs and profits. In addition, the Group assesses the contractual terms that may result in a change in the time distribution or amount of contractual cash flows generated by the financial assets to determine whether they meet the requirements of the above contractual cash flow characteristics.

Subsequent measurement of financial assets

– Financial assets at FVTPL

Subsequent to initial recognition, the financial assets are measured at fair value, and the resulting gains or losses (including interest and dividend income) are included in profit or loss, unless the financial asset is part of a hedging relationship.

– Financial assets measured at amortised cost

Subsequent to initial recognition, the financial assets are measured at amortised cost using the effective interest method. Gains or losses arising from financial assets that are measured at amortised cost and are not a component of any hedges are recognised in profit or loss at the time of derecognition and amortisation using the effective interest method or recognition of impairment.

– Financial assets at FVOCI

Subsequent to initial recognition, the financial assets are measured at fair value. Interest calculated using the effective interest method, impairment losses or gains and exchange gains or losses are recognised in profit or loss, and other gains or losses are included in other comprehensive income. At the time of derecognition, the cumulative gains or losses previously recognised in other comprehensive income are transferred to profit or loss.

– Equity investments at FVOCI

Subsequent to initial recognition, the financial assets are measured at fair value. Dividend income is recognised in profit or loss; other gains or losses are recognised in other comprehensive income. At the time of derecognition, the cumulative gains or losses previously included in other comprehensive income are transferred to retained earnings.



2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Financial instruments (Continued)

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

The Group classifies financial liabilities into financial liabilities at FVTPL, financial guarantee contract liabilities, and financial liabilities carried at amortised cost.

– Financial liabilities at FVTPL

The financial liabilities include trading financial liabilities and financial liabilities designated at FVTPL.

Subsequent to initial recognition, the financial liabilities are measured at fair value. Any resulting gains or losses (including interest expenses), unless related to hedge accounting, are recognised in profit or loss.

– Financial guarantee contract liabilities

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

The financial guarantee contract liabilities are subsequently measured at the higher of the amount of a provision determined in accordance with the principles for impairment of financial instruments and the amount initially recognised less accumulated amortisation.

– Financial liabilities measured at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method.

(iv) *Derivative financial instruments*

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Certain derivatives embedded in financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the hybrid instrument is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value through profit or loss.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are recognised directly in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Financial instruments (Continued)

(iv) *Derivative financial instruments (Continued)*

For less complex derivative products, the fair values are principally determined by valuation models which are commonly used by market participants. Inputs to valuation models are determined from observable market data wherever possible, including foreign exchange spot and forward rates and interest rate yield curves. For more complex derivative products, the fair values are mainly determined by quoted prices from dealers.

(v) *Impairment*

The Group recognises provision for expected credit loss on:

- Financial assets measured at amortised cost;
- Financial guarantees;
- Debt instruments at FVOCI; and
- Credit commitments.

Other financial assets measured at fair value, including financial assets at FVTPL, equity investments designated at FVOCI and derivative financial assets, are not subject to the expected credit loss assessment.

Measurement of ECLs

Expected credit loss is a weighted average of credit losses on financial instruments weighted at the risk of default. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

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

Lifetime ECLs are the ECLs that result from all possible default events over the expected life.

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



2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Financial instruments (Continued)

(v) *Impairment (Continued)*

Measurement of ECLs (Continued)

ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

The Group's measurement of expected credit losses is described in Note 39(a).

Presentation of provision for ECLs

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. For financial assets measured at amortised cost, provision is offset against their carrying amounts in the consolidated statement of financial position. The Group recognises provision for debt instruments at FVOCI in other comprehensive income and does not deduct the carrying amount of the financial assets.

Write-off

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

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

(vi) *Derecognition of financial assets and financial liabilities*

Financial assets are derecognised when the following conditions are met:

- The Group's contractual rights to the cash flows from the financial asset expire;
- The financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; and
- The financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (*CONTINUED*)

(f) Financial instruments (*Continued*)

(vi) *Derecognition of financial assets and financial liabilities (Continued)*

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

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

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

(vii) *Offsetting*

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

- The Group currently has a legally enforceable right to set off the recognised amounts; and
- The Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(g) Financial assets held under resale and repurchase agreements

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

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

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



2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(h) Fair value measurement

Unless otherwise stated, the Group measure the fair value based on below principles:

Fair value represents 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.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Three valuation techniques mainly include the market approach, the income approach and the cost approach.

(i) Property and equipment

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

Property and equipment are stated in the consolidated statements of financial position at cost less accumulated depreciation and impairment loss (Note 2(m)). Construction in progress ("CIP") is stated in the consolidated statements of financial position at cost less impairment loss (Note 2(m)).

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

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

Where the individual component parts of an item of property and equipment have different useful lives or provide benefits to the Group in different patterns, each part is depreciated separately.

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(i) Property and equipment (Continued)

Property and equipment are depreciated using the straight-line method over their estimated useful lives, after taking into account their estimated residual values. The estimated useful lives, residual values and depreciation rates of each class of property and equipment are as follows:

	Estimated useful lives	Estimated net residual value	Depreciation rate
Premises	20 – 30 years	3%	4.85% – 3.23%
Office equipment	5 years	3%	19.40%
Leasehold improvement	5 – 10 years	0%	20.00% – 10.00%
Others	3 – 5 years	3%	32.33% – 19.40%

(j) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) *Group acting as a lessee*

At commencement or on modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its relative standalone price. However, for leases of branches and office premises the Group has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily branches or office premises. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.



2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Leased assets (Continued)

(i) *Group acting as a lessee (Continued)*

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets 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, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the following types of right-of-use asset:

- Right-of-use assets that meet the definition of investment property are carried at fair value; and
- Right-of-use assets related to leasehold land and buildings where the Group is the registered owner of the leasehold interest are carried at cost in accordance with (Note 2(i)); and
- Right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value.
- The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost (see Notes 2(f) (ii), 2(r) (i) and 2(f) (v)). Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Leased assets (Continued)

(i) *Group acting as a lessee (Continued)*

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of IFRS 16 Leases. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

The Group presents right-of-use assets in 'other assets' and lease liabilities in 'other liabilities' in the consolidated statement of financial position.

Interest rate benchmark reform

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- The change is necessary as a direct consequence of the reform; and
- The new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications set out above to the additional changes.



2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Leased assets (Continued)

(i) *Group acting as a lessee (Continued)*

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short-term leases, including leases of IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) *Group acting as a lessor*

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in (Note 2(j) (i)), then the Group classifies the sub-lease as an operating lease.

(k) Intangible assets

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

The respective amortisation periods for intangible assets are as follows:

Computer software

5 – 10 years



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(l) 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.

(m) Provision for impairment losses on non-financial assets

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

- Property and equipment
- Intangible assets
- Investments in subsidiaries
- Right-of-use assets

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

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

The recoverable amount of an asset or CGU, or a group of CGUs (hereinafter called “asset”) is the greater of its fair value less costs of disposal and value in use. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset; if it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the assets belongs.

An asset’s fair value less costs of disposal is the amount determined by the price of a sale agreement in an arm’s length transaction, less the costs that are directly attributable to the disposal of the asset. The value in use of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value 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 impairment loss is recognised in profit or loss if the carrying amount of an asset exceeds its recoverable amount. A provision for an impairment loss of the asset is recognised accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups and then, to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, the carrying amount of an impaired asset will not be reduced below the highest of its individual fair value less costs of disposal (if measurable), value in use (if measurable) and zero.



2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(m) Provision for impairment losses on non-financial assets (Continued)

An impairment loss in respect of goodwill is not reversed. If, in a subsequent period, the amount of impairment loss of the non-financial asset except for goodwill decreases and the decrease can be linked objectively to an event occurring after impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods.

(n) Employee benefits

(i) *Short term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

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

Social pension schemes

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

Annuity plan

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

Housing fund and other social insurances

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(n) Employee benefits (Continued)

(ii) *Supplementary retirement benefits*

Early retirement plan

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

Supplementary retirement plan

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

Early retirement plan and supplementary retirement plan thereafter collectively referred to as "supplementary retirement benefits".

(o) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

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



2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(o) Income tax (Continued)

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(o) Income tax (Continued)

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

- In the case of current tax assets and liabilities, the Bank or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- In the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - The same taxable entity; or
 - Different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(p) Financial guarantees issued, provisions and contingent liabilities

(i) Financial Guarantees

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

The Group used the expected credit loss model to measure losses incurred because a specified debtor fails to make payment when due, and included them in provisions. Refer to Note 2(f) (v) for details of the expected credit loss model.

(ii) Other provisions and contingent liabilities

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



2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(p) Financial guarantees issued, provisions and contingent liabilities (Continued)

(ii) Other provisions and contingent liabilities (Continued)

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(q) Fiduciary activities

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

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

(r) Income recognition

Revenue is the gross inflow of economic benefits arising in the course of the Group’s ordinary activities when the inflows result in increase in shareholders’ equity, other than increase relating to contributions from shareholders.

For performance obligations being satisfied, revenue is recognised by the Group when the customer obtains control of the relevant goods or services.

When one of the following conditions are met, the Group perform its performance obligations over time, and otherwise, at a point in time:

- The customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- The Group’s performance creates and enhances an asset that the customer controls as the Group performs; or
- The Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(r) Income recognition (Continued)

For performance obligations performed over time, the Group recognises revenue over time according to the performance progress. When the performance progress cannot be determined, the Group is expected to be reimbursed for the costs already incurred and recognise the revenue based on the costs already incurred until the performance progress can be reasonably determined.

For performance obligations performed at a point in time, the Group recognises revenue at the point when the customer obtains control of the promised good or service. When judging whether the customer obtains control of the promised good or service, the Group should consider the following indications:

- The Group has a present right to payment for the good or service;
- The Group has transferred physical possession of the good to the customer;
- The Group has transferred legal title or the significant risks and rewards of ownership of the good to the customer; and
- The customer has accepted the good or service.

The specific accounting policies related to the revenue of the Group's principal activities are described below:

(i) Interest income

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

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

(ii) Fee and commission income

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



2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(r) Income recognition (Continued)

(iii) *Fee and commission income (Continued)*

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

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The customer controls the service provided by the Group in the course of performance or;
- The Group does not provide service with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date; and
- In other cases, the Group recognises revenue at a point in time at which a customer obtains control of the promised services.

(iii) *Other income*

Other income is recognised on an accrual basis.

(iv) *Government grants*

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions associated with the grant. Government grants related to an asset are initially recognised as deferred income at fair value and then recognised in profit or loss as other income on a straight-line basis over the useful life of the asset. Government grants that compensate the Group for expenses incurred are recognised in profit or loss in the periods in which the expenses are recognised.

(s) Expenses recognition

(i) *Interest expenses*

Interest expenses from financial liabilities are accrued on a time proportion basis with reference to the amortised cost and the applicable effective interest rate.

(ii) *Other expenses*

Other expenses are recognised on an accrual basis.

(t) Dividends

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(u) Related parties

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

- (1) Has control or joint control over the Group;
- (2) Has significant influence over the Group; or
- (3) Is a member of the key management personnel of the group or the Group's parent.

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

- (1) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (3) Both entities are joint ventures of the same third party;
- (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (6) The entity is controlled or jointly controlled by a person identified in (i);
- (7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (8) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

(v) Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system, whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and assess its performance. Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of services, the type or class of customers, the methods used to provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated as "others" segment if they share a majority of these criteria.



3 NET INTEREST INCOME

	2024	2023
Interest income arising from		
Deposits with central bank	828,018	976,869
Deposits and placements with banks and other financial institutions	247,222	317,067
Loans and advances to customers		
– Corporate loans and advances	18,556,897	23,029,890
– Personal loans and advances	5,431,560	5,996,675
– Discounted bills	753,095	1,258,009
Financial assets held under resale agreements	142,578	305,655
Financial investments	6,660,244	6,492,826
Subtotal	32,619,614	38,376,991
Interest expense arising from		
Borrowings from central bank	(7,812)	(27,005)
Deposits and placements from banks and other financial institutions	(2,335,313)	(1,831,403)
Deposits from customers	(21,314,031)	(24,289,966)
Financial assets sold under repurchase agreements	(1,602,801)	(2,812,682)
Debt securities issued	(472,982)	(549,694)
Subtotal	(25,732,939)	(29,510,750)
Net interest income	6,886,675	8,866,241

Note:

- (a) Interest expense on financial liabilities with maturity over five years mainly included the interest expense on deposits from customers and debt securities issued.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

4 NET FEE AND COMMISSION INCOME

	2024	2023
Fee and commission income		
Agency and custody services fees	386,848	543,095
Settlement and clearing services fees	20,635	26,912
Bank card services fees	137,968	158,437
Subtotal	545,451	728,444
Fee and commission expense	(429,684)	(581,921)
Net fee and commission income	115,767	146,523

5 NET TRADING LOSSES

	2024	2023
Net gains/(losses) from debt securities	41,448	(141,402)
Net losses from derivatives and others	(1,746,107)	(54,001)
Net foreign exchange losses	(889,040)	(369,207)
Total	(2,593,699)	(564,610)

6 NET GAINS ARISING FROM INVESTMENTS

	2024	2023
Net gains on disposal of financial assets at fair value through other comprehensive income	653,884	747,186
Net gains on financial assets at fair value through profit or loss	1,079,205	700,780
Dividends from designated as financial assets at fair value through other comprehensive income	12,759	59,136
Net gains on disposal of financial assets measured at amortised cost	2,301,167	13,292
Total	4,047,015	1,520,394



7 OTHER OPERATING INCOME

	2024	2023
Net gains on disposal of property and equipment	205	61
Rental income	46,567	10,515
Government grants	10,874	14,033
Handling charge income	64	90
Others	63,183	46,578
	<u>120,893</u>	<u>71,277</u>
Total	<u>120,893</u>	<u>71,277</u>

8 OPERATING EXPENSES

	2024	2023
Staff costs		
– Salaries, bonuses and allowances	2,019,566	2,067,794
– Pension and annuity	326,522	329,341
– Other social insurance	268,205	279,730
– Housing allowances	183,825	181,873
– Supplementary retirement benefits	3,991	1,531
– Others	263,829	249,789
	<u>3,065,938</u>	<u>3,110,058</u>
Subtotal	3,065,938	3,110,058
Office expenses	285,837	318,381
Depreciation and amortisation	402,575	382,120
Tax and surcharges	346,029	336,641
Depreciation of the right-of-use assets	189,058	190,179
Rental and property management expenses	153,476	139,755
Interest expense of the lease liability	28,249	29,230
Other general and administrative expenses (Note(a))	1,388,286	1,493,502
	<u>5,859,448</u>	<u>5,999,866</u>
Total	<u>5,859,448</u>	<u>5,999,866</u>

Note:

- (a) Auditor's remuneration for annual audit and interim review services were RMB3.90 million and RMB2.60 million for the year ended 31 December 2024, respectively (2023: RMB3.90 million and RMB2.60 million).



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Name	Fees	Salaries	Discretionary bonuses	2024 Contributions to social pension schemes	Total emoluments before tax	Deferred payment	Actual amount of remuneration paid (pre-tax)
Executive directors							
Sun Jin (Note (e))	–	700	535	104	1,339	267	1,072
Liu Xu	–	700	588	104	1,392	294	1,098
Wang Yigong (Note (g))	–	675	516	104	1,295	258	1,037
Zhang Xuewen (Note (g))	–	675	516	102	1,293	258	1,035
He Yixuan (Note (g))	–	675	516	104	1,295	258	1,037
Shi Yang (Note (h))	–	675	1,746	104	2,525	698	1,827
Non-executive directors							
Sun Zhenyu (Note (g))	–	–	–	–	–	–	–
He Peng (Note (g))	–	–	–	–	–	–	–
Yang Xiu (Note (f))	–	–	–	–	–	–	–
Wang Hongmei (Note (g))	–	–	–	–	–	–	–
Wang Jun	–	–	–	–	–	–	–
Su Qingxiang (Note (h))	–	–	–	–	–	–	–
Liang Zhifang (Note (h))	–	–	–	–	–	–	–
Jiang Aiguo (Note (h))	–	–	–	–	–	–	–



9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

Name	Fees	Salaries	Discretionary bonuses	2024 Contributions to social pension schemes	Total emoluments before tax	Deferred payment	Actual amount of remuneration paid (pre-tax)
Independent non-executive directors							
Wang Mo	–	120	30	–	150	–	150
Lv Dan	–	120	30	–	150	–	150
Wang Lan (Note (g))	–	40	–	–	40	–	40
Huang Weiqiang (Note (g))	–	40	–	–	40	–	40
Tai Kwok Leung (Note (i))	–	100	30	–	130	–	130
Xing Tiancai (Note (f))	–	20	30	–	50	–	50
Li Jinyi (Note (h))	–	80	30	–	110	–	110
Chan Pak Lam (Note (i))	–	–	–	–	–	–	–
Supervisors							
Liu Yan (Note (e))	–	261	221	98	580	–	580
Yuen Wing Shing	–	–	–	–	–	–	–
Li Jinsong (Note (g))	–	–	–	–	–	–	–
Xing Tiancai (Note (f))	–	80	–	–	80	–	80
Mi Juan (Note (g))	–	80	–	–	80	–	80
Li Yanxi (Note (g))	–	80	–	–	80	–	80
Yu Xiaolong	–	832	1,188	129	2,149	475	1,674
Niu Jiao	–	584	1,067	103	1,754	427	1,327
Chen Shijun	–	549	732	103	1,384	293	1,091
Ba Junyu (Note (g))	–	16	30	–	46	–	46
Sun Hang (Note (g))	–	16	30	–	46	–	46
Cheng Hua (Note (g))	–	16	30	–	46	–	46
Total	–	7,134	7,865	1,055	16,054	3,228	12,826



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

Name	Fees	Salaries	Discretionary bonuses	2023	Total emoluments before tax	Deferred payment	Actual amount of remuneration paid (pre-tax)
				Contributions to social pension schemes			
Executive directors							
Sun Jin (Note (e))	–	1,129	12	63	1,204	6	1,198
Liu Xu	–	1,709	715	88	2,512	357	2,155
Shi Yang (Note (h))	–	1,252	3,020	104	4,376	1,208	3,168
Qiu Huofa (Note (a))	–	374	–	–	374	–	374
Shen Guoyong (Note (c))	–	960	–	109	1,069	–	1,069
Li Ying (Note (d))	–	1,254	263	34	1,551	131	1,420
Non-executive directors							
Su Qingxiang (Note (h))	–	–	–	–	–	–	–
Liang Zhifang (Note (h))	–	–	–	–	–	–	–
Wang Jun	–	–	–	–	–	–	–
Jiang Aiguo (Note (h))	–	–	–	–	–	–	–



9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

Name	Fees	Salaries	Discretionary bonuses	2023 Contributions to social pension schemes	Total emoluments before tax	Deferred payment	Actual amount of remuneration paid (pre-tax)
Independent non-executive directors							
Tai Kwok Leung (Note (i))	–	120	30	–	150	–	150
Xing Tiancai (Note (f))	–	120	30	–	150	–	150
Li Jinyi (Note (h))	–	120	30	–	150	–	150
Wang Mo	–	120	30	–	150	–	150
Lv Dan	–	120	30	–	150	–	150
Supervisors							
Liu Yan (Note (e))	–	667	12	72	751	6	745
Yu Xiaolong	–	1,027	1,827	109	2,963	731	2,232
Niu Jiao	–	717	1,262	107	2,086	505	1,581
Yuen Wing Shing	–	–	–	–	–	–	–
Ba Junyu (Note (g))	–	96	45	–	141	–	141
Sun Hang (Note (g))	–	96	45	–	141	–	141
Cheng Hua (Note (g))	–	96	45	–	141	–	141
Yang Xiu (Note (f))	–	–	–	–	–	–	–
Chen Shijun	–	677	830	95	1,602	332	1,270
Han Li (Note (b))	–	158	–	9	167	–	167
Total	–	10,812	8,226	790	19,828	3,276	16,552



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

Notes:

- (a) Mr Qiu Huofa resigned as the bank chairman, executive director, director of the Strategic Development Committee and deputy director of the Nomination and Remuneration Committee of the Board of Directors due to age reason on 15 February 2023, and effective from 15 February 2023.
- (b) Mr Han Li resigned as the supervisor, chief supervisor of the Bank's 7th Board of Supervisors on 10 April 2023.
- (c) Mr Shen Guoyong resigned as the bank president, executive director on 11 April 2023.
- (d) Ms Li Ying resigned as the executive director of the Bank on 16 August 2023.
- (e) At the Bank's 2022 Annual General Meeting held on 2 June 2023, Mr Sun Jin was elected as executive directors of the Bank; Mr Liu Yan was elected as supervisor of the Bank, elected as the chief supervisor of the bank 7th Board of Supervisors and approved by the Board of Supervisors. The banking and insurance regulatory authorities have officially approved the Mr Sun Jin's appointment qualifications of executive directors at 23 August 2023 and approved the appointment qualifications of the chairman at 3 November 2023.
- (f) At the Bank's 2024 First Extraordinary General Meeting, the resolution to elect Ms Yang Xiu as the non-executive directors of the Bank's 8th Board of Directors and resigned as supervisors of the Bank is approved; Mr Xing Tiancai was elected as the external supervisors of the Bank's 8th Board of Supervisors and resigned as independent non-executive directors of the Bank due to end of duty term on 22 February 2024.
- (g) At the Bank's 2024 First Extraordinary General Meeting, the resolution to elect the Bank 8th Board of Director members is approved on 22 February 2024, Mr Wang Yigong, Mr Zhang Xuewen and Mr He Yixuan were elected as executive directors of the Bank's 8th Board of Directors; and Mr Sun Zhenyu, Mr He Peng and Ms Wang Hongmei were elected as non-executive directors of the Bank's 8th Board of Directors; and Mr Huang Weiqiang and Ms Wang Lan were elected as independent non-executive directors of the Bank's 8th Board of Directors; and Mr Li Jinsong were elected as shareholder supervisors of the Bank's 8th Board of Supervisors, Ms Mi Juan and Mr Li Yanxi were elected as external supervisors of the Bank's 8th Board of Supervisors; the duty term of above supervisors mentioned begin on 22 February 2024; thus Mr Ba Junyu, Mr Sun Hang and Ms Cheng Hua resigned as supervisors of the Bank.
- (h) On 27 August 2024, Mr Shi Yang resigned as the executive directors of the Bank; and Mr Su Qingxiang, Mr Liang Zhifang and Mr Jiang Aiguo resigned as the non-executive directors of the Bank; and Mr Li Jinyi resigned as the independent non-executive directors of the Bank due to the appointment qualifications of executive directors, non-executive directors and independent non-executive directors was approved by the banking and insurance regulatory authorities..
- (i) At the Bank's 2024 First Extraordinary General Meeting hold on 22 February 2024 , the resolution to elect Mr Chan Pak Lam as the independent non-executive directors of the Bank's 8th Board of Directors is approved and the appointment qualifications was approved by the banking and insurance regulatory authorities at 14 October 2024; Thus Mr Tai Kwok Leung not perform the duty as the Bank's independent non-executive directors after 14 October 2024.



10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

For the year ended 31 December 2024, the five individuals with highest emoluments included 1 (2023: 1) director and 1 (2023: 1) supervisor of the Bank, whose emoluments are disclosed in Note 9. The emoluments for the 3 (2023: 3) non-director and non-supervisor highest paid individuals for the year ended 31 December 2024 are as follows:

	2024	2023
Salaries and other emoluments	2,027	2,212
Discretionary bonuses	4,632	9,010
Contributions to pension schemes	307	401
Total	6,966	11,623

The individuals whose emoluments before individual income tax are within the following bands are set out below:

	2024	2023
RMB1,000,001 – 2,000,000	1	–
RMB2,000,001 – 3,000,000	2	–
RMB3,000,001 – 4,000,000	–	1
RMB4,000,001 – 5,000,000	–	2
Total	3	3

11 IMPAIRMENT LOSSES ON ASSETS

	2024	2023
Financial investments	1,008,218	2,088,542
Loans and advances to customers	1,478,008	1,036,135
Financial assets held under resale agreements	(244)	(1,178)
Credit commitment	(42,907)	(311,871)
Deposits and placements with banks and other financial institutions	(1,417)	(355,777)
Others	(694,748)	663,743
Total	1,746,910	3,119,594



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

12 INCOME TAX EXPENSE

(a) Income tax for the year:

	2024	2023
Current tax	31,300	4,185
Under-provision in prior years	5,914	81,168
Deferred tax	289,651	70,253
Total	326,865	155,606

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

	Note	2024	2023
Profit before taxation		970,293	920,365
Statutory tax rate		25%	25%
Income tax calculated at statutory tax rate		242,573	230,091
Tax effect of non-deductible expenses			
– Impairment losses and write-offs		64,452	257,753
– Entertainment expenses		3,851	5,629
– Others		640,429	(14,879)
Subtotal		708,732	248,503
Tax effect of non-taxable income	12(b) (i)	(301,932)	(405,402)
Utilisation of previously unrecognised loss		(328,463)	–
Deductible temporary difference due to unrecognised deferred tax asset		41	1,246
Under-provision in prior years		5,914	81,168
Income tax		326,865	155,606

Note:

- (i) Non-taxable income consists of interest income from the PRC government bonds, local government bonds, public funds and dividends from domestic companies, which are exempted from income tax under the PRC tax regulations.



13 BASIC AND DILUTED EARNINGS PER SHARE

	2024	2023
Net profit attributable to equity shareholders of the Bank	621,050	732,434
Weighted average number of ordinary shares (<i>in thousands</i>)	8,796,680	8,796,680
Basic and diluted earnings per share attributable to equity shareholders of the Bank (<i>in RMB</i>)	0.07	0.08

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

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

	2024	2023
Number of ordinary shares as at 1 January and 31 December	8,796,680	8,796,680
Weighted average number of ordinary shares	8,796,680	8,796,680

14 CASH AND DEPOSITS WITH CENTRAL BANK

	Note	31 December 2024	31 December 2023
Cash on hand		807,682	1,108,497
Deposits with central bank			
– Statutory deposit reserves	14(a)	46,466,262	52,533,323
– Surplus deposit reserves	14(b)	29,831,411	22,261,823
– Fiscal deposits		95,752	166,952
Subtotal		76,393,425	74,962,098
Add: interest receivable		23,519	27,169
Total		77,224,626	76,097,764



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

14 CASH AND DEPOSITS WITH CENTRAL BANK (CONTINUED)

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

	31 December 2024	31 December 2023
Reserve ratio for RMB deposits	6.00%	7.00%
Reserve ratio for foreign currency deposits	4.00%	4.00%

The six rural banking subsidiaries of the Bank are required to place statutory RMB deposits reserve at rates determined by the PBOC.

The statutory deposit reserves are not available for the Group's daily business.

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

15 DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

(a) Analysed by type and location of counterparty

	31 December 2024	31 December 2023
Deposits in mainland China		
– Banks	6,818,707	3,985,096
– Other financial institutions	2,521,211	1,858,186
Deposits outside mainland China		
– Banks	3,105,541	1,667,337
Subtotal	12,445,459	7,510,619
Add: interest receivable	346	297
Less: provision for impairment losses	(4,183)	(3,963)
Total	12,441,622	7,506,953



15 DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS (CONTINUED)

(b) Movements of provision for impairment losses

	2024	2023
As at 1 January	3,963	402,465
Net charge/(release) for the year	220	(341,163)
Transfer out	—	(57,339)
As at 31 December	4,183	3,963

16 PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

(a) Analysed by type and location of counterparty

	31 December 2024	31 December 2023
Placements in mainland China – Other financial institutions	5,400,000	9,609,000
Add: interest receivable	26,780	119,915
Less: provision for impairment losses	(136,024)	(137,661)
Total	5,290,756	9,591,254

(b) Movements of provision for impairment losses

	2024	2023
As at 1 January	137,661	152,275
Net release for the year	(1,637)	(14,614)
As at 31 December	136,024	137,661



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

17 DERIVATIVE FINANCIAL INSTRUMENTS

A derivative is a financial instrument, the value of which changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other similar variables. The Group uses derivative financial instruments mainly including option contracts, forwards and swaps.

The notional amount of a derivative represents the amount of an underlying asset upon which the value of the derivative is based. It indicates the volume of business transacted by the Group but does not reflect the risk.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in any orderly transaction between markets participants at measured date.

(a) Analysed by nature of contract

	31 December 2024		
	Notional amount	Fair value Assets	Liabilities
Interest rate swaps	100,000	3,179	(3,179)
Currency swaps	21,996,504	171,010	(97,316)
Precious metal derivatives	4,303,600	3,477	(12,349)
Option contracts	662,191	113,069	(113,069)
Total	27,062,295	290,735	(225,913)

	31 December 2023		
	Notional amount	Fair value Assets	Liabilities
Interest rate swaps	11,260,000	17,767	(17,861)
Currency swaps	10,319,494	88,909	(87,304)
Precious metal derivatives	8,455,172	13,635	(41,854)
Foreign forward contracts	1,845,005	13,650	(8,612)
Option contracts	1,180,436	62,742	(62,742)
Total	33,060,107	196,703	(218,373)



17 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(b) Analysed by credit risk-weighted amount

	31 December 2024	31 December 2023
Currency swaps	87,986	25,799
Precious metal derivatives	17,214	21,138
Foreign forward contracts	–	4,613
Option contracts	15,893	2,951
	<hr/>	<hr/>
Total	121,093	54,501
	<hr/>	<hr/>

The credit risk-weighted amount represents the counterparty credit risk associated with derivative transactions and is calculated with reference to the guidelines issued by the NFRA.

18 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(a) Analysed by type and location of counterparty

	31 December 2024	31 December 2023
In mainland China		
– Banks	1,766,000	2,110,000
– Other financial institutions	–	990,000
	<hr/>	<hr/>
Subtotal	1,766,000	3,100,000
Add: interest receivable	78	417
Less: provision for impairment losses	(295)	(539)
	<hr/>	<hr/>
Total	1,765,783	3,099,878
	<hr/>	<hr/>

(b) Analysed by type of security held

	31 December 2024	31 December 2023
Debt securities held under resale agreements	1,766,000	3,100,000
Add: interest receivable	78	417
Less: provision for impairment losses	(295)	(539)
	<hr/>	<hr/>
Total	1,765,783	3,099,878
	<hr/>	<hr/>



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

18 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS (CONTINUED)

(c) Movements of provision for impairment losses

	2024	2023
As at 1 January	539	1,717
Net release for the year	(244)	(1,178)
As at 31 December	295	539

19 LOANS AND ADVANCES TO CUSTOMERS

(a) Analysed by nature

	31 December 2024	31 December 2023
Measured at amortised cost:		
Corporate loans and advances	326,408,939	299,044,027
Personal loans and advances		
– Residential mortgage	49,510,108	53,510,771
– Personal consumption loans	60,144,307	48,357,404
– Personal business loans	4,977,936	6,681,501
Subtotal	114,632,351	108,549,676
Gross loans and advances to customers measured at amortised cost	441,041,290	407,593,703
Measured at fair value through other comprehensive income:		
– Corporate loans and advances	11,472,948	9,059,814
– Discounted bills	48,078,006	61,223,282
Gross loans and advances to customers measured at fair value through other comprehensive income	59,550,954	70,283,096
Gross loans and advances to customers	500,592,244	477,876,799
Add: interest receivable	54,065,245	38,692,307
Less: provision for impairment losses on loans and advances to customers measured at amortised cost	(21,086,072)	(20,279,602)
Net loans and advances to customers	533,571,417	496,289,504

As at 31 December 2024, the Group's provision amount for loans and advances to customers measured at fair value through other comprehensive income is RMB11.22 million (31 December 2023: RMB144.95 million), as detailed in Note 19(f).



19 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(b) Analysed by economic sector

	31 December 2024		Loans and advances secured by collaterals
	Amount	Percentage	
Wholesale and retail trade	140,022,229	28%	64,502,776
Renting and business activities	74,003,113	15%	28,673,538
Real estate	41,094,749	8%	35,628,210
Manufacturing	33,282,452	7%	4,443,616
Construction	10,597,874	2%	2,638,609
Transportation, storage and postal services	5,460,327	1%	349,215
Mining	4,013,676	1%	361,370
Production and supply of electricity, heat, gas and water	2,794,794	1%	327,052
Agriculture, forestry, animal husbandry and fishery	1,370,358	0%	218,762
Accommodation and catering	1,317,399	0%	932,715
Culture, sports and entertainment	1,242,059	0%	83,620
Household and other services	115,589	0%	68,380
Others	22,567,268	4%	3,804,935
Subtotal of corporate loans and advances	337,881,887	67%	142,032,798
Personal loans and advances	114,632,351	23%	50,937,018
Discounted bills	48,078,006	10%	48,078,006
Gross loans and advances to customers	500,592,244	100%	241,047,822



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

19 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(b) Analysed by economic sector (Continued)

	31 December 2023		Loans and advances secured by collaterals
	Amount	Percentage	
Wholesale and retail trade	118,223,777	25%	60,707,094
Renting and business activities	72,446,420	15%	40,685,652
Real estate	44,554,021	9%	41,073,379
Manufacturing	29,502,683	6%	7,455,218
Construction	10,718,448	2%	5,371,537
Transportation, storage and postal services	5,470,225	1%	4,018,748
Mining	3,343,213	1%	542,955
Production and supply of electricity, heat, gas and water	2,854,364	1%	935,025
Accommodation and catering	1,987,802	1%	1,886,300
Household and other services	1,407,052	0%	1,384,488
Culture, sports and entertainment	1,094,636	0%	59,860
Agriculture, forestry, animal husbandry and fishery	949,178	0%	243,348
Others	15,552,022	3%	4,898,317
Subtotal of corporate loans and advances	308,103,841	64%	169,261,921
Personal loans and advances	108,549,676	23%	54,720,838
Discounted bills	61,223,282	13%	61,223,282
Gross loans and advances to customers	477,876,799	100%	285,206,041



19 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(c) Analysed by type of collateral

	31 December 2024	31 December 2023
Unsecured loans	77,992,816	68,627,122
Guaranteed loans	181,551,606	124,043,636
Loans secured by tangible assets other than monetary assets	183,854,456	203,536,856
Loans secured by intangible assets or monetary assets	57,193,366	81,669,185
Gross loans and advances to customers	500,592,244	477,876,799
Add: interest receivable	54,065,245	38,692,307
Less: provision for impairment losses on loans and advances to customers measured at amortised cost	(21,086,072)	(20,279,602)
Net loans and advances to customers	533,571,417	496,289,504

(d) Overdue loans analysed by overdue period

	31 December 2024				
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	Total
Unsecured loans	368,184	525,429	427,740	240,370	1,561,723
Guaranteed loans	8,417,055	369,238	1,454,358	3,175,723	13,416,374
Loans secured by tangible assets other than monetary assets	3,668,829	919,926	2,445,518	2,954,344	9,988,617
Loans secured by intangible assets or monetary assets	74,306	27,981	–	331	102,618
Total	12,528,374	1,842,574	4,327,616	6,370,768	25,069,332
As a percentage of gross loans and advances to customers	2.50%	0.37%	0.86%	1.27%	5.01%



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

19 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(d) Overdue loans analysed by overdue period (Continued)

	31 December 2023				Total
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	
Unsecured loans	749,365	381,082	629,564	129,621	1,889,632
Guaranteed loans	6,307,034	1,380,134	1,077	2,795,294	10,483,539
Loans secured by tangible assets other than monetary assets	6,142,420	2,492,150	1,411,733	2,527,151	12,573,454
Loans secured by intangible assets or monetary assets	80,381	1,597	11,856	331	94,165
Total	<u>13,279,200</u>	<u>4,254,963</u>	<u>2,054,230</u>	<u>5,452,397</u>	<u>25,040,790</u>
As a percentage of gross loans and advances to customers	<u>2.78%</u>	<u>0.89%</u>	<u>0.43%</u>	<u>1.14%</u>	<u>5.24%</u>

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



19 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(e) Loans and advance and provision for impairment losses

(i) As at 31 December 2024, detailed information of loans and advances to customers and provision for impairment losses is as follows:

	31 December 2024			
	Loans and advances that are assessed for 12-month ECL	Loans and advances that are not credit-impaired and assessed for lifetime expected credit loss	Credit-impaired loans and advances that are assessed for lifetime expected credit loss	Total
Gross loans and advances to customers	445,495,616	38,492,444	16,604,184	500,592,244
Add: interest receivable	49,708,956	4,356,289	–	54,065,245
Less: provision for impairment losses on loans and advances to customers measured at amortised cost	<u>(5,950,720)</u>	<u>(6,271,007)</u>	<u>(8,864,345)</u>	<u>(21,086,072)</u>
Net loans and advances to customers	<u>489,253,852</u>	<u>36,577,726</u>	<u>7,739,839</u>	<u>533,571,417</u>



NOTES TO THE FINANCIAL STATEMENTS

*(Expressed in thousands of RMB, unless otherwise stated)***19 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)****(e) Loans and advance and provision for impairment losses (Continued)**

(ii) *As at 31 December 2023, detailed information of loans and advances to customers and provision for impairment losses is as follows:*

	31 December 2023			Total
	Loans and advances that are assessed for 12-month ECL	Loans and advances that are not credit-impaired and assessed for lifetime expected credit loss	Credit-impaired loans and advances that are assessed for lifetime expected credit loss	
Gross loans and advances to customers	432,121,287	29,783,451	15,972,061	477,876,799
Add: interest receivable	36,170,821	2,521,486	–	38,692,307
Less: provision for impairment losses on loans and advances to customers measured at amortised cost	<u>(5,247,512)</u>	<u>(6,248,958)</u>	<u>(8,783,132)</u>	<u>(20,279,602)</u>
Net loans and advances to customers	<u>463,044,596</u>	<u>26,055,979</u>	<u>7,188,929</u>	<u>496,289,504</u>



19 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(f) Movements of provision for impairment losses

As at 31 December 2024, the movements of provision for loans and advances to customers are as follows:

(i) *Movements of provision for impairment losses of loans and advances to customers measured at amortised cost:*

	Year ended 31 December 2024			Total
	ECL over the next 12 months	Lifetime ECL - not credit-impaired loans	Lifetime ECL - credit- impaired loans	
As at 1 January	5,247,512	6,248,958	8,783,132	20,279,602
Transferred:				
– to ECL over the next 12 months	10,636	(7,693)	(2,943)	–
– to lifetime ECL - not credit-impaired loans	(134,230)	135,516	(1,286)	–
– to lifetime ECL - credit-impaired loans	(20,237)	(114,302)	134,539	–
Net charge for the year	847,039	8,528	756,169	1,611,736
Transfer out	–	–	(315,598)	(315,598)
Write-offs	–	–	(531,453)	(531,453)
Recoveries	–	–	41,785	41,785
As at 31 December	<u>5,950,720</u>	<u>6,271,007</u>	<u>8,864,345</u>	<u>21,086,072</u>



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

19 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(f) Movements of provision for impairment losses (Continued)

As at 31 December 2024, the movements of provision for loans and advances to customers are as follows:
(Continued)

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

	Year ended 31 December 2024			Total
	ECL over the next 12 months	Lifetime ECL- not credit-impaired loans	Lifetime ECL- credit- impaired loans	
As at 1 January	144,951	–	–	144,951
Net release for the year	(133,728)	–	–	(133,728)
As at 31 December	11,223	–	–	11,223

As at 31 December 2023, the movements of provision for loans and advances to customers are as follows:

(i) *Movements of provision for impairment losses of loans and advances to customers measured at amortised cost:*

	Year ended 31 December 2023			Total
	ECL over the next 12 months	Lifetime ECL- not credit-impaired loans	Lifetime ECL- credit- impaired loans	
As at 1 January	7,183,023	7,843,415	12,348,735	27,375,173
Transferred:				
– to ECL over the next 12 months	5,571	(136)	(5,435)	–
– to lifetime ECL- not credit-impaired loans	(109,523)	594,749	(485,226)	–
– to lifetime ECL- credit-impaired loans	(20,672)	(635,268)	655,940	–
Net (release)/charge for the year	(1,810,887)	(1,553,802)	4,607,901	1,243,212
Transfer out	–	–	(7,841,229)	(7,841,229)
Write-offs	–	–	(531,199)	(531,199)
Recoveries	–	–	33,645	33,645
As at 31 December	5,247,512	6,248,958	8,783,132	20,279,602



19 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(f) Movements of provision for impairment losses (Continued)

As at 31 December 2023, the movements of provision for loans and advances to customers are as follows:
(Continued)

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

	Year ended 31 December 2023			Total
	ECL over the next 12 months	Lifetime ECL- not credit-impaired loans	Lifetime ECL- credit- impaired loans	
As at 1 January	352,028	–	–	352,028
Net release for the year	(207,077)	–	–	(207,077)
As at 31 December	144,951	–	–	144,951

Notes:

(a) Analysed by movements in loss allowance.

The movements of loss allowance are mainly affected by:

- Transfers between stages due to loans and advances to customers experiencing significant increases (or decreases) in credit risk or becoming credit-impaired, and the corresponding transfer of the measurement basis of the loss allowance between 12 months and the entire lifetime ECL;
- Allowance for new loans and advances to customers recognised;
- Remeasurement includes the impact of changes in model assumptions, updates of model parameters, changes in probability of default and loss given default; changes in ECL due to transfer of loans and advances to customers between stages; changes in ECL due to unwinding of discount over time; changes in foreign exchange translations for assets denominated in foreign currencies and other movements; and
- The reversal of allowances caused by repayment, write-offs and loans and advances to customers transferred out.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

19 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(f) Movements of provision for impairment losses (Continued)

- (ii) *Movements of provision for impairment losses of loans and advances to customers measured at fair value through other comprehensive income: (Continued)*

Notes: (Continued)

- (b) Provision for impairment losses of loans and advances to customers measured at fair value through other comprehensive income are recognised in other comprehensive income, while the losses or gains impairment are recognised in profit or loss. Besides, the carrying amount of the financial assets presented in the consolidated statement of financial position are not reduced.
- (c) As at 31 December 2024, the Group adjusted the five-tier classification and customer rating of loans and advance to customers measured at amortised cost, and the loan principal of lifetime ECL-not credit-impaired and lifetime ECL-credit-impaired transferred to ECL over the next 12 months were RMB279.05 million. The loan principal from ECL over the next 12 months and lifetime ECL-credit-impaired transferred to lifetime ECL-not credit-impaired were RMB6,067.99 million, the principal of the loan transferred from ECL over the 12 months and lifetime ECL-not credit-impaired to lifetime ECL-credit-impaired were RMB1,588.37 million.

As at 31 December 2023, the Group adjusted the five-tier classification and customer rating of loans and advance to customers measured at amortised cost, and the loan principal of lifetime ECL-not credit-impaired and lifetime ECL-credit-impaired transferred to ECL over the next 12 months were RMB12.56 million. The loan principal from ECL over the next 12 months and lifetime ECL-credit-impaired transferred to lifetime ECL-not credit-impaired were RMB6,814.77 million, the principal of the loan transferred from ECL over the 12 months and lifetime ECL-not credit-impaired to lifetime ECL-credit-impaired were RMB4,225.74 million.



19 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(g) Analysed by geographical sector (Note (i))

	31 December 2024		
	Loans balance	Percentage	Loans and advances secured by collaterals
Northeast China	461,883,145	92%	228,197,860
North China	21,400,561	4%	6,642,370
Others	17,308,538	4%	6,207,592
Gross loans and advances to customers	500,592,244	100%	241,047,822

	31 December 2023		
	Loans balance	Percentage	Loans and advances secured by collaterals
Northeast China	448,723,451	94%	271,354,000
North China	17,375,764	4%	6,813,718
Others	11,777,584	2%	7,038,323
Gross loans and advances to customers	477,876,799	100%	285,206,041

Note:

- (i) The definitions of the geographical sectors are set out in Note 38(b).

20 FINANCIAL INVESTMENTS

	Note	31 December 2024	31 December 2023
Financial assets at fair value through profit or loss	20(a)	104,869,270	105,916,358
Financial assets at fair value through other comprehensive income	20(b)	90,601,577	86,554,502
Financial assets measured at amortised cost	20(c)	266,996,988	264,690,316
Total		462,467,835	457,161,176



NOTES TO THE FINANCIAL STATEMENTS

*(Expressed in thousands of RMB, unless otherwise stated)***20 FINANCIAL INVESTMENTS (CONTINUED)****(a) Financial assets at fair value through profit or loss**

	31 December 2024	31 December 2023
Debt securities at fair value listed outside Hong Kong		
– Government	1,814,260	–
– Policy banks	2,684,533	2,322,296
– Banks and other financial institutions	–	201,097
– Corporate	1,043,121	1,043,120
Subtotal	5,541,914	3,566,513
Wealth management plans	39,686,200	51,133,490
Investment funds	36,559,891	28,679,493
Trust scheme investments	22,885,870	22,210,520
Others	6,156	11,499
Subtotal	99,138,117	102,035,002
Equity investments		
– Listed	137,755	263,359
– Unlisted	51,484	51,484
Subtotal	189,239	314,843
Total	104,869,270	105,916,358



20 FINANCIAL INVESTMENTS (CONTINUED)

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

	31 December 2024	31 December 2023
Debt securities at fair value listed outside Hong Kong		
– Government	23,069,703	44,754,896
– Policy banks	36,208,657	21,717,568
– Banks and other financial institutions	13,155,078	778,894
– Corporate	580,075	808,153
Subtotal	73,013,513	68,059,511
Commercial banks undated capital bonds	–	1,072,640
Equity investments		
– Listed	1,081,039	1,000,523
– Unlisted	15,865,985	15,868,699
Subtotal	16,947,024	17,941,862
Add: interest receivable	641,040	553,129
Total	90,601,577	86,554,502



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

20 FINANCIAL INVESTMENTS (CONTINUED)

(b) Financial assets at fair value through other comprehensive income (Continued)

The movements of provision for financial assets at fair value through other comprehensive income are as follows:

	Year ended 31 December 2024			Total
	ECL over the next 12 months	Lifetime ECL- not credit-impaired	Lifetime ECL- credit- impaired	
As at 1 January	3,964	–	–	3,964
Net charge for the year	573	–	–	573
As at 31 December	4,537	–	–	4,537

	Year ended 31 December 2023			Total
	ECL over the next 12 months	Lifetime ECL- not credit-impaired	Lifetime ECL- credit- impaired	
As at 1 January	2,186	–	1,297,851	1,300,037
Net charge/(release) for the year	1,778	–	(664,332)	(662,554)
Transfer out	–	–	(633,519)	(633,519)
As at 31 December	3,964	–	–	3,964

Notes:

- (i) For the years ended 31 December 2024 and 31 December 2023 there is no transfer of stage between the above debt instruments.
- (ii) Provision for impairment losses of financial investments measured at fair value through other comprehensive income are recognised in other comprehensive income, while losses or gains from impairment are included in profit or loss. Besides, the book value of the financial assets presented in the consolidated statement of financial position are not reduced.
- (iii) The ECL movement was caused by origination or purchase as well as changes in PD, LGD and EAD and stages as a result of regular update of parameters.



20 FINANCIAL INVESTMENTS (CONTINUED)

(c) Financial assets measured at amortised cost

	31 December 2024	31 December 2023
Debt securities issued by the following institutions outside Hong Kong		
– Government	8,992,296	20,006,787
– Policy banks	51,063,234	28,480,180
– Banks and other financial institutions	4,852,949	2,000,000
– Corporate	168,349,512	179,426,068
Subtotal	233,257,991	229,913,035
Wealth management plan	2,917,067	2,920,856
Beneficial investment of trust	32,963,934	33,340,269
Subtotal	35,881,001	36,261,125
Add: interest receivable	4,854,966	4,505,481
Less: provision for impairment losses	(6,996,970)	(5,989,325)
Total	266,996,988	264,690,316

The movements of provision for financial assets at amortised cost are as follows:

	Year ended 31 December 2024			
	ECL over the next 12 months	Lifetime ECL-not credit-impaired	Lifetime ECL-credit- impaired	Total
As at 1 January	308,878	2,136,428	3,544,019	5,989,325
Transferred:				
– to lifetime ECL- not credit-impaired investments	(83,901)	83,901	–	–
Net (release)/charge for the year	(3,179)	515,877	494,947	1,007,645
As at 31 December	221,798	2,736,206	4,038,966	6,996,970



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

20 FINANCIAL INVESTMENTS (CONTINUED)

(c) Financial assets measured at amortised cost (Continued)

The movements of provision for financial assets at amortised cost are as follows: (Continued)

	Year ended 31 December 2023			Total
	ECL over the next 12 months	Lifetime ECL-not credit-impaired	Lifetime ECL-credit- impaired	
As at 1 January	867,371	1,091,089	3,899,224	5,857,684
Transferred:				
– to lifetime ECL- not credit-impaired investments	(143,956)	143,956	–	–
– to lifetime ECL – credit-impaired investments	(97)	–	97	–
Net charge for the year	881,118	1,276,566	593,412	2,751,096
Transfer out	<u>(1,295,558)</u>	<u>(375,183)</u>	<u>(948,714)</u>	<u>(2,619,455)</u>
As at 31 December	<u>308,878</u>	<u>2,136,428</u>	<u>3,544,019</u>	<u>5,989,325</u>

Notes:

- (i) In the year of 2024, the Group adjusted the five-tier classification and customer rating of financial assets measured at amortised cost, and the financial assets measured at amortised cost from ECL over the next 12 months was transferred to lifetime ECL-not credit-impaired of RMB4,837.61 million.

In the year of 2023, the Group adjusted the five-tier classification and customer rating of financial assets measured at amortised cost, and the financial assets measured at amortised cost from ECL over the next 12 months was transferred to lifetime ECL-not credit-impaired of RMB10,682.74 million. The financial assets measured at amortised cost from ECL over the next 12 months to lifetime ECL-credit-impaired of RMB3.7 million.

- (ii) The ECL movement was caused by origination or purchase as well as changes in PD, LGD and EAD and stages as a result of regular update of parameters.



21 INVESTMENT IN SUBSIDIARIES

The Bank

	31 December 2024	31 December 2023
Shenyang Shenbei Fumin Village Bank Co., Ltd. ("Shenyang Shenbei")	35,321	35,321
Shenyang Xinmin Fumin Village Bank Co., Ltd. ("Shenyang Xinmin")	6,230	6,230
Shenyang Faku Fumin Village Bank Co., Ltd. ("Shenyang Faku")	6,262	6,262
Shenyang Liaozhong Fumin Village Bank Co., Ltd. ("Shenyang Liaozhong")	6,097	6,097
Ningbo Jiangbei Fumin Rural Bank Co., Ltd. ("Ningbo Jiangbei")	30,039	30,039
Shanghai Baoshan Fumin Rural Bank Co., Ltd. ("Shanghai Baoshan")	62,208	62,208
Shengjing Bank Consumer Finance Co., Ltd. ("Shengjing Consumer")	180,000	180,000
Total	326,157	326,157

As at 31 December 2024, background of the subsidiaries is as follows:

	Note	Date of incorporation	Place of incorporation, registration and operations	Registered capital	Percentage owned by the Bank	Business sector	Economic nature/type
Shenyang Shenbei	21(a)	09/02/2009	Liaoning, China	150,000	20%	Banking	Incorporated company
Shenyang Xinmin	21(b)	25/06/2010	Liaoning, China	30,000	20%	Banking	Incorporated company
Shenyang Faku	21(c)	26/10/2010	Liaoning, China	30,000	20%	Banking	Incorporated company
Shenyang Liaozhong	21(d)	26/11/2010	Liaoning, China	30,000	20%	Banking	Incorporated company
Ningbo Jiangbei	21(e)	17/08/2011	Zhejiang, China	100,000	30%	Banking	Incorporated company
Shanghai Baoshan	21(f)	09/09/2011	Shanghai, China	150,000	40%	Banking	Incorporated company
Shengjing Consumer		25/02/2016	Liaoning, China	300,000	75%	Consumer finance	Limited company



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

21 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Bank (Continued)

Notes:

- (a) According to the revised Articles of Association of Shenyang Shenbei approved by the General Meeting held in June 2012, the financial and operational decisions of Shenyang Shenbei were made by the Bank. The Bank also agreed with seven shareholders who held in total 61.34% of ownership and voting power of Shenyang Shenbei that these seven shareholders would follow the vote of the Bank on all key decision making including but not limited to financial and operational decisions from June 2012. Hence, the Bank had control over Shenyang Shenbei and classified its investment in Shenyang Shenbei as investments in subsidiaries.
- (b) According to the revised Articles of Association of Shenyang Xinmin approved by the General Meetings held in June 2012, the financial and operational decisions of Shenyang Xinmin were made by the Bank. The Bank also agreed with eight shareholders who held in total 55% of ownership and voting power of Shenyang Xinmin that these eight shareholders would follow the vote of the Bank on all key decision making including but not limited to financial and operational decisions from June 2012. Hence, the Bank had control over Shenyang Xinmin and classified its investment in Shenyang Xinmin as investments in subsidiaries.
- (c) According to the revised Articles of Association of Shenyang Faku approved by the General Meetings held in June 2012, the financial and operational decisions of Shenyang Faku were made by the Bank. The Bank also agreed with seven shareholders who held in total 50% of ownership and voting power of Shenyang Faku that these seven shareholders would follow the vote of the Bank on all key decision making including but not limited to financial and operational decisions from June 2012. Hence, the Bank had control over Shenyang Faku and classified its investment in Shenyang Faku as investments in subsidiaries.
- (d) According to the revised Articles of Association of Shenyang Liaozhong approved by the General Meetings held in June 2012, the financial and operational decisions of Shenyang Liaozhong were made by the Bank. The Bank also agreed with eleven shareholders who held in total 70% of ownership and voting power of Shenyang Liaozhong that these eleven shareholders would follow the vote of the Bank on all key decision making including but not limited to financial and operational decisions from June 2012. Hence, the Bank had control over Shenyang Liaozhong and classified its investment in Shenyang Liaozhong as investments in subsidiaries.
- (e) According to the revised Articles of Association of Ningbo Jiangbei approved by the General Meetings held in June 2012, the financial and operational decisions of Ningbo Jiangbei were made by the Bank. The Bank also agreed with six shareholders who held in total 50% of ownership and voting power of Ningbo Jiangbei that these six shareholders would follow the vote of the Bank on all key decision making including but not limited to financial and operational decisions from June 2012. Hence, the Bank had control over Ningbo Jiangbei and classified its investment in Ningbo Jiangbei as investments in subsidiaries.
- (f) According to the revised Articles of Association of Shanghai Baoshan approved by the General Meetings held in June 2012, the financial and operational decisions of Shanghai Baoshan were made by the Bank. The Bank also agreed with four shareholders who held in total 35.33% of ownership and voting power of Shanghai Baoshan that these four shareholders would follow the vote of the Bank on all key decision making including but not limited to financial and operational decisions from June 2012. Hence, the Bank had control over Shanghai Baoshan and classified its investment in Shanghai Baoshan as investments in subsidiaries.



22 PROPERTY AND EQUIPMENT

	Premises	Leasehold improvement	CIP	Office equipment	Others	Total
Cost						
As at 1 January 2023	4,470,200	1,214,330	2,286,759	1,096,965	104,819	9,173,073
Additions	18,515	17,820	24,242	178,911	16,445	255,933
Disposals	—	—	—	(15,563)	(3,577)	(19,140)
As at 31 December 2023 and 1 January 2024	4,488,715	1,232,150	2,311,001	1,260,313	117,687	9,409,866
Additions	7,963	111,264	11,669	85,460	22,691	239,047
CIP transfers	1,473	—	(2,109)	—	636	—
Disposals	(1,334)	—	(68,230)	(20,432)	(9,265)	(99,261)
As at 31 December 2024	4,496,817	1,343,414	2,252,331	1,325,341	131,749	9,549,652
Accumulated depreciation						
As at 1 January 2023	(2,103,954)	(968,635)	—	(892,685)	(101,913)	(4,067,187)
Additions	(185,463)	(58,096)	—	(57,466)	(18,792)	(319,817)
Disposals	—	—	—	15,117	3,444	18,561
As at 31 December 2023 and 1 January 2024	(2,289,417)	(1,026,731)	—	(935,034)	(117,261)	(4,368,443)
Additions	(184,525)	(45,403)	—	(76,065)	(18,512)	(324,505)
Disposals	1,186	—	—	20,362	8,886	30,434
As at 31 December 2024	(2,472,756)	(1,072,134)	—	(990,737)	(126,887)	(4,662,514)
Net book value						
As at 31 December 2023	2,199,298	205,419	2,311,001	325,279	426	5,041,423
As at 31 December 2024	2,024,061	271,280	2,252,331	334,604	4,862	4,887,138

The carrying amount of premises without title deeds as at 31 December 2024 was RMB147.60 million (31 December 2023: RMB174.72 million). The Group is still in the progress of applying the title deeds for the above premises. Management of the Group expected that there would be no significant costs in obtaining the title deeds.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

22 PROPERTY AND EQUIPMENT (CONTINUED)

The net book values of premises at the end of the reporting period are analysed by the remaining terms of the land leases as follows:

	31 December 2024	31 December 2023
Held in mainland China		
– Long term leases (over 50 years)	130,933	141,354
– Medium term leases (10 – 50 years)	1,822,763	1,979,924
– Short term leases (less than 10 years)	70,365	78,020
Total	2,024,061	2,199,298

23 DEFERRED TAX ASSETS AND LIABILITIES

(a) Analysed by nature

	31 December 2024		31 December 2023	
	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)
Allowance for impairment losses	24,050,858	5,975,779	23,531,337	5,855,330
Change in fair value of financial assets at fair value through other comprehensive income	3,374,739	843,685	3,097,244	774,311
Supplementary retirement benefits	138,339	34,585	113,897	28,474
Change in fair value of derivative financial instruments	(64,822)	(16,206)	21,670	5,417
Change in fair value of financial assets at fair value through profit or loss	4,011,701	1,002,925	3,272,790	818,197
Right-of-use assets	(725,973)	(183,769)	(738,588)	(184,647)
Lease liabilities	751,332	190,109	758,670	189,668
Salaries and welfare payable	235,486	58,872	–	–
Others	4,316,043	1,079,010	6,720,461	1,680,115
Net deferred income tax	36,087,703	8,984,990	36,777,481	9,166,865



23 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

(b) Analysed by movement

	At 1 January 2024	Recognised in profit or loss	Recognised in other comprehensive income	At 31 December 2024
Allowance for impairment losses	5,855,330	120,449	–	5,975,779
Change in fair value of financial assets at fair value through other comprehensive income	774,311	–	69,374	843,685
Supplementary retirement benefits	28,474	998	5,113	34,585
Change in fair value of derivative financial instruments	5,417	(21,623)	–	(16,206)
Change in fair value of financial assets at fair value through profit or loss	818,197	184,728	–	1,002,925
Right-of-use assets	(184,647)	878	–	(183,769)
Lease liabilities	189,668	441	–	190,109
Salaries and welfare payable	–	58,872	–	58,872
Others	1,680,115	(601,105)	–	1,079,010
Net deferred income tax	9,166,865	(256,362)	74,487	8,984,990

	At 1 January 2023	Recognised in profit or loss	Recognised in other comprehensive income	At 31 December 2023
Allowance for impairment losses	7,269,653	(1,414,323)	–	5,855,330
Change in fair value of financial assets at fair value through other comprehensive income	424,038	–	350,273	774,311
Supplementary retirement benefits	26,727	382	1,365	28,474
Change in fair value of derivative financial instruments	(16,049)	21,466	–	5,417
Change in fair value of financial assets at fair value through profit or loss	805,325	12,872	–	818,197
Right-of-use assets	(180,255)	(4,392)	–	(184,647)
Lease liabilities	180,255	9,413	–	189,668
Others	–	1,680,115	–	1,680,115
Net deferred income tax	8,509,694	305,533	351,638	9,166,865



NOTES TO THE FINANCIAL STATEMENTS

*(Expressed in thousands of RMB, unless otherwise stated)***24 OTHER ASSETS**

	Note	31 December 2024	31 December 2023
Settlement and clearing accounts		1,249,289	1,106,233
Reposessed assets	24(a)	9,710,375	8,778,355
Interest receivable	24(b)	1,177,401	1,758,543
Right-of-use assets	24(c)	796,901	802,306
Intangible assets	24(d)	565,749	491,229
Land use rights		56,059	60,242
Prepayments		82,672	94,023
Others	24(e)	2,212,878	2,810,255
Total		15,851,324	15,901,186

(a) Reposessed assets

	31 December 2024	31 December 2023
Land use rights and buildings	9,722,535	8,790,515
Less: impairment allowance	(12,160)	(12,160)
Total	9,710,375	8,778,355

(b) Interest receivable

	31 December 2024	31 December 2023
Interest receivable arising from:		
– Loans and advances to customers	1,177,401	1,758,543



24 OTHER ASSETS (CONTINUED)

(c) Right-of-use assets

	Leased properties and buildings
Cost	
As at 1 January 2023	1,403,268
Additions	256,560
Disposals	(324,545)
	<hr/>
As at 31 December 2023 and 1 January 2024	1,335,283
Additions	185,047
Disposals	(119,333)
	<hr/>
As at 31 December 2024	<u>1,400,997</u>
Accumulated depreciation	
As at 1 January 2023	(667,343)
Additions	(190,179)
Disposals	324,545
	<hr/>
As at 31 December 2023 and 1 January 2024	(532,977)
Additions	(189,058)
Disposals	117,939
	<hr/>
As at 31 December 2024	<u>(604,096)</u>
Carrying amount:	
As at 31 December 2023	<u>802,306</u>
	<hr/>
As at 31 December 2024	<u>796,901</u>
	<hr/>



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

24 OTHER ASSETS (CONTINUED)

(d) Intangible assets

	31 December 2024	31 December 2023
Cost		
As at 1 January	783,130	604,226
Additions	148,407	178,904
	<hr/>	<hr/>
As at 31 December	931,537	783,130
	<hr style="border-top: 1px dashed;"/>	<hr style="border-top: 1px dashed;"/>
Accumulated amortisation		
As at 1 January	(291,901)	(233,779)
Additions	(73,887)	(58,122)
	<hr/>	<hr/>
As at 31 December	(365,788)	(291,901)
	<hr style="border-top: 1px dashed;"/>	<hr style="border-top: 1px dashed;"/>
Net value		
As at 1 January	491,229	370,447
	<hr style="border-top: 3px double;"/>	<hr style="border-top: 3px double;"/>
As at 31 December	565,749	491,229
	<hr style="border-top: 3px double;"/>	<hr style="border-top: 3px double;"/>

Intangible assets of the Group mainly represent computer software.



24 OTHER ASSETS (CONTINUED)

(e) Others

	31 December 2024	31 December 2023
Receivable due from disposal of non-performing assets (<i>Note (i)</i>)	653,754	653,754
Others	2,160,809	3,263,447
Subtotal	2,814,563	3,917,201
Less: impairment allowance	(601,685)	(1,106,946)
Total	2,212,878	2,810,255

Note:

- (i) It represents a receivable from Shenyang City Infrastructure Construction Investment Development Co., Ltd. and the receivable is guaranteed by one of the Bank's shareholder, Shenyang Hengxin State-owned Asset Management Group Co., Ltd.

25 BORROWINGS FROM CENTRAL BANK

	31 December 2024	31 December 2023
Borrowings (<i>Note (a)</i>)	342,044	838,830
Add: interest payable	330	507
Total	342,374	839,337

Note:

- (a) Borrowings from central bank mainly include re-lending operations.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

26 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty

	31 December 2024	31 December 2023
Deposits in mainland China		
– Banks	45,686,607	32,086,094
– Other financial institutions	45,305,264	38,801,970
Subtotal	90,991,871	70,888,064
Add: interest payable	278,105	344,970
Total	91,269,976	71,233,034

27 PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty

	31 December 2024	31 December 2023
Placements in mainland China		
– Banks	10,918,050	17,338,475
– Other financial institutions	1,114,377	550,000
Subtotal	12,032,427	17,888,475
Add: interest payable	53,134	82,384
Total	12,085,561	17,970,859



28 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) Analysed by type and location of counterparty

	31 December 2024	31 December 2023
In mainland China		
– Banks	70,187,501	99,540,337
– Other financial institutions	24,454,575	7,166,544
Subtotal	94,642,076	106,706,881
Add: interest payable	46,398	194,329
Total	94,688,474	106,901,210

(b) Analysed by type of security held

	31 December 2024	31 December 2023
Debt securities sold under repurchase agreements	54,678,905	49,466,535
Bills sold under repurchase agreements	39,963,171	57,240,346
Subtotal	94,642,076	106,706,881
Add: interest payable	46,398	194,329
Total	94,688,474	106,901,210



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

29 DEPOSITS FROM CUSTOMERS

	31 December 2024	31 December 2023
Demand deposits		
– Corporate deposits	112,314,503	114,540,917
– Personal deposits	35,987,787	36,895,430
Subtotal	148,302,290	151,436,347
Time deposits		
– Corporate deposits	96,507,570	114,066,954
– Personal deposits	519,059,622	481,908,473
Subtotal	615,567,192	595,975,427
Pledged deposits		
– Acceptances	4,898,521	8,093,396
– Letters of credit	66,700	1,890,866
– Letters of guarantees	186,866	452,936
– Others	1,688,914	1,029,816
Subtotal	6,841,001	11,467,014
Inward and outward remittances	9,878,718	2,275,765
Total deposits from customers at amortised cost	780,589,201	761,154,553
Add: interest payable	25,301,558	18,812,352
Total	805,890,759	779,966,905



30 DEBT SECURITIES ISSUED

	31 December 2024	31 December 2023
Tier two capital fixed rate debts maturing in September 2034 (<i>Note(a)</i>)	6,000,000	–
Tier two capital fixed rate debts maturing in December 2032 (<i>Note(b)</i>)	4,999,057	4,999,057
Certificates of interbank deposit (<i>Note(c)</i>)	7,738,232	11,835,200
Total	18,737,289	16,834,257

Notes:

- (a) Tier two capital fixed rate debts at the nominal amount of RMB6.0 billion with a term of ten years were issued on 5 September 2024. The coupon rate is 2.85%. The Group has an option to redeem the debts at the 5th year at the nominal amount. If the debts are not redeemed by the Group, the coupon rate will stay the same for the next 5 years.
- (b) Tier two capital fixed rate debts at the nominal amount of RMB5.0 billion with a term of ten years were issued on 29 December 2022. The coupon rate is 4.80%. The Group has an option to redeem the debts at the 5th year at the nominal amount. If the debts are not redeemed by the Group, the coupon rate will stay the same for the next 5 years.
- (c) As at 31 December 2024, the interbank negotiable certificates of deposit were measured at amortised cost. The fair value of the interbank deposits issued mentioned above approximates to RMB7,717 million (31 December 2023: RMB11,789 million).



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

31 OTHER LIABILITIES

	Note	31 December 2024	31 December 2023
Lease liabilities	31(a)	751,332	758,670
Expected credit loss of credit commitment	31(b)	244,345	287,252
Taxes payable	31(c)	661,342	615,077
Accrued staff cost	31(d)	616,015	369,266
Payment and collection clearance accounts		1,894,709	2,533,859
Dividend payable		107,566	107,024
Dormant accounts		108,327	111,471
Others		1,360,015	1,402,916
Total		5,743,651	6,185,535

(a) Maturity analysis of contractual undiscounted cash flows of lease liabilities

	31 December 2024	31 December 2023
Within one year	185,047	183,839
Between one year and two years	162,751	159,856
Between two years and three years	135,881	136,758
Between three years and five years	188,431	192,596
More than five years	155,206	173,792
Contractual undiscounted cash flows of lease liabilities	827,316	846,841
Ending balance of lease liabilities	751,332	758,670



31 OTHER LIABILITIES (CONTINUED)

(b) Expected credit loss of credit commitment

	Year ended 31 December 2024			Total
	ECL over the next 12 months	Lifetime ECL- not credit-impaired	Lifetime ECL- credit- impaired	
As at 1 January	283,724	3,528	–	287,252
Transferred:				
– to ECL over the next 12 months	1,142	(717)	(425)	–
– to lifetime ECL- not credit-impaired	(1,325)	2,996	(1,671)	–
Net (release)/charge for the year	(42,891)	(2,112)	2,096	(42,907)
As at 31 December	240,650	3,695	–	244,345

	Year ended 31 December 2023			Total
	ECL over the next 12 months	Lifetime ECL- not credit-impaired	Lifetime ECL- credit- impaired	
As at 1 January	533,879	40,471	24,773	599,123
Transferred:				
– to ECL over the next 12 months	565	(134)	(431)	–
– to lifetime ECL- not credit-impaired	(50)	1,884	(1,834)	–
Net release for the year	(250,670)	(38,693)	(22,508)	(311,871)
As at 31 December	283,724	3,528	–	287,252



NOTES TO THE FINANCIAL STATEMENTS

*(Expressed in thousands of RMB, unless otherwise stated)***31 OTHER LIABILITIES (CONTINUED)****(c) Taxes payable**

	31 December 2024	31 December 2023
Value-added tax and surcharges payable	594,920	547,975
Others	66,422	67,102
Total	661,342	615,077

(d) Accrued staff cost

	Note	31 December 2024	31 December 2023
Salary, bonuses and allowances payable		437,287	214,193
Supplementary retirement benefits payable	31(d) (i)	138,339	113,897
Housing allowances payable		30,376	30,299
Pension and annuity payable	31(d) (ii)	4,184	4,334
Other social insurance payable		2,458	2,760
Others		3,371	3,783
Total		616,015	369,266



31 OTHER LIABILITIES (CONTINUED)

(d) Accrued staff cost (Continued)

(i) *Supplementary retirement benefits*

Early retirement plan

The Group provides early retirement benefit payments to employees who voluntarily agreed to retire before the retirement age during the period from the date of early retirement to the statutory retirement date.

Supplementary retirement plan

The Group provides a supplementary retirement plan to its eligible employees, which is mainly heating compensation.

The amount represents the present value of the total estimated amount of future benefits that the Group is committed to pay for eligible employees at the end of the reporting period. The Group's obligations in respect of the supplementary retirement benefits were assessed using projected unit credit method by qualified staff (a member of society of Actuaries in America) of an external independent actuary: Towers Watson Management Consulting (Shenzhen) Co., Ltd.

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

	31 December 2024	31 December 2023
Present value of early retirement plan	4,167	6,627
Present value of supplementary retirement plan	134,172	107,270
Total	138,339	113,897

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

	2024	2023
As at 1 January	113,897	106,906
Benefits paid during the year	(3,948)	(4,597)
Defined benefit cost recognised in profit or loss	7,939	6,128
Defined benefit cost recognised in other comprehensive income	20,451	5,460
As at 31 December	138,339	113,897



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

31 OTHER LIABILITIES (CONTINUED)

(d) Accrued staff cost (Continued)

(i) Supplementary retirement benefits (Continued)

Supplementary retirement plan (Continued)

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

Early retirement plan	31 December 2024	31 December 2023
Discount rate	1.25%	2.25%
Mortality	<i>Note</i>	<i>Note</i>
Retired age		
– Male	60	60
– Female	55	55
Annual increase rate of internal salary	4.00%	4.00%

Supplementary retirement plan	31 December 2024	31 December 2023
Discount rate	2.00%	2.75%
Mortality	<i>Note</i>	<i>Note</i>
Turnover rate	3.00%	3.00%
Retired age		
– Male	60	60
– Female	55	55

Note:

- (I) As at 31 December 2024 and 2023, Mortality assumptions are based on China Life Insurance Annuity Table (2010–2013) in China Life Insurance Mortality Table complied by People's Life Insurance Company of China (PLICC), which are published historical statistics in China.



31 OTHER LIABILITIES (CONTINUED)

(d) Accrued staff cost (Continued)

(i) Supplementary retirement benefits (Continued)

Supplementary retirement plan (Continued)

- (4) The sensitivity of the present value of supplementary retirement benefit obligations to changes in the weighted principal:

	31 December 2024 <i>Increase/(decrease)</i>	31 December 2023 <i>Increase/(decrease)</i>
Change in present value of the defined benefit plan obligation		
Up 25 bps in discount rate	(6,721)	(5,062)
Down 25 bps in discount rate	7,242	5,434

(ii) Pension and annuity

Pursuant to the relevant laws and regulations in the PRC, the Group has participated in the basic social pension schemes for employees arranged by local government labour and social security authorities. The Group makes contributions to the retirement schemes at the applicable rates based on the amounts stimulated by the relevant government authorities.

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

The contributions of the above social pension schemes and annuity plan are managed and supervised by the relevant authorities or the qualified trustee in China, and the Group is not allowed to confiscate any relevant contributions. Therefore, the Group has no forfeited contributions available to reduce the existing level of contributions.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

32 MOVEMENT IN COMPONENTS OF EQUITY

The reconciliation between the opening and closing balance of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Bank's individual components of equity between the beginning and the end of the reporting period are set out below:

	Note	Attributable to equity shareholders of the Bank							Retained earnings	Total
		Share capital	Capital reserve	Surplus reserve	General reserve	Fair value reserve	Provision reserve	Deficit on remeasurement of net defined benefit liability		
Balance at 1 January 2024		8,796,680	26,931,360	7,481,817	14,748,898	(2,346,078)	111,686	(32,943)	23,401,674	79,093,094
Profit for the year		-	-	-	-	-	-	-	559,541	559,541
Other comprehensive loss		-	-	-	-	(222,101)	(99,866)	(15,338)	-	(337,305)
Total comprehensive (loss)/income		-	-	-	-	(222,101)	(99,866)	(15,338)	559,541	222,236
Appropriation of profit: - Appropriation to surplus reserve	35	-	-	55,954	-	-	-	-	(55,954)	-
Subtotal		-	-	55,954	-	-	-	-	(55,954)	-
Disposal of equity investment at fair value through other comprehensive income		-	-	-	-	6,759	-	-	(6,759)	-
Balance at 31 December 2024		8,796,680	26,931,360	7,537,771	14,748,898	(2,561,420)	11,820	(48,281)	23,898,502	79,315,330



32 MOVEMENT IN COMPONENTS OF EQUITY (CONTINUED)

	Note	Attributable to equity shareholders of the Bank							Total
		Share capital	Capital reserve	Surplus reserve	General reserve	Fair value reserve	Provision reserve	Deficit on remeasurement of net defined benefit liability	Retained earnings
Balance at 1 January 2023		8,796,680	26,931,360	7,411,839	14,748,898	(1,274,532)	1,239,049	(28,848)	22,771,783
Profit for the year		-	-	-	-	-	-	-	699,777
Other comprehensive loss		-	-	-	-	(1,071,454)	(1,127,363)	(4,095)	-
Total comprehensive (loss)/income		-	-	-	-	(1,071,454)	(1,127,363)	(4,095)	699,777
Appropriation of profit:									
– Appropriation to surplus reserve	35	-	-	69,978	-	-	-	-	(69,978)
Subtotal		-	-	69,978	-	-	-	-	(69,978)
Disposal of equity investment at fair value through other comprehensive income		-	-	-	-	(92)	-	-	92
Balance at 31 December 2023		8,796,680	26,931,360	7,481,817	14,748,898	(2,346,078)	111,686	(32,943)	23,401,674

33 SHARE CAPITAL

Issued share capital

	31 December 2024	31 December 2023
Number of shares, issued and fully paid at par value (<i>in thousands</i>)	8,796,680	8,796,680



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

34 RESERVES

(a) Capital reserve

Capital reserve mainly included share premium arising from the issuance of new shares at prices in excess of par value.

(b) Surplus reserve

The surplus reserve at the end of the reporting period represented statutory surplus reserve fund and discretionary surplus reserve fund.

Pursuant to the Company Law of the PRC and the Article of Association, the Bank is required to appropriate 10% from its net profit to statutory surplus reserve fund, according to the requirements of the Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance ("MOF"), after offsetting prior year's accumulated loss. Until the statutory surplus reserve accumulated amount reaches 50% of its registered capital.

The Bank also appropriate discretionary surplus reserve fund in accordance with the resolution of the shareholders meeting.

(c) General reserve

From 1 July 2012, pursuant to the "Measures on Impairment Allowances for Financial Enterprises (Cai Jin [2012] No.20)" issued by the MOF on 30 March 2012, the Group is required to set aside a general reserve through its net profit for the profit distribution which should not be lower than 1.5% of the ending gross risk-bearing assets balance by 31 December 2024.

(d) Fair value reserve

	2024	2023
As at 1 January	(2,346,078)	(1,274,532)
Changes in fair value recognised in fair value reserve	30,110	(1,024,842)
Transfer to profit or loss upon disposal	(321,585)	(396,885)
Transfer to retained earning upon disposal	6,759	(92)
Less: income tax	69,374	350,273
Subtotal	(215,342)	(1,071,546)
As at 31 December	(2,561,420)	(2,346,078)



34 RESERVES (CONTINUED)

(e) Provision reserve

	2024	2023
As at 1 January	111,686	1,239,049
Changes in fair value recognised in provision reserve	(133,155)	(1,503,149)
Less: income tax	33,289	375,786
As at 31 December	11,820	111,686

(f) Deficit on remeasurement of net defined benefit liability

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

(g) Retained earnings

As at 31 December 2024, retained earnings included statutory surplus reserve of RMB32.68 million (31 December 2023: RMB26.08 million), appropriated by the subsidiaries and attributable to the Bank, of which RMB6.60 million (2023: RMB6.42 million) was appropriated by the subsidiaries for the year then ended. The statutory surplus reserve in retained earnings which is contributed by subsidiaries cannot be further distributed.

35 PROFIT DISTRIBUTION

- (i) In accordance with the resolution of the Bank's Board of directors meeting on 28 March 2025, the proposed profit distribution plan for the year ended 31 December 2024 is as follows:

- Appropriate RMB55.95 million to the statutory surplus reserve fund

The profit appropriation resolution mentioned above has yet to be approved by the Bank's shareholders.

- (ii) In accordance with the resolution of the Bank's 2023 Annual General Meeting held on 5 June 2024, the shareholders approved the following profit distribution plan for the year ended 31 December 2023 is as follows:

- Appropriate RMB69.98 million to the statutory surplus reserve fund



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

36 NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Cash and cash equivalents comprise:

	31 December 2024	31 December 2023
Cash on hand	807,682	1,108,497
Deposits with central bank other than restricted deposits	29,831,411	22,261,823
Deposits with banks and other financial institutions with original maturity of three months or less	12,445,459	7,470,620
Placements with banks and other financial institutions with original maturity of three months or less	2,400,000	1,829,000
Financial assets held under resale agreements with original maturity of three months or less	1,766,000	3,100,000
Total	47,250,552	35,769,940

(b) Reconciliation of liabilities arising from financing activities:

	Debt securities issued (Note 30)	Interest payable arising from debt securities issued (Note 30)	Total
As at 1 January 2024	16,834,257	–	16,834,257
Changes from financing cash flows:			
Net proceeds from new debt securities issued	40,937,699	–	40,937,699
Repayment of debt securities issued	(39,034,667)	–	(39,034,667)
Interest paid on debt securities issued	–	(472,982)	(472,982)
Total changes from financing cash flows	1,903,032	(472,982)	1,430,050
Other change:			
Interest expenses (Note 3)	–	472,982	472,982
Total other change	–	472,982	472,982
As at 31 December 2024	18,737,289	–	18,737,289



36 NOTES TO CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities: (Continued)

	Debt securities issued (Note 30)	Interest payable arising from debt securities issued (Note 30)	Total
As at 1 January 2023	16,979,868	–	16,979,868
Changes from financing cash flows:			
Net proceeds from new debt securities issued	42,239,694	–	42,239,694
Repayment of debt securities issued	(42,385,305)	–	(42,385,305)
Interest paid on debt securities issued	–	(549,694)	(549,694)
Total changes from financing cash flows	(145,611)	(549,694)	(695,305)
Other change:			
Interest expenses (Note 3)	–	549,694	549,694
Total other change	–	549,694	549,694
As at 31 December 2023	16,834,257	–	16,834,257



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

37 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Relationship of related parties

(i) Major shareholders

Major shareholders include shareholders of the Bank with 5% or above ownership, or assigning a director in the Bank.

Share percentage in the Bank:

Company Name	Major shareholders	31 December 2024	Major shareholders	31 December 2023
Shenyang Shengjing Financial Holdings Investment Co., Ltd	Y	20.79%	Y	20.79%
Shenyang Hengxin State-owned Asset Management Group Co., Ltd.	Y	5.45%	Y	5.45%
Shenyang Zhongyou Tianbao (Group) Material Equipment Co., Ltd.	N	2.16%	Y	2.16%

Main condition of major shareholders:

Company Name	Registered Address	Main business	Company nature	Legal Representative
Shenyang Shengjing Financial Holdings Investment Co., Ltd	Shenyang	Industrial investment; investment management	Limited Liability Company	Xv Dong
Shenyang Hengxin State-Owned Asset Management Co., Ltd.	Shenyang	Management and operation of asset	Limited Liability Company	Wang Jun



37 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(a) Relationship of related parties (Continued)

(i) Major shareholders (Continued)

Registered capital of major shareholders:

Company Name	Currency	31 December 2024	31 December 2023
Shenyang Shengjing Financial Holdings Investment Co., Ltd	RMB	21,889,000	21,889,000
Shenyang Hengxin State-Owned Asset Management Co., Ltd.	RMB	10,000,000	10,000,000
Shenyang Zhongyou Tianbao (Group) Material Equipment Co., Ltd.	RMB	N/A	200,000

(ii) Subsidiaries of the Bank

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

(iii) Other related parties

Other related parties can be individuals or enterprises, which include: members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals; entities (and their subsidiaries) controlled or jointly controlled by members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals; and entities controlled or jointly controlled by the major shareholders of the Bank as set out in Note 37(a)(i) or their controlling shareholders. Other related parties also include post-employment benefit plans of the Group (Note 31(d)).



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

37 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(b) Related party transactions and balances

Related party transactions of the Group mainly refer to loans and deposits, which are entered into in the normal course and terms of business, with consistent pricing policies as in transactions with independent third parties.

(i) Transactions between the Bank and major shareholders

(1) Deposits from customers

	31 December 2024	31 December 2023
Shenyang Shengjing Financial Holdings Investment Co., Ltd	681,787	1,132,072
Shenyang Hengxin State-Owned Asset Management Co., Ltd.	3,562	3,585
Shenyang Zhongyou Tianbao (Group) Material Equipment Co., Ltd.	N/A	4
Total	685,349	1,135,661

(2) Guarantees received

	31 December 2024	31 December 2023
Shenyang Hengxin State-Owned Asset Management Co., Ltd.	1,385,275	1,264,525
Total	1,385,275	1,264,525



37 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(b) Related party transactions and balances (Continued)

(i) Transactions between the Bank and major shareholders (Continued)

(3) Interest expense

	2024	2023
Shenyang Shengjing Financial Holdings Investment Co., Ltd	23,107	32,830
Shenyang Hengxin State-Owned Asset Management Co., Ltd.	23	–
Total	23,130	32,830

(ii) Transactions between the Bank and subsidiaries

	31 December 2024	31 December 2023
Balances at the end of the year:		
Deposits from banks and other financial institutions	1,891,366	1,737,741
Placements with banks and other financial institutions	2,514,080	4,638,981
Deposits with banks and other financial institutions	2,200,171	–
	2024	2023
Transactions during the year:		
Interest income	159,176	137,673
Interest expense	9,148	11,441



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

37 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(b) Related party transactions and balances (Continued)

(iii) Transactions between the Bank and other related parties

	31 December 2024	31 December 2023
Balances at the end of the year:		
Loans and advances to customers	2,808,814	1,394,649
Deposits from customers	677,566	473,520
Deposits from banks and other financial institutions	2,400,009	400,003
Guarantees received	399,356	464,536
	2024	2023
Transactions during the year:		
Interest income	140,701	76,961
Interest expense	43,524	9,428

(c) Key management personnel

(i) Key management personnel remuneration

Key management personnel refers to those who have authority and are responsible for directly or indirectly planning, command and control the Group's operating. Including members of Board of Directors, Board of Supervisors and Senior managements.

	2024	2023
Salaries and other emoluments	10,149	22,659
Discretionary bonuses	10,248	12,888
Contributions to pension schemes	1,582	1,798
Total	21,979	37,345

(ii) Loans and advances to directors, supervisors and officers

As at 31 December 2024 and 2023, there is no loans and advances to directors and supervisors of the Group pursuant to section 383(1) of Hong Kong Companies Ordinance. As at 31 December 2024, there is no loans and advances to officers (31 December 2023: RMB1.81 million).



37 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(c) Key management personnel (Continued)

(iii) Transactions between the Bank and key management personnel

	31 December 2024	31 December 2023
Balances at the end of the year:		
Deposits from customers	16,972	21,131
Loans and advances to customers	–	1,808
	2024	2023
Transactions during the year:		
Interest income	14	93
Interest expense	200	464

38 SEGMENT REPORTING

(a) Business Segment

The Group manages its business by business lines and geographical areas. Consistent with the way in which information is reported internally to the Group's most senior executive management for resource allocation and performance assessment, the Group defines reporting segments based on the following operating segments.

Corporate banking

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

Retail banking

This segment represents the provision of a range of financial products and services to retail customers. These products and services include personal loans and deposit taking activities, bank card business, wealth management services, remittance and settlement services, and collection and payment agency services.

Treasury business

This segment covers the Group's treasury business including inter-bank money market transactions, repurchases transactions and investments. It also trades in debt securities.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

38 SEGMENT REPORTING (CONTINUED)

(a) Business Segment (Continued)

Others

Others represent equity investment and related income and any other business which cannot form a single reportable segment.

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

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

Segment income, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis, with the exception of deferred tax assets. Segment income, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process. Segment capital expenditure is the total cost incurred during the reporting period to acquire property and equipment, intangible assets and other long-term assets.



38 SEGMENT REPORTING (CONTINUED)

(a) Business Segment (Continued)

Others (Continued)

	2024				Total
	Corporate banking	Retail banking	Treasury business	Others	
Operating income					
External net interest income/(expense)	14,606,267	(11,002,562)	3,282,970	–	6,886,675
Internal net interest (expense)/income	(9,783,833)	13,447,825	(3,663,992)	–	–
Net interest income/(expense)	4,822,434	2,445,263	(381,022)	–	6,886,675
Net fee and commission income/(expense)	116,983	21,686	(22,902)	–	115,767
Net trading losses	–	–	(2,593,699)	–	(2,593,699)
Net gains arising from investments	–	–	4,047,015	–	4,047,015
Other operating income	12,316	64	–	108,513	120,893
Operating income	4,951,733	2,467,013	1,049,392	108,513	8,576,651
Operating expenses	(3,425,691)	(2,203,176)	(194,851)	(35,730)	(5,859,448)
Impairment losses on assets	(277,682)	(596,400)	(872,828)	–	(1,746,910)
Profit/(loss) before tax	1,248,360	(332,563)	(18,287)	72,783	970,293
Other segment information					
– Depreciation and amortisation	346,300	232,920	12,413	–	591,633
– Capital expenditure	335,102	225,387	12,012	–	572,501

	Year ended 31 December 2024				Total
	Corporate banking	Retail banking	Treasury business	Others	
Segment assets	504,041,987	129,088,764	480,660,485	–	1,113,791,236
Deferred tax assets					8,984,990
Total assets					1,122,776,226
Segment liabilities/total liabilities	232,208,662	579,084,593	231,176,124	109,461	1,042,578,840
Credit commitments	36,495,280	23,059,759	–	–	59,555,039



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

38 SEGMENT REPORTING (CONTINUED)

(a) Business Segment (Continued)

Others (Continued)

	2023				Total
	Corporate banking	Retail banking	Treasury business	Others	
Operating income					
External net interest income/(expense)	18,769,198	(12,111,444)	2,208,487	–	8,866,241
Internal net interest (expense)/income	(12,215,842)	15,002,398	(2,786,556)	–	–
Net interest income/(expense)	6,553,356	2,890,954	(578,069)	–	8,866,241
Net fee and commission income/(expense)	301,986	(141,902)	(13,561)	–	146,523
Net trading losses	–	–	(564,610)	–	(564,610)
Net gains arising from investments	7,149	–	1,513,245	–	1,520,394
Other operating income	10,546	90	–	60,641	71,277
Operating income	6,873,037	2,749,142	357,005	60,641	10,039,825
Operating expenses	(3,815,198)	(1,971,097)	(169,214)	(44,357)	(5,999,866)
Impairment losses on assets	(239,507)	(1,355,576)	(1,524,511)	–	(3,119,594)
Profit/(loss) before tax	2,818,332	(577,531)	(1,336,720)	16,284	920,365
Other segment information					
– Depreciation and amortisation	364,618	196,612	11,069	–	572,299
– Capital expenditure	440,497	237,527	13,373	–	691,397
Year ended 31 December 2023					
	Corporate banking	Retail banking	Treasury business	Others	Total
Segment assets	477,089,371	125,639,695	468,156,775	–	1,070,885,841
Deferred tax assets					9,166,865
Total assets					1,080,052,706
Segment liabilities/total liabilities	249,975,670	535,911,154	214,163,848	107,171	1,000,157,843
Credit commitments	47,392,814	22,376,738	–	–	69,769,552



38 SEGMENT REPORTING (CONTINUED)

(b) Geographical information

The Group operates principally in mainland China with eighteen branches located in five provinces and municipalities directly under the central government, and seven subsidiaries located in Shenyang of Liaoning Province, Baoshan of Shanghai and Ningbo of Zhejiang Province respectively.

In presenting of geographical information, non-current assets are allocated based on the geographical location of the underlying assets. Operating income is allocated based on the location of the Group's entities which generate income. Geographical areas, as defined for management reporting purposes, are as follows:

- “Northeast China” refers to headquarter and the following areas serviced by subsidiaries and branches of the Bank: Shenyang, Changchun, Dalian, Anshan, Benxi, Jinzhou, Yingkou, Huludao, Panjin, Chaoyang, Fushun, Fuxin, Dandong, Liaoyang, Tieling, Shenyang Xinmin, Shenyang Shenbei, Shenyang Faku, Shenyang Liaozhong and Shengjing Consumer;
- “North China” refers to the following areas serviced by branches of the Bank: Beijing and Tianjin; and
- “Others” refers to the following areas serviced by subsidiaries and branches of the Bank: Shanghai, Shanghai Baoshan, and Ningbo Jiangbei.

	Operating income	
	2024	2023
Northeast China	7,668,643	9,406,292
North China	677,557	618,819
Others	230,451	14,714
Total	8,576,651	10,039,825

	Non-current assets (Note i)	
	31 December 2024	31 December 2023
Northeast China	6,102,206	6,214,361
North China	177,064	161,645
Others	26,577	19,193
Total	6,305,847	6,395,199

Note:

- (i) Non-current assets include property and equipment, intangible assets, right-of-use assets and land use rights.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

39 RISK MANAGEMENT

The Group is primarily exposed to credit, interest rate, currency and liquidity risks from its use of financial instruments in the normal course of the Group's operations. This note mainly presents information about the Group's exposure to each of the above risks and their sources, the Group's objectives, policies and processes for measuring and managing risks.

The Group aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and minimise potential adverse effects.

The Board of Directors (the "Board") is the highest decision-making authority within the Bank in terms of risk management and oversees the Group's risk management functions through Risk Control and Consumer Rights Protection Committee. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Senior management is the highest execution level in the risk management structure and reports directly to the Risk Control and Consumer Rights Protection Committee of the Board. Based on the risk management strategies determined by the Board, senior management is responsible for formulating and implementing risk management policies and systems, as well as supervising, identifying and controlling the risks that various businesses are exposed to.

(a) Credit risk

Credit risk represents the potential loss that may arise from the failure of a debtor or counterparty to meet its contractual obligation or commitment to the Group. It arises primarily from credit and debt investments portfolios and guarantees granted.

Credit business

The Board is responsible for setting the Group's risk management strategy and the overall risk tolerance level. The Board also monitors the Group's risk management process and regularly assesses the Group's risk position and risk management strategies, ensures that all kinds of credit risks in various businesses are properly identified, assessed, calculated and monitored. The Risk Management Department and the Credit Approval Department are responsible for credit risk management. Front-office departments such as the Corporate Banking Department, the Retail Banking Department and the Capital Operation Center carry out credit businesses according to the Group's risk management policies and procedures.



39 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Treasury Business

The Group's treasury business is exposed to the credit risk associated with the investment business and inter-bank business. The Group manages the credit risk exposures by setting credit limits to the internal credit ratings of its treasury business. Credit risk exposure is closely monitored on a systematic, real-time basis, and credit risk limits are reviewed and updated regularly.

Measurement of expected credit loss

Based on whether there is a significant increase in credit risk and whether the asset has incurred credit impairment, the Group measures provision for loss of different assets with 12-month ECL or lifetime ECL respectively. The Group measures loss provision of the financial instruments that meet the following conditions according to the amount of the next 12 months ECL, and measures loss provision for other financial instruments in accordance with the amount of lifetime expected credit losses.

- The financial instruments that are determined to have low credit risk at the reporting date; or
- The financial instruments for which credit risk has not increased significantly since initial recognition.

(1) Significant increase in credit risk

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, comparing with the one at initial recognition; and
- The debtor is more than 30 days past due on its contractual payment.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

39 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of expected credit loss (Continued)

(1) Significant increase in credit risk (Continued)

Qualitative criteria

- The credit risk event of the debtor which is highly likely to lead to significant adverse effects;
- The debtor meets problems of cash flow or liquidity, i.e. overdue loans;
- The debtor is unwilling to repay the debt, i.e. debt dodge, fraud;
- The debtor defaults on loans outside the Group, resulting in non-performing assets in PBOC credit system;
- Credit spread increases significantly; and
- For collateralised and pledged loans, change of the value of collateral might incur a rise in credit risk.

Baseline criteria

- Be classified into Special Mention category

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings



39 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of expected credit loss (Continued)

(2) Definition of credit-impaired financial asset

The standard adopted by the Group to determine whether a credit impairment occurs under IFRS 9 is consistent with the internal credit risk management objectives of the relevant financial instrument, taking into account quantitative and qualitative criteria. When the Group assesses whether the credit impairment of debtor occurred, the following factors are mainly considered:

- The debtor is more than 90 days past due on its contractual payment;
- Significant financial difficulty of the issuer or the debtor;
- Debtors are in breach of contract, such as defaulting on interest or becoming overdue on interest or principal payments overdue;
- The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;
- It is becoming probable that the debtor will enter bankruptcy or other financial restructuring;
- The disappearance of an active market for that financial asset because of financial difficulties; and
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily due to a single event.

The above criteria apply to all financial assets of the Group and they are consistent with the definition of "default" adopted by the internal management of credit risk.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

39 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of expected credit loss (Continued)

(3) Notes to the parameters, assumptions and valuation techniques

The ECL is the result of the discounted product of PD, exposure at default (EAD) and loss given default (LGD). The definitions of these terms are as follows:

- PD refers to the likelihood that a borrower will be unable to meet his repayment obligations over the next 12 months or the remaining lifetime of the loan.
- EAD is the amount that the Group should be reimbursed upon default of an obligor over the next 12 months or the remaining lifetime of the loan.
- LGD refers to the expected degree of loss arising from the exposure at default which is predicted by the Group. Loss given default varies due to different types of counterparties, methods and priority of recovering debts, and the availability of collaterals or other credit support.

The Group determines the expected credit losses by estimating the PD, LGD and EAD of individual exposure or asset portfolios in the future years. The Group multiplies these three parameters and makes adjustments according to the probability of their continuance (i.e. there is no prepayment or default at an earlier period). By adopting this approach, the Group can calculate the expected credit losses for the future years. The results of calculation for each year are then discounted to the reporting date and added up. The discount rate used in the calculation of ECL is the initial effective interest rate or its approximate value.

The lifetime probability of default is to deduce the marginal probability of default by using supervisory formula or conditional probability formula.

The 12-month EAD and lifetime EAD are determined based on expected repayment arrangements, which are different due to different types of products.

- In respect of the financial assets with instalment repayments and bullet repayment, the Group determines 12-month or lifetime EAD according to the repayment schedule agreed in the contract and makes adjustment based on prediction of over-limit repayment and prepayments/refinancing made by the borrower.



39 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of expected credit loss (Continued)

(3) Notes to the parameters, assumptions and valuation techniques (Continued)

- As to the off-balance sheet credit commitments, the parameter of EAD is calculated using the current exposure method and obtained from multiplying the nominal amount of the off-balance sheet items on the reporting date by the credit conversion factor (CCF).
- The Group determines the 12-month LGD and lifetime LGD based on the factors that affect post-default recovery. LGD for different product types are different.
- As to financial assets classified as guarantees, the Group determines the LGD according to the types of collaterals and their expected value, the discount rate at the compulsory sale, the recovery time and the estimated recovery cost.
- As to credit-based financial assets, the Group usually determines LGD in the product level due to the limited differences in recoverable amounts from different borrowers.

Forward-looking economic information should be considered when determining the 12-month and lifetime probability of default, exposure at default and loss given default.

The Group quarterly monitors and reviews assumptions related to the calculation of expected credit losses, including the changes in PD and the value of collaterals under the different time limits.

Forward-looking information included in the expected credit loss model is as follows:

- Both the assessment of significant increase in credit risk and the measurement of expected credit losses involve forward-looking information. Based on the analysis on historical data, the Group identified critical economic indicators that affect the credit risk and expected credit losses of all asset portfolios, including gross domestic product (GDP), consumer price index (CPI), and producer price index (PPI), etc. The Group identified the relations between these economic indicators and the probability of default historically by conducting regression analysis, and identified the expected probability of default by predicting the future economic indicators.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

39 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of expected credit loss (Continued)

(3) Notes to the parameters, assumptions and valuation techniques (Continued)

- When judging whether there is significant increase in credit risk, the Group multiplies the lifetime PD at the benchmark and under other scenarios by the weight of the scenarios, and considers the qualitative and maximum indicators. The Group measures relevant provision for loss by the weighted 12-month ECL (for stage 1) or the weighted lifetime ECL (for stage 2 and stage 3). The above weighted credit losses are calculated from multiplying the ECL under the different scenarios by the weight of the corresponding scenarios.
- Similar to other economic forecasts, there is highly inherent uncertainty in the assessment of estimated economic indicators and the probability of occurrence, and therefore, the actual results may be materially different from the forecasts. The Group believes that these forecasts reflect the Group's best estimate of possible outcomes.
- Other forward-looking factors not incorporated in above scenarios, such as the impact of regulatory and legal changes, have also been taken into account. However, they were not considered to have significant impact, and the expected credit losses were not adjusted accordingly. The Group reviews and monitors the appropriateness of the above assumptions on a quarterly basis.

(i) Maximum credit risk exposure

The maximum exposure to credit risk is represented by the carrying amount of each type of financial assets as at the end of the reporting period. The maximum exposure to credit risk in respect of those off-balance sheet items as at the end of the reporting period is disclosed in Note 41(a).



39 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

(ii) Loans and advances to customers

Loans and advances to customers were analysed as follows as at 31 December 2024 and 2023:

	31 December 2024	31 December 2023
Gross balance of loans and advances to customers		
– ECL over the next 12 months	445,495,616	432,121,287
– Lifetime ECL – not credit-impaired loans	38,492,444	29,783,451
– Lifetime ECL – credit-impaired loans	16,604,184	15,972,061
	<u>500,592,244</u>	<u>477,876,799</u>
Add: Interest receivable		
– ECL over the next 12 months	49,708,956	36,170,821
– Lifetime ECL – not credit-impaired loans	4,356,289	2,521,486
	<u>54,065,245</u>	<u>38,692,307</u>
Less: allowance for impairment losses		
– ECL over the next 12 months	(5,950,720)	(5,247,512)
– Lifetime ECL – not credit-impaired loans	(6,271,007)	(6,248,958)
– Lifetime ECL – credit-impaired loans	(8,864,345)	(8,783,132)
	<u>(21,086,072)</u>	<u>(20,279,602)</u>
Net balance		
– ECL over the next 12 months	489,253,852	463,044,596
– Lifetime ECL – not credit-impaired loans	36,577,726	26,055,979
– Lifetime ECL – credit-impaired loans	7,739,839	7,188,929
	<u>533,571,417</u>	<u>496,289,504</u>



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

39 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

(ii) Loans and advances to customers (Continued)

(1) ECL over the next 12 months loans

	31 December 2024	31 December 2023
Corporate loans and advances	334,908,560	327,217,549
Personal loans and advances	110,587,056	104,903,738
Total gross balance	445,495,616	432,121,287

(2) Lifetime ECL – not credit-impaired loans

	31 December 2024			
	Not overdue	Less than 1 month (inclusive)	1 to 3 months (inclusive)	Total
Corporate loans and advances	31,447,377	5,456,873	862,867	37,767,117
Personal loans and advances	4,085	77,573	643,669	725,327
Total gross balance	31,451,462	5,534,446	1,506,536	38,492,444



39 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

(ii) Loans and advances to customers (Continued)

(2) Lifetime ECL – not credit-impaired loans (Continued)

		31 December 2023		Total
		Not overdue	Less than 1 month (inclusive) 1 to 3 months (inclusive)	
Corporate loans and advances	25,445,624	2,909,921	753,729	29,109,274
Personal loans and advances	5,227	62,435	606,515	674,177
Total gross balance	25,450,851	2,972,356	1,360,244	29,783,451

Fair value of collateral held against loans and advances which was lifetime ECL but not credit-impaired was analysed as follows:

	31 December 2024	31 December 2023
Fair value of collateral held against loans and advances which was lifetime ECL but not credit-impaired	17,103,500	15,212,612

The above collaterals mainly include land, buildings, machinery and equipment, etc. The fair value of collaterals was estimated by the Group based on the latest external valuations available, adjusted in light of disposal experience and current market conditions.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

39 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

(ii) Loans and advances to customers (Continued)

(3) Lifetime ECL – credit-impaired loans

	31 December 2024	31 December 2023
Corporate loans and advances	13,284,216	13,000,300
Personal loans and advances	3,319,968	2,971,761
Total gross balance	16,604,184	15,972,061
% of total loans and advances	3.32%	3.34%
Allowance for impairment losses		
– Corporate loans and advances	7,017,258	7,131,985
– Personal loans and advances	1,847,087	1,651,147
Total	8,864,345	8,783,132
Fair value of collateral held against credit-impaired loans and advances	15,918,079	21,222,785

The above collateral mainly included land, buildings, machinery and equipment, etc. The fair value of collateral was estimated by the Group based on the latest external valuations available, adjusted in light of disposal experience and current market conditions.



39 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

(iii) Amounts due from banks and other financial institutions

The Group adopts an internal credit rating approach in managing the credit risk of amounts due from banks and other financial institutions. The distribution according to the credit rating of amounts due from banks and non-bank financial institutions (including deposits with banks and other financial institutions, placements with banks and other financial institutions, and financial assets held under resale agreements for which counterparties are banks and non-bank financial institutions) is as follows:

	31 December 2024	31 December 2023
Carrying amount		
ECL over the next 12 months		
– grade A to AAA	13,375,596	15,589,619
– grade B to BBB	5,935,863	4,330,000
Lifetime ECL - credit-impaired		
– grade C to CCC	300,000	300,000
	<u>19,611,459</u>	<u>20,219,619</u>
Add: interest receivable		
– ECL over the next 12 months	27,204	120,629
	<u>27,204</u>	<u>120,629</u>
Less: provision for impairment loss		
– ECL over the next 12 months	(5,502)	(7,163)
– Lifetime ECL – credit-impaired	(135,000)	(135,000)
	<u>(140,502)</u>	<u>(142,163)</u>
Net balance		
– ECL over the next 12 months	19,333,161	20,033,085
– Lifetime ECL – credit-impaired	165,000	165,000
	<u>19,498,161</u>	<u>20,198,085</u>



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

39 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

(iv) Debt securities investments

The credit risk of debt securities investments mainly arises from the risk that the issuer might default on a payment or go into liquidation. Debt securities investments by different types of issuers are generally subject to different degrees of credit risk.

The following tables present an analysis of the Group's total credit risk exposures of debt securities investments by types of issuers:

	31 December 2024	31 December 2023
Gross balance of debt securities investments		
– ECL over the next 12 months		
– Government	33,876,259	64,761,683
– Policy banks	89,956,424	52,520,044
– Banks and other financial institutions	18,008,027	2,979,991
– Corporate	163,645,174	178,546,671
– Lifetime ECL – not credit-impaired		
– Corporate	5,087,534	2,670,670
– Lifetime ECL – credit-impaired		
– Corporate	1,240,000	60,000
	<u>311,813,418</u>	<u>301,539,059</u>
Less: allowance for impairment losses		
– ECL over the next 12 months	(23,992)	(27,457)
– Lifetime ECL – not credit-impaired	(946,777)	(588,862)
– Lifetime ECL – credit-impaired	(520,570)	(23,850)
	<u>(1,491,339)</u>	<u>(640,169)</u>
Net balance		
– ECL over the next 12 months	305,461,892	298,780,932
– Lifetime ECL – not credit-impaired	4,140,757	2,081,808
– Lifetime ECL – credit-impaired	719,430	36,150
	<u>310,322,079</u>	<u>300,898,890</u>



39 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

(v) *Financial assets measured at amortised cost*

	31 December 2024	31 December 2023
Gross balance of financial assets measured at amortised cost		
– ECL over the next 12 months	236,617,243	242,072,945
– Lifetime ECL – not credit-impaired	20,149,369	12,902,931
– Lifetime ECL – credit-impaired	12,372,380	11,198,284
	<u>269,138,992</u>	<u>266,174,160</u>
Add: Interest receivable		
– ECL over the next 12 months	4,854,966	4,505,481
	<u>4,854,966</u>	<u>4,505,481</u>
Less: allowance for impairment losses		
– ECL over the next 12 months	(221,798)	(308,878)
– Lifetime ECL – not credit-impaired	(2,736,206)	(2,136,428)
– Lifetime ECL – credit-impaired	(4,038,966)	(3,544,019)
	<u>(6,996,970)</u>	<u>(5,989,325)</u>
Net balance		
– ECL over the next 12 months	241,250,411	246,269,548
– Lifetime ECL – not credit-impaired	17,413,163	10,766,503
– Lifetime ECL – credit-impaired	8,333,414	7,654,265
	<u>266,996,988</u>	<u>264,690,316</u>



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

39 RISK MANAGEMENT (CONTINUED)

(b) Market risk

Market risk is the risk of loss, in respect of the Group's inside and outside the financial statements activities, arising from adverse movements in market rates including interest rates, exchange rates, commodity prices, stock prices and other prices. The market risk management aims to identify, measure, monitor and control market risk, control the potential losses associated with market risk within the acceptable limit and maximise the risk-adjusted income.

The Board is responsible for approving the market risk management strategies and policies, determining the acceptable level of market risk and authorising the Risk Control and Consumer Interest Protection Committee to supervise the market risk management conducted by the senior management. The Risk Management Department of the Bank is responsible for identifying, measuring, monitoring and reporting the market risk of the various business lines, providing various data on market risks and other technical support.

The Group employed sensitivity analysis, interest repricing gap analysis, foreign currency gap analysis, stress testing and effective duration analysis to measure and monitor the market risk.

Sensitivity analysis is a technique which assesses the sensitivity of the Group's overall risk profile and its risk profile with reference to the interest rate risks for different maturities.

Interest repricing gap analysis is a technique which estimates the impact of interest rate movements on the Group's current profit or loss. It is used to work out the gap between future cash inflows and outflows by categorising each of the Group's interest-bearing assets and interest-taking liabilities into different periods based on repricing dates.

Foreign currency gap analysis is a technique which estimates the impact of foreign exchange rate movements on the Group's current profit or loss. The foreign currency gap mainly arises from the currency mismatch in the Group's on/off-balance sheet items.

The results of stress testing are assessed against a set of forward-looking scenarios using stress moves in market variables. The results are used to estimate the impact on profit or loss.

Effective duration analysis is a technique which estimates the impact of interest rate movements by giving a weight to each period's exposure according to its sensitivity, calculating the weighted exposure, and summarising all periods' weighted exposures to estimate the non-linear impact of a change in interest rates on the Group's economic value.

(i) Interest rate risk

The Group is primarily exposed to interest rate risk arising from repricing risk in its commercial banking business and the risk of treasury position.



39 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

(i) Interest rate risk (Continued)

(1) Repricing risk

Repricing risk, which is also known as “maturity mismatch risk”, is the most common form of interest rate risk. It is caused by the differences in timing between the maturities (related to fixed interest instruments) or repricing (related to floating interest instruments) of assets, liabilities and off-balance sheet items. The mismatch of repricing timing causes the Group’s income or its inherent economic value to vary with the movement in interest rates.

The Group regularly performs assessment on the interest rate repricing gap between the assets and liabilities that are sensitive to changes in interest rates and sensitivity analysis on the net interest income as a result of changes in interest rates. The primary objective of interest rate risk management is to minimise potential adverse effects on its net interest income or its inherent economic value caused by interest rate volatility.

The following tables indicate the assets and liabilities analysis as at the end of the reporting period by the expected next repricing dates or by maturity dates, depending on which is earlier:

	31 December 2024					
	Total	Non-interest bearing	Less than three months (inclusive)	Between three months and one year (inclusive)	Between one year and five years (inclusive)	More than five years
Assets						
Cash and deposits with central bank	77,224,626	831,201	76,393,425	–	–	–
Deposits with banks and other financial institutions	12,441,622	346	12,441,276	–	–	–
Placements with banks and other financial institutions	5,290,756	191,780	2,399,560	2,699,416	–	–
Financial assets held under resale agreements	1,765,783	78	1,765,705	–	–	–
Loans and advances to customers (Note (i))	533,571,417	54,065,245	250,015,221	131,978,667	42,132,899	55,379,385
Financial investments (Note (iii))	462,467,835	23,649,305	93,331,887	22,623,111	82,675,620	240,187,912
Others	30,014,187	29,723,451	209,023	78,534	3,179	–
Total assets	1,122,776,226	108,461,406	436,556,097	157,379,728	124,811,698	295,567,297



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

39 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

(i) Interest rate risk (Continued)

(1) Repricing risk (Continued)

	31 December 2024					
	Total	Non-interest bearing	Less than three months (inclusive)	Between three months and one year (inclusive)	Between one year and five years (inclusive)	More than five years
Liabilities						
Borrowings from central bank	(342,374)	(3,765)	(14,112)	(324,497)	-	-
Deposits from banks and other financial institutions	(91,269,976)	(278,105)	(63,456,871)	(27,435,000)	(100,000)	-
Placements from banks and other financial institutions	(12,085,561)	(53,134)	(6,398,427)	(5,634,000)	-	-
Financial assets sold under repurchase agreements	(94,688,474)	(125,360)	(94,563,114)	-	-	-
Deposits from customers	(805,890,759)	(25,301,558)	(256,922,103)	(187,048,621)	(323,554,621)	(13,063,856)
Debt securities issued	(18,737,289)	-	(6,967,538)	(770,694)	-	(10,999,057)
Others	<u>(19,564,407)</u>	<u>(5,524,940)</u>	<u>(13,801,846)</u>	<u>(158,804)</u>	<u>(78,778)</u>	<u>(39)</u>
Total liabilities	<u>(1,042,578,840)</u>	<u>(31,286,862)</u>	<u>(442,124,011)</u>	<u>(221,371,616)</u>	<u>(323,733,399)</u>	<u>(24,062,952)</u>
Asset-liability gap	<u>80,197,386</u>	<u>77,174,544</u>	<u>(5,567,914)</u>	<u>(63,991,888)</u>	<u>(198,921,701)</u>	<u>271,504,345</u>



39 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

(i) Interest rate risk (Continued)

(1) Repricing risk (Continued)

	31 December 2023					More than five years
	Total	Non-interest bearing	Less than three months (inclusive)	Between three months and one year (inclusive)	Between one year and five years (inclusive)	
Assets						
Cash and deposits with central bank	76,097,764	1,135,666	74,962,098	–	–	–
Deposits with banks and other financial institutions	7,506,953	296	7,506,657	–	–	–
Placements with banks and other financial institutions	9,591,254	284,915	1,828,530	7,477,809	–	–
Financial assets held under resale agreements	3,099,878	417	3,099,461	–	–	–
Loans and advances to customers <i>(Note (ii))</i>	496,289,504	38,692,307	168,366,584	159,874,387	67,442,709	61,913,517
Financial investments <i>(Note (iii))</i>	457,161,176	21,476,767	113,582,120	10,280,033	41,955,875	269,866,381
Others	30,306,177	30,109,473	73,621	120,380	2,703	–
Total assets	1,080,052,706	91,699,841	369,419,071	177,752,609	109,401,287	331,779,898



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(Expressed in thousands of RMB, unless otherwise stated)

39 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

(i) Interest rate risk (Continued)

(1) Repricing risk (Continued)

	31 December 2023					
	Total	Non-interest bearing	Less than three months (inclusive)	Between three months and one year (inclusive)	Between one year and five years (inclusive)	More than five years
Liabilities						
Borrowings from central bank	(839,337)	(3,943)	(168,078)	(667,316)	-	-
Deposits from banks and other financial institutions	(71,233,034)	(344,971)	(52,591,844)	(18,129,545)	(166,674)	-
Placements from banks and other financial institutions	(17,970,859)	(82,384)	(9,369,350)	(8,519,125)	-	-
Financial assets sold under repurchase agreements	(106,901,210)	(297,623)	(60,542,904)	(46,060,683)	-	-
Deposits from customers	(779,966,905)	(18,812,351)	(271,811,484)	(130,309,338)	(343,298,008)	(15,735,724)
Debt securities issued	(16,834,257)	-	(10,204,913)	(1,630,287)	-	(4,999,057)
Others	(6,412,241)	(5,906,989)	(187,507)	(246,419)	(71,326)	-
Total liabilities	<u>(1,000,157,843)</u>	<u>(25,448,261)</u>	<u>(404,876,080)</u>	<u>(205,562,713)</u>	<u>(343,536,008)</u>	<u>(20,734,781)</u>
Asset-liability gap	<u>79,894,863</u>	<u>66,251,580</u>	<u>(35,457,009)</u>	<u>(27,810,104)</u>	<u>(234,134,721)</u>	<u>311,045,117</u>

Notes:

- (i) For the Group's loans and advances to customers, the category "Less than three months (inclusive)" as at 31 December 2024 included overdue amounts (net of provision for impairment losses) of RMB16,498 million (31 December 2023: RMB17,229 million).
- (ii) Financial investments include financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets measured at amortised cost.



39 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

(i) Interest rate risk (Continued)

(2) Interest rate sensitivity analysis

	31 December 2024 Increase/(decrease)	31 December 2023 Increase/(decrease)
Change in profit after taxation		
Up 100 bps parallel shift in yield curves	(1,485,920)	(1,258,165)
Down 100 bps parallel shift in yield curves	1,485,920	1,258,165
	31 December 2024 Increase/(decrease)	31 December 2023 Increase/(decrease)
Change in equity		
Up 100 bps parallel shift in yield curves	(2,135,295)	(2,058,510)
Down 100 bps parallel shift in yield curves	2,153,477	2,081,405

The sensitivity analysis above is based on simplified scenarios. This analysis measures only the impact of changes in interest rates within one year, showing how annualised net profit or loss and equity would have been affected by repricing of the Group's assets and liabilities within the one-year period. The sensitivity analysis is based on the following assumptions:

- Interest rate movements apply to all financial instruments of the Group;
- An interest rate movement of one hundred basis points is based on the assumption of interest rates movement over the next 12 months;
- All assets and liabilities that reprice or mature within three months and after three months but within one year reprice or mature in the mid of the respective periods;
- There is a parallel shift in the yield curve with the changes in interest rates;
- There are no other changes to the assets and liabilities portfolio;
- Other variables (including exchange rates) remain unchanged; and
- The analysis does not take into account the effect of risk management measures taken by the management.

Due to the adoption of the aforementioned assumptions, the actual changes in the Group's profit or loss and equity caused by an increase or decrease in interest rates might vary from the estimated results of this sensitivity analysis.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

39 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

(ii) Currency risk

The Group's currency risk mainly arises from foreign currency loans and deposits from customers. The Group manages currency risk by matching its foreign currency denominated assets with corresponding liabilities in the same currencies, setting limits on synthetic positions in the settlement and sale of foreign exchange, and setting country risk quota, etc.

The Group's currency exposures as at the end of the reporting period are as follows:

	RMB	31 December 2024 USD	Others	Total
	(RMB Equivalent)	(RMB Equivalent)	(RMB Equivalent)	(RMB Equivalent)
Assets				
Cash and deposits with central bank	76,781,095	412,764	30,767	77,224,626
Deposits with banks and other financial institutions	7,193,131	1,398,439	3,850,052	12,441,622
Placements with banks and other financial institutions	5,290,756	–	–	5,290,756
Financial assets held under resale agreements	1,765,783	–	–	1,765,783
Loans and advances to customers	532,460,018	1,111,399	–	533,571,417
Financial investments (Note (i))	443,471,544	18,996,291	–	462,467,835
Others	29,472,226	538,200	3,761	30,014,187
Total assets	1,096,434,553	22,457,093	3,884,580	1,122,776,226
Liabilities				
Borrowings from central bank	(342,374)	–	–	(342,374)
Deposits from banks and other financial institutions	(91,269,976)	–	–	(91,269,976)
Placements from banks and other financial institutions	(12,071,184)	(14,377)	–	(12,085,561)
Financial assets sold under repurchase agreements	(90,191,067)	(4,497,407)	–	(94,688,474)
Deposits from customers	(803,997,731)	(1,203,489)	(689,539)	(805,890,759)
Debt securities issued	(18,737,289)	–	–	(18,737,289)
Others	(19,421,014)	(142,770)	(623)	(19,564,407)
Total liabilities	(1,036,030,635)	(5,858,043)	(690,162)	(1,042,578,840)
Net position	60,403,918	16,599,050	3,194,418	80,197,386
Off-balance sheet credit commitments	59,140,427	414,612	–	59,555,039



39 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

(ii) Currency risk (Continued)

	31 December 2023			
	RMB	USD	Others	Total
	(RMB Equivalent)	(RMB Equivalent)	(RMB Equivalent)	(RMB Equivalent)
Assets				
Cash and deposits with central bank	75,770,766	299,232	27,766	76,097,764
Deposits with banks and other financial institutions	5,000,617	1,385,677	1,120,659	7,506,953
Placements with banks and other financial institutions	9,591,254	–	–	9,591,254
Financial assets held under resale agreements	3,099,878	–	–	3,099,878
Loans and advances to customers	491,496,169	4,793,335	–	496,289,504
Financial investments (Note (i))	438,333,926	18,827,250	–	457,161,176
Others	30,125,898	180,279	–	30,306,177
Total assets	1,053,418,508	25,485,773	1,148,425	1,080,052,706
Liabilities				
Borrowings from central bank	(839,337)	–	–	(839,337)
Deposits from banks and other financial institutions	(71,233,034)	–	–	(71,233,034)
Placements from banks and other financial institutions	(17,970,859)	–	–	(17,970,859)
Financial assets sold under repurchase agreements	(93,554,654)	(13,346,556)	–	(106,901,210)
Deposits from customers	(779,001,683)	(844,489)	(120,733)	(779,966,905)
Debt securities issued	(16,834,257)	–	–	(16,834,257)
Others	(5,930,010)	(472,887)	(9,344)	(6,412,241)
Total liabilities	(985,363,834)	(14,663,932)	(130,077)	(1,000,157,843)
Net position	68,054,674	10,821,841	1,018,348	79,894,863
Off-balance sheet credit commitments	69,282,860	485,598	1,094	69,769,552

Note:

- (i) Financial investments include financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets measured at amortised cost.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

39 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

(ii) Currency risk (Continued)

	31 December 2024 Increase/(decrease)	31 December 2023 Increase/(decrease)
Change in profit after taxation and equity		
Up 100 bps parallel shift in yield curves	197,935	118,402
Down 100 bps parallel shift in yield curves	(197,935)	(118,402)

The sensitivity analysis mentioned above is based on a static foreign exchange exposure profile of assets and liabilities and certain simplified assumptions as set out below:

- The foreign exchange sensitivity is the gain and loss recognised as a result of one hundred basis points fluctuation in the foreign currency exchange rates against RMB;
- The fluctuation of exchange rates by one hundred basis points is based on the assumption of exchange rates movement over the next 12 months;
- The exchange rates against RMB for the US dollars and other foreign currencies change in the same direction simultaneously, and thus other foreign currencies are converted into US dollars through sensitivity analysis;
- Other variables (including interest rates) remain unchanged; and
- The analysis does not take into account the effect of risk management measures taken by the Group.

Due to the assumptions adopted, actual changes in the Group's profit or loss and equity resulting from the increase or decrease in foreign exchange rates may vary from the estimated results of this sensitivity analysis.



39 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Liquidity risk is the risk that a commercial bank is unable to obtain funds on a timely basis or obtain funds at a reasonable cost to meet repayment obligations or sustain its asset business. This risk exists even if a bank's solvency remains strong.

The Group centrally manages the Bank's liquidity risk at the head office through a liquidity risk governance structure consisting of Board of Directors, Board of Supervisors, senior management, as well as the liquidity risk management structure consisting of the Asset and Liability Management Committee, Planning and Financial Department and Risk Management Department at the head office:

- The Asset and Liability Management Committee is the Bank's liquidity risk management body that is responsible for developing, and regularly assessing and monitoring the implementation of liquidity risk management policies and measures;
- As the leading department in liquidity risk management, Planning and Financial Department is responsible for developing and implementing the relevant system; identifying, measuring and monitoring the liquidity risk and the implementation of limitations; performing stress testing, risk analysis and reporting; organising the daily management of the liquidity risk by business departments; as well as the assessment and evaluation; and
- The Group includes liquidity risk in a comprehensive risk management system. The Risk Management Department initiates ideas on limitation management of the liquidity risk, and arranges for performance evaluation.

The Group manages liquidity risk by managing the term structure of assets and liabilities, as well as dynamically monitoring liquidity indicators such as loan-to-deposit ratio, liquidity ratio, liquidity coverage ratio, excess reserves ratio, inter-bank loan to saving ratio, credit quality ratio, liquidity gap ratio, etc. The Group forecasts liquidity weekly, analyses liquidity monthly, and performs stress testing of liquidity risk quarterly.

The Group also formulates liquidity risk emergency plan to ensure sufficient liquidity under various market conditions.

A substantial portion of the Group's assets are funded by deposits from customers. These deposits from customers, which have been growing in recent years, are widely diversified in terms of type and duration and represent a major source of funds.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

39 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

(i) Maturity analysis

The following tables provide an analysis of assets and liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment at the end of the reporting period:

	31 December 2024							Total
	Indefinite (Note (ii))	Repayable on demand (Note (ii))	Within one month (inclusive)	Between one month and three months (inclusive)	Between three months and one year (inclusive)	Between one year and five years (inclusive)	More than five years	
Assets								
Cash and deposits with central bank	46,562,014	30,662,612	-	-	-	-	-	77,224,626
Deposits with banks and other financial institutions	-	12,441,622	-	-	-	-	-	12,441,622
Placements with banks and other financial institutions	165,000	-	1,904,367	514,970	2,706,419	-	-	5,290,756
Financial assets held under resale agreements	-	-	1,765,783	-	-	-	-	1,765,783
Loans and advances to customers	13,456,021	17,607,836	197,208,605	48,140,734	147,889,681	47,212,488	62,056,052	533,571,417
Financial investments (Note (i))	42,128,755	-	22,732,847	47,924,314	23,365,170	83,839,844	242,476,905	462,467,835
Others	25,203,436	43,235	1,860,483	2,261,819	402,599	106,634	135,981	30,014,187
Total assets	<u>127,515,226</u>	<u>60,755,305</u>	<u>225,472,085</u>	<u>98,841,837</u>	<u>174,363,869</u>	<u>131,158,966</u>	<u>304,668,938</u>	<u>1,122,776,226</u>
Liabilities								
Borrowings from central bank	-	(3,436)	-	(14,119)	(324,819)	-	-	(342,374)
Deposits from banks and other financial institutions	-	(16,956,840)	(22,271,172)	(24,362,217)	(27,573,291)	(106,456)	-	(91,269,976)
Placements from banks and other financial institutions	-	-	(4,375,250)	(2,047,879)	(5,662,432)	-	-	(12,085,561)
Financial assets sold under repurchase agreements	-	-	(57,750,867)	(36,937,607)	-	-	-	(94,688,474)
Deposits from customers	-	(158,642,209)	(49,018,103)	(53,299,738)	(194,643,769)	(336,692,623)	(13,594,317)	(805,890,759)
Debt securities issued	-	-	(1,818,366)	(5,149,172)	(770,694)	-	(10,999,057)	(18,737,289)
Others	(306)	(4,773,302)	(13,732,158)	(69,688)	(327,034)	(524,185)	(137,734)	(19,564,407)
Total liabilities	<u>(306)</u>	<u>(180,375,787)</u>	<u>(148,965,916)</u>	<u>(121,880,420)</u>	<u>(229,302,039)</u>	<u>(337,323,264)</u>	<u>(24,731,108)</u>	<u>(1,042,578,840)</u>
Long/(short) position	<u>127,514,920</u>	<u>(119,620,482)</u>	<u>76,506,169</u>	<u>(23,038,583)</u>	<u>(54,938,170)</u>	<u>(206,164,298)</u>	<u>279,937,830</u>	<u>80,197,386</u>
Notional amount of derivatives	<u>-</u>	<u>-</u>	<u>21,543,126</u>	<u>3,874,620</u>	<u>1,544,549</u>	<u>100,000</u>	<u>-</u>	<u>27,062,295</u>



39 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

(i) Maturity analysis (Continued)

	31 December 2023							
		Repayable	Within	Between one	Between	Between		
	Indefinite	on demand	one month	month and	three months	one year and	More than	Total
	(Note (ii))	(Note (ii))	(inclusive)	three months	and one year	five years	five years	
				(inclusive)	(inclusive)	(inclusive)		
Assets								
Cash and deposits with central bank	52,719,375	23,378,389	–	–	–	–	–	76,097,764
Deposits with banks and other financial institutions	–	7,206,976	299,977	–	–	–	–	7,506,953
Placements with banks and other financial institutions	165,000	–	1,535,260	302,322	7,588,672	–	–	9,591,254
Financial assets held under resale agreements	–	–	3,099,878	–	–	–	–	3,099,878
Loans and advances to customers	20,612,354	10,734,743	127,213,104	22,246,291	174,388,883	73,562,381	67,531,748	496,289,504
Financial investments (Note (ii))	41,815,108	–	26,472,730	63,339,625	10,628,360	42,365,244	272,540,109	457,161,176
Others	27,143,399	–	1,147,193	32,661	1,980,221	2,703	–	30,306,177
Total assets	142,455,236	41,320,108	159,768,142	85,920,899	194,586,136	115,930,328	340,071,857	1,080,052,706
Liabilities								
Borrowings from central bank	–	(3,436)	–	(168,181)	(667,720)	–	–	(839,337)
Deposits from banks and other financial institutions	–	(18,386,758)	(15,510,938)	(19,039,119)	(18,129,545)	(166,674)	–	(71,233,034)
Placements from banks and other financial institutions	–	–	(3,401,906)	(5,994,700)	(8,574,253)	–	–	(17,970,859)
Financial assets sold under repurchase agreements	–	–	(21,930,775)	(38,704,723)	(46,265,712)	–	–	(106,901,210)
Deposits from customers	–	(155,150,549)	(68,173,593)	(52,158,532)	(134,341,345)	(353,920,271)	(16,222,615)	(779,966,905)
Debt securities issued	–	–	(4,833,169)	(5,371,744)	(1,630,287)	–	(4,999,057)	(16,834,257)
Others	–	(4,155,642)	(1,073,681)	(106,503)	(413,960)	(511,619)	(150,836)	(6,412,241)
Total liabilities	–	(177,696,385)	(114,924,062)	(121,543,502)	(210,022,822)	(354,598,564)	(21,372,508)	(1,000,157,843)
Long/(short) position	142,455,236	(136,376,277)	44,844,080	(35,622,603)	(15,436,686)	(238,668,236)	318,699,349	79,894,863
Notional amount of derivatives	–	–	4,002,168	10,920,794	18,037,145	100,000	–	33,060,107



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

39 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

(i) Maturity analysis (Continued)

Notes:

- (i) Financial investments include financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments measured at amortised cost. The “indefinite” period amount represents the balance being credit-impaired or overdue for more than one month, and the balance overdue within one month (inclusive) but not credit-impaired is included in “repayable on demand”.
- (ii) For cash and deposits with central bank, the indefinite period amount represents statutory deposit reserves and fiscal deposits maintained with the PBOC. Equity investments are reported under indefinite period. For loans and advances to customers, the “indefinite” period amount represents the balance being impaired or overdue for more than one month, and the balance not impaired but overdue within one month is included in “repayable on demand”.

(ii) Analysis on contractual undiscounted cash flows of non-derivative financial liabilities

The following tables provide an analysis of the contractual undiscounted cash flow of the non-derivative financial liabilities at the end of the reporting period:

	31 December 2024					
	Contractual undiscounted cash flow	Within one month (inclusive)	Between one month and three months (inclusive)	Between three months and one year (inclusive)	Between one year and five years (inclusive)	More than five years and indefinite
Borrowings from central bank	(348,128)	(3,527)	(14,362)	(330,239)	–	–
Deposits from banks and other financial institutions	(91,709,062)	(39,239,699)	(24,454,236)	(27,904,471)	(110,656)	–
Placements from banks and other financial institutions	(12,228,546)	(4,415,482)	(2,074,120)	(5,738,944)	–	–
Financial assets sold under repurchase agreements	(94,811,940)	(57,778,977)	(37,032,963)	–	–	–
Deposits from customers	(1,248,595,170)	(211,115,434)	(60,190,657)	(229,849,211)	(731,098,427)	(16,341,441)
Debt securities issued	(22,370,307)	(1,821,175)	(5,190,299)	(784,015)	(2,054,774)	(12,520,044)
Other financial liabilities	(19,170,131)	(18,342,815)	–	(185,047)	(486,855)	(155,414)
Total non-derivative financial liabilities	<u>(1,489,233,284)</u>	<u>(332,717,109)</u>	<u>(128,956,637)</u>	<u>(264,791,927)</u>	<u>(733,750,712)</u>	<u>(29,016,899)</u>



39 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

(ii) Analysis on contractual undiscounted cash flows of non-derivative financial liabilities (Continued)

	Contractual undiscounted cash flow	Within one month (inclusive)	31 December 2023			
			Between one month and three months (inclusive)	Between three months and one year (inclusive)	Between one year and five years (inclusive)	More than five years and indefinite
Borrowings from central bank	(855,737)	(3,527)	(171,481)	(680,729)	–	–
Deposits from banks and other financial institutions	(71,646,609)	(33,915,237)	(19,169,938)	(18,386,758)	(174,676)	–
Placements from banks and other financial institutions	(18,168,138)	(3,406,467)	(6,055,405)	(8,706,266)	–	–
Financial assets sold under repurchase agreements	(107,449,611)	(21,943,433)	(38,829,198)	(46,676,980)	–	–
Deposits from customers	(1,247,987,803)	(230,888,171)	(66,675,331)	(189,694,070)	(741,267,437)	(19,462,794)
Debt securities issued	(19,100,880)	(4,852,056)	(5,413,938)	(1,675,579)	(1,199,774)	(5,959,533)
Other financial liabilities	(5,994,311)	(5,147,945)	–	(183,718)	(488,954)	(173,694)
Total non-derivative financial liabilities	<u>(1,471,203,089)</u>	<u>(300,156,836)</u>	<u>(136,315,291)</u>	<u>(266,004,100)</u>	<u>(743,130,841)</u>	<u>(25,596,021)</u>

This analysis of the non-derivative financial assets and liabilities by contractual undiscounted cash flow might vary from actual results.

(iii) Analysis on contractual undiscounted cash flows of derivatives

The Group's derivatives that will be settled on a net basis include:

- Interest rate swaps

The Group's derivatives that will be settled on a gross basis include:

- Option contracts
- Foreign forward contracts
- Precious metal derivatives
- Currency swaps



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

39 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

(iii) Analysis on contractual undiscounted cash flows of derivatives (Continued)

The following tables analyse the Group's contractual undiscounted cash flows of derivative financial instruments to be settled on a net and gross basis as at the end of the reporting period.

		31 December 2024					
		Contractual undiscounted cash flow	Within one month (inclusive)	Between one month and three months (inclusive)	Between three months and one year (inclusive)	Between one year and five years (inclusive)	More than five years and indefinite
Derivatives settled on gross basis							
Option contracts							
– cash outflow	(662,191)	(136,070)	(211,172)	(314,949)	–	–	
– cash inflow	662,191	136,070	211,172	314,949	–	–	
Precious metal derivatives							
– cash outflow	(3,757,061)	–	(2,504,919)	(1,252,142)	–	–	
– cash inflow	4,303,600	–	3,074,000	1,229,600	–	–	
Currency swaps							
– cash outflow	(15,871,987)	(15,311,292)	(560,695)	–	–	–	
– cash inflow	15,905,441	15,340,793	564,648	–	–	–	
		31 December 2023					
		Contractual undiscounted cash flow	Within one month (inclusive)	Between one month and three months (inclusive)	Between three months and one year (inclusive)	Between one year and five years (inclusive)	More than five years and indefinite
Derivatives settled on net basis							
Interest rate swaps		(94)	(482)	(4,017)	4,405	–	–
Derivatives settled on gross basis							
Option contracts							
– cash outflow	(1,178,168)	(412,953)	(268,800)	(496,415)	–	–	
– cash inflow	1,178,168	412,953	268,800	496,415	–	–	
Foreign forward contracts							
– cash outflow	(1,828,106)	–	(31,190)	(1,796,916)	–	–	
– cash inflow	1,834,190	–	31,190	1,803,000	–	–	
Precious metal derivatives							
– cash outflow	(7,862,591)	–	(3,562,413)	(4,300,178)	–	–	
– cash inflow	6,058,849	–	4,076,515	1,982,334	–	–	
Currency swaps							
– cash outflow	(8,761,300)	(1,041,157)	(2,386,870)	(5,333,273)	–	–	
– cash inflow	8,670,828	1,068,524	2,381,922	5,220,382	–	–	



39 RISK MANAGEMENT (CONTINUED)

(d) Operational risk

Operational risk refers to the risk of losses associated with internal process deficiencies, personnel mistakes and information system failures, or impact from other external events.

The Group has built “Three Lines of Defense for Risk Management” mainly involving business departments, the Compliance Department and the Internal Audit Department in risk management, and established a reporting mechanism between the Compliance Department and business departments, as well as between the head office and branches.

The Group has formulated operational risk management policies and procedures, aiming to identify, assess, monitor, control and mitigate the operational risk, and reduce losses associated with the operational risk.

The Group’s measure to manage the operational risk mainly include:

- Establishing and improving the risk management system, strictly separating responsibilities of the front, middle and back office, and optimising business procedures and risk management procedures;
- Establishing a supervision system combining “on-site and off-site”, “regular and special”, “self and external” examinations, identifying, monitoring, collecting risk factors and risk signals in the course of business operations, using centralised operational risk management tools, supervising and evaluating the sufficiency and effectiveness of operational risk management;
- Establishing an expertise grade appraisal system for all employees, and selecting qualified employees through strict qualification examination and professional evaluation in accordance with the expertise and skills required by the various positions; and
- Establishing a mechanism for emergency management and business continuity.

(e) Capital management

The Group manages capital mainly through capital adequacy ratio and return on equity ratio. Capital adequacy ratio is at the core of the Group’s capital management, reflecting capacity of the Group for prudent operation and risk prevention. Return on equity ratio reflects the profitability of equity. The main objective of capital management is to maintain a balanced reasonable capital amount and structure in line with the business development and expected return on equity.

The Group follows the principles below with regard to capital management:

- Monitor levels of asset quality based on the Group’s business strategy and maintain adequate capital to support the implementation of the Group’s strategic development plan and meet the regulatory requirements; and
- Effectively identify, quantify, monitor, mitigate and control the major risks to which the Group is exposed, and maintain the appropriate level of capital after considering the Group’s risk exposure and risk management needs.

The Group monitors the capital adequacy ratio periodically and adjusts the capital management plan when necessary to ensure the capital adequacy ratio meets both the regulatory requirements and business development demand.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

39 RISK MANAGEMENT (CONTINUED)

(e) Capital management (Continued)

The Group calculates the capital adequacy ratios since 1 January 2024 in accordance with the Regulation Governing the Capital of Commercial Banks (《商業銀行資本管理辦法》) issued by the NFRA in 2023 and relevant requirements promulgated by the NFRA as follows:

	Note	31 December 2024	31 December 2023
Total core tier-one capital			
– Share capital		8,796,680	8,796,680
– Qualifying portion of capital reserve		26,957,822	26,957,822
– Surplus reserve		7,537,771	7,481,817
– General reserve		14,846,802	14,830,687
– Fair value reserve		(2,561,420)	(2,346,078)
– Provision reserve		11,820	111,686
– Retained earnings		24,072,720	23,530,498
– Qualifying portions of non-controlling interests		133,883	165,248
– Others		(48,281)	(32,943)
Core tier-one capital		79,747,797	79,495,417
Core tier-one capital deductions		(1,740,338)	(1,697,075)
Net core tier-one capital		78,007,459	77,798,342
Other tier-one capital			
– Other tier-one capital instruments and premium		15,000,000	15,000,000
Net tier-one capital		93,007,459	92,798,342
Tier-two capital			
– Qualifying portions of tier-two capital instruments issued		10,999,057	4,999,057
– Surplus provision for loan impairment		7,659,608	7,618,988
Net tier-two capital		18,658,665	12,618,045
Net capital base		111,666,124	105,416,387
Total risk weighted assets	39(e) (i)	759,950,056	746,552,852
Core tier-one capital adequacy ratio		10.26%	10.42%
Tier-one capital adequacy ratio		12.24%	12.43%
Capital adequacy ratio		14.69%	14.12%

Notes:

- (i) Both the on-balance and off-balance sheet risk-weighted assets are measured using different risk weights, which are determined according to the credit, market and other risks associated with each asset and counterparty as well as any eligible collateral or guarantees.
- (ii) Pursuant to the Notification on Matters Related to the Regulation Governing Capital of Commercial Banks (《商業銀行資本管理辦法》), the NFRA requires that the capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio for commercial banks shall not fall below 10.5%, 8.5% and 7.5%.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

40 FAIR VALUE

(a) Methods and assumptions for measurement of fair value

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Group has established policies and internal controls with respect to the measurement of fair values, which specified the framework of fair value measurement of financial instruments, fair value measurement methodologies and procedures.

The Group adopts the following methods and assumptions when evaluating fair values:

(i) **Debt securities investments**

The fair values of debt securities that are traded in an active market are based on their quoted market prices in an active market at the end of the reporting period.

(ii) **Receivables and other non-derivative financial assets**

Fair values are estimated as the present value of the future cash flows, discounted at the market interest rates at the end of the reporting period.

(iii) **Debt securities issued and other non-derivative financial liabilities**

Fair values of debt securities issued are based on their quoted market prices or the present value of estimated future cash flows. The fair values of other non-derivative financial liabilities are valued at the present value of estimated future cash flows. The discount rates are based on the market interest rates at the end of the reporting period.

(iv) **Derivative financial instruments**

Derivative financial instruments valued using a valuation technique with market observable inputs are mainly interest rate swaps, foreign forwards contracts, swaps and options, etc. The most frequently applied valuation techniques include discounted cash flow model and Black-Scholes model. The models incorporate various inputs including foreign exchange forward rates, foreign exchange rate volatility, CFETS middle rate and Shanghai interbank offered rate yield curves, etc.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

40 FAIR VALUE (CONTINUED)

(b) Financial instruments recorded at fair value

The following tables show an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	31 December 2024			
	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial assets				
– Currency swaps	–	171,010	–	171,010
– Interest rate swaps	–	3,179	–	3,179
– Option contracts	–	113,069	–	113,069
– Precious metal derivatives	–	3,477	–	3,477
Financial assets at fair value through profit or loss				
– Debt instruments	–	5,541,914	–	5,541,914
– Investment funds	36,559,891	–	–	36,559,891
– Others	137,755	–	62,629,710	62,767,465
Financial assets at fair value through other comprehensive income				
– Debt instruments	–	73,654,553	–	73,654,553
– Equity instruments	1,081,039	–	15,865,985	16,947,024
Loans and advances to customers at fair value through other comprehensive income				
– Corporate loans and advances	–	–	11,472,948	11,472,948
– Discounted bills	–	–	48,078,006	48,078,006
Total	37,778,685	79,487,202	138,046,649	255,312,536
Liabilities				
Financial liabilities at fair value through profit or loss	–	(13,569,581)	–	(13,569,581)
Derivative financial liabilities				
– Currency swaps	–	(97,316)	–	(97,316)
– Interest rate swaps	–	(3,179)	–	(3,179)
– Option contracts	–	(113,069)	–	(113,069)
– Precious metal derivatives	–	(12,349)	–	(12,349)
Total	–	(13,795,494)	–	(13,795,494)

During the year ended 31 December 2024, there were no significant transfers between instruments in Level 1 and Level 2.



40 FAIR VALUE (CONTINUED)

(b) Financial instruments recorded at fair value (Continued)

	31 December 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial assets				
– Currency swaps	–	88,909	–	88,909
– Interest rate swaps	–	17,767	–	17,767
– Option contracts	–	62,742	–	62,742
– Foreign forward contracts	–	13,650	–	13,650
– Precious metal derivatives	–	13,635	–	13,635
Financial assets at fair value through profit or loss				
– Debt instruments	–	3,566,513	–	3,566,513
– Investment funds	28,679,493	–	–	28,679,493
– Others	263,359	–	73,406,993	73,670,352
Financial assets at fair value through other comprehensive income				
– Debt instruments	–	68,612,640	–	68,612,640
– Equity instruments	2,073,163	–	15,868,699	17,941,862
Loans and advances to customers at fair value through other comprehensive income				
– Corporate loans and advances	–	–	9,059,814	9,059,814
– Discounted bills	–	–	61,223,282	61,223,282
Total	31,016,015	72,375,856	159,558,788	262,950,659
Liabilities				
Derivative financial liabilities				
– Currency swaps	–	(87,304)	–	(87,304)
– Interest rate swaps	–	(17,861)	–	(17,861)
– Option contracts	–	(62,742)	–	(62,742)
– Foreign forward contracts	–	(8,612)	–	(8,612)
– Precious metal derivatives	–	(41,854)	–	(41,854)
Total	–	(218,373)	–	(218,373)

During the year ended 31 December 2023, there were no significant transfers between instruments in Level 1 and Level 2.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

40 FAIR VALUE (CONTINUED)

(c) Level 2 fair value measurement

A majority of the debt instruments classified as level 2 are RMB bonds. The fair value of these bonds is determined based on the valuation results provided by China Central Depository & Clearing Co., Ltd., which are determined based on a valuation technique for which all significant inputs are observable market data. This level also includes a majority of OTC derivative contracts, the most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. Input parameters like ChinaBond interbank yield curves, LIBOR yield curves or counterparty credit risk are sourced from Bloomberg and Reuters. Financial liabilities at fair value through profit or loss mainly includes the financial liabilities related to debt securities, of which the fair value is determined with reference to the available market value. If quoted market price are not available, fair values are estimated on the basis of the pricing model of discounted cash flows.

(d) Level 3 fair value measurement

The following table shows a reconciliation of the opening and closing balance of level 3 financial assets which are recorded at fair value and the movement during the year:

	1 January 2024	Total effects of profit and loss during the year	Total effects of other comprehensive income during the year	Acquisition	Sales/ settlement	31 December 2024	Profit attributable to the change in unrealised gains and losses relating to assets held at the end of the year
Financial assets:							
Financial investments at fair value through profit or loss							
– Other financial investments at fair value through profit or loss	73,406,993	31,295	–	686,250	(11,494,828)	62,629,710	241,306
Financial investments at fair value through other comprehensive income							
– Equity instruments	15,868,699	–	(2,714)	–	–	15,865,985	–
Loans and advances to customers at fair value through other comprehensive income	70,283,096	–	171,529	219,205,356	(230,109,027)	59,550,954	–
Total	159,558,788	31,295	168,815	219,891,606	(241,603,855)	138,046,649	241,306



40 FAIR VALUE (CONTINUED)

(d) Level 3 fair value measurement (Continued)

	1 January 2023	Total effects of profit and loss during the year	Total effects of other comprehensive income during the year	Acquisition	Sales/ settlement	31 December 2023	Profit attributable to the change in unrealised gains and losses relating to assets held at the end of the year
Financial assets:							
Financial investments at fair value through profit or loss							
– Other financial investments at fair value through profit or loss	75,070,558	(15,269)	–	536,202	(2,184,498)	73,406,993	210,011
Financial investments at fair value through other comprehensive income							
– Equity instruments	6,663,614	–	(1,515,206)	10,720,291	–	15,868,699	–
Loans and advances to customers at fair value through other comprehensive income	105,423,762	–	139,532	216,245,579	(251,525,777)	70,283,096	–
Total	187,157,934	(15,269)	(1,375,674)	227,502,072	(253,710,275)	159,558,788	210,011

As at 31 December 2024 and 2023, unobservable inputs such as discount rate and cash flow were used in the valuation of financial assets at fair value classified as Level 3, which were mainly wealth management plan, investment funds, equity instruments, corporate loans and loans and advances and discounted bills.. The fair value of these financial assets fluctuates according to the changes in the unobservable inputs. The higher the discount rate, the lower the fair value.

As at 31 December 2024 and 2023, the effects of changes in significant unobservables assumption to reasonably possible alternative assumptions were immaterial.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

40 FAIR VALUE (CONTINUED)

(e) Fair value of financial assets and liabilities not carried at fair value

- (i) ***Cash and deposits with central bank, deposits and placements with/from banks and other financial institutions, financial assets held under resale agreements and sold under repurchase agreements, borrowings from central bank.***

Given that these financial assets and financial liabilities mainly mature within one year or adopt floating interest rates, their carrying amounts approximate their fair value.

- (ii) ***Loans and advances to customers***

The fair value of loans and advances to customers is estimated based on future cash flows expected to be received which is discounted at current market rates. Majority of the loans and advances to customers are repriced at least annually to the market rate. Accordingly, their carrying values approximate their fair values.

- (iii) ***Financial assets measured at amortised cost***

The fair values of financial assets measured at amortised cost are estimated on the basis of pricing models or discounted cash flows in the absence of any other relevant observable market data if the market value is not available.

- (iv) ***Financial assets at fair value through other comprehensive income equity instruments***

Financial assets at fair value through other comprehensive income equity instruments are unlisted shares. There is no active market for these investments and it is the Group's intention to dispose of them as opportunities arise.

- (v) ***Deposits from customers***

The fair value of checking, savings and short-term money market accounts is the amount payable on demand at the end of the reporting period. The fair value of fixed interest-bearing deposits without quoted market prices is estimated based on discounted cash flows using interest rates for new deposits with similar remaining maturities.

- (vi) ***Debt securities issued***

Fair values of debt securities issued are based on quoted market prices. For debt securities where quoted market prices are not available, a discounted cash flow model is used to calculate their fair value using current market rates appropriate for debt securities with similar remaining maturities.



40 FAIR VALUE (CONTINUED)

(e) Fair value of financial assets and liabilities not carried at fair value (Continued)

(vi) Debt securities issued (Continued)

The following tables summarise the carrying amounts, the fair value and the analysis by level of the fair value hierarchy of financial assets measured at amortised cost and debt securities issued:

31 December 2024					
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Financial assets measured at amortised cost	<u>266,996,988</u>	<u>267,343,430</u>	<u>–</u>	<u>66,309,903</u>	<u>201,033,527</u>
Financial liabilities					
Debt securities issued					
– tier two capital bonds and financial bonds	<u>10,999,057</u>	<u>11,245,667</u>	<u>–</u>	<u>11,245,667</u>	<u>–</u>
– certificates of interbank deposit	<u>7,738,232</u>	<u>7,717,331</u>	<u>–</u>	<u>7,717,331</u>	<u>–</u>
Total	<u>18,737,289</u>	<u>18,962,998</u>	<u>–</u>	<u>18,962,998</u>	<u>–</u>

31 December 2023					
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Financial assets measured at amortised cost	<u>264,690,316</u>	<u>265,143,952</u>	<u>–</u>	<u>53,124,477</u>	<u>212,019,475</u>
Financial liabilities					
Debt securities issued					
– tier two capital bonds and financial bonds	<u>4,999,057</u>	<u>5,070,095</u>	<u>–</u>	<u>5,070,095</u>	<u>–</u>
– certificates of interbank deposit	<u>11,835,200</u>	<u>11,788,726</u>	<u>–</u>	<u>11,788,726</u>	<u>–</u>
Total	<u>16,834,257</u>	<u>16,858,821</u>	<u>–</u>	<u>16,858,821</u>	<u>–</u>



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

41 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Credit commitments

The Group's credit commitments take the form of bank acceptances, credit card limits, letters of credit and letters of guarantees.

Acceptances comprise of undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from its customers. The contractual amounts of credit card commitments represent the amounts should the contracts be fully drawn upon. The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties.

	31 December 2024	31 December 2023
Bank acceptances	27,928,425	33,522,247
Letters of guarantees	3,711,906	3,991,416
Unused credit card commitments	23,059,759	22,376,738
Letters of credit	4,854,949	9,879,151
Total	59,555,039	69,769,552

The Group may be exposed to credit risk in all the above credit businesses. As the facilities may expire without being drawn upon, the total of the contractual amounts shown above is not representative of expected future cash outflows.

(b) Credit risk-weighted amount

	31 December 2024	31 December 2023
Credit risk-weighted amount of contingent liabilities and commitments	14,584,898	18,633,448

The credit risk weighted amount represents the amount calculated with reference to the guidelines issued by the NFRA. The risk weights are determined in accordance with the credit status of the counterparties, the maturity profile and other factors. The risk weights range from 0% to 150% for credit commitments.



41 COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

(c) Capital commitments

As at 31 December 2024 and 2023, the authorised capital commitments of the Group are as follows:

	31 December 2024	31 December 2023
Contracted but not paid for	113,871	206,819
Approved but not contracted for	69,328	52,052
Total	183,199	258,871

(d) Outstanding litigations and disputes

As at 31 December 2024 and 2023, there are no significant legal proceedings outstanding against the Bank and/or its subsidiaries.

(e) Pledged assets

	31 December 2024	31 December 2023
Investment securities	113,382,819	97,952,889
Discounted bills	40,129,782	57,797,113
Total	153,512,601	155,750,002

Some of the Group's assets are pledged as collateral under repurchase agreements and deposits from customers.

The Group maintains statutory deposit reserves with the PBOC as required (Note 14). These deposits are not available for the Group's daily operations.

The Group's pledged assets in relation to the purchase of bills under resale agreements can be sold or repledged. As at 31 December 2024 and 2023, the pledged assets were not sold or repledged, which it has an obligation to repurchase on due.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

42 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

(a) Structured entities sponsored by third party institutions in which the Group holds an interest

The Group holds an interest in some structured entities sponsored by third party institutions through investments in the notes issued by these structured entities. Such structured entities include investment management products under trust scheme, investment management products managed by securities companies and wealth management products issued by financial institutions. The Group does not consolidate these structured entities. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors and financed through the issue of notes to investors.

The following tables set out an analysis of the carrying amounts of interests held by the Group as at 31 December 2024 and 2023 in the structured entities sponsored by third party institutions, as well as an analysis of the line items in the statement of financial position in which relevant assets are recognised:

	Financial investments	31 December 2024 Carrying amount	Maximum exposure
Investment management products managed by securities companies	42,603,267	42,603,267	42,603,267
Investment management products under trust scheme	55,849,804	55,849,804	55,849,804
Total	98,453,071	98,453,071	98,453,071

	Financial investments	31 December 2023 Carrying amount	Maximum exposure
Investment management products managed by securities companies	54,054,346	54,054,346	54,054,346
Investment management products under trust scheme	55,550,789	55,550,789	55,550,789
Total	109,605,135	109,605,135	109,605,135

The maximum exposures to loss in the above investment management products and wealth management products are the carrying amounts of the assets held by the Group at the end of the reporting period in accordance with the line items of these assets recognised in the statement of financial position.



42 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES (CONTINUED)

(b) Structured entities sponsored by the Group in which the Group does not consolidate but holds an interest

The types of unconsolidated structured entities sponsored by the Group include non-principal-guaranteed wealth management products. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of notes to investors. Interest held by the Group includes fees charged by providing management services.

During the year ended 31 December 2024, the amount of fee and commission income received from the above-mentioned structured entities by the Group is RMB191.01 million (2023: RMB201.05 million).

As at 31 December 2024, the amount of assets held by unconsolidated non-principal-guaranteed wealth management products which are sponsored by the Group is RMB38,877 million (31 December 2023: RMB39,044 million).

There were no guarantees or other commitments between the Group and any third parties that could increase the level of the Group's risk from wealth management products disclosed above for the years ended 31 December 2024 and 2023. The Group was not required to absorb any losses incurred by wealth management products..

For the year ended 31 December 2024, the aggregated amount of non-principal-guaranteed wealth management products sponsored and issued by the Group after 1 January 2024, but matured before 31 December 2024, is RMB573 million (2023: RMB995 million).

43 CONSOLIDATED STRUCTURED ENTITIES

The Group has consolidated certain structured entities which are principal-guaranteed wealth management products. When assessing whether to consolidate structured entities, the Group reviews all facts and circumstances to determine whether the Group, as manager, is acting as agent or principal. These factors considered include scope of the manager's decision-making authority, rights held by other parties. The Group does not hold any shares of the principal-guaranteed wealth management products; however, the Group has the authority to exercise the right of making investment decisions as a main administrator, and the proportion of the aggregate economic interests of the Group in the structured entities is high. The Group concludes that these structured entities shall be consolidated.

44 FIDUCIARY ACTIVITIES

The Group commonly acts as a manager, trustee or agent for clients in a fiduciary act. These assets and any gains or losses arising thereon are not included in these financial statements as they are not the Group's assets.

As at 31 December 2024, the entrusted loans balance of the Group is RMB777 million (2023: RMB865 million).



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

45 TRANSFERRED FINANCIAL ASSETS

For those in which the Group has neither transferred nor retained substantially all the risks and rewards of the transferred credit assets, and retained control of the credit assets, the Group recognises the assets on the consolidated statement of financial position in accordance with the Group's continuing involvement and the rest is derecognised. The extent of the Group's continuing involvement is the extent of the risks and rewards undertaken by the Group with value changes of the transferred financial assets. As at 31 December 2024 and 2023, the Group doesn't have continuing involvement through acquiring some tranches.

46 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(a) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI and with exposure arising from loan commitments and financial guarantee contracts issued, is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (the likelihood of customers defaulting and the resulting losses). Refer to Note 39(a) for the explanation of the assumptions and estimation used in measuring ECL.

(b) Fair value of financial instruments

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

(c) Income taxes

Determining income tax provisions involves judgment on the future tax treatment of certain transactions. The Group carefully evaluates the tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account tax legislation. Deferred tax assets are recognised for temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilised, management's judgment is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.



46 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(d) Impairment of non-financial assets

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

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

(e) Depreciation and amortisation

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

(f) Consolidation of structured entities

Structured entities are entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entities, for example when any voting rights relate to administrative tasks only, and key activities are directed by contractual agreement.

When assessing whether to consolidate structured entities, the Group reviews all facts and circumstances to determine whether the Group, as manager, is acting as agent or principal. The Group is deemed to be a principal, and hence controls and consolidates the structured entity, when it acts as manager and cannot be removed without cause, has variable returns through significant unit holdings and/or a guarantee, and is able to influence the returns of the structured entities by exercising its power.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

47 BANK-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	31 December 2024	31 December 2023
Assets			
Cash and deposits with central bank		77,052,834	75,943,638
Deposits with banks and other financial institutions		13,711,361	6,927,752
Placements with banks and other financial institutions		7,803,944	14,230,235
Derivative financial assets		290,735	196,703
Financial assets held under resale agreements		1,765,783	3,099,878
Loans and advances to customers		526,276,079	490,475,451
Financial investments:			
Financial assets at fair value through profit or loss		104,869,270	105,916,358
Financial assets at fair value through other comprehensive income		90,601,577	86,554,502
Financial assets measured at amortised cost		266,996,988	264,690,316
Investments in subsidiaries	21	326,157	326,157
Property and equipment		4,873,588	5,029,480
Deferred tax assets		8,926,152	9,122,328
Other assets		15,801,022	15,853,048
Total assets		1,119,295,490	1,078,365,846
Liabilities			
Borrowings from central bank		342,374	838,637
Deposits from banks and other financial institutions		93,161,342	72,970,774
Placements from banks and other financial institutions		9,927,973	16,891,593
Financial liabilities at fair value through profit or loss		13,569,581	–
Derivative financial liabilities		225,913	218,373
Financial assets sold under repurchase agreements		94,688,474	106,901,210
Deposits from customers		804,019,384	778,760,866
Debt securities issued		18,737,289	16,834,257
Other liabilities		5,307,830	5,857,042
Total liabilities		1,039,980,160	999,272,752



47 BANK-LEVEL STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	31 December 2024	31 December 2023
Equity			
Share capital	33	8,796,680	8,796,680
Capital reserve	34	26,931,360	26,931,360
Surplus reserve	34	7,537,771	7,481,817
General reserve	34	14,748,898	14,748,898
Fair value reserve	34	(2,561,420)	(2,346,078)
Provision reserve	34	11,820	111,686
Deficit on remeasurement of net defined benefit liability	34	(48,281)	(32,943)
Retained earnings	34	23,898,502	23,401,674
Total equity		<u>79,315,330</u>	<u>79,093,094</u>
Total liabilities and equity		<u>1,119,295,490</u>	<u>1,078,365,846</u>

Approved and authorised for issue by the board of directors on 28 March 2025.

Sun Jin

Chairman of Board of Directors

Liu Xu

President

Bao Hong

Chief Financial Officer

Yang Xi

Person in Charge of Accounting Institution

Company chop



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise stated)

48 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

The profit appropriation of the Bank was proposed in accordance with the resolution of the Bank's board of directors meeting as disclosed in Note 35.

49 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024

Up to the date of issue of these financial statements, a number of amendments, new standards and interpretations are issued which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

		Effective for accounting period beginning on or after
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvements to IFRS Accounting Standards	1 January 2026
IFRS 18 and consequential amendments to other IFRSs	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date has been deferred indefinitely



UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(Expressed in thousands of RMB, unless otherwise stated)

The information set out below does not form part of the consolidated financial statements, and is included herein for information purpose only.

1 LIQUIDITY COVERAGE RATIO AND LEVERAGE RATIO

(a) Liquidity coverage ratio

	As at 31 December 2024	Average for the year ended 31 December 2024	As at 31 December 2023	Average for the year ended 31 December 2023
Liquidity coverage ratio (RMB and foreign currency)	116.71%	138.26%	115.69%	127.00%

The above liquidity coverage ratio is calculated in accordance with the formula promulgated by the NFRA and based on the financial information prepared in accordance with the requirements of the Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance ("MOF").

Pursuant to the Administrative Measures for Liquidity Risk Management of Commercial Banks, the liquidity coverage ratio of commercial banks shall reach 100% by the end of 2018.

The Hong Kong Banking (Disclosure) Rules (the "Rules") took effect on 1 January 2007. It requires the disclosure of an average liquidity coverage ratio, which is the arithmetic mean of the liquidity coverage ratio for each calendar quarter. The Group prepares the liquidity coverage ratio on a semi-annual basis and the disclosed average liquidity coverage ratio is the arithmetic mean of two consecutive liquidity coverage ratios as at 30 June and 31 December.

(b) Leverage ratio

	31 December 2024	31 December 2023
Leverage ratio	8.03%	8.37%

Pursuant to the Regulation Governing the Capital of Commercial Banks issued by the NFRA and was effective since 1 January 2024, a minimum leverage ratio 4% is required.

The above liquidity coverage ratio and leverage ratio is calculated in accordance with the formula promulgated by the NFRA and based on the financial information prepared in accordance with the requirements of the Accounting Standards for Business Enterprises and other relevant regulations issued by the MOF.

**UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)***(Expressed in thousands of RMB, unless otherwise stated)***2 CURRENCY CONCENTRATIONS**

	31 December 2024			
	US Dollars (RMB Equivalent)	HK Dollars (RMB Equivalent)	Others (RMB Equivalent)	Total (RMB Equivalent)
Spot assets	22,457,093	305,434	3,579,146	26,341,673
Spot liabilities	(5,858,043)	(190,101)	(500,061)	(6,548,205)
Net long position	<u>16,599,050</u>	<u>115,333</u>	<u>3,079,085</u>	<u>19,793,468</u>

	31 December 2023			
	US Dollars (RMB Equivalent)	HK Dollars (RMB Equivalent)	Others (RMB Equivalent)	Total (RMB Equivalent)
Spot assets	25,485,773	141,452	1,006,973	26,634,198
Spot liabilities	(14,663,932)	(13,323)	(116,754)	(14,794,009)
Net long position	<u>10,821,841</u>	<u>128,129</u>	<u>890,219</u>	<u>11,840,189</u>

3 INTERNATIONAL CLAIMS

The Group is principally engaged in business operations within Mainland China, and regards all claims on third parties outside Mainland China and claims dominated in foreign currency on third parties in Mainland China as international claims.

International claims include loans and advances to customers, deposits with central bank, deposits and placements with banks and other financial institutions, and investments in debt securities.

A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfers are only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose Head Office is located in another country.

	As at 31 December 2024			Total
	Official sector	Banks and other financial institutions	Non-bank private sector	
Asia Pacific	443,531	5,245,908	1,474,485	7,163,923
North and South America	18,955,811	2,581	–	18,958,392
Europe	–	845	–	845
Total	<u>19,399,342</u>	<u>5,249,334</u>	<u>1,474,485</u>	<u>26,123,160</u>



UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

3 INTERNATIONAL CLAIMS (CONTINUED)

	As at 31 December 2023			
	Official sector	Banks and other financial institutions	Non-bank private sector	Total
Asia Pacific	327,030	977,426	5,151,082	6,455,538
North and South America	19,187,034	893,544	–	20,080,578
Europe	–	635,768	–	635,768
Total	<u>19,514,064</u>	<u>2,506,738</u>	<u>5,515,082</u>	<u>27,171,884</u>

4 OVERDUE LOANS AND ADVANCES BY GEOGRAPHICAL SEGMENTS

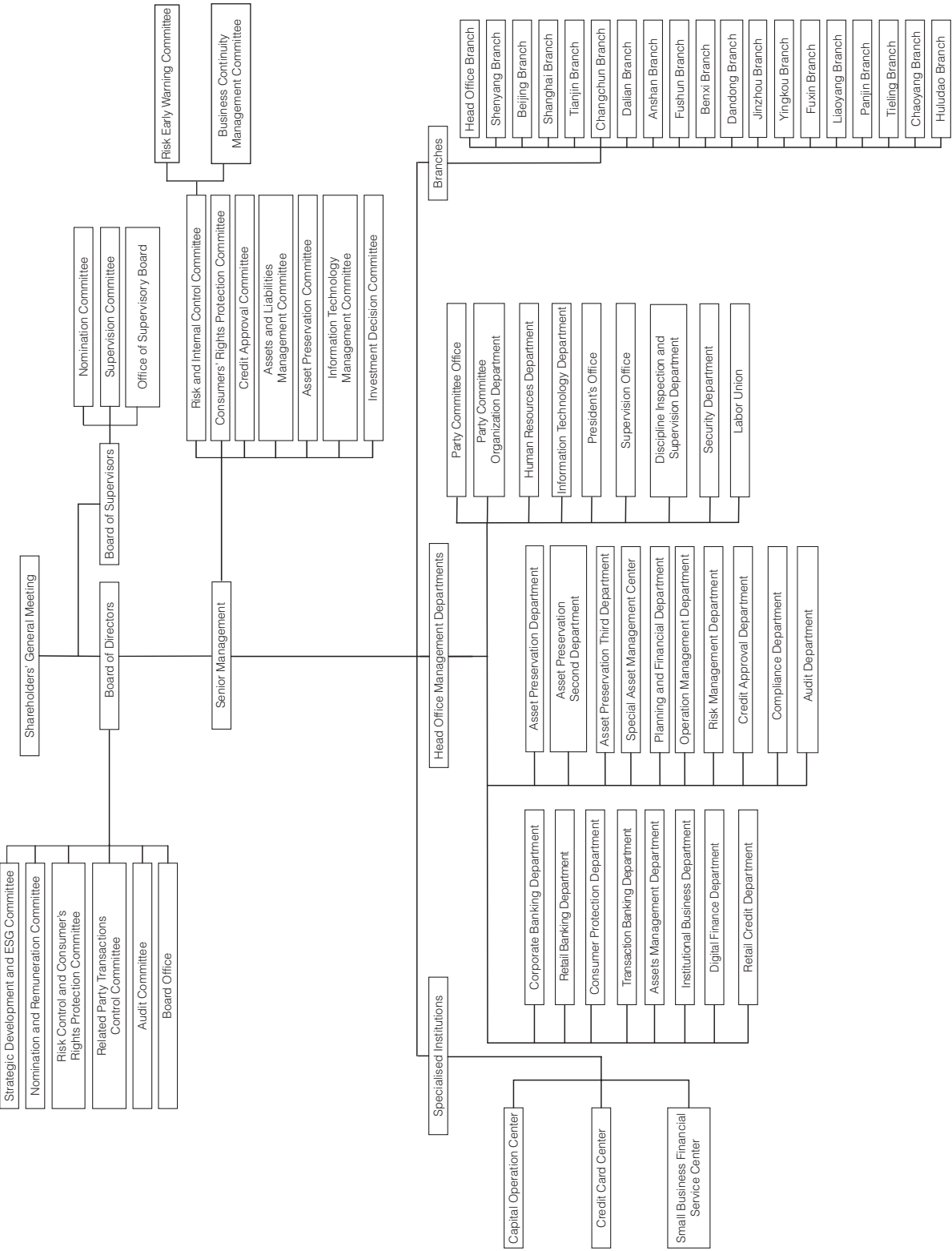
	31 December 2024	31 December 2023
Northeast China	22,928,483	21,714,549
North China	1,139,962	2,567,804
Others	<u>1,000,886</u>	<u>758,437</u>
Total	<u>25,069,331</u>	<u>25,040,790</u>

5 GROSS AMOUNT OF OVERDUE LOANS AND ADVANCES FOR MORE THAN 90 DAYS

	31 December 2024	31 December 2023
Gross loans and advances which have been overdue with respect to either principal or interest for periods of		
– between 3 and 6 months (inclusive)	914,945	3,183,072
– between 6 months and 1 year (inclusive)	927,628	1,071,892
– over 1 year	<u>10,698,383</u>	<u>7,506,626</u>
Total	<u>12,540,956</u>	<u>11,761,590</u>
As a percentage of total gross loans and advances		
– between 3 and 6 months (inclusive)	0.18%	0.67%
– between 6 months and 1 year (inclusive)	0.19%	0.22%
– over 1 year	<u>2.14%</u>	<u>1.57%</u>
Total	<u>2.51%</u>	<u>2.46%</u>



ORGANISATIONAL CHART





THE STATISTICAL STATEMENTS OF ALL OPERATING INSTITUTIONS OF SHENGJING BANK

As at the end of the Reporting Period, the Bank has a total of 213 operating institutions, including one institution with legal person status, three branch-level specialised institutions, 18 branches, 190 sub-branches and one small and micro sub-branch, details of which are set out as follows:

Geographical		Full name of institutions	Business Address	Telephone	Postcode	Fax
No.	Region					
1	Head Office	Shengjing Bank Co., Ltd.	"No. 109, Beizhan Road, Shenhe District, Shenyang City"	024-22535633	110013	024-22535633
2	Beijing Municipality	"Beijing Branch of Shengjing Bank Co., Ltd."	"Tower D, Oriental Media Centre, No. 4, Guanghua Road, Chaoyang District, Beijing Municipality"	010-85570028	100026	010-85570028
3		"Beijing Zhongguancun Sub-Branch of Shengjing Bank Co., Ltd."	"Unit 108, 109, Floor 1, No. 8, Haidian North 2nd Street, Haidian District, Beijing Municipality"	010-59718592	100080	010-59718592
4		"Beijing Guanyuan Sub-Branch of Shengjing Bank Co., Ltd."	"Commercial 5 (De Sheng Zone), Building 1, Yard 9, Chegongzhuang Street, Xicheng District, Beijing Municipality"	010-88359470	100044	010-85251177
5		"Beijing Shijicheng Sub-Branch of Shengjing Bank Co., Ltd."	"A3-1, Building A3, Chuihong Garden, Landianchang, Haidian District, Beijing"	010-88199290	100097	010-88199292
6		"Beijing Shunyi Sub-Branch of Shengjing Bank Co., Ltd."	"Room 102, Floor 1, Tower 1, No 2, Zhanqian East Street, Shunyi District, Beijing Municipality"	010-61426812	101300	010-61426812
7		"Beijing Daxing Sub-Branch of Shengjing Bank Co., Ltd."	"No. 26, Section 3, Xingye Street, Daxing District, Beijing Municipality"	010-65820066	102600	010-65820066
8		"Beijing Shijingshan Sub-Branch of Shengjing Bank Co., Ltd."	"Unit 107, Floor 1, No.2, Yunquan Xili Zone 1, Shijingshan District, Beijing Municipality"	010-68636855	100040	010-68636855
9		"Beijing Wangjing Sub-Branch of Shengjing Bank Co., Ltd."	"Room 201 (inside 03), 2/F, Room 101, 2/F, No.5, Block 15, South Nanhu Road, Chaoyang District, Beijing Municipality"	010-64391577	100028	010-64391577
10		"Beijing Tongzhou Sub-Branch of Shengjing Bank Co., Ltd."	"Room 135 · 136 · 137, Floor 1, Building 1, Yard 3, Guanyin'an North Street, Tongzhou District, Beijing Municipality"	010-60568778	101100	010-69513102
11	Tianjin City	"Tianjin Branch of Shengjing Bank Co., Ltd."	"Shopping Mall of Building 1, Wanshun Hot Spring Garden, Huangpu South Road, Hexi District, Tianjin City"	022-28379999	300201	022-28379999
12		"Tianjin Huayuan Sub-Branch of Shengjing Bank Co., Ltd."	"No. 150-04 and No. 150-206, Yingshui Road, Huayuan Industrial Zone"	022-58815628	300384	022-58815628
13		"Tianjin Binhai Sub-Branch of Shengjing Bank Co., Ltd."	"No. 21-18, 2nd Street, Tianjin Development Zone"	022-59835260	300457	022-59835260
14		"Tianjin Beichen Sub-Branch of Shengjing Bank Co., Ltd."	"Unit 101, Building 4, Beichen Tower, Beichen District"	022-58687610	300400	022-58687610
15		"Tianjin Xiqing Sub-Branch of Shengjing Bank Co., Ltd."	"1B20, 21, 22, Dajincheng Commercial Plaza, Intersection of Yaolin Road and Yale Road, Liqizhuang Street, Xiqing District, Tianjin City"	022-58335695	300380	022-58335695
16		"Tianjin Hedong Sub-Branch of Shengjing Bank Co., Ltd."	"No. 1 & 2, Floor 1, No. 70, Huachang Road, Hedong District"	022-24410278	300011	022-24410278
17		"Tianjin Hebei Sub-Branch of Shengjing Bank Co., Ltd."	"No. 20, Wangchuanchang 5th Road, Hebei District, Tianjin City"	022-58885920	300150	022-58885920



THE STATISTICAL STATEMENTS OF ALL OPERATING INSTITUTIONS OF SHENGJING BANK (CONTINUED)

Geographical		Full name of institutions	Business Address	Telephone	Postcode	Fax
No.	Region					
18		"Tianjin Heping Sub-Branch of Shengjing Bank Co., Ltd."	"No. 5, Xikang Road, Building 1 & 2, Hekang Mingdi, Heping District, Tianjin City"	022-59956312	300051	022-59956312
19		"Tianjin Dongli Sub-Branch of Shengjing Bank Co., Ltd."	"3#1-2, 3-1-3, Xinshijia Building, Dongli District, Tianjin City"	022-84965926	300301	022-84965926
20		"Tianjin Nankai Sub-Branch of Shengjing Bank Co., Ltd."	"Floor 1, Nanfang Building, Northwest of the intersection of Anshan West Road and West Lake Village Street, Nankai District, Tianjin City"	022-83698133	300073	022-83698133
21		"Tianjin Jingtian Apartment Small and Micro Sub-Branch of Shengjing Bank Co., Ltd."	"Zone 5-5-101A, Jingtian Apartment, Jiarongli Street, Beichen District, Tianjin City"	022-83904179	300134	022-83904179
22	Shanghai Municipality	"Shanghai Branch of Shengjing Bank Co., Ltd."	"Floor 8 (Room 08-1, Room 07, Room 06-1), Room 01-11, Floor 9-13 (Elevator floors 9-12, and 14), No. 309 North Huangpo Road, Huangpu District, Shanghai; Room A101-102, No. 389 West Nanjing Road, Shanghai Municipality"	021-32097727	200050	021-32097936
23		"Shanghai Putuo Sub-Branch of Shengjing Bank Co., Ltd."	"Room A8005-A8006, Floor 1, No. 1108, Zhenbei Road, Putuo District, Shanghai Municipality"	021-60290531	200333	021-60290531
24		"Shanghai Songjiang Sub-Branch of Shengjing Bank Co., Ltd."	"Floor 1 & 2, No. 2, 4, 6, 8 & 10, Changxin Garden, Lane 1855, Sixian Road, Songjiang District, Shanghai Municipality"	021-67828575	201620	021-67828575
25		"Shanghai Pudong Sub-Branch of Shengjing Bank Co., Ltd."	"Floor 1, No. 819, 823 & 827, Meihua Road, Pudong New Area, Shanghai Municipality"	021-60191765	200135	021-60191755
26		"Shanghai Changning Anlong Sub-Branch of Shengjing Bank Co., Ltd."	"No. 759, Longan Road, Changning District, Shanghai Municipality"	021-60791282	200336	021-60791282
27		"Shanghai Xuhui Sub-Branch of Shengjing Bank Co., Ltd."	"Shop 107/108, Floor 1 & Shop 210/209, Floor 2, No. 75, Tianlin East Road, Xuhui District, Shanghai Municipality"	021-61270576	200235	021-61270576
28		"Shanghai Hongkou Sub-Branch of Shengjing Bank Co., Ltd."	"Room 101 & 201, No.216, Siping Road, Hongkou District, Shanghai Municipality"	021-31068700	200001	021-31068700
29		"Shanghai Jing'an Sub-Branch of Shengjing Bank Co., Ltd."	"Room 102, Building No. 1, No.555, Nanjing West Road, Jing'an District, Shanghai Municipality"	021-52897970	200041	021-52897927
30		"Shanghai Yangpu Sub-Branch of Shengjing Bank Co., Ltd."	"No. 166, 168, 170, Guoquan East Road, Yangpu District, Shanghai Municipality"	021-55960667	200433	021-55960667
31		"Shanghai Zhabei Sub-Branch of Shengjing Bank Co., Ltd."	"Room 101-10, 101-11, 101-12, 101-13, No.160, Jiangchang West Road, Jing'an District, Shanghai Municipality"	021-56525171	200040	021-56525171
32	Changchun City	"Changchun Branch of Shengjing Bank Co., Ltd."	"No. 61, Gongnong Avenue, Chaoyang District, Changchun City, Jilin Province"	0431-81958888	130000	0431-81958888
33		Changchun Linhe Street Sub-branch of Shengjing Bank Co., Ltd.	"No. 5320 Linhe Street, Economic Development Zone, Changchun City, Jilin Province"	0431-81928705	130000	0431-81928705
34		"Changchun Xi'an Avenue Sub-Branch of Shengjing Bank Co., Ltd."	"No. 8, Xi'an Avenue, Chaoyang District, Changchun City"	0431-89828555	130000	0431-89828555
35		"Changchun Xiangyun of Shengjing Bank Co., Ltd."	"No. 1438, Xiangyun Street, Lvyan District, Changchun City"	0431-89297707	130000	0431-89297707



THE STATISTICAL STATEMENTS OF ALL OPERATING INSTITUTIONS OF SHENGJING BANK (CONTINUED)

Geographical		Full name of institutions	Business Address	Telephone	Postcode	Fax
No.	Region					
36	Liaoning province	"Changchun Yongchun Sub-Branch of Shengjing Bank Co., Ltd."	"No. 88, 4th Road, Nanguan District, Changchun City, Jilin Province"	0431-82008676	130000	0431-82008676
37		"Changchun Ziyu Avenue Sub-Branch of Shengjing Bank Co., Ltd."	"Block C, Yatai Haoyuan Community, No. 1008, Ziyu Avenue, Chaoyang District, Changchun City, Jilin Province"	0431-82008660	130000	0431-82008660
38		"Changchun Jilin Avenue Sub-Branch of Shengjing Bank Co., Ltd."	"No. 1665, Jilin Avenue, Erdao District, Changchun City, Jilin Province"	0431-81970381	132000	0431-81970381
39		"Jilin City Sub-Branch of Shengjing Bank Co., Ltd."	"Floor 2-4, Post Office Building, No. 2, Songjiang East Road, Changyi District, Jilin City, Jilin Province"	0432-62673888	130000	0432-62673888
40		"Changchun CETDZ Sub-Branch of Shengjing Bank Co., Ltd."	"No. 1138 & 1156, Weixing Road, Changchun Economic and Technological Development Zone"	0431-82008770	130000	0431-82008770
41		"Changchun Jingyang Sub-Branch of Shengjing Bank Co., Ltd."	"No. 3310, Jingyang Avenue, Changchun Automobile Economic and Technological Development Zone, Jilin City"	0431-82008706	130000	0431-82008706
42		"Changchun ADZ Sub-Branch of Shengjing Bank Co., Ltd."	"No. 547, Rongchang Road, Automobile Development Zone, Changchun City"	0431-81082666	130000	0431-81082666
43		"Changchun Hi-tech Sub-Branch of Shengjing Bank Co., Ltd."	"No. 2481, Guigu Street, Hi-Tech Development Zone, Changchun City, Changchun Province"	0431-81086112	130000	0431-81086112
44		"Shenyang Branch of Shengjing Bank Co., Ltd."	"No. 2 A, Wu'ai Street, Shenhe District, Shenyang City"	024-83256969	110016	024-83256978
45		"Shenyang Shenhe Sub-Branch of Shengjing Bank Co., Ltd."	"No. 2, Zhong Jie Road, Shenhe District, Shenyang City"	024-84842085	110011	024-24869730
46		"Shenyang Shangyuan Sub-Branch of Shengjing Bank Co., Ltd."	"No. 34-A, Shangyuan Road, Dadong District, Shenyang City"	024-88326157	110041	024-88326157
47		"Shenyang Changqing Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 6, 7, 8 & 9, No. 17-25, Changqing South Street, Hunnan District, Shenyang City"	024-31263205	110013	024-31263205
48		"Shenyang Jindi Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 4, 5, No. 18-119, Xuecheng Road, Hunnan District, Shenyang City, Liaoning Province"	024-22972532	110000	024-22972532
49		"Shenyang Jiahua Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 8, No. 33-7, Fumin South Street, Hunnan District, Shenyang City, Liaoning Province"	024-24200230	110015	024-24200230
50		"Shenyang Zhongshan Sub-Branch of Shengjing Bank Co., Ltd."	"No. 206, Zhongshan Road, Shenhe District, Shenyang City"	024-22852026	110013	024-22852872
51		"Shenyang Zhenxing Sub-Branch of Shengjing Bank Co., Ltd."	"No. 181A, South 5th Road, Heping District, Shenyang City"	024-23244929	110006	024-23244929
52		"Shenyang Donghuan Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 4 & 5, No. 37, Shentie Road, Dadong District, Shenyang City"	024-22712154	110044	024-22712154
53		"Shenyang Nanliu Sub-Branch of Shengjing Bank Co., Ltd."	"No. 16, South 8th Road, Heping District, Shenyang City"	024-23508046	110000	024-23508046
54		"Shenyang Zhaogong Sub-Branch of Shengjing Bank Co., Ltd."	"No. 3, Block 35, No. 26-A, North 2nd West Road, Tiexi District, Shenyang City"	024-23830881	110026	024-23830881



THE STATISTICAL STATEMENTS OF ALL OPERATING INSTITUTIONS OF SHENGJING BANK (CONTINUED)

Geographical		Full name of institutions	Business Address	Telephone	Postcode	Fax
No.	Region					
55		Shenyang Shenfu Demonstration Shenyang Shenfu Demonstration	M1, M2, M3, M4, M5, M6, M24, M25, M26, M27, M28, M29, M30, M31, No. 437-83 Hunnan East Road, Shenfu Demonstration Zone, Liaoning Province	024-31620376	110000	024-23261166
56		"Shenyang Xinshijie Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 5&6, No.7-19, South Sanhao Street, Heping District, Shenyang City"	024-82562359	110057	024-82562359
57		"Shenyang Binhe Sub-Branch of Shengjing Bank Co., Ltd."	"No. 92, Da'nan Street, Shenhe District, Shenyang City"	024-24120717	110011	024-24809998
58		"Shenyang Hengxin Sub-Branch of Shengjing Bank Co., Ltd."	"No. 51, Re'nao Road, Shenhe District, Shenyang City"	024-31290373	110011	024-31290373
59		"Shenyang Jinsha Sub-Branch of Shengjing Bank Co., Ltd."	"No. 187, Daxi Road, Shenhe District, Shenyang City"	024-22973779	110014	024-22973779
60		"Shenyang Zhongxing Sub-Branch of Shengjing Bank Co., Ltd."	"No. 10, Zhongxing Street, Heping District, Shenyang City"	024-23218962	110001	024-23218962
61		"Shenyang Yuhong New Town Sub- Branch of Shengjing Bank Co., Ltd."	"No. 58, Xiannvhe Road, Yuhong District, Shenyang City, Liaoning Province (All)"	024-25711310	110107	024-25711310
62		"Shenyang Wanquan Sub-Branch of Shengjing Bank Co., Ltd."	"No. 35, Changqing Street, Shenhe District, Shenyang City"	024-24212158	110015	024-24212158
63		"Shenyang 204 Sub-Branch of Shengjing Bank Co., Ltd."	"No. 14, Liming 5th Street, Dadong District, Shenyang City"	024-88417845	110043	024-88417845
64		"Shenyang Jiahe Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 7, No. 1, Fangming Street, Shenhe District, Shenyang City"	024-24627163	110015	024-24627163
65		"Shenyang Dongmao Road Sub- Branch of Shengjing Bank Co., Ltd."	"Gate 2 & 3, No. 18A-42, Dongling Road, Shenhe District, Shenyang City"	024-88421161	110136	024-88421161
66		"Shenyang North Station Sub-Branch of Shengjing Bank Co., Ltd."	"No. 27, Huigong East 1st Street, Shenhe District, Shenyang City"	024-88522942	110013	024-88522942
67		"Shenyang Zhongjin Qicheng Sub- branch of Shengjing Bank Co., Ltd."	"(Gate 3) (Gate 4) No. 108, Hemu Road, Shenhe District, Shenyang City, Liaoning Province"	024-24845710	110000	024-24845710
68		"Shenyang Yinhe Sub-Branch of Shengjing Bank Co., Ltd."	"No. 180, Xiaonan Street, Shenhe District, Shenyang City"	024-24187108	110016	024-24187108
69		"Shenyang Songling Sub-Branch of Shengjing Bank Co., Ltd."	"No. 88, Huanghe North Street, Yuhong District, Shenyang City"	024-86537301	110144	024-86537301
70		"Shenyang Nujian Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 1-1, 1-2, 1-3, 1-4, No. 36-7, Beigu Mountain Road, Yuhong District, Shenyang City"	024-86515855	110031	024-86515855
71		"Shenyang Huanghe Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 1, No. 111, Huanghe South Street, Huanggu District, Shenyang City,"	024-82555819	110031	024-82555819
72		"Shenyang Taishan Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 5, 6&7, No. 7-4, Yalu River East Street, Huanggu District, Shenyang City"	024-86629596	110144	024-86629596
73		"Shenyang Wenda Road Sub Branch of Shengjing Bank Co., Ltd."	"Gates 7 and 8, No. 231-24, Wenda Road, Huanggu District, Shenyang City, Liaoning Province"	024-25715220	110038	024-25715220
74		"Shenyang Wuyi Sub-Branch of Shengjing Bank Co., Ltd."	"No. 58, Liaohe Street, Huanggu District, Shenyang City"	024-86840414	110031	024-86840414



THE STATISTICAL STATEMENTS OF ALL OPERATING INSTITUTIONS OF SHENGJING BANK (CONTINUED)

Geographical		Full name of institutions	Business Address	Telephone	Postcode	Fax
No.	Region					
75		"Shenyang Xianggong Sub-Branch of Shengjing Bank Co., Ltd"	"No. 215, Huashan Road, Huanggu District, Shenyang City"	024-86749732	110035	024-86749732
76		"Shenyang Dabeiguan Sub-Branch of Shengjing Bank Co., Ltd."	"No. 42, Dabeiguan Street, Dadong District, Shenyang City, Liaoning Province"	024-88565286	110041	024-88565286
77		"Shenyang Yuhong Sub-Branch of Shengjing Bank Co., Ltd."	"No. 10, Huanghai Road, Yuhong District, Shenyang City"	024-25305689	110141	024-25301499
78		"Shenyang Tiecheng Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 3&4, Building 3, No. 25-1, Zhaogong South Street, Tiexi District, Shenyang City, Liaoning Province"	024-25717902	110024	024-25717901
79		"Shenyang Shuangxi Sub-Branch of Shengjing Bank Co., Ltd"	"No. 88, Zhonggong South Street, Tiexi District, Shenyang City"	024-25787387	110024	024-25787387
80		"Shenyang Zhangshi Sub-Branch of Shengjing Bank Co., Ltd."	No. 212, Shenliao Road, Shenyang Economic and Technological Development Zone"	024-25280910	110023	024-25280910
81		"Shenyang Economic and Technological Development Zone Sub-Branch of Shengjing Bank Co., Ltd."	"No. 21-A-5, Central Street, Shenyang Economic and Technological Development Zone"	024-62836296	110142	024-62836296
82		"Shenyang Liaozhong Sub-Branch of Shengjing Bank Co., Ltd."	"No. 106, Zhengfu Road, Liaozhong Town, Liaozhong District, Shenyang City, Liaoning Province"	024-87880580	110200	024-87880580
83		"Shenyang Xinmin Sub-Branch of Shengjing Bank Co., Ltd."	No. 3, Zhongxing East Road, Xinmin City	024-27855999	110300	024-27855959
84		"Shenyang Hemu Road Sub-Branch of Shengjing Bank Co., Ltd."	"No. 15, Jinqiao Road, Dadong District, Shenyang City"	024-24321474	110042	024-24321474
85		"Shenyang Dongbei Avenue Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 6&7, No. 262, Dongbei Avenue, Dadong District, Shenyang City, Liaoning Province"	024-88217598	110044	024-88212840
86		"Shenyang Bajiazi Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 7, No. 22, Dongling West Road, Dadong District, Shenyang City, Liaoning Province"	024-88441405	110043	024-88441405
87		"Shenyang Dadong Road Sub-Branch of Shengjing Bank Co., Ltd."	"No. 116, Dongshuncheng Street, Dadong District, Shenyang City"	024-24845070	110041	024-24845070
88		"Shenyang Zhenghao Sub-Branch of Shengjing Bank Co., Ltd."	"No. 68, Pangjiang Street, Dadong Street, Shenyang City"	024-24352501	110041	024-24352501
89		"Shenyang Jilong Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 4, No. 68, Dadong Road, Dadong District, Shenyang City"	024-24321649	110041	024-24321649
90		"Shenyang Liaoshen Sub-Branch of Shengjing Bank Co., Ltd."	"16#, No.1, Liaoshen 2nd Street, Dadong District, Shenyang City, Liaoning Province"	024-88113032	110041	024-88113032
91		"Shenyang Dongshuncheng Sub-Branch of Shengjing Bank Co., Ltd."	"No. 2, Dongshuncheng Road, Shenhe District, Shenyang City"	024-24867743	110014	024-24867743
92		"Shenyang Chongshan East Road Sub-Branch of Shengjing Bank Co., Ltd."	"No. 61, Chongdong East Road, Huanggu District, Shenyang City, Liaoning Province"	024-23496033	110167	024-24829409
93		"Shenyang Huashan Sub-Branch of Shengjing Bank Co., Ltd."	"No. 76, Harbin Road, Heping District, Shenyang City"	024-22501048	110002	024-22501048
94		"Shenyang Xinhe Sub-Branch of Shengjing Bank Co., Ltd."	"No. 98, Shashan Street, Heping District, Shenyang City"	024-23304214	110005	024-23304214



THE STATISTICAL STATEMENTS OF ALL OPERATING INSTITUTIONS OF SHENGJING BANK (CONTINUED)

Geographical		Full name of institutions	Business Address	Telephone	Postcode	Fax
No.	Region					
95		"Shenyang Lingdong Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 12&13, No.28, Tieshan Road, Huanggu District, Shenyang City, Liaoning Province"	024-31513441	110032	024-31513441
96		"Shenyang Huaxin Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 2, No. 12, Huashan Road, Huanggu District, Shenyang City, Liaoning Province"	024-86413380	110031	024-86413380
97		"Baita Sub-Branch of Shengjing Bank Co., Ltd."	"Gates 9 and 10, No. 130-27, Quanyun Road, Hunnan District, Shenyang"	024-81948699	110167	024-81948699
98		"Shenyang Shenyang Road Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 21, No. 15-5, Shenyang Road, Hunnan New District, Shenyang City, Liaoning Province"	024-62346152	110180	024-62346152
99		"Shenyang Xuesong Sub-Branch of Shengjing Bank Co., Ltd."	"No. 54, Xuesong Road, Sujiatun District, Shenyang City, Liaoning Province"	024-89586967	110101	024-89586967
100		"Shenyang Xiangshuwan Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 1, No. 6, Hejiang Street, Yuhong District, Shenyang City"	024-86527520	110031	024-86527520
101		"Shenyang Keji Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 2, No. 318, Qingnian Street, Heping District, Shenyang City, Liaoning Province"	024-23997390	110001	024-23842504
102		"Shenyang Nanhu Sub-Branch of Shengjing Bank Co., Ltd."	"No. 21 A-1, Sanhao Street, Heping District, Shenyang City"	024-23895215	110001	024-23895215
103		"Shenyang Xinning Street Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 2, No. 2, Xinning Street, Shenhe District, Shenyang City, Liaoning Province"	024-24232911	110015	024-24233911
104		"Shenyang Dongxing Sub-Branch of Shengjing Bank Co., Ltd."	"Gates 11-12, No. 429 Da'nán Street, Shenhe District, Shenyang City, Liaoning Province"	024-24516360	110016	024-24516360
105		"Shenyang Heping Sub-Branch of Shengjing Bank Co., Ltd."	"No. 96, Taiyuan South Street, Heping District, Shenyang City"	024-23518649	110001	024-23528647
106		"Shenyang Nanjing Street Sub-Branch of Shengjing Bank Co., Ltd."	"No. 45, Nanjing South Street, Heping District, Shenyang City"	024-23523225	110001	024-23523225
107		"Shenyang Shengli Sub-Branch of Shengjing Bank Co., Ltd."	"No. 14 and 16, Changbai 4th Street, Heping District, Shenyang City"	024-23523044	110166	024-23523044
108		"Shenyang Tianhe Sub-Branch of Shengjing Bank Co., Ltd."	"Unit 101 & 102, No. 5, Zhongshan Road, Heping District, Shenyang City"	024-83465328	110002	024-83465328
109		"Shenyang Beishi Sub-Branch of Shengjing Bank Co., Ltd."	"No. 218, Shifu Avenue, Heping District, Shenyang City"	024-62502761	110002	024-62502762
110		"Shenyang Hetai Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 3, No. 107, Nanjing North Street, Heping District, Shenyang City"	024-22870771	110002	024-22870771
111		"Shenyang Zhonghai Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 1, Gate 2-301, Gate 2- 302, Gate 3, No. 381, Changbai South Road, Heping District, Shenyang City, Liaoning Province"	024-88907277	110166	024-83251662
112		"Shenyang Medical University Sub-Branch of Shengjing Bank Co., Ltd."	"No.92, North Second Road, Heping District, Shenyang City"	024-83282796	110002	024-83282796
113		"Shenyang Hongxia Sub-Branch of Shengjing Bank Co., Ltd."	"No. 38, North 5th Longitude Street, Heping District, Shenyang City"	024-62250304	110003	024-62250304
114		"Shenyang Nanshi Sub-Branch of Shengjing Bank Co., Ltd."	"No. 7, South 3rd Longitude Street, Shenhe District, Shenyang City"	024-22710606	110013	024-22710606
115		"Shenyang Shenshui Sub-Branch of Shengjing Bank Co., Ltd."	"No.496, Changbai Street, Heping District, Shenyang City"	024-31910800	110002	024-31910800



THE STATISTICAL STATEMENTS OF ALL OPERATING INSTITUTIONS OF SHENGJING BANK (CONTINUED)

Geographical		Full name of institutions	Business Address	Telephone	Postcode	Fax
No.	Region					
116		"Shenyang Baogong Sub-Branch of Shengjing Bank Co., Ltd."	"No. 15, Baogong South Street, Tiexi District, Shenyang City"	024-25655584	110021	024-25655584
117		"Shenyang Xingong Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 1 and Gate 2, No. 95-4, Xingong North Street, Tiexi District, Shenyang City"	024-25851590	110021	024-25851590
118		"Shenyang Baoxing Sub-Branch of Shengjing Bank Co., Ltd."	"No. 29, Xinghua North Street, Tiexi District, Shenyang City"	024-25112720	110027	024-25112720
119		"Shenyang Tengfei Sub-Branch of Shengjing Bank Co., Ltd."	"No. 57, Tengfei 1st Street, Tiexi District, Shenyang City, Liaoning Province"	024-25931567	110027	024-25931567
120		"Shenyang Tiexi Sub-Branch of Shengjing Bank Co., Ltd."	"No. 31, Jianshe Middle Road, Tiexi District, Shenyang City"	024-25874600	110021	024-25874600
121		"Shenyang Mazhuang Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 1, No. 26, Mazhuang Street, Tiexi District, Shenyang City, Liaoning Province"	024-25728349	110023	024-25728349
122		"Shenyang Xinghua Sub-Branch of Shengjing Bank Co., Ltd."	"No. 14, Yanhua Street, Tiexi District, Shenyang City"	024-25964572	110021	024-25964572
123		"Shenyang Zhonghaicheng Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 1, No. 213, Xijiang Street, Yuhong District, Shenyang City"	024-25866380	110021	024-25866380
124		"Shenyang Puhe Sub-Branch of Shengjing Bank Co., Ltd."	"No. 16 Tianqianhu Street, Shenbei New District, Shenyang City, Liaoning Province"	024-24315810	110100	024-24313510
125		"Shenyang Jingxing Sub-Branch of Shengjing Bank Co., Ltd."	"No. 178, Xingshun Street, Tiexi District, Shenyang City"	024-85400343	110023	024-85400343
126		"Shenyang Xingshun Sub-Branch of Shengjing Bank Co., Ltd."	"(Gate 1) (Gate 2) (Gate 3) (Gate 4) (Gate 5) (Gate 6), No.23-1, North 2nd Middle Road, Tiexi District, Shenyang City, Liaoning Province"	024-81054378	110023	024-81054378
127		"Shenyang Huaxiang Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 4-5, No. 18, Huaxiang Road, Tiexi District, Shenyang City, Liaoning Province"	024-25920997	110023	024-25920997
128		"Shenyang Yaming Sub-Branch of Shengjing Bank Co., Ltd."	"No. 100, Kunshan Middle Road, Huanggu District, Shenyang City"	024-86860739	110031	024-86852023
129		"Shenyang Tawan Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 3, Gate 4, Gate 5, Gate 6, No. 142, Kunshan West Road, Huanggu District, Shenyang City"	024-86722014	110031	024-86722014
130		"Shenyang Yalu River Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 11, No. 63, Yalu River Street, Huanggu District, Shenyang City"	024-86620510	110031	024-86620510
131		"Shenyang Beihuan Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 1, No. 78, North Changjiang Street, Yuhong District, Shenyang City, Liaoning Province"	024-86166201	110034	024-86166201
132		"Shenyang Changjiang Sub-Branch of Shengjing Bank Co., Ltd."	"No. 59, Changjiang Street, Huanggu District, Shenyang City"	024-86297739	110031	024-86297739
133		"Shenyang Social Security Building Sub-Branch of Shengjing Bank Co., Ltd."	"No. 103, Chongshan Middle Road, Huanggu District"	024-26404129	110013	024-26404129
134		"Shenyang Dongling Sub-Branch of Shengjing Bank Co., Ltd."	"No. 105A, Wanliutang Road, Shenhe District, Shenyang City, Liaoning Province"	024-24200020	110015	024-24200020
135		"Shenyang Nanta Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 6 & 7, No.18, Wenhua East Road, Shenhe District, Shenyang City, Liaoning Province"	024-24222193	110015	024-24222193



THE STATISTICAL STATEMENTS OF ALL OPERATING INSTITUTIONS OF SHENGJING BANK (CONTINUED)

Geographical		Full name of institutions	Business Address	Telephone	Postcode	Fax
No.	Region					
136		"Shenyang Free Trade Zone Sub-Branch of Shengjing Bank Co., Ltd."	"Floor 1, Block D, No.109-4 Quanyun Road, Shenyang Area, China (Liaoning) Pilot Free Trade Zone (Room 128)"	024-83766268	110000	024-83766268
137		"Shenyang Hepan New Town Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 10 & 11, No. 1-436, Hengda Road, Hunnan New District, Shenyang City"	024-24564181	110000	024-24564181
138		"Shenyang Sujiatun Sub-Branch of Shengjing Bank Co., Ltd."	"No. 60, Fengyang Road, Sujiatun District, Shenyang City"	024-89811137	110101	024-89811137
139		"Shenyang Changbai Sub-Branch of Shengjing Bank Co., Ltd."	"Jia 1-2, No. 62, Changbai West Road, Heping District, Shenyang City"	024-23732950	110001	024-23732950
140		"Shenyang Fengyang Sub-Branch of Shengjing Bank Co., Ltd."	"Door 1, 53, No. 107, Fengyang Road, Sujiatun District, Shenyang City"	024-89825773	110101	024-89825773
141		"Shenyang Shenbei New District Sub-Branch of Shengjing Bank Co., Ltd."	"No. 32, Yinhe Street, Shenbei New District, Shenyang City, Liaoning Province"	024-89869157	110121	024-89869157
142		"Shenyang Daoyi Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 3 & 4, No. 55-5, Daoyi North Street, Shenbei New District, Shenyang City, Liaoning Province"	024-89798932	110000	024-89798932
143		"Shenyang Kangping Sub-Branch of Shengjing Bank Co., Ltd."	"No.300 Central Street, Kangping Town, Kangping County, Shenyang City, Liaoning Province"	024-87335672	110500	024-87335672
144		"Shenyang Faku Sub-Branch of Shengjing Bank Co., Ltd."	"Shops 105, 106, 107, 108 & 109, Building 6, No. 41, Bianmen Street, Faku Town, Faku County, Shenyang City, Liaoning Province"	024-31109066	110400	024-31109166
145		"Dalian Branch of Shengjing Bank Co., Ltd."	"No. 160, Jiefang Road, Zhongshan District, Dalian City, Liaoning Province"	0411-82566666	116011	0411-82566666
146		"Dalian Development Zone Sub-Branch of Shengjing Bank Co., Ltd."	"No.154-2-1-1, No.154-2-2-1, Jinma Road, Maqiaozi Street, Jinzhou District, Dalian City, Liaoning Province"	0411-87571166	116600	0411-87571166
147		"Dalian Wafangdian Sub-Branch of Shengjing Bank Co., Ltd."	"No. 559-7, 8 & 9, Zhufeng Street, Wenlan Street Office, Wafangdian City, Liaoning Province"	0411-85552255	116300	0411-85552255
148		"Dalian Wusi Square Sub-Branch of Shengjing Bank Co., Ltd."	"No. 10, Wusi Square, Shahekou District, Dalian City, Liaoning Province"	0411-84652233	116000	0411-84652233
149		"Dalian Xinghai Sub-Branch of Shengjing Bank Co., Ltd"	"No. 6, 1st Floor, Unit 1, No. 14, Area B2, Xinghai Plaza, Shahekou District, Dalian City, Liaoning Province"	0411-88144433	116000	0411-88144433
150		"Dalian Renmin Road Sub-Branch of Shengjing Bank Co., Ltd"	"No.73 Renmin Road, Zhongshan District, Dalian City, Liaoning Province"	0411-82593999	116011	0411-82593999
151		"Anshan Sub-Branch of Shengjing Bank Co., Ltd"	"5A-S1, S3, S4, S5, S6, S7, S8, S9, S10, S11, S12, S13, Hunan Street, Tiedong district, Anshan City, Liaoning Province"	0412-5939998	114000	0412-5939998
152		"Anshan Tiedong Sub-Branch of Shengjing Bank Co., Ltd."	"No. S9, No. S10 and No. S11, Building 40, Shannan Street, Tiedong district, Anshan City, Liaoning Province"	0412-5841266	114000	0412-5841266
153		"Anshan Tiexi Sub-Branch of Shengjing Bank Co., Ltd."	"No. 178-S1, S2, S3 & S4, No. 178, Jiudao Street, Tiexi District, Anshan City"	0412-8592299	114000	0412-8592299



THE STATISTICAL STATEMENTS OF ALL OPERATING INSTITUTIONS OF SHENGJING BANK (CONTINUED)

Geographical		Full name of institutions	Business Address	Telephone	Postcode	Fax
No.	Region					
154		"Anshan Haicheng Sub-Branch of Shengjing Bank Co., Ltd."	"01-S4, Silk Street, Haicheng City, Anshan City, Liaoning Province"	0412-3666766	114000	0412-3666766
155		"Anshan Xinxing Sub-Branch of Shengjing Bank Co., Ltd."	"4-S1&4-S2, North Shengli Road, Lishan District, Anshan City, Liaoning Province"	0412-5916280	114000	0412-5916280
156		"Anshan Shengli Sub-Branch of Shengjing Bank Co., Ltd."	"No. 9-11, Wuyi Road, Tiedong District, Anshan City, Liaoning Province"	0412-5939993	114000	0412-5939993
157		Anshan High-Tech Sub-branch of Shengjing Bank Co., Ltd.	"No. S10 and S11, Building 45, Yue Ling Road, Lishan District, Anshan City, Liaoning Province"	0412-5290155	114000	0412-5290155
158		"Fushun Branch of Shengjing Bank Co., Ltd."	"No. 2, Building 21-1, Linjiang East Road, Shuncheng District, Fushun City, Liaoning Province"	024-53903666	113006	024-53903666
159		"Fushun Xinfu Sub-Branch of Shengjing Bank Co., Ltd."	"Shop 2, Building 2, Wugong Street, Xinfu District, Fushun City, Liaoning Province"	024-53965666	113008	024-53965666
160		"Fushun Wanghua Sub-Branch of Shengjing Bank Co., Ltd."	"Shop 1 & 2, Building 23, West Section, Leifeng Road, Wanghua District, Fushun City, Liaoning Province"	024-53978966	113001	024-53978966
161		"Fushun Dongzhou Sub-Branch of Shengjing Bank Co., Ltd."	"First Floor of Room 5 and First & Second Floor of Room 6, Nonresidential Two-Floor Unit, No. 3, Dongzhou North Street, Dongzhou District, Fushun City, Liaoning Province"	024-53784333	113004	024-53784333
162		"Benxi Branch of Shengjing Bank Co., Ltd."	"No. 4, Dongming Road, Pingshan District, Benxi City (Central Street, Pingshan District)"	024-43106888	117000	024-43106888
163		"Benxi Mingshan Sub-Branch of Shengjing Bank Co., Ltd."	"No. 4, 1st Floor, No. 4, 2nd Floor, No. 5, 1st Floor, No. 5, 2nd Floor, Building 7-1B, Digong Road, Mingshan District, Benxi City, Liaoning Province"	024-45580666	117000	024-45580666
164		"Benxi Shengli Road Sub-Branch of Shengjing Bank Co., Ltd."	"Building 57, Shengli Road, Mingshan District, Benxi City"	024-42966688	117000	024-42966688
165		"Benxi Pingshan Sub-Branch of Shengjing Bank Co., Ltd."	"No. 8, Building 31-6, Pingshan Road, Pingshan District, Benxi City, Liaoning Province"	024-42966999	117000	024-42966999
166		"Benxi County Sub-Branch of Shengjing Bank Co., Ltd."	"No. 331, Changjiang Road, Xiaoshi Town, Benxi Manchu Autonomous County, Liaoning Province"	024-43336111	117100	024-43336111
167		Benxi Huanren Sub-branch of Shengjing Bank Co., Ltd.	No. 2-2, Unit 0, Block 2, Group 02, Xiangyang Street, Huanren Town, Huanren Manzu Autonomous County, Benxi City, Liaoning Province	024-48217666	117200	024-48217666
168		Dandong Branch of Shengjing Bank Co., Ltd.	"No. 70, Qingnian Street, Zhenxing District, Dandong City"	0415-2946666	118000	0415-2946666
169		"Dandong Donggang Sub-Branch of Shengjing Bank Co., Ltd."	"No. 30, Jinxiu Jiayuan Community, Dadong Administrative Zone, Donggang County-level City, Dandong City, Liaoning Province"	0415-2596666	118300	0415-2596666



THE STATISTICAL STATEMENTS OF ALL OPERATING INSTITUTIONS OF SHENGJING BANK (CONTINUED)

Geographical		Full name of institutions	Business Address	Telephone	Postcode	Fax
No.	Region					
170		Dandong Yuanbao Sub-branch Shengjing Bank Co., Ltd.	"No. 20-1, 20-5 Xinglong Street, Yuanbao District, Dandong City, Liaoning Province"	0415-2800666	118000	0415-2800666
171		"Jinzhou Branch of Shengjing Bank Co., Ltd."	"No. 43-1, Area B of Lingyunli Manhattan, Taihe District, Jinzhou City"	0416-2110900	121000	0416-2110900
172		"Jinzhou Yan'an Road Sub-Branch of Shengjing Bank Co., Ltd."	"No. 1-1, Jindi Baihe Bay, No. 2, Section 7, Yan'an Road, Linghe District, Jinzhou City, Liaoning Province"	0416-2110950	121000	0416-2110950
173		"Jinzhou Jiefang Road Sub-Branch of Shengjing Bank Co., Ltd."	"No. 8, 9, Section 171, Hangzhou Street, Linghe District, Jinzhou City, Liaoning Province"	0416-2110988	121000	0416-2110988
174		"Jinzhou Central Avenue Sub-Branch of Shengjing Bank Co., Ltd."	"No. 26-52 & 26-53, Section 3, Jiefang Road, Guta District, Jinzhou City, Liaoning Province"	0416-2110998	121000	0416-2110998
175		"Jinzhou Shifu Road Sub-Branch of Shengjing Bank Co., Ltd."	"No.3-118, No.3-119, No.3-120, No.3-121, Dianyi Xinzhou, Shifu Road, Taihe District, Jinzhou City, Liaoning Province"	0416-3680555	121000	0416-3680555
176		"Yingkou Branch of Shengjing Bank Co., Ltd."	"No. 17, Riyue Avenue, Yingkou Economic and Technological Development Zone, Liaoning Province"	0417-6818666	115007	0417-6818666
177		"Yingkou Dashiqiao Sub-Branch of Shengjing Bank Co., Ltd."	"No. 28 (Yandongli of Junmin Street), Hada Middle Road, Dashiqiao County-level City, Yingkou City, Liaoning Province"	0417-5826677	115100	0417-5826677
178		"Yingkou Shifu Sub-Branch of Shengjing Bank Co., Ltd."	"No. 1-A-A-1, Huibin Road, Zhanqian District, Yingkou City"	0417-4887700	115000	0417-4887700
179		Yingkou Xiongyue Sub-branch of Shengjing Bank Co., Ltd.	"Zhanqian Street, Xiongyue Town, Bayuquan District, Yingkou City, Liaoning Province (outlets at No. 25, Block 1, Parkson Commercial and Residential Apartment, and No. 26 and 27, Parkson Commercial and Residential Apartment East)"	0417-6166628	115007	0417-6166640
180		"Yingkou Xuefu Sub-Branch of Shengjing Bank Co., Ltd."	"No. 75-A6 and A7, Panpan Road South, Xishi District, Yingkou City, Liaoning Province"	0417-2922345	115000	0417-2922345
181		"Yingkou Gaizhou Sub-Branch of Shengjing Bank Co., Ltd."	"Unit 2, Building 10, Longsheng Huayuan, Xinxing Community, Xicheng Street Office, Gaizhou County-level City, Yingkou City, Liaoning Province"	0417-7331666	115200	0417-7331666
182		"Yingkou Kunlun Sub-Branch of Shengjing Bank Co., Ltd."	"No. 8-2, South Section, Kunlun Street, Bayuquan District, Yingkou City, Liaoning Province"	0417-6166600	115007	0417-6166600
183		"Fuxin Branch of Shengjing Bank Co., Ltd."	"Gate 12, 14, 16, 18, 20, 22, No. 86, Zhonghua Road, Haizhou District, Fuxin City"	0418-5699999	123000	0418-5699999
184		"Fuxin Fumeng County Sub-Branch of Shengjing Bank Co., Ltd."	"No. 26-1-1-4, Building 26, Wenhua Road, Qiangmin Community, Fumeng County, Fuxin City, Liaoning Province"	0418-3590999	123100	0418-3590999
185		"Fuxin Xihe Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 2, Gate 3, No. 63, Dongfeng Road, Xihe District, Fuxin City, Liaoning Province"	0418-3392999	123000	0418-3392999



THE STATISTICAL STATEMENTS OF ALL OPERATING INSTITUTIONS OF SHENGJING BANK (CONTINUED)

Geographical		Full name of institutions	Business Address	Telephone	Postcode	Fax
No.	Region					
186		"Fuxin Haizhou Sub-Branch of Shengjing Bank Co., Ltd."	"Gate 17 and Gate 18, No.76, Industry Street, Haizhou District, Fuxin City, Liaoning Province"	0418-2293000	123000	0418-2293000
187		"Liaoyang Branch of Shengjing Bank Co., Ltd."	"No. 155, Wensheng Road, Baita District, Liaoyang City, Liaoning Province"	0419-3736789	111000	0419-3736789
188		"Liaoyang Hongwei Sub-Branch of Shengjing Bank Co., Ltd."	"Outlet on First Floor, No. 28, Jiankang Road, Hongwei District, Liaoyang City, Liaoning Province"	0419-3679345	111003	0419-3679345
189		"Liaoyang Baita Sub-Branch of Shengjing Bank Co., Ltd."	1 & 2/F, Jindi Mingzuo, No.92-9 Minzhu Road, Baita District, Liaoyang City, Liaoning Province	0419-3679356	111000	0419-3679356
190		"Tieling Branch of Shengjing Bank Co., Ltd."	"1-1, No.18 Yinzhou Road, Yinzhou District, Tieling City, Liaoning Province"	024-72276666	112000	024-72276666
191		"Tieling Yinzhou Sub-Branch of Shengjing Bank Co., Ltd."	"Shop 1, Zone C East, Building 22, No. 11, Huiyuan Community, Chaihe Street, Yinzhou District, Tieling City, Liaoning Province"	024-76696666	112000	024-76696666
192		"Tieling Diaobingshan Sub-Branch of Shengjing Bank Co., Ltd."	"Beijindu Comprehensive Building, Trade Town East of Diaobingshan Street, Diaobingshan County-level City, Tieling City, Liaoning Province"	024-76516666	112700	024-76516666
193		"Tieling County Sub-Branch of Shengjing Bank Co., Ltd."	"Borun Lanting West Gate, No. 28-8-1, 28-8-2, 28-8-3 Changjiang Road, Tieling County, Tieling City, Liaoning Province"	024-76656666	112600	024-76656666
194		"Chaoyang Branch of Shengjing Bank Co., Ltd."	"No. 401, 102, 202 & 302 of G4 Outlet, Phase I Dongdu Jiayuan, North Street, Shuangta District"	0421-3999916	122000	0421-3999916
195		"Chaoyang Shuangta Sub-Branch of Shengjing Bank Co., Ltd."	"No.3-5, 3-6 and 3-7, Section 2, Zhujiang Road, Shuangta District, Chaoyang City, Liaoning Province"	0421-2730007	122000	0421-2730007
196		"Chaoyang Jianping Sub-Branch of Shengjing Bank Co., Ltd."	"No. 59, Renmin Road, Jianping County, Chaoyang City, Liaoning Province"	0421-7868222	124000	0421-7868222
197		"Chaoyang Longcheng Sub-Branch of Shengjing Bank Co., Ltd."	"No. 69-1 & 69-2, Section 5, Wenhua Road, Longcheng District, Chaoyang City, Liaoning Province"	0421-3999939	122000	0421-3999939
198		"Panjin Branch of Shengjing Bank Co., Ltd."	"No. 136, Xinglongtai Street, Xinglongtai District, Panjin City"	0427-3290900	124000	0427-3290900
199		"Panjin Development Zone Sub-Branch of Shengjing Bank Co., Ltd."	"No. 236, Taishan Road, Xinglongtai District, Panjin City"	0427-3267099	124000	0427-3267099
200		"Panjin Liaohe Oil Field Sub-Branch of Shengjing Bank Co., Ltd."	"Business Outlet No. 1-3 & 1-4, Xinyihe Community, Xinglongtai Street, Xinglongtai District, Panjin City"	0427-3291099	124000	0427-3291099
201		"Panjin Panshan Sub-Branch of Shengjing Bank Co., Ltd."	"Room 102, Floor 1, Venture Building, No.8, Fuqian Street, Panshan County, Panjin City, Liaoning Province"	0427-3710099	124000	0427-3712199
202		"Panjin Shuangtaizi Sub-Branch of Shengjing Bank Co., Ltd."	"No. 156, Shengli Street, Shuangtaizi District, Panjin City, Liaoning Province"	0427-3710880	124000	0427-3710880



THE STATISTICAL STATEMENTS OF ALL OPERATING INSTITUTIONS OF SHENGJING BANK (CONTINUED)

Geographical		Full name of institutions	Business Address	Telephone	Postcode	Fax
No.	Region					
203		Panjin Taishan Road Sub-branch of Shengjing Bank Co., Ltd.	"No. 13, 14 and 15, Building 17, Yayuan Community, Kunlun Yunjing Phase II, Tianjia Town, Dawa District, Panjin City, Liaoning Province"	0427-3790999	124000	0427-3790999
204		"Huludao Branch of Shengjing Bank Co., Ltd."	"Building L & Building B, No. 145, Longwan Street, Longgang District, Huludao City, Liaoning Province"	0429-3023008	125000	0429-3023008
205		"Huludao Lianshan Sub-Branch of Shengjing Bank Co., Ltd."	"Building A, No. 5, Lianshan Street, Lianshan District, Huludao City, Liaoning Province"	0429-3077666	125000	0429-3077666
206		"Huludao Longgang Sub-Branch of Shengjing Bank Co., Ltd."	"No. 28, Longwan Street, Longgang District, Huludao City"	0429-3122000	125000	0429-3122000
207		"Huludao Xingcheng Sub-Branch of Shengjing Bank Co., Ltd."	"Bihai Yaju Community, Diaoyutai Street Office, Xingcheng City, Liaoning Province"	0429-5677766	125000	0429-5677766
208		"Huludao Suizhong Sub-Branch of Shengjing Bank Co., Ltd."	"No. 11, Section 2, Central Road, Suizhong County, Huludao City, Liaoning Province"	0429-3258001	125000	0429-3258001
209		"Huludao Dongcheng Sub-Branch of Shengjing Bank Co., Ltd."	"Building A, B, C, No. 3-5, Fumin Street, Lianshan District, Huludao City, Liaoning Province"	0429-3220707	125000	0429-3220707
210		"Huludao Jianchang Sub-Branch of Shengjing Bank Co., Ltd."	"Shop 3, 4, 5 & 6 Eastward, South of Tianxing Commercial & Residential Community, East Guangming Street (originally people' armed forces), Jianchang County, Huludao City, Liaoning Province"	0429-3305858	125000	0429-3305858
211		"Credit Card Center of Shengjing Bank Co., Ltd."	"Floor 39, Building 1, Xindi Center, No. 10, Youhao Street, Shenhe District, Shenyang City"	024-23323777-1056	110013	024-23323777-1056
212		"Capital Operation Center of Shengjing Bank Co., Ltd."	"No. 15, Baogong South Street, Tiexi District, Shenyang City"	024-86108234	110000	024-86108234
213		"Small Business Financial Service Center of Shengjing Bank Co., Ltd."	"M1, M2, M3, M4, M5, M6, M24, M25, M26, M27, M28, M29, M30, M31, No. 437-83 Hunnan East Road, Shentu Demonstration Zone, Liaoning Province"	024-86108301	110101	024-86108301 +A4:G216



DEFINITION

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

"Articles of Association"	the articles of association of the Bank, as amended from time to time
"Bank", the "Company", "Shengjing Bank", or "We"	Shengjing Bank Co., Ltd. (盛京银行股份有限公司), a joint stock limited company incorporated in the PRC on 10 September 1997 in accordance with PRC laws, and, if the context requires, includes its predecessors, subsidiaries, branches and sub-branches
"Board" or "Board of Directors"	the board of Directors of the Bank
"Board of Supervisors"	the board of Supervisors of the Bank
"Director(s)"	the director(s) of the Bank
"Domestic Shares"	ordinary shares issued by the Bank, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in full in Renminbi
"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"H Shares"	overseas-listed shares in the share capital of our Bank, with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Main Board of the Hong Kong Stock Exchange
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Latest Practicable Date"	28 March 2025, being the latest practicable date prior to the publication for the purpose of ascertaining of certain information contained therein
"Liaoning Financial Bureau"	Liaoning Bureau of the National Financial Regulatory Administration (formerly known as Liaoning Bureau of the China Banking and Insurance Regulatory Commission)



DEFINITION (CONTINUED)

"Listing Date"	29 December 2014, the date on which dealings in the H Shares first commenced on the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Macau"	the Macau Special Administrative Region of the PRC
"NFRA"	National Financial Regulatory Administration (formerly known as China Banking and Insurance Regulatory Commission)
"PBOC", "People's Bank" or "Central Bank"	the People's Bank of China
"PRC"	the People's Republic of China
"Reporting Period"	the year ended 31 December 2024
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
"Shareholder(s)"	the shareholder(s) of the Bank
"Shares"	the Domestic Shares and the H Shares
"Shenyang Hengxin"	Shenyang Hengxin State-owned Assets Management Group Co., Ltd. (瀋陽恒信國有資產經營集團有限公司) (formerly known as Shenyang Hengxin State-owned Assets Management Co., Ltd. (瀋陽恒信國有資產經營有限公司)), a company incorporated in the PRC on 10 April 2002
"Shenyang SASAC"	State-owned Assets Supervision and Administration Commission of Shenyang Municipal People's Government
"State Council"	the State Council of the PRC
"Supervisor(s)"	the supervisor(s) of the Bank
"%"	per cent