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Guangzhou Rural Commercial Bank Co., Ltd.*

廣州農村商業銀行股份有限公司*

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

(Stock code: 1551)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

The board of directors (the “**Board**”) of Guangzhou Rural Commercial Bank Co., Ltd.* (the “**Bank**”) announces the audited consolidated annual results of the Bank and its subsidiaries (the “**Group**”) for the year ended December 31, 2024 (the “**Annual Results**”) prepared in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board. The Annual Results have been reviewed by the Board and the audit committee of the Board. Unless otherwise specified, the financial data set out in this announcement are the Group’s consolidated accounts and are presented in Renminbi. This results announcement is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Bank (www.grcbank.com), and the 2024 annual report of the Bank will be published on the aforementioned websites in due course. The 2024 annual report of the Bank will be dispatched to the H shareholders of the Bank in the manner in which the H shareholders of the Bank have elected to receive the corporate communication.

By Order of the Board
Guangzhou Rural Commercial Bank Co., Ltd.*
Cai Jian
Chairman

Guangzhou, the PRC
March 28, 2025

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Cai Jian and Ms. Deng Xiaoyun; seven non-executive directors, namely Mr. Ni Kai, Mr. Wang Xiaobin, Mr. Zuo Liang, Mr. Zhang Yan, Ms. Xing Qiuyu, Mr. Hu Geyou and Mr. Feng Yaoliang; and five independent non-executive directors, namely Mr. Liao Wenyi, Mr. Du Jinmin, Mr. Zheng Guojian, Mr. Zhang Hua and Mr. Ma Hok Ming.

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

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DEFINITIONS

Unless the context otherwise requires, the terms used in this report shall have the following meaning:

“AGM”	annual general meeting of the Bank
“Articles of Association”	the articles of association of the Bank, which was passed by the Bank at the general meeting held on 20 June 2023 and was approved by the National Financial Regulatory Administration, Guangdong Bureau and became effective on 30 October 2023
“Board of Directors”	the board of directors of the Bank
“Board of Supervisors”	the board of supervisors of the Bank
“CBIRC”	the former China Banking Insurance Regulatory Commission
“CBRC”	the former China Banking Regulatory Commission
“Central Bank”, “PBOC”	the People’s Bank of China or “People’s Bank”
“China” or “PRC”	the People’s Republic of China
“Corporate Governance Code ”	Appendix C1 of the Corporate Governance Code under the Listing Rules
“county bank(s)”	banking financial institutions that are approved by China Banking Regulatory Authority to be incorporated in rural areas to serve the farmers, agriculture in rural areas and rural economic development
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of our Bank
“Domestic Shares”	the ordinary shares with a nominal value of RMB1.00 each issued by the Bank in the PRC
“Group”	Guangzhou Rural Commercial Bank Co., Ltd. and its subsidiaries
“Guangzhou Rural Commercial Bank” or “Bank”	Guangzhou Rural Commercial Bank Co., Ltd.
“H Shares”	the foreign shares issued by the Bank which are registered in Mainland China and listed in Hong Kong
“HK\$”	the lawful currency of Hong Kong Region
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“HKEx” or “Stock Exchange”	the Stock Exchange of Hong Kong Limited
“IFRS Accounting Standards”	IFRS Accounting Standards, which include the related standards, amendments and interpretations issued by the International Accounting Standard Board (“IASB”)
“Latest Practicable Date”	28 March 2025
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time
“Reporting Period”	for the twelve months from 1 January 2024 to 31 December 2024
“yuan” or “RMB”	the lawful currency of the People’s Republic of China
“Sannong”	agriculture, rural areas and farmers
“Thousand and Ten Thousand Project”	hundred counties, thousand towns, and ten thousand villages high-quality development project of Guangdong Province
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the holder(s) of the Share(s)
“Share(s)”	Domestic Shares and H Shares
“supervisor(s)”	the supervisor(s) of the Bank
“USD”	the lawful currency of the United States of America
“%”	per cent

CHAIRMAN'S STATEMENT

Striving forward, steadily forging a new chapter. In 2024, amid an exceptionally complex internal and external environment, Guangzhou Rural Commercial Bank remained steadfast in its guiding philosophy, continuously strengthening its core mission and vision. Focused on creating a high-quality development model for small and medium-sized banks in Guangzhou, we have relentlessly enhanced our financial services with unwavering commitment, accelerated the growth of small and medium-sized asset businesses with unprecedented determination, deepened reforms and innovation with unwavering perseverance, and promoted the organic integration of Party leadership with corporate governance through steadfast commitment and accountability. As a result, the Bank has maintained overall operational stability, optimized structural adjustments, and improved asset quality.

Seizing the Moment, Living Up to Our Prime, and Strengthening the Foundation for High-Quality Development. Over the past year, we have set industry averages as our benchmark and advanced the “Year of Efficiency Enhancement” activity, centered on “expanding the market, reducing risks, enhancing management and increasing efficiency.” Our employees have developed a deeper awareness of efficiency, embedding the principle of “quality first, efficiency first” across all aspects of our operations. We have accelerated business structure optimization, stabilized net interest margins, strengthened asset quality control, proactively resolved legacy risks, and rigorously controlled financial expenses. Through consistent, incremental progress, we have achieved rational growth in assets and liabilities while enhancing their overall quality. Significant progress has been made in risk mitigation, ensuring the Bank’s steady and resilient development.

Driving Reform, Embracing the Times, and Establishing Core Competitiveness in Small and Medium-Sized Asset Business. Over the past year, we have continuously refined our small and medium-sized asset business model and launched the comprehensive competitiveness enhancement program for our branches. Targeting moderately risky Sannong clients, controllable-risk small and micro enterprises, and high-quality local large enterprises, we have strengthened our advantages and pursued innovation, shifting our growth model from scale-driven to quality-driven and our customer management approach from broad-based to precision-focused. We have fully established the “2+3+N” corporate and inclusive SME credit product system, along with the “1+3+N” retail credit product system. Our small and medium-sized asset business processes have undergone continuous iteration and optimization, revitalizing our branch network’s comprehensive operations. Throughout the year, we extended over RMB100 billion in small and medium-sized loans, marking a nearly 50% year-on-year increase, with loans under RMB50 million accounting for a significantly higher proportion of our total lending portfolio by year-end.

CHAIRMAN'S STATEMENT

Fulfilling Our Mission, Honoring Our Commitment, and Maximizing Our Role as a Pillar of Economic Development. Over the past year, we have remained steadfast in our strategic positioning and unwavering in our commitment, aligning our efforts with national priorities and the broader provincial and municipal landscape. We have channeled more high-quality resources into key sectors, including Sannong, inclusive finance for small and micro business, manufacturing, technological innovation, and green, low-carbon industries – demonstrating the full potential of a rural commercial bank and the responsibility of a state-owned financial institution. Our support for Sannong and small enterprises continued to lead the way, with enhanced contributions to the “hundred counties, thousand towns, and ten thousand villages high-quality development project.” Notably, we facilitated the successful implementation of the Nansha Marine Ranch Project, which was recognized as the gold award recommended case of the “Thousand and Ten Thousand Project” for financial institutions in Guangdong in 2024. Meanwhile, we have made solid strides in fostering new productive forces, maintaining steady loan growth in key sectors and priority regions. Additionally, the Southbound Cross-Boundary Wealth Management Connect was successfully launched, further elevating our cross-border pilot programs in the Guangdong-Hong Kong-Macao Greater Bay Area to new heights.

With vast waters converging into the open sea, the winds are perfect for setting sail. As 2025 marks the final year of the “14th Five-Year” Plan and the blueprinting phase of the “15th Five-Year” Plan, the Central Economic Work Conference has signaled a more proactive macroeconomic policy stance, presenting small and medium-sized banks with new opportunities for business expansion and quality improvement. In the thriving landscape of the Pearl River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area is riding the momentum of progress, and the wave of Chinese-style modernization is surging through Guangdong and Guangzhou, offering an opportune moment for us to forge ahead and achieve new breakthroughs. In the new year, Guangzhou Rural Commercial Bank will continue to hold high the great banner of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly implement the spirit of the 20th National Congress of the Communist Party of China, the Second and the Third Plenary Session of the 20th Central Committee of the Communist Party of China, and the Central Economic Work Conference, fully implement the decisions and deployment of the provincial and municipal governments, and contribute more to help the province and the city take the lead in promoting the construction of Chinese-style modernization with higher-quality development and better-level services.

We Will Persevere with Diligence and Unwavering Dedication. Following the guidance of President Xi Jinping, we will adhere to the principles of seeking progress while maintaining stability and promoting stability through progress. Based on the establishment of a healthy balance sheet, we will pool our efforts to seek development, continuously control risks, pragmatically optimize management, and continuously strengthen Party-building efforts, so as to accelerate our progress toward becoming a first-class commercial bank in China. We remain unwavering in our commitment to “rooting in the local market and pursuing specialized operations” while focusing on “five major tasks”: technology finance, green finance, inclusive finance, elderly care finance, and digital finance, and continuously contribute to the development of new quality productive forces.

We Will Commit to Transformation and Forge Ahead with Determination. We are committed to fostering synergy and collective advancement, striking a balance between growth and security. With an overarching goal of moderate scale expansion and structural optimization, we will fully implement the “Year of Asset Efficiency” initiative, driving steady improvements in asset returns through a structured strategy of “reducing large exposures, increasing SME loans; reducing tertiary sector exposure, increasing secondary sector support; reducing short-term working capital loans, increasing long-term fixed asset loans; and mitigating risks while enhancing profitability.”

CHAIRMAN'S STATEMENT

We Will Embrace Change While Upholding Integrity and Innovation. We will scientifically formulate a new round of strategic development plans, set clear directions, establish implementation pathways, and ensure execution. By deploying a comprehensive suite of reform and innovation measures, we will enhance internal dynamism through institutional optimization. Strengthening our branch marketing capabilities, we will focus on four key areas – personnel, products, processes, and performance assessments – to improve operational efficiency. Meanwhile, we will concentrate our efforts on risk prevention and control, upholding compliance and security as fundamental safeguards, and continuously strengthening our resilience across economic cycles.

No dream is too distant if we dare to pursue it; no aspiration is too challenging if we remain steadfast in our commitment. While the road ahead is challenging, we firmly believe that with the strong leadership of the Municipal Party Committee and the Municipal People's Government, the collective dedication of our employees, and the trust and support of our shareholders and customers, Guangzhou Rural Commercial Bank will successfully realize its vision of becoming a first-class commercial bank in China.

PRESIDENT'S STATEMENT

Spring blossoms give way to autumn's bounty, marking the passage of another year. 2024 has been a year of steadfast dedication and relentless progress. Guangzhou Rural Commercial Bank has adhered to prudent operations while embracing innovation, guided by the core strategy of "expanding the market, reducing risks, enhancing management, and increasing efficiency." We have demonstrated our financial commitment to economic and social development, conveyed the warmth of finance in improving people's livelihoods, and showcased our financial strength in fostering the "dual competitiveness." As a result, the Bank's operations have remained robust and on a positive trajectory. By the end of 2024, the Group's total assets and liabilities reached RMB1.36 trillion and RMB1.26 trillion, respectively. We achieved an annual operating income of RMB15.832 billion and a net profit of RMB2.416 billion, maintaining stable scale and profitability. Our asset quality continued to improve, with a "one decrease, two increases" trend— a lower non-performing loan (NPL) ratio, higher provision coverage ratio, and stronger capital adequacy ratio. Small and micro credit assets sustained double-digit growth for the second consecutive year, and our business structure continued to improve. Meanwhile, our ranking in The Banker's "Global Banking 1000" climbed to 153rd, reflecting our strengthened comprehensive capabilities and brand influence.

Staying true to our core mission, and empowering the real economy with financial vitality. Throughout the year, we remained steadfast in our mission as a state-owned financial enterprise, actively responding to the pressing needs of "Sannong", industry, and livelihoods while accelerating progress across "five major tasks". We made significant contributions to the "Thousand and Ten Thousand Project" by establishing a diversified, multi-tiered, and broadly inclusive rural financial service system. Our use of agricultural re-lending funds remained the highest in the province, benefiting thousands of farming households and agricultural enterprises, with agriculture-related loans exceeding RMB40 billion. We actively integrated ourselves into the development of a modern industrial system and the advancement of new productive forces, extending over RMB20 billion in loans to specialized, innovative, and high-tech enterprises. The growth rate of the medium – to long-term loans for the manufacturing sector, green finance, and inclusive micro and small businesses far exceeded the average loan growth rate of the entire bank. With a keen focus on improving housing conditions, upgrading consumer spending, and enhancing wealth management for residents of the Greater Bay Area, we secured pilot qualification for the Cross-boundary Wealth Management Connect 2.0 (Southbound Scheme). Our mortgage, consumer, and credit card loans all outpaced our local peers in Guangzhou, injecting strong momentum into the high-quality economic development of both the province and the city through high-quality financial services.

Refining strategic positioning, and strengthening competitive advantages through specialized operations. This year, we launched the "Year of Efficiency Enhancement" activity, striving to establish ourselves as a benchmark for specialized operations among small and medium-sized banks. We focused on enhancing the core competitiveness of our small and micro asset portfolio and bolstering the overall strength of our branch network. We restructured our credit product system based on industry segmentation, driving business process transformation through digital innovation. With a richer suite of fully online, instant approval, and rapid disbursement loan services, small and micro assets became the Bank's primary driver of performance growth. To solidify our branch network as the main battleground for business development, we systematically optimized our branch layout and deepened tiered and categorized management. By upgrading smart equipment and fostering collaborative marketing across job roles, we redefined the in-branch customer journey – transitioning our branches from "transaction-focused" to "service – and sales-oriented." These efforts have enhanced our reputation as a top-tier financial service provider for small and micro enterprises, as well as urban and rural residents.

PRESIDENT'S STATEMENT

Reinforcing the foundation of risk management, and enhancing asset quality through proactive resolution and prevention. Throughout the year, we maintained a prudent and stable risk appetite, taking a dual-pronged approach to addressing legacy risks and preventing new ones, firmly safeguarding our asset quality. With an innovative and comprehensive strategy, we steadily advanced the disposal of non-performing assets, successfully completing asset transfer projects, and significantly reducing large and out-of-region credit exposures. We prudently managed the reform and risk mitigation of our affiliated village and township banks, effectively tackling and resolving risks in key areas. By reinforcing accountability and implementing targeted measures, we established a robust end-to-end credit risk management system. We strengthened forward-looking risk controls for performing assets, driving the NPL ratio to its lowest level in the past five years – ensuring the Bank's long-term stability and sustainable growth.

Looking back, we have journeyed across vast mountains and rivers; moving forward, even greater heights await. Our past achievements have been made possible by the unwavering support of our valued customers, shareholders, and all sectors of society, as well as the relentless dedication of every employee. We extend our heartfelt gratitude to all! Looking ahead to 2025, we will steadfastly uphold the guiding principles of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implement the strategies and plans of the CPC Central Committee and the State Council. We will remain committed to the overarching principle of pursuing progress while maintaining stability according to the work arrangements of the provincial and municipal governments, focusing wholeheartedly on sustainable development, maintaining firm control over risks, enhancing management with a pragmatic approach, and making greater contributions to Guangzhou's practice of Chinese-style modernization through tangible results in high-quality growth.

Focusing on asset efficiency to forge a strong core for high-quality development. We will align our efforts to support the real economy with our own operational growth, executing the "Year of Asset Efficiency" initiative at the highest standards. By deepening our engagement with regional industries and strengthening sectoral research, we will accelerate the optimization of our asset structure, increasing the proportion of small and medium-sized loans, secondary industry financing, and fixed asset loans. A more scientific and rational asset allocation will lay a solid foundation for sustained profitability. Additionally, we will enhance the comprehensive operational capacity of our branches, expand our product offerings, and establish a seamless financial service ecosystem covering wealth management, asset management, and integrated financing solutions throughout the customer lifecycle. This balanced development across all business segments will help us build a more robust and sustainable balance sheet.

Anchoring growth in compliance and risk control to build a robust safeguard for sustainable development. We will innovate our work approach, build specialized teams, and concentrate efforts to expedite the resolution of existing risks, enabling business development to move forward with greater ease and agility. By enforcing comprehensive, full-process asset control, proactively assessing asset quality trends, and precisely managing risk control cycles, we will drive digital, systematic, and refined risk management. Additionally, we will reinforce long-term internal control and fraud prevention mechanisms, strengthening compliance oversight in key areas such as credit operations, asset disposal, and employee conduct, thereby ensuring the Bank's sustained and healthy growth.

PRESIDENT'S STATEMENT

Harnessing lean management to foster synergy for high-quality development. We will advance internal capacity-building by enhancing the strategic leadership, professional expertise, and data analytics capabilities of our headquarters, while simultaneously strengthening the asset-liability management, risk control, and talent development functions across our operating units. This will ensure seamless coordination and efficient synergy between the headquarters and branches, driving overall business expansion. Accelerating digital transformation remains a key priority – we will enhance system autonomy and in-house development capabilities, leveraging AI intelligence and big data to empower end-to-end business operations. This will lead to smarter decision-making, a more integrated and dynamic ecosystem of service channels, and an enhanced, customer-centric experience with a personal touch.

Amidst the surging tide, those who strive with determination take the lead; in the race of a thousand sails, those who forge ahead with courage prevail. In this pivotal transition year between the “14th Five-Year” Plan and the “15th Five-Year” Plan, we will maintain our unwavering commitment to pragmatic action, persistence, and long-term vision. By consolidating our unique strengths, upholding stringent risk controls, and continuously improving our management capabilities, we will remain steadfast in creating greater value for our customers, shareholders, employees, and society. With firm resolve, we will transform our aspiration of becoming a top commercial bank in China into a thriving reality.

BASIC INFORMATION

I. BANK PROFILE

- (I) Official Chinese Name and Abbreviated: 廣州農村商業銀行股份有限公司
(Abbreviated as “廣州農村商業銀行”)
Official English Name and Abbreviated: Guangzhou Rural Commercial Bank Co., Ltd.
(Abbreviated as “GRCB”)
- (II) Legal representative: Mr. Cai Jian
- (III) Authorized Representatives: Mr. Cai Jian and Mr. Ngai Wai Fung
- (IV) Company Secretary: Mr. Ngai Wai Fung
- (V) H-Share Listing Stock Exchange: The Stock Exchange of Hong Kong Limited
- (VI) Stock Name and Code: GRCB (1551.HK)
- (VII) Registered Address: No. 9 Yingri Road, Huangpu District, Guangzhou, PRC
- (VIII) Principal Place of Business in Hong Kong: 40th Floor, Dah Sing Financial Centre, No. 248 Queen’s Road East, Wanchai, Hong Kong
- (IX) Scope of Business: Monetary and financial services
- (X) Place of Inspection of the Report: Office of the Board of Directors of the Bank
- (XI) Domestic External Auditor: Deloitte Touche Tohmatsu Certified Public Accountants LLP
- (XII) International External Auditor: Deloitte Touche Tohmatsu
- (XIII) Legal Advisor as to Mainland PRC Law: East & Concord Partners Guangzhou Office
- (XIV) Legal Advisor as to Hong Kong Law: King & Wood Mallesons
- (XV) H-Share Registrar: Computershare Hong Kong Investor Services Limited
- (XVI) Domestic Shares Depository: China Securities Depository and Clearing Corporation Limited
- (XVII) Other Relevant Information of the Bank
Contact Address: No. 1 Huaxia Road, Pearl River New Town, Tianhe District, Guangzhou, PRC
Postal Code: 510623
Website of the Bank: www.grcbank.com
Customer Service and Complaint Telephone No.: +8695313
Investor Relations Management Telephone No.: (8620)28019324
Email Address: ir@grcbank.com

II. BANK BRANCHES AND SUBSIDIARIES

(I) Main Branches of the Bank

No	Name of branch	Business address	Postal code	Contact telephone number	Facsimile number	Remarks
1	Baiyun Sub-branch	1/F to 3/F, No. 466-472 Huangshi West Road, Baiyun District, Guangzhou	510425	020-86295397	NA	-
2	Conghua Sub-branch	1/F and 2/F, No. 98 Hebin North Road, Chengjiao Subdistrict, Conghua District, Guangzhou	510900	020-87999606	NA	-
3	Panyu Sub-branch	No. 239 Qinghe East Road, Shiqiao Subdistrict, Panyu District, Guangzhou	511400	020-34619386	NA	-
4	Haizhu Sub-branch	1/F and 2/F, No. 173 Changgang Middle Road, Haizhu District, Guangzhou	510250	020-84278835	NA	-
5	Huanan Sub-branch	East Side of Tangxi, Village Entrance, Yingbin Road South, Tangbuxi Village, Nancun Town, Panyu District, Guangzhou	511442	020-34693625	NA	-
6	Huangpu Sub-branch	No. 138 Fengle North Road, Huangpu District, Guangzhou	510700	020-32204220	NA	-
7	Liwan Sub-branch	No. 89 Huadi Avenue Central, Liwan District, Guangzhou	510380	020-81615680	NA	-
8	Airport Economic Zone Sub-branch	Renhe Village, Renhe Town, Baiyun District, Guangzhou	510470	020-86451956	NA	-
9	Tianhe Sub-branch	1/F to 2/F, No. 335 Longkou West Road, Tianhe District, Guangzhou	510635	020-38478080	NA	-
10	Yuexiu Sub-branch	1/F, No. 60 Meidong Road, Yuexiu District, Guangzhou	510030	020-87619149	NA	-
11	Zengcheng Sub-branch	No. 88-15, 16, 17, 18, 19, 20, 21 and 22 Fuyou Road, Licheng Subdistrict, Zengcheng District, Guangzhou, and Rooms 201, 202, 210 and 211, No. 55 Zuanshi Street, Hehui Square, Licheng Subdistrict, Zengcheng District, Guangzhou	511300	020-32162645	NA	--

BASIC INFORMATION

No	Name of branch	Business address	Postal code	Contact telephone number	Facsimile number	Remarks
12	Huadu Branch in the Pilot Zone for Green Finance Reform and Innovation	No.101, No.201 (catering), No.202, No.301 (catering), No.302 and No.401, Building 2, Poly Financial Center, 3 of No.8 Gongyi North Road, Huadu District, Guangzhou (廣州市花都區公益北路8號之三保利金融中心 2棟101號商業、201號商業 (餐飲)、202號商業、301號商業 (餐飲)、302號商業、401號商業)	510800	020-36911139	NA	Branch
13	Guangdong Free Trade Zone Nansha Branch	Rooms 106, 201, 2101-2110, 2201, 2301, No. 115 Jiaoxi Road, Huangge Town, Nansha District, Guangzhou	511458	020-34929298	NA	Branch
14	Foshan Branch	No. 1 and 2 on 1/F, No. 1 and 2 on 2/F, No. 1, 7 and 8 3/F, and Rooms 4001 to 4010 of Tower 1, No. 17 Jihua Sixth Road, Chancheng District, Foshan	528000	0757-82581028	NA	Branch outside
15	Qingyuan Branch	Shop on 1/F to 3/F, Block 1, Oriental Paris, No. 5 Fengxiang Avenue, Qingcheng District, Qingyuan	511500	0763-3910555	NA	Branch outside
16	Zhaoqing Branch	Shop 01 on 1/F, offices 201-207 on 2/F and offices 301-307 on 3/F, Cultural Innovation Building, No.48 Duanzhou Third Road, Duanzhou District, Zhaoqing, Guangdong	526040	0758-2812835	NA	Branch outside
17	Heyuan Branch	Rooms 1601-1602 and Rooms 101-102 on 1/F, Changhong Building (Changhong Financial Center), H Road West, Yanjiang Road North, Xueqianbaxiaoqu, Xinshi District, Heyuan, Guangdong Province	517000	0762-2238111	NA	Branch outside
18	Hengqin Branch in Guangdong – Macao In-depth Cooperation Zone	No. 187 and 189 Rongzhu Road, Hengqin New District; Shop 303-01, No.272 Rongyue Road; Rooms 2701, 2702, 2703, 2704, 2705, 2706, 2707, 2708, Office Building, No. 191 Rongzhu Road, Zhuhai	519031	0756-2993600	NA	Branch outside

BASIC INFORMATION

(II) Major Subsidiaries of the Bank

No.	Company name	Registered address	Postal code	Telephone number	Facsimile number
1	Hunan Zhuzhou Zhujiang Rural Commercial Bank Co., Ltd.	No. 06 Xiangyang North Road, Lukou Town, Lukou District, Zhuzhou City, Hunan Province	412100	0731-27618647	0731-27618603
2	Chaozhou Rural Commercial Bank Co., Ltd.	No. 130 Fengchun Road, Chaozhou City	521000	0768-2292072	0768-2301661
3	Guangdong Nanxiong Rural Commercial Bank Co., Ltd.	No. 147 Xiongnan Road, Nanxiong City	512400	0751-3822857	0751-3822857
4	Shaoguan Rural Commercial Bank Co., Ltd.	Shop 35, No. 41 Xinhua South Road, Wujiang District, Shaoguan City, Guangdong Province	512000	0751-8760282	0751-8639226
5	Zhujiang Financial Leasing Co., Ltd.	Rooms 2808 and 2809, No.2 Huitong 2nd Street, Hengli Town, Nansha District, Guangzhou City	510620	020-29168100	020-29168101
6	Huixian Zhujiang County Bank Co., Ltd.	East Section of Gongcheng Avenue, Huixian	453600	0373-6223019	NA
7	Anyang Zhujiang County Bank Co., Ltd.	Northwest Corner of the intersection of Xingtai Road and Jian'an Street, Anyang City	455000	0372-2223000	0372-2223209
8	Xinyang Zhujiang County Bank Co., Ltd.	Intersection of Xinqi Avenue and Xinba Street, Yangshan New District, Xinyang, Henan Province	464000	0376-6199236	NA
9	Zhengzhou Zhujiang County Bank Co., Ltd.	No. 101-1, 1/F, No. 501-2, 5/F, No. 501-3, 5/F, Expo Building, No.8 Business Outer Ring Road, Zhengzhou Area (Zhengdong), Free Trade Zone, Henan	450000	0371-89959090	NA
10	Xinjin Zhujiang County Bank Co., Ltd.	No. 4-4, 1/F of No. 5 and New No. 6 Wujiu West Road, Xinjin County, Chengdu	611430	028-82580021	NA
11	Guanghan Zhujiang County Bank Co., Ltd.	No. 188 Section 1 of Zhongshan Avenue South, Guanghan, Sichuan Province	618300	0838-5513187	0838-5513152
12	Pengshan Zhujiang County Bank Co., Ltd.	No. 223 Caishan East Road, Pengshan District, Meishan, Sichuan Province	620860	028-37666086	NA
13	Shenzhen Pingshan Zhujiang County Bank Co., Ltd.	32/F and 33/F of Building H and Shops 165-166, 1st Phase of Liuhe Commercial Plaza, Pingshan Subdistrict, Pingshan District, Shenzhen City	518118	0755-36669888	0755-32833903
14	Zhongshan Dongfeng Zhujiang County Bank Co., Ltd.	No.132 Fengxiang Avenue, Dongfeng Town, Zhongshan City	528425	0760-22787010	NA
15	Xingning Zhujiang County Bank Co., Ltd.	Shopping Mall of Building 9 of Shengjing Times on the west side of Xingnan Avenue and north side of Xigou, Xingning City	514500	0753-8682651	0753-8682655

BASIC INFORMATION

No.	Company name	Registered address	Postal code	Telephone number	Facsimile number
16	Dongguan Huangjiang Zhujiang County Bank Co., Ltd.	No. 1 Yuanwuwei Road, Yuanwuwei Village, Huangjiang Town, Dongguan City	523756	0769-82183813	NA
17	Heshan Zhujiang County Bank Co., Ltd.	Room 201 of No. 195, 187 and 185, and No. 189-193 (odd numbers only), Zhongshan Road, Shaping Town, Heshan, Guangdong Province	529700	0750-8818081	0750-8818081
18	Sanshui Zhujiang County Bank Co., Ltd.	Shops 103, 104 and 105 of 1/F and 2/F and 3/F, No. 9 Nanfeng Avenue, Yundonghai Subdistrict, Sanshui District, Foshan City	528100	0757-87791698	NA
19	Qingdao Chengyang Zhujiang County Bank Co., Ltd.	No. 196 Zhengyang Middle Road, Chengyang District, Qingdao, Shandong Province (YinShengTai International Business Port)	266109	0532-67762806	NA
20	Haiyang Zhujiang County Bank Co., Ltd.	No. 181 Haiyang Road, Haiyang, Shandong Province	265100	0535-3107730	NA
21	Laiwu Zhujiang County Bank Co., Ltd.	Yanjie Building, No. 19 Daihuayuan, Longtan East Street, Laicheng District, Laiwu, Jinan City	271100	0531-75662720	0531-75662720
22	Laizhou Zhujiang County Bank Co., Ltd.	No. 672 Wenhua East Street, Laizhou, Shandong Province	261400	0535-2750000	NA
23	Yantai Fushan Zhujiang County Bank Co., Ltd.	No. 133-216 Fuhai Road, Fushan District, Yantai, Shandong Province	265500	0535-6319002	NA
24	Beijing Mentougou Zhujiang County Bank Co., Ltd.	No. 8 Shilong South Road, Yongding Town, Mentougou District, Beijing	102300	010-60865137	010-60865158
25	Dalian Bonded Area Zhujiang County Bank Co., Ltd.	Public Building 8, 9 (1-4 floors)- No. 151 Huanghaixi Road, Dalian Economic and Technological Development Area, Liaoning Province	116600	0411-66771959	0411-66771960
26	Suzhou Wuzhong Zhujiang County Bank Co., Ltd.	No. 51 Jinshan Road, Mudu Town, Wuzhong District, Suzhou, Jiangsu Province	215101	0512-80969696	NA
27	Jiangsu Xuyi Zhujiang County Bank Co., Ltd.	5-1001, Wuzhou International Plaza Phase II, Donghu South Road, Xuyi County, Huai'an	211700	0517-88331111	NA
28	Jiangsu Qidong Zhujiang County Bank Co., Ltd.	No. 605, 609 and 613 Jianghai Middle Road, Huilong Town, Qidong	226200	0513-83904316	NA
29	Changning Zhujiang County Bank Co., Ltd.	No. 101 and 102 Qunying West Road, Changning, Hunan Province	421500	0734-7330833	0734-7330833
30	Jizhou Zhujiang County Bank Co., Ltd.	No. 33 Yangming West Road, Jizhou District, Ji'an, Jiangxi Province	343000	0796-2066666	NA

III. MAJOR HONORS AND AWARDS RECEIVED IN 2024

No.	Honors	Awarding/Granting authority	Obtaining time
1	234th in 2024 Global Bank Brand Value Top 500	Brand Finance and The Banker (英國《銀行家》雜誌)	March 2024
2	The recommended case of "Thousand and Ten Thousand Project" for financial institutions in Guangdong (廣東金融機構賦能"百千萬工程"推薦案例)	Xinhua News Agency China Economic Information Service Guangdong Economic Research Center (新華社中國經濟信息社廣東經濟研究中心)	May 2024
3	A typical promotion case of inclusive finance in Guangzhou (廣州市普惠金融典型推廣案例)	Guangzhou Financial Industry Committee of the Communist Party of China (中共廣州市金融行業委員會), Guangzhou Inclusive Finance Development & Promotion Association (廣州市普惠金融發展促進會)	June 2024
4	The cases of Guangdong green finance reform and innovation promotion in 2024 (2024年度廣東綠色金融改革創新推廣案例)	Financial Society of Guangdong (廣東金融學會), Guangzhou Green Finance Association (廣州市綠色金融協會)	June 2024
5	Top 10 Cases of Financial Services for Rural Revitalization (金融服務鄉村振興十佳案例)	Guangzhou Financial Industry Association (廣州金融業協會)	June 2024
6	Top 10 Cases of Financial Services for Private Economy (金融服務民營經濟十佳案例)	Guangzhou Financial Industry Association (廣州金融業協會)	June 2024
7	153rd in Top 1000 World Banks 2024	The Banker (英國《銀行家》雜誌)	July 2024
8	30th in 2024 "China Banking 100"	China Banking Association (中國銀行業協會)	August 2024
9	178th in Top 500 Service Enterprises in China	China Enterprise Confederation, China Enterprise Directors Association	September 2024
10	Listed in the Top 20 ESG Performance Rankings of Rural Commercial Banks 2024, with an ESG rating of AA (2024農商行ESG綜合表現TOP20榜單, ESG等級為AA)	China Financial Media Co., Ltd.	September 2024
11	2024 "Excellent Case of Financial Service Innovation for Rural Revitalization" (2024年"年度鄉村振興金融服務創新優秀案例")	The Banker (英國《銀行家》雜誌)	November 2024
12	Excellence in Retail Banking Award 2024 (2024年度卓越零售銀行獎)	National Business Daily (每日經濟新聞)	November 2024
13	The Gamma Award of Regional Influence Bank in 2024 (2024年度區域影響力銀行天璣獎)	Securities Times (證券時報)	November 2024
14	Nanfang Zhijing • Annual Brand Enterprise Award (南方致敬•年度品牌企業)	southcn.com	November 2024
15	Best Retail Service Bank of the Year (年度最佳零售服務銀行)	New Express (新快報)	November 2024
16	"Economic Development Contribution Award" at the 2024 High-Quality Development Annual Summit (2024高質量發展年度峰會"經濟發展貢獻獎")	Guangzhou Daily (廣州日報)	December 2024

BASIC INFORMATION

No.	Honors	Awarding/Granting authority	Obtaining time
17	Most Influential Wealth Management Bank 2024 (2024年最具影響力財富管理銀行)	Guangzhou Daily (廣州日報)	December 2024
18	The gold award recommended case of "Thousand and Ten Thousand Project" for financial institutions in Guangdong in 2024 (2024年廣東金融機構賦能“百千萬工程”推薦金牌案例)	Xinhua News Agency China Economic Information Service Guangdong Economic Research Center (新華社中國經濟信息社廣東經濟研究中心)	December 2024
19	Excellent Case in "Green Finance" at the 3rd Xinhua Credit Jinlan Cup ESG Awards (第三屆新華信用金蘭杯ESG“綠色金融”優秀案例)	Xinhua News Agency China Economic Information Service (新華社中國經濟信息社)	December 2024
20	Outstanding Innovative Bank in the Greater Bay Area for High-Quality Development 2024 (高質量發展•年度灣區優秀創新銀行)	Information Times (信息時報)	December 2024
21	Excellent Case in Financial Consumer Rights Protection at the China Tripod Financial Industry Annual Awards 2024 (2024年中國鼎金融業年度金融消費權益保護優秀案例)	finance.china.com.cn	December 2024
22	Outstanding Digital Finance Innovation Award in the 2024 Financial Community "Jin Zhi Award" (2024金融界“金智獎”傑出數字金融創新獎)	JRJ.com	December 2024
23	2024 Financial Institution with Outstanding Contributions to the "Thousand and Ten Thousand Project" (2024年度服務“百千萬工程”突出貢獻金融機構)	Yangcheng Evening News (羊城晚報)	December 2024
24	National Outstanding Collective Achievements in Anti-counterfeit Currency Work (全國反假貨幣工作成績突出集體)	Joint Meeting of the State Council on Anti-counterfeiting Money Work (國務院反假貨幣工作聯席會議)	December 2024

SUMMARY OF FINANCIAL DATA

The financial information of the Group set forth in this annual report is prepared on a consolidated basis in accordance with IFRS Accounting Standards and expressed in Renminbi unless otherwise stated.

Item (Expressed in RMB million, unless otherwise stated)	For the year ended 31 December					
	2024	2023	Comparison between 2024 and 2023	2022	2021	2020
Operating results			Rate of Change (%)			
Net interest income ⁽¹⁾	13,614.75	16,583.43	(17.90)	18,582.02	19,559.16	17,647.48
Net fee and commission income ⁽¹⁾	561.57	847.09	(33.71)	1,382.08	1,319.07	1,326.96
Operating income	15,831.68	18,154.13	(12.79)	22,544.65	23,480.53	21,218.41
Operating expenses	(6,546.41)	(6,815.37)	(3.95)	(7,346.18)	(6,420.27)	(7,037.46)
Impairment losses ⁽²⁾	(7,810.79)	(8,425.88)	(7.30)	(10,688.12)	(12,602.97)	(7,893.38)
Profit before income tax	1,474.48	2,912.88	(49.38)	4,510.35	4,457.29	6,287.57
Net profit	2,415.54	3,259.51	(25.89)	4,037.78	3,776.29	5,276.62
Net profit attributable to shareholders of the Bank	2,080.67	2,634.42	(21.02)	3,492.16	3,175.21	5,081.30
Per share (in RMB)			Change			
Net assets per share attributable to shareholders of the Bank ⁽³⁾	5.75	5.48	0.27	6.22	6.13	6.08
Basic earnings per share ⁽⁴⁾	0.10	0.17	(0.07)	0.25	0.26	0.45

Item (Expressed in RMB million, unless otherwise stated)	As at 31 December					
	2024	2023	Comparison between 2024 and 2023	2022	2021	2020
Scale indicators			Change			
Total assets	1,362,407.92	1,314,042.45	48,365.47	1,233,454.45	1,161,628.63	1,027,871.65
Among which: loans and advances to customers, net	698,208.45	708,908.58	(10,700.13)	669,117.87	637,553.81	553,168.34
Total liabilities	1,259,489.78	1,217,501.57	41,988.21	1,145,205.35	1,074,743.36	951,986.34
Among which: customer deposits	979,458.78	947,186.02	32,272.76	910,485.03	849,766.80	778,424.85
Equity attributable to shareholders of the Bank	94,857.91	88,826.18	6,031.73	81,078.57	80,027.31	69,487.08
Non-controlling interests	8,060.23	7,714.70	345.53	7,170.53	6,857.96	6,398.23
Total equity	102,918.14	96,540.88	6,377.26	88,249.10	86,885.27	75,885.31

SUMMARY OF FINANCIAL DATA

Item (Expressed in percentage)	For the year ended 31 December					
	2024	2023	Comparison between 2024 and 2023	2022	2021	2020
Profitability indicators			Change			
Return on average total assets ⁽⁵⁾	0.18	0.26	(0.08)	0.34	0.34	0.55
Return on average equity ⁽⁶⁾	1.97	3.17	(1.20)	4.40	4.43	7.10
Net interest spread ⁽⁷⁾	1.06	1.33	(0.27)	1.71	2.01	1.98
Net interest margin ⁽⁸⁾	1.11	1.39	(0.28)	1.69	2.00	2.01
Net fee and commission income to operating income ⁽⁹⁾	3.55	4.67	(1.12)	6.13	5.62	6.25
Cost-to-income ratio ⁽¹⁰⁾	39.33	36.08	3.25	31.37	26.08	31.95

Item (Expressed in percentage)	As at 31 December					
	2024	2023	Comparison between 2024 and 2023	2022	2021	2020
Assets quality indicators			Change			
Non-performing loan ratio ⁽¹¹⁾	1.66	1.87	(0.21)	2.11	1.83	1.81
Provision coverage ratio ⁽¹²⁾	184.34	164.63	19.71	156.93	167.04	154.85
Allowance to total loans ⁽¹³⁾	3.06	3.07	(0.01)	3.31	3.06	2.81
Capital adequacy indicators			Change			
Core Tier 1 capital adequacy ratio ⁽¹⁴⁾	9.90	9.83	0.07	9.21	9.68	9.20
Tier 1 capital adequacy ratio	11.42	11.12	0.30	10.56	11.06	10.74
Capital adequacy ratio	14.52	13.67	0.85	12.59	13.09	12.56
Ratio of total equity to total assets	7.55	7.35	0.20	7.15	7.48	7.38

Item (Expressed in percentage)	As at 31 December					
	2024	2023	Comparison between 2024 and 2023	2022	2021	2020
Other indicators			Change			
Loan-to-deposit ratio ⁽¹⁵⁾	73.53	77.21	(3.68)	76.00	77.39	73.09

SUMMARY OF FINANCIAL DATA

Notes:

- (1) For the year 2020, the Group reclassified the installment cash income of credit card from fee income to interest income, and restated the data for 2019, hence the indicators of net interest spread, net interest margin and the Net fee and commission income to operating income were restated simultaneously.
- (2) In accordance with the new accounting standards on financial instruments and the disclosure requirements related to the financial statements, impairment losses in 2019 to 2023 included credit impairment losses and impairment losses on other assets in the consolidated statement of profit or loss.
- (3) Calculated by dividing equity attributable to shareholders of the Bank for the period (excluding other equity instruments) by paid-in capital.
- (4) The preference shares dividends, has been deducted for this indicator.
- (5) Representing the net profit for the period (including profit attributable to non-controlling interests) as a percentage of the average balance of total assets as at the beginning and end of the period.
- (6) Calculated by dividing the net profit for the period (excluding the preference shares dividends declared in the year) by the average balance of total equity (excluding other equity instruments) as at the beginning and end of the period.
- (7) Calculated as the difference between the average yield rate on total interest-earning assets and the average cost rate on total interest-bearing liabilities.
- (8) Calculated by dividing net interest income by the average daily balance of total interest-earning assets.
- (9) Calculated by dividing net fee and commission income by operating income.
- (10) Calculated by dividing operating expenses (excluding tax and surcharges) by operating income.
- (11) Calculated by dividing the balance of non-performing loans by the total loans and advances to customers.
- (12) Calculated by dividing the balance of allowance for loan losses by the balance of non-performing loans.
- (13) Calculated by dividing the balance of allowance for loan losses by the total loans and advances to customers.
- (14) Calculated in accordance with the "Administrative Measures for the Capital of Commercial Banks (for Trial Implementation)" issued by the CBIRC.

Core Tier 1 capital adequacy ratio = (core Tier 1 capital – reductions from respective capital)/risk-weighted assets *100%

Tier 1 capital adequacy ratio = (Tier 1 capital – reductions from respective capital)/risk-weighted assets *100%

Capital adequacy ratio = (total capital – reductions from respective capital)/risk-weighted assets *100%

- (15) Calculated by dividing total loans and advances to customers by total deposits of customers.

MANAGEMENT DISCUSSION AND ANALYSIS

I. ANALYSIS OF OVERALL OPERATING SITUATION

In 2024, the Bank diligently implemented the spirit of the Central Financial Work Conference, adhered to the work deployment of the Provincial Party Committee, Provincial Government, Municipal Party Committee and Municipal Government, as well as the overall requirements of the Group's "14th Five-Year Plan" strategic plan. Upholding the principle of seeking progress while maintaining stability and promoting stability through progress, the Bank took the "expanding the market, reducing risks, improving management, and increasing efficiency" as the main line of work and the "year of improved efficiency" activity as the main focus, actively connected and served the overall situation of high-quality development at the national, provincial and municipal levels, focusing on creating a model of high-quality development for small and medium-sized banks in Guangzhou, continuously driving efficiency improvements, accelerating the optimization of its business structure, comprehensively strengthening asset quality control and enhancing management capabilities, thereby ensuring overall stable business development.

In terms of business scale, as of the end of 2024, the Group's total assets amounted to RMB1,362.408 billion, representing an increase of RMB48.365 billion, or 3.68%, as compared to the beginning of the year. The total loans and advances amounted to RMB720.234 billion, and the total customer deposits amounted to RMB979.459 billion. The asset scale demonstrated steady growth and the commitment to serving the real economy continued to be strengthened.

In terms of operating efficiency, during the Reporting Period, the Group achieved operating income of RMB15.832 billion and net profit of RMB2.416 billion.

In terms of development quality, as of the end of the Reporting Period, the Group's non-performing loan ratio was 1.66%, representing a year-on-year decrease of 0.21 percentage point, the provision coverage ratio was 184.34%, and the capital adequacy ratio, tier 1 capital adequacy ratio and core tier 1 capital adequacy ratio were 14.52%, 11.42% and 9.90%, respectively, with all levels of capital adequacy ratios exceeding regulatory requirements, and overall risks were stable and controllable.

MANAGEMENT DISCUSSION AND ANALYSIS

II. DEEPENING THE IMPLEMENTATION OF “FIVE MAJOR ARTICLES”

The Bank continued to enhance fintech development and employed a variety of measures to support the growth of technology-oriented enterprises. Closely aligned with the specific deployment of the Provincial Party Committee’s “1310” and the City Party Committee’s “1312” strategy and measures, the Bank fully leveraged our role as a local corporate bank to consistently serve the development of technological innovation-based enterprises and provide significant support for establishing Guangzhou as a hub for technological innovation and boosting the city’s innovative vitality. Significant strides have been made in this area. First, strengthening the top-level design of credit policies. The Bank developed specific policies within its credit framework that focus on industrial finance, and specialized and sophisticated enterprises that produce new and unique products, and initiated a three-year action plan for fintech aimed at achieving our strategic objectives in this domain. This plan emphasizes cooperation between government and banks, customer strategies, product offerings, digital empowerment, supporting mechanisms, and risk management. Second, optimizing specialized credit products. Focusing on high-tech enterprises, specialized and sophisticated enterprises that produce new and unique products, low-altitude economies, and technology-oriented companies within Guangzhou’s “3+5+X” strategic emerging industries, the Bank introduced the “Jinmi Advanced Manufacturing (金米先進製造業)” product series tailored to the characteristics of technological innovation-based entities, including specialized and sophisticated enterprises that produce new and unique products and gazelle companies, and upgraded products such as “Jinmi Technology Loan (金米科技貸)” and “Jinmi Zhiyi Loan (金米知易貸)” tailored to the science-based small and micro Enterprises cooperatively and to increase credit issuance in the technology domain, which effectively met the financial needs of technology-driven small and micro enterprises throughout their entire lifecycle. Third, enhancing cooperation with government agencies and enterprises. The Bank actively engaged with government, bank and enterprise information service platforms such as SME Financing Platform (中小融), Guangdong Credit Financing Platform (粵信融) and Easy Credit Loan Platform (信易貸) to deepen external data collaboration. Fourth, enhancing fintech empowerment. The Bank launched an “Intelligent Marketing” system along with an associated app, and formulated grid-based marketing and standardized workflows that allowed for whole-process tracking of customer outreach. Fifth, strengthening performance assessment. The Bank established an assessment and evaluation system that incorporates fintech performance.

MANAGEMENT DISCUSSION AND ANALYSIS

As of the end of the Reporting Period, the Bank's loan balance for technology-oriented enterprises stood at RMB34.077 billion, serving a total of 1,314 clients, representing a year-on-year increase of 387 clients, while the loan balance for specialized and sophisticated enterprises that produce new and unique products reached RMB18.41 billion, marking an increase of RMB730 million year-on-year, with the number of these clients rising by 231 year-on-year to 932. This growth has injected robust financial momentum into the cultivation and growth of new quality productive forces.

The Bank fostered innovation in green finance and promoted the diversification of green credit.

The Bank made steady progress in various green finance initiatives, marked by rapid growth in loan volumes. First, establishing and enhancing the management mechanisms to strengthen green finance capabilities. The Bank operates under a "three-tier management structure" that includes the Board of Directors, senior management, and professional teams. By fully leveraging the geographic and unique advantages of Huadu Branch, a pilot site for green finance reform and innovation, the Bank constantly improved green finance policy framework that clearly outlines overall credit requirements and specific admission standards, and adhered to the "one-vote veto" system for environmental risks. Second, establishing a comprehensive green finance service system. The Bank has introduced over 10 green finance products and services covering "green + consumption," "green + credit", and "green + financing", which encompass areas such as green credit, green trade financing, green bonds, and green consumption. Additionally, the Bank innovatively developed new featured products such as new energy storage loan and Photovoltaic Loan to micro enterprises, effectively enhancing the relevance and effectiveness of our financial services. Third, closely adhering to regulatory directives while actively promoting the diversification of green finance business. As a pioneering pilot financial institution in Guangzhou for environmental information disclosure, in April 2022, the Bank issued the first green financial bond, amounting to RMB3 billion. As of the end of the Reporting Period, RMB2.798 billion of the raised funds remained allocated entirely to support local high-quality green industry projects. In March 2024, the Bank secured the qualification for Central Bank's carbon emission reduction support tool, elevating our capabilities in green finance services to a new level. Fourth, enhancing green finance brand through deepened external cooperation. The Bank actively participated in green finance exchanges organized by entities such as the Guangzhou Green Finance Association. This year, the Bank received several accolades, including recognition as a Guangdong Green Finance Reform and Innovation Promotion Case, the Inaugural Benchmark Report on Environmental Information Disclosure by Guangdong Financial Institutions, the Green Finance Pioneer at the 9th Golden Tangerine Awards of Time Finance, an Excellent Case of ESG "Green Finance" of the 3rd Xinhua Credit Jinlan Cup, and a High-quality Development • Annual Excellent Green Finance Product.

As of the end of the Reporting Period, the Bank's green loan balance amounted to RMB60.31 billion, representing an increase of RMB17.061 billion from the start of the year, and the number of relevant clients reached 1,684, up by 1,222 clients year-to-date, with the compound annual growth rate of green loan volume surpassing 60% over the past three years.

MANAGEMENT DISCUSSION AND ANALYSIS

The Bank enhanced supply of inclusive finance, and expanded inclusive credit support to micro and small enterprises. By effectively implementing various policies, deepening reforms at our branches, optimizing institutional processes, strengthening product innovation, and promoting digital transformation measures, the Bank provided precise services to real economy enterprises and actively advanced inclusive finance. First, focusing on four key client groups, and employing specialized strategies to deliver tailored inclusive financial services to small and micro enterprises. For the four key client groups: industrial parks, professional markets, quality small business owners with properties, and village communities and residents, the Bank developed targeted activity plans and launched specialized inclusive products, such as the Easy Housing Loan, to help business entities within the meaning of the inclusive small and micro enterprises overcome their challenges. As of the end of the Reporting Period, a total of 1,099 loans were issued to industrial parks and professional markets, amounting to RMB2.101 billion. The balance of inclusive agriculture-related loans reached RMB10.691 billion, representing an increase of RMB291 million from the beginning of the year, benefiting 9,795 farming households and agriculture-related enterprises. Meanwhile, the balance of inclusive loans for micro and small enterprises stood at RMB51.668 billion, reflecting a year-on-year growth rate of 13.62%. Second, restructuring the product system to strengthen capacity to deliver inclusive financial services. The Bank restructured the “3+N” inclusive product offerings for micro and small enterprises, introduced 16 industry-specific products that comprehensively address the three major sectors while focusing on key sectors in inclusive finance such as the Thousand and Ten Thousand Project and rural revitalization, micro and small enterprises in high-tech manufacturing, as well as trade services and consumer goods based on industry classification. Furthermore, taking into account the characteristics of the regional economy and the financing needs of specific market segments, the Bank developed and launched 33 high-quality niche products tailored to the distinctive markets in Guangzhou, including flowers, lychees, fabrics, fruits and vegetables, and seafood, significantly expanding the reach of inclusive finance in the region. As of the end of the Reporting Period, the Bank disbursed a total of RMB1.754 billion through the “Jinmi Manufacturing Micro Loan (金米製造小微貸)” program. Additionally, featured products such as the “Jinmi Fabric Loan (金米布匹貸)”, “Jinmi Fruit and Vegetable Loan (金米果蔬貸)” and “Jinmi Seafood Loan (金米海味貸)” collectively amounted to RMB10.592 billion in disbursements. Third, streamlining business processes to enhance the convenience of inclusive microfinance services. Fourth, stepping up promotional efforts to consolidate momentum for improving efficiency. The Bank actively implemented the requirements of the NFRA’s “Inclusive Finance Promotion Month (普惠金融推進月)”, “County and Township Special Action (縣鄉專項行動)”, and “Coordination Mechanism for Supporting Financing for Small and Micro Enterprises (支持小微企業融資協調工作機制)”, and carried out relevant promotion activities in an orderly manner in conjunction with our “Thousand and Ten Thousand Project”, Jinmi Village Official Work, industrial parks, and professional market loan projects. During the Reporting Period, our case titled “Creating a Rural Commercial Bank Model Supporting Local Development (聚焦本土發展打造服務當地的“農商模式”)” was recognized as a practical example in the 10-year achievements of inclusive finance in the banking sector, making us the only rural financial institution in Guangdong to receive this honor.

MANAGEMENT DISCUSSION AND ANALYSIS

The Bank strengthened the service channel synergy and diversified our pension financial service system. In 2024, upholding the principle of serving the community through finance, the Bank reinforced the synergy of online and offline services and refined its pension financial offerings. First, advancing the transformation of offline branches to be more senior-friendly and establishing a dedicated pension section within the online app. The Bank took full advantage of our branch network to broaden the reach of financial literacy programs targeted at the elderly. Each branch set up designated “care windows” and “care seats”, equipped with essential services that cater to senior citizens. Additionally, priority queuing service was introduced for elderly customers to greatly enhance their service experience. The Bank launched a pension section in the mobile banking app that includes product recommendations and entitlement services. Additionally, in celebration of the Double Ninth Festival, discounted health check packages were launched to offer exclusive benefits to elderly customers. As of the end of the Reporting Period, the Bank introduced the pension section in the mobile banking app, and achieved a satisfaction rate of 99% for the care service hotline. Secondly, actively implementing social security fund and medical insurance services. The Bank deepened cooperation with government agencies and proactively developed cooperation points for social security fund services to highly integrate financial services with social security fund services, thus facilitating “nearby” and “multi-point” processing of social security fund business. The Bank promoted innovation in collaboration with healthcare providers by launching cardless account setup services and advancing the “Medical Credit No-touch Payment (就醫信用無感支付)” project. Third, diversifying pension product offerings and exclusive services. The Bank established a “basic + protection” pension financial product system that encompasses featured deposits, pension annuity insurance, individual pension target funds and other products tailored to the genuine needs of elderly customers. In 2024, the Bank introduced a featured deposit product named “Jinmi Salary Saving (金米.薪保存)” and continuously enriched annuity insurance. Moreover, the Bank regularly organized offline customer activities as part of the “Jinmi Housekeeper Gathering (金米管家薈)” series. This created opportunities for elderly customers to enjoy a “secure and fulfilling retirement”, meeting their wealth accumulation and consumption needs.

MANAGEMENT DISCUSSION AND ANALYSIS

The Bank enhanced the ecosystem of digital financial scenarios and reinforced backend support for data applications. The Bank was actively engaged in the construction of digital finance. All these efforts were conducive to the development of digital finance. First, further advancing the application of big data and cloud computing technologies. The Bank introduced a heterogeneous big data platform, which effectively improved our real-time data processing capabilities and provided technical support for real-time decision-making scenarios, including event-driven marketing, personalized recommendations, real-time credit approvals, and real-time risk control. Second, integrating the development and implementation of intelligent digital scenarios to enhance the capabilities of data intelligence applications. The Bank formulated a three-year data governance plan aimed at improving data quality management. The Bank broadened the application scenarios for data modeling while collaboratively completing model development, exploring innovative applications of artificial intelligence technology and launching pilot projects for large model applications in areas such as financial reporting and customer service inquiries. In addition, our data security management system was further improved by formulating the data security system development plan, enhancing data security management policies, and establishing emergency response plans for data security incidents. Furthermore, the Bank facilitated the online transformation of our products and launched online applications for various products such as Easy Housing Loan, Speed E-loans, and Villager E-loans, enabling customer acquisition across multiple scenarios. The Bank continued to advance the rollout of online supply chain financial products, including the Cloud Chain and online government procurement loans. Third, enhancing convenient payment services. The Bank provided payment services including tuition, utilities, property fees and parking fees for building multiple payment scenarios, such as campuses, village communities and parking lots and other livelihood areas. E-CNY personal wallet service was officially introduced to further diversify payment methods. Fourth, accelerating mobile banking and corporate online banking upgrades. The Bank's mobile banking deepens the construction of a "data-driven + scenario integration" smart operation system, implemented a "Personalized" marketing strategy to achieves an accurate match of product services with customer needs. As of the end of the Reporting Period, the number of contracted mobile banking clients reached 4.6878 million, reflecting a 13% increase from the beginning of the year. The number of contracted corporate online banking clients reached 32,800, representing a year-on-year increase of 7.04%. The total number of contracted accounts for corporate online banking rose to 43,300, marking a year-on-year increase of 20.28%. Fifth, utilizing artificial intelligence technologies. The Bank adopted a Robotic Process Automation (RPA) platform as a pilot tool, effectively enhancing office efficiency. As of the end of the Reporting Period, nearly 140 scenarios were implemented, with almost 50,000 process executions completed, resulting in savings of over 150 person-months of labor.

MANAGEMENT DISCUSSION AND ANALYSIS

III. STRATEGIC VISION AND DEVELOPMENT OUTLOOK

The year 2025 marks the conclusion of our “14th Five-Year” Plan. During this time, the Bank will thoroughly implement the decisions and directives of the Central Committee of the Communist Party of China and the State Council, aligning our efforts with the requirements and arrangements set forth by provincial and municipal authorities. Committed to upholding the political and people-centered nature of our financial work and reinforcing the role of rural commercial banks in supporting agriculture and small enterprises, the Bank will deeply integrate into the regional economic and social development landscape, pursue development with unwavering dedication and strive to enhance efficiency. The Bank will actively implement the “Asset Efficiency Year” initiative, employing a variety of strategies to promote standardized, refined, and convenient management practices, with the aim of enhancing the core competitiveness of our small and medium-sized asset businesses and improving the overall competitiveness of our branch networks. Our objectives include accelerating the improvement in asset efficiency through a more scientific and rational asset allocation, facilitating the swift convergence of credit risk through more effective risk mitigation strategies, boosting the release of operational vitality through more precise and high-quality resource distribution, and ensuring a stable foundation for growth through more prudent internal management, ultimately achieving effective growth in total assets and in both deposits and loans.

MANAGEMENT DISCUSSION AND ANALYSIS

IV. MAIN OPERATION DATA ANALYSIS

(I) INCOME STATEMENT ANALYSIS

Item (Expressed in RMB million, unless otherwise stated)	For the year ended 31 December 2024	For the year ended 31 December 2023	Change in amount	Rate of change (%)
Interest income	37,959.98	41,745.75	(3,785.77)	(9.07)
Interest expense	(24,345.23)	(25,162.32)	817.09	(3.25)
Net interest income	13,614.75	16,583.43	(2,968.68)	(17.90)
Fee and commission income	1,020.99	1,262.16	(241.17)	(19.11)
Fee and commission expense	(459.42)	(415.07)	(44.35)	10.68
Net fee and commission income	561.57	847.09	(285.52)	(33.71)
Net trading income	383.56	109.02	274.54	251.83
Net gains or losses on financial investments	1,226.42	349.22	877.20	251.19
Other operating income, net	45.38	265.37	(219.99)	(82.90)
Operating income	15,831.68	18,154.13	(2,322.45)	(12.79)
Operating expenses	(6,546.41)	(6,815.37)	268.96	(3.95)
Credit impairment losses	(7,768.94)	(8,407.81)	638.87	(7.60)
Impairment losses on other assets	(41.85)	(18.07)	(23.78)	131.60
Profit before income tax	1,474.48	2,912.88	(1,438.40)	(49.38)
Income tax credit	941.06	346.63	594.43	171.49
Net profit	2,415.54	3,259.51	(843.97)	(25.89)

MANAGEMENT DISCUSSION AND ANALYSIS

1. Net Interest Income

The following table sets forth interest income, interest expense and net interest income of the Group for the periods indicated:

Item (Expressed in RMB million, unless otherwise stated)	For the year ended 31 December 2024	For the year ended 31 December 2023	Change in amount	Rate of change (%)
Interest income	37,959.98	41,745.75	(3,785.77)	(9.07)
Interest expense	(24,345.23)	(25,162.32)	817.09	(3.25)
Net interest income	13,614.75	16,583.43	(2,968.68)	(17.90)

Item (Expressed in RMB million, unless otherwise stated)	For the twelve months ended 31 December 2024			For the twelve months ended 31 December 2023		
	Average balance	Interest income/expense	Average yield/cost rate (%)	Average balance	Interest income/expense	Average yield/cost rate (%)
Loans and advances to customers	729,770.83	25,683.24	3.52	695,963.15	29,492.07	4.24
Financial investments	329,327.11	8,951.83	2.72	303,808.45	8,867.22	2.92
Placements and deposits with banks and other financial institutions	80,456.95	1,974.93	2.45	84,740.05	1,717.14	2.03
Financial assets held under resale agreements	27,378.93	514.82	1.88	41,410.79	811.46	1.96
Deposits with central bank	62,750.70	835.16	1.33	63,341.15	857.86	1.35
Total interest-earning assets	1,229,684.52	37,959.98	3.09	1,189,263.59	41,745.75	3.51
Customer deposits	943,918.42	18,721.30	1.98	907,343.09	19,482.23	2.15
Placements and deposits from banks and other financial institutions and others	77,433.17	1,310.54	1.69	68,271.27	1,245.41	1.82
Financial assets sold under repurchase agreements	17,482.92	297.04	1.70	32,701.09	554.10	1.69
Debt securities issued	144,023.53	3,653.51	2.54	123,365.54	3,316.88	2.69
Borrowing from central bank	18,459.79	362.84	1.97	24,274.64	563.70	2.32
Total interest-bearing liabilities	1,201,317.83	24,345.23	2.03	1,155,955.63	25,162.32	2.18
Net interest income		13,614.75			16,583.43	
Net interest spread			1.06			1.33
Net interest margin			1.11			1.39

MANAGEMENT DISCUSSION AND ANALYSIS

In 2024, compared with the corresponding period of last year, the overall average yield of interest-earning assets decreased by 42 basis points to 3.09%, the overall average cost rate of interest-bearing liabilities decreased by 15 basis points to 2.03%, the net interest spread decreased by 27 basis points to 1.06%, and net interest margin decreased by 28 basis points to 1.11%.

The following table sets forth changes in the Group's interest income and interest expense as compared to the corresponding period of last year due to changes in volume and interest rate. Changes in volume are measured by movement of the average balance, while changes in interest rate are measured by the movement of the average interest rate:

Item (Expressed in RMB million, unless otherwise stated)	Increase/(decrease) due to changes in the following item		Net increase/decrease
	Volume factor	Rate factor	
Assets			
Loans and advances to customers	1,432.63	(5,241.46)	(3,808.83)
Financial investments	744.81	(660.20)	84.61
Placements and deposits with banks and other financial institutions	(86.79)	344.58	257.79
Financial assets held under resale agreements	(274.96)	(21.68)	(296.64)
Deposits with central bank	(8.00)	(14.70)	(22.70)
Changes in interest income	1,807.69	(5,593.46)	(3,785.77)
Liabilities			
Customer deposits	785.34	(1,546.27)	(760.93)
Placements, deposits and others from banks and other financial institutions	167.13	(102.00)	65.13
Financial assets sold under repurchase agreements	(257.86)	0.80	(257.06)
Debt securities issued	555.42	(218.79)	336.63
Borrowing from central bank	(135.03)	(65.83)	(200.86)
Changes in interest expense	1,115.00	(1,932.09)	(817.09)

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Interest income

In 2024, interest income of the Group amounted to RMB37,960 million, representing a year-on-year decrease of RMB3,786 million.

① INTEREST INCOME FROM LOANS AND ADVANCES TO CUSTOMERS

The average balance, interest income and average yield for each component of loans and advances to customers of the Group are set forth as follows:

Item (Expressed in RMB million, unless otherwise stated)	For the twelve months ended 31 December 2024			For the twelve months ended 31 December 2023		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	457,211.59	16,488.61	3.61	434,907.19	19,480.29	4.48
Personal loans	178,959.57	7,854.25	4.39	168,554.08	8,601.16	5.10
Discounted bills	93,599.67	1,340.38	1.43	92,501.88	1,410.62	1.52
Total loans and advances to customers	729,770.83	25,683.24	3.52	695,963.15	29,492.07	4.24

Interest income from loans and advances to customers amounted to RMB25,683 million, representing a year-on-year decrease of RMB3,809 million.

② INTEREST INCOME FROM AMOUNTS DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

The average balance, interest income and average yield for each component of amounts due from banks and other financial institutions of the Group are set forth as follows:

Item (Expressed in RMB million, unless otherwise stated)	For the twelve months ended 31 December 2024			For the twelve months ended 31 December 2023		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Placements and deposits with banks and other financial institutions	80,456.95	1,974.93	2.45	84,740.05	1,717.14	2.03
Financial assets held under resale agreements	27,378.93	514.82	1.88	41,410.79	811.46	1.96
Total amounts due from banks and other financial institutions	107,835.88	2,489.75	2.31	126,150.84	2,528.60	2.00

MANAGEMENT DISCUSSION AND ANALYSIS

In 2024, the interest of amounts due from banks and other financial institutions of the Group amounted to RMB2,490 million, representing a year-on-year decrease of RMB39 million, or 1.54%.

(2) Interest expense

In 2024, the Group's interest expense decreased by RMB817 million, or 3.25%, to RMB24,345 million as compared to the corresponding period of last year.

① INTEREST EXPENSE ON AMOUNTS DUE TO CUSTOMERS

The average balance, interest expense and average cost rate for each component of amounts due to customers of the Group are set forth as follows:

Item (Expressed in RMB million, unless otherwise stated)	For the twelve months ended 31 December 2024			For the twelve months ended 31 December 2023		
	Average balance	Interest expense	Average cost rate (%)	Average balance	Interest expense	Average cost rate (%)
Corporate deposits						
Demand	130,058.49	644.40	0.50	141,392.51	785.78	0.56
Time	186,356.19	5,405.77	2.90	199,915.62	6,283.84	3.14
Subtotal	316,414.68	6,050.17	1.91	341,308.13	7,069.62	2.07
Personal deposits						
Demand	128,818.54	221.62	0.17	130,417.52	305.67	0.23
Time	446,758.50	11,442.46	2.56	404,424.73	11,511.61	2.85
Time	575,577.04	11,664.08	2.03	534,842.25	11,817.28	2.21
Time	51,926.70	1,007.05	1.94	31,192.71	595.33	1.91
Total amounts due to customers	943,918.42	18,721.30	1.98	907,343.09	19,482.23	2.15

In 2024, the Group's interest expense on amounts due to customers amounted to RMB18,721 million, representing a year-on-year decrease of RMB761 million, or 3.91%. In 2024, the average cost rate of deposits was 1.98%, representing a year-on-year decrease of 17 basis points. It was mainly due to a decrease in the interest ratio of time deposits.

MANAGEMENT DISCUSSION AND ANALYSIS

② INTEREST EXPENSE ON AMOUNTS DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

The average balance, interest expense and average cost rate for each component of the Group's amounts due to banks and other financial institutions are set forth as follows:

Item (Expressed in RMB million, unless otherwise stated)	For the twelve months ended 31 December 2024			For the twelve months ended 31 December 2023		
	Average balance	Interest expense	Average cost rate (%)	Average balance	Interest expense	Average cost rate (%)
Placements and deposits from banks and other financial institutions and others	77,433.17	1,310.54	1.69	68,271.27	1,245.41	1.82
Financial assets sold under repurchase agreements	17,482.92	297.04	1.70	32,701.09	554.10	1.69
Total amounts due to banks and other financial institutions	94,916.09	1,607.58	1.69	100,972.36	1,799.51	1.78

In 2024, the Group's interest expense on amounts due to banks and other financial institutions amounted to RMB1,608 million, representing a year-on-year decrease of RMB192 million, or 10.67%.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Non-interest Income

(1) Net fee and commission income

Item (Expressed in RMB million, unless otherwise stated)	For the year ended 31 December 2024	For the year ended 31 December 2023	Change in amount	Rate of change (%)
Fee and commission income:				
Agency and custodian service fees	256.51	318.50	(61.99)	(19.46)
Settlement and electronic channel business fees	170.11	178.66	(8.55)	(4.79)
Bank card fees	143.41	177.00	(33.59)	(18.98)
Wealth management products related fee	103.64	173.76	(70.12)	(40.35)
Syndicated loan fees	97.77	192.94	(95.17)	(49.33)
Guarantee and commitment fees	86.95	116.18	(29.23)	(25.16)
Bond lending arrangements fees	72.46	63.20	9.26	14.65
Acceptance fees	35.44	22.82	12.62	55.30
Others	54.70	19.10	35.60	186.24
Subtotal	1,020.99	1,262.16	(241.17)	(19.11)
Fee and commission expense:	(459.42)	(415.07)	(44.35)	10.68
Net fee and commission income	561.57	847.09	(285.52)	(33.71)

In 2024, the net fee and commission income of the Group amounted to RMB562 million, representing a year-on-year decrease of RMB286 million, and accounting for 3.55% of our total operating income.

(2) Net trading income

In 2024, the net trading income of the Group amounted to RMB384 million, which was mainly the interest income on financial assets at fair value through profit or loss.

(3) Net gains or losses on financial investments

In 2024, the net gains on financial investments of the Group amounted to RMB1.226 billion, which were mainly the bid-ask spread of financial investments at fair value through other comprehensive income and financial investments at amortised cost.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Operating Expenses

In 2024, the Group continues to promote cost reduction and efficiency improvement, the operating expenses of the Group amounted to RMB6,546 million, representing a decrease of RMB269 million or 3.95% year on year.

The following table sets forth the principal components of operating expenses of the Group for the periods indicated:

Item (Expressed in RMB million, unless otherwise stated)	For the year ended 31 December 2024	For the year ended 31 December 2023	Change in amount	Rate of change (%)
Staff costs	4,074.09	4,312.53	(238.44)	(5.53)
Tax and surcharges	320.15	265.47	54.68	20.60
Depreciation and amortization	604.80	672.83	(68.03)	(10.11)
Others	1,547.37	1,564.54	(17.17)	(1.10)
Total operating expenses	6,546.41	6,815.37	(268.96)	(3.95)

(1) Staff costs

Staff costs represent the largest component of operating expenses of the Group, accounting for 62.23% and 63.28% of our operating expenses for the years ended 31 December 2024 and 2023, respectively.

The following table sets forth the principal components of staff costs of the Group for the periods indicated:

Item (Expressed in RMB million, unless otherwise stated)	For the year ended 31 December 2024	For the year ended 31 December 2023	Change in amount	Rate of change (%)
Salaries, bonuses and allowances (include early retirement)	2,648.79	2,761.33	(112.54)	(4.08)
Social insurance, employee benefits and others	1,425.30	1,551.20	(125.90)	(8.12)
Total staff costs	4,074.09	4,312.53	(238.44)	(5.53)

In 2024, staff costs of the Group amounted to RMB4,074 million, representing a year – on-year decrease of RMB238 million, or 5.53%, mainly due to the overall reduction in employee costs caused by the decrease in remuneration of the Group’s employees.

MANAGEMENT DISCUSSION AND ANALYSIS

(2) Tax and surcharges

In 2024, the tax and surcharges of the Group incurred amounted to RMB320 million, representing a year-on-year increase of RMB55 million.

(3) Depreciation and amortization

In 2024, depreciation and amortization of the Group was RMB605 million, representing a year-on-year decrease of RMB68 million.

4. Impairment Losses on Assets

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

Item (Expressed in RMB million, unless otherwise stated)	For the year ended 31 December 2024	For the year ended 31 December 2023	Change in amount	Rate of change (%)
Credit impairment losses	7,768.94	8,407.81	(638.87)	(7.60)
Impairment losses on other assets	41.85	18.07	23.78	131.60
Total impairment losses on assets	7,810.79	8,425.88	(615.09)	(7.30)

5 Income Tax Expense

In 2024, the effective income tax rate was negative, which was mainly due to the decrease in profit before tax and the relatively large scale of tax-exempt business of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

(II) ANALYSIS OF STATEMENT OF FINANCIAL POSITION

1. Assets

The following table sets forth the composition of the Group's total assets as at the dates indicated:

Item (Expressed in RMB million, unless otherwise stated)	As at 31 December 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Total loans and advances to customers	720,234.23	52.86	731,318.25	55.65
Allowances for impairment losses	(22,025.78)	(1.61)	(22,409.67)	(1.70)
Loans and advances to customers, net	698,208.45	51.25	708,908.58	53.95
Financial investments ⁽¹⁾	445,926.21	32.73	410,896.51	31.27
Cash and deposits with the central bank	74,750.06	5.49	80,863.85	6.15
Deposits with banks and other financial institutions	15,634.04	1.15	14,942.73	1.14
Placements with banks and other financial institutions	70,803.14	5.20	55,472.50	4.22
Financial assets held under resale agreements	30,054.62	2.21	23,205.25	1.77
Others ⁽²⁾	27,031.40	1.97	19,753.03	1.50
Total assets	1,362,407.92	100.00	1,314,042.45	100.00

Notes:

- (1) Financial investments included financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets measured at amortized cost.
- (2) Other assets consisted of property and equipment, goodwill, deferred income tax assets and others.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2024, the Group's total assets amounted to RMB1,362.408 billion, representing an increase of RMB48.365 billion, or 3.68%, as compared to the end of last year. Among which, the total loans and advances to customers decreased by RMB11.084 billion, or 1.52%, as compared to the end of last year.

Financial investments increased by RMB35.030 billion, as compared to the end of last year, primarily due to the increase in bond investment.

The placements with banks and other financial institutions increased by RMB15.331 billion, primarily due to the increase in business based on market conditions and intra-group balance sheet arrangements.

(1) Loans and advances to customers

DISTRIBUTION OF LOANS BY BUSINESS SEGMENT

Item (Expressed in RMB million, unless otherwise stated)	As at 31 December 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
General corporate loans	421,552.00	58.53	428,956.89	58.66
Personal loans	187,964.57	26.10	175,094.14	23.94
Discounted bills and forfeiting	110,717.66	15.37	127,267.22	17.40
Total loans and advances to customers	720,234.23	100.00	731,318.25	100.00

As at 31 December 2024, total loans and advances to customers of the Group amounted to RMB720.234 billion; as compared to the end of last year, total general corporate loans amounted to RMB421,552 million; total personal loans increased by RMB12,870 million, or 7.35%, to RMB187,965 million; and the Group's total discount and forfeiting decreased by RMB16,550 million, or 13%, to RMB110,718 million.

MANAGEMENT DISCUSSION AND ANALYSIS

DISTRIBUTION OF LOANS BY PRODUCT TYPE

Item (Expressed in RMB million, unless otherwise stated)	As at 31 December 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Total Corporate loans and Advances to Customers	532,269.66	73.90	556,224.11	76.06
General corporate loans	421,552.00	58.53	428,956.89	58.66
Discounted bills and forfaiting	110,717.66	15.37	127,267.22	17.40
Total Personal loans and Advances to Customers	187,964.57	26.10	175,094.14	23.94
Personal mortgage loans	78,730.78	10.93	71,152.81	9.73
Personal business loans	73,723.71	10.24	76,605.07	10.47
Personal consumption loans	22,200.07	3.08	15,560.17	2.13
Balance of credit cards	13,310.01	1.85	11,776.09	1.61
Total loans and advances to customers	720,234.23	100.00	731,318.25	100.00

As at 31 December 2024, the Group's personal mortgage loans, personal business loans, personal consumption loans and balance of credit cards amounted to RMB78,731 million, RMB73,724 million, RMB22,200 million and 13,310 million, respectively, representing 10.93%, 10.24%, 3.08% and 1.85% of our total loans, respectively. Among which, personal business loans, personal consumption loans and balance of credit cards increased by RMB7,578 million, RMB6,640 million and RMB1,534 million, or 10.65%, 42.67% and 13.03%, as compared to the end of last year, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

DISTRIBUTION OF LOANS BY TYPE OF COLLATERAL

Item (Expressed in RMB million, unless otherwise stated)	As at 31 December 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Collateralized loans	330,796.78	45.93	330,312.26	45.17
Pledged loans	36,529.72	5.07	32,792.22	4.48
Guaranteed loans	154,725.41	21.48	170,588.39	23.33
Unsecured loans	198,182.32	27.52	197,625.38	27.02
Total loans and advances to customers	720,234.23	100.00	731,318.25	100.00

(2) Financial investments

The following table sets forth the composition of investments of the Group as at the dates indicated:

Item (Expressed in RMB million, unless otherwise stated)	As at 31 December 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Financial assets at fair value through profit or loss	75,073.42	16.84	67,798.26	16.50
Financial assets at fair value through other comprehensive income	171,042.10	38.36	126,167.82	30.71
Financial assets measured at amortized cost	199,810.69	44.80	216,930.43	52.79
Total investments	445,926.21	100.00	410,896.51	100.00

As at 31 December 2024, total investments of the Group increased by RMB35.030 billion, to RMB445.926 billion as compared to the end of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Liabilities

The following table sets forth the composition of total liabilities of the Group as at the dates indicated:

Item (Expressed in RMB million, unless otherwise stated)	As at 31 December 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Amounts due to customers	979,458.78	77.77	947,186.02	77.80
Deposits from banks and other financial institutions	37,200.84	2.95	42,549.92	3.49
Placements from banks and other financial institutions	5,462.88	0.43	5,383.59	0.44
Financial assets sold under repurchase agreements	29,623.56	2.35	51,701.12	4.25
Debt securities issued	162,100.46	12.87	127,863.51	10.50
Others ⁽¹⁾	45,643.26	3.63	42,817.41	3.52
Total liabilities	1,259,489.78	100.00	1,217,501.57	100.00

Note:

- (1) Mainly included tax payable, borrowings from central bank and salaries, bonuses, allowances and subsidies payable.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2024, total liabilities of the Group increased by RMB41.988 billion, or 3.45%, to RMB1,259.490 billion as compared to the end of last year. The amount due to customers stably increased by RMB32.273 billion, or 3.41%, as compared to the end of last year.

(1) *Amount due to customers*

The following table sets forth the amount due to customers of the Group by product type as at the dates indicated:

Item (Expressed in RMB million, unless otherwise stated)	As at 31 December 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Corporate deposits⁽¹⁾				
Time	175,894.84	17.96	192,245.23	20.30
Demand	135,917.03	13.88	144,127.39	15.22
Subtotal	311,811.87	31.84	336,372.62	35.52
Personal deposits				
Time	461,423.51	47.11	424,447.64	44.81
Demand	127,903.93	13.06	129,802.98	13.70
Subtotal	589,327.44	60.17	554,250.62	58.51
Other deposits⁽²⁾	57,510.69	5.87	36,053.78	3.81
Interest payable	20,808.78	2.12	20,508.99	2.17
Customer deposits	979,458.78	100.00	947,186.02	100.00

Notes:

- (1) Mainly included deposits from corporate customers and government bodies.
- (2) Mainly included treasury time deposits, fiscal deposits and pledged deposits, etc.

As at 31 December 2024, the amount due to customers increased by RMB32,273 million, or 3.41%, to RMB979,459 million as compared to the end of last year. With respect to the customer structure of the Group, personal deposits accounted for 60.17% of our total amount due to customers, and the balance of personal deposits increased by RMB35,077 million, or 6.33%, as compared to the end of last year; corporate deposits (excluding pledged deposits) accounted for 31.84% of our total amount due to customers, and the balance of corporate deposits decreased by RMB24,561 million, or 7.30%, as compared to the end of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Composition of Shareholders' Equity

The following table sets forth the composition of shareholders' equity of the Group as at the dates indicated:

Item (Expressed in RMB million, unless otherwise stated)	As at 31 December 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Share capital	14,409.79	14.00	14,409.79	14.93
Other equity instruments	12,000.00	11.66	9,820.73	10.17
Reserves	49,577.09	48.17	45,073.76	46.69
Retained earnings	18,871.03	18.34	19,521.90	20.22
Non-controlling interests	8,060.23	7.83	7,714.70	7.99
Total shareholders' equity	102,918.14	100.00	96,540.88	100.00

As at 31 December 2024, the Group recorded a paid-in capital of RMB14.410 billion.

(III) LOAN QUALITY ANALYSIS

1. Five-Category Classification of Loans

The following table sets forth the distribution of the Group's loans by the five-category classification as at the dates indicated, under which non-performing loans include loans classified into substandard, doubtful and loss categories.

Item (Expressed in RMB million, unless otherwise stated)	As at 31 December 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Normal	661,839.45	91.90	671,939.89	91.88
Special mention	46,444.46	6.45	45,726.49	6.25
Substandard	4,134.28	0.57	6,955.56	0.95
Doubtful	4,137.50	0.57	5,176.15	0.71
Loss	3,678.54	0.51	1,520.16	0.21
Total loans and advances to customers	720,234.23	100.00	731,318.25	100.00
Non-performing loan ratio⁽¹⁾		1.66		1.87

Note:

(1) Calculated by dividing the total amount of non-performing loans by total loans.

Under the complicated and difficult external environment, the Group continued to intensify its efforts in non-performing loans disposal. As at 31 December 2024, the non-performing loan ratio of the Group was 1.66%, which decreased by 0.21 percentage point from the end of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

2 *Distribution of Non-performing Loans by Product Type*

The following table sets forth the distribution of the Group's non-performing loans by product type as at the dates indicated.

Item (Expressed in RMB million, unless otherwise stated)	As at 31 December 2024			As at 31 December 2023		
	Amount	Percentage of total (%)	Non-performing loan ratio (%) ⁽¹⁾	Amount	Percentage of total (%)	Non-performing loan ratio (%)
Corporate loans	6,521.96	54.58	1.55	9,789.07	71.71	2.28
Personal loans	5,428.36	45.42	2.89	3,862.80	28.29	2.21
Total non-performing loans	11,950.32	100.00	1.66	13,651.87	100.00	1.87

Note:

- (1) Calculated by dividing non-performing loans (loans classified into substandard, doubtful or loss categories) in each product type by gross loans in that product type.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Distribution of Non-performing Corporate Loans by Industry

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

Item (Expressed in RMB million, unless otherwise stated)	As at 31 December 2024			As at 31 December 2023		
	Amount	Percentage of total (%)	Non-performing loan ratio (%)	Amount	Percentage of total (%)	Non-performing loan ratio (%) ⁽¹⁾
Wholesale and retail	2,259.33	34.64	4.10	2,816.57	28.77	5.65
Leasing and commercial services	1,080.70	16.57	0.88	961.91	9.83	0.81
Agriculture, forestry, animal husbandry and fishery	718.99	11.02	7.85	409.90	4.19	3.79
Real estate	653.74	10.02	1.45	3,156.72	32.25	5.94
Construction	448.48	6.88	1.13	419.53	4.29	1.17
Manufacturing	402.59	6.17	0.79	681.48	6.96	1.36
Transportation, storage and postal services	210.38	3.23	1.76	26.00	0.27	0.16
Household, repair and other services	206.71	3.17	1.04	913.49	9.33	4.53
Water conservation, environment and public utilities management	75.72	1.16	0.67	37.22	0.38	0.30
Production and supply of electricity, heat, gas and water	46.10	0.71	0.94	0.15	0.00	0.00
Information transmission, software and information technology services	41.09	0.63	0.53	87.25	0.89	1.19
Education	19.87	0.31	0.20	52.50	0.53	0.46
Hotel and catering	13.13	0.20	0.13	27.24	0.28	0.25
Healthcare and social welfare	–	–	–	135.61	1.38	6.59
Others	345.13	5.29	1.73	63.50	0.65	0.30
Total non-performing corporate loans	6,521.96	100.00	1.55	9,789.07	100.00	2.28

Note:

- (1) Calculated by dividing non-performing loans (loans classified into substandard, doubtful or loss categories) of each industry by gross loans granted to such industry.

MANAGEMENT DISCUSSION AND ANALYSIS

4. Overdue Loans to Customers

The following table sets forth the aging timetable of the Group's loans by loan certificate as at the dates indicated.

Item (Expressed in RMB million, unless otherwise stated)	As at 31 December 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percent of total (%)
Loans that were not past due	688,161.34	95.55	688,534.45	94.15
Loans that were past due	32,072.89	4.45	42,783.80	5.85
Within 3 months	18,668.24	2.59	29,879.88	4.09
3 months to 1 year	4,804.00	0.67	5,577.12	0.76
1 year to 3 years	4,994.74	0.69	6,943.18	0.95
Over 3 years	3,605.91	0.50	383.62	0.05
Total loans and advances to customers	720,234.23	100.00	731,318.25	100.00

As at 31 December 2024, overdue loans amounted to RMB32.073 billion, representing a decrease of RMB10.711 billion over the end of the previous year and accounting for 4.45%, representing a decrease of 1.40 percentage points as compared with the end of the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

(IV) ANALYSIS OF CAPITAL ADEQUACY RATIO

Since 2024, the Group has adopted the Administrative Measures for the Capital of Commercial Banks 《商業銀行資本管理辦法》 issued by the National Financial Regulatory Administration on 1 November 2023 to calculate its capital adequacy ratio, under which credit risks are measured by simplified the weighted method, market risks are measured by standard method and operational risks are measured by standard method, the capital adequacy ratio was still calculated in accordance with the Administrative Measures for the Capital of Commercial Banks (for Trial Implementation) 《商業銀行資本管理辦法(試行)》 before 2024, and the scope of this calculation covers all branches of the Bank as well as subsidiaries which are financial institutions which comply with the Administrative Measures for the Capital of Commercial Banks 《商業銀行資本管理辦法》. The following table sets forth the relevant information of the Group's capital adequacy ratio as at the dates indicated.

Item (Expressed in RMB million, unless otherwise stated)	As at 31 December 2024	As at 31 December 2023
Core Tier 1 capital adequacy ratio	9.90%	9.83%
Tier 1 capital adequacy ratio	11.42%	11.12%
Capital adequacy ratio	14.52%	13.67%
Portion of paid-in capital that may be included	14,409.79	14,409.79
Portion of capital reserve that may be included	22,082.58	22,420.96
Surplus reserve	6,020.84	5,844.02
General risk reserve	18,148.09	16,835.89
Retained earnings	18,871.03	19,521.90
Portion of minority interests that may be included	2,806.25	2,903.53
Others	3,325.57	(27.12)
Total core Tier 1 capital	85,664.15	81,908.97
Regulatory deductions for core Tier 1 capital	(4,852.93)	(4,160.30)
Goodwill and other intangible assets (excluding land use rights)	(1,174.96)	(1,087.57)
Core Tier 1 capital, net	80,811.22	77,748.67
Other Tier 1 capital	12,372.02	10,239.76
Other Tier 1 capital instruments and their premium	12,000.00	9,820.73
Portion of minority interests that may be included	372.02	419.03
Net Tier 1 capital	93,183.24	87,988.43
Tier 2 capital	25,303.08	20,119.62
Tier 2 capital instruments and related premium that may be included	14,999.13	14,999.05
Excessive loss allowances	9,556.34	4,311.94
Portion of minority interests that may be included	747.60	808.63
Net capital	118,486.32	108,108.05
Total risk-weighted assets	815,962.20	791,000.17

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2024, the Group's capital adequacy ratio was 14.52%, representing an increase of 0.85 percentage point over the end of last year, mainly due to the growth rate of net capital over the end of the last year exceeded that of risk-weighted assets over the end of the last year. Net capital was RMB118,500 million, representing an increase of RMB10,400 million or 9.60% over the end of the last year, mainly due to the Bank's successful issuance of perpetual bonds and an increase in excessive loan loss allowances. Risk-weighted assets amounted to RMB816,000 million, representing an increase of RMB25,000 million, or 3.16% over the end of the last year, mainly due to the increase in credit risk-weighted assets for on-balance and off-balance sheet businesses and market risk-weighted assets over the end of the last year.

(V) ANALYSIS OF LEVERAGE RATIO

As at 31 December 2024, the Group measured and disclosed the leverage ratio in accordance with the Administrative Measures for the Capital of Commercial Banks as follows:

Item (Expressed in RMB million, unless otherwise stated)	As at 31 December 2024
Net Tier 1 capital	93,183.24
The balance of assets on and off-balance sheet after adjustments	1,450,274.22
Leverage ratio (%)	6.43%

(VI) SEGMENT INFORMATION

The Group conducts its business principally in Guangdong Province, the PRC. Its major customers and non-current assets are located in Guangdong Province, the PRC.

Summary of business distribution

Operating income

Item (Expressed in RMB million, unless otherwise stated)	For the year ended 31 December			
	2024		2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Corporate banking business	7,256.69	45.84	8,894.16	49.00
Retail banking business	6,527.67	41.23	7,193.31	39.62
Financial market business	1,831.84	11.57	1,806.97	9.95
Others	215.48	1.36	259.69	1.43
Total operating income	15,831.68	100.00	18,154.13	100.00

MANAGEMENT DISCUSSION AND ANALYSIS

(VII) ANALYSIS OF OFF-BALANCE-SHEET ITEMS

The Group's off-balance-sheet items mainly include loan commitments, acceptance bills, issuance of letters of guarantee, unused credit card limit and issuance of letters of credit generated in the course of ordinary business of the Group. As at 31 December 2024, the balances of loan commitments, acceptance bills, issuance of letters of guarantee, unused credit card limit and issuance of letters of credit were RMB61,556 million, RMB64,714 million, RMB25,033 million, RMB21,209 million and RMB3,185 million, respectively.

(VIII) CONTINGENT LIABILITIES AND ASSETS PLEDGED AS SECURITY

For details of the Group's contingent liabilities and assets pledged as security as at 31 December 2024, please refer to notes 42 and 45 to the consolidated financial statements.

V. BUSINESS OPERATION

(I) Corporate Banking Business

1. *Corporate Loan Business*

In 2024, the Bank earnestly implemented the spirit of the Central Financial Work Conference, adhered to the work arrangements of the provincial and municipal party committees and governments, focused on the regional main business and its own responsibilities. We firmly established the principle of financial services for the real economy, and increased support for key industries in Guangdong Province and Guangzhou City. Firstly, the Bank adhered to the development positioning of supporting agriculture and small businesses, actively promoted the "hundred counties, thousand towns, and ten thousand villages high-quality development project", solidly carried out key work in promoting rural revitalization through financial services, and actively strengthened industrial finance, rural finance, and farmer finance. Secondly, the Bank steadily promoted the "300 billion project" of small and medium-sized credit business, built core competitiveness in small and medium-sized asset business, completed the establishment of the "2+3+N" product system for corporate credit, continuously optimized supporting tools such as industry comparison tables and quota calculation tables, introduced management regulations for the entire process of small and medium-sized credit business, and simplified standardized application materials and processes to enhance business efficiency. As of the end of the Reporting Period, the Bank's small and medium-sized corporate credit business with amounts below RMB50 million achieved growth in both scale and proportion compared to the beginning

MANAGEMENT DISCUSSION AND ANALYSIS

of the year. The balance of small and medium-sized corporate credit business amounted to RMB54.05 billion, an increase of 41.7% from the beginning of the year, and accounted for 13.1% of corporate loans, an increase of 3.8 percentage points from the beginning of the year; the Bank had 2,497 small and medium-sized corporate credit customers, an increase of 707 from the beginning of the year. Thirdly, the Bank solidly promoted the thorough implementation of the “Nansha Plan”, formulated key work plans and issued specific implementation plans in accordance with the policies and planning goals of Nansha District, and provided local financial services in a deep and solid manner. Fourthly, we strengthened financial support in key sectors, adhered to the principle of “manufacturing as the cornerstone”, fully supported the development of “new quality productive forces”, closely followed provincial and municipal industrial policies, focused on high-tech enterprises, specialized and new enterprises, as well as “3+5+X” strategic emerging industries, vigorously backed key construction projects in Guangdong Province and Guangzhou City, and propelled the development of industrial finance. As of the end of the Reporting Period, the Bank still ranked sixth among its peers in Guangzhou in terms of corporate loan size.

2. Corporate Deposit Business

In 2024, the Bank continued to promote high-quality development of the corporate deposit business. Firstly, the Bank continued to focus on customers, strengthened the consolidation of settlement services for credit customers, deepened the construction of settlement scenarios, and anchored target customers, which led to an increase in comprehensive income. Secondly, the Bank continued to optimize the maturity structure of deposits, implemented the requirements of the self-discipline mechanism for market interest rate pricing, and strengthened interest rate risk management to further reduce the cost of liabilities. Thirdly, the Bank continuously enhanced and strengthened village cooperative services, promoted the hierarchical management of village cooperatives by focusing on clients, carried out the business such as the rural collective fund account supervision platform and “Cun Zi Bao”, and continuously promoted the development of the Bank’s village cooperative business. Fourthly, the Bank continued to strengthen the depth and breadth of cooperation between banks and local governments, expanded deposits from institutions at various levels, including provincial, municipal, district, and township levels. As at the end of the Reporting Period, the Bank still ranked fourth among its peers in Guangzhou in terms of corporate deposit size.

MANAGEMENT DISCUSSION AND ANALYSIS

3. *Trading Bank Business*

In 2024, the Bank's trading bank business continued to promote the digital transformation, focusing on rural finance, industrial finance and cross-border finance to create an integrated and intelligent financial service solutions. Firstly, we focused on the "hundred counties, thousand towns, and ten thousand villages high-quality development project" and deployed special products and services to deepen cooperation between banks and local governments, continuously improving the quality and effectiveness of rural financial services. Secondly, we followed the policy guidance and actively expanded the coverage of cross-border financial services. The Bank actively responded to foreign exchange management reform policies and became one of the first local corporate banks to handle registration of full-scale foreign debt and trade classification records for enterprises, making it easier for companies to enjoy policy dividends and handle cross-border financial business. In 2024, a total of nearly 400 high-level convenient foreign exchange payment transactions were processed in Nansha, involving an amount of nearly US\$50 million. The Bank strengthened financial support for small and medium-sized foreign trade enterprises and further enriched the currency options for foreign currency clearing services. In 2024, we launched cross-border settlement services for Swiss francs and Thai baht to enhance the quality and efficiency of financial services for the real economy. Thirdly, we continued to focus on customer needs and experiences, continuously improving online settlement and financing service channels, further upgrading online corporate banking, mobile banking, and other public service platforms, and continuously promoting the digital ecological construction of supply chain finance. In 2024, the Bank's online "government procurement loans" and "cloud-based chain" online factoring business steadily increased the scale of business and the number of service clients for small and micro enterprises in the industrial chain. During the Reporting Period, the Bank recorded RMB260 billion in the scale of supply chain financial services, representing an increase of RMB100 billion over the same period last year, and served more than 1,500 customers, representing an increase of over 350 customers over the same period last year.

4. *Investment Banking*

In 2024, the Bank adhered to the development concept of "light capitalization", and focused on building a product system of the investment banking focusing on direct financing, asset securitization, and structural financing, supported the development of the Guangdong-Hong Kong-Macao Greater Bay Area with diversified investment banking products, assisting Guangzhou in revitalizing its old city with new energy. In August 2024, our Bank was granted the independent lead underwriting qualification for non-financial corporate debt financing instruments by the National Association of Financial Market Institutional Investors, marking a breakthrough development in our direct financing business. Driven by innovation, the Bank actively responded to national development strategies, used products such as syndicated loans to support the development of the real economy in the Bay Area, and supported customers in issuing innovative bonds, including technology innovation bonds and green bonds. We were recognized as the Most Market Innovative Institution of 2024 by the Beijing Financial Assets Exchange, and received the "Quality Service Investment Bank Award for SMEs" and the "Digital Financial Innovation Cooperation Award" from Tonghuashun in 2024, further enhancing our market competitiveness and brand image.

MANAGEMENT DISCUSSION AND ANALYSIS

(II) Retail Financial Business

1. *Retail Deposit Business*

In 2024, the Bank closely followed the development orientation of enhancing efficiency and promoted steady growth in savings deposits. Firstly, we focused on refined management of customer groups and met diversified fund allocation demands of customers by launching specialized deposit products such as “Jinmi • Salary Savings” and exclusive deposit certificates for specific customer groups. Secondly, we created business scenarios and enriched our business ecosystem, providing customers with scene-based financial services such as social security, payment collection on behalf of others, and house leasing. As of the end of the Reporting Period, the Bank’s savings deposit scale reached RMB489.2 billion, remaining second among its peers in Guangzhou.

2. *Retail loan business*

In 2024, the Bank adhered to a customer-centric approach, focusing on small and medium-sized consumer scenarios, continuously enriching our financial product system, and comprehensively improving our level of financial services to maintain the stable development of retail loan business. Firstly, we targeted market transactions and implemented “volume-position matching”, strengthened our tactical planning, and focused on key properties, effectively improving our market share in Guangzhou. Secondly, we took the initiative to serve the financial needs of the personal consumer market, innovating and developing special products, comprehensively covering mortgages, consumer loans for various customer groups, and meeting various types of consumption scenarios to create a multi-level, integrated, and comprehensive financial service model for customers. Thirdly, we strengthened the construction of customer groups, combining the characteristics of various types of customers to implement tiered and classified management, launching exclusive service plans for consumer loans, and supporting citizens to consume by way of “old-for-new” and continuously improving service accuracy. Fourthly, we strengthened technology empowerment, accelerating digital transformation and continuously upgrading online functions to realize one-stop convenience and transparency in business handling and enhance customer service experience. As of the end of the Reporting Period, the Bank’s retail loan balance reached RMB86 billion, representing an increase of RMB12.37 billion or 16.8% compared to the beginning of the year.

MANAGEMENT DISCUSSION AND ANALYSIS

3. *Wealth Management Business*

In 2024, the Bank continued to upgrade its wealth management products, services, and system construction capability to meet customers' diversified allocation demands and enhance the service experience. Firstly, we continuously enhanced our ability to select and iterate wealth management products, dynamically optimizing our product offerings to provide a richer selection. During the Reporting Period, the Bank became the first new pilot bank since the launch of Cross-boundary Wealth Management Connect 2.0. Secondly, we upgraded our matching comprehensive asset allocation services and value-added benefits for private banking customers, built a specialized asset allocation management system that covers core functions such as market research, product management, model building, and wealth management, thereby enhancing our asset allocation service capabilities in an all-round way. Thirdly, we optimized the dual support of the "front-end + back-end" systems and enhanced comprehensive management efficiency through "data + intelligence" transformation. We launched the "Jinmi Shelf" module in the mobile banking wealth sector and achieved standardized output for investment services, and introduced wealth product features on WeChat for enterprises, optimizing the new version of the mobile banking "Code Marketing" function to facilitate convenient online marketing. Furthermore, we continued to advance the construction of Wealth System 2.0 and completed the upgrade of the asset management distribution project.

4. *Bank Card Business*

In 2024, the Bank strictly adhered to the policy and business guidelines to promote the all-round development of the debit card business. First, in accordance with the talent strategy deployment in the Guangdong-Hong Kong-Macao Greater Bay Area, we continued to roll out the "Leading Guangdong" thematic debit cards. During this year, we newly launched the "Liwan Talent Card" to enhance local talent-oriented financial services. Second, to enhance our social security card services, we actively responded to the policy call from the Administration of Social Insurance Fund of Guangdong Province, which encourages handling social insurance business "nearby" and "at multiple points". We actively promoted seamless credit-based medical payment and continuously advanced the establishment of social security cooperation service outlets. As of the end of the Reporting Period, the Bank issued over 510,000 new debit cards, with the number of existing debit cards exceeding 8.23 million. More than 450 of the Bank's business outlets provided social security card handling services, and approximately 58,000 new social security cards were issued.

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5. *Credit Card Business*

In 2024, the Bank's credit card business centered around the requirements of boosting profitability and the high-quality development. We spared no effort to elevate the standards of batch-style, online, and localized operations. First, through the integrated development of the head office and branches, we made meticulous efforts in channels such as enterprise customer expansion through coordinated efforts, MGM cooperation, and telemarketing collaboration. Second, we launched the "online large-amount installment payment service" on the mobile banking App, driving an intelligent transformation in the operation of high-quality existing customers from "offline processing" to "mobile-based processing". We also introduced the intelligent marketing platform and the QR code pre-decision function, enabling precise marketing with the support of big data. Third, during the year, we launched three types of special large-amount installment payment products, namely the "Project for Eight High-quality Customer Segments", the "Project for High-quality Existing Customer Segments of Our Bank", and the "Project for Professional Talent Customer Segments", as well as four special credit card products, namely the "Jinmi Low-carbon Card", the "Jinmi Cultural Tourism Card (Yue Xiu Bay Area Pass)", the "Jinmi Cultural Tourism Card (Chancheng)", and the "Jinmi Fun Card", to meet the diversified product needs of our customers.

As of the end of the Reporting Period, the balance of the Bank's credit card installment payment business increased by 26% year-on-year, the amount of credit issued increased by 12% year-on-year, and the installment payment income increased by 7% year-on-year. During the Reporting Period, the Bank's Jinmi Credit Card won the "Most Popular Credit Card of the Year" award in the Financial Digital Development Gold List Awards.

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(III) Financial Market Business

1. *Financial Interbank Business*

In 2024, the Bank's financial market business calmly adapted to the changing market conditions. We reasonably optimized the business structure, actively strengthened risk analysis, and promoted a steady increase in operational efficiency. First, the business layout was steadily adjusted and optimized, while the efficiency of asset allocation kept improving. The Bank adhered to the development path of emphasizing low-risk businesses. It continuously sharpened its market sensitivity, bolstered its fundamental abilities in market timing and bond selection. By seizing market trend opportunities, the Bank effectively managed interest-rate risks. It coordinated and planned the investment pace of high-quality business products, fully leveraging the role of bond assets as the "stabilizer" for profits. The Bank enhanced the management of liability products and their maturity structure. It steadily cut down the overall cost and, while ensuring stable operations, effectively boosted the expansion of the interest-rate spread. Second, trading activity was effectively boosted, and the market influence continued to grow. The Bank earnestly fulfilled all the responsibilities of a primary dealer in the open market, actively participated in the central bank's open-market operations, continuously improved the efficiency of fund utilization, expanded the coverage of inter-bank trading counterparties. The Bank took multiple measures to drive up the trading volume of bonds and securities lending business. Moreover, it actively participated in various innovative business initiatives of the trading center. During the Reporting Period, the Bank's bond trading volume was approximately RMB2.44 trillion, a year-on-year increase of about 118%; the bond lending business volume was approximately RMB1.14 trillion, a year-on-year increase of about 219%. Third, the engagement with inter-bank customers was continuously deepened, and the management mechanism became more meticulous. The Bank actively cultivated a high-quality inter-bank "social circle". It pooled the Bank's business resources, strengthened the coordinated linkage mechanism, and elevated the level of inter-bank cooperation. By expanding the depth and breadth of business collaboration, the Bank concentrated on delivering high-quality financial services, thereby continuously enhancing customer loyalty and its industry influence.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Asset Management Business

In 2024, the Bank fully complied with the requirements of the new asset management regulations and adapted to the industry's development trends. In its wealth management business, it centered on customer needs, continuously expanded its product portfolio, and constantly enhanced the product experience. The Bank's self-operated wealth management focused on key products to promote the improvement of the medium-to-long-term product structure. During the Reporting Period, the Bank further enhanced the level of refined services for different customer groups. It newly launched products customized for specific customer segments, promoted the optimization of the wealth management product system, and expanded this system according to customers' demand for capital stability. Also, the Bank continuously upgraded product functions to build a precise service chain that encompasses "product portfolio – target customer groups – featured products – investor companionship". Besides, it actively drove the development of wealth financial services.

In 2024, the Bank's wealth management business received two awards in the asset management and wealth management industry. It was honored with the "Outstanding Asset Management Rural Commercial Bank" and "Outstanding Wealth Management Rural Commercial Bank" titles in the "Golden Reputation Award". Additionally, it won the "Excellent Hybrid Wealth Management Bank" award in the Yinghua Awards of China Fund News. Moreover, two of its wealth management products were rated as 5-star fixed-income wealth management products by China Securities Jin Niu.

3. Asset Custody Business

In 2024, our Bank focused on building a trinity business structure of custody, investment, and agency sales. We established a custody product system mainly consisting of securities investment funds, asset management plans, bank wealth management products, trust plans, private equity funds, insurance, and insurance asset management plans. By leveraging government industrial fund custody projects, we effectively spurred social capital investment in the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, providing safe, efficient, and convenient custody operation services for clients such as banks, securities firms, and fund companies. Our Bank leveraged the Ysstech 5.0 system and the comprehensive asset custody business platform to vigorously drive business development. This enabled us to continuously enhance the professionalism and precision of the custody business.

As of the end of the Reporting Period, the asset custody balance of the Bank was approximately RMB 336 billion, an increase of approximately RMB23 billion from the beginning of the year.

MANAGEMENT DISCUSSION AND ANALYSIS

(IV) Inclusive Financial Services

In 2024, Our Bank stayed true to our development strategy of supporting agriculture and small – and medium-sized enterprises. We meticulously carried out all tasks related to serving the real economy, continuously providing high-quality financial services. This was aimed at boosting the confidence of small and micro businesses and stabilizing their expectations, thus providing robust financial backing for the high-quality development of the local economy. First, our Bank actively collaborated with the Guangzhou Municipal Science and Technology Bureau and the Guangzhou High-tech Enterprise Association. We focused on supporting technology-based small and micro enterprises in their transformation into high-tech enterprises, as well as those in the early stages of business incubation. We set up a small-amount and rapid review mechanism, effectively utilized government risk mitigation measures, and ramped up marketing efforts targeted at science and technology innovation enterprises. As of the end of the Reporting Period, the Bank's cumulative balance of loans covered by the Guangzhou Science-based Small and Medium-sized Enterprises Credit Loss Compensation Fund Pool, Jinmi Technology Loan (金米科技貸), reached RMB1.03 billion. Second, we increased marketing efforts for manufacturing industrial parks. We conducted a comprehensive survey and marketing campaign targeting enterprises linked by the industrial chain. Meanwhile, in combination with government support policies such as interest subsidies for the manufacturing industry, we formulated a grid-based and customized working mechanism of "one park for each branch, one strategy for each park". We optimized the management of the marketing process. Regularly, we monitored the progress of engaging with enterprises in industrial parks. Moreover, we guided branches and sub-branches to zero in on manufacturing industrial parks to drive business transformation. Third, we actively enhanced the comprehensive marketing and service capabilities of our branches. We strengthened the marketing responsibilities of each branch and clearly defined the grid-based responsibilities. By setting targets for the number of grid-based marketing activities and their implementation rates, we stepped up the promotion of inclusive credit products. This all contributed to the comprehensive advancement of the marketing reform of branch networks. Fourth, we accelerated digital transformation to facilitate the business development of small and medium-sized enterprises. Leveraging third-party data, the Bank developed and rolled out the pre-loan general model. We further optimized the in-loan utilization model and the post-loan general model to elevate the intelligent risk control level across the entire process.

During the Reporting Period, our Bank's inclusive finance business has won multiple awards. These include the third prize in the Guangdong Province "Data Elements X" competition, the Best Growing Bank Award for the Annual Science and Technology Finance Credit Risk Compensation, the Outstanding Contribution Award for Promoting the Development of Specialized, Sophisticated, Distinctive, and Novel Small and Medium-sized Enterprises in Guangzhou, and the Annual Excellent Empowering Service Unit Award.

MANAGEMENT DISCUSSION AND ANALYSIS

(V) Building of Financial Technology

In 2024, the Bank has been actively promoting the building of financial technology and digital transformation of the entire bank, continuously strengthening the capacity of technological innovation and application, deepening the empowerment of technology to business operation to achieve high-quality and extraordinary development and to achieve a steady improvement in the financial technology team and the overall capacity of technology.

1. *Continuously enhancing capacities in science and technology governance*

The Bank has endeavored to build the capabilities in science and technology governance, established a top-down information technology management framework (consisting of the Board of Directors and the senior management, the science and technology finance committee, the information technology risk management department and the financial science and technology departments) and persistently implemented the “three lines of defense” for information technology risk management. The Bank continuously improved the deliberation function of the science and technology finance committee on major issues in finance and science and technology management, information technology risk management and data governance. In 2024, the Bank actively promoted agile development mechanisms and mechanisms for integration of business and technology, strengthened the standardized management of the research and development process to improve the quality and efficiency of research and development and took multiple measures to improve our technology governance system and continuously improve our technology-enabled business levels.

2. *Continuously advancing digital transformation of our businesses*

The Bank firmly adhered to strategic guidance and vigorously promoted the implementation of the “Guangzhou Rural Commercial Bank Digital Transformation Overall Plan (2023-2025)”. Followed a dual-track strategy of “breaking through first and persisting in strategy” to focus on digital transformation of the key fields such as small and medium-sized asset businesses and marketing and management synergetic system, The Bank comprehensively promoted the digital construction of the entire bank, steadily promoted the transformation and upgrade of our businesses such as service channels, customer management, product innovation, risk prevention and control, data application, and internal comprehensive management to improve digital capabilities and marketing and management synergetic capabilities of the small and medium-sized asset businesses effectively.

In 2024, the Bank successfully implemented 22 system construction projects, including the second-generation payment, the credit card marketing decision-making and One-Table submission, conducted market survey of core counter systems orderly, achieved staging work objective of transformation of small and medium-sized asset businesses and marketing and management synergetic system successfully, with obvious efficiency of the technology-supported business development and operation management.

MANAGEMENT DISCUSSION AND ANALYSIS

3. *Continuously building network security defense*

The Bank adhered to the bottom line of safe production and built network security defense. The Bank thoroughly implemented national and regulatory requirements for network security, to ensure the fulfilment of a network security management responsibility at all levels and continuously improved network security awareness of all staff. The Bank implemented many network security management measures such as network security level protection evaluation, penetration testing of internet application systems effectively. The Bank introduced technical protection platforms such as new generation of anti-virus systems and terminal security management systems to comprehensively improve the level of network security operation and protection. The Bank also established a sound data security management mechanism, promoted regular data security inspections and rectifications, strictly implemented data security control strategies, deepened data security and privacy protection, regulated data processing activities, and ensured the lawful, compliant, and orderly flow, use, and release of data. Throughout the year, no major information security incidents occurred in the Bank, achieving the “zero accidents” in network and data security.

4. *Continuously Implementing business continuity management*

The Bank adhered to implementing works in business continuity management, optimized the high availability of database cluster software and database disaster recovery framework of important systems and actively promoted the replacement of old facilities, migration of old storage, and replacement of old firewalls in the data center to reduce potential operational risks of aging equipment and improve the stability of our basic resource infrastructure. We organized to conduct various kinds of disaster recovery switch drills regularly, fully verified the availability of the disaster recovery environment and the feasibility of emergency plans of the systems, improved the disposal capability of emergency personnel on emergency incidents. The Bank continuously to build a one-click disaster recovery switching platform and intelligent integrated monitoring platform, improving the level of intelligence and automation of operation and management effectively and enhancing the Bank’s business continuity guarantee capabilities. Throughout the year, all important information systems of the Bank operated steadily, no unplanned system outages occurred.

MANAGEMENT DISCUSSION AND ANALYSIS

5. *Continuous Innovation in Information Technology Applications*

The Bank remains committed to advancing innovations in information technology applications and has formulated and implemented the Program for the Implementation of Innovations in Information Technology Applications. It has systematically promoted the transformation of information systems and related software and hardware products, successfully achieving all the objectives set for 2024. The Bank has continued to enhance the promotion of its application development platform, standardizing front-end and back-end application coding specifications to improve the reusability of relevant components within internal application systems, thereby advancing its independent technological capabilities. In 2024, the Bank's Intelligent Security Strategy Operation and Maintenance Practice project was recognized as a Typical Project in the Pilot Demonstration of Cybersecurity Technology Applications by the Ministry of Industry and Information Technology. The Digital and Intelligent Mobile Banking initiative and Financial Data Innovation Backup Construction Practice each received the "Financial Technology Innovation Application Case" award from Jinxintong. The Integrated Modeling Platform won the Second Financial Innovation Outstanding Application Case Award, and the Security Effectiveness Verification Platform received the 15th Financial Technology Innovation Award.

(VI) Service Channel Development

1. *Physical Outlets*

As of the end of the Reporting Period, the Bank had 551 operating outlets (including 1 franchise institution), of which 531 were located in the Guangzhou region (including 1 franchise institution) and 20 were non-local outlets in the province. In terms of the number of outlets in the Guangzhou region, the Bank ranked first among the banks in the Guangzhou region. The Bank operated 5 non-local branches in Foshan, Qingyuan, Heyuan, Zhaoqing and Zhuhai Hengqin, 15 sub-branches.

2. *Self-service Bank*

As of the end of the Reporting Period, the number of ATMs, self-service inquiry terminals and smart service terminals of the Bank amounted to 1,437, among which 761 were ATMs, 58 were self-service inquiry terminals and 618 were smart service terminals.

MANAGEMENT DISCUSSION AND ANALYSIS

3. *Smart Banking*

As of the end of the Reporting Period, the Bank had a total of 458 smart banking outlets, and smart facilities including 618 STM were installed.

4. *Internet Finance*

(1) *Mobile Banking*

During the Reporting Period, the Bank accelerated its digital transformation in mobile banking by leveraging technology-driven innovation. Firstly, the Bank launched the standardization zone service function for mobile banking customer base, realising the rapid deployment and agile construction of various special zones for consumer protection, new customers and other special features within 72 hours, offering customers professional, high-quality, and diversified financial products and services. Secondly, the Bank launched the Jinmi Rewards Level-Based Privilege System, which enhances customer engagement and sense of belonging through interesting customer interactions and a refined benefit mechanism. Third, by leveraging data analytics, the Bank implemented a “Personalized” marketing strategy, thereby enhancing both personalization and service efficiency. As of the end of the Reporting Period, the Bank’s mobile banking customers totalled 4.6878 million, reflecting a 13% increase from the beginning of the year.

(2) *Online Banking*

The Bank has comprehensively upgraded its corporate online banking services through digital financial technology innovations, focusing on enhancing core services, platform capabilities, and risk management to optimize the overall customer experience. As of the end of the Reporting Period: The Bank had 32,800 corporate online banking clients, with a total transaction volume of RMB842.9 billion. The Bank had 21,700 corporate mobile banking clients, with a total transaction volume of RMB29.542 billion.

MANAGEMENT DISCUSSION AND ANALYSIS

(3) *Jinmi Market*

The Bank remains dedicated to its mission of serving agriculture, rural areas and farmers (“Sannong”) and continues to support the “Digital Commerce for Rural Revitalization” initiative and the “Internet+” Agricultural Product Distribution Program to help agricultural enterprises and farmers expand their sales channels. In 2024, the Bank’s e-commerce platform facilitated the sale of nearly 44,000 agricultural assistance products.

VI. RISK MANAGEMENT

In 2024, in response to complex and challenging external conditions, the Bank proactively identified and addressed dynamic risk changes, ensuring a balance between development and security. The Bank continuously optimized its comprehensive risk management framework, reinforced the accountability of the “three lines of defense,” and enhanced the application of digital technologies in risk management. These efforts improved the precision of risk controls in key areas, strengthened the ability to identify potential risks in advance, and ensured more timely and accurate risk monitoring reports, as well as more efficient and seamless risk mitigation processes. These measures enabled the Bank to firmly uphold the bottom line of preventing and resolving financial risks, safeguarding its stable development.

Firstly, enhancing policies and mechanisms to align with new regulatory requirements, strengthening the comprehensiveness and proactiveness of risk management. The Bank formulated its annual risk appetite and comprehensive risk management plan, updating over ten risk management policies. Key implementations included the internal adoption of newly issued regulations such as the Liquidity Loan Management Measures, Fixed Asset Loan Management Measures, Personal Loan Management Measures, and the Operational Risk Management Measures for Banking and Insurance Institutions. The Bank also intensified credit support for small – and micro-credit assets, inclusive finance for small businesses, rural revitalization, and green finance, contributing to the implementation of the “Five Key Initiatives.” Additionally, the Bank strengthened oversight and evaluation of its branches and enhanced supervision of risk management at subsidiary institutions, ensuring the effective dissemination and execution of group-wide risk management requirements.

MANAGEMENT DISCUSSION AND ANALYSIS

Secondly, enhancing monitoring and analysis, strengthening risk control measures, and improving the foresight and effectiveness of risk management. The Bank continued to reinforce the “three lines of defense” and expand risk monitoring efforts, focusing on ensuring robust asset quality management at the business frontlines. This collective approach to risk prevention and control improved overall risk resilience. The Bank strengthened asset quality monitoring, revised post-loan management policies, expanded risk warning coverage, and enhanced post-loan inspection and supervision. It also improved the coordination among risk classification, impairment provisions, and non-performing asset resolution, implementing effective measures to ensure the orderly resolution of risks, thereby maintaining stable asset quality. Additionally, the Bank conducted frequent monitoring of risk appetite, risk limits, and regulatory indicators, with overall indicator performance remaining stable. The Bank also enhanced the application of risk measurement tools such as stress testing and impairment provisioning to support refined management decision-making.

Thirdly, strengthening strategic planning and implementation, accelerating digital transformation to empower risk management. The Bank improved its digital risk control capabilities for small and medium-sized assets by consolidating dispersed risk control models and rules into a comprehensive risk control rule database, thereby establishing a structured risk control strategy system for small and medium-sized assets. It integrated multiple external data sources to develop pre-loan admission models for products such as the Jinmi Credit Loan and Procurement Loan. Additionally, the Bank enhanced its digital risk control system by expanding business monitoring scenarios and transaction types, adopting new technologies to strengthen risk control for mobile banking, and developing an integrated risk decision-making platform for credit cards. Moreover, the Bank further increased the application of risk control models and rules across pre-loan, in-loan, and post-loan stages, thereby enhancing risk identification and early warning capabilities.

(I) Risk Management Framework

The Board of Directors of the Bank is ultimately responsible for the overall risk management and has set up a related party transactions and risk management committee to assist the relevant responsibilities authorized by the Board of Directors. The senior management is responsible for implementing the overall risk management, executing the resolutions of the Board of Directors, and has set up a risk management committee to collectively review risk management matters. The Board of supervisors is responsible for supervising the overall risk management, overseeing the performance of the Board of Directors and senior management in risk management, and urging rectification. The risk management department of the head office takes the lead in the daily management of overall risk, is responsible for leading the construction of the overall risk management system, and reports the overall risk and various important risk situations to the senior management in a timely manner. The functional departments of the head office are responsible for the direct management of credit risk, market risk, liquidity risk, and operational risk, etc. in their respective business areas and departments, according to their division of responsibilities. The audit department of the head office is responsible for internal audits of relevant performance. All branches are responsible for the daily management of overall risk at their respective levels. Under the overall risk preference and risk management policy framework of the Bank, each subsidiary establishes a comprehensive risk management system that is suitable for its business nature, scale, and complexity.

MANAGEMENT DISCUSSION AND ANALYSIS

(II) Credit Risk

Credit risk refers to the risk of losses of banking business arising from failure of the borrower or the counterparty of the Bank to fulfil relevant obligations as per the contract for various reasons.

During the Reporting Period, the Bank deeply implemented municipal government and regulatory policies and guidelines, continued to increase its grants of credit loans to special industries and on major projects in local key areas, while continuously strengthening credit risk control. Firstly, the Bank continued to improve the credit risk management system by setting up a small and medium-sized credit approval center. We issued annual credit policies, and promoted the optimization of the credit business structure. The Bank optimized the credit product system comprehensively, built “2+3+N” inclusive credit product system for companies and small and micro enterprises and “1+3+N” retail credit product system, and optimized the credit business process iteratively. The Bank increased its use of external data, optimized models and rules of product risk control and enhanced pre-loan risk identification capabilities. Secondly, the Bank executed risk monitoring and evaluation strictly, revised the post-loan management system, highlighted management emphasis and focused on material risks. The Bank expanded the coverage of early warning and monitoring of post-loan risks, organized to conduct special investigation on collateral-based risk of new small and medium-sized asset business and credit business, so as to promote reform by investigating and prevent risks. The Bank strengthened post-loan inspections and supervisions, focused on enhancing the supervisions on site-off institutions and subsidiaries and improved the perspectiveness of risk monitoring. Thirdly, the Bank strictly controlled concentration risk, strictly implemented the access mechanism for large credit business, strengthened risk identification and filtering, formulated work plans, established supporting evaluation and management mechanisms, vigorously developed small and medium-sized credit business and strictly controlled site-off and large credit business. As of the end of the Reporting Period, all the indicators of the Group related to large-amount risk exposure were better than regulatory standards.

(III) Market Risk

Market risk refers to the risk of losses in on – and off-balance sheet businesses from adverse changes in market prices (interest rate, exchange rate, stock prices and commodity prices). The market risk faced by the Bank exists in the Bank’s transaction books and bank books, mainly including interest rate risk and exchange rate risk. The purpose of market risk management is to control potential market risk losses through monitoring and other measures to the extent that the Bank can bear and maximize risk-adjusted returns.

The Bank proactively manages its interest rate risk and exchange rate risk in accordance with the regulatory requirements of the Bank and with reference to the relevant provisions in the “New Capital Accord”. The Bank has also formulated a management system for market risk through regulations on authorization, credit extension and risk limit, and measures such as monitoring and reporting.

MANAGEMENT DISCUSSION AND ANALYSIS

The Bank has continuously monitored the fluctuations of monetary policy and market prices and taken multiple measures to enhance our market risk management capabilities. Firstly, the Bank has formulated an investment policy, with a focus on interest rate bonds and high-rated credit bonds for major asset allocation. Secondly, the Bank has implemented a risk monitoring mechanism, established a comprehensive risk monitoring mechanism for both on-balance-sheet and off-balance sheet credit bonds, implemented the principle of transparency, and dynamically grasped the holdings of underlying bonds. The Bank regularly conducted overall analysis from the dimensions of scale, limits, and profits and promptly alerted and urged rectification for any abnormal deviations in indicators. Thirdly, the Bank regularly conducted market risk stress testing, analyzed the valuation changes of the Bank under different levels of stress scenarios, and the impact of valuation changes on the Bank, and made relevant recommendations to prevent market risk fluctuations.

During the Reporting Period, our overall market risk was under control and no major market risk events occurred. All monthly important market risk indicators met the targets and the stress test results also showed that the Bank was able to cope with the impact of valuation changes on operating income, net profit, and capital adequacy ratio under stress scenarios.

(IV) Liquidity Risk

Liquidity risk refers to the risk that sufficient funds cannot be obtained at a reasonable cost in time to meet debts falling due, perform other payment obligations and meet other capital needs of normal business.

The Bank continued to implement liquidity risk policies and management measures, continuously improving the refinement level of liquidity risk management. Firstly, we followed the principle of “unified management, centralized operation” for position management, unified arrangement and allocation of funds to ensure sufficient intraday liquidity. Secondly, we incorporated liquidity risk management requirements into business plans, established multi-level reserves of qualified and high-quality liquid assets, and issued monthly liquidity risk limits, monitored and assessed the implementation of risk limits to ensure controllable liquidity risk. Thirdly, we continuously monitored liquidity indicators, strengthened forward-looking judgment on risk situations, and made advance liquidity planning. Fourthly, we conducted quarterly liquidity risk stress tests to timely evaluate the Bank’s ability to withstand liquidity risk pressure and risk mitigation capacity, and increased stress tests during important sensitive periods to timely strengthen the monitoring and prevention of liquidity risk. Fifthly, we regularly conducted liquidity risk emergency drills to improve risk emergency response capabilities.

During the Reporting Period, the overall level of liquidity risk of the Bank was reasonable and controllable, with reasonable and sufficient reserves and all of the liquidity risk indicators better than the regulatory target values. The results of stress tests showed that the Bank has sufficient risk mitigation capacity to deal with crisis scenarios under stress scenarios.

MANAGEMENT DISCUSSION AND ANALYSIS

(V) Operation Risk

Operational risk refers to the risk of losses caused by problems of internal procedures, staff, IT system, and external events. The Bank follows the principles of comprehensiveness and prudence and implements operational risk management strategies that are in line with the Bank's asset size and business complexity under a comprehensive risk management system and overall risk preference.

During the Reporting Period, the Bank has continuously refined and improved our operational risk management system and closely guarded against major operational risk events, strengthened the management foundation and data governance. Firstly, the Bank revised the management measures to definite management responsibility of operational risk, and refined various processes and methods of operational risk management. Secondly, the Bank formulated implementing rules of data collection and management, improved collection and management and work quality and efficiency of loss data. Thirdly, the Bank conducted the cleaning and supplementing of operational risk loss data for 2015-2023 to strengthen the capital measurement foundation for operational risk.

(VI) Information Technology Risk

The information technology risk refers to operational, legal and reputational risks generated during the process of applying information technology by the Bank due to natural factors, human factors, technical loopholes and management flaws.

During the Reporting Period, the Bank continuously improved its IT risk management framework and strengthened IT risk control measures. First, the Bank revised policies related to IT outsourcing risk management, business continuity planning, and IT risk monitoring indicators, enhancing their effectiveness and practicality while expanding the scope of IT risk indicator monitoring. Second, the Bank conducted external IT audits as well as comprehensive risk assessments covering IT outsourcing, business continuity, and overall IT risks. It also carried out targeted investigations and rectifications concerning supply chain security risks, IT-related case risks, and regulatory data governance, effectively improving IT risk prevention and control through corrective actions. Third, the Bank developed and executed emergency drill plans for critical business operations, key information systems, and IT outsourcing incidents. It also completed the People's Bank of China's temporary notification-level business continuity stress test, verifying and enhancing the effectiveness and efficiency of emergency responses to business operation disruptions. Fourth, the Bank conducted a comprehensive review and revision of its business continuity emergency plans, improving the availability and effectiveness of emergency response documentation. Fifth, the Bank continuously enhanced its IT outsourcing risk management and service evaluation mechanisms to effectively prevent IT outsourcing risk incidents.

During the Reporting Period, no significant (or above) business operation disruptions occurred, ensuring the Bank's stable business development.

MANAGEMENT DISCUSSION AND ANALYSIS

(VII) Compliance Risk

Compliance risk refers to the potential for a financial institution or its employees to bear criminal, administrative, or civil legal liabilities, incur financial or reputational losses, or experience other negative impacts due to non-compliance with regulatory requirements in their business operations and management activities.

During the Reporting Period, the Bank continuously strengthened compliance risk management. First, the Bank optimized its regulatory framework management by compiling a regulatory handbook, developing standard templates for general and business-specific regulations, and upgrading the regulatory database functions. It also refined the general evaluation criteria for regulatory documents from six dimensions: systematic rationality, legal and regulatory compliance, consistency, operational applicability, risk control effectiveness, and formatting standards. These measures promoted the standardization and institutionalization of regulatory management. Second, the Bank strengthened supervision over policy implementation by formulating an inspection plan for policy execution, ensuring systematic and scientific oversight of compliance. It conducted targeted inspections focusing on key areas and weak links, enhancing compliance risk management and prevention capabilities.

(VIII) Legal Risk

Legal risk refers to the risk of incurring legal sanctions or other negative consequences that arises out of or in connection with the failure of the Bank to comply with requirements of relevant laws during the Bank's operation, the unfavorable legal defects that exist in products, services or information provided to clients, transactions engaged in, and contracts, agreements or other documents executed by the Bank, legal disputes (litigation or arbitration proceedings) between the Bank and its clients, counterparties and stakeholders; important changes in relevant laws and rule of laws; and other relevant legal events that occur internally and externally.

During the Reporting Period, Firstly, the Bank continued to strengthen legal risk management, optimized the approval of legal reviews (consulting) and litigation cases, and continuously improved our legal risk prevention and control level. Secondly, the Bank implemented laws such as the Civil Code and the Company Law, regularly conducted legal special training, and continuously strengthened the Bank employees' awareness of legal risk prevention and control, and constantly improved and optimized agreement texts. Thirdly, the Bank conducted special inspections on management of litigation cases to prevent legal risks in litigation (including arbitration) cases. Fourthly, the Bank strengthened the management of law firms and effectively enhanced litigation risk prevention and control.

MANAGEMENT DISCUSSION AND ANALYSIS

(IX) Anti-Money Laundering Risk

Money laundering risk means the risks that may be used by money laundering and other illegal and criminal activities when conducting business and operating activities, including money laundering, terrorist financing, and proliferation financing risks, among others.

During the Reporting Period, the Bank strictly complied with the anti-money laundering laws, regulations, rules and policies, faithfully implemented requirements of the annual priorities, promoted self-inspection and system optimization of anti-money laundering data vigorously, improved internal control management on anti-money laundering continuously, Explored and perfected money – laundering risk assessment system and promoted and implemented various works such as training and publicity on anti-money laundering orderly.

(X) Reputation Risk

Reputation risk refers to the behavior of the Bank, the behavior of practitioners or external events that lead to negative evaluations of the Bank by stakeholders, the public and the media, thereby damaging the brand value of the Bank, detrimental to the normal operations of the Bank, and even affecting market stability and social stability.

During the Reporting Period, the Bank established a sound reputation risk management system, formed a relatively complete mechanism for identifying and real-time monitoring potential reputation risks, timely reporting, and proactive response, to ensure that the Bank's public opinion situation is under control. Firstly, the Bank prioritized proactive management of public opinion by strictly implementing 24/7 real-time monitoring and reporting, conducting regular reputation risk investigations, and taking comprehensive and multi-level preventive measures to effectively respond to and handle reputation risks. Secondly, the Bank increased positive publicity efforts by utilizing both internal and external media to actively report on the Bank's achievements in deepening reform, supporting agriculture and small businesses, serving the real economy, cooperating the "Hundred Thousand Million Project," and promoting high-quality development, to create a favorable public opinion environment. Thirdly, the Bank regularly reviewed and improved our reputation risk management work, comprehensively improved the quality and efficiency of reputation risk management, and effectively maintained the Bank's good market image.

MANAGEMENT DISCUSSION AND ANALYSIS

(XI) Country Risk

Country risk refers to the risk incurred to the Bank due to economic, political, social changes and events in a country or a region, arising from the inability or refusal by the borrower or debtor to repay banking financial institution debt, losses suffered by a banking financial institution or its commercial presence in such country or region and other losses.

The Bank has strictly implemented regulatory requirements, and combined with business development needs. Faced with a more complex and changing external situation, the Bank has comprehensively deepened the institutionalization of compliance risk management, continuously strengthened country risk management, and promoted high-quality development of our business.

(XII) Large Amount Risk Exposures

The Bank strictly implemented large amount risk exposure management in accordance with regulatory requirements, conscientiously implemented unified credit management for clients and strengthened pregranting credit limit management, collected large amount risk exposure data to fill in the Statistical Table of Large Amount Risk Exposure on a monthly basis in accordance with the requirements of local supervisory departments on the submitting and filling of off-site regulatory statements of the Banking industry, to reflect the concentration of its risk exposure to customers, and continued to monitor and manage large amount risk exposure, ensuring that indicators relating to large risk exposures are in line with regulatory requirements.

VII. INTERNAL CONTROL MANAGEMENT AND INTERNAL AUDIT

(I) INTERNAL CONTROL MANAGEMENT

The Bank has established an internal control governance and organisation structure with reasonable division of labor, clear responsibilities and clear reporting relationships. Among them, the Board of Directors is responsible for the establishment and effective implementation of the internal control system. The Audit Committee and Related Party Transactions and Risk Management Committee under the Board of Directors are responsible for assisting the Board of Directors in fulfilling its supervision and management responsibilities. The Board of Supervisors is responsible for supervising the Board of Directors and the senior management to improve the internal control system and perform their internal control duties. The senior management is responsible for implementing the decisions of the Board of Directors and guaranteeing the effective fulfillment of all responsibilities of internal control.

The Bank attaches great importance to the construction of internal control management and has formulated the Internal Control Guidelines of Guangzhou Rural Commercial Bank 《廣州農村商業銀行內部控制指引》 in accordance with the Guidelines on Internal Control of Commercial Banks 《商業銀行內部控制指引》, the Basic Standard for Enterprise Internal Control 《企業內部控制基本規範》 and other laws and regulations, and in conjunction with the actual situation of the Bank, which regulate internal control responsibilities, internal control measures, internal control guarantees, internal control evaluation, internal control supervision, information and communication, and internal control of subsidiaries.

MANAGEMENT DISCUSSION AND ANALYSIS

(II) INTERNAL AUDIT

The Bank has established an independent and vertical audit management system. The Board of Directors takes ultimate responsibility for the independence and effectiveness of internal audit, reviews and approves the internal audit regulations, medium – and long-term audit work plans, and annual audit plans to provide necessary guarantees for independent and objective internal audit work. The head office has set up an audit department to work under the leadership of the Bank's Party committee and Board of Directors, and to receive guidance and supervision from the Board of Supervisors, and specifically undertake internal audit responsibilities.

During the Reporting Period, the Bank thoroughly implemented the audit requirements of superior government agencies, fully implemented the work deployment of the Bank's Party committee and Board of Directors, improved political positions, comprehensively promoted full coverage of audit supervision, continuously strengthened audit systems, technology, and team building, and continuously improved the long-term mechanism of audit rectification. Our centralized, comprehensive, and authoritative audit supervision system has been further deepened.

During the Reporting Period, the Bank closely followed the implementation of national economic and financial policies, focused on the Bank's central work, and completed various audit projects efficiently and orderly guided by "strengthening compliance, controlling risks, and enhancing value." The Bank promoted the implementation of internal and external audit rectification and supervision continuously, and improved the quality and efficiency of audit rectification work effectively, so as to effectively achieve the improvement of both legal compliance operation and risk management levels of the Bank through audit supervision services.

VIII. PROTECTION OF THE RIGHTS OF FINANCIAL CONSUMERS

(I) Improving consumer protection systems

In 2024, in accordance with national laws, regulations, and regulatory requirements, the Bank continued to establish and improve the system of protecting the rights and interests of financial consumers. As of the end of the Reporting Period, the Bank has formulated 12 consumer rights protection systems, covering 11 work mechanisms such as consumer rights protection review, information disclosure, training and education, dispute resolution, and complaint handling.

MANAGEMENT DISCUSSION AND ANALYSIS

(II) Optimization of Complaint Handling

The Bank attaches great importance to financial consumer complaints. In 2024, the Bank handled a total of 1,478 consumer complaints (including guided complaints) through various channels. These complaints were primarily concentrated in Guangdong Province and were mainly related to early repayment of personal housing loans and negotiated repayment of credit card bills. The complaint resolution rate within the prescribed time frame reached 100%, with a customer service satisfaction rate of 99.2%. The Bank has established smooth channels for consumers to express their concerns and has conducted 232 consumer protection consultation sessions with senior management. The Bank has continuously strengthened the staffing of its consumer protection hotline and dedicated credit card negotiation line, upgraded to a “one number, multiple lines” system to expand and streamline complaint-handling channels, proactively listening to customer feedback, addressing customer concerns, and further enhancing consumer service satisfaction.

(III) Public Awareness Campaigns

In 2024, the Bank established a multi-tiered and comprehensive publicity system, conducting over 5,000 promotional activities and publishing 112 original articles through its proprietary media platforms. The Bank actively fulfills its corporate social responsibilities by organizing various themed public awareness campaigns, including “3.15 Consumer Rights Protection,” “Financial Knowledge Popularization Campaign,” “July 8th National Insurance Public Awareness Day,” and “Financial Consumer Protection Education and Awareness Month.” Throughout the year, these initiatives reached an audience of over 10 million people, effectively expanding the coverage of financial literacy efforts and enhancing consumers’ financial knowledge.

IX. PRINCIPAL SUBSIDIARIES

The Bank strategically controls four rural commercial banks, namely Hunan Zhuzhou Zhujiang Rural Commercial Bank Co., Ltd., Chaozhou Rural Commercial Bank Co., Ltd., Guangdong Nanxiong Rural Commercial Bank Co., Ltd. and Shaoguan Rural Commercial Bank Co., Ltd. The above four rural commercial banks are mainly engaged in monetary financial business. Among them, Hunan Zhuzhou Zhujiang Rural Commercial Bank Co., Ltd. completed its restructuring and commenced its business in December 2017, with registered capital of RMB600 million. Chaozhou Rural Commercial Bank Co., Ltd. completed its restructuring and commenced its business in June 2019, with a registered capital of RMB2,630 million. Guangdong Nanxiong Rural Commercial Bank Co., Ltd. completed its restructuring and commenced its business in July 2019, with a registered capital of RMB430 million. Shaoguan Rural Commercial Bank Co., Ltd. completed its restructuring and commenced its business in June 2020, with a registered capital of RMB1,370 million.

As a wholly-owned subsidiary promoted and established by the Bank, Zhujiang Financial Leasing Co., Ltd. was incorporated and commenced operation in December 2014, and mainly engaged in financial leasing related business, and its registered capital of RMB1.5 billion.

The Bank had established a total of 25 Zhujiang County Banks in 9 provinces and cities of China.

SANNONG FINANCIAL SERVICES

In 2024, the Bank fully implemented General Secretary Xi Jinping's important instructions on agricultural, rural, and farmers-related work, as well as the essence of his important speeches and guidance during his inspection tour of Guangdong. We earnestly implemented the "1310" strategy of the Provincial Party Committee and the "1312" strategy of the Municipal Party Committee, actively putting into practice the political orientation and people-centered approach of financial work, and adhering to our positioning of supporting agriculture and small businesses. We comprehensively implemented the "hundred counties, thousand towns, and ten thousand villages high-quality development project", and efficiently promoted the coordinated development of urban and rural areas to a higher level and with better quality. The Bank was recognized as a financial institution that made outstanding contributions to the "Thousand and Ten Thousand Project" in 2024 by Yangcheng Evening News. It also won the title of recommended gold-level case and recommended case for Guangdong financial institutions empowering the "Thousand and Ten Thousand Project" in 2024 by the Guangdong Economic Research Center of China Economic Information Service under Xinhua News Agency, as well as the "Outstanding Case of Financial Service Innovation for Rural Revitalization of the Year" by The Banker magazine. As of the end of the Reporting Period, the balance of agriculture-related loans of our Bank reached RMB40.135 billion, generally achieving continuous and steady growth. There were 20,500 agriculture-related customers, among which the number of supported agriculture-related enterprises increased by 26.39% compared with the beginning of the year. The balance of inclusive agriculture-related loans was RMB10.691 billion, an increase of RMB291 million or 2.80% compared with the beginning of the year. In total, our Bank has engaged with over a hundred financing-demand projects under the "Thousand and Ten Thousand Project" at the provincial, municipal, and district levels, as well as in the Leading Area for High-quality Development of Counties, Towns and Villages around Nankun Mountain and Luofu Mountain (hereinafter referred to as the "Leading Area"). In the Guangzhou area, our Bank has set up 531 branches (including 1 specialized institution) and 141 rural financial service stations. The coverage of our financial service outlets ranks first in the city, allowing us to maintain our leading position in the regional market of financial services for rural revitalization.

I. ADHERING TO THE PARTIES' CONSTRUCTION AND LEADERSHIP TO BE AT THE FOREFRONT OF SANNONG FINANCIAL SERVICES.

The Bank adhered to the Party's overall leadership of the work of Sannong, strictly implemented the decision-making guidance requirements of the Board of Directors and the Strategy and Investment Committee (Sannong Committee) of the Board of Directors on the work of Sannong, and made an in-depth study and use of the experience of Green Rural Revival Program. It also unswervingly implemented the new development concept, helping urban and rural integrated development, as well as the comprehensive revitalization of rural areas and the relevant strategic deployment of building an agricultural power.

First, we elevated our political stance and adhered to the Party's leadership. We earnestly implemented the "First Topic" system. At Party committee meetings, the first topic was to conduct in-depth studies on General Secretary Xi Jinping's important speeches and instructions related to agriculture, rural areas, farmers, and rural revitalization, and such studies were carried out 11 times. In light of the actual work situation, 12 suggestions for implementation were put forward. We carried out thorough inspections, made genuine rectifications, and adopted systematic treatment methods to ensure that the thematic education achieved tangible results. We implemented the work requirements of the provincial and municipal governments for promoting the "Thousand and Ten Thousand Project" with the same determination as for a top-priority project.

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Second, we issued a special plan and clarified work requirements. At the beginning of the year, our Bank took the lead in establishing a working group for the “Thousand and Ten Thousand Project” with coordinated efforts from the head office and the branches, following the model of the financial task-force for the project of Guangzhou. We formulated, launched, and promoted the implementation of the work requirements for the Implementation Plan of the Working Group for the “Thousand and Ten Thousand Project” of Guangzhou Rural Commercial Bank. The head office closely coordinated with the members of the municipal task force, while each business institution actively engaged with the district-level task forces. This established a dynamic where different levels assumed their respective responsibilities and worked in synergy, allowing the whole Bank to operate as a unified entity in serving the “Thousand and Ten Thousand Project”.

Third, we coordinated the promotion efforts and continuously strengthened assessment and incentives. During the Reporting Period, the Bank enhanced the assessment and incentives for business institutions regarding small- and medium- sized agricultural loans, corporate agriculture-related loans, and inclusive agriculture-related loans. We allocated more marketing resources, emphasizing our Bank’s “supporting agriculture and small businesses” positioning to drive high-quality business development, and incorporated indicators such as the increase in loans for key agriculture-related sectors, the assignment of financial officials in rural areas, and the results of rural basic financial service into the assessment scope.

II. PROMOTING FINANCIAL INNOVATION TO MEET THE CREDIT NEEDS OF MODERN AGRICULTURE

In combination with the industrial modernization work orientation, the Bank proposed “reshaping marketing concept and restructuring product system”, optimized and launched the “2+3+N” corporate credit product system and “3+N” inclusive small and micro credit product system that are in line with the development positioning of the Bank and highlight the characteristics of a rural commercial bank, and utilized characteristic products to focus on serving key regions and key industries and enrich the forms of bank-government cooperation, thereby promoting agricultural modernization and efficiency.

First, we fully upgraded the corporate and inclusive credit product system. We innovatively launched multiple Sannong financial products, comprehensively covering key supported areas such as the “Thousand and Ten Thousand Project” and rural revitalization. For example, we developed the “Rural Revitalization High-quality Agricultural Loan” specifically for agricultural leading enterprises at all levels. This product allows enterprises to obtain a credit line of up to RMB50 million through pure credit or guarantee-based guarantees. As of the end of the Reporting Period, the balance of our “Rural Revitalization High-quality Agricultural Loan” exceeded RMB600 million, and the loan balance of agricultural leading enterprises at all levels in our Bank was nearly RMB5 billion.

SANNONG FINANCIAL SERVICES

Second, we served the development of regional characteristic industries with featured products. The Bank has introduced the “Jinmi Flower Loan” product. This product does not require customers to offer collateral or third-party guarantors. The loan documentation process has been streamlined, enhancing the efficiency of customers getting access to funds. Nearly RMB58 million in loans have been extended to flower growers in areas with concentrated flower-planting industries, like Xihe Village in Chengjiao Sub-district, Conghua District, and Xiashi Village in Jianggao Town, Baiyun District. This contributes to Guangzhou’s “beauty economy”. The Bank has also launched the “Homestay Loan”, which mainly supports the development of characteristic boutique homestays in Lingnan ancient villages such as Jiasongling Village and Gualing Village in Zengcheng District. This promotes the development of regional agriculture, culture and tourism, and turns beautiful natural scenery into economic benefits. During the Reporting Period, the Bank’s loan balance in the homestay industry exceeded RMB80 million.

Third, the Bank’s cooperation with the government keeps improving in quality and efficiency, achieving a win-win situation. Our Bank carried out strategic cooperation with the Guangzhou Municipal Agriculture and Rural Affairs Bureau to continuously strengthen financial support for key agricultural sectors. During the Reporting Period, our Bank fully supported the “2024 Guangzhou Urban Modern Agriculture and Investment Promotion Event for Typical Villages in the “Thousand and Ten Thousand Project”, which attracted nearly a hundred enterprises and institutions to participate. As of the end of the Reporting Period, the loan balances of our Bank to enterprises for ensuring a stable supply of agricultural products, enterprises in the “Basket of Vegetables” project of the Guangdong-Hong Kong-Macao Greater Bay Area, and customers on the list of the urban modern agricultural industry chain exceeded RMB1.3 billion, RMB450 million, and RMB2.2 billion respectively, all showing continuous growth.

III. SERVING THE COORDINATED DEVELOPMENT OF URBAN AND RURAL AREAS BASED ON CHARACTERISTIC CUSTOMER GROUPS

Based on the unique village community customers, the Bank constantly improved the scope of pledging rural assets and resources, helped revitalize rural collective assets, and strengthened rural collective economic organizations, effectively promoting the coordinated development of urban and rural areas, driving the increase of villagers’ income, and serving the consumer needs of farmers.

First, we assisted in the development of the rural collective economy. To revitalize collective construction land and solve the problem that rural property rights cannot be mortgaged, our Bank pioneered the launch of “credit loans” and “project loans” for collective construction land targeting third-party construction entities. We have supported over a hundred projects in total, with a loan disbursement of over RMB2 billion, effectively revitalizing and driving the development of rural collective economy. The “Rural Collective Economic Organization Loan” product launched by our Bank provides credit support for the development of the collective economy of village communities and the construction of village community projects through a credit-based approach. As of the end of the Reporting Period, our Bank has provided credit support for 25 village construction projects in villages such as Shipai Village in Tianhe, Yagang Village in Baiyun, and Tangxi Village in Baiyun, with a disbursed amount exceeding RMB300 million.

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Second, we continuously enriched credit products for villagers. To help villagers increase their incomes and achieve prosperity, our Bank has innovated credit products for villagers. We have launched a series of products, including the “Jinmi Villager Prosperity Loan”, “Jinmi Villager E Loan”, and “Jinmi Village Community Privileged Loan”, featuring unique guarantee methods such as “incomplete mortgage of rural homesteads” and “pledge of villagers’ share dividend rights”, or credit-based lending. As of the end of the Reporting Period, the total balance of these loans exceeded RMB2.2 billion, benefiting nearly 6,500 villager households. During the Reporting Period, to better meet the consumer loan needs of high-quality villagers in central urban areas, our Bank integrated the characteristics of villages and communities with the data of existing customers to establish a screening model framework for the marketing white-list of villager customers. We also customized standardized and exclusive consumer loan products for key villages and communities. The loan balance of rural household consumer loan products such as the “Jinmi Fingertip Loan”, “Jinmi Consumer E Loan”, and “Jinmi Housing Loan” exceeded RMB2 billion, with a growth rate of over 50%.

Third, we empowered rural grassroots governance with technology. Under the support of Guangzhou Municipal Finance Bureau and Guangzhou Municipal Agriculture and Rural Affairs Bureau, our Bank vigorously promoted the “Three Funds” management platform and “Village Card” services in rural areas, continuously optimizing and upgrading the functions of the “Village Wealth” business. The “Cloud Xin Tong” business for cash management was comprehensively implemented in 87 administrative villages in 11 towns and sub-districts in Zengcheng, Conghua, Nansha, and Baiyun districts. Based on the “Three Funds” management platforms in each district, our Bank has developed intelligent systems for village communities, such as the village community intelligent payment system and the village community property rental management system. These systems provide comprehensive financial services for the “Three Funds” management, including property rental, online payment, automatic deduction, anti-money laundering risk early warning, fund collection, and financial approval. They enable “transparent” supervision of rural funds, optimize the grassroots governance system, and improve the quality and efficiency of rural asset management. The “Village Wealth” system has covered 234 villages in 23 towns (sub-districts) across 4 districts in Guangzhou. A total of 1,973 customers have registered for the system, 1,534 more than at the start of the year. It has assisted village communities in completing over 30,000 approval forms for collective fund payments, with a total fund settlement volume reaching RMB14.9 billion, and has served over 420,000 people. During the Reporting Period, our Bank issued an additional 284 “Village Cards”, bringing the cumulative number of issued cards to 10,823.

IV. IMPROVING THE SERVICE SYSTEM TO SUPPORT FARMERS' DIVERSIFIED FINANCE DEMANDS.

The Bank implements the concept of “finance for the people” and goes deep into rural areas to provide farmers with village-to-household financial services such as financial knowledge popularization and government services through business outlets, rural financial service stations, financial village officials and exclusive financial products.

First, we continuously optimized the construction of rural financial service channels. As of the end of the Reporting Period, our Bank has set up a total of 141 rural financial service stations. We have deployed 103 integrated banking-government service machines in villages and communities, providing various financial services to 88 villages and communities in the city. We have also introduced 469 “Easy Guangdong” (a government service platform in Guangdong) government service functions into 149 outlets. We have been continuously promoting the construction of three mobile payment convenience projects in Renhe Town of Baiyun District, as well as Jiangpu Sub-district and Jiekou Sub-district of Conghua District. In total, we have increased the number of exclusive merchants in the mobile payment demonstration towns by 624.

Second, we expanded the service network by leveraging rural financial service officers. With our business outlets as the main front-line service providers, rural financial service stations as an extension, and rural financial service officers as a supplementary force, we continuously deepen our services at the grassroots level in rural areas. We actively responded to Guangzhou's initiative of appointing “rural financial service officers” to support the construction of New Rural Demonstration Belts. As of the end of the Reporting period, our Bank has dispatched 34 “rural financial service officers” in Guangzhou, covering 55 administrative villages across 7 districts. Our Bank is the only banking institution in the city that has achieved full coverage of the 7 rural-related districts with “rural financial service officers”. Both the number of officers dispatched and the number of administrative villages served are the highest in the city, accounting for over 40% of the city's total. In addition, we have sent 95 district-level rural financial service officers to serve 126 administrative villages. The “rural financial service officers” at all levels selected by our Bank regularly visit villages and communities to provide services. In combination with activities such as joint Party building, they have carried out more than a hundred sessions of financial knowledge promotion. Since they began their work, they have successfully handled or referred for handling loans worth over RMB220 million.

Third, we provided asset appreciation services for villagers through product expansion. We further enriched villagers' deposit and wealth-management products to support the appreciation of villagers' assets. We issued one wealth-management product exclusive to villagers, raising RMB61 million during the Reporting Period. As of the end of the Reporting Period, the scale of this product was RMB56.9 million. We also stepped up the promotion of savings bonds in rural areas to facilitate and support villagers in purchasing bonds.

SANNONG FINANCIAL SERVICES

V. UPHOLDING THE PRINCIPLE OF ASSISTING FARMERS FOR PUBLIC GOOD AND SHOULDERING THE RESPONSIBILITIES OF A MUNICIPAL-OWNED FINANCIAL ENTERPRISE.

The Bank actively employs monetary policy tools, its own e-commerce platform, and public welfare funds to support agriculture in a long-term and comprehensive manner, and earnestly assumes corporate social responsibility and serves the development of “agriculture, rural areas and farmers”.

First, we fully utilized policy tools to support agriculture and small businesses. During the Reporting Period, the Bank allocated a total of RMB4,226 million of agricultural refinancing policy funds, which represents a 30.88% increase year-on-year, earning the top rank among banking institutions in Guangdong Province. This effort directly resulted in the provision of RMB5,718 million in agricultural loans, and the average weighted interest rate dropped by 27 basis points compared to the previous year, benefiting 1,018 farming households and enterprises; and RMB9,622 million of policy funds for small business re-loans were applied, leveraging RMB9,673 million of loans to small and micro enterprises and private enterprises, with the weighted average interest rate dropped by 34 basis points year-on-year, and strongly supported 3,631 small and micro enterprises and private enterprises.

Second, we provided targeted assistance to help increase income in towns and villages. The Bank conducted in-depth research and consultations with towns and villages to develop specific assistance plans and donated RMB1.9 million in assistance funds during the reporting period. The Bank also actively utilized the advantages of trade union organizations. By purchasing agricultural products instead of making direct donations, we spent approximately RMB4.5 million on specialty agricultural products from the assisted villages and towns, helping agricultural enterprises and farmers increase production and income. As a result, we were awarded the “Silver Cup of the Guangdong Poverty Alleviation Red Cotton Cup”.

Third, we promoted the implementation of charitable projects through organizational support. During the Reporting Period, the Bank gave full play to the role of Jinmi Foundation to carry out the “Bank and Society Supporting Agriculture to Promote Revitalization” project, with a budget of RMB2 million. The Bank also launched the “Assisting Rural Revitalization” project with a budget of RMB4.2 million, supporting more than 230 administrative villages.

CHANGES IN SHARES AND SHAREHOLDERS

I. THE STATUS OF SHARE CAPITAL

As of the end of the Reporting Period, the Bank had a total share capital of 14,409,789,327 shares, comprising 11,734,864,327 Domestic Shares, accounting for 81.44% of the total share capital and 2,674,925,000 H Shares, accounting for 18.56% of the total share capital.

II. CHANGES IN SHARES

Unit: Share, %

	31 December 2023		Increase/decrease during the Reporting Period	31 December 2024	
	Quantity	Proportion		Quantity	Proportion
Domestic Shares	11,734,864,327	81.44	0	11,734,864,327	81.44
Domestic Shares held by legal persons	9,279,529,596	64.40	0	9,279,529,596	64.40
Domestic Shares held by natural persons	2,455,334,731	17.04	0	2,455,334,731	17.04
H Shares	2,674,925,000	18.56	0	2,674,925,000	18.56
Total share capital	14,409,789,327	100	0	14,409,789,327	100

III. THE STATUS OF SHAREHOLDERS

(I) Total Number of Shareholders and Their Shareholdings

As of the end of the Reporting Period, the total number of shareholders of the Bank's Domestic Shares was 29,110, comprising the number of the legal person shareholders of the Domestic Shares was 720, possessing 9,279,529,596 Domestic Shares, accounting for 64.40% of the total share capital of the Bank, and the number of the natural person shareholders of the Domestic Shares was 28,390, possessing 2,455,334,731 Domestic Shares, accounting for 17.04% of the total share capital of the Bank, and all Domestic Shares of the Bank were deposited in China Securities Depository and Clearing Corporation Limited. The total number of registered shareholders of H Shares was 79 (of which HKSCC Nominees Limited, as a nominee, acted on behalf of some shareholders).

(II) Top Ten Shareholders of the Bank

As of the end of the Reporting Period, the top ten shareholders of the Bank together held 51.78% of the Bank's total share capital, among which, no single holder of Domestic Shares having control of more than 5% of the total share capital except Guangzhou Finance Holdings Group Co., Ltd. and Guangzhou Metro Group Co., Ltd in the top ten shareholders of the Bank. Guangzhou Finance Holdings Group Co., Ltd., Guangzhou Metro Group Co., Ltd and Guangzhou City Renewal Group Co., Ltd., the shareholders of Domestic Shares of Bank, are all state-owned enterprises. Among the top ten shareholders, the largest shareholder of Domestic Shares was Guangzhou Finance Holdings Group Co., Ltd., which held 8.29% of the total share capital. The second largest shareholder of Domestic Shares was Guangzhou Metro Group Co., Ltd., which held 5.02% of the total share capital, and the third largest was Guangzhou City Renewal Group Co., Ltd., which held 4.83% of the total share capital.

CHANGES IN SHARES AND SHAREHOLDERS

The top ten shareholders of the Bank are as follows:

No.	Name	Class of shareholder	Nature of shareholder	Number of shares (share)	Shareholding proportion (%) ⁽²⁾
1	HKSCC Nominees Limited ⁽¹⁾	H Shares	Other	2,674,603,650	18.56
2	Guangzhou Finance Holdings Group Co., Ltd.	Domestic Shares	State-owned legal person	1,194,271,140	8.29
3	Guangzhou Metro Group Co., Ltd.	Domestic Shares	State-owned legal person	722,950,000	5.02
4	Guangzhou City Renewal Group Co., Ltd.	Domestic Shares	State-owned legal person	696,288,999	4.83
5	Guangzhou Digital Technology Group Co., Ltd.	Domestic Shares	State-owned legal person	606,266,479	4.21
6	Guangzhou Industrial Investment Holdings Group Co., Ltd.	Domestic Shares	State-owned legal person	351,944,322	2.44
7	Guangzhou Vanlead Group Co., Ltd.	Domestic Shares	State-owned legal person	319,880,672	2.22
8	Guangzhou Lingnan Business Travel Investment Group Co., Ltd.	Domestic Shares	State-owned legal person	303,442,825	2.11
9	Guangzhou Industrial Investment and Capital Operation Holding Group Ltd.	Domestic Shares	State-owned legal person	295,538,068	2.05
10	Guangzhou Development Zone Industrial Service Co., Ltd. (廣州開發區產業服務有限公司)	Domestic Shares	State-owned legal person	295,538,068	2.05
Total				7,460,724,223	51.78

Notes:

(1) HKSCC Nominees Limited, as a nominee, held 2,674,603,650 H Shares in aggregate in the Bank on behalf of several clients, representing approximately 18.56% of the issued share capital of the Bank. As a member of CCASS, HKSCC Nominees Limited promotes registration and custodian business for clients.

(2) Calculated on the basis of the total share capital of the Bank of 14,409,789,327 shares.

(III) Internal Staff Members' Shareholdings of the Bank

As of the end of the Reporting Period, the Bank had a total of 5,693 internal staff member shareholders, holding 372 million shares, which accounted for 2.58% of the total share capital of the Bank.

CHANGES IN SHARES AND SHAREHOLDERS

(IV) Explanation on the absence of controlling shareholders and de facto controllers of the Bank

The shareholding structure of the Bank is dispersed. As of the end of the Reporting Period, the Bank did not have any controlling shareholders or de facto controllers.

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

Based on the knowledge of the directors or chief executives of the Bank, as at 31 December 2024, the following persons (other than the directors, chief executives and supervisors of the Bank) had, or were deemed to have interests or short positions in the shares and underlying shares of the Bank which would fall to be disclosed to the Bank and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Bank pursuant to Section 336 of the SFO with details as follows:

Name of shareholder	Nature of interest	Class of shares	Long/short position	Number of shares held directly or indirectly (share)	Approximate percentage of interest in the Bank	Approximate percentage of the relevant class of shares of the Bank
Guangzhou Finance Holdings Group Co., Ltd. ⁽¹⁾	Beneficial owner	Domestic Shares	Long	1,194,271,140	8.29%	10.18%
Guangzhou Guangyong State-owned Assets Management Co., Ltd. ⁽¹⁾	Beneficial owner	Domestic Shares	Long	18,304,522	0.13%	0.16%
Guangzhou Finance Holdings Group Co., Ltd. ⁽¹⁾	Interest of a controlled corporation	Domestic Shares	Long	1,212,575,662	8.41%	10.33%
Guangzhou Metro Group Co., Ltd.	Beneficial owner	Domestic Shares	Long	722,950,000	5.02%	6.16%
Guangzhou City Renewal Group Co., Ltd. ⁽²⁾	Beneficial owner	Domestic Shares	Long	696,288,999	4.83%	5.93%
Guangzhou Pearl River Enterprises Group Co., Ltd. ⁽²⁾	Interest of a controlled corporation	Domestic Shares	Long	696,288,999	4.83%	5.93%
Guangzhou Digital Technology Group Co., Ltd.	Beneficial owner	Domestic Shares	Long	606,266,479	4.21%	5.17%
Guangzhou Industrial Investment Holding Group Co., Ltd. ⁽³⁾	Beneficial owner	Domestic Shares	Long	351,944,322	2.44%	3.00%
Guangzhou Vanlead Group Co., Ltd. ⁽³⁾	Beneficial owner	Domestic Shares	Long	319,880,672	2.22%	2.73%

CHANGES IN SHARES AND SHAREHOLDERS

Name of shareholder	Nature of interest	Class of shares	Long/short position	Number of shares held directly or indirectly (share)	Approximate percentage of interest in the Bank	Approximate percentage of the relevant class of shares of the Bank
Guangzhou Gongkong Capital Management Co., Ltd. ⁽³⁾	Beneficial owner	Domestic Shares	Long	45,312,844	0.31%	0.39%
Guangzhou Industrial Investment Holding Group Co., Ltd. ⁽³⁾	Interest of a controlled corporation	Domestic Shares	Long	717,137,838	4.98%	6.11%
Lead Straight Limited ⁽⁴⁾	Beneficial owner	H Shares	Long	195,229,000	1.35%	7.30%
Kwong Pak International Trading (Hong Kong) Limited (廣百國際貿易(香港)有限公司) ⁽⁴⁾	Interest of a controlled corporation	H Shares	Long	195,229,000	1.35%	7.30%
Guangzhou Lingnan Business Travel Investment Group Co., Ltd. ⁽⁴⁾	Interest of a controlled corporation	H Shares	Long	195,229,000	1.35%	7.30%
Guangzhou City Construction Investment Development Company Limited ⁽⁵⁾	Beneficial owner	H Shares	Long	551,900,000	3.83%	20.63%
Guangzhou City Construction Investment Group Co., Ltd. ⁽⁵⁾	Interest of a controlled corporation	H Shares	Long	561,249,000	3.89%	20.98%
Aeon Life Insurance Company Limited	Beneficial owner	H Shares	Long	295,229,000	2.05%	11.04%
Guangzhou Honghui Investment Co., Ltd. (廣州市鴻匯投資有限公司) ⁽⁶⁾	Beneficial owner	H Shares	Long	200,991,000	1.39%	7.51%
Zeng Weipeng ⁽⁶⁾	Interest of a controlled corporation	H Shares	Long	114,558,840	0.80%	4.28%
Manureen Investment Limited (美林投資有限公司) ⁽⁷⁾	Beneficial owner	H Shares	Long	221,424,797	1.54%	8.28%
Lin Xiaohui ⁽⁷⁾	Interest of a controlled corporation	H Shares	Long	221,424,797	1.54%	8.28%

CHANGES IN SHARES AND SHAREHOLDERS

Name of shareholder	Nature of interest	Class of shares	Long/short position	Number of shares held directly or indirectly (share)	Approximate percentage of interest in the Bank	Approximate percentage of the relevant class of shares of the Bank
Su Jiaohua ⁽⁷⁾	Interest of the spouse	H Shares	Long	221,424,797	1.54%	8.28%
Harvest Fund Management Co., Ltd. ⁽⁸⁾	Beneficial owner	H Shares	Long	187,000,000	1.30%	6.99%
China Credit Trust Co., Ltd. ⁽⁸⁾	Interest of a controlled corporation	H Shares	Long	187,000,000	1.30%	6.99%

- (1) Guangzhou Guangyong State-owned Assets Management Co., Ltd. (廣州市廣永國有資產經營有限公司) is wholly owned by Guangzhou Finance Holdings Group Co., Ltd. (廣州金融控股集團有限公司). Therefore, Guangzhou Finance Holdings Group Co., Ltd. together with the shares directly held by itself are deemed to be interested in the 1,212,575,662 Domestic Shares by virtue of the SFO.
- (2) Guangzhou City Renewal Group Co., Ltd. (廣州城市更新集團有限公司) is wholly owned by Guangzhou Pearl River Enterprises Group Co., Ltd. (廣州珠江實業集團有限公司). Therefore, Guangzhou Pearl River Enterprises Group Co., Ltd. is deemed to be interested in the 696,288,999 Domestic Shares by virtue of the SFO.
- (3) Guangzhou Vanlead Group Co., Ltd. (廣州萬力集團有限公司) is wholly owned by Guangzhou Industrial Investment Holding Group Co., Ltd. (廣州工業投資控股集團有限公司) and Guangzhou Gongkong Capital Management Co., Ltd. (廣州工控資本管理有限公司) is owned as to 84.75% by Guangzhou Industrial Investment Holding Group Co., Ltd. Therefore, Guangzhou Industrial Investment Holding Group Co., Ltd. together with the shares directly held by itself are deemed to be interested in the 717,137,838 Domestic Shares by virtue of the SFO.
- (4) Guangzhou Lingnan International Enterprise Group Co., Ltd. (廣州嶺南國際企業集團有限公司) and Kwong Pak International Trading (Hong Kong) Limited (廣百國際貿易(香港)有限公司) are wholly owned by Guangzhou Lingnan Business Travel Investment Group Co., Ltd. (廣州嶺南商旅投資集團有限公司), and Lead Straight Limited (威卓有限公司) is wholly owned by Kwong Pak International Trading (Hong Kong) Limited. Therefore, Guangzhou Lingnan Business Travel Investment Group Co., Ltd. is deemed to be interested in the 195,229,000 H Shares by virtue of the SFO.
- (5) The 561,249,000 H Shares comprised 551,900,000 H Shares directly held by Guangzhou City Construction Investment Development Company Limited (廣州市建設投資發展有限公司) and 9,349,000 H Shares directly held by Guangzhou Xinhua Urban Development Industry Investment Enterprise (Limited Partnership) (廣州新

CHANGES IN SHARES AND SHAREHOLDERS

華城市發展產業投資企業(有限合夥)). Therefore, Guangzhou City Construction Investment Group Co., Ltd. (廣州市城市建設投資集團有限公司) is deemed to be interested in the 561,249,000 H Shares by virtue of the SFO.

- (6) Guangzhou Hong He Investment Co., Ltd. is owned as to 90% by Zeng Weipeng, and Guangzhou HongHui Investment Co., Ltd. (廣州市鴻匯投資有限公司) is owned as to 63.33% by Guangzhou Hong He Investment Co., Ltd. Therefore, Zeng Weipeng is deemed to be interested in the 200,991,000 H Shares by virtue of the SFO.
- (7) Manureen Investment Limited (美林投資有限公司) is owned as to 70% by Lin Xiaohui. Therefore, Lin Xiaohui is deemed to be interested in the 221,424,797 H Shares by virtue of the SFO. Su Jiaohua is the spouse of Lin Xiaohui. Therefore, Su Jiaohua is deemed to be interested in the 221,424,797 H Shares by virtue of the SFO.
- (8) Harvest Fund Management Co., Ltd. is owned as to 40% by China Credit Trust Co., Ltd. Therefore, China Credit Trust Co., Ltd. is deemed to be interested in the 187,000,000 H Shares by virtue of the SFO.

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

(VI) Major Shareholders under “Interim Measures for Equity Management of Commercial Banks” 《(商業銀行股權管理暫行辦法)》

Pursuant to the relevant requirements concerning major shareholders under “Interim Measures for Equity Management of Commercial Banks”, the major shareholders and the information on their Related parties of the Bank are listed in the table below as at the end of the Reporting Period:

No.	Name of shareholder	Number of shares held (share)	Reason for being major shareholder	Whether over 50% of the shares held were pledged	Controlling shareholders	De facto controllers	Parties acting in concert	Ultimate beneficial owners	Related parties ⁽¹⁾
1	Guangzhou Finance Holdings Group Co., Ltd.	1,194,271,140	Delegated director Mr. Ni Kai	No	Guangzhou Municipal People's Government	Guangzhou Municipal People's Government	-	Guangzhou Finance Holdings Group Co., Ltd.	14 related natural persons, 173 related legal persons
2	Guangzhou Metro Group Co., Ltd.	722,950,000	Delegated director Mr. Wang Xiaobin	No	Guangzhou Municipal People's Government	Guangzhou Municipal People's Government	-	Guangzhou Metro Group Co., Ltd.	18 related natural persons, 103 related legal persons
3	Guangzhou Gongkong Capital Management Co., Ltd.	45,312,844	Delegated director Mr. Zuo Liang	No	Guangzhou Industrial Investment Holding Group Co., Ltd.	Guangzhou Municipal People's Government	-	Guangzhou Gongkong Capital Management Co., Ltd.	24 related natural persons, 544 related legal persons

CHANGES IN SHARES AND SHAREHOLDERS

No.	Name of shareholder	Number of shares held (share)	Reason for being major shareholder	Whether over 50% of the shares held were pledged	Controlling shareholders	De facto controllers	Parties acting in concert	Ultimate beneficial owners	Related parties ⁽¹⁾
4	Guangzhou City Renewal Group Co., Ltd.	696,288,999	Delegated director Mr. Zhang Yan	No	Guangzhou Pearl River Enterprises Group Co., Ltd.	Guangzhou Municipal People's Government	–	Guangzhou City Renewal Group Co., Ltd.	22 related natural persons, 353 related legal persons
5	Guangzhou Lingnan Business Travel Investment Group Co., Ltd.	303,442,825	Delegated director Ms. Xing Qiuyu	No	Guangzhou Municipal People's Government	Guangzhou Municipal People's Government	–	Guangzhou Lingnan Business Travel Investment Group Co., Ltd.	13 related natural persons, 233 related legal persons
6	Aeon Life Insurance Company Limited	65,000,000 ⁽²⁾	Delegated director Mr. Hu Geyou	No	–	–	–	Aeon Life Insurance Company Limited	111 related natural persons, 57 related legal persons
7	Guangzhou Huaxin Group Co., Ltd. (廣州華新集團有限公司)	100,010,000	Delegated director Mr. Feng Yaoliang	No	Mr. Feng Yaoliang	Mr. Feng Yaoliang	–	Guangzhou Huaxin Group Co., Ltd. (廣州華新集團有限公司)	6 related natural persons, 134 related legal persons
8	Guangzhou Digital Technology Group Co., Ltd.	606,266,479	Delegated supervisor Ms. Yu Qing	No	Guangzhou Municipal People's Government	Guangzhou Municipal People's Government	–	Guangzhou Digital Technology Group Co., Ltd.	13 related natural persons, 278 related legal persons

CHANGES IN SHARES AND SHAREHOLDERS

No.	Name of shareholder	Number of shares held (share)	Reason for being major shareholder	Whether over 50% of the shares held were pledged	Controlling shareholders	De facto controllers	Parties acting in concert	Ultimate beneficial owners	Related parties ⁽¹⁾
9	Longdong Economic Development Company, Tianhe District, Guangzhou City	121,010,000	Delegated supervisor Mr. Liang Bingtian	No	Longdong Stock Cooperative Economic Association, Longdong Street, Tianhe District, Guangzhou (廣州市天河區龍洞街龍洞股份合作經濟聯社)	Longdong Stock Cooperative Economic Association, Longdong Street, Tianhe District, Guangzhou (廣州市天河區龍洞街龍洞股份合作經濟聯社)	-	Longdong Economic Development Company, Tianhe District, Guangzhou City	5 related natural persons, 2 related legal persons
10	Foshan Dongjian Group Co., Ltd. (佛山市東建集團有限公司)	104,000,000	Delegated supervisor Mr. Li Zhiqian	No	Mr. Zhong Liuhan	Mr. Zhong Liuhan	-	Foshan Dongjian Group Co., Ltd. (佛山市東建集團有限公司)	9 related natural persons, 29 related legal persons

Notes:

- (1) For the definition of major shareholders, controlling shareholders, de facto controllers, related parties, parties acting in concert and ultimate beneficial owners, please see the relevant requirements of the Interim Measures for Equity Management of Commercial Banks. The major shareholders of the Bank have submitted their lists of related parties, and the Bank will regularly maintain and update the list of related parties to continuously lift the level of management of related party transactions. The report does not provide the list of related parties of major shareholders.
- (2) Only for Domestic Shares.

CHANGES IN SHARES AND SHAREHOLDERS

(VII) Undertakings by Shareholders Holding 5% or More of Share Capital of the Bank

As at the end of the Reporting Period, the shareholders holding more than 5% of the Bank's total issued shares were Guangzhou Finance Holdings Group Co., Ltd. and Guangzhou Metro Group Co., Ltd., which held 1,194,271,140 and 722,950,000 shares of the Bank respectively. Both shareholders have issued the "Substantial Shareholders Undertaking Letters" to the Bank and undertaken to perform their duties as substantial shareholders in accordance with regulatory requirements.

(VIII) Judicial Freezing and Pledging of the Bank's Shares

As of the end of the Reporting Period, 97,053,656 Domestic Shares of the Bank were involved in judicial freezing, representing 0.67% of the total share capital of the Bank, and 685,981,832 Domestic Shares of the Bank were involved in pledge, representing 4.76% of the total share capital of the Bank.

IV. ISSUE, PURCHASE, SALE AND REDEMPTION OF SECURITIES AND DEBT SECURITIES OF THE BANK

During the Reporting Period, the Bank did not issue any securities.

During the Reporting Period, the Bank completed the issuance and listing of undated capital bonds in an amount of RMB12 billion on 29 May 2024. After deducting the issuance expenses, all of the proceeds raised were used to replenish other tier 1 capital of the Bank; the Bank completed the redemption of US\$1,430,000,000 non-cumulative perpetual offshore preference shares on the Hong Kong Stock Exchange with an aggregate redemption price of US\$1,523,744,444.44 on 20 June 2024.

During the Reporting Period, the Bank did not issue any convertible bonds.

As of the end of the Reporting Period, the Bank and its subsidiaries did not hold any treasury shares.

Save as disclosed above, during the Reporting Period, the Bank and its subsidiaries did not purchase, sell and redeem any securities of the Bank (including sale of treasury shares).

V. INCREASE OR DECREASE OF REGISTERED CAPITAL, DIVISION AND MERGER OF THE BANK

As of the end of the Reporting Period, the total share capital of the Bank was 14,409,789,327. The Bank has changed its registered capital in accordance with relevant laws, regulations, regulatory provisions and the Articles of Association of the Bank. As of the Latest Practicable Date, relevant procedures are still being processed.

CHANGES IN SHARES AND SHAREHOLDERS

VI. REDEMPTION OF THE OFFSHORE PREFERENCE SHARES

(I) Issuance and listing of offshore preference shares

To supplement the capital of the Bank in a diversified way, further enhance the capital strength of the Bank and enhance its ability to resist risks, upon the approvals by Guangdong Bureau of former China Banking and Insurance Regulatory Commission (Yue Yin Bao Jian (Chou) Fu [2018] No. 27) and the China Securities Regulatory Commission (CSRC) (Zheng Jian Xu Ke [2019] No. 355), the Bank issued non-cumulative perpetual offshore preference shares in the amount of USD1,430 million on 20 June 2019. The offshore preference shares (abbreviated as GRCB 19USDPRF with code of 04618) were listed on the Hong Kong Stock Exchange on 21 June 2019 with a nominal value of RMB100 per share at an offering price of USD20 per share. The total number of shares issued was 71,500,000, all of which were issued and fully paid in US dollars.

Based on the Renminbi central parity rate published by the China Foreign Exchange Trade System on 20 June 2019, the gross proceeds from the offering of the offshore preference shares were approximately RMB9.839 billion. The proceeds raised from the issuance of the offshore preference shares, after deduction of the issuance expenses, have been fully used to replenish the additional tier 1 capital of the Bank to increase the tier 1 capital adequacy ratio of the Bank, which is consistent with the specific use disclosed beforehand.

For the issuance terms and relevant details of the offshore preference shares, please refer to the announcements of the Bank published on the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the official website of the Bank (www.grcbank.com).

(II) Profit distribution of the Offshore Preference Shares

Under the terms of the offshore preference shares offering, the Dividends will be paid in cash by the Bank to offshore preference shareholders. Each dividend will be payable annually in arrears on the dividend payment date. During the Reporting Period, dividends for the offshore preference shares of USD93,744,444.44 was distributed by the Bank on 20 June 2024, of which USD84,370,000 was paid to the holders of offshore preference shares at a nominal dividend rate of 5.9%, and income tax of USD9,374,444.44 was withheld.

(III) Redemption of the offshore preference shares

On 20 June 2024, according to the terms and conditions of the offshore preference shares and the recognition from the Guangdong Regulatory Bureau of the National Financial Regulatory Administration, the Bank completed the redemption of 71,500,000 non-cumulative perpetual offshore preference shares. The aggregate redemption price is US\$1,523,744,444.44 (i.e. the sum of (i) aggregate liquidation preference amount of the offshore preference shares in the amount of US\$1,430,000,000; and (ii) the dividends of offshore preference shares in the amount of US\$93,744,444.44) at a redemption price of USD21.31 per share. During the Reporting Period, no offshore preference shares have been converted into ordinary shares or had their voting rights restored, and there was no experience of any trigger event in which the offshore preference shares need to be coercively converted into H Shares. Therefore, after the redemption and cancellation of the offshore preference shares, the Bank did not have any offshore preference shares in issue. Please refer to the Bank's announcements dated 25 April 2024, 13 May 2024 and 21 June 2024 for details on the redemption of the offshore preference shares.

CHANGES IN SHARES AND SHAREHOLDERS

VII. DIVIDENDS

The Board of Directors has proposed the payment of a cash dividend of RMB0.45 (tax inclusive) per 10 shares for 2024 to all shareholders of the bank in an aggregate amount of approximately RMB648 million (tax inclusive). The payment of such dividend is subject to consideration at the 2024 Annual General Meeting, and, if approved by shareholders, such dividend is expected to be paid on or before 25 July 2025 to our domestic shareholders and H shareholders. Such dividend will be denominated in Renminbi, and paid to the domestic shareholders and H shareholders in Renminbi and Hong Kong dollars, respectively. The exchange rate for dividend to be paid in Hong Kong dollars shall be the average middle rate of Renminbi against Hong Kong dollars for the five business days preceding the date of declaration of such dividend at the 2024 Annual General Meeting (inclusive) as announced by the PBOC. During the Reporting Period, the Bank was not aware that any Shareholder had waived or agreed to waive any dividend arrangements. For details of the distribution of 2024 annual dividend of the Bank, please see the circular of 2024 Annual General Meeting of the Bank.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

I. THE BASIC INFORMATION OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) Information on the Current Directors of the Board of Directors, Supervisors of the Board of Supervisors and Senior Management of the Bank

Name	Position	Gender	Year of Birth	Duration of Appointment
Cai Jian	Secretary of the Party Committee, Chairman, executive director	Male	1973	2021.03–
Deng Xiaoyun	Deputy secretary of the Party Committee, Vice Chairman, executive director and President	Female	1976	2023.11–
Ni Kai	Non-executive director	Male	1985	2024.11–
Wang Xiaobin	Non-executive director	Male	1977	2023.10–
Zuo Liang	Non-executive director	Male	1979	2021.03–
Zhang Yan	Non-executive director	Male	1974	2024.11–
Xing Qiuyu	Non-executive director	Female	1971	2024.11–
Hu Geyou	Non-executive director	Male	1979	2024.11–
Feng Yaoliang	Non-executive director	Male	1961	2021.03–
Liao Wenyi	Independent non-executive director	Male	1962	2021.07–
Du Jinmin	Independent non-executive director	Male	1963	2021.03–
Zheng Guojian	Independent non-executive director	Male	1979	2024.11–
Zhang Hua	Independent non-executive director	Male	1965	2021.03–
Ma Hok Ming	Independent non-executive director	Male	1975	2021.07–
Wang Xigui	Member of Party Committee, Chairman of the Board of Supervisors, Employee Supervisor	Female	1966	2018.12–
Zeng Weixue	Employee Supervisor	Female	1975	2024.05–
Bao Chen	Employee Supervisor	Male	1982	2024.05–
Han Zhenping	External Supervisor	Male	1973	2021.02–
Shi Shuiping	External Supervisor	Male	1975	2021.02–
Huang Tianshun	External Supervisor	Male	1968	2022.08–
Yu Qing	Shareholders' Supervisor	Female	1975	2024.06–
Liang Bingtian	Shareholders' Supervisor	Male	1973	2021.02–
Li Zhiquan	Shareholders' Supervisor	Male	1979	2024.06–
Tan Bo	Deputy Secretary of the Party Committee and Assistant to the President	Male	1974	2020.06–
Li Yaguang	Member of Party Committee, Vice President, Chief Information Officer and Chief Data Officer	Male	1967	2021.09–
He Heng	Member of Party Committee, Vice President, and general counsel	Female	1970	2024.06–

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Position	Gender	Year of Birth	Duration of Appointment
Gu Bo	Member of Party Committee and Vice President	Male	1981	2024.11–
Wu Wenli	Secretary to the Board of Directors	Female	1978	2022.10–
Yang Xuan	Business Director	Female	1976	2015.08–

Note: The commencement date of the appointment of the directors, supervisors and senior management is the approval date by the general meeting or employee representative assembly of the Bank (as the case may be) or the approval from the regulatory authority.

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

1. *Changes of Directors of the Bank*

On 15 March 2024, Mr. Tan Jinsong resigned as an independent non-executive director of the third session of the Board of Directors of the Bank as he needed to devote more energy to other work affairs. At the Bank's 2023 annual general meeting held on 13 June 2024, Mr. Cai Jian and Ms. Deng Xiaoyun were elected as executive directors of the fourth session of the Board of Directors of the Bank, Mr. Ni Kai, Mr. Wang Xiaobin, Mr. Zuo Liang, Mr. Zhang Yan, Ms. Xing Qiuyu, Mr. Qin Min'an, Mr. Hu Geyou and Mr. Feng Yaoliang were elected as non-executive directors of the fourth session of the Board of Directors of the Bank, and Mr. Liao Wenyi, Mr. Du Jinmin, Mr. Zheng Guojian, Mr. Xu Zhi, Mr. Zhang Hua and Mr. Ma Hok Ming were elected as independent non-executive directors of the fourth session of the Board of Directors of the Bank. Among them, Mr. Cai Jian, Mr. Liao Wenyi, Mr. Du Jinmin, Mr. Zhang Hua, Mr. Ma Hok Ming, Mr. Wang Xiaobin, Mr. Zuo Liang, and Mr. Feng Yaoliang were re-elected as directors of the fourth session of the Board of Directors of the Bank. Their terms of office shall commence from the date of the resolution of the annual general meeting and will last for three years. On 6 November 2024, the qualifications of Ms. Deng Xiaoyun, Mr. Zheng Guojian, Mr. Ni Kai, Mr. Zhang Yan, Ms. Xing Qiuyu, and Mr. Hu Geyou to serve as directors were approved by the regulatory authorities. Their terms of office commence on 6 November 2024, and will last for three years, they had obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 6 November 2024. The Bank has provided relevant training materials to the Directors and further organized relevant on-site trainings on 4 December 2024, and every director has confirmed that he or she understood his or her responsibilities as a director of a listed issuer. On 6 November 2024, Mr. Zhang Weiguo, Mr. Liu Wensheng, Mr. Da Hengcheng, Mr. Zhang Junzhou, Mr. Meng Sen, and Mr. Lai Zhiguang ceased to serve as directors and members of relevant specialized committees of the Board of Directors. On 6 November 2024, Mr. Xu Zhi and Mr. Qin Min'an resigned from their proposed positions as independent non-executive director and non-executive director respectively of the fourth session of the Board of the Bank. Mr. Xu Zhi needed to devote more energy to other work affairs, while Mr. Qin Min'an resigned due to his personal job change.

On 7 November 2024, at the first meeting of the fourth session of the Board of Directors of the Bank, Mr. Cai Jian and Ms. Deng Xiaoyun were elected as chairman and vice-chairwoman of the fourth session of the Board of Directors of the Bank, respectively. Mr. Cai Jian assumed the position of chairman starting from 7 November 2024. The qualification of Ms. Deng Xiaoyun to serve as vice-chairwoman was approved by the regulatory authorities on 25 December 2024. Ms. Deng Xiaoyun started to serve as vice-chairwoman on 25 December 2024.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

On 13 December 2024, at the 2024 first extraordinary general meeting of the Bank, Mr. Zhu Guilong and Ms. Huang Hongyan were elected as directors of the fourth session of the Board of the Bank. As of the Latest Practicable Date of the report, their qualifications are still subject to approval by the regulatory authorities.

2. Changes of Supervisors of the Bank

At the employee representatives meeting of the Bank held on 9 May 2024, Ms. Wang Xigui, Ms. Zeng Weixue and Mr. Bao Chen were elected as employee representative supervisors of the fourth session of the Board of Supervisors. On 13 June 2024, at the 2023 annual general meeting of the Bank, Mr. Han Zhenping, Mr. Shi Shuiping and Mr. Huang Tianshun were elected as external supervisors of the fourth session of the Board of Supervisors and Ms. Yu Qing, Mr. Liang Bingtian and Mr. Li Zhiqian were elected as shareholder representative supervisors of the fourth session of the Board of Supervisors. Their terms of office shall commence from the date of the resolution of the 2023 annual general meeting and will last for three years. Ms. He Heng and Mr. Lai Jiaxiong ceased to serve as employee representative supervisors of the Bank effective from the date of the employee representatives meeting on 9 May 2024. Mr. Chen Jianliang and Mr. Feng Jintang ceased to be shareholder representative supervisors of the Bank effective from the date of the 2023 annual general meeting.

On 28 June 2024, at the first meeting of the fourth session of the Board of Supervisors of the Bank, Ms. Wang Xigui was elected as chairwoman of the fourth session of the Board of Supervisors of the Bank. Her term of office commences on 28 June 2024, and will last until the expiration of the term of the fourth session of the Board of Supervisors of the Bank.

3. Changes in Senior Management of the Bank

On 15 March 2024, the Board of Directors of the Bank appointed Ms. He Heng as Vice President of the Bank, whose qualification for the position was approved by the regulatory authorities on 6 June 2024. On 10 September 2024, the Board of Directors of the Bank appointed Mr. Gu Bo as Vice President of the Bank, whose qualification for the position was approved by the regulatory authorities on 21 November 2024. On 26 September 2024, the Board of Directors of the Bank appointed Ms. He Heng as the general counsel of the Bank concurrently. On 12 July 2024, and 22 November 2024, the Board of Directors of the Bank concurrently appointed Mr. Li Yaguang as the chief information officer and chief data officer of the Bank, respectively.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

On 11 March 2024, Ms. Chen Linjun resigned as Business Director of the Bank due to job change. On 6 June 2024, Mr. Lin Ripeng resigned as Member of the Party Committee and Vice President of the Bank due to job change. On 26 October 2024, due to reaching the retirement age, Mr. Zhao Wei ceased to serve as a Member of the Party Committee and the Chief of the Delegated Discipline Inspection Team of the Bank. On 1 December 2024, as she took up a non-leadership position, Ms. Mao Libing resigned from the position of Assistant to the President of the Bank.

(III) CHANGES IN DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE BANK

As of the latest Practicable Date, Mr. Wang Xiaobin was newly elected as Assistant to General Manager and Head of the financial management department of Guangzhou Metro Group Co., Ltd., and ceased to serve as general manager of the financial management department of Guangzhou Metro Group Co., Ltd. Mr. Du Jinmin ceased to serve as director of the office of the leading group of new Shenzhen Campus of Jinan University. Mr. Zhang Hua resigned from the position of independent director of Guangzhou KingTeller Technology Co., Ltd. (廣州禦銀科技股份有限公司). Mr. Feng Yaoliang resigned from the position of the director of Jiangmen Rural Commercial Bank Co., Ltd. (江門農村商業銀行股份有限公司).

II. BIOGRAPHY OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE BANK

(I) Biography of Directors

Mr. Cai Jian (蔡建), born in 1973, a member of the Communist Party of China, holds a master's degree, major in management, and an MBA from Sun Yat-sen University, and is a senior economist. Mr. Cai currently serves as the Secretary of the Party Committee and President at Guangzhou Rural Commercial Bank. Mr. Cai has served as a member and deputy section chief of Guangzhou Huangpu Sub-branch of Construction Bank of China (中國建設銀行廣州黃埔支行), deputy section chief and section chief of Guangzhou Economic and Technology Development Zone Sub-branch of Construction Bank of China (中國建設銀行廣州經濟技術開發區支行), assistant to the president of Guangzhou Economic and Technology Development Zone Sub-branch of Construction Bank of China (中國建設銀行廣州經濟開發區支行), member of the Party Committee and vice president of Guangzhou Haizhu Sub-branch of China Construction Bank (中國建設銀行廣州市海珠支行), department deputy general manager of Guangdong Branch of Construction Bank of China (中國建設銀行廣東省分行), senior deputy manager of the Strategic Assistance Project Office of Construction Bank of China (中國建設銀行戰略協助項目辦公室), deputy director of Financial Services Office of Guangzhou (廣州市金融服務辦公室副主任), member of the Party Leadership Group and deputy director of the Financial Work Office of Guangzhou Municipal Government, the head of the discipline inspection team dispatched by the Guangzhou Municipal Commission for Discipline Inspection in the Financial Work Office of the Municipal Government, member of the Party Leadership Group of the Financial Work Bureau of Guangzhou, the head of the discipline inspection team dispatched by Guangzhou Municipal Commission for Discipline Inspection in the Municipal Financial Work Bureau, Secretary of the Disciplinary Committee and member of the Party Committee of the Bank of Guangzhou (廣州銀行), member of the Standing Committee of Huadu District Committee of Guangzhou, deputy secretary of the Party Leadership Group of Huadu District People's Government, deputy secretary of the Party Committee, vice chairman and president of Bank of Guangzhou.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Ms. Deng Xiaoyun (鄧曉雲), born in 1976, a member of the Communist Party of China, holds a master's degree in economics from South China Agricultural University. She currently serves as the deputy secretary of the Party Committee, Vice Chairman and President of Guangzhou Rural Commercial Bank Co., Ltd. Ms. Deng has served as the deputy manager of the personal business department of Guangzhou Beixiu Sub-branch of Agricultural Bank of China; a senior staff member and a principal staff member of the financial division, a deputy director of the banking credit market division, and a director of the insurance market division of the Financial Affairs Office of the People's Government of Guangdong Province; the secretary of the Party Leadership Group and director of the Financial Work Bureau of Guangzhou Nansha Development Zone (Nansha Area of Free Trade Zone); and a member of the Party Leadership Group and deputy director of Guangzhou Local Financial Supervision and Administration Bureau.

Mr. Ni Kai (倪開), born in 1985, a member of the Communist Party of China, graduated from Zhongnan University of Economics and Law with a master's degree in management. He currently serves as the deputy general manager of the risk management department of Guangzhou Finance Holdings Group Co., Ltd., and concurrently serves as the director of Guangzhou Finance Holdings Futures Co., Ltd. (廣州金控期貨有限公司) and the director of Legend Financial Leasing Co., Ltd. He previously served as a probationary officer, deputy chief officer at the second state-owned banks supervision division and chief officer at the second state-owned banks supervision division of Guangdong banking regulatory branch of CBRC (currently the National Financial Regulatory Administration), and the general manager of the general management department (during which: from January 2018 to December 2018, he was seconded to the urban banking department of the CBIRC (currently the National Financial Regulatory Administration)), general manager of the credit approval department, secretary to the board of directors, and vice president and secretary to the board of directors of Meizhou Hakka Bank (梅州客商銀行).

Mr. Wang Xiaobin (王曉斌), born in 1977, a member of the Communist Party of China, graduated from Sun Yat-sen University with a master's degree in business administration. He currently serves as the assistant to the general manager and secretary of the Party Branch and head of the financial management department of Guangzhou Metro Group Co., Ltd., and concurrently serves as the deputy general manager of Guangzhou Metro Construction Investment and Financing Co., Ltd. (廣州地鐵建設投融資有限公司), the director of Guangzhou Metro Investment Finance (HK) Limited (廣州地鐵投融資(香港)有限公司), the director of Guangzhou Metro Investment Finance (BVI) Limited (廣州地鐵投融資(維京)有限公司), the vice chairman of Guangzhou Green Infrastructure Industry Investment Fund Management Co., Ltd. (廣州綠色基礎設施產業投資基金管理有限公司), the director of the Urban Rail Transit Accounting Academic Committee of the Construction Accounting Society of China, a member of the seventh session of the governing council of Guangzhou Society of Accountants (廣州會計師公會), and the director of Guangdong Pearl River Delta Inter-city Railway Traffic Company Limited (廣東珠三角城際軌道交通有限公司). He previously served as an assistant economist in the planning department, the chief budget analyst, supervisor and manager of the budget analysis department of the finance headquarters, the assistant to the general manager and manager of the budget analysis department of the finance headquarters, and the deputy general manager and general manager of the financial management department of Guangzhou Metro Group Co., Ltd. (known as Guangzhou Metro Corporation before restructuring), and the director of Guangzhou Metro Design & Research Institute Co., Ltd. (廣州地鐵設計研究院股份有限公司).

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Zuo Liang (左梁), born in 1979, a member of the Communist Party of China, graduated from Sun Yat-sen University with a master's degree in business administration and is an economist. He currently serves as the secretary of the Party Branch and chairman of Guangzhou Gongkong Capital Management Co., Ltd. (廣州工控資本管理有限公司), and concurrently serves as the executive director of GIIHG Venture Capital Fund Management Co., Ltd. (廣州工控創業投資基金管理有限公司), the executive director of GIIHG Industrial Investment PE Fund Management Co., Ltd. (廣州工控產投私募基金管理有限公司), the director of Beijing Dinghan Technology Group Co., Ltd. (北京鼎漢技術集團股份有限公司), the director of Tianhai Auto Electronics Group Co., Ltd. (天海汽車電子集團股份有限公司), the chairman of the board of supervisors of Jiangsu Rainbow Heavy Industries Co., Ltd. (江蘇潤邦重工股份有限公司), and the director of Wanli Tire Co., Ltd. He previously served as a staff member of Shenzhen Branch of The Ming An Insurance Co. (H.K.) Ltd. (香港民安保險公司深圳分公司), a staff member of the Guangzhou Municipal Finance Bureau, a staff member, senior staff member and deputy director of Guangzhou SASAC, and the chief strategy officer of Guangzhou Industrial Investment Fund Management Co., Ltd. (廣州產業投資基金管理有限公司).

Mr. Zhang Yan (張研), born in 1974, a member of the Communist Party of China, graduated from Sun Yat-sen University with a master's degree in human geography. He is currently the secretary to the general Party branch and chairman of Guangzhou City Renewal Group Co., Ltd., and the vice president of the second session of Guangzhou Urban Renewal Association. He previously served as a member and deputy director of the Construction Management Section and deputy director of the Land Use Planning Section of Liwan Branch of Guangzhou Urban Planning Bureau, the director of the Urban Planning Compilation and Research Center of the Liwan District of Guangzhou, the office director of Liwan Branch of Guangzhou Urban Planning Bureau, the deputy director of the planning and development department, deputy director of the human resources department and researcher in the property rights management department of the Stated-owned Assets Supervision and Administration Commission of the People's Government of Guangzhou Municipality (during which, he took a temporary post as the deputy general manager of GAC Business Co., Ltd. (廣州汽車集團商貿有限公司)). He previously served as the assistant to the general manager and the general manager of the investment department of the headquarters and the deputy general manager of Guangzhou Regional Company (廣州區域公司) of Guangzhou City Construction & Development Co., Ltd. (Yuexiu Property) (廣州市城市建設開發有限公司(越秀地產)), the standing deputy general manager of Yuexiu Property Urban Renewal Group, the general manager and legal representative of Guangzhou City Pinxiu Property Development Company Limited, the general manager of Yuexiu Property Railway Transit Development Company of Greater Bay Area (越秀地產大灣區軌道交通開發公司), the assistant to the general manager of Guangzhou Pearl River Enterprises Group Ltd. (廣州珠江實業集團有限公司), the secretary of the Party Committee and chairman of Guangzhou Pearl River Industrial Development Co., Ltd. (later known as Guangzhou Pearl River Development Group Co., Ltd.), and the secretary of the Party Committee, chairman and general manager of Guangzhou Pearl River Industrial Real Estate Company Limited (廣州珠實地產有限公司).

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Ms. Xing Qiuyu (幸秋玉), born in 1971, a member of the Communist Party of China, graduated from Sun Yat-sen University with a bachelor's degree in economics and is a senior accountant. She currently serves as a member of the Party Committee and the chief accountant of Guangzhou Lingnan Business Travel Investment Group Co., Ltd. She previously served as a financial accountant of Jiangnan Branch and a financial accountant of Guangzhou Commercial Storage and Transportation Co., Ltd. (廣州市商業儲運公司), a third grade staff member and a second grade staff member of the finance and accounting department of Guangzhou Department Store Enterprise Group Co., Ltd. (廣州百貨企業集團有限公司), the financial controller of Guangzhou Xindaxin Company (廣州市新大新公司), the deputy director of the finance and accounting department, the director of the risk management and control department, the director of the audit and supervision department and the risk management and control department, the director of the discipline inspection and supervision department, the deputy secretary of the discipline committee and director of the discipline inspection and supervision department, the deputy secretary of the discipline committee and director of the finance and accounting department, and the chief economist and director of the finance and accounting department of Guangzhou Department Store Enterprise Group Co., Ltd., the chief economist and director of the finance and accounting department of Guangzhou Business Investment Holding Group Co., Ltd. (廣州商貿投資控股集團有限公司), and the chief accountant of Guangzhou Lingnan International Enterprise Group Co., Ltd. (廣州嶺南國際企業集團有限公司).

Mr. Hu Geyou (胡戈游), born in 1979, a member of the Communist Party of China, graduated from Shanghai Jiao Tong University with a master's degree in management science and engineering. He currently serves as the general manager of the equity investment department and deputy general manager of AEON Insurance Asset Management Co., Ltd. (百年保險資產管理有限責任公司). He previously served as a quantitative analyst of the financial engineering department, a researcher of the research department, an assistant fund manager, fund manager and assistant investment director of the investment department, and a deputy general manager, investment director and managing director of the equity investment department I of Hwabao WP Fund (華寶基金), and the director of Zhejiang Wanfeng Auto Wheel Co., Ltd. (浙江萬豐奧威汽輪股份有限公司).

Mr. Feng Yaoliang (馮耀良), born in 1961. He currently serves as the chairman of Guangzhou Huaxin Group Co., Ltd. (廣州華新集團有限公司), and concurrently serves as the chairman of Guangdong Cold Chain Association (廣東省冷鏈協會), the chairman of Guangzhou Federation of Social Organizations (廣州市社會組織聯合會), the vice chairman of Guangzhou Federation of Industry and Commerce (廣州市工商聯), the chairman of Guangzhou Logistics & Supply Chain Association (廣州物流與供應鏈協會), the chairman of Guangzhou City Haizhu District Federation of Industry and Commerce (廣州市海珠區工商聯), the vice chairman of Guangzhou Private Businesses Association (廣州市私營企業協會), the supervisor of Guangdong-Hong Kong-Macao Greater Bay Area Industrial and Financial Investment Company Limited (粵港澳大灣區產融投資有限公司), and once served as the director of Jiangmen Rural Commercial Bank Co., Ltd. (江門農村商業銀行股份有限公司).

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Liao Wenyi (廖文義), born in 1962, a member of the Communist Party of China, has a master's degree in economics from Southwestern University of Finance and Economics. Mr. Liao is an associate professor. He is currently external director of Guangdong Hengjian Investment Holding Co., Ltd., independent director of Daye Trust Co., Ltd., vice chairman of Guangdong Financial Think Tank Association. He served as an assistant lecturer in the Department of finance of Hunan University of Finance and Economics (now renamed Hunan University), a lecturer, section chief and deputy director of the Department of finance, director of scientific research department and associate professor, a member of the CPC Committee and vice president of Guangzhou Higher Academy of Finance (now renamed Guangdong University of Finance). He served as office director of the People's Bank of China Guangdong Branch. He served as member of the CPC Committee and office director of the business management department of People's Bank of China Guangzhou Branch. He served as deputy secretary of the Party Committee and vice president of Dongguan Central Branch of People's Bank of China (中國人民銀行東莞市中心支行). He served as secretary of the Party Committee, president and director of SAFE branch of People's Bank of China Yangjiang Central Branch (中國人民銀行陽江市中心支行). He served as the head of Preparatory Work Team for Yangjiang Regulatory Branch of CBIRC (formerly known as the "CBRC"). He served as director of city bank supervision department of Guangdong banking regulatory branch. He served as CPC committee member and deputy director of Guangxi banking regulatory branch. He served as a bank officer, and vice president of Guangdong Nanyue Bank (廣東南粵銀行). He served as executive president of the Research Institute of Shenzhen Qianhai Dashu Financial Services Co., Ltd. (深圳前海大數金融服務有限公司研究院). He served as independent director of Guangdong Heshan Rural Independent Commercial Bank Co., Ltd. (廣東鶴山農村商業銀行股份有限公司), Guizhou Tianhong Mining Co., Ltd. (貴州天弘礦業股份有限公司), Guanhao Biotechnology Co., Ltd. (冠昊生物科技股份有限公司), and Guilin Bank (桂林銀行).

Mr. Du Jinmin (杜金岷), born in 1963, a member of the Communist Party of China, has a doctoral degree from Nanjing Agricultural University. He is currently a professor (Grade II) in Finance from College of Economics of Jinan University and a doctoral supervisor, director of research base of Guangzhou Nansha Pilot Free Trade Zone (Guangzhou key research base of Humanities and Social Sciences) of Jinan University, independent director of Gifore Agricultural Science & Technology Service Co., Ltd. and Shenzhen Langchi Xinchuang Science & Technology Co., Ltd., and once served as the director of the office of the leading group of new Shenzhen Campus of Jinan University.

Mr. Zheng Guojian (鄭國堅), born in 1979, a member of the Communist Party of China, has a doctoral degree in accounting from Sun Yat-sen University. He is currently a professor and doctoral supervisor of the Management School of Sun Yat-sen University, and is concurrently the vice president of Accounting Society of Guangdong. He once served as a postdoctoral researcher at the Economic and Financial Research Center of the Chinese University of Hong Kong, a lecturer, an associate professor of the Management School, and the deputy director and vice president of the Department of Accounting of Sun Yat-sen University, the executive dean of the Enterprise Research Institute and director of the budget management office of the Development Planning Office of Sun Yat-sen University.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Zhang Hua (張華), born in 1965, has a master's degree in economics from Jiangxi University of Finance and Economics. Mr. Zhang is an economist. He is currently an independent director of Guangdong Utrust Financial Leasing Co., Ltd. (廣東粵財金融租賃股份有限公司) and Guangzhou Hengyun Enterprises Holdings Limited (廣州恒運企業集團股份有限公司). He served as the deputy director of Guangdong branch of China Development Bank (國家開發銀行廣東省分行), an analyst of Guangdong Golden Finger Investment Consulting Co., Ltd. (廣東金手指投資顧問有限公司), director and deputy manager of investment banking department of Guangzhou Baoxin Holding Group Co., Ltd. (廣州市寶鑫控股集團有限公司), assistant to president of Junhua Group Co., Ltd. (君華集團有限公司), deputy general manager of Guangzhou Yingzhi Caihua Investment Co., Ltd. (廣州市英智財華投資有限公司), deputy general manager of Guangzhou Driver Investment Co., Ltd. (廣州德瑞投資有限責任公司), deputy general manager of Shenzhen Dongying Ruitong Investment Management Partnership (Limited Partnership), an independent director of Guangzhou KingTeller Technology Co., Ltd. (廣州御銀科技股份有限公司), Guangdong Electronic Power Development Co., Ltd. (廣東電力發展股份有限公司), Zhuhai Taichuanyun Community Technology Co., Ltd. (珠海太川雲社區技術股份分公司) and Guangdong Expressway Development Co., Ltd. (廣東高速公路發展股份有限公司), and the general manager of Shanghai Erluo Investment Management Service Center (General Partnership).

Mr. Ma Hok Ming (馬學銘), born in 1975, has a bachelor's degree in accounting from the Hong Kong Polytechnic University, a member of the Hong Kong Institute of Certified Public Accountants. He is currently the managing director and head of Investment Banking Division of ABCI Capital Limited (農銀國際融資有限公司), and concurrently serves as an executive director of ABCI Capital Acquisition Limited and Everest Acquisition Corporation, a member of the Construction Industry Council in Hong Kong. He served as an assistant senior auditor of Deloitte Touche Tohmatsu (德勤•關黃陳方會計師事務所), assistant manager of corporate finance department of South China Capital Limited (南華融資有限公司), assistant manager of investment banking department of Core Pacific – Yamaichi Capital Limited (京華山一融資有限公司), senior manager of corporate financing department of KE Capital (Hong Kong) Limited (金英企業融資(香港)有限公司), chief financial officer of Sungreen International Holdings Limited (綠陽國際控股有限公司), assistant director of corporate financing department of the KE Capital (Hong Kong) Limited (金英企業融資(香港)有限公司), audit manager of Deloitte & Touche LLP, senior vice president of investment banking department of ICEA Capital Limited (工銀東亞融資有限公司), an executive director of investment bank of ICBC International Capital Limited (工銀國際融資有限公司投資銀行), managing director and joint director of investment banking business of ABCI Capital Limited (農銀國際融資有限公司), assistant president of Zhuguang Holdings Group Company Limited (珠光控股集團有限公司).

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

(II) BIOGRAPHY OF THE SUPERVISORS

Ms. Wang Xigui (王喜桂), born in 1966, a member of the Communist Party of China. She has a bachelor's degree in economics from Zhongnan University of Economics and Law (previously Zhongnan University of Economics) and the qualification of accountant. She now serves as chairman of the Board of Supervisors and employee supervisor of the Board of Supervisors of Guangzhou Rural Commercial Bank (廣州農村商業銀行). She once served as teacher of Hubei School of Finance of Zhongnan University of Finance and Economics, deputy general manager of the finance department, deputy general manager (responsible for the operations) and general manager of the information technology department/sales management department of Guangzhou Branch of PICC, researcher of the accounting department and the general office of the Bureau of Finance of Guangzhou, and chairman of the board of supervisors of Guangzhou City Construction Investment Group and Guangzhou Water Investment Group assigned by Guangzhou SASAC.

Ms. Zeng Weixue (曾維雪), born in 1975, is a member of the Communist Party of China and holds a bachelor's degree in Applied Mathematics from Xiamen University. She is an intermediate economist. She is currently an employee supervisor and general manager of the Discipline Inspection Office of Guangzhou Rural Commercial Bank. She once served as teller, loan officer, and deputy manager (presiding over work) and manager of the Human Resources Department of Guangzhou Tianhe Rural Credit Cooperative Union; deputy manager (presiding over work) of the Comprehensive Department and deputy manager of the Personal Loan Center at the Luogang Credit Union of Guangzhou Rural Credit Cooperative Union; deputy manager (presiding over work) and manager of the Comprehensive Department of the Yangcheng Branch, manager of the Comprehensive Management Department and Financial Accounting Department of the Panyu Branch, manager and senior manager of the Human Resources Department of the Head Office, senior manager of the Branch Construction Department, senior manager of the Mortgage Center, and senior manager of the Consumer Credit Department, assistant to president of the Tianhe Branch, deputy general manager and senior deputy manager of the Human Resources Department (Party Committee Organization Department), and deputy general manager (presiding over work) and general manager of the Discipline Inspection Office at Guangzhou Rural Commercial Bank.

Mr. Bao Chen (包晨), born in 1982, a member of the Communist Party of China, holds a Bachelor of Laws degree from Zhongnan University of Economics and Law. He now serves as employee supervisor and deputy general manager (presiding over the work) of the Supervisory Board Office of Guangzhou Rural Commercial Bank. He once served as staff member of the Personal Business Department and Risk Management Department of Guangzhou Liuhua Sub-branch of Agricultural Bank, an Audit Executive of the Internal Control and Compliance Department of Guangdong Branch of Agricultural Bank, a legal manager of Legal and Compliance Department of China Guangfa Bank, a senior business manager of the Compliance Department of Guangzhou Branch of China CITIC Bank, and a business manager, manager, and assistant to the general manager of Office of Board of Supervisory of Guangzhou Rural Commercial Bank.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Han Zhenping (韓振平), born in 1973, a member of the Communist Party of China, has a master's degree in management from Sun Yat-sen University. He is certified public accountant and asset appraiser. He is currently the external supervisor of Guangzhou Rural Commercial Bank, a senior partner and director of Guangdong Branch of Mazars CPA Limited (Limited Liability Partnership (中審眾環會計師事務所(特殊普通合夥))), and concurrently serves as an external director of Guangdong GW Holding Group Co., Ltd. (廣東省廣物控股集團有限公司), an external director of Guangzhou Public Transport Group Co., Ltd. (廣州市公共交通集團有限公司), an independent director of Guangzhou Pearl River Beer Co., Ltd. (廣州珠江啤酒股份有限公司), and vice president of Guangdong Bankruptcy Administrators Association (廣東省破產管理人協會). He once served as the financial manager of Heilongjiang Jiamusi Fumin Agricultural Production Material Co., Ltd. (黑龍江省佳木斯富民農業生產資料有限公司), the project manager of Beijing Tianhua Certified Public Accountants (北京天華會計師事務所), senior manager, deputy chief accountant and director of Guangdong Branch of Mazars CPA Limited (Limited Liability Partnership) (中審會計師事務所), a partner and director of Guangdong Branch of China Audit Asia Pacific Certified Public Accountants LLP (Limited Liability Partnership) (中審亞太會計師事務所(特殊普通合夥)), he concurrently served as an independent director of Guangdong HuaSheng Electrical Appliances Co., Ltd. (廣東華聲電器股份有限公司), an independent director of Guangdong Jingyi Metal Co., Ltd. (廣東精藝金屬股份有限公司), an independent director of Guangdong Real-Design Intelligence Technology Co., Ltd. (廣東瑞德智能科技股份有限公司) and an independent director of China Southern Power Grid Co., Ltd. (南方電網綜合能源股份有限公司獨立董事).

Mr. Shi Shuiping (石水平), born in 1975, a member of the Communist Party of China. He has a doctoral degree in accounting from Sun Yat-sen University and is an international Certified Anti-Fraud Professional. He is currently the external supervisor of Guangzhou Rural Commercial Bank, a professor in the Department of Accounting, School of Management, Jinan University, a vice chairman of Guangdong Association of Management Accountants, a director of Guangdong Auditing Society, and an executive director of Guangzhou Auditing Society. He is also an independent director of Guangzhou Zhujiang Development Group Co., Ltd. (廣州珠江發展集團股份有限公司), Guangzhou Grandbuy Co., Ltd. (廣州市廣百股份有限公司), Sunward Intelligent Equipment Co., Ltd. (山河智能裝備股份有限公司) and Guangdong Sihui Rural Commercial Bank Co., Ltd. (廣東四會農村商業銀行股份有限公司). He was a lecturer and associate professor of the Department of Accounting at the School of Management of Jinan University and once concurrently served as an independent director of Guangdong Yuanshang Logistics Co., Ltd. (廣東原尚物流股份有限公司), Shenzhen Xintian Technology Co., Ltd. (深圳市欣天科技股份有限公司), Chongqing VDL Electronics Co., Ltd. (重慶市紫建電子股份有限公司), Yingfeng Environmental Technology Group Co., Ltd. (盈峰環境科技集團股份有限公司), Guangdong Dinggu Jichuang Households Co., Ltd. (廣東頂固集創家居股份有限公司) and Guangzhou KingTeller Technology Co., Ltd. (廣州禦銀科技股份有限公司).

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Huang Tianshun (黃添順), born in 1968, a member of 93 Society and has master's degree in Law from the Southwest University of Political Science and Law. He currently serves as an external supervisor of Guangzhou Rural Commercial Bank, a senior partner and the chairman of partners meeting of the Guangdong Lingnan Law Firm (廣東嶺南律師事務所), and also serves as the arbitrator of the Guangzhou Arbitration Commission, a master's tutor of the School of Law of Sun Yat-sen University, a part-time professor of Guangdong University of Foreign Studies and the independent director of the Guangzhou Ruoyuchen Technology Co., Ltd. (廣州若羽臣科技股份有限公司). He formerly served as a public lawyer of the Shantou Justice Bureau (汕頭市司法局), director of Guangdong Guoyuan Lingdong Law Firm (廣東國源嶺東律師事務所), director of Guangdong Lingnan Law Firm (廣東嶺南律師事務所), member of the 14th/15th National Committee of the Chinese People's Political Consultative Conference of Haizhu District, chairman of first session of Lawyers' Working Committee of Haizhu District (海珠區律師工作委員會), external director of Guangzhou Industrial Investment Fund Management Co., Ltd. (廣州產業投資基金管理有限公司), independent director of Jiangxi Shimei Pharmaceutical Co., Ltd. (江西施美藥業股份有限公司), and legal adviser of CP Group (泰國正大集團), CRGL Group (中國中鐵集團), Shantou Branch of Bank of China, Shantou Branch of Industrial and Commercial Bank of China, Guangdong Branch of China Construction Bank, Haizhu Branch of China Construction Bank, Guangzhou Branch of Cinda Asset Management Company, Guangzhou Economic and Trade Bureau, Haizhu District Government, Civil Affairs Bureau of Haizhu District, United Front Work Department of Haizhu District and Public Security Bureau of Haizhu District and other Party and government organs.

Ms. Yu Qing (俞青), born in 1975, is a member of the Communist Party of China and holds a master's degree in Business Administration from South China University of Technology. She is a senior accountant. She is currently a shareholder supervisor of Guangzhou Rural Commercial Bank and, a member of the Party Committee and chief accountant of Guangzhou Digital Technology Group Co., Ltd. She once served as a staff member of the Finance Department of Huangpu Stevedoring Branch Company of Guangzhou Port Authority and Guangzhou Port Container Comprehensive Development Co., Ltd.; finance supervisor, section chief, assistant minister, deputy minister, and minister of the Finance and Accounting Department, minister of the Financial Work Department and director of the Settlement Center at Guangzhou Port Group Co., Ltd.

Mr. Liang Bingtian (梁炳添), born in 1973, a member of the Communist Party of China. He has a bachelor's degree in business administration from China Central Radio and TV University. He now serves as a shareholder supervisor of Guangzhou Rural Commercial Bank, deputy secretary of the Party General Branch of Guangzhou Longdong Longhui Industrial Co., Ltd. (廣州市龍洞龍匯實業有限公司). He once served in Unit 53311 and 53320. He worked at Longdong Economic Development Company, Tianhe District, Guangzhou City (廣州市天河區龍洞經濟發展公司); he once served as a member of the Party branch of Guangzhou Longdong Longhui Industrial Co., Ltd. (廣州市龍洞龍匯實業有限公司); deputy secretary of the Party General Branch and concurrently served as a member of the board of directors of Guangzhou Longdong Longhui Industrial Co., Ltd. (廣州市龍洞龍匯實業有限公司).

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Li Zhiquan (李志全), born in 1979, a member of the Communist Party of China, has a bachelor's degree in Economics from Sun Yat-sen University and is a senior economist. He currently serves as a shareholder supervisor of Guangzhou Rural Commercial Bank, the manager of the capital department of Foshan Dongjian Group Co., Ltd. (佛山市東建集團有限公司) and a shareholder supervisor of Foshan Rural Commercial Bank Co., Ltd. (佛山農村商業銀行股份有限公司). He once served as a deputy manager, a fund administrator and banking officer in the planning section and a market researcher at the planning center of Foshan Dongjian Group Co., Ltd. (佛山市東建集團有限公司), a marketing planner of Foshan Dongjian Real Estate Operation and Development Company (佛山市東建房地產經營開發公司).

(III) BIOGRAPHY OF THE SENIOR MANAGEMENT

Mr. Tan Bo (譚波), born in 1974, a member of the Communist Party of China, has a doctoral degree in economics from Zhongnan University of Economics and Law and the qualification of senior economist. He now serves as the deputy secretary of the Party Committee and the assistant to president of Guangzhou Rural Commercial Bank. He once served as a staff member of supervision department and vice president of PBOC Branch; chief of supervisory section 1, director of office, head (director) of personnel department (organization division), member of the Party Committee, deputy head, secretary of Commission for Discipline Inspection, secretary of the Party Committee and head of sub-division of CBRC (銀監分局); member of the Party Committee and assistant to the director (temporary appointment) of the Provincial Rural Credit Cooperatives Association (省農村信用社聯合社), and secretary of the board of directors of Guangzhou Rural Commercial Bank.

Mr. Li Yaguang (李亞光), born in 1967, a member of the Communist Party of China, holds a master's degree in Science from Sun Yat-sen University and is a computer engineer and an economist. He is currently a member of the Party Committee and vice president of Guangzhou Rural Commercial Bank. He once served as a technician of Nanjing Jinshan Electric Company; section chief and deputy general manager of the System Management Division of the Technology Department, general manager of the Personal Banking Department and president of the Development Zone Branch at Guangzhou Commercial Bank; a member of the Party Committee, assistant to president, and vice president of Bank of Guangzhou.

Ms. He Heng (賀珩), born in 1970, a member of the Communist Party of China, holds a master's degree in Economics from Hunan University (formerly Hunan University of Finance and Economics) and is an economist. She is currently a member of the Party Committee, vice president, and general counsel of Guangzhou Rural Commercial Bank. She once served as deputy director of the Teaching and Research Office of the Information Management Department and secretary of the General Branch Committee of the Communist Youth League of China at Xiangtan University; a senior staff member of the Foreign Investment Department at the Guangzhou Branch of the People's Bank of China; deputy director of the Policy and Regulation Department (Business Innovation Department) at Guangdong Office of China Banking Regulatory Commission; deputy general manager of the Risk Management Department and deputy general manager of the Credit Management Department of ICBC Guangdong Branch (temporary position); assistant to president of Zhujiang Financial Leasing Co., Ltd.; general manager of the Performance Management Department of the Guangzhou Rural Commercial Bank; general manager of the Supervisory Committee Office and general manager of the Rural Financial Reform Office at Guangzhou Rural Commercial Bank.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Gu Bo (古波), born in 1981, a member of the Communist Party of China, holds a doctoral degree in management from South China Agricultural University. He is now a secretary of Party General Branch and vice president of Guangzhou Rural Commercial Bank. He once served as deputy director and director of Huizhou Supervision Bureau of China Banking Regulatory Commission (中國銀行業監督管理委員會); assistant to general manager of the Development and Planning Department of Guangzhou Bank, assistant to office general manager of Guangzhou Bank, vice president and president of Guangzhou Bank Huizhou Branch, director of CPC Organization Department and general manager of HR Department of Guangzhou Bank; and deputy chief of Discipline Inspection and Supervision Team of Guangzhou Municipal Commission for Discipline Inspection and Supervision in Guangzhou Rural Commercial Bank, assistant to president of Guangzhou Rural Commercial Bank.

Ms. Wu Wenli (吳文莉), born in 1978, a member of the Communist Party of China, holds a bachelor's degree in law from Sun Yat-sen University. She now serves as secretary of the Board of Directors of Guangzhou Rural Commercial Bank. She once served as a staff member of the Investment and Development Department of CITIC South China Group, a staff member of Credit Review Department (授信審查部) and chief staff member of the Compliance Department of Guangzhou Branch of SPD Bank (浦發銀行), assistant to office director, assistant to the president of Yuexiu Sub-branch, vice president of Yuexiu Sub-branch, vice president of Tianyu Sub-branch (天譽支行), president of Development District Sub-branch (開發區支行) of Guangzhou Branch, head of Party Committee Office, director of Propaganda Department of Party Committee, director of the office, general manager of the Security Department (concurrent) and general manager of Consumer Rights and Interests Protection and Service Management Department (concurrent) of Guangzhou Branch of SPD Bank (浦發銀行).

Ms. Yang Xuan (楊璇), born in 1976, a member of the Communist Party of China, holds a master's degree in business administration from Shanghai University of Finance and Economics, a master's degree in law in Jinan University and the qualification of economist. She now serves as business director of Guangzhou Rural Commercial Bank. She once served as department manager of Guangzhou Tianhe Rural Credit Cooperative Union (廣州市天河農村信用合作聯社); general manager of Corporate Financial Department of Guangzhou Rural Commercial Bank, deputy general manager of Guangzhou Region Business Management Department; president of Free Trade Zone Nansha Branch (自貿區南沙分行); chairman of board of supervisors of Zhujiang Financial Leasing Co., Ltd. (珠江金融租賃有限公司); and general manager of the Financial Interbank Department and Asset Management Department.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

III. INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN THE BANK

As of the Latest Practicable Date, based on the information available to the Bank and as far as the directors are aware, the interests and short positions of the directors, chief executives and supervisors of the Bank in the shares, underlying shares or debentures of the Bank or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including the interests or short positions which he/she was deemed or taken to have under such provisions of the SFO), or as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Directors', chief executives' and supervisors' interests in the Bank							
Name	Capacity	Nature of interest	Class of shares	Long/short position	Number of shares held directly or indirectly (Share)	Approximate percentage of interests in the Bank	Approximate percentage of the relevant class of shares of the Bank
Feng Yaoliang	Director	Interest of a controlled corporation ⁽¹⁾	Domestic Shares	Long	100,010,000	0.694%	0.852%
Liao Wenyi	Director	Beneficial owner	Domestic Shares	Long	1,103,000	0.008%	0.009%
Zeng Weixue	Employee Supervisor	Beneficial owner	Domestic Shares	Long	152,224	0.001%	0.001%

Note:

- (1) These shares were held by Guangzhou Huaxin Group Co., Ltd., which was owned as to 99.54% by Feng Yaoliang. Therefore, by virtue of the SFO, Feng Yaoliang, a director of the Bank, is deemed or taken to be interested in all the shares held by Guangzhou Huaxin Group Co., Ltd.

Save as disclosed above, none of the directors, chief executives and supervisors of the Bank had any interests or short positions in any shares, underlying shares and debentures of the Bank or its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept by the Bank pursuant to Section 352 of the SFO, or otherwise have to be notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

IV. EVALUATION MECHANISM AND REMUNERATION POLICY OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN THE BANK

The Bank, under the guidance of relevant national policies, continues to improve the remuneration management measures and performance evaluation system of directors, supervisors and senior management. The remuneration of the directors, supervisors and senior management of the Bank appointed by the organization department of Guangzhou municipal party committee shall be subject to the provisions of the relevant supervisory departments. The remuneration of non-executive directors (including independent directors), external supervisors and shareholder supervisors consists is determined in accordance with the relevant standards of the Implementation Measures for the Remuneration Standards of Directors and Supervisors of Guangzhou Rural Commercial Bank Co., Ltd.* 《(廣州農村商業銀行股份有限公司董事、監事薪酬標準實施辦法)》 approved by the 2014 annual general meeting of the Bank, which mainly consists of basic remuneration and allowances. The annual basic remuneration is relatively fixed and the allowances are determined based on the meeting attendance and the service time in the Bank, among other factors.

During the Reporting Period, Mr. Zuo Liang, a non-executive director of the Bank agrees to waive the director's remuneration arrangement for 2024.

V. REMUNERATION OF THE BANK'S DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Reporting Period, the pre-tax remuneration of the senior management receiving remuneration from the Bank by remuneration group is as follows:

Remuneration range	Number of persons
RMB0 – RMB500,000	2
RMB500,001 – RMB1,000,000	2
RMB1,000,001 – RMB1,500,000	5
RMB1,500,001 – RMB2,000,000	2

For details of the remuneration of the Bank's directors and supervisors are set out in Note 10 to the financial statements.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

VI. THE MANAGEMENT INFORMATION OF EMPLOYEES OF THE BANK

(I) The Basic Information of Employees

As of the end of the Reporting Period, the total number of employees of the Group was 13,399. Of which, 12,948 employees entered into labor contracts with the Group, and 451 employees were dispatched workers.

1. Gender composition of in-service employees

Gender composition	Number of persons	Percentage
Male	6,981	52.10%
Female	6,418	47.90%

2. Educational background composition of in-service employees

Educational background composition	Number of persons	Percentage
College and below	2,821	21.05%
Undergraduate	9,265	69.15%
Postgraduate and above	1,313	9.80%

3. Age composition of in-service employees

Age composition	Number of persons	Percentage
29 years old and below	3,077	22.96%
30-49 years old	7,983	59.58%
50 years old or above	2,339	17.46%

(II) Remuneration Policy of the Bank

During the Reporting Period, the Bank's remuneration policy remained basically stable. In accordance with the requirements of national and local laws and regulations, the Bank has formulated salary management measures such as the Guangzhou Rural Commercial Bank Employee Salary Management Measures, the Guangzhou Rural Commercial Bank Salary Payment Management Measures, and the Guangzhou Rural Commercial Bank Employee Welfare Management Measures, and continuously improved the employee salary system. By establishing a scientific and reasonable salary incentive mechanism and implementing a differentiated salary distribution mechanism, the Bank effectively supported the business transformation, upgrading, reform and innovation. The Board of Directors of the Bank is ultimately responsible for the remuneration management. The Nomination and Remuneration Committee of the Board of Directors is responsible for consideration and approval the remuneration management system and policies of the entire Bank, formulating the remuneration scheme of Directors and senior managers, proposing the remuneration scheme to the Board of Directors and supervising the implementation of the scheme.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

According to the relevant provisions of Supervisory Guidelines on Sound Compensation in Commercial Banks and the Measures for the Implementation of the Reform of Wage Determination Mechanism in State-owned Financial Enterprises, the Bank's total wages are mainly dynamic adjustment and reasonable adjustment, based on the linkage of factors such as serving the real economy, key areas of economic development, economic benefits, shareholder return and risk control, and combined with the company's development strategy, operating profit objectives, personnel size and labor productivity, labor input-output rate and non operational external factors. The Bank's payroll management implementation plan, payroll budget and final accounts shall be reported to the superior regulatory department as required.

The remuneration of the Bank's employees consists of fixed remuneration, variable remuneration and welfare income. Fixed salary includes basic salary and subsidies, variable salary includes paid in the current period and delayed payment of all kinds of performance salary, and welfare income includes social insurance premium, housing provident fund, enterprise annuity, etc.

Following the concept of "performance appraisal leading development" and based on the assessment idea of "undertaking strategy, benchmarking with peers, maintaining true colors and emphasizing core", the Bank established a performance appraisal system composed of indicators such as core development, business efficiency, compliance risk and business transformation, highlighted the responsibilities of risk management subjects and high-quality development requirements, and continued to improve the efficiency of resource allocation.

According to the relevant provisions of Supervisory Guidelines on Sound Compensation in Commercial Banks, the Bank has formulated the Measures for the Administration of Salary Deferred Payment of Guangzhou Rural Commercial Bank and the Measures for the Administration of Salary Recourse and Deduction of Guangzhou Rural Commercial Bank to include the personnel of relevant positions required by the regulations in the scope of salary deferred payment, and implement salary recourse deduction for the relevant personnel in accordance with the regulations. The deferred payment of salary is linked to the release of business risks for which employees are responsible, and shall be reasonably determined in accordance with the performance realization and risk changes of different business activities. If the target of salary deferred payment causes risk losses to the Bank due to business risk exposure, non-compliances and disciplinary offenses or dereliction of duty, or is responsible for the occurrence of such losses, and if there exists dereliction of duty or non-compliances in the course of operation of the staff involved in each part of credit management processes, the Bank will put forward accountability and punishment plans and implement deferred payment and salary deduction.

The Bank's remuneration management policy is applicable to all employees who have established a labor contract relationship with the Bank, and there are no exceptions beyond the original remuneration scheme.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

(III) Training of Employees

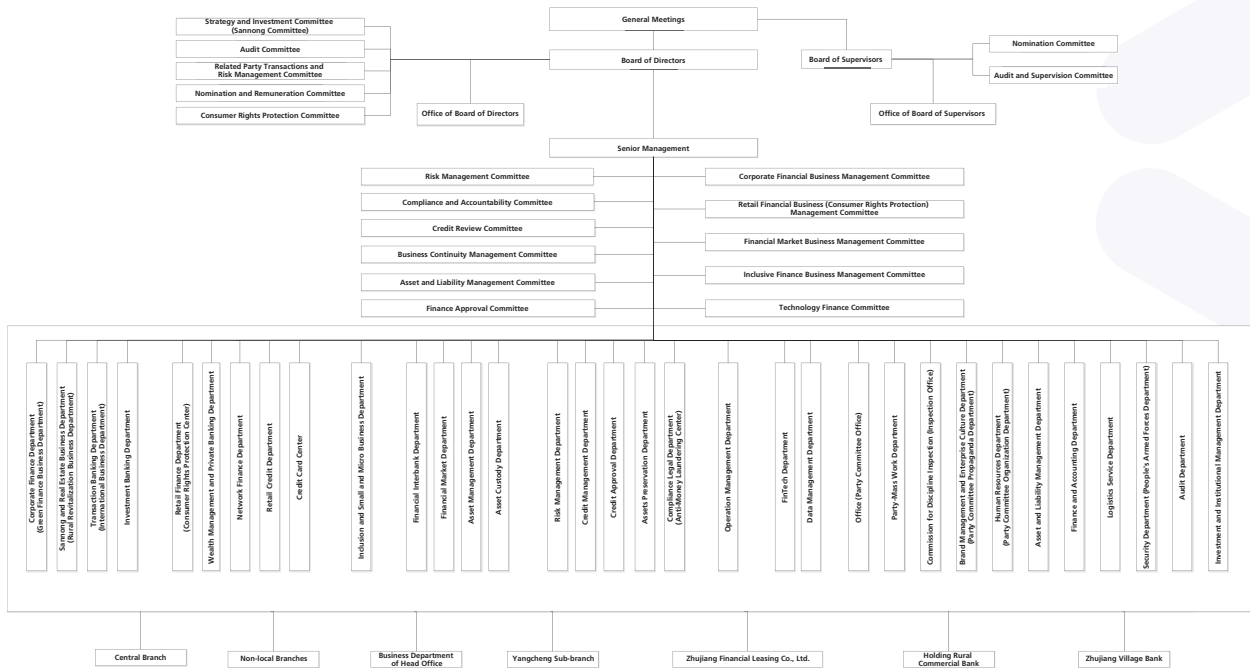
The Bank has always attached importance to the enhancement of the professionalism and professional quality of its employees. In 2024, the Bank thoroughly implemented the spirit of the 20th National Congress of the Communist Party of China and the Third Plenary Session of the 20th Central Committee of the Communist Party of China, adhering to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. In the spirit of the annual working meeting and the high-quality development conference and the “Year of Efficiency Enhancement”, the deepening of the reform of the network and other key work deployments, focusing on innovative theoretical armament, enhancement of the ability to perform the duties of the operationalisation of integrated marketing, strengthening the cadre and talent echelon building, optimising the training system construction and infrastructure protection, etc., and make every effort to promote the training work to grasp and implement, and to be innovative and outstanding.

During the Reporting Period, the Bank organized training projects for the enhancement of professional capacity of employees in key positions in various ways, including internal training, external training and job-transfer training, covering topics such as Party affairs, disciplinary inspection and supervision, internal audit, risk management, credit approval, product managers, financial technology, human resources management, financial management, office management and procurement management, focusing on improving the quality of the cadre and staff team, providing organisational guarantee and talent support to promote the Bank’s high-quality development. During the Reporting Period, the Bank promoted more than 500 training projects, covering more than 100,000 employees at all levels, and conducted 400 online live training sessions, with 120 hours of online learning per capita.

CORPORATE GOVERNANCE REPORT

I. CORPORATE STRUCTURE

The Group's organisation chart as of the Latest Practicable Date:



II. CORPORATE GOVERNANCE OVERVIEW

During the Reporting Period, the Bank continued to improve the standardization of corporate governance and ensured to reach the corporate governance level of listed companies, so as to protect the rights and interests of stakeholders and enhance corporate value.

During the Reporting Period, the Bank has strictly complied with all the code provisions of the Corporate Governance Code and has also complied with most of the recommended best practices contained therein. The Bank has also strictly complied with relevant laws and regulations and the Listing Rules and other provisions on inside information management. There is no significant difference between the Bank's corporate governance status and the requirements of the Company Law and the relevant provisions of the State Administration of Financial Supervision and the Hong Kong Stock Exchange.

The Bank will continue to review and strengthen its corporate governance to ensure that its corporate governance continues to comply with the provisions of the Corporate Governance Code and meet the higher expectations of shareholders and investors.

CORPORATE GOVERNANCE REPORT

III. SHAREHOLDERS' GENERAL MEETING

(I) Duties of the Shareholders' General Meeting

The Shareholders' General Meeting is an organ of power of the Bank. Pursuant to the Articles of Association of the Bank, it shall exercise the following powers in accordance with the laws: to decide on business policies and investment plans of the Bank; to elect and change of directors and supervisors who are non-employee representatives and to determine the remunerations of relevant directors and supervisors; to consider and approve reports prepared by the Board of Directors; to consider and approve reports prepared by the Board of Supervisors; to consider and approve annual budgets, final accounts, balance sheet, profit and loss and other financial reports of the Bank; to consider and approve profit distribution plans and plans for making up for losses of the Bank; to adopt resolutions concerning the increase and reduction of the registered capital of the Bank; to resolve the issuance of bonds and other securities of the Bank and the listing thereof; to adopt resolutions on the merger, division, dissolution, liquidation (including voluntary liquidation) and change of the form of the Bank; to amend the Articles of Association; to resolve the appointment, reappointment or removal of the accounting firm and their remuneration which conducts regular statutory audits of the Bank's financial reports; to consider the matters of single acquisition and disposal of significant assets (including but not limited to equity, fixed assets and other assets), or the matters of which guaranteed amount exceeds ten percent of the audited net assets of the Bank in the latest period; to consider and approve any proposals submitted by any shareholder individually or collectively holdings more than three percent of the total voting shares of the Bank (including holders of preference shares with their voting rights restored); to decide on the issuance of preference shares, decide or authorize the Board of Directors to decide, any matters in relation to the preference shares issued by the Bank; to consider and approve the rules of procedure of the shareholders' general meetings, the Board of Directors and the Board of Supervisors; to consider and approve the equity incentive scheme; to adopt resolutions on the acquisition of shares of the Bank in accordance with the laws; to consider and approve any other matters required by the laws, administrative regulations, regulatory provisions and the Articles of Association to be approved by shareholder's general meetings.

(II) Shareholders' Rights

1. Convening EGM

Pursuant to the Articles of Association of the Bank, shareholders' request to convene an extraordinary general meeting ("EGM") or a class meeting of shareholders shall be submitted to the Board of Directors in writing and handled in accordance with the following procedures:

Shareholder(s) (including holders of preference shares with their voting rights restored) who individually or jointly hold more than 10% of the voting shares in total at the proposed meeting may sign one or more written requests in the same format and content to request the Board of Directors to convene an EGM or a class meeting of shareholders and describe the topics of the meeting. The aforesaid number of shares held shall be calculated according to the date when the shareholders submit a written request. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association of the Bank, give a written feedback on whether to agree or disagree to convene the EGM or the class meeting of shareholders within ten days after receiving the request.

CORPORATE GOVERNANCE REPORT

If the Board of Directors agrees to convene the EGM or the class meeting of shareholders, it shall issue a notice of convening such meeting within five days after the Board of Directors' resolution is made. Any change to the original request in the notice shall be approved by the relevant shareholders.

If the Board of Directors does not agree to convene the EGM or the class meeting of shareholders, or does not give feedback within 10 days after receiving the request, the shareholder(s) individually or collectively holding more than 10% of the voting shares at the proposed meeting (including holders of preference shares with their voting rights restored) shall be entitled to propose to the Board of Supervisors to convene the EGM or the class meeting, and shall submit a request to the Board of Supervisors in writing.

If the Board of Supervisors agrees to convene the EGM or the class meeting of shareholders, it shall send a notice of convening such meeting within five days after receiving the request. Any change to the original request in the notice shall be approved by the relevant shareholders.

If the Board of Supervisors fails to send the notice of the EGM or the class meeting of shareholders within the prescribed time limit, it shall be deemed that the Board of Supervisors does not convene and preside over such meeting, and after more than 90 consecutive days later, the shareholder(s) individually or collectively holding more than 10% of the voting shares at the proposed meeting (including holders of preference shares with their voting rights restored) for may voluntarily convene and preside over a meeting.

When convening the general meeting, the Bank shall fully protect the legitimate rights and interests of all shareholders attending the meeting. During the general meeting, the Bank shall set up Q&A session for shareholders to earnestly answer shareholders' questions and promote effective deliberation and decision-making.

2. Putting forward Proposals to the General Meeting of the Bank

Pursuant to the Articles of Association of the Bank, when the Bank holds a general meeting of shareholders, the Board of Directors, the Board of Supervisors and the shareholder(s) (including holders of preference shares with their voting rights restored) individually or collectively holding more than 3% of the total number of voting shares of the Bank shall be entitled to submit proposals to the Bank in writing. The Bank shall include the matters in the proposal within the scope of responsibilities of the general meeting of shareholders on the topics of the meeting.

The shareholders (including holders of preference shares with their voting rights restored) individually or collectively holding more than 3% of the total number of voting shares of the Bank may put forward interim proposals and submit them to the convener in writing ten days before the convening of the general meeting of shareholders. The convener shall, within two days after receiving the proposals, issue a supplemental notice of the general meeting and announce the contents of the interim proposals. If there are other provisions in the listing rules of the place where the Bank's securities are listed, they shall be met at the same time.

CORPORATE GOVERNANCE REPORT

3. Shareholder Communication Policy

The purpose of the Bank's shareholder communication policy is to ensure that the Bank publicly discloses its latest operation and management through different media and channels through an effective communication mechanism, strengthen the communication between shareholders and stakeholders and the Bank, solicit and understand the suggestions and opinions of shareholders, and review the implementation of communication policy. The Bank encourages shareholders to attend the general meeting of shareholders, and shareholders who are unable to attend may entrust their proxies to vote. The general meeting of shareholders will appropriately arrange directors, supervisors, senior management and external auditors to attend the meeting, especially the chairman of each committee under the Board of Directors (if the relevant chairman fails to attend, another member will be invited to attend), to respond to shareholders' questions. At the same time, the Bank has set up an "Investor Relations" column on its official website to promptly disclose announcements, periodic reports and investor relations-related information of listed companies for investors' reference. The Bank also strengthens its communication with shareholders and stakeholders through offline means such as investor research receptions and roadshows, as well as online means such as investor hotlines and investor relations email replies.

The Bank attaches great importance to communicate with all stakeholders, including shareholders, and reviews and discusses the Bank's communication policy, communication mechanism and implementation with shareholders in the Corporate Social Responsibility Report and the Board of Directors' Report every year, and continuously strives to strengthen close ties with all stakeholders, including shareholders and is satisfied with the implementation of the policy.

Shareholders and investors may obtain the latest news and important information on the Bank's main development through the Bank's official website (www.grcbank.com) and the HKExnews webpage of the Hong Kong Stock Exchange (www.hkexnews.hk). Shareholders may also apply to the Bank or the share registrar for the published corporate communications of the Bank, including annual reports, interim reports and circulars. In order to support environmental protection and reduce the impact of printed materials on the environment and climate, the Bank encourages shareholders and investors to choose to collect and browse the electronic version of corporate communications.

4. Shareholder Inquiry and Contact

The shareholders of the Bank may also make inquiries, suggestions or opinions to the Board of Directors through the following ways:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre,
183 Queen's Road East Wanchai, Hong Kong
Tel: +85228628555
Fax: +85228650990

If shareholders and investors have any inquiries about their Domestic Shares held, such as share transfer and pledge, change of address and report of lost share certificates, please write to the following address:

Office of the Board of Directors of the Bank
No. 1, Huaxia Road, Tianhe District, Guangzhou, China
Tel: (8620)28019324
Fax: (8620)22389227
E-mail: ir@grcbank.com

(III) Convening of the General Meeting of the Bank

In 2024, the Bank convened two general meetings, with the details as follows:

1. *2023 annual general meeting*

On 13 June 2024, the Bank convened the 2023 annual general meeting in Guangzhou, Guangdong Province, a total of 157 shareholders (including proxies) attended the meeting, and the eleven directors of the third session of the Board of Directors of the Bank including executive director, Mr. Cai Jian, independent non-executive directors, Mr. Liao Wenyi, Mr. Du Jinmin, Mr. Zhang Weiguo, Mr. Zhang Hua and Mr. Ma Hok Ming, and non-executive directors, Mr. Wang Xiaobin, Mr. Zuo Liang, Mr. Da Hengcheng, Mr. Zhang Junzhou and Mr. Feng Yaoliang attended the above general meeting.

The following resolutions were considered and approved at the 2023 annual general meeting, including the Resolution on Consideration of the 2023 Work Report of the Third Session of the Board of Directors of Guangzhou Rural Commercial Bank Co., Ltd., Resolution on Consideration of the 2023 Work Report of the Third Session of the Board of Supervisors of Guangzhou Rural Commercial Bank Co., Ltd., Resolution on Election of Directors of the Fourth Session of the Board of Directors of Guangzhou Rural Commercial Bank Co., Ltd., Resolution on Election of External Supervisors and Shareholder Representative Supervisors of the Fourth Session of Board of Supervisors of Guangzhou Rural Commercial Bank Co., Ltd., Resolution on Consideration of the 2023 Annual Report of Guangzhou Rural Commercial Bank Co., Ltd., Resolution on Consideration of the 2023 Annual Financial Accounts of Guangzhou Rural Commercial Bank Co., Ltd., Resolution on Consideration of the 2023 Profit Distribution Plan of Guangzhou Rural Commercial Bank Co., Ltd., Resolution on Consideration of the 2024 Financial Budget Report of Guangzhou Rural Commercial Bank Co., Ltd., Resolution on Consideration of the 2023 Report on Sannong Financial Services of Guangzhou Rural Commercial Bank Co., Ltd., Resolution on Consideration of the Engagement of the Accounting Firm to Undertake the Group's Audit Business in 2024 and the Bank's Interim Review Business in 2024, and Resolution on Consideration of the Estimated Caps of Material Related Party Transactions with Major Shareholders in 2024 of Guangzhou Rural Commercial Bank Co., Ltd.

The Bank's PRC legal adviser, Guangdong J&J Law Firm, witnessed this general meeting and issued a legal opinion: it is of the view that the convening of this general meeting was in compliance with the corresponding legal procedures. The notice, convening and voting process of the meeting are in line with the relevant provisions of the Company Law of the PRC, the Articles of Association of the Bank and the Listing Rules; the qualifications of the attendants and the convener are lawful and valid; and the voting procedure and results are lawful and valid. For relevant details of the resolutions, please refer to the announcement of the poll results of the 2023 annual general meeting dated 13 June 2024 published on the websites of the Hong Kong Stock Exchange and the Bank.

CORPORATE GOVERNANCE REPORT

2. The first extraordinary general meeting of 2024

On 13 December 2024, the Bank held the first extraordinary general meeting of 2024 in Guangzhou, Guangdong. A total of 147 shareholders (including proxies) attended the meeting, along with 13 directors of the fourth session of the Board of Directors of the Bank, including executive directors, Mr. Cai Jian and Ms. Deng Xiaoyun, independent non-executive directors, Mr. Liao Wenyi, Mr. Du Jinmin, Mr. Zheng Guojian, Mr. Zhang Hua and Mr. Ma Hok Ming, and non-executive directors, Mr. Ni Kai, Mr. Wang Xiaobin, Mr. Zuo Liang, Mr. Zhang Yan, Mr. Hu Geyou and Mr. Feng Yaoliang attended the above general meeting.

The resolutions considered and approved at the first extraordinary general meeting of 2024 include the Resolution on Consideration of By-election of Directors of the Fourth Session of the Board of Directors of Guangzhou Rural Commercial Bank Co., Ltd., Resolution on Consideration of the Change of the External Auditor for the 2024 Financial Report, Resolution on Consideration of the Asset Transfer of Guangzhou Rural Commercial Bank Co., Ltd. in 2024, Resolution on Consideration of the Approval for the Merger by Absorption of Dongguan Huangjiang Zhujiang Rural Bank Co., Ltd. by Guangzhou Rural Commercial Bank Co., Ltd., Resolution on Consideration of the Implementation Plan for the Merger by Absorption of Dongguan Huangjiang Zhujiang Rural Bank Co., Ltd. by Guangzhou Rural Commercial Bank Co., Ltd., Resolution on Consideration of the Approval for the Merger by Absorption of Zhongshan Dongfeng Zhujiang Rural Bank Co., Ltd. by Guangzhou Rural Commercial Bank Co., Ltd., and Resolution on Consideration of the Implementation Plan for the Merger by Absorption of Zhongshan Dongfeng Zhujiang Rural Bank Co., Ltd. by Guangzhou Rural Commercial Bank Co., Ltd.

The Bank's then PRC legal adviser, East & Concord Partners Guangzhou, witnessed this general meeting and issued a legal opinion: it is of the view that the convening of this general meeting has complied with the relevant legal procedures; the notice, convening, holding and voting procedures of the meeting are in line with the relevant provisions of the Company Law of the PRC, the Articles of Association of the Bank and the Listing Rules; the qualifications of the attendees and the convenor are valid and lawful; and the voting procedures and results are legitimate and effective. For relevant details of the resolutions, please refer to the announcement of the voting results of the first extraordinary general meeting of 2024 dated 13 December 2024, published on the websites of the Hong Kong Stock Exchange and the Bank.

IV. BOARD OF DIRECTORS

(I) Board Composition

As of the Latest Practicable Date, the fourth session of the Board of Directors of the Bank consisted of 14 Directors, including two executive Directors, namely Mr. Cai Jian (Party Secretary and Chairman) and Ms. Deng Xiaoyun (Deputy Secretary of the Party Committee, Vice Chairman and President of the Bank); seven non-executive Directors, namely Mr. Ni Kai, Mr. Wang Xiaobin, Mr. Zuo Liang, Mr. Zhang Yan, Ms. Xing Qiuyu, Mr. Hu Geyou and Mr. Feng Yaoliang; and five independent non-executive Directors, namely Mr. Liao Wenyi, Mr. Du Jinmin, Mr. Zheng Guojian, Mr. Zhang Hua and Mr. Ma Hok Ming. For changes of the Directors, please refer to “Directors, Supervisors, Senior Management and Employees” of this Report.

Each term of office of a Director (including non-executive Directors) of the Bank is three years and he/she may serve consecutive terms if re-elected. Upon expiry of the office term of three years, an independent non-executive Director of the Bank shall be eligible for re-election and re-appointment as independent non-executive Director of the Bank. An independent non-executive Director shall serve in the Bank for no more than a cumulative period of six years.

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

(II) Duties of the Board

The Board of Directors is responsible for formulating the main management system of the Bank and monitoring the Group’s business and financial strategy decisions and performance and reporting to the shareholders at the general meeting. The Board of Directors has conferred the rights and duties of the Group’s governance to the management. In addition, the Board of Directors has assigned the respective responsibilities to the Strategy and Investment Committee (Sannong Committee), Related Party Transactions and Risk Management Committee, Nomination and Remuneration Committee, Audit Committee, and Consumer Rights Protection Committee. The details of the above committees are set out in this Report.

Pursuant to the Articles of Association, the Board of Directors of the Bank assumes the ultimate responsibility for the Bank’s operations and management and exercises the following duties and powers according to law: to convene shareholders’ general meetings and report its work to the shareholders’ general meetings; to implement the resolutions of the shareholders’ general meetings; to formulate the development strategy of the Bank and supervise the implementation of the strategy; to decide on the business plans and investment plans of the Bank; to prepare the annual financial budgets and final accounts of the Bank; to prepare the venture capital distribution plan, profit distribution plan and the plan for making up the losses of the Bank; to formulate the capital planning of the Bank and take ultimate responsibility for capital and solvency management, and formulate plans for increase or reduction of the registered capital, issue of corporate bonds or other securities and listing and assume primary responsibility for the Bank’s capital management; to prepare plans for the Bank’s material acquisitions, acquisitions of the Bank’s shares, or merger, division, dissolution and alteration of corporate form of the Bank; to consider and approve the Bank’s external investments, purchase of assets, disposal and write-off of assets, pledge of assets, related party transactions, data governance, external donations, external guarantees, entrustments of others to manage the Bank’s funds or other assets of the Bank in accordance with laws, regulations, regulatory provisions and the Articles of Association, except for material matters regulated in the Articles of Association of the Bank, which shall be decided by the shareholders’ general meeting; to take ultimate responsibility

CORPORATE GOVERNANCE REPORT

for the management of related party transactions; the Board of Directors shall make a special report on the overall situation of related party transactions to the shareholders' general meeting every year and submit it to the regulatory authorities; to decide on the establishment of internal management structure of the Bank; as proposed by the Nomination and Remuneration Committee, to decide on the appointment or removal of the President, the secretary to the Board of Directors, the auditor and their remuneration, rewards and punishments based on the proposals of the Chairman; to decide on the appointment or removal of the vice president, the assistant to the president, the business director and other senior management personnel as determined by the Board of Directors and the supervision and management institutions, and their remuneration, rewards and punishments based on the proposals of the president; to formulate the basic management system of the Bank; to formulate the Bank's risk tolerance, risk management and internal control policies, and assume ultimate responsibility for overall risk management; to take the ultimate responsibility for the compliance of the Bank's business activities; to prepare any amendment proposals to the Articles of Association of the Bank; to formulate the rules of procedure of the shareholders' general meeting, the rules of procedure of the Board of Directors and the modification plan, and examine and approve the working rules of the special committees of the Board of Directors; be responsible for information disclosure of the Bank and take the ultimate responsibilities for the truthfulness, accuracy, completeness and timeliness of accounting and financial reports of the Bank; to determine the job responsibilities for management, including the President, the Vice President, the assistant to president, the secretary to the Board of Directors, the auditors and the business directors; to monitor the performance of senior management; to listen the work report from the President and inspect the work of the President; the Board of Directors shall establish a supervisory system for the management to formulate the code of conduct and terms of reference for the management and business officers and that the normative documents shall specifically require employees at all levels to report any potential conflict of interests in a timely manner, provide particular rules, establish corresponding measures; the Board of Directors shall establish an information reporting system, requiring the senior management to report regularly to the Board of Directors and the Directors on the operation and management of the Bank; to evaluate and refine the corporate governance of the Bank on a regular basis; to protect the legitimate interests of financial consumers and other stakeholders; to assume the management responsibilities of shareholders' affairs; to establish the mechanism for identification, verification and management of the conflict of interest between the Bank and shareholders, in particular Substantial Shareholders; to assume the management responsibilities promised by the substantial shareholders; to take the ultimate responsibility for the formulation and updating of recovery plan and disposal plan proposals; to take the ultimate responsibility for management of business continuity, response management of emergency, risk management of reputation, risk management of internet loan, anti-money laundering and antiterrorist financing, consumer rights protection, data governance, etc.; to assume the responsibility for determining the green credit development strategy; to take the ultimate responsibility for remuneration management; to propose to the shareholders' general meeting the appointment, reappointment or removal of accounting firm that conducts regular statutory audit of the financial reports of the Bank; to assume the responsibility for establishing and improving the Directors' performance records; to take the responsibility for formulating the professional norms and value standards to be followed by the Board of Directors and the senior management; to draw up an equity incentive plan; to take the responsibility for ensuring that the Bank has established and implemented an adequate and effective internal control system and that the Bank operates prudently within the legal and policy framework; to take the ultimate responsibility for the establishment, operation and maintenance of the internal audit system, as well as the independence and effectiveness of the internal audit; to take the responsibility for fulfilling corporate governance responsibilities, making strategic decisions related to the environment, and effectively governing and overseeing ESG issues; and to exercise any other duties and power conferred by laws, regulations, regulatory requirements and the Articles of Association of the Bank.

CORPORATE GOVERNANCE REPORT

The Board of Directors is responsible for performing corporate governance. It has defined the Bank's corporate governance policy and has formulated the rules of procedure of the Board of Directors and the special committees. As of the end of the Reporting Period, the Board of Directors continued to review the Bank's corporate governance policies and regular rules and made recommendations to the Board of Directors for continuous improvement and enhancement. The Board of Directors continued to pay attention to the training and continuous professional development of directors and senior management officers, and continuously enhanced the comprehensive quality of key management officers; the Board of Directors paid continuous attention to the Bank's compliance with laws and regulations, regulatory rules, and regularly received reports on risk management and compliance management and examined the relevant situation; the Board of Directors kept motivating the employees and directors of the Bank to strengthen their compliance with the code of professional ethics as required by laws and regulations, regulatory rules, the Bank's Articles of Association and internal management system; the Board of Directors paid continuous attention to and discusses the Bank's compliance with the Corporate Governance Code and the disclosure in the Corporate Governance Report, etc. In general, the Board of Directors of the Bank has performed its corporate governance as set out in the Corporate Governance Code during the Reporting Period.

(III) Procedures for Electing and Appointing Board Members

In accordance with the Articles of Association, Directors are elected or changed by the shareholders' general meeting, and serve a 3-year term of office. Directors may serve consecutive terms if re-elected. For a Director, the term of office starts from the date of approval by the banking regulator under the State Council and ends when the session of the Board expires. The shareholders' general meeting shall not dismiss any Director for no reason before the expiration of his or her term of office.

If a Director's term expires but no new Director is elected in time, the original Director shall still perform his or her duties in accordance with laws, regulations, regulatory requirements and the Bank's Articles of Association of the Bank before the new Director takes office.

Directors can also be the President or other senior management officers. However, Directors that are also senior management officers and directors that are employees representatives shall not represent more than half of the total number of the Directors of the Bank, and the number of Directors that are senior management shall not be less than two.

Board members can include employee representatives of the Bank. After elected by the employee congress, Directors that are employee representatives will directly enter the Board, and the Board will report that to the shareholders' general meeting.

The proportion of Directors and independent non-executive Directors, who have a global vision, rich management experience and expertise in finance, accounting, risk management, financial management and fintech, can be properly increased on the Board.

CORPORATE GOVERNANCE REPORT

After a Director is elected and approved for his/her qualification for the position by the regulatory authorities, the Bank shall sign an appointment contract with the elected Director in time, which, in accordance with laws, regulations and the Articles of Association of the Bank, shall clearly specify the rights and obligations of the Bank and the Director, the Director's term and liability for violating laws, regulations or the Articles of Association of the Bank, as well as the compensation made by the Bank for canceling the said appointment contract ahead of time for some reason.

(IV) Operation of the Board of Directors

The Board of Directors convenes regular meetings, generally no fewer than four times a year; extraordinary meetings are convened if and when necessary. Board meetings may be convened by means of on-site conference or written resolutions. The agenda for Board meetings is drafted upon regular consultation with each Director. Regular meetings are usually circulated to all Directors and supervisors at least 14 days in advance of board meetings. All Directors keep contact with the office of Board of Directors, to ensure compliance with board procedures and all applicable rules.

Detailed minutes of meetings of the Board of Directors of the Bank are maintained and are available to all participating Directors for their review and comments after the conclusion of such meeting. The finalized minutes of meetings of the Board of Directors will be sent to all Directors as soon as possible. The minutes of meetings of the Board of Directors are kept according to the file management regulations of the Bank and are available for inspection by Directors at any time.

A sound communication and reporting mechanism has been established among the Board of Directors, Directors and senior management of the Bank. The senior management of the Bank report to and are supervised by the Board of Directors. Relevant members of senior management of the Bank are invited to meetings of the Board of Directors from time to time to provide explanations or answers to inquiries.

Directors of the Bank can express their opinions freely at meetings of the Board of Directors, and major decisions are made after detailed discussions. A Director shall abstain from discussion and voting at a meeting of the Board of Directors on any proposal in which he/she is materially interested, and shall not be counted in the quorum for such proposal.

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

(V) Chairman and President

The roles and duties of the Chairman and the President of the Bank are performed by different persons, and their respective duties are clearly defined and in compliance with the requirements of Corporate Governance Code. During the Reporting Period, Mr. Cai Jian was the Chairman of the Bank and exercised the duties of presiding over the general meetings, convening and chairing the Board meetings, supervising and checking the implementation of the Board resolutions. To assist the Board in discussing all important and relevant matters at proper times, the Chairman communicates fully with the senior management to ensure that the Directors receive appropriate, complete and accurate information in time for their consideration and decision making and the Board runs effectively.

During the Reporting Period, by means like visits and talks, phone communication, written consultation and investor hotline, the Chairman maintained active and effective contact with shareholders, carefully listened to shareholders' opinions and suggestions about the Bank's operation and management, and conveyed shareholders' opinions to the Board of Directors in appropriate ways, to increase effective communication between the Board of the Directors and stakeholders including shareholders.

During the Reporting Period, the Chairman actively increased communication with independent non-executive Directors through various means. By consulting the information and data provided by the Bank on a regular or irregular basis and through other independent and objective external channels, independent non-executive Directors can learn about the external economic and financial environment which the Bank relies on for development and market comments on the Bank. Also, they can maintain close and effective communication with the Chairman of the Bank on matters they are concerned about by multiple means, and contribute to the Bank's high-quality development by giving positive opinions and suggestions. During the Reporting Period, the Chairman convened meeting with all independent non-executive Directors to review the main work in 2024, discussed the continuous construction of the high standard governance system and the continuous promotion of the robust and high quality development, and jointly planned various measures to enhance the corporate governance level of the Bank.

During the Reporting Period, Ms. Deng Xiaoyun was the President of the Bank, performing duties of presiding over the management of the Company, executing the strategic plan of the Company and reporting to the Board of Directors. During the Reporting Period, the President strictly abided by the relevant system requirements of laws, regulations, regulatory provisions and the Bank's Articles of Association, earnestly implemented the resolutions of the relevant meetings, adhered to the organic integration of strengthening the Party's leadership and improving corporate governance, promoted the collaboration and joint cooperation between the Board of Directors and senior management, and effectively enhanced the corporate governance level of the Bank.

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(VI) Board Meetings

During the Reporting Period, the Board of Directors of the Bank convened 17 meetings in total, including 16 on-site meetings and 1 written resolution meeting (specifically, the third session of the Board of Directors convened 12 meetings, including 11 on-site meetings and 1 written resolution meeting; the fourth session of the Board of Directors convened 5 on-site meetings), at which 112 proposals were considered and approved on matters mainly including the 2023 Annual Report, the 2023 Annual ESG Report and the 2024 Interim Report.

The list of Directors participated in the meetings during 2024

Director	Board of Director ¹	Strategy and Investment Committee (Sannong Committee) ¹	Related Party Transactions and Risk Management Committee ¹	Audit Committee ¹	Nomination and Remuneration Committee ¹	Consumer Rights Protection Committee ¹
Cai Jian ²	17/17	9/9	-	-	-	-
Deng Xiaoyun ³	5/17	1/9	-	-	-	1/4
Liao Wenyi ⁴	17/17	1/9	13/13	6/6	7/10	-
Du Jinmin ⁵	17/17	9/9	9/13	6/6	-	1/4
Zheng Guojian ⁶	5/17	-	4/13	1/6	3/10	-
Zhang Hua ⁷	17/17	1/9	13/13	-	10/10	3/4
Ma Hok Ming ⁸	17/17	-	4/13	6/6	10/10	-
Ni Kai ⁹	5/17	-	-	-	-	1/4
Wang Xiaobin ¹⁰	17/17	-	-	-	-	-
Zuo Liang ¹¹	17/17	9/9	-	-	-	3/4
Zhang Yan ¹²	5/17	-	-	-	-	1/4
Xing Qiuyu ¹³	5/17	-	-	-	3/10	-
Hu Geyou ¹⁴	5/17	-	-	-	-	1/4
Feng Yaoliang ¹⁵	17/17	9/9	-	-	7/10	-
Tan Jinsong ¹⁶	2/17	1/9	1/13	0/6	-	-
Zhang Weiguo ¹⁷	12/17	-	9/13	-	7/10	-
Liu Wensheng ¹⁸	11/17	-	-	-	-	-
Da Hengcheng ¹⁹	12/17	8/9	-	-	-	3/4
Zhang Junzhou ²⁰	12/17	8/9	-	-	-	3/4
Meng Sen ²¹	12/17	-	-	-	-	-
Lai Zhiguang ²²	12/17	-	-	-	7/10	3/4

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Notes:

- (1) Directors who did not attend in person but entrusted other directors to attend the meetings on their behalf, and directors who abstained from voting on related party transactions, were deemed to attend the meetings. In 2024, 17 meetings convened by the Board of Directors (with 12 times by the third session of the Board of Directors and five times by the fourth session of the Board of Directors); nine meetings convened by the Strategy and Investment Committee (Sannong Committee) (with eight times by the Strategy and Investment Committee (Sannong Committee) of the third session of the Board of Directors and one time by the Strategy and Investment Committee (Sannong Committee) of the fourth session of the Board of Directors); 13 meetings convened by the Related Party Transactions and Risk Management Committee (with nine times by the Related Party Transactions and Risk Management Committee of the third session of the Board of Directors and four times by the Related Party Transactions and Risk Management Committee of the fourth session of the Board of Directors); six meetings convened by the Audit Committee (with five times by the Audit Committee of the third session of the Board of Directors and one time by the Audit Committee of the fourth session of the Board of Directors); 10 meetings convened by the Nomination and Remuneration Committee (with seven times by the Nomination and Remuneration Committee of the third session of the Board of Directors and three times by the Nomination and Remuneration Committee of the fourth session of the Board of Directors); and four meetings convened by the Consumer Rights Protection Committee (with three times by the Consumer Rights Protection Committee of the third session of the Board of Directors and one time by the Consumer Rights Protection Committee of the fourth session of the Board of Directors).
- (2) Mr. Cai Jian was re-elected as an executive director of the fourth session of the Board of Directors of the Bank on 13 June 2024, and attended 17 Board meetings during the Reporting Period. Mr. Cai Jian ceased to serve as the chairman and member of the Strategy and Investment Committee (Sannong Committee) of the third session of the Board of Directors of the Bank on 6 November 2024, and was appointed as a member and chairman of the Strategy and Investment Committee (Sannong Committee) of the fourth session of the Board of Directors of the Bank on 7 November 2024. During the Reporting Period, Mr. Cai Jian attended nine meetings of the Strategy and Investment Committee (Sannong Committee).
- (3) The qualification of Ms. Deng Xiaoyun as a new executive director of the fourth session of the Board of Directors was approved by the regulatory authority on 6 November 2024, and Ms. Deng Xiaoyun attended five Board meetings during the Reporting Period. Ms. Deng Xiaoyun was appointed as a member of the Strategy and Investment Committee (Sannong Committee) and a member and chairwoman of the Consumer Rights Protection Committee of the fourth session of the Board of Directors on 7 November 2024, and attended a meeting of the Strategy and Investment Committee (Sannong Committee) and a meeting of the Consumer Rights Protection Committee of the Board of Directors during the Reporting Period.
- (4) Mr. Liao Wenyi was re-elected as an independent non-executive director of the fourth session of the Board of Directors of the Bank on 13 June 2024, and attended 17 Board meetings during the Reporting Period. Mr. Liao Wenyi ceased to serve as members of the Related Party Transactions and Risk Management Committee, the Nomination and Remuneration Committee and the Audit Committee of the third session of the Board of Directors of the Bank on 6 November 2024, and was appointed as a member of the Strategy and Investment Committee (Sannong Committee), a member and chairman of the Related Party Transactions and Risk Management Committee and a member of the Audit Committee of the fourth session of the Board of Directors of the Bank on 7 November 2024. During the Reporting Period, Mr. Liao Wenyi attended a meeting of the Strategy and Investment Committee (Sannong Committee), 13 meetings of the Related Party Transactions and Risk Management Committee, six meetings of the Audit Committee and seven meetings of the Nomination and Remuneration Committee of the Board of Directors.

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- (5) Mr. Du Jinmin was re-elected as an independent non-executive director of the fourth session of the Board of Directors of the Bank on 13 June 2024, and attended 17 Board meetings during the Reporting Period. Mr. Du Jinmin ceased to serve as a member of the Strategy and Investment Committee (Sannong Committee), the chairman and member of the Related Party Transactions and Risk Management Committee and a member of the Audit Committee of the third session of the Board of Directors of the Bank on 6 November 2024, and was appointed as members of the Strategy and Investment Committee (Sannong Committee), the Audit Committee and the Consumer Rights Protection Committee of the fourth session of the Board of Directors of the Bank on 7 November 2024. During the Reporting Period, Mr. Du Jinmin attended nine meetings of the Strategy and Investment Committee (Sannong Committee), nine meetings of the Related Party Transactions and Risk Management Committee, six meetings of the Audit Committee and one meeting of the Consumer Rights Protection Committee of the Board of Directors.
- (6) The qualification of Mr. Zheng Guojian as a new independent non-executive director of the fourth session of the Board of Directors was approved by the regulatory authority on 6 November 2024, and during the Reporting Period, Mr. Zheng Guojian attended five Board meetings. On 7 November 2024, Mr. Zheng Guojian was appointed as members of the Related Party Transactions and Risk Management Committee and the Nomination and Remuneration Committee, and a member and chairman of the Audit Committee of the fourth session of the Board of Directors of the Bank. During the Reporting Period, Mr. Zheng Guojian attended four meetings of the Related Party Transactions and Risk Management Committee, three meetings of the Nomination and Remuneration Committee and one meeting of Audit Committee.
- (7) Mr. Zhang Hua was re-elected as an independent non-executive director of the fourth session of the Board of Directors of the Bank on 13 June 2024, and attended 17 Board meetings during the Reporting Period. Mr. Zhang Hua ceased to serve as a member of the Related Party Transactions and Risk Management Committee, the chairman and member of the Nomination and Remuneration Committee and a member of the Consumer Rights Protection Committee of the third session of the Board of Directors of the Bank on 6 November 2024, and was appointed as members of the Strategy and Investment Committee (Sannong Committee), the Related Party Transactions and Risk Management Committee and the chairman and member of Nomination and Remuneration Committee of the fourth session of the Board of Directors of the Bank on 7 November 2024. During the Reporting Period, Mr. Zhang Hua attended a meeting of the Strategy and Investment Committee (Sannong Committee), 13 meetings of the Related Party Transactions and Risk Management Committee, 10 meetings of the Nomination and Remuneration Committee, and three meetings of the Consumer Rights Protection Committee of the Board of Directors.
- (8) Mr. Ma Hok Ming was re-elected as an independent non-executive director of the fourth session of the Board of Directors of the Bank on 13 June 2024, and attended 17 Board meetings during the Reporting Period. Mr. Ma Hok Ming ceased to serve as the chairman and member of the Audit Committee and a member of the Nomination and Remuneration Committee of the third session of the Board of Directors of the Bank on 6 November 2024, and was appointed as members of the Related Party Transactions and Risk Management Committee, the Audit Committee and the Nomination and Remuneration Committee of the fourth session of the Board of Directors of the Bank on 7 November 2024. During the Reporting Period, Mr. Ma Hok Ming attended four meetings of the Related Party Transactions and Risk Management Committee, six meetings of the Audit Committee and 10 meetings of the Nomination and Remuneration Committee of the Board of Directors.
- (9) The qualification of Mr. Ni Kai as a new non-executive director of the fourth session of the Board of Directors was approved by the regulatory authority on 6 November 2024, and Mr. Ni Kai attended five Board meetings during the Reporting Period. Mr. Ni Kai was appointed as a member of the Consumer Rights Protection Committee of the fourth session of the Board of Directors on 7 November 2024, and attended a meeting of this committee during the Reporting Period.

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- (10) Mr. Wang Xiaobin was re-elected as a non-executive director of the fourth session of the Board of Directors of the Bank on 13 June 2024, and attended 17 Board meeting during the Reporting Period.
- (11) Mr. Zuo Liang was re-elected as a non-executive director of the fourth session of the Board of Directors of the Bank on 13 June 2024, and attended 17 Board meetings during the Reporting Period. Mr. Zuo Liang ceased to serve as members of the Strategy and Investment Committee (Sannong Committee) and the Consumer Rights Protection Committee of the third session of the Board of Directors of the Bank on 6 November 2024, and was appointed as a member of the Strategy and Investment Committee (Sannong Committee) of the fourth session of the Board of Directors of the Bank on 7 November 2024. During the Reporting Period, Mr. Zuo Liang attended nine meetings of the Strategy and Investment Committee (Sannong Committee) and three meetings of the Consumer Rights Protection Committee of the Board of Directors.
- (12) The qualification of Mr. Zhang Yan as a new non-executive director of the fourth session of the Board of Directors was approved by the regulatory authority on 6 November 2024, and Mr. Zhang Yan attended five Board meetings during the Reporting Period. Mr. Zhang Yan was appointed as a member of the Consumer Rights Protection Committee of the fourth session of the Board of Directors on 7 November 2024, and attended a meeting of this committee during the Reporting Period.
- (13) The qualification of Ms. Xing Qiuyu as a new non-executive director of the fourth session of the Board of Directors was approved by the regulatory authority on 6 November 2024, and Ms. Xing Qiuyu attended five Board meetings during the Reporting Period. Ms. Xing Qiuyu was appointed as a member of the Nomination and Remuneration Committee of the fourth session of the Board of Directors on 7 November 2024, and attended three meetings of this committee during the Reporting Period.
- (14) The qualification of Mr. Hu Geyou as a new non-executive director of the fourth session of the Board of Directors was approved by the regulatory authority on 6 November 2024, and Mr. Hu Geyou attended five Board meetings during the Reporting Period. Mr. Hu Geyou was appointed as a member of the Consumer Rights Protection Committee of the fourth session of the Board of Directors on 7 November 2024, and attended a meeting of this committee during the Reporting Period.
- (15) Mr. Feng Yaoliang was re-elected as a non-executive director of the fourth session of the Board of Directors of the Bank on 13 June 2024, and attended 17 Board meetings during the Reporting Period. Mr. Feng Yaoliang ceased to serve as members of the Strategy and Investment Committee (Sannong Committee) and the Nomination and Remuneration Committee of the third session of the Board of Directors of the Bank on 6 November 2024, and was appointed as a member of the Strategy and Investment Committee (Sannong Committee) of the fourth session of the Board of Directors of the Bank on 7 November 2024. During the Reporting Period, Mr. Feng Yaoliang attended nine meetings of the Strategy and Investment Committee (Sannong Committee) and seven meetings of the Nomination and Remuneration Committee of the Board of Directors.
- (16) Mr. Tan Jinsong ceased to serve as an independent non-executive director of the third session of the Board of Directors of the Bank on 15 March 2024, and attended two Board meetings during the Reporting Period. Mr. Tan Jinsong ceased to serve as members of the Strategy and Investment Committee (Sannong Committee) and the Related Party Transactions and Risk Management Committee, and the chairman and member of the Audit Committee of the third session of the Board of Directors of the Bank on 15 March 2024. During the Reporting Period, Mr. Tan Jinsong attended a meeting of the Strategy and Investment Committee (Sannong Committee) and a meeting of the Related Party Transactions and Risk Management Committee of the Board of Directors, but did not attend any meetings of the Audit Committee.

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- (17) Mr. Zhang Weiguo ceased to serve as an independent non-executive director of the third session of the Board of Directors of the Bank on 6 November 2024, and attended 12 Board meetings during the Reporting Period. Mr. Zhang Weiguo ceased to serve as a member of the Related Party Transactions and Risk Management Committee and the Nomination and Remuneration Committee of the Board of Directors of the Bank on 6 November 2024. During the Reporting Period, Mr. Zhang Weiguo attended 9 meetings of the Related Party Transactions and Risk Management Committee and 7 meetings of the Nomination and Remuneration Committee.
- (18) Mr. Liu Wensheng ceased to serve as a non-executive director of the third session of the Board of Directors of the Bank on 6 November 2024, and attended 11 Board meetings during the Reporting Period.
- (19) Mr. Da Hengcheng ceased to serve as a non-executive director of the third session of the Board of Directors of the Bank on 6 November 2024, and attended 12 Board meetings during the Reporting Period. Mr. Da Hengcheng ceased to serve as a member of the Strategy and Investment Committee (Sannong Committee) and the Consumer Rights Protection Committee of the third session of the Board of Directors of the Bank on 6 November 2024. During the Reporting Period, Mr. Da Hengcheng attended 8 meetings of the Strategy and Investment Committee (Sannong Committee) and 3 meetings of the Consumer Rights Protection Committee of the Board of Directors.
- (20) Mr. Zhang Junzhou ceased to serve as a non-executive director of the third session of the Board of Directors of the Bank on 6 November 2024, and attended 12 Board meetings during the Reporting Period. Mr. Zhang Junzhou ceased to serve as a member of the Strategy and Investment Committee (Sannong Committee) and the Consumer Rights Protection Committee of the third session of the Board of Directors of the Bank on 6 November 2024. During the Reporting Period, Mr. Zhang Junzhou attended 8 meetings of the Strategy and Investment Committee (Sannong Committee) and 3 meetings of the Consumer Rights Protection Committee of the Board of Directors.
- (21) Mr. Meng Sen ceased to serve as a non-executive director of the third session of the Board of Directors of the Bank on 6 November 2024, and attended 12 Board meetings during the Reporting Period.
- (22) Mr. Lai Zhiguang ceased to serve as a non-executive director of the third session of the Board of Directors of the Bank on 6 November 2024, and attended 12 Board meetings during the Reporting Period. Mr. Lai Zhiguang ceased to serve as a member of the Nomination and Remuneration Committee and the Consumer Rights Protection Committee of the third session of the Board of Directors of the Bank on 6 November 2024. During the Reporting Period, Mr. Lai Zhiguang attended 7 meetings of the Nomination and Remuneration Committee and 3 meetings of the Consumer Rights Protection Committee of the Board of Directors.

(VII) Diversification Policies of the Board of Directors

The Bank believes that a diversified Board of Directors will be beneficial to enhance the Bank's performance. The Bank considers the increasing diversification at the level of Board of Directors as a key factor in achieving sustainable development, supporting its achievement of strategic objectives and maintaining good corporate governance. The Bank regards ensuring that the Board of Directors includes at least one female member as one of the objectives of effectively practicing the diversification policy of the Board of Directors.

In setting the composition of the Board of Directors, the Bank will consider the diversification of members of the Board of Directors from various aspects, including but not limited to, gender, area and industry experience, skills, knowledge and educational background. All appointments to the Board of Directors shall follow the principle of meritocracy, taking into account objectively the benefits of diversification of members of the Board of Directors when considering the candidates. As of the Latest Practicable Date, the Board of Directors of the Bank consisted of 14 members, who featured specialized and rich experience in finance, legal affairs, accounting, economy or business management and diversified background. As of the end of the Reporting Period, the Board of Directors included two female members (Ms. Deng Xiaoyun, Ms. Xing Qiuyu).

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The Nomination and Remuneration Committee earnestly implements the policies for nominating Directors, as well as the nomination procedures and screening and recommendation standards for Director candidates of the Bank, and will review the policy in due time to ensure its effectiveness in performance. The Nomination and Remuneration Committee will discuss any possible amendments needed, and offer the advice on amendments to the Board of Directors for its consideration and approval.

(VIII) Continuous Professional Development Program for Directors

The Bank actively promoted continuing professional training for its directors to enhance their understanding of the Bank's operations and business, deepen their knowledge of laws, regulations, supervisory requirements, and departmental rules, and strengthen their awareness of the responsibilities conferred upon them by regulatory authorities and the Articles of Association of the Bank. During the Reporting Period, all members of the Board participated in professional training through a combination of online and offline formats. Training sessions attended included Interpretation of the Administrative Measures for the Capital of Commercial Banks, Anti-Money Laundering Regulatory Landscape and Industry Practices (《反洗錢監管形勢及同業實踐》), Anti-Money Laundering Landscape and Key Compliance Responsibilities of Financial Institutions in the New Era (《新時代反洗錢工作形勢與金融機構履職要點》), Study and Understanding of the Disciplinary Regulations of the Communist Party of China and Integrity Discipline Education (學習領會<中國共產黨紀律處分條例>暨廉潔紀律教育), and 2024 Specialized Training on Corporate Governance for Directors, Supervisors, and Senior Management (《董監高 2024 年度公司治理專題培訓》). These training programs effectively broadened the macro decision-making perspective of Board members, significantly enhanced their ability to interpret major policies and make critical decisions, and further reinforced the intellectual foundation for Board deliberations and decision-making.

During the Reporting Period, the Strategy and Investment Committee (Sannong Committee) of the Board of Directors held seminars on the topics of agriculture, farmer and rural areas and conducted relevant visits and investigations in Nansha, Guangzhou and Chengdu, Sichuan Province, in order to understand the economic development of the villages and future plans for the development of villager communities, and conducted independent, objective and professional discussions on the implementation of the Rural Revitalization Strategy, the improvement of rural financial services, the development of agricultural enterprises and the channels of wealth appreciation for villagers.

(IX) Independent Views and Input from the Board

With the information reporting system in place, Board members can obtain independent views and opinions through regular communication channels (monthly information reports and relevant newsletters) or irregular communication channels (face-to-face talks, teleconferences and work reports), and thus make better-informed decisions in a scientific and prudent manner. The Board of Directors considers that this mechanism is effective and will review the implementation and effectiveness of the mechanism every year to ensure its effective implementation.

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(X) Performance of Independent Non-executive Directors

As of the Latest Practicable Date, the Bank had five independent non-executive Directors. With rich experience and outstanding professional abilities, the independent non-executive Directors serve as a major force driving the high-quality corporate governance of the Bank. They take active part in various governance activities and perform their duty and exercise their power prudently. The Related Party Transactions and Risk Management Committee, Nomination and Remuneration Committee and Audit Committee of the Bank are all chaired by independent non-executive Directors. In daily work, the independent non-executive Directors actively participated in Board meetings and meetings of its special committees, discussed and provided advice and suggestions on important proposals, played their due role effectively, and continued to effectively communicate with the Bank through various ways such as joining field trips, special investigations and training sessions.

During the Reporting Period, the independent non-executive Directors issued written independent opinions on major issues such as the profit distribution plan, director nomination, senior management appointment, engagement of auditors, and major related party transactions. The independent non-executive Directors also considered that the related party transactions of the Bank, particularly major ones, were conducted in strict compliance with domestic and overseas laws and regulations, regulatory rules and relevant systems of the Bank, and relevant transactions were conducted in the usual business of the Bank on fair and reasonable terms in accordance with normal commercial terms or better terms, and are not prejudicial to the interests of the Bank and its shareholders. In addition, the independent non-executive Directors of the Bank also took full advantages of their professional advantages in the special committees of the Board of Directors and provided professional and independent opinions on the corporate governance and operation management of the Bank, which has provided a strong support for the scientific decision-making process of the Board of Directors.

(XI) Directors' Duties in Preparing Financial Statements

The Directors of the Bank acknowledge that they are responsible for the preparation of the financial statements of the Bank for the year ended 31 December 2024.

The Directors of the Bank are responsible for reviewing and confirming the financial statements for each accounting period so that the financial statements give a true and fair view of the financial position, operating results and cash flows of the Bank.

In preparing the financial statements for the year ended 31 December 2024, the Directors of the Bank have selected and applied applicable accounting policies and have made prudent and reasonable judgments.

(XII) Special Committees of the Board of Directors

The Board of Directors of the Bank established five special committees in accordance with relevant laws and regulations, the Articles of Association and relevant requirements under the Listing Rules, namely, the Strategy and Investment Committee (Sannong Committee), Related Party Transactions and Risk Management Committee, Nomination and Remuneration Committee, Audit Committee and Consumer Rights Protection Committee.

During the Reporting Period, the special committees of the Board of Directors of the Bank exercised their duties in an independent, regulated and effective manner in accordance with the laws, which effectively enhanced the corporate governance of the Board of Directors, improved the working efficiency and ensured the stable and healthy development of various businesses of the Bank.

1. *Strategy and Investment Committee (Sannong Committee)*

As of the Latest Practicable Date, the Strategy and Investment Committee (Sannong Committee) of the Bank consisted of seven Directors. Its chairman was Mr. Cai Jian, executive Director. The members included an executive Director Ms. Deng Xiaoyun, independent non-executive Directors Mr. Liao Wenyi, Mr. Du Jinmin and Mr. Zhang Hua, and non-executive Directors Mr. Zuo Liang and Mr. Feng Yaoliang.

The key terms of reference of the Strategy and Investment Committee (Sannong Committee) included: formulating the long-term development strategy and medium and long-term development outlines of the Bank, and making recommendations to the Board of Directors; formulating the development strategies and plans for Sannong financial services, reviewing the annual development goals and service resource allocation plan of Sannong finance, and evaluating and supervising the conscientious implementation by the management; formulating the development strategies for green credit and financial innovation, and promoting the establishment of relevant work mechanisms; promoting the implementation of the Bank's "five major initiatives" financial strategy (science and technology finance, green finance, inclusive finance, elderly care finance, and digital finance) in accordance with regulatory requirements; making recommendations on the adjustments of strategies in response to changes in the operation environment; supervising and assessing the implementation of strategies and making relevant recommendations; conducting research on and formulating relevant systems for external investment, making recommendations and plans for the major investment decisions of the Bank (including fixed asset investment and equity investment) and implementing group management on our subsidiaries; conducting research on and formulating relevant systems for external mergers and acquisitions, conducting research on the strategies for mergers and acquisitions and making recommendations on the implementation plan, including acquisition

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target, acquisition method, reorganization and consolidation; conducting research and making plans on diversified operation and development models, conducting research on and formulating organization models and management methods of the finance (group) corporation; approving major matters related to data governance as authorized by the Board of Directors; formulating and reviewing the corporate governance policies and regular rules of the Bank as authorized by the Board of Directors, and giving recommendations to the Board of Directors; reviewing the Bank's observance of the Corporate Governance Code and disclosure in the Corporate Governance Report; conducting research on and addressing other major matters concerning the strategic development of the Bank; other matters provided by laws, administrative regulations, departmental regulations and the securities regulator in the place where the Bank is listed or authorized by the Board of Directors.

In 2024, the Strategy and Investment Committee (Sannong Committee) of the Bank held a total of nine meetings, at which it considered 27 resolutions, as well as listened to 1 notification, such as the 2024 Outline for the Implementation of the 14th Five-Year Plan for Strategic Development of Guangzhou Rural Commercial Bank Co., Ltd. and the 2023 Profit Distribution Plan of Guangzhou Rural Commercial Bank Co., Ltd. It also held two Sannong forums.

2. *Related Party Transactions and Risk Management Committee*

As of the Latest Practicable Date, the Related Party Transactions and Risk Management Committee of the Bank consisted of four Directors. Its chairman was Mr. Liao Wenyi, independent non-executive Director. The members included Mr. Zheng Guojian, Mr. Zhang Hua and Mr. Ma Hok Ming, independent non-executive Directors.

The key terms of reference of the Related Party Transactions and Risk Management Committee included: assisting the Board of Directors in performing the duty of comprehensive risk management, and checking the results of risk management and internal control of the Bank; assisting the Board of Directors in performing the duty of managing money laundering risk, and giving professional advice on managing money laundering risk to the Board of Directors; taking charge of the management, review and risk control of related party transactions, focusing on the compliance, fairness and necessity of related party transactions, and taking the responsibility for the compliance of related party transactions; other matters provided by laws, administrative regulations, departmental regulations and the securities regulator in the place where the Bank is listed or authorized by the Board of Directors.

During the Reporting Period, the Related Party Transactions and Risk Management Committee of the Bank performed duties and exercised powers conferred by laws, regulations, regulatory rules and the Articles of Association the Bank. It vigorously carried out the management of related party transactions, the review of important risk management matters, the building of key risk control systems and other activities, and actively assisted the Board of Directors in advancing comprehensive risk management as well as management of risks in key areas like money laundering and terrorist financing, business continuity, compliance and case prevention, to ensure the Bank consistently meets regulatory requirements on related party transactions, risk management and internal control.

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In 2024, the Related Party Transactions and Risk Management Committee of the Bank held 13 meetings, at which it reviewed 46 resolutions, as well as reported 10 matters, such as the 2023 Work Report and the 2024 Work Plan on Comprehensive Risk Management of Guangzhou Rural Commercial Bank Co., Ltd., the 2023 Work Report and the 2024 Work Plan on Compliance Risk Management of Guangzhou Rural Commercial Bank Co., Ltd.

3. *Nomination and Remuneration Committee*

As of the Latest Practicable Date, the Nomination and Remuneration Committee of the Bank consisted of four Directors. Its chairman was Mr. Zhang Hua, independent non-executive Director. The members included Mr. Zheng Guojian and Mr. Ma Hok Ming, independent non-executive Directors, Ms. Xing Qiuyu, a non-executive Director.

The key terms of reference of the Nomination and Remuneration Committee included: setting up the selection procedures and criteria for Directors and senior management, conducting preliminary review on the qualifications and credentials of candidates for Directors and senior management and making recommendations to the Board of Directors; drafting the remuneration scheme for Directors and senior management, making recommendations to the Board of Directors on the remuneration scheme and supervising the implementation of the scheme; other matters provided by laws, administrative regulations, departmental regulations and the securities regulator in the place where the Bank is listed or authorized by the Board of Directors.

During the Reporting Period, the Nomination and Remuneration Committee continuously focused on policies about the selection and employment of Directors and senior management as well as nomination procedures and codes for selection and recommendation, reviewed the qualifications and credentials of Directors and senior management candidates, commented on the annual performance of Directors and senior management, made suggestions on the remuneration scheme of Directors and senior management, and guided the Bank to carry out training on the performance ability of Directors, supervisors and senior management through rich and diversified work form, to effectively improve the quality and efficiency of corporate governance.

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During the Reporting Period, the Nomination and Remuneration Committee carried out the change of the session of the Board and change of Directors and the nomination of directors in accordance with laws and regulations, regulatory rules, the Articles of Association, the rules of procedure of the Nomination and Remuneration Committee, etc. Subject to the range of Board of Directors required by the Articles of Association, for non-independent Directors, according to the number of persons to be elected, a list of nominated candidates for Directors can be drawn up by the Nomination and Remuneration committee of the Board of Directors. Shareholders individually or jointly holding 3% or more of the total issued shares with voting rights of the Bank (including holders of preference shares with restored voting rights) may also nominate candidates for Directors to the Board of Directors. For independent Directors, the Nomination and Remuneration Committee of the Board of Directors and Shareholders individually or jointly holding more than 1% of the total issued shares with voting rights of the Bank, the Board of Directors and the Board of Supervisors may nominate candidates for independent Directors. The Nomination and Remuneration Committee of the Board of Directors conducted a preliminary review on the qualifications and credentials of candidates for Directors in accordance with laws and regulations, regulatory rules and relevant systems of the Bank, focusing on the standards of professional knowledge, experience and ability and diversified board construction, and the list of qualified candidates was submitted to the Board of Directors for consideration and approval. Candidates for Directors may perform their duties according to law after being considered and approved by the Board of Directors and the general meeting of shareholders and submitted to the regulatory authority for approval of their qualifications.

In 2024, the Nomination and Remuneration Committee of the Bank held a total of 10 meetings, at which it reviewed 17 resolutions, as well as reported 2 matters, such as the Resolution on Election of Directors of the Fourth Session of the Board of Directors of Guangzhou Rural Commercial Bank Co., Ltd. and the Proposal of the Consideration of the By-election of Directors for the Fourth Session of the Board of Directors of Guangzhou Rural Commercial Bank Co., Ltd.

4. Audit Committee

As of the Latest Practicable Date, the Audit Committee of the Bank consisted of four Directors. Its chairman was Mr. Zheng Guojian, independent non-executive Director. The members included Mr. Liao Wenyi, Mr. Du Jinmin and Mr. Ma Hok Ming, independent non-executive Directors.

The key terms of reference of the Audit Committee included: reviewing the quarterly (if any), semi-annual and annual results of the Bank, and the accounting policies, financial position and financial reporting procedures of the Bank; conducting annual audit of the Bank, making recommendations on the engagement and replacement of external audit agencies, preparing analytical reports on the authenticity, completeness, timeliness and accuracy of the information set out in audited financial reports and submitting the them to the Board of Directors for review and consideration; being responsible to the Board of Directors, and authorized by the Board of Directors to review important systems and reports like internal audit charters, review medium and long-term audit plans and annual audit plans, and guide, assess and comment on internal audit efforts; other matters provided by laws, administrative regulations, departmental regulations and the securities regulator in the place where the Bank is listed or authorized by the Board of Directors.

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During the Reporting Period, the Audit Committee of the Bank performed duties and exercised powers conferred by laws, regulations, regulatory rules and the Articles of Association of the Bank. It earnestly reviewed annual reports, interim reports and other important financial materials, reviewed relevant Resolution on the change of auditors, actively reflected on the effectiveness of risk control and internal control, particularly the internal monitoring system, oversaw that the Bank exercised audit supervision according to law and regulations, and assisted the Board of Directors in monitoring audit in special areas like material business management, risk management and internal control management.

In 2024, the Audit Committee of the Bank held six meetings, at which it reviewed 15 resolutions, as well as reported 17 matters, such as the 2023 Results Announcement of Guangzhou Rural Commercial Bank Co., Ltd. and the 2024 Audit Plan of Guangzhou Rural Commercial Bank Co., Ltd.

5. Consumer Rights Protection Committee

As of the Latest Practicable Date, the Consumer Rights Protection Committee of the Bank consisted of five Directors. Its chairman was Ms. Deng Xiaoyun, executive Director. The members included an independent non-executive Director Mr. Du Jinmin, and non-executive Directors Mr. Ni Kai, Mr. Zhang Yan and Mr. Hu Geyou.

The key terms of reference of the Consumer Rights Protection Committee included: being responsible to the Board of Directors, submitting the work reports and annual reports on consumer protection to the Board of Directors, and, as authorized by the Board of Directors, carry out relevant work, discuss and decide on relevant matters, and conduct research on major issues and policies concerning consumer protection; guiding and overseeing the establishment and improvement of the management system for consumer protection, to ensure relevant policies to be aligned with corporate governance, corporate culture and operation and development strategies; overseeing the comprehensiveness, timeliness and effectiveness of the work of senior management and consumer protection departments in accordance with regulatory requirements and based on the implementation of the strategies, policies and objectives for consumer protection; regularly holding work conferences on consumer protection, reviewing the work reports by senior management and consumer protection departments and performing relevant duties; guiding the disclosure of important information about consumer protection efforts; other matters provided by laws, administrative regulations, departmental regulations and the securities regulator in the place where the Bank is listed or authorized by the Board of Directors.

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During the Reporting Period, the Consumer Rights Protection Committee of the Bank performed duties and exercised powers conferred by laws, regulations, regulatory rules and the Articles of Association of the Bank. It actively guided the complaint and effective implementation of the consumer protection plan, faithfully followed regulatory opinions and rectification requirements, continued to advance the improvement of the consumer protection system, and regularly inspected the Bank's work on consumer protection to ensure all matters related to consumer protection to consistently meet regulatory requirements.

In 2024, the Consumer Rights Protection Committee of the Bank held four meetings, at which it reviewed 11 resolutions, as well as reported 1 matter, such as 2023 Work Report and 2024 Work Plan on Protection of Consumers' Interests of Guangzhou Rural Commercial Bank Co., Ltd. and Management Measures on Protection Personnel for Consumer Protection of Guangzhou Rural Commercial Bank Co., Ltd.

(XIII) Execution of the Resolutions of the Shareholders' General Meetings by the Board of Directors during the Reporting Period

During the Reporting Period, the Board of Directors and its special committees loyally and diligently performed their duties on corporate governance conferred by laws, regulations, regulatory rules and the Articles of Association of the Bank. It earnestly reviewed important matters, including (but not limited to) the operation conditions, strategic development, financial results, effectiveness of risk management (including ESG related risks) and internal control and compliance (including the whistleblowing policy and anti-corruption policy), performance of corporate governance, the effectiveness of the mechanism for the Board of Directors and Directors to gain independent views and the diversification policy for the Board of Directors, as well as other matters concerning the observance of relevant laws, regulations, regulatory policies and duties of the Board of Directors. In doing so, they continued to help the Bank maintain sound corporate governance and a momentum of steady and compliant development.

During the Reporting Period, the Board of Directors strictly executed the resolutions approved by the Shareholders' General Meetings, and earnestly implemented various proposals reviewed and adopted by the Shareholders' General Meetings.

V. THE BOARD OF SUPERVISORS

(I) Composition of Board of Supervisors

As of the Latest Practicable Date, the Board of Supervisors of the Bank consists of nine Supervisors, including three employee Supervisors, namely Ms. Wang Xigui, Ms. Zeng Weixue and Mr. Bao Chen; three external Supervisors, namely Mr. Han Zhenping, Mr. Shi Shuiping and Mr. Huang Tianshun; and three shareholder Supervisors, namely Ms. Yu Qing, Mr. Liang Bingtian and Mr. Li Zhiquan.

(II) Duties of Board of Supervisors

According to the Articles of Association of the Bank, the Board of Supervisors assumes supervisory responsibility and exercises the following duties and powers according to law: to examine and provide comments in writing on the periodical reports of the Bank prepared by the Board of Directors; to examine and supervise the Bank's financial affairs and consolidated management; to monitor the directors and senior management in the performance of their duties; to propose to remove the directors or senior management who is in breach of the laws, regulations, the provisions of the Articles of Association or the resolutions of the general meeting; to demand rectification from a director or senior management when the acts of such person injure the interests of the Bank; to assume ultimate responsibility for the evaluation of the performance of directors and supervisors of the Bank; to be responsible for the establishment and improvement of the file on the performance of supervisors and the file on the evaluation of the performance of directors and supervisors; to assess and question the performance and conduct of Director, Supervisors and Senior Management, report assessment results to the Shareholders' General Meeting and submit to supervisory authorities in accordance with regulations; to conduct special and off-office audit in respect to any Directors and senior officers as required; to conduct supervision and assessment over the performance of duties by the Board of Directors and senior management in respect of the key responsibilities including strategic management, operation decisions, financial management, remuneration management, capital management, internal control, comprehensive risk management, liquidity risk management, reputational risk management, compliance management, fraud prevention, Sannong financial services, related party transactions, information disclosure, data governance, consumer rights protection and anti-money laundering and to report the same to the general meetings in accordance with the requirements; to review relevant audit reports in accordance with regulations and provide guidance

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and supervise the internal audit work of the Bank, and have the right to request relevant information from the Board of Directors and senior management in relation to the audit; to review the financial reports, operation reports, profit distribution plan and other financial documents submitted by the Board of Directors to general meetings; if any query arises, to engage such professionals as certified public accountants or practicing auditors to assist re-examine the work for the Bank; to propose the convening of extraordinary general meetings; to host the general meetings under the circumstances that the Board of Directors cannot perform its duties of convening and presiding over the general meeting as required under the Company Law; to make the proposals to the shareholders' general meetings; to represent the Bank to negotiate with the directors or senior management or bring the lawsuits against the directors or senior management according to the provisions of the Company Law; If any abnormality is found in operations of the Bank, to conduct investigations; and when necessary, to engage such professionals as accountants or lawyers to assist the work for the account of the Bank at the expense of the Bank; to supervise the Board of Directors on the establishment of stable business ideas and valuation standard and formulate the developing strategies in line with the situation of the Bank; to make periodical assessments on the rationality, reasonability and robustness of the developing strategies of the Bank and make the reports; to supervise and inspect the operating decision, risk management, internal control, etc. of the Bank, and supervise the rectification; to supervise the procedure of the election and appointment of the directors; to supervise the implementation of the system of the remuneration management of the Bank and the rationality and reasonability on the salary plan of the senior management and propose any remuneration (or allowance) arrangement of a supervisor; to be responsible for the supervision of money laundering risk management, and shall be responsible for supervising the performance of due diligence of the Board and senior management in money laundering risk management and supervising rectification, and making recommendations and opinions on the Bank's money laundering risk management; to communicate with the banking regulatory authorities of the State Council about the condition of the Bank on a regular basis; Other duties and powers as provided in the laws, regulations, regulatory requirements and the provisions of the Articles of Association.

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(III) Meetings of Board of Supervisors

During the Reporting Period, the Board of Supervisors convened a total of six meetings, at which a total of 33 resolutions of the Bank were considered, including 2023 annual work report of the Board of Supervisors of the Bank, performance assessment report of the Board, supervisors and senior management, strategic assessment report, the Bank's annual report, financial budget and final accounts report, profit distribution plan, annual risk management report, key special audit reports and rectification of regulatory issues and selection of supervisory candidates.

Table of participation of supervisors in 2024

Supervisors	Board of Supervisors	Nomination Committee	Audit and supervision committee
Wang Xigui	6/6	2/2	–
Zeng Weixue ²	4/6	–	3/4
Bao Chen ²	4/6	–	3/4
Han Zhenping	6/6	–	4/4
Shi Shuiping ³	6/6	2/2	1/4
Huang Tianshun	6/6	2/2	–
Yu Qing ⁴	4/6	–	3/4
Liang Bingtian	6/6	2/2	–
Li Zhiquan ⁴	4/6	–	3/4
He Heng ⁵	2/6	2/2	–
Lai Jiaxiong ⁵	2/6	–	1/4
Chen Jianliang ⁵	2/6	–	1/4
Feng Jintang ⁵	2/6	–	1/4

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Notes:

- (1) Supervisors who are not present in person but delegate other Supervisors to attend on their behalf are deemed to be present at the meeting.
- (2) On 9 May 2024, the employee representatives meeting of the Bank elected Mr. Bao Chen and Ms. Zeng Weixue as employee representative supervisors of the Bank. During the Reporting Period, Mr. Bao Chen and Ms. Zeng Weixue attended four meetings of the Board of Supervisors. On 28 June 2024, Mr. Bao Chen and Ms. Zeng Weixue were appointed as members of the Audit and Supervision Committee under the Board of Supervisors. During the Reporting Period, Mr. Bao Chen and Ms. Zeng Weixue attended three meetings of the Audit and Supervision Committee.
- (3) Since 28 June 2024, Mr. Shi Shuiping has ceased to serve as a member of the Audit and Supervision Committee under the Board of Supervisors. During the Reporting Period, Mr. Shi Shuiping attended one meeting of the Audit and Supervision Committee under the Board of Supervisors.
- (4) On 13 June 2024, at the 2023 annual general meeting of the Bank, Ms. Yu Qing and Mr. Li Zhiquan were elected as shareholder representative supervisors of the Bank. During the Reporting Period, Ms. Yu Qing and Mr. Li Zhiquan attended four meetings of the Board of Supervisors. On 28 June 2024, Ms. Yu Qing and Mr. Li Zhiquan were appointed as members of the Audit and Supervision Committee under the Board of Supervisors. During the Reporting Period, Ms. Yu Qing and Mr. Li Zhiquan attended three meetings of the Audit and Supervision Committee under the Board of Supervisors.
- (5) Since 9 May 2024, Ms. He Heng has ceased to serve as an employee representative supervisor the Bank and a member of the Nomination Committee under the Board of Supervisors. During the Reporting Period, Ms. He Heng attended two meetings of the Board of Supervisors and two meetings of the Nomination Committee. Since 9 May 2024, Mr. Lai Jiaxiong has ceased to serve as an employee representative supervisor of the Bank and a member of the Audit and Supervision Committee under the Board of Supervisors. During the Reporting Period, Mr. Lai Jiaxiong attended two meetings of the Board of Supervisors and one meeting of the Audit and Supervision Committee. Since 13 June 2024, Mr. Chen Jianliang and Mr. Feng Jintang have ceased to serve as shareholder representative supervisors of the Bank and a member of the Audit and Supervision Committee under the Board of Supervisors. During the Reporting Period, Mr. Chen Jianliang and Mr. Feng Jintang attended two meetings of the Board of Supervisors and one meeting of the Audit and Supervision Committee.

(IV) Special Committees of the Board of Supervisors

The Board of Supervisors established the Nomination Committee and the Audit and Supervision Committee. The Nomination Committee consist of five Supervisors, whereas the Audit and Supervision Committee consist of five Supervisors, and the chairmen are all served by external Supervisors.

1. *Nomination Committee*

As of the Latest Practicable Date, the Nomination Committee of the Bank consisted of five Supervisors. The chairman was Mr. Shi Shuiping, external Supervisor and the members were Ms. Wang Xigui, Mr. Huang Tianshun, Mr. Liang Bingtian and Mr. Bao Chen.

The key terms of reference of the Nomination Committee of the Bank included: studying the selection and appointment criteria and procedures for Supervisors; conducting preliminary review on the qualifications of supervisor candidates; advising the Board of Supervisors on the number and composition of the Board of Supervisors; conducting comprehensive evaluation of the performance of directors, Supervisors and senior management and reporting to the Board of Supervisors; conducting extensive search for qualified candidates of Supervisors; performing other duties as authorized by the Board of Supervisors.

During the Reporting Period, the Nomination Committee held two meetings, at which 6 resolutions were considered, including the proposal on 2023 Performance Assessment Report of supervisors, the Board and senior management and its members, the 2023 Work Report of the Nomination Committee of the Third Session of the Board of Supervisors, the 2023 Performance Assessment Report of Chief Supervisors of Subsidiaries, and the election of Supervisor candidates for the Fourth Session of the Board of Supervisors.

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2. *Audit and Supervision Committee*

As of the Latest Practicable Date, the Audit and Supervision Committee of the Bank consisted of five Supervisors. The chairman was Mr. Han Zhenping, external Supervisor and the members were Ms. Yu Qing, Mr. Li Zhiquan, Ms. Zeng Weixue and Mr. Bao Chen.

The key terms of reference of the Audit and Supervision Committee included: supervising the performance of duties of the Board of Directors and its members and senior management; conducting off-office audit for directors and senior management of the Bank if necessary; formulating supervision programs for financial activities of the Bank and conducting related inspections; supervising, examining or reviewing business decisions, risk management, internal control of the Bank; conducting supervision over the performance of duties by the Board of Directors and senior management in respect of the key responsibilities including strategic planning, operation decisions, financial management, remuneration management, capital management, internal control, comprehensive risk management, liquidity risk management, reputation risk management, compliance management, fraud prevention, Sannong financial services, related party transactions, information disclosure, data governance, protection of consumers' interests and anti-money laundering and reporting the same to the general meetings in accordance with the requirements, considering relevant audit reports in accordance with the requirements, and providing guidance and supervision for the internal audit department of the Bank; supervising the Board of Directors in establishing sound business philosophy, value standard and formulating development strategies according to the actual situation of the Bank; making periodical assessments on the scientificity, reasonableness and effectiveness of the development strategies formulated by the Board of Directors and forming the assessment reports; performing other duties authorized by the Board of Supervisors.

During the Reporting Period, the Audit and Supervision Committee held four meetings, at which 8 resolutions of the Bank were considered, including the 2023 Work Report of the Audit and Supervision Committee of the Third Session of the Board of Supervisors, the 2023 Strategical Assessment Report, the special audit report on capital management, and the research report of the Board of Supervisors on the management of debenture assets.

(V) Continuous Professional Development Program for Board of Supervisors

The Bank focuses on strengthening the capacity building of supervisors in performing their duties, and comprehensively improves the professional quality of supervisors in performing their duties through training, peer exchanges, research at the grassroots level, etc. During the Reporting Period, the Bank continued to optimize and improve the supervisor training mechanism, organized supervisors to participate in the special corporate governance training courses for directors, supervisors and senior management, and carried out remote training on topics such as anti-money laundering, capital management, and credit management, to help supervisors improve their professional ability and level in performing their duties. The Bank will continue to strengthen research and exchanges, organize supervisors to participate in field research to gain in-depth insights into the business development, asset risk management, compliance and internal control management, and the performance of the Board of Supervisors of many subsidiaries, exchange the performance experience of the Board of Supervisors of commercial banks with many peer institutions, broaden the performance vision, and continuously explore and enrich the work practice of the Board of Supervisors.

(VI) Work of External Supervisors

During the Reporting Period, the external Supervisors of the Bank performed their supervisory duties in strict accordance with relevant laws, regulations, the Bank's Articles of Association and relevant requirements for the performance of duties of Supervisors, and performed their duties diligently by receiving and reading the monthly and quarterly management information reports, newsletters, and other materials on a regular basis, so as to gain an in-depth understanding of the operation and management situation of the Bank as a whole; performed their duties diligently by taking part in the meetings of the Board of Supervisors on time, carefully studying and reviewing every proposal; and actively participating in the general meetings, attending the Board of Directors and other important meetings. Also, they devoted sufficient time and effort to participate in relevant supervision and inspections, investigation and research and training, and provide advice and suggestions to our Bank with rich work experience and professional expertise, so as to effectively played a proactive role in facilitating the development, controlling risks and strengthening internal control through supervision.

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VI. SENIOR MANAGEMENT

(I) Senior Management and senior management officers

The senior management of the Bank is composed of the President, Vice President and Assistant to President. The Bank has one President, nominated by Chairman and appointed or dismissed by the Board of Directors. The Bank shall have Vice President, Assistant to President, Secretary of the Board of Directors and Business Director. Vice President, Assistant to President and Business Director shall be appointed or dismissed by the Board of Directors on the nomination of President, and Secretary of the Board shall be appointed or dismissed by the Board of Directors on the nomination of the Chairman. All the senior management officers of the Bank shall meet the qualifications required by laws, regulations and banking regulatory authorities.

(II) Duties of Senior Management

The duties of the senior management of the Bank mainly include: to carry out business management activities in accordance with the Articles of Association of the Bank and the authorization of the Board of Directors, and actively implement the resolutions of the general meeting of shareholders and the Board of Directors; to be responsible to the Board of Directors, and accept the supervision of the Board of Supervisors at the same time, report the company's operation and management in accordance with the requirements of the Board of Directors and the Board of Supervisors in a timely, accurate and complete manner, and provide relevant materials; to establish an information reporting system to the Board of Directors and its special committees, and the Board of Supervisors and its special committees, define the types, content, time and methods of reporting information to ensure that directors and supervisors can obtain various information in a timely, accurate and complete manner; to establish and improve various meeting systems, and formulate the corresponding rules of procedure; to assume the responsibility for implementing comprehensive risk management and perform the following responsibilities: Establish an operation and management structure suitable for comprehensive risk management, define the assignment of responsibilities of functional departments of comprehensive risk management, business departments and other departments in risk management, and establish an operation mechanism of mutual coordination and effective check and balance among departments; to establish clear execution and accountability mechanisms to ensure that risk management strategy, risk preference and risk limit are communicated fully and implemented effectively; to formulate risk limit based on the risk preference set by the Board of Directors, including

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but not limited to industry, region, customer, product and other dimensions; to develop risk management policies and procedures, make periodical assessments, and make adjustments when necessary; to assess overall risk and various significant risk management status, and report to the Board of Directors; to establish a complete management information system and data quality control mechanism; to monitor breaches of risk preference, risk limit and risk management policies and procedures, and handle as authorized by the Board of Directors; other responsibilities of risk management; to be responsible for developing systematic systems, procedures and methods according to the acceptable risk level determined by the Board of Directors, and take the corresponding risk control measures; to be responsible for establishing and improving the internal organizational structure to ensure the effective performance of internal control responsibilities; to be responsible for organizing monitoring and assessment of the adequacy and effectiveness of the internal control system; to be responsible for organizing capital management according to business strategy and risk preference ensure that capital is appropriate to business development and risk level, and implement various monitoring measures. The specific duties are as follows: to formulate and organize the implementation of rules and regulations on capital management; to formulate and organize the implementation of internal capital adequacy assessment procedures, define the assignment of responsibilities of related departments, establish and improve the assessment framework, process and management system; to formulate and organize the implementation of capital planning and capital adequacy management plans; to make periodical and aperiodic assessment of the capital adequacy ratio, report the level and management of the capital adequacy ratio and the results of the internal capital adequacy assessment to the Board of Directors; to organize and carry out stress tests, participate in the determination of stress test objectives, schemes and important assumptions, and promote the application of stress test results in risk assessment and capital planning; to organize the development and maintenance of the internal capital adequacy assessment information management system; to assume the management responsibility for formulating and updating recovery plan and disposal plan proposals; to be responsible for implementing the business continuity management policy approved by the Board of Directors. The main responsibilities include: to develop, and periodically review and supervise the business continuity management implementation policies and procedures; to define the business continuity management responsibilities of all departments, define the reporting route, review and approve important business recovery objectives and recovery strategies, urge all departments to perform their management responsibilities, and ensure the normal operation of the business continuity management system; to ensure that adequate resources are allocated to the implementation of business continuity management; to be responsible for implementing emergency management policy approved by the Board of Directors; to assume the responsibility of the Bank's reputational risk management; to be responsible for establishing and improving the reputation risk management system, improving the working mechanism, formulating the reputation risk response plans and handling schemes for major issues, and arranging and promoting the handling of reputation events; to conduct one reputational risk management assessment at least a year; to be responsible for implementing money laundering and terrorist financing risk management; to be responsible for promoting the construction of money laundering risk

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management culture; to establish and timely adjust the organizational structure of money laundering risk management, and define the assignment of responsibilities and coordination mechanism of anti-money laundering management department, business department and other departments in money laundering risk management; to formulate and adjust money laundering risk management strategy and its implementation mechanism; to review money laundering risk management policies and procedures; to report the anti-money laundering work to the Board of Directors periodically, and report major money laundering risk events to the Board of Directors and the Board of Supervisors in a timely manner; to organize the implementation of anti-money laundering information system and data governance; to organize the implementation of anti-money laundering performance assessment, and reward and punishment mechanisms; to handle the violations of the money laundering risk management policies and procedures as authorized by the Board of Directors; other relevant duties: to be responsible for determining the operation and management structure of Internet loans, and clarifying the assignment of responsibilities of each department; to develop, assess and supervise the implementation of Internet loan business planning, risk management policies and procedures, cooperative institution management policies and procedures, and cross-regional operation management policies; to formulate Internet loan business risk control indicators, including but not limited to Internet loan limit, loan limit of loan jointly funded with cooperative institutions and ratio of contributions, concentration of cooperative institutions, and non-performing loan ratio; to establish the Internet loan business risk management mechanism, continue to monitor, control and report all kinds of risks effectively, and make a time response to risk events; to fully understand and regularly assess the development of Internet loan business, risk level and management status and consumer protection, timely understand the major changes, and report to the Board of Directors regularly; Other relevant responsibilities: to formulate green credit objectives, establish mechanisms and procedures, define the responsibilities and authority, carry out internal control inspection and assessment, report the development of green credit to the Board of Directors every year, and submit relevant information to the regulator in a timely manner; to ensure the effective implementation of the strategic objectives and policies for consumer protection; to be responsible for reviewing and publishing major information disclosure concerning the protection of consumer rights and interests; to be responsible for establishing the data governance system to ensure the allocation of data governance resources, developing and implementing accountability and incentive mechanisms, establishing the data quality control mechanism to ensure the authenticity, accuracy, continuity, integrity and timeliness of data, organizing the assessment of the effectiveness and implementation of data governance, and reporting to the Board of Directors periodically; to be responsible for organizing the implementation of resolutions of the Board of Directors in compensation management; to support internal audit department to perform their duties independently and ensure the allocation of adequate internal audit resources; to report to the audit committee on the latest development and changes in business development, product innovation, operation process, risk management, internal control compliance; to take effective rectification actions in a timely manner according to the problems found by internal audit and the audit recommendations; other functions and powers that shall be exercised by the senior management according to laws, regulations and the Articles of Association of the Bank.

VII. COMPANY SECRETARIES

During the Reporting Period, Mr. Ngai Wai Fung served as the company secretary of the Bank. Ms. Wu Wenli, secretary of the Board of Directors to the Bank, serves as Mr. Ngai Wai Fung's internal liaison of the Bank. Mr. Ngai Wai Fung confirmed that they have received not less than 15 hours of relevant professional training during the Reporting Period.

VIII. SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Bank has adopted, in respect of securities transactions by Directors and Supervisors, 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, all Directors and Supervisors confirmed that they have complied with the Model Code during the Reporting Period.

IX. RELATIONSHIP BETWEEN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

X. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

During the Reporting Period, the Bank did not amend its Articles of Association.

XI. EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

As considered and approved by the 2023 annual general meeting of the Bank, the Bank appointed PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) and PricewaterhouseCoopers as the Bank's accounting firms for 2024, which would be responsible for providing audit and review services for the Bank's financial statements prepared in accordance with PRC Enterprise Accounting Standards and IFRS Accounting Standards. The interim financial report for the six months ended 30 June 2024, prepared by the Bank under the IFRS Accounting Standards, has been reviewed by PricewaterhouseCoopers. The Audit Committee of the Board of Directors and the Board of Directors have reviewed and approved the Bank's interim results and interim financial report for the six months ended 30 June 2024.

In light of market information, based on the principle of prudence, and taking into account the business needs of the Bank and the demand for audit services, the Bank has changed the auditor from PricewaterhouseCoopers to the consortium of Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu, which was considered and approved at the 2024 first EGM of the Bank. The consortium will be responsible for providing audit services for the Bank's financial statements for year ended 31 December 2024 prepared in accordance with PRC Enterprise Accounting Standards and the IFRS Accounting Standards, respectively.

During the Reporting Period, the fees for the financial statements audit services and review services provided by the auditor to the Bank amounted to RMB6.98 million (of which RMB4.88 million was for audit services).

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XII. RISK MANAGEMENT AND INTERNAL CONTROL

During the Reporting Period, the Board of Directors assumed ultimate responsibility for overall risk management, ultimate responsibility for the compliance of the Bank's operating activities and ultimate responsibility for the independence and effectiveness of the internal audit. The Board of Directors also reviewed resolutions, heard reports on the work of senior management, and strengthened communication with internal and external auditors, to review multiple times the effectiveness of the risk management and internal control system, and timely improved the internal control through system amendments and mechanism optimization, to address possible deficiencies in internal control.

During the Reporting Period, the Board of Directors continued to pay attention to the effectiveness of the Bank's risk management and internal monitoring system and conducted timely reviews, deliberated and discussed the 2023 work report and 2024 work plan of the Bank's total risk management, the 2023 work report and 2024 work plan of the compliance risk management, the 2023 internal control assessment report and other proposals. Besides, it reviewed or listened to many special audit reports involving related party transaction, anti-money laundering and anti-terrorist financing, market risk management, financial asset risk classification, capital management, business continuity management and protection of consumers' interests, and monitored and assessed the effectiveness of the Bank's risk management and internal control continuously. During the Reporting Period, the Bank set up special management departments with the functions of risk management, internal audit, internal monitoring and so on, and reported the performance and the work arrangement at the next stage to the Board of Directors every year. Meanwhile, it reported the Bank's overall risk management, business performance and financial monitoring, compliance management and internal control status to the Board of Directors on a regular basis. The Bank's risk management and internal control system aims to identify and manage relevant risks as comprehensively and effectively as possible, and to report the objective situation of risk management in a true, accurate and complete manner. In particular, in terms of the risk management, the Bank conscientiously carried out the implementation of regulatory policies and systems, thoroughly deployed various risk management and control measures, and persistently improved the comprehensive risk management system and the long-term mechanism for risk prevention and control, with the promoting risk management reform as the main line, the system development and risk identification as effective means and the asset quality control as the key points, to improve its risk management capability in a steady manner, strengthen the construction of internal control and compliance management, stimulate the endogenous impetus for the Bank's compliant operation, and continuously improve the level of the Bank's lawful and compliant operation and comprehensive risk management. In terms of the internal control system, the Bank has established a "multi-level, full-coverage, grid-based" supervision system that includes the Supervisory Committee, discipline and inspection unit, audit unit, compliance unit and risk management unit. It played an active part in that, with responsibilities being consolidated at all levels to ensure that various responsible entities performed their respective role and responsibilities, with effective checks and balances and coordinated operation. In addition, the Board of Directors and its subordinate Audit Committee, Related Transaction and Risk Management Committee, and Nomination and Remuneration Committee actively maintained close contacts with external audit intermediaries, governmental authorities, financial supervisors, discipline inspection and supervision institutions and other institutions to ensure that the Board of Directors had a dynamic grasp of the Bank's overall risk control, financial operation and compliance and internal control, and continued to review the response strategies and optimization measures and promote the Bank to maintain steady and high quality development trend. In general, the Bank's risk management and internal monitoring system maintained a stable operation trend, and the Bank's risk management and internal monitoring system are sound and effective. For more information about the Group's risk management and internal control, please see the Management Discussion and Analysis.

XIII. INFORMATION DISCLOSURE AND INSIDER INFORMATION MANAGEMENT

During the Reporting Period, in compliance with the relevant laws and regulatory requirements under the Listing Rules, the Bank initiated the disclosure of information in accordance with the law and strengthened the communication and exchange with shareholders through various channels, such as general meetings, reception of visitors and telephone communication. The Bank has established a working mechanism for insider information in conjunction with regulatory requirements and the actual situation of the Bank, strengthened the management of insider information throughout the Bank through various channels, and ensured the Bank's insider information management to continue to be in compliance with the relevant management requirements under the Listing Rules and the Insider Information Disclosure Guideline.

XIV. MANAGEMENT OF CONSOLIDATED FINANCIAL STATEMENTS

The organizational structures of consolidated management of the Bank consists of the Board of Directors, the Supervisory Committee, the senior management and relevant functional departments. The Board of Directors is responsible for formulating the overall strategic guideline of the Group's consolidated management, approving and supervising the formulation and implementation of specific implementation plans for consolidated management, and establishing a mechanism for periodic review of the Group's internal transactions as well as related evaluation mechanisms. The Supervisory Committee, as the Bank's internal supervisory body, supervises the construction and operation effectiveness of the Group's consolidated management mechanism, supervises the performance of the Board of Directors, senior management and its members of their duties in relation to consolidated management, and urges the Board of Directors to supervise the corporate governance and operation management of the Bank and its subsidiaries. The senior management is responsible for implementing each of consolidated management policies approved by the Board of Directors, formulating the Group's consolidated management system, establishing and improving the organizational structure of consolidated management, comprehensive risk management framework and internal risk isolation system, and monitoring and evaluating the comprehensiveness, adequacy and effectiveness of the Group's consolidated management system and reporting to the Board of Directors in a timely manner.

During the Reporting Period, the Bank's consolidated management organizations included Zhuzhou Zhujiang Rural Commercial Bank Co., Ltd., Chaozhou Rural Commercial Bank Co., Ltd., Nanxiong Rural Commercial Bank Co., Ltd., Shaoguan Rural Commercial Bank Co., Ltd., Zhujiang Financial Leasing Co., Ltd. and 25 village banks.

CORPORATE GOVERNANCE REPORT

XV. CORPORATE CULTURE

The Bank has formulated a corporate culture conceptual system consistent with the Bank's corporate development vision and strategic objectives, and has promoted it throughout the Bank. The Bank was committed to integrating its corporate culture into the Bank's operation and management, and has made an effort to implant the compliance culture and the risk culture into the Bank's strategic planning and the business reform process, so as to assist in the Bank's high-quality development.

XVI. DEVELOPMENT STRATEGY, INVESTMENT VALUE AND CORE COMPETITIVENESS

Boundless Regional Economic Potential and Clear Strategic Opportunities. The Group remained committed to deepening its presence in Guangzhou, leveraging the development of the Greater Bay Area. It took the lead in supporting the "Thousand and Ten Thousand Project", actively promoting the development of new productive forces with tangible efforts and measurable results, and playing a key role in implementing major national strategies. With an asset scale ranking among the top rural commercial banks, the Group was well-positioned for growth. As one of China's key economic centers, Guangzhou continued to optimize and upgrade its industrial structure, with advanced manufacturing moving towards higher-end and smarter technologies, while modern services, including fintech and digital trade, expand rapidly. These developments created vast opportunities for the Group's performance growth and sustainable development. The region's dynamic economy has fueled strong corporate financing demand, while steady economic expansion has driven continuous wealth accumulation among residents, further providing high-quality potential customer base and development prospects for the Group.

Staying True to Our Mission and Advancing the "14th Five-Year" Plan with Determination. The Group remained strategically guided in its development, with a clear vision of becoming a first-class commercial bank in China. Amid complex economic cycles, the Group upheld firm conviction and clear objectives to steadily advance its business operations. In fulfilling its core mission of serving the real economy, the Group continuously optimized its credit structure, providing more diversified and customized financial support to small and micro enterprises. In the key area of rural revitalization, it actively explored innovative financial products and service models while continuously enhancing its professional capabilities. By maintaining a balanced approach to quality, scale, and profitability, the Group pursued stable growth, quality enhancement, and stringent risk management, laying a solid foundation for long-term sustainable development.

Initial Establishment of Core Competitiveness with Strong Momentum for High-Quality Growth. The Group vigorously advanced the "300 billion project" of small and medium-sized asset business, further refined the product chain for such businesses, and systematically standardized the workflow requirements across the entire process. By leveraging digital tools to optimize operational procedures and enhance service quality, the Group achieved steady growth in the scale of small and medium-sized corporate credit, inclusive credit to micro and small businesses, and retail credit assets, with their proportion significantly increasing. With its core competitiveness in the small and medium-sized asset business taking shape, the Group demonstrated keen market insights and a precise understanding of the needs of small and micro enterprises as well as individual customers. By providing prompt and tailored financial solutions, the Group effectively balanced risk mitigation with steady business expansion, making this segment a key driver of profitability and an attractive investment highlight of the Group.

CORPORATE GOVERNANCE REPORT

Enhancing Service Reach and Strengthening Comprehensive Competitiveness. The Group continued to improve the standardization of its branch network while enhancing marketing effectiveness. A vast and dense service network has been established, covering villages and key markets, with ongoing expansion into strategically important regions. The Group dynamically optimized branch classification and hierarchical management while leveraging smart and digital solutions to enhance customer experience, further consolidating the foundation of standardized branch development. Additionally, the Group actively optimized its marketing talent pool, promoted the transformation of marketing personnel, and expanded its team of relationship managers. By establishing an integrated marketing incentive system, it strengthened frontline staff motivation and cultivated a high-caliber team with strong business expertise and superior service capabilities, solidifying the operational strength of its branch network.

Robust Risk Management and Strong Compliance Framework. The Group continuously enhanced its comprehensive risk management system, reinforcing its institutional framework and strengthening credit risk prevention mechanisms. It upheld strict compliance standards for employee operations and adopted a multi-faceted approach to risk management, including refining the classification of risk assets, optimizing the credit approval and accountability mechanisms, incorporating advanced risk management technologies, and streamlining review and approval processes. These efforts bolstered the Group's risk control capabilities and improved internal governance effectiveness. The Group has also established a "three-board and one-management" governance structure, with clearly defined roles and responsibilities across all governance bodies, ensuring efficient and orderly operations. Upholding its corporate mission of "Creating a Better Life With You," the Group fostered a strong corporate culture rooted in the core values of "Stability, Efficiency, Innovation, Integrity, Equality, and Integrity." By adhering to ten key management principles, it united efforts toward its goal of becoming a first-class commercial bank in China.

XVII. STATEMENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE LISTING RULES OF HONG KONG

During the Reporting Period, the Bank consistently complied with the principles and provisions of the Corporate Governance Code.

XVIII. OVERALL ASSESSMENT OF THE BANK'S CORPORATE GOVERNANCE

During the Reporting Period, the Bank established a "three-board and one-management" governance structure composed of the general meeting of shareholders, the Board of Directors, the Board of Supervisors and the senior management. It standardized the governance operation mechanism in the principle of clear authorities and responsibilities and effective check and balance, improved the ability of the governance subject to perform its duties, promoted information disclosure according to laws and regulations, tried to improve the corporate governance level of listed companies, and protected the rights and interests of stakeholders and enhanced enterprise value effectively. During the Reporting Period, it continued to comply with relevant provisions of laws and regulations, regulatory rules, the Articles of Association of the Bank and other domestic and foreign systems. Generally, the Bank maintained a sound corporate governance.

REPORT OF THE BOARD OF DIRECTORS

I. PERFORMANCE OF THE BOARD OF DIRECTORS

In 2024, the Board of Directors of the Bank performed its duties and powers in strict accordance with the duties and responsibilities entrusted to it by laws, regulations, regulatory rules and Articles of Association of the Bank. The main work is as follows:

(I) Adhering to the Party's leadership and improving the quality and efficiency of governance

The Board of Directors always placed the adherence to the Party's leadership into various links of corporate governance, and continued to deepen the Party's leadership and improve corporate governance. Firstly, to promote the deep integration of the Party's leadership and corporate governance. We strictly carried out the decision-making procedure for Party committees to conduct preliminary research on major matters, conducted learning and education on the Party discipline in a high-quality manner and solidly carried out the activity of "Improvement of Image, Improvement of Style (改進行風、改進作風)" to continuously strengthen the enabling role of Party construction in enhancing the operation and business management level of corporate governance. Secondly, to promote the construction of foundation of board governance made new progress. We actively and prudently promoted the diversification construction of the Board of Directors and promoted the election of new session of the Board of Directors in accordance with the laws during the year to continue to improve the structure and member replacement mechanism of the Board of Directors with specialisation and diversification and complementary advantages. Thirdly, to continue to optimise and improve the governance system. The Board of Directors continued to calibrate operation system of our systems and reinforce the weaknesses and short plank of our mechanisms, and revised key governance system in accordance with laws and regulations, so as to continuously practice the governance under the law and regulations. Fourthly, to form sound and efficient governance operation mechanism. Adhering to the principles of "compliance with the law, being agile and efficient", we promoted the sound operation of the governance mechanism and held various key governance meetings during the year successfully, which has laid a good foundation for the implementation of decisions on major reform and development of the Bank. Fifthly, to realize the governance subject to perform its duties diligently. the Board of Directors adequately strengthened the capabilities construction of governance bodies to perform their duties, and steadily advanced the decision implementation supervision mechanisms. the Board of Directors actively strengthened close coordination with other levels of governance, effectively contributing to a good governance pattern characterized with firm leadership by the Party Committee, law-based exercise by shareholders' meetings, scientific decision making by the Board of Directors, effective supervision by the Board of Supervisors, and steady implementation by senior management.

REPORT OF THE BOARD OF DIRECTORS

(II) Strengthening capital management and consolidating capital strength

The Board of Directors has always put steady operation and compliance as well as long-term sustainable capital construction as the top priority of sustainable development. Firstly, we completed the issuance of the perpetual bonds and redemption of the preference shares in a high-efficiency manner. In May 2024, we issued and listed perpetual bonds of RMB12.0 billion through careful planning, sophisticated deployment and comprehensive consolidation of the issuance foundation to optimize the capital adequacy indicators of the Bank. In June 2024, we completed the redemption matters of the offshore preference shares, which further improved the precision of capital management. Secondly, we continued to strengthen the co-ordination and management of capital assets. We firmly established awareness of “tight capital”, strictly implemented the “capital-light” requirements and made efforts to establish a sound, long-term, dynamic and operable capital supplement and management mechanism. Sticking to “support agriculture and small businesses”, adhering to “smaller and more dispersed”, we optimized our asset structure, strengthened risk control, deepened refined management, improved operating benefit and made every effort to strengthen the characteristic management guided by high-quality development, so as to promote the high-quality development of the Bank.

(III) Adhering to strategic focus and consolidating the main responsibility and business

The Board of Directors has always insisted on precise coordination and the same direction and acted in concert with the national and local strategies. The Board of Directors stuck to making progress while maintaining stability, promoted stability through progress, promoted the “year of improved efficiency” activity themed with “expanding the market, reducing risks, improving management, and increasing efficiency” in a coordinated way, and maintained the development trend of stability of operation overall situation, optimization of structural adjustment, and improvement of asset quality. Firstly, we fully played our role as the main force. We allocated more financial resources to major strategies, key areas and weak links of economic and social development, which demonstrated the capacities of a rural commercial bank and the undertakings of a state-owned financial enterprise. Secondly, we deepened specialized operation. We accelerated to build a specialized competitive advantage with business outlets as the main position and small and medium-sized assets business as the core competitiveness and to release a new kinetic energy for operation and development. In 2024, the Bank achieved reasonable growth and effective improvement in quantity and quality of the balance sheet business and remained stable in the overall business development.

REPORT OF THE BOARD OF DIRECTORS

(IV) Focusing on the quality and efficiency of risk control and internal control supervision

The Board of Directors has always put internal control supervision and risk control compliance in the first place, insisted on risk prevention as a prerequisite for development, adhered to compliance first, risk control as the main point, and based on consolidating and expanding the results of the “Year of Compliance (合規建設年)” activities, actively innovated the work initiatives, and constantly optimized and improved the management mechanism. As a result, the foundation for effective risk control in achieving high-quality development is being strengthened. Firstly, credit risk management has been further improved. The Board of Directors has strengthened the targeting efforts, work in a practical and detailed manner with clearly defined responsibilities, guide the operating institutions to carry out risk research and judgment on a regular basis, enhance the foresight of risk management, and thus truly ensuring that risks are detected early, allowing for timely warnings and efficient resolutions. Secondly, the internal control management had been further boosted to enhance its effectiveness. The Bank insisted on active prevention of various risks, improved the overall risk management system and mechanism, strengthened risk monitoring and prior prevention, and firmly formed a clear orientation of due diligence and liability exemption for small and medium-sized credit business; insisted on comprehensive governance through supervision and rectification, practically utilized the efficacy of the layout of “Grand Governance”, and formulated a “Grand Supervision” system by linking up supervisory force such as the Board of Supervisors, auditing, and supervision to realize the improvement through supervision, the construction through improvement, and the excellence through construction. In 2024, the risk control of the Bank was stable as a whole.

(V) Regulating the management of shareholders’ equity rights and keeping in close market ties

The Board of Directors has always upheld the concept of the consistence and harmony of shareholders’ equity management with regulatory requirements, strengthened strategic collaboration with key stakeholders, and strived for the closer ties with the market, so as to enhance the quality and efficiency of investor relationship management. Firstly, we went further to vigorously implement the latest regulatory requirements on shareholders’ equity management. In strict compliance with new rules and guidelines of the supervision system and the operational requirements from financial, tax, and other supervisory authorities, the Bank prudently conducted assessments of substantial and major shareholders, updated and screened related parties, and continuously strengthened the process management, to effectively improve the management of shareholders’ equity rights. Secondly, we continuously enhanced the capability of investor relationship management, carried out adequate and effective information disclosure and inside information management in compliance with laws. Through accurate, timely and clear mutual information communication with investors, analysts, and media platforms on strategic planning, corporate governance, operating performance, and other aspects, we can effectively maintain the Bank’s brand reputation and consistently foster strategic recognition of the investors and the market on the Bank’s value.

REPORT OF THE BOARD OF DIRECTORS

II. BUSINESS REVIEW

(I) Business Review

The Bank is primarily engaged in PRC banking and related financial services, primarily including corporate banking, retail banking and financial market business. Further discussions and analyses of the business review are set out in the sections headed “Management Discussion and Analysis” and “Directors, Supervisors and Senior Management and Employees” in this report, including an overview of the major risks and uncertainties of the Group and possible future plans for the business of the Group. Such discussions also form part of this Report of the Board of Directors.

(II) Employment Relationship

As of the end of the Reporting Period, the Bank’s ratio of male to female employees remains at a reasonable and stable level. The Bank attaches great importance to the gender diversity of its staff and fully respects the decision-making opinions of female staff. In terms of staff promotion, remuneration and benefits and other aspects, the Bank is committed to creating a fair and friendly career development environment for female, realizing gender equality of employees and ensuring that gender diversity plays a positive role in promoting its operation.

(III) Relationship with Customers and Suppliers

The Bank adheres to the principles of fairness, impartiality and openness in the procurement process, adopts various forms of selection of suppliers such as open bidding, invitation to tender, competitive negotiation/consultation, and price quotation, and maintained good communication and cooperation with various suppliers.

(IV) The Environmental Policy and Performance of the Bank

The Bank attaches significance to environmental impact of its business activities and actively promoted the innovative development of green finance business. In terms of policy formulation, the Bank has developed a special work plan for the development of green finance in 2020, and on this basis, the Bank has further formulated the Green Finance Development Plan and Implementation Program of Guangzhou Rural Commercial Banks (2023-2025) in 2023 to lead the innovative development of green finance for the Bank with the top-level design. Under strategic guidance, the Bank actively broaden our sources of funding and increase support for green and low-carbon industries. We contribute to the ecological construction of Green Guangdong and the low-carbon transformation of the industrial economy in the Greater Bay Area.

REPORT OF THE BOARD OF DIRECTORS

III. PROFITS AND DIVIDENDS

(I) Dividends

The revenue for the year ended 31 December 2024 and the Bank's financial position on that date are set out in the consolidated financial Statements of this annual report.

Pursuant to the resolution passed at the 2023 Annual General Meeting held on 13 June 2024, the Bank paid a dividend of RMB0.40 per 10 shares (tax inclusive) to all shareholders for 2023, amounting to approximately RMB0.576 billion (tax inclusive). The dividend was payable to shareholders whose names appeared on the register of members after the close of market on 25 June 2024. The above dividends were denominated in Renminbi, and paid to holders of Domestic Shares in Renminbi and to holders of H-shares in Hong Kong dollars. The exchange rate for dividend paid in Hong Kong dollars was the average middle rate of Renminbi against Hong Kong dollars for the five business days preceding the date of declaration of such dividend at the 2023 Annual General Meeting (i.e. 13 June 2024, inclusive) as announced by the PBOC (i.e. HK\$1.00 to RMB0.91064), and the final dividend per 10 H Share was HK\$0.43925 (tax inclusive). Such dividend was paid on 26 July 2024.

The Bank has not made any plan for converting the capital reserve to increase the share capital in the past three years. The cash dividend distribution for ordinary shareholders of the Bank for the past three years is as follows:

Item	2023	2022	2021
Distribution amount per share (tax inclusive, RMB)	0.04	0.105	0.105
Cash dividend (tax inclusive, RMB100 million)	5.76	12.02	12.02
Percentage of net profit attributable to the parent company (%)	21.87	34.42	37.86

(II) Tax on Dividends

According to the applicable provisions of the "Enterprise Income Tax Law of the People's Republic of China" and the "Individual Income Tax Law of the People's Republic of China" and its implementation rules, for the non-overseas listed shares and the holding of the Bank's shares via Hong Kong Stock Connect, the Bank shall withhold and pay the individual income tax at the rate of 20% pursuant to the national tax law for the dividends of natural person shareholders, while corporate shareholders shall make its own declaration in accordance with the requirements of the national tax law.

Taxes on dividend of H Shares are subject to the Hong Kong tax law.

According to the Enterprise Income Tax Law and its implementation rules, both effective on 1 January 2008, and Guo Shui Han [2008] No. 897), before distribution of dividends, the Bank shall withhold and pay the enterprise income tax at the rate of 10% for non-resident enterprise shareholders (including HKSCC Nominees Limited (agent), other enterprise agents or trustees, or other organizations and groups) whose names appear on the Bank's register of members for H Shares.

REPORT OF THE BOARD OF DIRECTORS

Pursuant to the Notice on Issues Concerning Taxation and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348), the Bank shall withhold and pay individual income tax for individual holders of H Shares.

If the individual holders of H Shares are Hong Kong or Macau residents or residents of the countries or regions which have an agreed tax rate of 10% under the relevant tax treaties with the PRC, the Bank shall withhold and pay individual income tax at the rate of 10% on behalf of such shareholders.

If the individual holders of H Shares are residents of the countries or regions that have a tax rate lower than 10% under the tax treaties with the PRC, the Bank shall withhold and pay individual income tax at the rate of 10% on behalf of such shareholders. If such shareholders claim refund of the amount in excess of the individual income tax payable under the tax treaties, the Bank can apply on behalf of such shareholders according to the relevant tax treaties for the relevant agreed preferential tax treatment, provided that the relevant shareholders submit the relevant documents and information in a timely manner required by the Administrative Rules on Enjoying Treatment under Taxation Treaties by Non-resident Taxpayers (State Administration of Taxation Announcement, 2019, No. 35) and the provisions of the relevant tax treaties. The Bank shall assist with the tax refund subject to approval of the competent tax authority.

If the individual holders of H Shares are residents of the countries or regions that have a tax rate higher than 10% but lower than 20% under the tax treaties with the PRC, the Bank shall withhold and pay individual income tax at the applicable tax rates stated in such tax treaties on behalf of such shareholders.

If the individual holders of H shares are residents of the countries or regions that have a tax rate of 20% under the tax treaties with the PRC, or that have not entered into any tax treaties with the PRC, or otherwise, the Bank shall withhold and pay individual income tax at the rate of 20% on behalf of such shareholders.

(III) Tax Relief

1. Non-resident shareholders

According to the relevant provisions of the Enterprise Income Tax Law of PRC and the relevant implementing rules, the Notice of the State Administration of Taxation on Issues concerning the Withholding and Payment of Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to the Shareholders of Overseas H-Share Non-resident Enterprises (Guo Shui Han [2008] No. 897), and the Notice of the State Administration of Taxation on Issuing the List of Agreed Dividend Tax Rates (Guo Shui Han [2008] No. 112), the Bank shall temporarily withhold and pay corporate income tax at the tax rate of 10% for non-resident enterprise shareholders whose names appear on the Bank's register of members for H-shares, and the actual tax rate shall be applied in accordance with the provisions of the tax agreement.

REPORT OF THE BOARD OF DIRECTORS

2. *Non-resident individual shareholders*

Pursuant to the Document No. 348 [2011] of the State Administration of Taxation, the Bank shall apply for the relevant tax benefits for non-resident H-share individual shareholders according to the tax agreements signed by their countries with China and the tax arrangement between the Mainland and Hong Kong (Macao).

- (1) For non-resident individual H-share shareholders whose countries have signed the tax rate agreements of less than 10% with China, the Bank shall apply for the relevant tax benefits under the agreement on their behalf;
- (2) For individual non-resident H-share shareholders whose countries have signed a 10% tax rate agreement with China, the Bank shall withhold and pay individual income tax at the tax rate of 10%;
- (3) For non-resident H-share individual shareholders whose countries have signed the tax rate agreement of more than 10% but less than 20%, the Bank shall withhold and pay individual income tax at the agreed effective tax rate;
- (4) For non-resident H-share individual shareholders whose countries have signed no tax agreements with China or under other circumstances, the Bank shall withhold and pay individual income tax at the tax rate of 20%.

(IV) **Dividend Distribution Policy**

The Bank takes into account the interests of all shareholders as a whole and the sustainable development of the Bank in regard to its profit distribution, and emphasizes reasonable investment return to investors. The remaining after-tax profits of the Bank after making up losses, contributing to the statutory reserve fund and general reserve and payment of dividends of preference shareholders may be distributed based on the proportion of shares held by the shareholders according to the profit distribution plan approved by the shareholders' general meeting. The dividends on preference shares shall be paid in accordance with laws, administrative regulations, departmental rules, relevant provisions of the securities regulatory authority of the place where the shares of the Bank are listed and the place where the preference shares are issued or the place where the shares of the Bank are listed, and the Articles of Association of the Bank.

The Bank's cash dividend policy, which has been commented by the Independent Non-executive Directors, complies with the provisions stipulated in the Articles of Association and the requirements provided in the resolutions of the shareholders' general meeting. The dividend distribution standards and proportions are clear and explicit, and the decision-making procedure and mechanism are complete. Minority shareholders can fully express their opinions and appeals, to adequately safeguard their legitimate rights and interests.

REPORT OF THE BOARD OF DIRECTORS

IV. ANNUAL GENERAL MEETING AND BOOK CLOSURE DATE

For details of the 2024 Annual General Meeting and closure of register of members, will be disclosed separately in the notice of the 2024 Annual General Meeting and the circular of the Bank.

V. DISTRIBUTABLE RESERVES

The movements of the Group's reserves available for distribution to shareholders are set out in "Retained earnings" in the "Consolidated Statement of Changes in Equity" of this report for the year ended 31 December 2024.

VI. SUMMARY OF FINANCIAL INFORMATION

A summary of the Group's operating results, assets and liabilities for the year ended 31 December 2024 is set out in the summary of financial data in this report.

VII. DONATIONS

As of the end of the Reporting Period, the Group's total external donations amounted to RMB1.97 million.

VIII. PROPERTY AND EQUIPMENT

Details of the changes in the Group's property and equipment throughout the year ended 31 December 2024 are set out in note 37 "Property and Equipment" to the "Financial Statements" in this Report.

IX. RETIREMENT BENEFITS (PENSION PLAN)

Details of the retirement benefits provided for employees of the Group are set out in note "Salaries, bonuses, allowances and subsidies payable" to the "Financial Statements" of this report.

X. ULTIMATE PARENT AND ITS SUBSIDIARIES

Details of the Bank's ultimate parent and its subsidiaries as at 31 December 2024 are set out in the relevant sections of "Changes in Share Capital and Shareholders" and notes to the "Financial Statements" of this annual report, respectively.

XI. ARRANGEMENTS TO PURCHASE AND SALE OF SHARES OR DEBENTURES OF THE BANK

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 of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

REPORT OF THE BOARD OF DIRECTORS

XII. PRE-EMPTIVE RIGHTS

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

XIII. MAJOR CUSTOMERS

During the Reporting Period, the balance of the Bank's loans to any non-interbank single customer did not exceed 10% of net capital. The Bank's five largest customers did not account for more than 30% of the Bank's total annual interest income and other operating income.

XIV. CONFIRMATION OF INDEPENDENCE FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

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

XV. PENALTIES IMPOSED ON DIRECTORS AND SUPERVISORS OF THE BANK

During the Reporting Period, the Bank's directors and supervisors were not subject to inspections, administrative punishments, public criticisms by the China Securities Regulatory Commission, or public condemnation by the Hong Kong Stock Exchange.

XVI. DIRECTORS' AND SUPERVISORS' INTERESTS IN MATERIAL TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save for those continuing related party transactions which can be exempted from the reporting, annual review, announcement and independent shareholder's approval requirements under Chapter 14A of the Listing Rules, no director or supervisor of the Bank or connected entities of such persons had a material interest, whether directly or indirectly, in material transactions, arrangements and contracts in relation to the Group's businesses to which the Bank, its holding company, any of its subsidiaries or fellow subsidiaries was a party during the Reporting Period.

XVII. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

During the Reporting Period, none of the Directors and Supervisors entered into service contracts with the Bank that cannot be terminated by the Bank within one year without payment of compensation (other than statutory compensation).

REPORT OF THE BOARD OF DIRECTORS

XVIII. PERMITTED INDEMNITY PROVISION

The Bank has taken out appropriate insurance against the liability of its directors, supervisors and senior management in respect of legal proceedings arising out of their performance of the Bank's business activities and reviews its coverage on an annual basis.

No permitted indemnity provision previously or currently in effect benefited the directors of the Bank (whether entered into by the Bank or by others) or the directors of the Bank's associates (if entered into by the Bank) at any time during the financial year and up to the date of the report of the Board of Directors.

XIX. MANAGEMENT CONTRACTS

As of the end of the Reporting Period, there was no management and administrative contract in respect of all or any of the principal activities being entered into by or existed in the Bank.

XX. DIRECTORS' AND SUPERVISORS' INTERESTS IN COMPETING BUSINESSES

During the Reporting Period, none of the Directors and Supervisors had any interest in businesses that constitute or may constitute competition, directly or indirectly, with the business of the Bank.

XXI. SUFFICIENT PUBLIC FLOAT

As of the Latest Practicable Date, on the basis of publicly available information and to the best knowledge of the Directors, the Bank maintained the sufficient public float to meet the minimum public float requirements under the Listing Rules and the relevant waivers granted by the Hong Kong Stock Exchange at the time of the Bank's listing.

XXII. EQUITY-LINKED AGREEMENTS

During the Reporting Period, the Bank did not enter into or maintain any equity-linked agreements in respect of shares.

XXIII. RELATED PARTY/CONNECTED TRANSACTIONS

(I) Related Party Transactions under Supervision

As of the end of the Reporting Period, the Bank had a total credit balance of RMB29,276 million with all related parties in accordance with the state administration of financial supervision. A transaction between the Bank and a single related party that amounts to more than 1% of the Bank's net capital at the end of the previous quarter, or 5% of the Bank's net capital at the end of the previous quarter in aggregate, is considered to be a material related party transaction; after the cumulative amount of a transactions between the Bank and a single related party reaches the criteria in the preceding standard, any subsequent related party transaction will be re-designated as significant related party transaction for every cumulative amount of more than 1% of the Bank's net capital at the end of the previous quarter.

REPORT OF THE BOARD OF DIRECTORS

(II) Connected Transactions under the Listing Rules

The transactions entered into among the Bank and its connected persons (as defined in the Listing Rules) constitute connected transactions of the Bank under Chapter 14A of the Listing Rules, and such connected transactions are exempted from complying with the reporting, annual review, announcement, and independent shareholder approval requirements in accordance with Chapter 14A of the Listing Rules. During the Reporting Period, the connected transactions of the Bank were entered into in the ordinary course of business on normal or better commercial terms, and were in compliance with the disclosure exemption requirement under the Listing Rules.

The definition of connected persons in Chapter 14A of the Listing Rules differs from the definition of related parties in IAS 24 Related Party Disclosures and its interpretation by the IASB. Certain related party transactions set out in Note 43 to the consolidated financial statements in the section headed “Financial Reporting” of this report also constitute connected transactions or continuing connected transactions under the Listing Rules, but none of them constitutes a discloseable connected transaction under Chapter 14A of the Listing Rules. The Bank confirms that it has complied with disclosure requirements in accordance with Chapter 14A of the Listing Rules.

XXIV. MATERIAL LEGAL PROCEEDINGS AND ARBITRATIONS

As of the end of the Reporting Period, there were three pending litigation cases with amount exceeding RMB10 million in which the Bank was a defendant or respondent, which involved an amount of approximately RMB126 million.

XXV. THE USE OF FUNDS RAISED

The Bank completed the issuance of 305 million H-shares and 1.338 billion Domestic Shares on 1 December and 21 December 2021, respectively, which increased the total number of the Bank’s shares to 11,451,268,539. The net amount from this offering, after deducting related issuance costs, amounted to approximately RMB9,663 million, which was fully used to supplement the Bank’s core Tier 1 capital.

On 3 April 2023, the Bank completed the issuance and listing of the tier-two capital bonds with a total amount of RMB15 billion in the national interbank bond market. The proceeds raised from the issuance of the tier-two capital bonds, after deducting the issuance expense, have all been used to replenish the tier-two capital of the Bank.

The Bank completed the issuance of 550 million H-shares and 2.409 billion Domestic Shares, respectively, on 29 December 2023, which increased the total number of the Bank’s shares to 14,409,789,327. The net amount from this offering, after deducting related issuance costs, amounted to approximately RMB6,433 million, which was fully used to supplement the Bank’s core Tier 1 capital.

On 29 May 2024, the Bank successfully completed the issuance and listing of undated capital bonds with a total amount of RMB12 billion in the national interbank bond market. The funds raised from the undated capital bonds have been used to supplement the Bank’s other Tier 1 capital, after deducting issuance costs.

All the funds raised by the Bank are used according to the purposes disclosed in the prospectus and other relevant documents, that is, to supplement the Bank’s capital to support the development of its business in the future.

REPORT OF THE BOARD OF DIRECTORS

XXVI. CORPORATE GOVERNANCE

During the Reporting Period, the Bank continued to refine its corporate governance mechanism and improve its corporate governance in strict compliance with laws and regulations such as the Company Law, the Commercial Banking Law as well as the Listing Rules and in line with actual conditions of the Bank. The Bank adheres to the principles of clarity of authority and responsibility, effective checks and balances in building the corporate governance structure, standardizing the governance operation mechanism, and improving the quality and effectiveness of the governance body's ability to perform its duties. The Bank clarifies and promotes the performance of the respective powers and responsibilities of the general meeting, the Board of Directors, the Board of Supervisors and the senior management in accordance with the law, and promotes the operation of each of governance mechanism of the Bank in compliance with the requirements of laws and regulations, regulatory rules, the Articles of the Bank and other rules. The Bank's corporate governance has remained sound and stable.

XXVII. OTHERS

As far as the Board of Directors is aware, the Bank has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Bank.

During the Reporting Period, the Bank was not aware that any Shareholder had waived or agreed to any arrangement to waive dividends.

During the Reporting Period, the Bank held the 2024 first extraordinary general meeting on 13 December 2024 to consider and approve the absorption and merger of Dongguan Huangjiang Zhujiang County Bank Co., Ltd. and Zhongshan Dongfeng Zhujiang County Bank Company Limited, as of the Latest Practicable Date, the relevant absorption and merger is subject to the approval of the regulatory authorities; to consider and approve the transfer of the relevant assets and completed the transaction on 30 December 2024. For details of the matters relating to the transfer of assets, please refer to the circular dated 28 November 2024, the announcement of the poll results of the 2024 first extraordinary general meeting dated 13 December 2024 and the announcement dated 13 November 2024 published by the Bank.

Save as disclosed above, there were no other significant asset acquisitions, disposal, or corporate mergers during the Reporting Period.

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

As of the end of the Reporting Period, the Bank had no stock option plan, equity incentive plan or employee stock ownership plan.

XXVIII. SUBSEQUENT EVENTS

After the Reporting Period, the Bank and its subsidiaries did not have any significant events.

REPORT OF THE BOARD OF SUPERVISORS

In 2024, the Board of Supervisors of the Bank diligently fulfilled its duties in strict compliance with national laws and regulations, regulatory requirements, and the provisions of the Articles of Association. It conscientiously implemented the economic and financial policies of the Party and the State, and aligned with the work arrangements of the Party Committee of the headquarters. **The Board of Supervisors focused on the Bank-wide “Year of Efficiency Enhancement” activity and major reform deployment in operation and management, to promote supervision worked in the same direction as business development.** It carried out rigorous oversight in key areas such as strategy execution, governance performance, risk management, internal control, financial activities, and the supervisory responsibilities of the chairman of the Board of Supervisors of the Bank’s subsidiaries, effectively leveraging supervision to drive development, mitigate risks, and strengthen internal control, and to promote the implementation of strategies and key tasks practically. The key work undertaken is reported as follows:

I. KEY ACHIEVEMENTS SINCE 2024

(I) Focusing on the “Year of Efficiency Enhancement” Activity to Effectively Promote Development through Supervision

Firstly, safeguarding strategic advancement through business oversight. The Board of Supervisors placed a strong emphasis on strategic execution and financial operations, continuously strengthening process monitoring and supervisory guidance on the Bank’s business development to facilitate the achievement of operational goals. It conducted regular reviews of the implementation of the 2024 Strategy Implementation Outline and carried out a comprehensive assessment of the 2023 strategy. With a particular focus on key initiatives such as the “300 billion project”, four major finance, and integrated marketing at branches, in order to assist in the implementation of the strategy. The Board of Supervisors closely monitored the operation of the Bank, regularly analyzed the financial performance data from the Group, its operational entities, and subsidiaries, continuously monitored the implementation of the “Year of Efficiency Enhancement” activity, providing supervisory reminders in a timely manner. A dedicated financial supervision meeting was held, during which the Board of Supervisors communicated fully with the external audit firm on the review of regular reports and the key concerns of the Board of Supervisors. The Board of Supervisors provided recommendations on efficiency improvement and financial compliance management, with a view to improving the standard of financial management.

REPORT OF THE BOARD OF SUPERVISORS

Secondly, we focused on risk prevention and control, urging timely identification and correction of deficiencies. We insisted on placing a strong emphasis on the supervision of asset risk management and continuously increased daily supervision follow-up and special research efforts to promote the practical implementation of the operating philosophy of “managing risks well meaning benefit creation”. We enhanced special supervision in crucial areas and key links of credit risk management, conducted in-depth special investigations on mortgage assets management, focused on examining the completeness and effectiveness of risk management from institutional mechanisms and daily management perspectives, provided targeted management recommendations to urge continuous improvement of risk management levels. We strengthened supervision over important risk management systems, key product methods, and major decision-making matters, with an emphasis on strengthening risk control from the source. We closely monitored the risk management of subsidiaries, providing supervisory reminders in a timely manner to urge strengthen risk management and safeguard the risk bottom line. We continuously monitored the compliance of regulatory indicators and the effectiveness of risk asset resolution of the Bank, and reinforced the principal responsibility for risk prevention and control.

Thirdly, we focused on internal management to promote improvement of management effectiveness. We adhered to a problem-oriented approach, went down to conduct on-site research and surveys on grassroots operating institutions, subsidiaries, business outlets and key customers in conjunction with the deployment of strategic supervision work, we mainly understood the implementation of key work such as the “Year of Benefit Enhancement”, the “300 Billion Project”, and comprehensive marketing reforms at branch outlets. In response to feedback from the grassroots, urged the relevant departments of the head office to respond in a timely manner to promote the improvement and optimization of internal management, thereby contributing to economic efficiency.

(II) Continuously optimizing corporate governance and effectively enhancing governance efficacy

Firstly, we deeply promoted whole-process supervision on duty performance and steadily enhanced our capacity for duty performance. We strictly implemented regulatory requirements and organized an evaluation of the management’s duty performance for the year 2023 at the beginning of the year. Based on the different types of responsibilities and characteristics of duty performance for directors, supervisors, and senior management, we objectively evaluated the duty performance of relevant corporate governance subjects from dimensions such as diligence, loyalty, professionalism, compliance, and independence, reported the results of annual performance evaluation to the regulatory authorities and the general meeting in a timely manner, so as to promote the effective enhancement of the governance subjects’ performance efficacy. In the middle of the year, we solidly conducted supervision on duty performance, focusing on the fulfillment of statutory responsibilities by the Board of Directors, execution of the Board resolutions by the senior management, and the compliance of the management’s meeting convening, so as to promote more standardized and efficient duty performance by the management. In our daily work, we thoroughly implemented supervision of the duty performance process, attended all party committee meetings and general meetings, and participated in important meetings including Board meetings, executive meetings, and various special meetings. We supervised the decision-making processes at the meetings of the Board of Directors and the senior management.

REPORT OF THE BOARD OF SUPERVISORS

Secondly, we fulfilled the supervisory duties of the Board of Supervisors in a standardized and efficient manner, and effectively improved the quality and effectiveness of the performance of duties. We lawfully and orderly organized meetings of the Board of Supervisors and its special committees. In the year, we held a total of 12 meetings of the Board of Supervisors and its special committees, considered 47 proposals and reported 32 items, with the topics covering the work report of the Board of Supervisors for 2023, report on duty performance evaluations for directors, supervisors and senior management, strategic assessment reports, the Bank's annual report, financial budget and final account reports, profit distribution plans, annual risk management reports, key special audit reports and other regulatory matters, ensuring that all necessary items are brought to the meeting. At the same time, we continuously implemented the work mechanisms for research, training, and information reporting, organized visits to peer banking institutions for research purposes, conducted in-depth exchanges and mutual learning on themes such as the operation of boards of supervisors in commercial banks, risk management and the construction of financial technology; conducted training sessions on capital management, credit management and anti-money laundering, in commercial banks to enhance the professional capabilities of supervisors; collected and organized important operation and management information of the entire Bank through the office of the Board of Supervisors on a monthly basis, to ensure that supervisors could timely, comprehensively, and accurately understand the Bank's operation status, thus providing strong support for the duty performance of the Board of Supervisors.

Thirdly, we successfully completed the re-election of the Board of Supervisors and improved the governance structure. In strict accordance with the laws, regulations, and the Articles of Association and based on comprehensive consideration of factors such as the shareholder structure, requirements for duty performance of the Board of Supervisors, and the education and professional experience of supervisor candidates, we orderly advanced the nomination and election processes for various supervisors, strengthened the qualification review of supervisor candidates in accordance with procedures, established a professional and diversified board of supervisors, nomination committee, and audit and supervisory committee according to laws and regulations, took full advantages of professional expertise of the supervisors, thereby enhancing the professionalism and effectiveness of the Board of Supervisors in performing its duties.

(III) Promoting the effective operation of the supervision system and comprehensively strengthening the internal control defense line

Firstly, we strengthened supervision and guidance and ensured accountability in internal control management. With focus placed on the supervision system, we strengthened the supervision and made the spot check of self-inspection of internal control of branches and system implementation inspection of the management department, focusing on the "three lines of defense" in areas such as overall risk, compliance risk, operational risk, and reputational risk centered on system development and implementation, and providing targeted work reminders based on the spot check and supervision results, thereby promoting the accountability of internal control management subjects at all levels and enhancing the effectiveness of internal control management.

REPORT OF THE BOARD OF SUPERVISORS

Secondly, we urged problem rectification and promoted the improvement of rectification effectiveness. We conducted regular follow-up and supervision on the rectification of issues identified in internal and external inspections, focused on the written regulatory opinions on problems pointed out and their rectification in corporate governance assessments, verified the rectification of key issues and issued timely supervisory reminder to enhance the effectiveness of rectification. Follow-up on the rectification of issues identified in inspections by the Board of Supervisors, so as to urge the effective implementation of supervisory opinions, and more perfect closed-loop management of supervision.

Thirdly, we strengthened the collaboration between supervision and auditing to deepen the application of supervisory results. We continued to strengthen audit supervision and guidance, reviewed the annual audit work plan, and promoted the complementary strengths between special inspection and research projects conducted by the Board of Supervisors and auditing projects, so as to further leverage the collective force of supervision. At the same time, we made effective use of the results of important special audit reports related to capital management, remuneration management, anti-money laundering, related party transactions, employee behavior and case prevention, so as to enhance the depth and breadth of supervision in a practical manner.

(IV) Deepening the supervision on the duty performance of the chairman of the boards of supervisors of subsidiaries and focusing on enhancing the governance level of subsidiaries

Firstly, we took multiple measures to strengthen management and urge diligent performance of duties. We focused on the annual evaluation of the duty performance of the chairman of the boards of supervisors of subsidiaries, comprehensively reviewed and assessed the effectiveness of duty performance by the boards of supervisors of subsidiaries in 2023, and applied the evaluation results in the performance distribution and position adjustments for the chairman of the boards of supervisors of subsidiaries, giving full play to the guiding role of evaluation. We enhanced oversight over the duty performance process of the boards of supervisors of subsidiaries, and regularly reviewed subsidiaries' periodic reports, special reports, monthly risk information reports, and other performance materials. Regarding significant risk situations and problem clues, we promptly informed and reminded the management departments of the head office, and subsidiaries, guiding the boards of supervisors of subsidiaries in effectively fulfilling their key responsibilities of supervisory report.

Secondly, we combined management and service and focused on key breakthroughs to reinforce areas of weakness in performance. We organized high-quality duty performance reporting for the chairman of the boards of supervisors of subsidiaries for 2024. We provided targeted guidance and work requirements to clarify the direction for the next phase of their performance. We conducted an in-depth evaluation of the duty performance of the boards of supervisors of subsidiaries for 2023, and a special oversight over the on-site duty performance of the chairman of the board of supervisors in the regional branches, reported any issues discovered across the organization, thereby promoting the improvement of duty performance effectiveness. We advanced special support for the duty performance of the boards of supervisors of subsidiaries, conducted a comprehensive examination on the issues and shortcomings in the duty performance by the board of supervisors of the subsidiaries and continued to provide follow-up guidance on problem rectification to enhance work effectiveness.

REPORT OF THE BOARD OF SUPERVISORS

Thirdly, we innovated formats and strengthened guidance to enhance professional standards.

We urged and guided the boards of supervisors of subsidiaries to develop their work plans for 2024, effectively improving the systematic and forward-looking nature of their supervisory work. We organised thematic training on supervisory capacity enhancement for supervisors of subsidiaries, and regularly produced training materials focusing on key supervisory areas such as credit management, internal control and compliance, and anti-money laundering work, as well as regulatory policies and peer performance experience. We organized a specialized examination for the duty performance of the boards of supervisors of subsidiaries in a manner that substitutes examination for training, thereby solidifying the professional foundation of the chairman of the boards of supervisors and enhancing the professional competence of the relevant staff of the boards of supervisors of subsidiaries.

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

Legal operation of the Bank: During the Reporting Period, the Board of Directors and senior management of the Bank adhered to the operation in accordance with the laws, and the decision-making procedures complied with laws, regulations and the relevant provisions of the Articles of Association of the Bank. In the performance process, no behaviors were found in breach of the laws, regulations and the Articles of Association of the Bank, or jeopardized the interest of the Bank.

Preparation of regular reports: During the Reporting Period, the Board of Supervisors reviewed the 2023 annual report and 2024 interim report of the Bank, and considered that its procedures of preparation and approval were in compliance with relevant laws, regulations and regulatory requirements, and these reports give a true, accurate and complete view of the financial positions and operating results of the Bank.

Profit distribution plan: During the Reporting Period, the Board of Supervisors reviewed the 2023 Profit Distribution Plan of the Bank, and considered that the profit distribution plan complied with the relevant provisions of laws, regulations and the Articles of Association, and was in the interests of all the shareholders, which was beneficial to the long-term development of the Bank.

Use of Proceeds: During the Reporting Period, the Bank's use of proceeds was consistent with the purposes as stated in the Prospectus.

Formulation and implementation of strategy: During the Reporting Period, after its assessment on the development strategy in terms of scientific standard, rationality and soundness, the Board of Supervisors considered that the strategy outline of the Bank was comprehensive and scientific and was already implemented well, allowing the Bank to make progress in key areas effectively.

Implementation of resolutions adopted at general meeting(s): During the Reporting Period, the Board of Supervisors supervised the implementation of resolutions passed at general meeting(s), and concluded that the Board of Directors and the senior management were able to duly implement such resolutions.

REPORT OF THE BOARD OF SUPERVISORS

Performance of the Board of Directors and senior management and their members: During the Reporting Period, the Board of Supervisors appraised the performance of the Board of Directors and senior management and their members for 2023 pursuant to the supervisory regulations, and reported the performance appraisal results to the general meeting and the regulator. The performance appraisal results were competence.

Internal control and risk management: During the Reporting Period, the Board of Supervisors supervised the internal control and risk management of the Bank, and reviewed the 2023 Internal Control Assessment Report and 2023 Work Report on Comprehensive Risk Management. No material defects were found in the internal control and risk management of the Bank.

Performance of social responsibility: During the Reporting Period, the Bank performed its social responsibility in a proactive manner, and the Board of Supervisors had no objections to the 2023 Corporate Social Responsibility Report of the Bank.

Related party transactions: During the Reporting Period, the Bank entered into related party transactions in accordance with the laws and regulations of PRC and the relevant requirements of the Articles of Association. The Board of Supervisors confirmed that no activities were in breach of the principles of honest and fair or jeopardized the interest of the Bank and its shareholders.

INDEPENDENT AUDITOR'S REPORT



德勤

To the Shareholders of Guangzhou Rural Commercial Bank Co., Ltd.

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

OPINION

We have audited the consolidated financial statements of Guangzhou Rural Commercial Bank Co., Ltd. (the "**Bank**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 171 to 325, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of 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 Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("**IESBA Code**"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

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

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Measurement of expected credit losses ("ECL") for loans and advances to customers measured at amortised cost and financial investments measured at amortised cost</p>	
<p>The Group uses the expected credit loss ("ECL") model to calculate the loss allowance in accordance with International Financial Reporting Standard 9, Financial Instruments ("IFRS 9").</p> <p>The Group classifies loans and advances to customers measured at amortised cost and financial investments measured at amortised cost into three stages, based on whether credit risk of financial assets has increased significantly since initial recognition or whether the financial assets are credit-impaired.</p> <p>Other than credit-impaired corporate loans and advances to customers measured at amortised cost and financial investments measured at amortised cost, the loss allowance are measured using the risk parameter modelling approach based on probability of default (PD), loss given default (LGD) and exposure at default (EAD), discount rate and forward-looking information which take into account the historical overdue data, historical loss ratios, internal credit gradings and other adjustment factors.</p>	<p>Our audit procedures for the loss allowances of loans and advances to customers measured at amortised cost and financial investments measured at amortised cost mainly included the following:</p> <ul style="list-style-type: none"> • Design, implementation and operating effectiveness of key internal controls <ul style="list-style-type: none"> – Understood and assessed key internal controls of ECL model, including the selection, approval, and application of ECL model methodology, parameter updates, input of underlying data and parameters, and loan staging based on customer asset quality, cash flow projection used in the discounted cash flow method, and the review and approval of forward-looking information, and tested the operating effectiveness; – Understood and assessed the information technology system and the related controls, including general information technology controls, data transmission between systems, and tested the operating effectiveness.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Measurement of expected credit losses (“ECL”) for loans and advances to customers measured at amortised cost and financial investments measured at amortised cost (continued)</p>	
<p>The loss allowance for credit-impaired corporate loans and advances to customers measured at amortised cost and financial investments measured at amortised cost are principally measured using the discounted cash flow method. Management exercises judgement in determining recoverable cash flows based on a range of factors. These factors include available remedies for recovery, the financial situation of the borrowers, collateral valuation, the seniority of the claim, the existence of other creditors, and disposals.</p> <p>ECL for loans and advances to customers and financial investments measured at amortised cost is a subjective area due to the degree of judgement applied by management in determining loss allowances. From the Group’s perspective, the determination of the loss allowances for loans and advances to customers and financial investments is heavily dependent on the external macroeconomy and the Group’s internal credit risk management strategy.</p> <p>We identified the measurement of ECL for loans and advances to customers and financial investments measured at amortised cost as a key audit matter because of the inherent uncertainty and management judgements involved, and because the loss allowance is significant to the financial results of the Group.</p>	<ul style="list-style-type: none"> • Procedures on ECL model <ul style="list-style-type: none"> – assessed the reliability and appropriateness of the ECL model and the reasonableness of key parameters used in the model, including: PD, LGD, EAD, discount rate, forward-looking information, and evaluated the rationality of the key management judgements on those key parameters; – verified, on a sample basis, the calculation logic of ECL model and the accuracy of ECL model data input such as loan agreement amount, due date, interest rate, guarantee method. • Credit review and other substantive procedures performed on corporate loans and financial investments measured at amortised cost <ul style="list-style-type: none"> – selected samples for credit review by focusing on industries that are significantly affected by fluctuations of economic cycle and policy regulations, and loans with other high-risk characteristics;

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Measurement of expected credit losses ("ECL") for loans and advances to customers measured at amortised cost and financial investments measured at amortised cost (continued)	
<p>As at 31 December 2024, the gross amount of Group's loans and advances to customers measured at amortised cost was RMB609,606 million. A loss allowance of RMB22,026 million was recognised for loans and advances to customers measured at amortised cost in the Group's consolidated statement of financial position.</p> <p>As at 31 December 2024, the gross balance of financial investments measured at amortised cost amounted to RMB201,451 million, with a loss allowance of RMB1,640 million.</p> <p>Refer to note 2, note 3, note 20 and note 23 to the consolidated financial statements for relevant disclosures.</p>	<ul style="list-style-type: none"> - analysed the borrower's or the debtor's financial and non-financial information, and other available information, and evaluated the reasonableness of management's judgement on staging, including whether credit risk has increased significantly since initial recognition and whether credit impairment events have occurred by reviewing the credit files, interviewing management, independently searching for publicly available information and exercising professional judgement; - performed credit assessments on borrower's or debtor's and guarantor's financial information, collateral valuation and other sources of repayment for the selected stage 3 credit-impaired corporate loans and advances and financial investments measured at amortised cost, tested the recalculation of impairment provision based on the recoverable cash flows and discount rates, and evaluated whether there was any material misstatement.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

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

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

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

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 28 March 2024.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Bank are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors 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 of the Bank either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT

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 solely to you, as a body, in accordance with our agreed terms of engagements, 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 skepticism throughout the audit. We also:

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

INDEPENDENT AUDITOR'S REPORT

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

- 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine 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 the independent auditor's report is Shi Chung Fai.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

	Notes	Year ended 31 December	
		2024	2023
Interest income	5	37,959,981	41,745,750
Interest expense	5	(24,345,234)	(25,162,321)
Net interest income		13,614,747	16,583,429
Fee and commission income	6	1,020,985	1,262,166
Fee and commission expense	6	(459,420)	(415,073)
Net fee and commission income		561,565	847,093
Net trading gains	7	383,555	109,023
Net gains on financial investments	8	1,226,420	349,224
Other income, gains or losses, net	9	45,396	265,363
Operating income		15,831,683	18,154,132
Operating expenses	10	(6,546,413)	(6,815,372)
Credit impairment losses	12	(7,768,944)	(8,407,814)
Impairment losses on other assets		(41,846)	(18,068)
Profit before income tax		1,474,480	2,912,878
Income tax credit	13	941,064	346,629
Profit for the year		2,415,544	3,259,507
Attributable to:			
Shareholders of the Bank		2,080,674	2,634,416
Non-controlling interests		334,870	625,091
		2,415,544	3,259,507
Earnings per share (RMB yuan)			
– basic and diluted	15	0.10	0.17

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

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

	Year ended 31 December	
	2024	2023
Profit for the year	2,415,544	3,259,507
Other comprehensive income (after tax, net)		
Items that may be reclassified subsequently to profit or loss		
Changes in fair value of financial investments at fair value through other comprehensive income	3,698,316	465,428
Changes in the expected credit losses of financial investments at fair value through other comprehensive income	(57,104)	205,165
Items that will not be reclassified to profit or loss		
Remeasurement losses on defined benefit plans	(69,224)	(23,417)
Subtotal of other comprehensive income	3,571,988	647,176
Total comprehensive income for the year	5,987,532	3,906,683
Total comprehensive income attributable to:		
Shareholders of the Bank	5,433,367	3,167,104
Non-controlling interests	554,165	739,579
	5,987,532	3,906,683

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

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

	Notes	31 December 2024	31 December 2023
ASSETS			
Cash and deposits with central bank	16	74,750,057	80,863,847
Deposits with banks and other financial institutions	17	15,634,038	14,942,725
Placements with banks and other financial institutions	18	70,803,135	55,472,499
Financial assets held under resale agreements	19	30,054,622	23,205,250
Loans and advances to customers	20	698,208,449	708,908,577
Financial investments			
– Financial investments at fair value through profit or loss	21	75,073,415	67,798,262
– Financial investments at fair value through other comprehensive income	22	171,042,104	126,167,820
– Financial investments at amortised cost	23	199,810,694	216,930,430
Property and equipment	24	3,295,702	2,908,427
Goodwill	25	734,237	734,237
Deferred tax assets	26	12,126,897	11,154,869
Other assets	27	10,874,571	4,955,507
Total assets		1,362,407,921	1,314,042,450
LIABILITIES			
Due to central bank		15,143,552	27,475,851
Deposits from banks and other financial institutions	28	37,200,835	42,549,922
Placements from banks and other financial institutions	29	5,462,878	5,383,587
Financial liabilities at fair value through profit or loss	30	5,271,864	4,324
Financial assets sold under repurchase agreements	31	29,623,563	51,701,119
Customer deposits	32	979,458,777	947,186,017
Income tax payable		1,296,636	868,624
Debt securities issued	33	162,100,456	127,863,513
Other liabilities	34	23,931,219	14,468,616
Total liabilities		1,259,489,780	1,217,501,573

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

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

	Notes	31 December 2024	31 December 2023
EQUITY			
Share capital	35	14,409,789	14,409,789
Other equity instruments	36	12,000,000	9,820,734
Reserves	37	49,577,085	45,073,757
Retained earnings		18,871,033	19,521,895
Equity attributable to shareholders of the Bank		94,857,907	88,826,175
Non-controlling interests		8,060,234	7,714,702
Total equity		102,918,141	96,540,877
Total liabilities and equity		1,362,407,921	1,314,042,450

The consolidated financial statements were approved by the Board of Directors on 28 March 2025 and were signed on its behalf by:

Cai Jian
Chairman

Li Yaguang
Chief Financial Officer

Huang Sunan
Head of Financial Department

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

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

Notes	Attributable to shareholders of the Bank										Total
	Share capital	Other equity instruments	Reserves					Retained earnings	Subtotal	Non-controlling interests	
			Capital reserve	Surplus reserve	General reserve	Other reserves	Subtotal				
At 1 January 2024	14,409,789	9,820,734	22,420,958	5,844,020	16,835,889	(27,110)	45,073,757	19,521,895	88,826,175	7,714,702	96,540,877
Net profit for the year	-	-	-	-	-	-	-	2,080,674	2,080,674	334,870	2,415,544
Other comprehensive income for the year	-	-	-	-	-	3,352,693	3,352,693	-	3,352,693	219,295	3,571,988
Total comprehensive income for the year	-	-	-	-	-	3,352,693	3,352,693	2,080,674	5,433,367	554,165	5,987,532
Transactions with non-controlling interests	-	-	2,112	-	-	-	2,112	-	2,112	(3,554)	(1,442)
Redemption of preference shares	-	(9,820,734)	(351,285)	-	-	-	(351,285)	-	(10,172,019)	-	(10,172,019)
Issuance of perpetual bonds	-	12,000,000	(226)	-	-	-	(226)	-	11,999,774	-	11,999,774
Shareholders' donation	-	-	11,019	-	-	-	11,019	-	11,019	4,364	15,383
Appropriation to surplus reserve	-	-	-	176,815	-	-	176,815	(176,815)	-	-	-
Appropriation to general reserve	-	-	-	-	1,312,200	-	1,312,200	(1,312,200)	-	-	-
Dividends declared and paid to ordinary shareholders	-	-	-	-	-	-	-	(576,392)	(576,392)	-	(576,392)
Distributions to other equity instrument holders	-	-	-	-	-	-	-	(666,129)	(666,129)	-	(666,129)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(209,443)	(209,443)
At 31 December 2024	14,409,789	12,000,000	22,082,578	6,020,835	18,148,089	3,325,583	49,577,085	18,871,033	94,857,907	8,060,234	102,918,141

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

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

	Attributable to shareholders of the Bank								Non-controlling interests	Total		
	Notes	Share capital	Other equity instruments	Reserves				Retained earnings			Subtotal	
				Capital reserve	Surplus reserve	General reserve	Other reserves					
At 1 January 2023		11,451,269	9,820,734	18,951,196	5,650,358	15,770,294	(559,798)	39,812,050	19,994,521	81,078,574	7,170,528	88,249,102
Net profit for the year		-	-	-	-	-	-	-	2,634,416	2,634,416	625,091	3,259,507
Other comprehensive income for the year		-	-	-	-	-	532,688	532,688	-	532,688	114,488	647,176
Total comprehensive income for the year		-	-	-	-	-	532,688	532,688	2,634,416	3,167,104	739,579	3,906,683
Issue of shares	35	2,958,520	-	3,474,726	-	-	-	3,474,726	-	6,433,246	-	6,433,246
Transactions with non-controlling interests		-	-	(8,773)	-	-	-	(8,773)	-	(8,773)	8,773	-
Shareholders' donation		-	-	3,809	-	-	-	3,809	-	3,809	2,023	5,832
Appropriation to surplus reserve		-	-	-	193,662	-	-	193,662	(193,662)	-	-	-
Appropriation to general reserve		-	-	-	-	1,065,595	-	1,065,595	(1,065,595)	-	-	-
Dividends declared and paid to ordinary shareholders	14	-	-	-	-	-	-	-	(1,202,383)	(1,202,383)	-	(1,202,383)
Distributions to other equity instrument holders	14	-	-	-	-	-	-	-	(645,402)	(645,402)	-	(645,402)
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	-	-	(206,201)	(206,201)
At 31 December 2023		14,409,789	9,820,734	22,420,958	5,844,020	16,835,889	(27,110)	45,073,757	19,521,895	88,826,175	7,714,702	96,540,877

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

	Notes	Year ended 31 December	
		2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,474,480	2,912,878
Adjustments for:			
Interest income on financial investments	5	(8,951,831)	(8,867,217)
Interest income accrued on impaired financial assets		(692,645)	(263,590)
Interest expense on debt securities	5	3,653,506	3,316,889
Interest expense on lease liabilities	5	45,714	41,575
Net trading (gains)/losses		(224,842)	301,193
Net gains on financial investments	8	(1,226,420)	(349,224)
Net foreign exchange losses/(gains)	9	167,042	(7,337)
Net gains on disposal of property and equipment and others		(38,337)	(134,364)
Depreciation and amortisation	10	604,797	672,831
Impairment losses		7,810,790	8,482,582
Others		419,950	71,769
		3,042,204	6,177,985
Net decrease/(increase) in operating assets:			
Balances with central bank		1,646,498	1,520,670
Deposits with banks and other financial institutions		(4,167,093)	(1,160,209)
Placements with banks and other financial institutions		(16,882,362)	(10,617,895)
Financial assets held under resale agreements		(8,633,736)	(17,399,639)
Loans and advances to customers		4,636,068	(46,967,166)
Financial investments at fair value through profit or loss		(4,921,209)	(8,913,612)
Other assets		(6,390,634)	(538,752)
		(34,712,468)	(84,076,603)
Net (decrease)/increase in operating liabilities:			
Due to central bank		(12,332,299)	7,013,558
Deposits from banks and other financial institutions		(5,349,087)	13,224,982
Placements from banks and other financial institutions		-	2,040,648
Financial liabilities at fair value through profit or loss		5,095,601	319
Financial assets sold under repurchase agreements		(22,077,556)	12,983,800
Customer deposits		32,267,677	36,688,177
Other liabilities		(1,170,877)	(1,553,852)
		(3,566,541)	70,397,632
Net cash flows used in operating activities before tax		(35,236,805)	(7,500,986)
Income tax paid		(816,690)	(1,969,925)
Net cash flows used in operating activities		(36,053,495)	(9,470,911)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

	Notes	Year ended 31 December 2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment and other long-term assets		(866,013)	(501,282)
Proceeds from disposal of property and equipment and other long-term assets		50,486	188,507
Cash paid for investments		(136,408,565)	(139,779,851)
Proceeds from sale and redemption of investments		109,587,232	88,238,941
Investment returns received		11,786,397	8,190,757
Net cash flows used in investing activities		(15,850,463)	(43,662,928)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares		–	6,433,246
Proceeds from other financing activities	44	10,404,354	–
Shareholders' donation		15,383	9,870
Proceeds from issuance of other equity instrument		12,000,000	–
Proceeds from debt securities issued	44	256,020,000	233,680,373
Acquisition of partial interest of a subsidiary		(1,442)	–
Cash paid for redemption of preference shares		(10,172,019)	–
Repayment of debt securities issued	44	(221,640,000)	(229,869,544)
Repayment of lease liabilities	44	(189,648)	(295,682)
Dividends paid to ordinary shareholders	44	(576,392)	(1,202,383)
Distributions to other equity instrument holders	44	(666,129)	(645,402)
Dividends paid to non-controlling shareholders	44	(210,781)	(206,938)
Interest paid on debt securities	44	(3,796,563)	(3,844,730)
Interest or cost paid on other financing activities	44	(412,573)	–
Others		(9,333)	–
Net cash flows from financing activities		40,764,857	4,058,810
NET DECREASE IN CASH AND CASH EQUIVALENTS		(11,139,101)	(49,075,029)
Cash and cash equivalents at the beginning of the year		46,700,943	95,744,368
Effect of exchange rate changes on cash and cash equivalents		45,060	31,604
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	39	35,606,902	46,700,943
Net cash flow from operating activities include:			
Interest received		30,715,898	34,748,577
Interest paid		(20,188,891)	(20,212,564)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

1. CORPORATE INFORMATION

Guangzhou Rural Commercial Bank Co., Ltd. (the “**Bank**”), whose predecessor was established in 1952, underwent a series of reforms in subsequent years. Under the “Approval Regarding the Opening of Guangzhou Rural Commercial Bank Co., Ltd.” (Yinjianfu No. [2009] 484) issued by the China Banking Regulatory Commission (the “**CBRC**”, which is now the National Financial Regulatory Administration (“**NFRA**”), Guangzhou Rural Commercial Bank Co., Ltd. was incorporated on 9 December 2009.

The Bank obtained its finance permit No.B1048H244010001 from the Guangdong Bureau of China Banking Insurance Regulatory Commission (the “**CBIRC**” which is now the NFRA) and its business license of Unified Social Credit code No.914401017083429628 from Guangzhou Market Supervision and Administration Bureau. The registered office is located at No.9 Yingri Road, Huangpu District, Guangzhou, China. On 20 June 2017, the Bank was listed on The Stock Exchange of Hong Kong Limited.

The Bank and its subsidiaries (the “**Group**”) conduct their operating activities in China.

The principal activities of the Bank and its subsidiaries comprise taking deposits from the general public (including domestic and foreign currencies), granting short, medium and long-term loans (including domestic and foreign currencies), domestic and international settlements, bills acceptance and discounting, providing agency services for issuing/redemption and underwriting of government bonds, trading government bonds, trading and issuing financial bonds, inter-bank placements (including domestic and foreign currency), bank cards (including debit cards and credit cards) business, providing agency services of payment collection and insurance agency service, providing safe locker service, foreign currency remittance, foreign currency exchange, settlement and sale of foreign exchange, foreign credit investigations, advisory and attestation service, securities investment fund and insurance assets trusteeship, financing services, securities investment fund sales business, e-bank services, securitisation of credit assets, financial leasing related business and other financial business activities approved by the CBIRC or other relevant regulators.

The consolidated financial statements were authorised for issue by the Board of Directors of the Bank on 28 March 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (“IASB”) and include applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users.

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

2.1 New and amendments to IFRS Accounting Standards that are mandatorily effective in current year

In the current year, the Group has applied, for the first time, the following amendments to IFRS Accounting Standards issued by the IASB which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

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

The application of the above amendments to IFRS Accounting Standards in the current year has had no material impact on the Group’s financial positions and the financial performance for the current and prior years and the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

		Effective for annual periods beginning on or after
Amendments to IAS 21	Lack of exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	Amendments to the 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 Accounting Standards	Annual improvements to IFRS accounting standards – Volume 11	1 January 2026
IFRS 19	Subsidiaries without public accountability: disclosures	1 January 2027
IFRS 18	Presentation and disclosure in financial statements	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is assessing the impact of adopting the above new standards and amendments. Currently except for IFRS 18, the adoption of the above is expected not to have a material impact on the Group's consolidated financial statements. The application of the IFRS 18 is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of material accounting policy information

(1) Basis of consolidation

Control is achieved when the Bank is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Bank controls an investee if and only if the Bank has:

- (a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (b) Exposure, or rights, to variable returns from its involvement with the investee; and
- (c) The ability to use its power over the investee to affect its returns.

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

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

The Bank re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership of a subsidiary without a loss of control, is accounted for as equity transaction. Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the financial statements from the date the Bank gains control until the date the Bank ceases to control the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of material accounting policy information (continued)

(1) Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, and within equity in the consolidated statement of financial position separately from the equity attributable to equity holders of the parent company. An acquisition of non-controlling interests is accounted for as an equity transaction.

(2) Foreign currency translation

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

Foreign currency transactions are initially recorded at the functional currency using the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the applicable exchange rates ruling at the end of the reporting period. Exchange differences arising on the settlement of monetary items or on translating monetary items at period end rates are recognised in the consolidated statement of profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date when the fair value is determined.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of material accounting policy information (continued)

(3) *Financial instruments*

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 Revenue from Contracts with Customers ("**IFRS 15**"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Credit adjusted effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial asset to the amortised cost of a financial asset that is a purchased or originated credit-impaired financial asset. When calculating the credit adjusted effective interest rate, an entity shall estimate the expected cash flows by considering all contractual terms of the financial asset (for example, prepayment, extension, call and similar options) and initial expected credit losses.

Interest/dividend income which are derived from the Group's ordinary course of business are presented as revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of material accounting policy information (continued)

(3) Financial instruments (continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (“**FVTOCI**”):

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

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not a designated and effective hedging instrument.

In addition, the Group may irrevocably designate a financial asset that is required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of material accounting policy information (continued)

(3) Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "Other income" line item in profit or loss.

(iii) Financial investments at FVTPL

Financial investments that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial investments at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "Other income" line item.

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2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of material accounting policy information (continued)

(3) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets including financial assets measured at amortised cost, loans and receivables and credit commitments which are subject to impairment assessment under IFRS 9 Financial Instruments (“IFRS 9”). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of material accounting policy information (continued)

(3) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(i) Significant increase in credit risk (continued)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

For loan commitments, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of material accounting policy information (continued)

(3) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower concessions that the lenders would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties;
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

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2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of material accounting policy information (continued)

(3) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(iv) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 Leases (“**IFRS 16**”).

(v) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group’s recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

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2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of material accounting policy information (continued)

(3) *Financial instruments (continued)*

Financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity

Classification and subsequent measurement of financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(i) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of material accounting policy information (continued)

(3) Financial instruments (continued)

Financial liabilities and equity (continued)

Classification and subsequent measurement of financial liabilities and equity (continued)

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

(a) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

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2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of material accounting policy information (continued)

(3) Financial instruments (continued)

Financial liabilities and equity (continued)

Classification and subsequent measurement of financial liabilities and equity (continued)

(ii) Financial liabilities (continued)

(a) Financial liabilities at FVTPL (continued)

For financial liabilities that are designated as at FVTPL, the amount of changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

(b) Financial liabilities at amortised cost

Financial liabilities other than at FVTPL are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of material accounting policy information (continued)

(3) Financial instruments (continued)

Financial guarantee contracts and loan commitments

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

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of expected credit loss allowance; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Group are measured as the amount of the ECL allowance. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the ECL allowance is recognised as a provision. ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party. For undrawn loan commitments, the ECL is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitments draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down. However, for contracts that include both a loan and an unused commitment and the Group cannot separately identify provision of unused commitment component from the loan component, the ECL on the unused commitment are recognised together with the ECL allowance for the loan. Provided that the combined ECL exceed the gross carrying amount of the loan, the ECL are recognised as provisions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of material accounting policy information (continued)

(4) *Derivative financial instruments*

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

(5) *Reverse repurchase and repurchase transactions*

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

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

(6) *Property and equipment*

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

Construction in progress comprises the actual costs of construction. These costs comprise various direct construction costs during the period of construction and other related expenditures. When an asset under construction is ready for its intended use, it is reclassified to fixed assets, intangible assets or other assets, and depreciation or amortisation is provided for according to corresponding policies. Construction in progress is not depreciated until the construction is completed and the asset is ready for its intended use.

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2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of material accounting policy information (continued)

(6) Property and equipment (continued)

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

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

	Estimated useful life	Estimated residual value	Annual depreciation rate
Properties and buildings	10 to 40 years	0% – 5%	2.38% – 9.50%
Leasehold improvements	Over the shorter of the useful economic lives and remaining lease terms		
Equipment	3 to 5 years	0% – 5%	19.00% – 31.67%
Machinery	18 years	0%	5.56%
Motor vehicles	3 to 5 years	0% – 5%	19.00% – 31.67%

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

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

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognised.

(7) Land use rights

Land use rights are right-of-use assets and are recognised at cost, which is the consideration paid. The rights are amortised using the straight-line basis over the period of the leases.

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2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of material accounting policy information (continued)

(8) Foreclosed assets

Foreclosed assets are initially recognised at fair value and subsequently measured at the lower of their carrying amount and fair value less costs to sell, at the end of each reporting period. When the fair value less costs to sell is lower than a foreclosed asset's carrying amount, an impairment loss is recognised in the consolidated statement of profit or loss.

Any gain or loss arising on the disposal of the foreclosed asset is included in the consolidated statements of profit or loss in the period in which the item is disposed.

The Group disposes of foreclosed assets through various means. In principle, foreclosed assets should not be transferred for own use, but, in the event that they are needed for the Group's own business or management purposes, they are transferred at their net carrying amounts and managed as newly acquired property and equipment.

(9) Intangible assets (other than goodwill)

The Group's intangible assets mainly comprise computer software.

Intangible assets are initially measured at cost and recognised only when it is probable that economic benefits associated with the asset will flow to the Group and the cost can be reliably measured. Otherwise, they are recognised in the consolidated statement of profit or loss in the period in which they occur.

Upon an intangible asset becoming ready for its intended use, the costs less estimated residual value and any impairment losses are amortised over its estimated useful life on the straight-line basis.

The useful lives of the Group's intangible assets are from 2 years to 10 years. The amortisation rates of the Group's intangible assets are between 10% and 50%.

The useful life and the amortisation method for intangible assets with finite useful lives are reviewed at the end of each reporting period. If the expected useful life of the asset or the amortisation method differs significantly from previous assessments, the amortisation period or amortisation method is adjusted accordingly as change of accounting estimate.

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2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of material accounting policy information (continued)

(10) Business combination and goodwill

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

For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at either: (a) fair value; or (b) the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS Accounting Standards.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the net identifiable assets acquired and liabilities assumed. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill at the end of the reporting period. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of material accounting policy information (continued)

(10) Business combination and goodwill (continued)

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

(11) Provisions

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

(12) Asset impairment

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

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

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2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of material accounting policy information (continued)

(12) Asset impairment (continued)

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

(13) Cash and cash equivalents

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

(14) Employee benefits

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

(a) Statutory defined contribution plans

In accordance with the relevant laws and regulations, the employees of the Group participate in basic pension insurance and unemployment insurance schemes administered by the local government authorities. The Group calculates and contributes to the local government agencies under the above pension and insurance schemes using applicable contribution bases and rates stipulated in the relevant local regulations in the period the employees provide their services to the Group. Contributions to these plans are recognised in the statement of profit or loss as incurred.

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2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of material accounting policy information (continued)

(14) Employee benefits (continued)

(b) Retirement benefit annuity plan

In addition to the basic pension insurance scheme, employees and early retirees of the Group also participate in a defined contribution plan established by the Group (the “**Annuity Plan**”). The Group and its employees are required to contribute a certain percentage of the employees’ previous year basic salaries to the Annuity Plan. The contribution is charged to the consolidated statement of profit or loss when it incurs. The Group pays a fixed contribution into the Annuity Plan and has no obligation to pay further contributions if the Annuity Plan does not hold sufficient assets to pay all employee benefits.

(c) Supplemental retirement benefits

The Group pays supplemental retirement benefits to the retirees, including supplemental pension payments and medical expense coverage. The liability related to the supplemental retirement benefit obligations as at each financial reporting date is calculated by the Group using the projected unit credit method and is recorded as a liability under “Employee benefit obligations” in the consolidated statement of financial position. The present value of the liability is determined by discounting the estimated future cash outflows using interest rates of RMB treasury bonds which have terms to maturity approximating the terms of the related liability. The actuarial gains or losses of supplemental retirement benefits are recognised in “Other comprehensive income” in the period when they occur. The gains or losses arising from amendments to supplemental retirement benefit obligations are recognised in the consolidated statement of profit or loss in the period when they occur.

(d) Early retirement benefits

According to the Group’s policy on early retirement benefits, certain employees are entitled to take leave of absence and in return receive a certain level of staff salaries and related benefits from the Group. The salaries and benefit payments are made from the date of early retirement to the normal retirement date. The amounts of retirement benefit expense and present value of these liabilities are dependent on assumptions used in calculating such amounts. These assumptions include discount rates, retirement benefit growth rates and other factors. Gains and losses arising from the changes in assumptions and amendments to pension plans are recognised in the consolidated statement of profit or loss as they occur.

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2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of material accounting policy information (continued)

(15) *Fiduciary activities*

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

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

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

(16) *Recognition of income and expense*

(a) *Interest income*

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets measured at amortised cost or fair value through other comprehensive income, except for:

- Purchased or originated credit-impaired (“**POCI**”) financial assets, for which the original credit adjusted effective interest rate is applied to the amortised cost of the financial asset.
- Financial assets that are not ‘POCI’ but have subsequently become credit impaired (or ‘Stage 3’), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit losses allowance).

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2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of material accounting policy information (continued)

(16) Recognition of income and expense (continued)

(a) Interest income (continued)

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

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

(b) Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers.

The Group recognises revenue when a performance obligation is satisfied by transferring a promised good or service to a customer (thus the customer obtains control of that good or service).

(c) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(d) Net trading income

Net trading income arising from trading activities include gains and losses from changes in fair value for financial assets and liabilities at fair value through profit or loss.

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2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of material accounting policy information (continued)

(17) Income tax

Income tax comprises current and deferred income tax. Income tax is recognised in the consolidated statement of profit or loss except that it relates to items recognised directly in equity, in which case it is recognised in equity.

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of each year.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of each year between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (i) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or deductible expenses; and
- (ii) In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

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2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of material accounting policy information (continued)

(17) Income tax (continued)

(b) Deferred tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- (i) Where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or deductible expenses; and
- (ii) In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period and reflect the corresponding tax effect.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilised. When it is virtually probable that sufficient taxable income will be available, the reduced amount can be reversed accordingly.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of material accounting policy information (continued)

(18) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of material accounting policy information (continued)

(18) Leases (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

(19) Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person,
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group; or

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of material accounting policy information (continued)

(19) Related parties (continued)

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

(20) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably. Contingent liabilities are disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable and can be reliably estimated, it will then be recognised as a provision.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of material accounting policy information (continued)

(21) Dividends

Dividends are recognised as a liability and deducted from equity when they are approved by the Group's shareholders in general meetings and declared. Interim dividends are deducted from equity when they are approved and declared, and no longer at the discretion of the Group. Dividends approved after the end of the year are disclosed as a post year-end event after the year. As authorised by the ordinary equity holders in the annual general meeting, the Board of Directors has the sole discretion to declare and distribute dividends on preference shares. Preference share dividend distribution is recognised as a liability in the Group's and the Bank's financial statements in the period in which the dividends are approved by the Board of Directors of the Bank.

(22) 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. Structured entities often have restricted activities and a narrow and well defined objective. Examples of structured entities include asset-backed securities, funds, wealth management products, trust plans and asset management plans. The Group's unconsolidated structured entities mainly include off-balance sheet non-guaranteed wealth management products managed by the Group and the structured entities invested by the Group (Note 41).

(23) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the Group receives the grants of monetary assets, the grants are recorded at the amount received or receivable. Where the Group receives the grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets. If the fair value cannot be measured reliably, the grants are recorded at the nominal amount of the non-monetary assets. When the grant relates to an expense item, where the grant is intended to compensate the expenses or costs to be incurred in the subsequent period, it is recognised as deferred income and is released to the statement of profit or loss over the periods that the costs, which it is intended to compensate, are expensed; while where the grant is intended to compensate the incurred expenses or costs, the grant is recognised in the consolidated statement of profit or loss in the current period. When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the consolidated statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments. Grants recorded at nominal amount shall be recognised in the consolidated statement of profit or loss in the current period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Summary of material accounting policy information (continued)

(24) 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. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management has used its judgments and made assumptions of the effects of uncertain future events on the financial statements. The most significant judgments and key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that had a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are described below.

(1) Expected credit losses measurement

The measurement of the expected credit losses allowance for financial assets measured at amortised cost and FVTOCI, financial guarantee contracts and loan commitments is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers' defaulting and the resulting losses).

The measurement models of expected credit losses involves significant management judgments and estimations, primarily including the following:

- Segmentation of business operations sharing similar credit risk characteristics, selection of appropriate models and determination of relevant key measurement parameters;
- Criteria for determining whether or not there is a significant increase in credit risk, or a default or impairment loss incurred;
- Economic indicators for forward-looking measurement, and the application of economic scenarios and weightings; and
- The estimated future cash flows for corporate loans and financial investments measured at amortised cost in stage 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

(2) Fair value of financial instruments

The Group uses valuation techniques to estimate the fair value of financial instruments that are not quoted in an active market. These valuation techniques include the use of observable inputs and data with consistent characteristics of assets or liabilities in the transaction of related assets or liabilities. To the extent practical market observable inputs and data, such as interest rate yield curves, foreign currency rates, commodity price and implied option volatilities, are prioritised to use when estimating fair value through a valuation technique. Where market observable inputs are not available, they are estimated using unobservable inputs and data, such as assumption on the credit risk and volatilities of risk of the counterparty. Changes in assumptions about these factors could affect the estimated fair value of financial instruments.

(3) Income taxes

Significant estimates are required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues arising from new tax regulations or other uncertain tax arrangements based on estimates of whether additional taxes will be due. The deductibility of certain items is subject to tax authority's final approval. Where the final tax outcome of these matters is different from the amounts that were initially estimated, such differences will affect the current income taxes and levies and/or deferred tax provisions in the period in which such determination is made.

(4) Early retirement benefits and supplementary retirement benefits

The amount of expenses and liabilities of early retirement benefits and supplementary retirement benefits shall be determined based on various assumptions. These assumptions include the discount rate, the growth rate of average medical expenses, the growth rate of benefits for retirees and other factors. Although the management believes that the assumptions which have been adopted are reasonable, the actual empirical values and the changes in the assumptions will still affect the costs and liabilities of the early retirement benefits and supplementary retirement benefits of the Bank.

(5) Goodwill impairment

Goodwill impairment reviews are undertaken annually or more frequently if events or changes indicate a potential impairment. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating unit (the "CGU"), or groups of CGUs. The Group forecasts future cash flow of the CGU or group of CGUs, and applies appropriate discount rate for the calculation of the present value of future cash flow.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

(6) Consolidation of structured entities

Where the Group acts as asset manager of or investor in structured entities, the Group makes significant judgment on whether the Group controls and should consolidate these structured entities. When performing this assessment, the Group assesses the Group's contractual rights and obligations in light of the transaction structures, and evaluates the Group's power over the structured entities, performs analysis and tests on the variable returns from the structured entities, including but not limited to commission income and asset management fees earned as the asset manager, the retention of residual income, and, if any, the liquidity and other support provided to the structured entities. The Group also assesses whether it acts as a principal or an agent through analysis of the scope of its decision-making authority over the structured entities, the remuneration to which it is entitled for asset management services, the Group's exposure to variability of returns from its other interests in the structured entities, and the rights held by other parties in the structured entities.

4. OPERATING SEGMENT INFORMATION

4.1 Operating segments

For management purposes, the Group is organised into four different operating segments as follows:

Corporate banking

The corporate banking segment covers financial products and services for corporate customers including deposits, loans, settlement, clearing and other trade-related services.

Retail banking

The retail banking segment covers financial products and services for individual customers including deposits, debit and credit cards, personal and collateral loans and personal wealth management services.

Financial market business

The financial market business segment covers proprietary trading and agent services including money market placements, investments, repurchases and foreign exchange transactions.

Others

This segment covers businesses other than corporate banking, retail banking and financial market business, of which the assets, liabilities, income and expenses cannot be directly attributable or allocated to certain segment on a reasonable basis.

Inter-segment transfer pricing is made in accordance with the sources, funding periods and interest rates announced by the People's Bank of China (the "PBOC") and the interbank market rates. The allocation of expenses between segments above is based on the benefits received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4. OPERATING SEGMENT INFORMATION (CONTINUED)

4.1 Operating segments (continued)

	Corporate banking	Retail banking	Financial market business	Others	Total
Year ended 31 December 2024					
Interest income	15,441,412	8,221,591	14,296,978	–	37,959,981
Interest expense	(7,149,020)	(11,685,269)	(5,510,945)	–	(24,345,234)
Inter-segments interest (expense)/income	(1,200,583)	9,798,571	(8,597,988)	–	–
Net interest income	7,091,809	6,334,893	188,045	–	13,614,747
Fee and commission income	530,244	389,358	101,383	–	1,020,985
Fee and commission expense	(172,466)	(217,020)	(69,934)	–	(459,420)
Net fee and commission income	357,778	172,338	31,449	–	561,565
Net trading gains	–	–	383,555	–	383,555
Net gains on financial investments	–	–	1,226,420	–	1,226,420
Other income, gains or losses, net	(192,895)	20,438	2,366	215,487	45,396
Operating income	7,256,692	6,527,669	1,831,835	215,487	15,831,683
Operating expenses	(2,028,215)	(3,851,840)	(528,051)	(138,307)	(6,546,413)
Credit impairment losses	(5,091,750)	(1,978,706)	(95,571)	(602,917)	(7,768,944)
Impairment losses on other assets	(27,426)	(10,658)	(515)	(3,247)	(41,846)
Profit/(loss) before tax	109,301	686,465	1,207,698	(528,984)	1,474,480
Income tax credit					941,064
Profit for the year					2,415,544
Other segment information:					
Depreciation and amortisation	196,675	359,721	41,077	7,324	604,797
Capital expenditure	281,621	515,087	58,818	10,487	866,013
As at 31 December 2024					
Segment assets	430,718,524	189,275,900	730,245,765	40,835	1,350,281,024
Segment liabilities	(393,879,804)	(618,830,559)	(246,742,063)	(37,354)	(1,259,489,780)
Other segment information:					
Credit commitments	143,155,432	32,541,261	–	–	175,696,693

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4. OPERATING SEGMENT INFORMATION (CONTINUED)

4.1 Operating segments (continued)

	Corporate banking	Retail banking	Financial market business	Others	Total
Year ended 31 December 2023					
Interest income	20,888,267	10,162,655	10,694,828	–	41,745,750
Interest expense	(8,270,348)	(10,913,871)	(5,978,102)	–	(25,162,321)
Inter-segments interest (expense)/income	(4,216,626)	7,718,690	(3,502,064)	–	–
Net interest income	8,401,293	6,967,474	1,214,662	–	16,583,429
Fee and commission income	652,151	437,214	172,801	–	1,262,166
Fee and commission expense	(164,984)	(211,271)	(38,818)	–	(415,073)
Net fee and commission income	487,167	225,943	133,983	–	847,093
Net trading gains	–	–	109,023	–	109,023
Net gains on financial investments	–	–	349,224	–	349,224
Other income, gains or losses, net	5,703	(103)	77	259,686	265,363
Operating income	8,894,163	7,193,314	1,806,969	259,686	18,154,132
Operating expenses	(2,226,513)	(3,914,829)	(500,222)	(173,808)	(6,815,372)
Credit impairment losses	(5,943,030)	(1,613,681)	(619,275)	(231,828)	(8,407,814)
Impairment losses on other assets	(12,068)	(3,793)	(2,143)	(64)	(18,068)
Profit/(loss) before tax	712,552	1,661,011	685,329	(146,014)	2,912,878
Income tax credit					346,629
Profit for the year					3,259,507
Other segment information:					
Depreciation and amortisation	218,799	400,187	45,697	8,148	672,831
Capital expenditure	162,911	296,978	33,133	8,260	501,282
As at 31 December 2023					
Segment assets	437,225,256	177,771,492	679,218,818	8,672,015	1,302,887,581
Segment liabilities	(385,392,802)	(589,308,974)	(242,530,565)	(269,232)	(1,217,501,573)
Other segment information:					
Credit commitments	171,133,521	37,654,039	–	–	208,787,560

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4. OPERATING SEGMENT INFORMATION (CONTINUED)

4.2 Geographic information

The Bank mainly operates in Guangdong Province, China. The major customers and non-current assets are located in Guangdong Province, China.

5. NET INTEREST INCOME

	Year ended 31 December	
	2024	2023
Interest income		
Loans and advances to customers	25,683,242	29,492,073
Financial investments		
– Financial Investments at amortised cost	5,923,465	6,316,227
– Financial Investments at fair value through other comprehensive income	3,028,366	2,550,990
Due from banks and other financial institutions	1,974,928	1,717,138
Due from central bank	835,160	857,864
Financial assets held under resale agreements	514,820	811,458
Subtotal	37,959,981	41,745,750
Interest expense		
Customer deposits	(18,721,304)	(19,482,232)
Debt securities issued	(3,653,506)	(3,316,889)
Due to banks and other financial institutions	(880,405)	(770,121)
Borrowings from other banks (i)	(384,421)	(433,709)
Due to central bank	(362,842)	(563,698)
Financial assets sold under repurchase agreements	(297,042)	(554,097)
Lease liabilities	(45,714)	(41,575)
Subtotal	(24,345,234)	(25,162,321)
Net interest income	13,614,747	16,583,429

(i) This represents interest expense on bank borrowing by a non-bank subsidiary of the Bank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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6. NET FEE AND COMMISSION INCOME

	Year ended 31 December	
	2024	2023
Fee and commission income		
Agency and custodian service fees	256,511	318,504
Settlement and electronic channel business fees	170,109	178,663
Bank card fees	143,405	177,001
Wealth management products related fee income	103,635	173,760
Syndicated loan fees	97,765	192,937
Guarantee and commitment service fees	86,945	116,181
Bond lending arrangements fees	72,456	63,197
Acceptance fees	35,442	22,821
Others	54,717	19,102
Subtotal	1,020,985	1,262,166
Fee and commission expense	(459,420)	(415,073)
Net fee and commission income	561,565	847,093

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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7. NET TRADING GAINS

	Year ended 31 December	
	2024	2023
Debt investments:		
Unrealised (losses)/gains from debt investments	(246,318)	88,975
Realised (losses)/gains from debt investments	(401,852)	186,194
Subtotal	(648,170)	275,169
Fund investments:		
Unrealised gains from funds	260,325	44,020
Realised gains from funds	1,036,782	828,828
Subtotal	1,297,107	872,848
Others	(265,382)	(1,038,994)
Total	383,555	109,023

The above amounts include gains and losses arising from the buying and selling of, interest income on, changes in fair value of financial assets and liabilities at fair value through profit or loss.

8. NET GAINS ON FINANCIAL INVESTMENTS

	Year ended 31 December	
	2024	2023
Net gains on disposal of financial investments at fair value through other comprehensive income	657,478	345,550
Net gains on disposal of financial investments measured at amortised cost	568,942	3,674
Total	1,226,420	349,224

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

9. OTHER INCOME, GAINS OR LOSSES, NET

	Year ended 31 December	
	2024	2023
Government grants and subsidies	97,623	78,460
Net foreign exchange (losses)/gains	(167,042)	7,337
Net gains on disposal of property and equipment	33,096	148,546
Others	81,719	31,020
Total	45,396	265,363

10. OPERATING EXPENSES

	Year ended 31 December	
	2024	2023
Staff costs (i)	4,074,089	4,312,532
Depreciation and amortisation	604,797	672,831
Tax and surcharges	320,148	265,466
Advertising and promotional expenses	223,295	227,076
Others	1,324,084	1,337,467
Total	6,546,413	6,815,372

(i) Staff costs

	Year ended 31 December	
	2024	2023
Salaries, bonuses and allowances (include early retirement)	2,648,788	2,761,326
Social insurance, employee benefits and others	1,308,503	1,425,535
Labour union expenditure, education costs and others	116,798	125,671
Total	4,074,089	4,312,532

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

11. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS

(a) Details of the directors' and supervisors' remunerations are as follows:

Name	Year ended 31 December 2024			Total
	Fees	Salaries and bonuses	Allowances, benefits and contribution to pension schemes	
Chairman				
Cai Jian	–	892	163	1,055
Vice Chairman				
Deng Xiaoyun (i)	–	853	163	1,016
Independent Non-executive Directors				
Zhang Hua	379	–	–	379
Liao Wenyi	379	–	–	379
Tan Jinsong (v)	47	–	–	47
Ma Hok Ming	360	–	–	360
Du Jinmin	379	–	–	379
Zhang Weiguo (vi)	215	–	–	215
Zheng Guojian (vii)	64	–	–	64
Non-executive Directors				
Zhang Junzhou (vi)	120	–	–	120
Feng Yaoliang	145	–	–	145
Lai Zhiguang (vi)	120	–	–	120
Da Hengcheng (vi)	114	–	–	114
Zuo Liang (iv)	–	–	–	–
Liu Wensheng (vi)	103	–	–	103
Wang Xiaobin	145	–	–	145
Meng Sen (vi)	120	–	–	120
Ni Kai (vii)	40	–	–	40
Zhang Yan (vii)	40	–	–	40
Xing Qiuyu (vii)	40	–	–	40
Hu Geyou (vii)	40	–	–	40
Chairman of the Board of Supervisors				
Wang Xigui	–	803	163	966
Supervisors				
He Heng (xi)	–	310	52	362
Lai Jiaxiong (xi)	–	342	43	385
Chen Jianliang (ix)	42	–	–	42
Liang Bingtian	155	–	–	155
Feng Jintang (ix)	47	–	–	47
Yu Qing (viii)	63	–	–	63
Li Zhiquan (viii)	84	–	–	84
Zeng Weixue (x)	–	703	105	808
Bao Chen (x)	–	511	75	586
External Supervisors				
Han Zhenping	131	–	–	131
Shi Shuiping	140	–	–	140
Huang Tianshun	155	–	–	155
Total	3,667	4,414	764	8,845

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

11. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(a) Details of the directors' and supervisors' remunerations are as follows (continued):

Name	Year ended 31 December 2023			Total
	Fees	Salaries and bonuses	Allowances, benefits and contribution to pension schemes	
Chairman				
Cai Jian	–	910	246	1,156
Independent Directors				
Zhang Hua	383	–	–	383
Liao Wenyi	382	–	–	382
Tan Jinsong	255	–	–	255
Ma Hok Ming	324	–	–	324
Du Jinmin	306	–	–	306
Zhang Weiguo	267	–	–	267
Directors				
Zhang Junzhou	141	–	–	141
Zhuang Yuemin (ii)	7	–	–	7
Feng Yaoliang	141	–	–	141
Lai Zhiguang	135	–	–	135
Feng Kaiyun (ii)	63	–	–	63
Da Hengcheng	135	–	–	135
Zuo Liang (iv)	–	–	–	–
Liu Wensheng (iii)	38	–	–	38
Wang Xiaobin (iii)	30	–	–	30
Meng Sen (iii)	44	–	–	44
Chairman of the Board of Supervisors				
Wang Xigui	–	827	247	1,074
Supervisors				
He Heng	–	1,295	246	1,541
Lai Jiaxiong	–	1,295	233	1,528
Chen Jianliang	94	–	–	94
Liang Bingtian	137	–	–	137
Feng Jintang	128	–	–	128

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11. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(a) Details of the directors' and supervisors' remunerations are as follows (continued):

Name	Year ended 31 December 2023			Total
	Fees	Salaries and bonuses	Allowances, benefits and contribution to pension schemes	
External Supervisors				
Han Zhenping	114	–	–	114
Shi Shuiping	153	–	–	153
Huang Tianshun	134	–	–	134
Total	3,411	4,327	972	8,710

- (i) Deng Xiaoyun was appointed as Vice Chairman of the Bank on 26 December 2024.
- (ii) Zhuang Yuemin ceased to act as director of the Bank on 2 February 2023. Feng Kaiyun ceased to act as director of the Bank on 13 July 2023.
- (iii) Liu Wensheng and Meng Sen were appointed as directors of the Bank on 15 September 2023. Wang Xiaobin was appointed as director of the Bank on 30 October 2023.
- (iv) Zuo Liang voluntarily gives up receiving his remuneration.
- (v) Tan Jinsong ceased to act as independent non-executive director of the Bank on 15 March 2024.
- (vi) Zhang Weiguo, Liu Wensheng, Da Hengcheng, Zhang Junzhou, Meng Sen, and Lai Zhiguang retired on 6 November 2024.
- (vii) Zheng Guojian, Ni Kai, Zhang Yan, Xing Qiuyu, and Hu Geyou were appointed as directors of the Bank on 6 November 2024.
- (viii) Yu Qing and Li Zhiquan were appointed as supervisors of the Bank on 13 June 2024.
- (ix) Chen Jianliang and Feng Jintang ceased to act as supervisors of the Bank on 13 June 2024.
- (x) Zeng Weixue and Bao Chen were appointed as supervisors of the Bank on 9 May 2024.
- (xi) Lai Jiaxiong and He Heng ceased to act as supervisors of the Bank on 9 May 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

11. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(b) Five highest paid individuals

For the year ended 31 December 2024, the five highest paid individuals of the Group comprised no directors nor supervisors (31 December 2023: no directors nor supervisors).

The remunerations of the five highest paid individuals for the years are as follows:

	Year ended 31 December	
	2024	2023
Basic salaries, housing allowances, bonuses, other allowances and benefits in kind	7,387	9,430
Contribution to pension scheme	536	620
Total	7,923	10,050

The number of the highest paid individuals of those remunerations fall within the following bands is as follows:

	Number of Individuals Year ended 31 December	
	2024	2023
RMB1,000,001 – RMB1,500,000	1	–
RMB1,500,001 – RMB2,000,000	4	2
RMB2,000,001 – RMB2,500,000	–	3
Total	5	5

For the years ended 31 December 2024 and 2023, no emoluments had been paid or payable by the Group to any of the directors, supervisors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

12. CREDIT IMPAIRMENT LOSSES

	Year ended 31 December	
	2024	2023
Loans and advances to customers		
– Loans and advances to customers at amortised cost	6,996,375	7,516,450
– Loans and advances to customers at fair value through other comprehensive income	(62,760)	12,952
Financial investments at fair value through other comprehensive income	86,622	260,601
Financial investments at amortised cost	91,010	253,581
Off-balance sheet activities	117,264	96,961
Deposits with banks and other financial institutions	169	(1,681)
Placements with banks and other financial institutions	(6,127)	79,720
Others	546,391	189,230
Total	7,768,944	8,407,814

13. INCOME TAX CREDIT

	Year ended 31 December	
	2024	2023
Current income tax	1,244,702	607,141
Deferred income tax	(2,185,766)	(953,770)
Total	(941,064)	(346,629)

Current income tax is calculated based on the statutory rate of 25% of the taxable income of the group entities for the respective periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

13. INCOME TAX CREDIT (CONTINUED)

The difference between the actual income tax charged in the profit or loss and the amounts which would result from applying the enacted tax rate to profit before income tax can be reconciled as follows:

	Year ended 31 December	
	2024	2023
Profit before income tax	1,474,480	2,912,878
Tax calculated at a tax rate of 25%	368,620	728,220
Tax effect arising from income not subject to tax (i)	(1,596,578)	(1,152,445)
Tax effect of expenses that are not deductible for tax purposes (ii)	110,146	102,842
Tax effect of tax losses not recognised	138,541	–
Adjustments on income tax for prior years	38,207	(25,246)
Income tax expense	(941,064)	(346,629)

- (i) The income not subject to tax mainly represents interest income arising from treasury bonds, municipal debts, and dividend income from monetary funds which are income tax free in accordance with the PRC tax regulations.
- (ii) The expenses that are not tax deductible for tax purposes mainly represent certain expenditures, such as entertainment expenses, deposit insurance premium and so forth, which are in excess of deductible limits for tax purposes according to PRC tax regulations.

14. DIVIDENDS

	Year ended 31 December	
	2024	2023
Dividends on ordinary shares declared and paid	576,392	1,202,383
Dividend per share (in RMB yuan)	0.040	0.105
Distributions to other equity instrument holders	666,129	645,402

(a) Distribution of final dividend for 2023 and 2022

A cash dividend of RMB0.04 per ordinary share related to 2023 (RMB0.105 per ordinary share related to 2022), amounting to RMB576,392 thousand (RMB1,202,383 thousand related to 2022) in total was approved in the annual general meeting held on 13 June 2024.

The above dividend was recognised as distribution and paid during the year ended 31 December 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

14. DIVIDENDS (CONTINUED)

(b) Distribution to other equity instrument holders

A cash dividend for preference shares, amounting to RMB666,129 thousand (RMB645,402 thousand for 2023) in total was approved by the Board of Directors on 25 April 2024.

The above dividend was recognised as distribution and paid during the years ended 31 December 2024 and 2023.

15. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding in issue during the years.

	Year ended 31 December	
	2024	2023
Net profit attributable to shareholders of the Bank (in RMB thousand)	2,080,674	2,634,416
Less: Distribution to other equity instrument holders of the Bank	(666,129)	(645,402)
Net profit attributable to ordinary shareholders of the Bank	1,414,545	1,989,014
Weighted average number of ordinary shares in issue (in thousand)	14,409,789	11,475,585
Basic and diluted earnings per share (in RMB yuan)	0.10	0.17

During the years 2024 and 2023, there were no dilutive potential ordinary shares, so the diluted earnings per share were the same as the basic earnings per share.

The conversion feature of preference shares is considered to fall within contingently issuable ordinary shares. The triggering events of conversion did not occur during the years ended 31 December 2024 and 2023, and therefore the conversion feature of preference shares has no dilutive effect on earnings per share calculation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

16. CASH AND DEPOSITS WITH CENTRAL BANK

	As at 31 December	
	2024	2023
Cash on hand	2,865,931	2,808,509
Mandatory reserves with central bank (a)	47,240,584	48,828,401
Surplus reserves with central bank (b)	24,427,969	28,952,529
Fiscal deposits with central bank	215,573	274,408
Total	74,750,057	80,863,847

(a) The Group is required to place mandatory reserve deposits with the PBOC, and these mandatory reserve deposits with the central bank are not available for use in the Group's daily operations. As at 31 December 2024, the reserve ratio of the Bank for RMB deposits statutory reserve was 5.00% (31 December 2023: 5.25%), and different ratios are applicable to the subsidiaries based on their respective locations. The reserve ratio for foreign currency deposits was 4.00% (31 December 2023: 4.00%). The reserves for RMB is interest bearing based on the rules of the PBOC.

(b) Surplus reserves are mainly for settlement purpose.

17. DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December	
	2024	2023
Deposits with banks operating in Chinese mainland	14,304,816	11,835,962
Deposits with other financial institutions operating in Chinese mainland	638,067	896,891
Deposits with banks operating outside Chinese mainland	638,567	2,162,720
Interest receivable	53,203	47,598
Subtotal	15,634,653	14,943,171
Less: Allowance for impairment loss	(615)	(446)
Total	15,634,038	14,942,725

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

18. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December	
	2024	2023
Placements with banks operating in Chinese mainland	129,391	424,962
Placements with other financial institutions operating in Chinese mainland	70,039,720	53,387,720
Placements with banks operating outside Chinese mainland	992,405	2,054,977
Interest receivable	104,542	73,890
Subtotal	71,266,058	55,941,549
Less: Allowance for impairment loss	(462,923)	(469,050)
Total	70,803,135	55,472,499

19. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	As at 31 December	
	2024	2023
Bonds purchased under resale agreements	30,050,824	23,203,769
Interest receivable	3,844	15,583
Subtotal	30,054,668	23,219,352
Less: Allowance for impairment loss	(46)	(14,102)
Total	30,054,622	23,205,250

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20. LOANS AND ADVANCES TO CUSTOMERS

(a) Loans and advances to customers:

	As at 31 December	
	2024	2023
Loans and advances at amortised cost		
Corporate loans and advances		
– Corporate loans	421,552,001	428,956,885
– Discounted bills	89,393	204,510
	421,641,394	429,161,395
Personal loans and advances		
– Personal residential mortgages	78,730,779	71,152,812
– Personal business loans	73,723,714	76,605,069
– Personal consumption loans	22,200,064	15,560,168
– Credit cards overdraft	13,310,014	11,776,093
	187,964,571	175,094,142
Gross amount of loans and advances at amortised cost	609,605,965	604,255,537
Less: Allowance for impairment loss	(22,025,777)	(22,409,671)
Net amount of loans and advances at amortised cost	587,580,188	581,845,866
Loans and advances at fair value through other comprehensive income		
Corporate loans and advances		
– Discounted bills and forfeiting	110,628,261	127,062,711
Net amount of loans and advance to customers	698,208,449	708,908,577

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FOR THE YEAR ENDED 31 DECEMBER 2024

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

20. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(b) Loans and advances analysed by staging:

	As at 31 December 2024				Total
	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	
Gross amount of loans and advances to customers at amortised cost					
Corporate loans	318,790,121	77,629,796	25,205,752	15,725	421,641,394
Personal loans	178,487,102	3,963,192	5,462,190	52,087	187,964,571
	497,277,223	81,592,988	30,667,942	67,812	609,605,965
Less: Allowance for impairment loss					
– Corporate loans	(2,844,850)	(5,012,176)	(8,542,001)	(794)	(16,399,821)
– Personal loans	(1,716,672)	(813,547)	(3,095,514)	(223)	(5,625,956)
	(4,561,522)	(5,825,723)	(11,637,515)	(1,017)	(22,025,777)
Net amount of loans and advances to customers at amortised cost	492,715,701	75,767,265	19,030,427	66,795	587,580,188
Loans and advances at FVTOCI					
Corporate loans	110,628,261	–	–	–	110,628,261

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

20. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(b) Loans and advances analysed by staging (continued):

	As at 31 December 2023				
	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	Total
Gross amount of loans and advances to customers at amortised cost					
Corporate loans	331,556,163	69,030,947	28,555,714	18,571	429,161,395
Personal loans	168,516,321	2,642,582	3,879,949	55,290	175,094,142
	500,072,484	71,673,529	32,435,663	73,861	604,255,537
Less: Allowance for impairment loss					
– Corporate loans	(3,087,409)	(4,971,411)	(9,558,461)	(938)	(17,618,219)
– Personal loans	(1,540,628)	(645,268)	(2,605,319)	(237)	(4,791,452)
	(4,628,037)	(5,616,679)	(12,163,780)	(1,175)	(22,409,671)
Net amount of loans and advances to customers at amortised cost	495,444,447	66,056,850	20,271,883	72,686	581,845,866
Loans and advances at FVTOCI					
Corporate loans	127,062,711	–	–	–	127,062,711

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20. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(c) Movements in ECL allowance

Movements in ECL allowance on loans and advances to customers at amortised cost:

	Year ended 31 December 2024				
	Stage 1	Stage 2	Stage 3	Purchased or	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	originated credit- impaired	
As at 1 January 2024	4,628,037	5,616,679	12,163,780	1,175	22,409,671
Charge/(reversal) for the year	210,490	1,048,927	5,737,116	(158)	6,996,375
Write-offs or disposals	-	-	(7,468,976)	-	(7,468,976)
Recoveries of loans and advances previously written off	-	-	781,352	-	781,352
Transfers	(277,005)	(839,883)	1,116,888	-	-
Transfer to Stage 1	277,019	(229,009)	(48,010)	-	-
Transfer to Stage 2	(412,760)	504,263	(91,503)	-	-
Transfer to Stage 3	(141,264)	(1,115,137)	1,256,401	-	-
Others	-	-	(692,645)	-	(692,645)
As at 31 December 2024	4,561,522	5,825,723	11,637,515	1,017	22,025,777

	Year ended 31 December 2023				
	Stage 1	Stage 2	Stage 3	Purchased or	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	originated credit- impaired	
As at 1 January 2023	4,705,395	4,696,315	13,450,725	1,615	22,854,050
Charge/(reversal) for the year	292,208	1,376,031	5,848,651	(440)	7,516,450
Write-offs or disposals	-	-	(8,135,138)	-	(8,135,138)
Recoveries of loans and advances previously written off	-	-	437,899	-	437,899
Transfers	(369,566)	(455,667)	825,233	-	-
Transfer to Stage 1	227,060	(170,925)	(56,135)	-	-
Transfer to Stage 2	(501,646)	533,670	(32,024)	-	-
Transfer to Stage 3	(94,980)	(818,412)	913,392	-	-
Others	-	-	(263,590)	-	(263,590)
As at 31 December 2023	4,628,037	5,616,679	12,163,780	1,175	22,409,671

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20. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(c) Movements in ECL allowance (continued)

Movements in ECL allowance on loans and advances to customers at fair value through other comprehensive income:

	Year ended 31 December 2024				Total
	Stage 1	Stage 2	Stage 3	Total	
	12-month ECL	Lifetime ECL	Lifetime ECL		
As at 1 January 2024	65,681	–	–	65,681	
Reversal of the year	(62,760)	–	–	(62,760)	
As at 31 December 2024	2,921	–	–	2,921	

	Year ended 31 December 2023				Total
	Stage 1	Stage 2	Stage 3	Total	
	12-month ECL	Lifetime ECL	Lifetime ECL		
As at 1 January 2023	52,729	–	–	52,729	
Charge for the year	12,952	–	–	12,952	
As at 31 December 2023	65,681	–	–	65,681	

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

20. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(d) Movements in gross carrying amounts of loans and advances

The movements in gross carrying amounts of loans and advances to customers at amortised cost:

	Year ended 31 December 2024				
	Stage 1	Stage 2	Stage 3	Purchased or	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	originated credit- impaired	
As at 1 January 2024	500,072,484	71,673,529	32,435,663	73,861	604,255,537
Additions	216,428,262	–	–	–	216,428,262
Reductions	(190,648,333)	(2,460,035)	(1,324,103)	(6,049)	(194,438,520)
Write-offs or disposals	–	–	(16,639,314)	–	(16,639,314)
Transfers	(28,575,190)	12,379,494	16,195,696	–	–
Transfer to Stage 1	2,889,589	(2,796,375)	(93,214)	–	–
Transfer to Stage 2	(26,790,497)	26,957,782	(167,285)	–	–
Transfer to Stage 3	(4,674,282)	(11,781,913)	16,456,195	–	–
As at 31 December 2024	497,277,223	81,592,988	30,667,942	67,812	609,605,965

	Year ended 31 December 2023				
	Stage 1	Stage 2	Stage 3	Purchased or	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	originated credit- impaired	
As at 1 January 2023	511,288,892	59,241,674	36,058,658	89,294	606,678,518
Additions	231,748,854	–	–	–	231,748,854
Reductions	(211,276,163)	(4,802,945)	(1,119,049)	(15,433)	(217,213,590)
Write-offs or disposals	–	–	(16,958,245)	–	(16,958,245)
Transfers	(31,689,099)	17,234,800	14,454,299	–	–
Transfer to Stage 1	1,391,807	(1,298,107)	(93,700)	–	–
Transfer to Stage 2	(29,844,042)	29,909,395	(65,353)	–	–
Transfer to Stage 3	(3,236,864)	(11,376,488)	14,613,352	–	–
As at 31 December 2023	500,072,484	71,673,529	32,435,663	73,861	604,255,537

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20. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(d) Movements in gross carrying amounts of loans and advances (continued)

The movements in gross carrying amounts of loans and advances to customers at fair value through other comprehensive income:

	Year ended 31 December 2024				Total
	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL	Lifetime ECL		
As at 1 January 2024	127,062,711	–	–		127,062,711
Additions	110,628,261	–	–		110,628,261
Reductions	(127,062,711)	–	–		(127,062,711)
As at 31 December 2024	110,628,261	–	–		110,628,261

	Year ended 31 December 2023				Total
	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL	Lifetime ECL		
As at 1 January 2023	85,293,398	–	–		85,293,398
Additions	127,062,711	–	–		127,062,711
Reductions	(85,293,398)	–	–		(85,293,398)
As at 31 December 2023	127,062,711	–	–		127,062,711

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

21. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2024	2023
Financial investments held for trading		
Debt investments – Unlisted		
– Government bonds	18,174,698	9,935,117
– Bonds issued by policy banks	6,814,016	4,338,775
– Bonds issued by financial institutions	1,405,661	1,077,329
– Corporate bonds	143,541	892,507
Certificates of deposit issued by other financial institutions – Unlisted	6,897,186	13,312,375
Assets backed securities issued by other banks and non-bank financial institutions – Unlisted	11,662	38,358
Subtotal	33,446,764	29,594,461
Other financial investments measured at fair value through profit or loss		
Listed – Other investments	310,169	1,246,525
Unlisted		
– Trust and asset management plans	3,420,534	5,263,645
– Fund investments	35,322,630	29,084,559
– Other investments	2,573,318	2,609,072
Subtotal	41,626,651	38,203,801
Total	75,073,415	67,798,262

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

22. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December	
	2024	2023
Debt investments – Unlisted		
– Government bonds	99,290,126	30,568,214
– Bonds issued by policy banks	56,990,808	78,021,519
– Bonds issued by financial institutions	3,046,516	5,930,094
– Corporate bonds	736,363	2,148,530
Certificates of deposit issued by other financial institutions – Unlisted	3,861,836	2,955,042
Trust and asset management plans (i) – Unlisted	4,321,331	4,601,064
Assets backed securities issued by other banks and non-bank financial institutions – Unlisted	10	7,180
Interest receivable	2,795,114	1,936,177
Total	171,042,104	126,167,820

(i) Trust and asset management plans as at 31 December 2024 mainly invested in credit assets, and were classified in stage 2 or stage 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

22. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

(a) Movements in ECL allowance:

	Year ended 31 December 2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	11,528	78,885	2,403,718	2,494,131
(Reversal)/charge for the year	(2,873)	3,007	86,488	86,622
Write-offs or disposals	–	–	(100,000)	(100,000)
As at 31 December 2024	8,655	81,892	2,390,206	2,480,753

	Year ended 31 December 2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	2,444	72,607	2,158,479	2,233,530
Charge for the year	9,084	6,278	245,239	260,601
As at 31 December 2023	11,528	78,885	2,403,718	2,494,131

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

23. FINANCIAL INVESTMENTS AT AMORTISED COST

	As at 31 December	
	2024	2023
Unlisted		
Government bonds	113,611,189	112,648,092
Bonds issued by policy banks	70,261,926	83,582,889
Bonds issued by financial institutions	4,642,325	6,447,797
Certificates of deposit issued by other financial institutions	1,287,819	3,016,246
Corporate bonds	558,779	1,067,064
Trust and asset management plans (i)	7,120,963	7,608,279
Assets backed securities issued by other banks and non-bank financial institutions	–	521,800
Interest receivable	3,967,532	3,986,762
Subtotal	201,450,533	218,878,929
Less: Allowance for impairment loss	(1,639,839)	(1,948,499)
Total	199,810,694	216,930,430

(i) Trust and asset management plans as at 31 December 2024 mainly invested in credit assets, and were classified in Stage 2 or Stage 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

23. FINANCIAL INVESTMENTS AT AMORTISED COST (CONTINUED)

(a) Movements in ECL allowance:

	Year ended 31 December 2024			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 1 January 2024	16,361	31,453	1,900,685	1,948,499
(Reversal)/charge for the year	(8,835)	654	99,191	91,010
Write-offs or disposals	–	–	(429,670)	(429,670)
Recoveries of financial investments at amortised cost previously written off	–	–	30,000	30,000
Transfer to Stage 3	–	(20,560)	20,560	–
As at 31 December 2024	7,526	11,547	1,620,766	1,639,839

	Year ended 31 December 2023			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 1 January 2023	11,106	10,040	1,841,829	1,862,975
Charge for the year	5,255	21,413	226,913	253,581
Write-offs or disposals	–	–	(397,543)	(397,543)
Recoveries of financial investments at amortised cost previously written off	–	–	229,486	229,486
As at 31 December 2023	16,361	31,453	1,900,685	1,948,499

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

24. PROPERTY AND EQUIPMENT

	Properties and buildings	Construction in progress	Leasehold improvements	Machinery and equipment	Motor vehicles	Total
Cost						
At 1 January 2024	5,873,629	810,390	616,455	1,389,973	25,788	8,716,235
Additions	37,971	648,026	509	21,887	1,131	709,524
Transfer from investment properties	12,852	-	-	-	-	12,852
Transfer from construction in progress	265,837	(331,346)	-	65,509	-	-
Disposals	(18,361)	-	-	(64,716)	(6,862)	(89,939)
Other transfer-out	(18,413)	(73,954)	-	-	-	(92,367)
At 31 December 2024	6,153,515	1,053,116	616,964	1,412,653	20,057	9,256,305
Accumulated depreciation						
At 1 January 2024	4,070,712	-	583,878	1,133,511	19,707	5,807,808
Charge for the year	115,005	-	13,281	99,106	3,132	230,524
Transfer from investment properties	12,148	-	-	-	-	12,148
Disposals	(12,061)	-	-	(59,717)	(6,393)	(78,171)
Other transfer-out	(11,706)	-	-	-	-	(11,706)
At 31 December 2024	4,174,098	-	597,159	1,172,900	16,446	5,960,603
Net book value						
At 31 December 2024	1,979,417	1,053,116	19,805	239,753	3,611	3,295,702
At 1 January 2024	1,802,917	810,390	32,577	256,462	6,081	2,908,427

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

24. PROPERTY AND EQUIPMENT (CONTINUED)

	Properties and buildings	Construction in progress	Leasehold improvements	Machinery and equipment	Motor vehicles	Total
Cost						
At 1 January 2023	6,049,940	631,486	610,999	1,418,519	38,149	8,749,093
Additions	16,242	274,889	5,456	46,100	542	343,229
Transfer from construction in progress	33,958	(65,734)	–	31,776	–	–
Disposals	(208,762)	–	–	(106,422)	(12,903)	(328,087)
Other transfer-out	(17,749)	(30,251)	–	–	–	(48,000)
At 31 December 2023	5,873,629	810,390	616,455	1,389,973	25,788	8,716,235
Accumulated depreciation						
At 1 January 2023	4,116,138	–	569,900	1,103,650	24,859	5,814,547
Charge for the year	132,097	–	13,978	131,388	7,384	284,847
Disposals	(167,272)	–	–	(101,527)	(12,536)	(281,335)
Other transfer-out	(10,251)	–	–	–	–	(10,251)
At 31 December 2023	4,070,712	–	583,878	1,133,511	19,707	5,807,808
Net book value						
At 31 December 2023	1,802,917	810,390	32,577	256,462	6,081	2,908,427
At 1 January 2023	1,933,802	631,486	41,099	314,869	13,290	2,934,546

As at 31 December 2024, the process of obtaining the registration certificate for the Group's properties with an aggregate net book value of RMB542 million (31 December 2023: RMB586 million) was still in progress. Management is of the view that the aforesaid matter would neither affect the rights of the Group to these assets nor have any significant impact on the business operation of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

25. GOODWILL

	At 31 December 2024	At 31 December 2023
Hunan Zhuzhou Zhujiang Rural Commercial Bank Company Limited (“ZZRCB”)	382,216	382,216
Chaozhou Rural Commercial Bank Company Limited (the “CZRCB”)	476,181	476,181
Less: Allowance for impairment loss		
– ZZRCB	(124,160)	(124,160)
– CZRCB	–	–
	734,237	734,237

As at 31 December 2024, the recoverable amounts of the asset groups were estimated based on cash flows extracted from five-year budget approved by the management, and a fixed growth rate of 2.80% beyond five years and discounted to present value at pre-tax discount rates of 12.21% and 13.12% for ZZRCB and CZRCB, respectively. These assumptions reflected the specific risks associated with the relevant asset groups and their respective portfolios.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

26. DEFERRED TAXES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset income tax assets against income tax liabilities and when the deferred taxes are related to income taxes levied by the same taxation authority. The deferred tax assets and liabilities recognised are as follows:

	31 December 2024		31 December 2023	
	Deductible/ (taxable) temporary difference	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary difference	Deferred tax assets/ (liabilities)
Deferred tax assets:				
Impairment allowances for assets	36,820,064	9,205,016	30,336,423	7,584,106
Provisions	4,828,913	1,207,228	4,487,082	1,121,770
Changes in fair value of financial investments at FVTOCI	–	–	2,188,307	547,077
Changes in fair value of loans and advances to customers at FVTOCI	194,446	48,612	436,000	109,000
Changes in fair value of financial instruments at FVTPL	3,633,380	908,345	3,665,965	916,491
Others	6,801,681	1,700,421	4,825,058	1,206,265
Subtotal	52,278,484	13,069,622	45,938,835	11,484,709

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

26. DEFERRED TAXES (CONTINUED)

	31 December 2024		31 December 2023	
	Deductible/ (taxable) temporary difference	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary difference	Deferred tax assets/ (liabilities)
Deferred tax liabilities:				
Changes in fair value of financial investments at FVTOCI	(2,717,292)	(679,323)	(216,065)	(54,016)
Changes in fair value of financial instruments at FVTPL	(12,337)	(3,084)	(7,554)	(1,888)
Others	(1,041,270)	(260,318)	(1,095,745)	(273,936)
Subtotal	(3,770,899)	(942,725)	(1,319,364)	(329,840)
Net deferred tax assets	48,507,585	12,126,897	44,619,471	11,154,869

The movements for deferred tax assets and liabilities recognised are as follows:

	As at 31 December	
	2024	2023
Balance at beginning of the year	11,154,869	10,424,635
Credited to profit or loss	2,185,766	953,770
Charged to other comprehensive income	(1,213,738)	(223,536)
Balance at end of the year	12,126,897	11,154,869

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

27. OTHER ASSETS

	As at 31 December	
	2024	2023
Receivables from transfer of credit assets (a)	6,211,140	–
Right-of-use assets (b)	1,571,849	1,643,483
Interest receivable	1,035,401	1,151,460
Settlement and clearing accounts	1,009,940	883,235
Other receivables and prepayments	887,820	1,121,432
Foreclosed assets (c)	514,683	378,383
Intangible assets (d)	440,719	353,337
Long-term deferred expenses	76,025	82,234
Investment properties	22,968	24,889
Others	454,170	362,637
Subtotal	12,224,715	6,001,090
Less: Allowance for impairment losses	(1,350,144)	(1,045,583)
Total	10,874,571	4,955,507

- (a) This arises from the disposal of credit assets (Note 40 (b)) in 2024. Part of the consideration was in the form of receivables. The carrying amount represents the present value of the consideration when the time value of money is considered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

27. OTHER ASSETS (CONTINUED)

(b) Right-of-use assets

	Properties and equipment	Land use rights	Total
Cost			
As at 1 January 2024	1,307,058	1,125,367	2,432,425
Additions	214,082	–	214,082
Disposals	(192,601)	(33,401)	(226,002)
As at 31 December 2024	1,328,539	1,091,966	2,420,505
Accumulated depreciation			
As at 1 January 2024	642,544	146,398	788,942
Charge for the year	198,919	26,084	225,003
Disposals	(165,014)	(275)	(165,289)
As at 31 December 2024	676,449	172,207	848,656
Net book value			
As at 31 December 2024	652,090	919,759	1,571,849
As at 31 December 2023	664,514	978,969	1,643,483

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

27. OTHER ASSETS (CONTINUED)

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

	Properties and equipment	Land use rights	Total
Cost			
As at 1 January 2023	1,358,511	1,125,367	2,483,878
Additions	219,985	–	219,985
Disposals	(271,438)	–	(271,438)
As at 31 December 2023	1,307,058	1,125,367	2,432,425
Accumulated depreciation			
As at 1 January 2023	645,570	120,447	766,017
Charge for the year	234,267	25,951	260,218
Disposals	(237,293)	–	(237,293)
As at 31 December 2023	642,544	146,398	788,942
Net book value			
As at 31 December 2023	664,514	978,969	1,643,483
As at 31 December 2022	712,941	1,004,920	1,717,861

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27. OTHER ASSETS (CONTINUED)

(c) Foreclosed assets

	As at 31 December	
	2024	2023
Houses and buildings	501,583	365,283
Others	13,100	13,100
Subtotal	514,683	378,383
Less: Allowance for impairment losses	(110,035)	(94,402)
Total	404,648	283,981

Movements of allowance for impairment loss:

	Houses and buildings	Others	Total
At 1 January 2023	136,666	28	136,694
Charge for the year	18,068	–	18,068
Write-offs or disposals	(60,360)	–	(60,360)
At 31 December 2023	94,374	28	94,402
Charge for the year	41,846	–	41,846
Write-offs or disposals	(26,213)	–	(26,213)
At 31 December 2024	110,007	28	110,035

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

27. OTHER ASSETS (CONTINUED)

(d) Intangible assets

	Software
Cost	
At 1 January 2024	1,149,299
Additions	203,738
Disposals	(137,112)
At 31 December 2024	1,215,925
Accumulated amortisation	
At 1 January 2024	795,962
Charge for the year	116,356
Disposals	(137,112)
At 31 December 2024	775,206
Net book value	
At 31 December 2024	440,719
At 31 December 2023	353,337

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

27. OTHER ASSETS (CONTINUED)

(d) Intangible assets (continued)

	Software
Cost	
At 1 January 2023	1,047,013
Additions	155,765
Transfer from construction in progress	–
Disposals	(53,479)
<hr/>	
At 31 December 2023	1,149,299
Accumulated amortisation	
At 1 January 2023	762,895
Charge for the year	86,546
Disposals	(53,479)
<hr/>	
At 31 December 2023	795,962
Net book value	
At 31 December 2023	353,337
<hr/>	
At 31 December 2022	284,118

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

28. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December	
	2024	2023
Deposits from banks operating in Chinese mainland	22,862,808	3,817,207
Deposits from other financial institutions operating in Chinese mainland	14,168,365	38,479,605
Interest payable	169,662	253,110
Total	37,200,835	42,549,922

29. PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December	
	2024	2023
Placements from banks operating in Chinese mainland	5,460,000	5,380,000
Interest payable	2,878	3,587
Total	5,462,878	5,383,587

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

30. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2024	2023
Financial liabilities held for trading		
Financial liabilities related to precious metal	18,911	4,324
Short position on bonds	5,252,953	–
Total	5,271,864	4,324

31. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at 31 December 2024	2023
Bonds	29,622,955	51,693,252
Interest payable	608	7,867
Total	29,623,563	51,701,119

32. CUSTOMER DEPOSITS

	As at 31 December 2024	2023
Demand deposits		
– Corporate customers	135,917,030	144,127,393
– Personal customers	127,903,928	129,802,981
	263,820,958	273,930,374
Time deposits		
– Corporate customers	175,894,836	192,245,229
– Personal customers	461,423,509	424,447,644
	637,318,345	616,692,873
Other deposits	57,510,690	36,053,784
Interest payable	20,808,784	20,508,986
Total	979,458,777	947,186,017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

33. DEBT SECURITIES ISSUED

	As at 31 December	
	2024	2023
Tier 2 capital bonds (a)	15,527,882	15,527,798
Interbank certificates of deposit issued (b)	143,514,872	109,285,552
Financial bonds (c)	3,057,702	3,050,163
Total	162,100,456	127,863,513

(a) Tier 2 capital bonds

Pursuant to the approval of the PBOC and the CBIRC, the Bank issued Tier 2 capital bonds in an amount of RMB15 billion in the domestic interbank bond market on 31 March 2023. The bonds have a maturity of 10 years, with a fixed coupon rate of 4.70%. The Bank has the option to early redeem the bonds at the end of the fifth year. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory trigger event occurs. Any accumulated unpaid interest will not need to be paid.

(b) Interbank certificates of deposit issued

As at 31 December 2024, the outstanding balance was RMB143,515 million (31 December 2023: RMB109,286 million), with interest rates ranging from 1.66% to 2.52% (31 December 2023: from 1.99% to 2.83%), and is maturing in 2025.

(c) Financial bonds

Pursuant to the approval of the PBOC and the CBIRC, the Bank issued financial bonds in an amount of RMB3 billion in the domestic interbank bond market on 5 May 2022. The bonds have a maturity of 3 years, with a fixed coupon rate of 2.89%.

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FOR THE YEAR ENDED 31 DECEMBER 2024

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34. OTHER LIABILITIES

	As at 31 December	
	2024	2023
Borrowings from other banks (a)	17,238,249	6,911,804
Salaries, bonuses, allowances and subsidies payable (b)	2,203,441	2,066,595
Provisions (c)	910,738	793,306
Bill rediscounting liabilities	861,024	1,449,993
Lease liabilities	679,278	750,951
Sundry tax payables	545,014	580,110
Settlement and clearing accounts	352,890	206,667
Guarantee deposits from lessees (d)	338,815	668,242
Deposit insurance payable	203,491	197,393
Deferred revenue	97,497	90,088
Deposits and guarantees received	55,945	70,509
Others	444,837	682,958
Total	23,931,219	14,468,616

(a) Borrowings from other banks

As at 31 December 2024, the wholly-owned subsidiary of the Bank, Zhujiang Financial Leasing Co., Ltd., borrowed long-term and short-term loans from other banks for its leasing operation business, with original maturity ranging from 3 to 60 months (31 December 2023: from 1 to 60 months) and interest rates ranging from 2.05% to 3.18% (31 December 2023: from 2.10% to 3.55%).

(b) Salaries, bonuses, allowances and subsidies payable

	As at 31 December	
	2024	2023
Salaries, bonuses and allowances	1,122,295	1,115,706
Social insurance	5,475	5,592
Housing fund	281	555
Employee benefits	194,004	170,246
Defined contribution plans	3,692	1,707
Defined benefit plans		
– Supplementary retirement benefits (i)	781,608	685,134
Early retirement benefits	96,086	87,655
Total	2,203,441	2,066,595

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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34. OTHER LIABILITIES (CONTINUED)

(b) Salaries, bonuses, allowances and subsidies payable (continued)

(i) Supplementary retirement benefits

During the year ended 31 December 2024, no forfeited contributions were utilised by the Group to reduce its contributions for the current year (31 December 2023: None).

The movement of supplementary retirement benefits of the Group are as follows:

	As at 31 December	
	2024	2023
At 1 January	685,134	674,029
Defined benefit cost recognised in profit or loss	81,054	34,625
Defined benefit cost recognised in other comprehensive income	69,224	23,417
Benefits paid during the year	(53,804)	(46,937)
At 31 December	781,608	685,134

The principal actuarial assumptions adopted at the end of 2024 and 2023 are as follows:

	As at 31 December	
	2024	2023
Discount rate	1.68%-1.97%	2.25%-2.75%
Expected growth rate of benefits	0-5.00%	0-5.00%

Assumptions regarding future mortality are based on the China Life Insurance Mortality table, published in Chinese mainland.

The sensitivity of the present value of supplementary retirement benefit obligations to changes in the principal assumption is immaterial.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

34. OTHER LIABILITIES (CONTINUED)

(c) Provisions

	As at 31 December	
	2024	2023
Expected credit loss on provisions	820,685	703,421
Provision for litigation	90,053	89,885
Total	910,738	793,306

The expected credit loss for loan commitments and financial guarantee contracts by stages are as follows:

	As at 31 December	
	2024	2023
Stage 1	592,448	345,833
Stage 2	227,918	257,279
Stage 3	319	100,309
Total	820,685	703,421

(d) Guarantee deposits from lessees

The wholly-owned subsidiary of the Bank, Zhujiang Financial Leasing Co., Ltd., received deposits from lessees when entering into the finance lease contracts. These deposits are interest-free and will be repaid upon maturity of the lease contracts.

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35. SHARE CAPITAL

All shares of the Bank issued are fully paid ordinary shares, with par value of RMB1 per share. The Bank's number of shares is as follows:

	2024		2023	
	Number of shares '000	Nominal value	Number of shares '000	Nominal value
At the beginning of the year	14,409,789	14,409,789	11,451,269	11,451,269
Issuance of shares	–	–	2,958,520	2,958,520
At the end of the year	14,409,789	14,409,789	14,409,789	14,409,789

According to the proposal of the board of directors on 25 April 2023 and the shareholders' resolution on 20 June 2023, the Bank applied for the issuance of no more than 0.68 billion H shares through non-public offering to investors overseas and no more than 2.96 billion domestic shares through private placement. The application for the Bank's capital increase plan was approved by the National Financial Regulatory Administration, Guangdong Bureau (Yue Jin Fu [2023] No. 95). As at 29 December 2023, the Bank received a total of RMB1,180,277 thousand from the H shareholders, including an increase of RMB549,590 thousand (549,590 thousand shares) in share capital and a capital reserve of RMB629,558 thousand (after deducting the issuance cost of RMB1,129 thousand). As at 29 December 2023, the Bank received a total of RMB5,256,769 thousand from the domestic shareholders, including an increase of RMB2,408,930 thousand (2,408,930 thousand shares) in share capital and a capital reserve of RMB2,845,168 thousand (after deducting the issuance cost of RMB2,671 thousand).

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36. OTHER EQUITY INSTRUMENTS

(a) Preference shares outstanding at the beginning of the period

	Issue date	Accounting classification	Dividend rate	Issue price	Number of shares	In original currency (thousands)	In RMB (thousands)	Maturity	Conversion condition	Conversion
Offshore preference share										
Preference shares in USD	20 June 2019	Equity	5.9%	USD20/share	71,500,000	1,430,000	9,839,115	No maturity date	Mandatory	No conversion during the period
					Less: Issuance fees		18,381			
					Book value		9,820,734			

(b) Main clauses of preference shares

(i) Dividend

The offshore preference shares accrue non-cumulative dividends on the issue price at the relevant dividend rate below:

- (a) From and including the issue date to but excluding the first reset date, at the rate of 5.9% per annum; and
- (b) Thereafter, in respect of the period from and including the first reset date and each reset date falling thereafter to but excluding the immediately following reset date, at the relevant reset dividend rate, provided that the dividend rate shall not at any time exceed 13.57% per annum, being the mean of the weighted average return on equity of the Bank (as determined in accordance with the Rules for Preparation of Information Disclosure by Companies Offering Securities to the Public No. 9 – Calculation and Disclosure of Return on Equity and Earnings per Share (as amended in 2010) and calculated based on the return attributable to the ordinary shareholders) for the two most recent financial years prior to the issue date.

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36. OTHER EQUITY INSTRUMENTS (CONTINUED)

(b) Main clauses of preference shares (continued)

(ii) *Conditions to distribution of dividends*

The payment of any dividend on any dividend payment date is subject to:

- (a) the Board (or within the delegated authorisation of the Board) having passed a resolution to declare such dividend in accordance with the Articles of Association;
- (b) the Bank having distributable after-tax profit, after making up for the previous years' losses and contributing to the statutory reserve fund and general reserve; and
- (c) the capital adequacy ratios of the Bank meet the regulatory requirements.

Offshore preference shareholders of the Bank are senior to the ordinary shareholders on the right to dividends.

Subject to a resolution to be passed at a shareholders' general meeting of the Bank on each such occasion, the Bank may elect to cancel (in whole or in part) any dividend. The Bank shall not distribute any dividends to its ordinary shareholders before it declares such dividends to preference shareholders for the relevant periods.

The cancellation of any amount of dividend (in whole or in part) shall not constitute a default for any purpose by the Bank. Dividend payments are non-cumulative. Under the circumstances where the Bank cancels a dividend (in whole or in part), any amount of dividend that has not been fully distributed to the offshore preference shareholders during the then current dividend period will not be accumulated to the following dividend periods.

(iii) *Mandatory conversion trigger events*

Upon occurrence of the triggering events as stipulated by the offering documents and subject to regulatory approval, offshore preference share shall be mandatorily converted into ordinary H Shares of the Bank at a conversion price of HKD5.49 per share (as converted into Hong Kong dollars at the fixed exchange rate of USD1.00 to HKD7.8489), partially or entirely.

(iv) *Redemption*

The offshore preference shares are perpetual and have no maturity date. The Bank may, subject to obtaining NFRA approval and in compliance with the redemption preconditions, redeem all or some of the offshore preference shares after five years. The redemption period ends at the date when shares are fully converted or redeemed.

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36. OTHER EQUITY INSTRUMENTS (CONTINUED)

(c) Movements of preference shares issued

	As at 1 January 2024	Movements		As at 31 December 2024
		Additions	Reductions	
Offshore preference shares				
Number of shares (thousands)	71,500	–	(71,500)	–
Amount in RMB thousand, after deduction of issuance fees	9,820,734	–	(9,820,734)	–

	As at 1 January 2023	Movements		As at 31 December 2023
		Additions	Reductions	
Offshore reference shares				
Number of shares (thousands)	71,500	–	–	71,500
Amount in RMB thousand, after deducting issuance fees	9,820,734	–	–	9,820,734

With the approvals of the relevant regulatory authorities in China, the Bank fully redeemed all 71,500,000 offshore preference shares on 20 June 2024 in the amount of the nominal value of USD1.43 billion (equivalent to RMB10,172,019 thousand).

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36. OTHER EQUITY INSTRUMENTS (CONTINUED)

(d) Perpetual bonds outstanding at the end of the period

	Issue date	Accounting classification	Dividend rate	Issue price	Number	In RMB (thousands)	Maturity	Conditional redemption rights
Perpetual bonds	29 May 2024	Equity	First five years is 2.78% (reset every 5 years)	RMB100	120,000,000	12,000,000	No maturity date	May redeem by the issuer under certain conditions

With the approvals of the relevant regulatory authorities in China, the Bank issued RMB12,000 million undated capital bonds in the domestic interbank bond market and completed the issuance and listing on 29 May 2024. The denomination of the bonds is RMB100 each, and the annual interest rate of the bonds for the first five years is 2.78%, which is reset every 5 years.

The bonds issuance sets conditional redemption rights for the Bank. From the fifth anniversary since the issuance of the Bonds, the Bank may redeem the bonds in whole or in part on each interest payment date (including the fifth interest payment date since the issuance). If, after the issuance, the bonds no longer qualify as Additional Tier 1 Capital as a result of an unforeseeable change or amendment to relevant provisions of supervisory regulations, the Bank may redeem all but not part of the bonds.

The claims in respect of the bonds, in the event of the liquidation of the Bank, will be subordinated to claims of depositors, general creditors, and subordinated indebtedness that rank senior to the bonds; shall rank in priority to all classes of shares held by the Bank's shareholders and rank pari passu with the claims in respect of any other Additional Tier 1 Capital instruments of the Bank that rank pari passu with the bonds.

The Bank shall have the right to cancel, in whole or in part, interests on the bonds and any such cancellation shall not constitute an event of default. Cancellation of any interests on the bonds, no matter in whole or in part, will not impose any other restriction on the Bank, except in relation to dividend distributions to ordinary shares.

Upon the occurrence of a non-viability trigger event, the Bank has the right to write off in whole or in part, without the need for the consent of the bond holders, the principal amount of the perpetual bonds. A non-viability trigger event refers to the earlier of a) NFRA having concluded that without a write-off, the Bank would become non-viable; b) the relevant authorities having concluded that without a public sector injection of capital or equivalent support, the Bank would become non-viable.

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37. RESERVES

(a) Capital reserve

Capital reserve mainly includes share premium arising from the issuance of new shares at prices in excess of par value and shareholders' donation.

(b) Surplus reserve

The Bank is required to appropriate 10% of its profit for the year pursuant to the Company Law of the People's Republic of China and the Articles of association to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital.

Subject to the approval of the shareholders, the statutory surplus reserve may be used to offset accumulated losses of the Bank, if any, and may also be converted into capital of the Bank, provided that the balance of the statutory surplus reserve after such capitalisation is not less than 25% of the registered capital immediately before capitalisation.

For the year ended 31 December 2024, an appropriation of 10% of the profit of the Bank determined under generally accepted accounting principles of the PRC ("PRC GAAP") was made to the statutory surplus reserve, in the amount of RMB177 million (31 December 2023: RMB194 million).

(c) General reserve

Pursuant to the relevant regulations issued by the Ministry of Finance (the "MOF"), the Bank and its subsidiaries are required to maintain a general reserve within equity, through the appropriation of net profit, starting from 1 July 2012, which should not be less than 1.5% of the year-end balance of their respective risk assets as defined by the regulations.

During the year ended 31 December 2024, the Group transferred RMB1,312 million (31 December 2023: RMB1,066 million) to the general reserve pursuant to the regulatory requirements in the PRC and the reserve has reached 1.5% of the year-end balance of its risk assets as required on 31 December 2024 and 31 December 2023.

(d) Other reserves

Other reserves included financial assets revaluation reserve and remeasurement losses on defined benefit plans. The financial assets revaluation reserve records the fair value changes and expected credit losses of financial investments at fair value through other comprehensive income. Remeasurement losses on defined benefit plans are the actuarial gains or losses of supplementary retirement benefits.

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38. COMPONENTS OF OTHER COMPREHENSIVE INCOME

	Attributable to shareholders of the Bank		Movement during the year				Attributable to shareholders of the Bank
	As at 31 December 2023	Amount before tax	Net amount transferred to the profit or loss	Tax expense	Attributable to the shareholders of the Bank, after tax	Attributable to the non-controlling interests, after tax	As at 31 December 2024
Other comprehensive income that will not be reclassified to profit or loss in subsequent years: Remeasurement losses on defined benefit plans	(78,013)	(69,224)	-	-	(68,493)	(731)	(146,506)
Other comprehensive income that may be reclassified to profit or loss in subsequent years: Changes in fair value of financial investments at FVTOCI	(1,871,088)	5,588,566	(657,478)	(1,232,772)	3,477,894	220,422	1,606,806
Changes in the expected credit losses of financial investments at FVTOCI	1,921,991	(76,138)	-	19,034	(56,708)	(396)	1,865,283
Total	(27,110)	5,443,204	(657,478)	(1,213,738)	3,352,693	219,295	3,325,583

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38. COMPONENTS OF OTHER COMPREHENSIVE INCOME (CONTINUED)

	Attributable to shareholders of the Bank		Movement during the year				Attributable to shareholders of the Bank
	As at 31 December 2022	Amount before tax	Net amount transferred to the profit or loss	Tax expense	Attributable to the shareholders of the Bank, after tax	Attributable to the non-controlling interests, after tax	As at 31 December 2023
Other comprehensive income that will not be reclassified to profit or loss in subsequent years:							
Remeasurement losses on defined benefit plans	(54,646)	(23,417)	-	-	(23,367)	(50)	(78,013)
Other comprehensive income that may be reclassified to profit or loss in subsequent years:							
Changes in fair value of financial investments at FVTOCI	(2,222,480)	966,124	(345,550)	(155,146)	351,392	114,036	(1,871,088)
Changes in the expected credit losses of financial investments at FVTOCI	1,717,328	273,555	-	(68,390)	204,663	502	1,921,991
Total	(559,798)	1,216,262	(345,550)	(223,536)	532,688	114,488	(27,110)

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39. ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS

On the consolidated statement of cash flows, cash and cash equivalents have an original maturity of less than three months and include the following:

	As at 31 December	
	2024	2023
Cash on hand	2,865,931	2,808,509
Surplus reserves with central bank	24,427,969	28,952,529
Deposits with banks and other financial institutions	7,309,814	10,774,869
Placements with banks and other financial institutions	1,003,188	2,366,616
Financial assets held under resale agreements	–	1,798,420
Total	35,606,902	46,700,943

40. TRANSFERS OF FINANCIAL ASSETS

The Group enters into transactions in the normal course of business by which it transfers financial assets to third parties or to special purpose entities. In some cases where these transferred financial assets qualify for derecognition, the transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the transferred assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these assets, the Group continues to recognise the transferred assets in the consolidated statement of financial position.

(a) Bond lending arrangements

The Group entered into bond lending agreements with securities borrowers to lend out its bond securities classified as financial investments at FVTPL, financial investments at FVTOCI or financial investments at amortised cost amounting to RMB1,086 million, RMB6,809 million and RMB14,863 million respectively, as at 31 December 2024 (31 December 2023: RMB937 million, RMB8,500 million and RMB17,424 million respectively). The counterparties are allowed to resell or repledge these securities in the absence of default by the Group, but have an obligation to return the securities at the maturity of the contract. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them in the consolidated financial statements.

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40. TRANSFERS OF FINANCIAL ASSETS (CONTINUED)

(b) Transfer of credit assets

During the year ended 31 December 2024, with the approval of the Board of Directors and the General Meeting of Shareholders of the Bank, the Bank transferred credit assets held by the Bank amounting to RMB14,592 million in total, representing the principal, interest and related charges of the credit assets, to an independent third party (Guangzhou Asset Management Co., Ltd.) at a consideration of RMB9,993 million. Part of the consideration is in the form of receivables (Note 27). As the rights and obligations related to these credit assets have been transferred, the Bank has transferred substantially all the risks and rewards of the credit assets to the counterparty and therefore fully derecognised the transferred assets.

During the year ended 31 December 2023, with the approval of the Board of Directors and the General Meeting of Shareholders of the Bank, the Bank transferred credit assets and other assets amounting to RMB20,574 million in total, representing the principal, interest and related charges of the transferred assets, to external third parties at a consideration of RMB9,467 million. As the rights and obligations related to these transferred assets have been transferred, the Bank has transferred substantially all the risks and rewards of the transferred assets to the counterparties and therefore fully derecognised the transferred assets.

41. STRUCTURED ENTITIES

The Group is principally involved with structured entities through wealth management products, financial investments in asset management plans, trust plans and assets backed securities. The Group determines whether or not to consolidate these structured entities depending on whether the Group has control over them.

(a) Consolidated structured entities

Structured entities consolidated by the Group include certain asset management plans and trust plans invested by the Group. The Group controls structured entities because the Group has power over, is exposed to, or has rights to, variable returns from its involvement with structured entities and has the ability to use its power over structured entities to affect the amount of the Group's returns.

As at 31 December 2024, the net assets value of these consolidated structured entities were RMB66,430 million (31 December 2023: RMB57,476 million).

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41. STRUCTURED ENTITIES (CONTINUED)

(b) Unconsolidated structured entities

(i) *Unconsolidated structured entities managed by the Group*

Unconsolidated structured entities managed by the Group mainly include non-principal guaranteed wealth management products issued and managed by the Group as an agent. Based on the analysis and research of potential target customer groups, the Group designs and sells wealth management products to specific target customers. The Group acting as the manager invests the funds raised by the structured entities and distributes investment income to investors in accordance with the contracts.

During the year ended 31 December 2024, the Group recorded commission income as the manager of these wealth management products amounting to RMB104 million (31 December 2023: RMB174 million). The fee income from the unconsolidated non-guaranteed wealth management products of the Group represents the Bank's maximum exposure to such business. The Group considered its variable returns from its involvement with the structured entities are not significant and hence it does not consolidate these structured entities.

For the purpose of asset-liability management, the Group's unconsolidated structured entities may raise short-term financing from the Group and other banks. The Group is not contractually obliged to provide financing. The Group may enter into repurchase and placement transactions with these unconsolidated structured entities in accordance with market principles. As at 31 December 2024, there was no balance of the above repurchase and placement transactions (31 December 2023: nil).

As at 31 December 2024, the balance of the unconsolidated non-guaranteed wealth management products managed by the Group amounted to RMB45,935 million (31 December 2023: RMB50,101 million).

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41. STRUCTURED ENTITIES (CONTINUED)

(b) Unconsolidated structured entities (continued)

(ii) Unconsolidated structured entities invested by the Group

The Group invests in a number of unconsolidated structured entities mainly consisting of asset-backed securities, funds, wealth management products, trust plans and asset management plans sponsored and managed by other independent third parties.

The table below sets out the carrying value and the Group's maximum exposure to these unconsolidated structured entities.

At 31 December 2024	Carrying value	Maximum exposure to loss
<u>Financial investments at FVTPL</u>		
Fund investments	35,322,630	35,322,630
Trust and asset management plans	3,420,534	3,420,534
Assets backed securities issued by other banks and non-bank financial institutions	11,662	11,662
Other investments	855,492	855,492
Subtotal	39,610,318	39,610,318
<u>Financial investments at FVTOCI</u>		
Trust and asset management plans	4,694,180	4,694,180
Assets backed securities issued by other banks and non-bank financial institutions	33	33
Subtotal	4,694,213	4,694,213
<u>Financial investments at amortised cost</u>		
Trust and asset management plans	5,971,298	5,971,298
Total	50,275,829	50,275,829

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41. STRUCTURED ENTITIES (CONTINUED)

(b) Unconsolidated structured entities (continued)

(ii) Unconsolidated structured entities invested by the Group (continued)

At 31 December 2023	Carrying value	Maximum exposure to loss
<u>Financial investments at FVTPL</u>		
Fund investments	29,078,257	29,078,257
Trust and asset management plans	5,263,645	5,263,645
Assets backed securities issued by other banks and non-bank financial institutions	38,358	38,358
Other investments	2,233,073	2,233,073
Subtotal	36,613,333	36,613,333
<u>Financial investments at FVTOCI</u>		
Trust and asset management plans	4,976,700	4,976,700
Assets backed securities issued by other banks and non-bank financial institutions	7,223	7,223
Subtotal	4,983,923	4,983,923
<u>Financial investments at amortised cost</u>		
Trust and asset management plans	6,316,254	6,316,254
Assets backed securities issued by other banks and non-bank financial institutions	521,897	521,897
Subtotal	6,838,151	6,838,151
Total	48,435,407	48,435,407

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42. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Loan and credit card commitments

At any given time, the Group has outstanding commitments to extend credit. These commitments are in the form of approved loans and undrawn credit card limits.

The Group provides letters of credit and financial guarantees to guarantee the performance of customers to third parties.

Bank acceptances comprise undertakings by the Group to pay bills drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

The contractual amounts of credit commitments by category are set out below. The amounts disclosed in respect of loan and credit card commitments are under the assumption that the amounts will be fully advanced. The amounts for bank acceptances, letters of credit and guarantees represent the maximum potential losses that would be recognised at the end of the year had the counterparties failed to perform as contracted.

	As at 31 December	
	2024	2023
Bank acceptances	64,713,843	52,096,208
Letters of credit issued	3,185,073	5,135,496
Guarantees issued	25,032,904	30,118,542
Loan commitments (i)	61,555,798	101,149,133
Credit card commitments	21,209,075	20,288,181
Subtotal	175,696,693	208,787,560
Less: Allowance for credit commitments	(820,685)	(703,421)
Total	174,876,008	208,084,139

(i) Loan commitments of the Group are revocable.

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42. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

(b) Operating lease commitments

During the year, the Group leased certain of their office properties under lease arrangements, and the total future minimum lease payments in respect of leases not yet commenced to which the Group is committed amounted to RMB11 million (31 December 2023: RMB18 million).

(c) Capital commitments

At the end of the year, the Group had capital commitments as follows:

	As at 31 December	
	2024	2023
Contracted, but not provided for	173,021	530,570
Authorised but not contracted for	322,953	397,557

(d) Credit risk-weighted amount of contingent liabilities and commitments

	As at 31 December	
	2024	2023
Contingent liabilities and commitments	28,044,836	25,282,278

Since 1 January 2024, the Group calculated the credit risk-weighted assets amount of its contingent liabilities and commitments in accordance with the requirements of Rules on Capital Management of Commercial Banks issued by the NFRA. The amount within the scope approved by the former CBIRC in April 2014 is calculated using the Weighted Approach. The credit risk-weighted amount refers to the amount as computed in accordance with the formula promulgated by the CBIRC and depends on the credit worthiness of the counterparty and the maturity characteristics. The risk weights used range from 0% to 100% for contingent liabilities and commitments.

(e) Legal proceedings

The Bank and its subsidiaries are involved in lawsuits and arbitrations during their normal course of operations. In the opinion of management, the Group has made adequate provisions for any probable losses based on the current facts and circumstances, and the ultimate outcome of these lawsuits and arbitrations will not have any significant impact on the financial position or operations of the Group.

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43. FIDUCIARY ACTIVITIES

The Group operates entrusted loans. The entrusted loans represent the loans granted to specific borrowers designated by the trustors on their behalf according to the entrusted agreements signed by the Group and the trustors. The Group only acts on behalf of trustors and assists them to administer the loans. Risks remain to trustors while the Group charges commission fee for the business. Entrusted loans are not included in the Group's consolidated financial statements.

	As at 31 December	
	2024	2023
Entrusted deposits	(5,279,930)	(5,440,174)
Entrusted loans	5,279,930	5,440,174

Entrusted wealth management refers to service that the Group makes investments and manages principal on behalf of customers within agreed investment plans and methods, and earnings will be paid to customers in accordance with terms of agreements and actual earnings. As at 31 December 2024, the size of asset under entrusted wealth management service of the Group amounted to RMB45,935 million (31 December 2023: RMB50,101 million).

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44. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Debt securities issued	Dividend payable	Others	Total
As at 1 January 2024	127,863,513	3,598	9,048,382	136,915,493
Cash changes				
– Proceeds from liabilities	256,020,000	–	10,404,354	266,424,354
– Repayment of liabilities	(221,640,000)	–	(189,648)	(221,829,648)
– Interest/dividends paid	(3,796,563)	(1,453,302)	(412,573)	(5,662,438)
Non-cash changes				
– New leases entered or lease modified	–	–	72,261	72,261
– Interest expense	3,653,506	–	457,578	4,111,084
– Dividends declared	–	1,451,964	–	1,451,964
As at 31 December 2024	162,100,456	2,260	19,380,354	181,483,070

	Debt securities issued	Dividend payable	Others	Total
As at 1 January 2023	124,580,525	4,335	9,080,587	133,665,447
Cash changes				
– Proceeds from liabilities	233,680,373	–	–	233,680,373
– Repayment of liabilities	(229,869,544)	–	(295,682)	(230,165,226)
– Interest/dividends paid	(3,844,730)	(2,054,723)	–	(5,899,453)
Non-cash changes				
– New leases entered or lease modified	–	–	221,902	221,902
– Interest expense	3,316,889	–	41,575	3,358,464
– Dividends declared	–	2,053,986	–	2,053,986
As at 31 December 2023	127,863,513	3,598	9,048,382	136,915,493

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45. ASSETS PLEDGED AS SECURITY

(a) Financial assets which have been pledged

As at 31 December 2024 and 2023, financial assets of the Group, which refer to debt investments, have been pledged as security for liabilities or contingent liabilities, mainly arising from financial assets sold under repurchase agreements, borrowings from Central Bank, re-lending and fiscal deposits. As at 31 December 2024, the carrying amount of the financial assets of the Group pledged as securities amounted to approximately RMB76,009 million in total (31 December 2023: RMB74,935 million).

(b) Collateral received

The Group received debt investments as collateral in connection with the terms of the financial assets held under resale agreements. The Group did not hold any collateral that can be resold or repledged as at 31 December 2024 and 2023.

46. RELATED PARTY DISCLOSURES

(a) Related party relationships

(i) Major shareholders

As at 31 December 2024, the following shareholders directly hold 5% or more interest of the Bank or have significant influence on the Bank by having a director in the Board of Directors.

Major shareholders	Number of shares '000	Percentage of shareholding of the Bank %	Main business
Guangzhou Finance Holdings Group Co., Ltd.	1,194,271	8.29	Financial services industry
Guangzhou Metro Group Co., Ltd.	722,950	5.02	Transportation industry
Guangzhou Urban Renewal Group Co., Ltd.	696,289	4.83	Management service industry
Centennial Life Insurance Company Limited	362,266	2.51	Insurance industry
Guangzhou Lingnan Business Travel Investment Group Co., Ltd.	303,443	2.11	Commercial service industry
Guangzhou Huaxin Group Co., Ltd.	100,010	0.69	Enterprise management service industry
Guangzhou Industrial Control Capital Management Co., Ltd.	45,313	0.31	Financial services industry

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

46. RELATED PARTY DISCLOSURES (CONTINUED)

(a) Related party relationships (Continued)

(i) Major shareholders (continued)

As at 31 December 2023, the following shareholders directly hold 5% or more interest of the Bank or have significant influence on the Bank by having a director in the Board of Directors.

Major shareholders	Number of shares '000	Percentage of shareholding of the Bank %	Main business
Guangzhou Finance Holdings Group Co., Ltd.	1,194,271	8.29	Financial services industry
Guangzhou Metro Group Co., Ltd.	722,950	5.02	Transportation industry
Guangzhou Urban Renewal Group Co., Ltd.	696,289	4.83	Management service industry
Centennial Life Insurance Company Limited	362,266	2.51	Insurance industry
Guangdong Zhujiang Highway Bridge Investment Co., Ltd.	160,020	1.11	Construction investment industry
Fengchi Investment Co., Ltd.	125,010	0.87	Investment and asset management industry
Guangzhou Huaxin Group Co., Ltd.	100,010	0.69	Enterprise management service industry
Guangdong Dongsheng Industrial Co., Ltd.	62,500	0.43	Business management consulting services industry
Guangzhou Industrial Control Capital Management Co., Ltd.	45,313	0.31	Financial services industry
Guangdong Yingxin Information Investment Co., Ltd.	10,000	0.07	Computer and internet services industry

(ii) Other related party

Other related parties include the companies controlled or jointly controlled by the key management personnel or their close family members, and the companies of which key management personnel or their close family members were appointed as directors or key management personnel.

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46. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Related party transactions

Related party transactions of the Bank mainly include loans, deposits and financial investments. Transactions between the Bank and its related parties follow general business terms and normal procedures and their pricing principle is the same as with independent third parties.

(i) *Transactions between the Bank and major shareholders and the companies controlled or jointly controlled by major shareholders*

Balances at the end of the year	As at 31 December	
	2024	2023
Loans and advances to customers	8,997,181	10,493,487
Financial investments at fair value through profit or loss	–	50,512
Financial investments at amortised cost	101,515	101,511
Deposits from banks and other financial institutions	503,811	1,399
Customer deposits	4,713,104	4,957,516
Credit commitments	437,109	975,193

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46. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Related party transactions (continued)

(i) Transactions between the Bank and major shareholders and the companies controlled or jointly controlled by major shareholders (continued)

Transactions during the year	Year ended 31 December	
	2024	2023
Interest income	297,905	336,618
Interest expense	99,559	155,067
Fee and commission income	154	158
Net trading gains	155	9,651

During the year ended 31 December 2023, the Group transferred credit assets to its related party at a consideration of RMB2,763 million and derecognised the relevant credit assets. The transfer of relevant assets is based on the value appraisal made by a third-party appraisal agency, with reference to the market price and determined after negotiation between the related parties. As at 31 December 2023, the Group has fully received all of the consideration. During the year ended 31 December 2024, no credit asset transfers to related parties were executed by the Group.

(ii) Transactions between the Bank and subsidiaries

There are various related party transactions that occur between the Bank and its subsidiaries. These transactions are equitable and follow regular business procedures. The material balances and transactions with subsidiaries have been eliminated in full in the consolidated financial statements. In the opinion of the management, the transactions between the Bank and subsidiaries have no significant impact on profit or loss.

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46. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Related party transactions (continued)

(iii) Other related parties

During the year, the Group entered into transactions with other related parties in the ordinary course of business. Details are as follows:

Balances at the end of the year	As at 31 December	
	2024	2023
Loans and advances to customers	2,387,120	3,784,337
Placements with banks and other financial institutions	1,810,000	–
Financial investments at amortised cost	–	267,624
Deposits from banks and other financial institutions	43,743	814
Customer deposits	520,706	1,796,305
Credit commitments	681,520	2,040,019

Transactions during the year	Year ended 31 December	
	2024	2023
Interest income	126,360	92,897
Interest expense	10,648	73,362
Fee and commission income	16	19
Net trading gains	895	1,914

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FOR THE YEAR ENDED 31 DECEMBER 2024

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

46. RELATED PARTY DISCLOSURES (CONTINUED)

(c) Key management personnel

Key management personnel refer to those who have power and are directly or indirectly responsible for planning, instruction and control of the Group.

Total amount of remuneration of key management personnel is listed below:

	Year ended 31 December	
	2024	2023
Salaries, bonus and benefits	19,242	23,446

Transactions with key management personnel and their closed family members are listed below:

	As at 31 December	
Balances at the end of the year	2024	2023
Customer deposits	42,473	69,893

	Year ended 31 December	
Transactions during the year	2024	2023
Interest expense	344	644
Fee and commission income	1	20

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47. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks and those activities involve analysis, evaluation, acceptance and management of some degree of risks or combination of risks. Managing those risks are crucial to the financial business, and risks are an inevitable consequence of being in business operation. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and control programs, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems.

A description and an analysis of the major risks faced by the Group are as follows:

The major types of risks are credit risk, market risk and liquidity risk. Market risk mainly consists of currency risk, interest rate risk and price risk.

The Board of Directors of the Bank is responsible for determining the Group's overall risk preference. Within this framework, the senior management of the Bank designs risk management policies and procedures for credit risk, market risk and liquidity risk accordingly. After the policies and procedures are approved by the Board of Directors, relevant departments of the headquarters are responsible for their implementation.

The Board of Directors of the Bank is responsible for setting the Group's overall risk tolerance, risk management and internal control strategies, supervising and ensuring that senior management performs risk management duties effectively. The Bank has a Related Party Transactions and Risk Management Committee under the Board of Directors, which is responsible for monitoring the risk management of senior management, evaluating the Group's situation of risk management, risk tolerance ability and level regularly, and taking case precautions, reviewing and controlling the related party transactions. The Board of Supervisors is responsible for inspecting the Group's risk management and taking case precautions, comprehensively evaluating the risk management performance of the directors and senior management. Senior management is responsible for executing the policies of risk management and internal control approved by the Board of Directors and developing the specific rules and regulations of risk management. The Bank has a Risk Management Committee under senior management, which is responsible for reviewing the Group's significant matters of risk management.

The Risk Management Department is the leading department of overall risk management and is responsible for overall planning and coordination of risk management. The Risk Management Department, Legal and Compliance Department (Anti-Money Laundering Center) and Asset Management Department take the lead in managing credit risk, market risk, operation risk and liquidity risk. The Audit Department is responsible for supervising, inspecting, evaluating and reporting the risk management activities' effect independently and objectively.

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk

Credit risk represents the potential loss that may arise from a customer or counterparty's failure to meet its obligations. Credit risk is often greater when counterparties are concentrated in one single industry or geographic location or have comparable economic features. In addition, different industrial sectors and geographic areas have their unique characteristics in terms of economic development and could present a different credit risk.

(i) Credit Risk Management

Loans

The Group exercises standardised credit management procedures, including credit investigation and proposals, credit limit review, loan disbursement, post lending monitoring, and management. The Group enhances its credit risk management by strict compliance with its credit management procedures to identify, measure, monitor and manage the potential credit risk, which includes:

- strengthening customer investigation, lending approval and post lending monitoring;
- setting up authorisation limits over loan review and approval;
- establishing the internal assessment system in respect of the credit rating towards different kinds of customers, as the fundamental procedures for granting credit;
- setting up the authority limit over risk classification of credit assets, reviewing periodically and updating risk classification of credit assets, and carrying out on-site sample review and off-site review to monitor the risk; and
- implementing and continuously upgrading the Credit Management System based on the requirements of risk management, developing and popularising various risk management tools.

In respect of the corporate loans, credit managers of the Group are responsible for accepting application from the applicants, carrying out credit investigation and making recommendations on credit rating through credit risk assessment of the applicants and their business. According to the authority limit over credit review and approval, applications will be assessed and authorised at the branch level or/and head office level. The credit limit will be determined based on assessment of the factors including the applicant's credit rating, financial position, collateral and guarantee, the overall credit risk of the portfolio, macroeconomic policies, and restriction imposed by laws and regulations. The Group minimises losses over credit risk through: (1) collecting; (2) restructuring; (3) repossessing the collateral or resourcing from the guarantor; (4) seeking arbitration or pursuing lawsuits; and (5) write off according to relevant regulations.

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(i) Credit Risk Management (continued)

Loans (continued)

The Group writes off loans, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation to recover the loan.

Bonds

The Group manages the credit risk exposure of bonds through controlling the investment scale and based on issuer's credit rating and establishing post lending management standards.

Other financial assets carrying at amortised cost

Other financial assets carrying at amortised cost, include wealth management products, trust plans and asset management plans issued and managed by other banks and financial institutions. The Group establishes a risk evaluation system on the trust companies, securities companies and fund management companies, sets up credit limit for issuers of trust beneficial rights, wealth management products, and ultimate borrowers of asset management schemes, and performs ongoing post-lending monitoring on timely basis.

Inter-bank transactions

The Group reviews and monitors the credit risk of financial institutions. Limits are set for each individual bank or non-banking financial institution which has business relationship with the Group.

Credit commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Letters of guarantee issued, acceptances, bill acceptance and letters of credit, which represent irrevocable commitment that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. When the amount of credit commitment exceeds the original credit limit, margin deposits are required to mitigate the credit risk. The Group's exposure of credit risk is equivalent to the total amount of credit commitments.

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(ii) Risk limit control and mitigation policies

The Group manages and limits the concentrations of credit risk, including concentration to individual counterparty, group, industry and region.

The Group continuously optimises the credit risk structure by setting limits on the borrower, group of borrowers, geographical and industry segments. Concentration risks are monitored on an ongoing basis and subject to an annual or more frequent reviews where necessary.

The Group manages the exposure to credit risk through analyses of borrowers and potential borrowers' abilities to fulfil interest and principal repayment obligations and amends the lending limits where appropriate.

The Group has established relevant policies to mitigate credit risk. One of the most important measures is to obtain collateral, pledged assets, guarantee deposits or guarantees from corporates or individuals. The Group provides guidelines on the acceptance of specific classes of collateral. The principal types of collateral for loans and advances are:

- Residential property and land use right;
- Commercial assets, such as commercial property, inventory and accounts receivables;
- Financial instruments, such as debt investments and equity shares.

Fair value of collateral is usually required to be assessed by professional valuers permitted by the Group. When there is objective evidence of impairment, the value of collateral will be reviewed by the Group to assess whether it could sufficiently cover the credit exposure of relevant loans. To mitigate the credit risk, the Group has implemented main loan-to-value ratio requirement based on type of collateral as follows:

Item	Main loan-to-value ratio
Residential properties	70%
Villas	60%
Apartments, office buildings, shops, factories, self-builds, carports, warehouses	50%
Land use rights	50%

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(ii) Risk limit control and mitigation policies (continued)

Fair value of collateral was determined by management based on the latest available external valuation results, taking into account experience adjustments for current market conditions and estimated expenses to be incurred in the disposal process.

For loans guaranteed by third parties, the Group will review the financial condition and credit history of guarantors and evaluate the ability of the guarantors to meet obligations on regular basis.

(iii) Credit risk impairment

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

Stage 1 (not credit-impaired on initial recognition): 12-month expected credit losses (ECL);

Stage 2 (significant increase in credit risk since initial recognition): lifetime expected credit losses;

Stage 3 (credit – impaired assets): lifetime expected credit losses

The Group developed an impairment model to calculate expected credit losses in accordance with the standards. A top-down development method was used to establish a logistic regression model of macroeconomic indicators and risk parameters.

Classification of Stages

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 criteria have been met:

Quantitative criteria

At the reporting date, the Group assesses the significant increase in credit risk through the relative change of the probability of default. The thresholds was set based on different product type, such as corporate loans, personal loans, securities investments, etc. For the financial instrument without overdue, the Group assesses changes of probability of default over the lifetime to identify increment of the default risk.

If the borrower fails to pay more than 30 days after the contractual payment date, the credit risk of the financial instrument is considered to be increased significantly.

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(iii) Credit risk impairment (continued)

Classification of Stages (continued)

Significant increase in credit risk (continued)

Qualitative criteria

For corporate loans and bond investment portfolio, the credit risk is considered to be increased significantly, if borrowers were on the watch list or met one or more criteria as follows:

- Significant negative impact appears in business, financing or economic position for borrower;
- Actual or expected extension or restructuring;
- Actual or expected significant adverse change on borrower's operations;
- Collateral's valuation changes which expected to lead the increase of default probability (only for collateralised and pledged loans);
- Indicator for cash flow or liquidity problems, e.g. extension for account payable or loan repayment.

For corporate loans, the Group uses a credit risk early warning monitoring system to assess whether there has been a significant increase in its credit risk. For bond investment, the Group strengthens the management of bond investment and assesses it periodically. For individual loans, the Group assesses at the portfolio level on a quarterly basis whether there has been a significant increase in credit risk. The criteria used to identify significant increases in credit risk are monitored and reviewed by risk management departments on timely basis.

In 2024 and 2023, the Group did not determine any financial instruments as having low credit risk, the credit risk of which did not need to be evaluated on the reporting date, comparing with its initial recognition date.

Definition of default and credit impairment

When a financial instrument meets one or more of the following conditions, the Group defines the financial asset as default which is consistent with the definition of credit impairment:

Quantitative criteria

The borrower is more than 90 days overdue.

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(iii) Credit risk impairment (continued)

Classification of Stages (continued)

Definition of default and credit impairment (continued)

Qualitative criteria

The borrower meets the “difficulty to repay” criteria, indicating significant financial difficulties experienced by the borrower. Examples include:

- Significant financial difficulty of the issuer or the debtor;
- The creditor, for economic or contractual reasons relating to the debtor’s financial difficulty, 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;
- Debtors are in breach of contract;
- The disappearance of an active market for some financial assets due to the borrower’s financial difficulties;
- A purchased or originated credit-impaired financial asset.

These criteria apply to all financial instruments of the Group and are consistent with the definition of default used in internal credit risk management. The definition of default has been consistently applied to the model of Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) in the calculation of expected credit losses of the Group.

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(iii) Credit risk impairment (continued)

Explanation of inputs, assumptions and estimation techniques in the ECL models

The ECL are measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the PD, EAD and LGD, defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per “Definition of default and credit-impairment” above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- LGD represents the Group’s expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be incurred if the default occurs in the next 12 months and lifetime LGD is the percentage of loss expected to be incurred if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month).

Forward-looking information should be considered in determining the 12-month and lifetime PD, EAD and LGD. This varies by product types.

The Group quarterly monitors and reviews the ECL calculation related assumptions, including the changes of PD and LGD for different terms.

The Group has updated the PD, LGD and EAD in the ECL models based on the latest historical information and risk condition.

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(iii) Credit risk impairment (continued)

Forward – looking information in the ECL models

The assessment of significant increase in credit risk and the calculation of ECL incorporates forward-looking information. Through the analysis of historical data, the Group identifies the macroeconomic indicators that affect the credit risk and ECL of various portfolio. Macroeconomic indicators include Gross Domestic Product (GDP), Consumer Price Index (CPI), Money Supply (M2) and Completed Investment in Real Estate Development, etc. The Group obtained the key macroeconomic factors from the Wind Economic to perform historical analysis on the intertemporal endogenous relationship of the macroeconomic factors. The Group integrates statistical analysis and expert judgments to determine economic forecasts and weighting scheme under various economic scenarios.

The impact of these economic indicators on the PDs and the LGDs varies from one portfolio to another. The Group comprehensively considers internal and external data, expert forecasts and statistical analysis to determine the correlation between these economic indicators and the PDs and LGDs. The Group assesses and forecasts these economic indicators at least on an annual basis, calculates the best estimates for the future, and regularly reviews and assesses the results.

In 2024 and 2023, the Group has taken into account the impact of changes in different economic scenarios to the ECL model. The Group has adopted three economic scenarios (Base, Pessimistic and Optimistic) on the basis of the macroeconomic information analysis and expert judgment. The weightings for the three scenarios remain 80%, 10% and 10% respectively for both years.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group updates the expected values of macroeconomic indicators periodically. The Group believes that these projections reflect the Group's best estimate of possible outcomes to determine that the scenarios selected are appropriate to represent possible scenarios.

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(iii) Credit risk impairment (continued)

Sensitivity analysis

The expected credit losses are sensitive to the parameters used in the model, macroeconomic variables for forward-looking prediction, scenarios weightings and other factors considered in the application of expert judgments. The changes in these parameters, assumptions, models and judgments will have an impact on the significant increase in credit risk and the measurement of expected credit losses.

Classification for ECL allowance

The Group classified the credit risk exposures with similar characteristics when assessing the ECL allowance. Credit risk team monitors and reviews the appropriateness of grouping regularly.

The characteristics for classification are as follows:

Personal loans: By product types (for instance, personal business loans, personal consumption loans, personal residential mortgages, credit cards overdraft).

Corporate loans: By industry.

Exposures evaluated by impairment assessment: By corporate loans in Stage 3.

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(iv) Maximum exposure to credit risk

As at the end of the reporting period, the maximum credit risk exposure of the Group without taking into account any collateral and other credit enhancements is set out below:

	As at 31 December	
	2024	2023
Deposits with central bank	71,884,126	78,055,338
Deposits with banks and other financial institutions	15,634,038	14,942,725
Placements with banks and other financial institutions	70,803,135	55,472,499
Financial assets held under resale agreements	30,054,622	23,205,250
Loans and advances to customers		
– at amortised cost	587,580,188	581,845,866
– at fair value through other comprehensive income	110,628,261	127,062,711
Financial investments at amortised cost	199,810,694	216,930,430
Financial investments at FVTPL	72,189,928	63,942,665
Financial investments at FVTOCI	171,042,104	126,167,820
Other financial assets	8,155,098	2,401,015
Total	1,337,782,194	1,290,026,319
Credit commitments	174,876,008	208,084,139

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(v) Analysis of loans and advances to customers

By industry	31 December 2024		31 December 2023	
	Amount	(%)	Amount	(%)
Corporate loans				
Lease and commercial service	123,298,900	17.12%	119,442,141	16.33%
Wholesale and retail	55,060,738	7.64%	49,808,039	6.81%
Manufacturing	51,191,953	7.11%	50,109,773	6.85%
Real estate	45,120,010	6.26%	53,115,517	7.26%
Construction	39,628,272	5.50%	35,959,772	4.92%
Resident services, repairing and other services	19,887,999	2.76%	20,155,781	2.76%
Transportation, warehouse and postal services	11,970,409	1.66%	16,740,309	2.29%
Water, environment and public facilities management	11,245,579	1.56%	12,324,831	1.69%
Hotel and catering	10,426,058	1.45%	10,893,699	1.49%
Education	9,931,187	1.38%	11,447,332	1.57%
Agriculture, forestry, farming and fishery	9,158,019	1.27%	10,806,996	1.48%
Financial services	7,800,117	1.08%	10,086,563	1.38%
Information transmission, software and IT services	7,711,635	1.07%	7,352,432	1.01%
Energy and utilities	4,917,912	0.68%	7,615,457	1.04%
Culture, sports and entertainment	4,497,903	0.62%	4,153,879	0.57%
Healthcare and social welfare	2,076,210	0.29%	2,057,846	0.28%
Others	7,629,100	1.06%	6,886,518	0.94%
Subtotal	421,552,001	58.51%	428,956,885	58.67%
Discounted bills and forfaiting	110,717,654	15.37%	127,267,221	17.40%
Personal loans	187,964,571	26.12%	175,094,142	23.93%
Total	720,234,226	100.00%	731,318,248	100.00%

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(v) Analysis of loans and advances to customers (continued)

By geography	As at 31 December	
	2024	2023
Guangzhou	606,508,911	607,320,752
Pearl River Delta (except Guangzhou)	41,533,512	53,455,028
Rest of the Guangdong Province	44,788,561	42,435,373
Central China	19,389,840	19,565,137
Bohai Rim	3,331,388	3,833,354
Sichuan	2,162,385	2,136,749
Jiangsu	2,002,005	2,031,256
Liaoning	517,624	540,599
Total	720,234,226	731,318,248

The distribution of the geographical areas is as follows.

Central China: including Henan, Hunan and Jiangxi; and

Bohai Rim: Beijing and Shandong

By collateral type	As at 31 December	
	2024	2023
Unsecured loans	198,182,319	197,625,381
Guaranteed loans	154,725,406	170,588,388
Collateralised loans	330,796,777	330,312,257
Pledged loans	36,529,724	32,792,222
Total	720,234,226	731,318,248

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(v) Analysis of loans and advances to customers (continued)

	Overdue loans and advances to customers				
	Past due up to 90 days (including 90 days)	Past due 90 days to 1 year (including 1 year)	Past due 1 year to 3 years (including 3 years)	Past due over 3 years	Total
31 December 2024					
Unsecured loans	472,507	614,880	934,256	172,169	2,193,812
Guaranteed loans	7,796,308	1,036,182	915,791	1,895,650	11,643,931
Collateralised loans	7,818,359	2,763,994	3,088,224	1,237,249	14,907,826
Pledged loans	2,581,070	388,940	56,471	300,836	3,327,317
Total	18,668,244	4,803,996	4,994,742	3,605,904	32,072,886

	Overdue loans and advances to customers				
	Past due up to 90 days (including 90 days)	Past due 90 days to 1 year (including 1 year)	Past due 1 year to 3 years (including 3 years)	Past due over 3 years	Total
31 December 2023					
Unsecured loans	382,925	603,557	916,976	121,270	2,024,728
Guaranteed loans	9,893,719	1,687,188	3,516,019	142,213	15,239,139
Collateralised loans	14,575,818	2,628,303	2,141,202	118,510	19,463,833
Pledged loans	5,027,415	658,074	368,978	1,636	6,056,103
Total	29,879,877	5,577,122	6,943,175	383,629	42,783,803

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

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(vi) Credit quality

As at 31 December 2024, the credit quality analysis of the Group's major financial assets was as follows:

	31 December 2024									
	Carrying amount				Expected credit losses allowance					
	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	Total
Financial assets at amortised cost										
Deposits with central bank	71,884,126	-	-	-	71,884,126	-	-	-	-	-
Deposits with banks and other financial institutions	15,634,653	-	-	-	15,634,653	(615)	-	-	-	(615)
Placements with banks and other financial institutions	70,775,619	-	490,439	-	71,266,058	(52,703)	-	(410,220)	-	(462,923)
Financial assets held under resale agreements	30,054,668	-	-	-	30,054,668	(46)	-	-	-	(46)
Loans and advances to customers	497,277,223	81,592,988	30,667,942	67,812	609,605,965	(4,561,522)	(5,825,723)	(11,637,515)	(1,017)	(22,025,777)
Financial investments	193,841,656	3,011,672	4,597,205	-	201,450,533	(7,526)	(11,547)	(1,620,766)	-	(1,639,839)
Other financial assets	7,645,563	589,131	863,262	-	9,097,956	(285,316)	(56,271)	(601,271)	-	(942,858)
Total	887,113,508	85,193,791	36,618,848	67,812	1,008,993,959	(4,907,728)	(5,893,541)	(14,269,772)	(1,017)	(25,072,058)
Financial assets at fair value through other comprehensive income										
Loans and advances to customers	110,628,261	-	-	-	110,628,261	(2,921)	-	-	-	(2,921)
Financial investments	165,954,807	2,431,732	2,655,565	-	171,042,104	(8,655)	(81,892)	(2,390,206)	-	(2,480,753)
Total	276,583,068	2,431,732	2,655,565	-	281,670,365	(11,576)	(81,892)	(2,390,206)	-	(2,483,674)

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(vi) Credit quality (continued)

As at 31 December 2023, the credit quality analysis of the Group's major financial assets was as follows:

	31 December 2023									
	Carrying amount				Expected credit losses allowance					
	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	Total
Financial assets at amortised cost										
Deposits with central bank	78,055,338	-	-	-	78,055,338	-	-	-	-	-
Deposits with banks and other financial institutions	14,943,171	-	-	-	14,943,171	(446)	-	-	-	(446)
Placements with banks and other financial institutions	55,451,407	-	490,142	-	55,941,549	(58,830)	-	(410,220)	-	(469,050)
Financial assets held under resale agreements	23,219,352	-	-	-	23,219,352	(14,102)	-	-	-	(14,102)
Loans and advances to customers	500,072,484	71,673,529	32,435,663	73,861	604,255,537	(4,628,037)	(5,616,679)	(12,163,780)	(1,175)	(22,409,671)
Financial investments	210,614,332	4,288,181	3,976,416	-	218,878,929	(16,361)	(31,453)	(1,900,685)	-	(1,948,499)
Other financial assets	2,594,527	270,689	189,651	-	3,054,867	(50,721)	(72,972)	(530,159)	-	(653,852)
Total	884,950,611	76,232,399	37,091,872	73,861	998,348,743	(4,768,497)	(5,721,104)	(15,004,844)	(1,175)	(25,495,620)
Financial assets at fair value through other comprehensive income										
Loans and advances to customers	127,062,711	-	-	-	127,062,711	(65,681)	-	-	-	(65,681)
Financial investments	120,786,948	2,377,795	3,003,077	-	126,167,820	(11,528)	(78,885)	(2,403,718)	-	(2,494,131)
Total	247,849,659	2,377,795	3,003,077	-	253,230,531	(77,209)	(78,885)	(2,403,718)	-	(2,559,812)

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(vi) Credit quality (continued)

Loans and advances at stage 1 and 2

	As at 31 December	
	2024	2023
Not overdue	673,498,306	676,919,054
Overdue		
Within 1 month	12,708,948	17,641,055
1 to 2 months	2,207,698	3,582,479
2 to 3 months	1,083,520	666,136
Total	689,498,472	698,808,724

As at 31 December 2024, the fair value of the collateral held by the Group for overdue but still in Stage 1 and 2 / unimpaired loans was RMB28,326 million, including land, property, machinery and other assets (31 December 2023: RMB29,642 million).

Loans and advances at stage 3

As at 31 December 2024, the carrying amounts of loans and advances at stage 3 (including purchased or originated credit-impaired loans and advances) was RMB19,097 million (31 December 2023: RMB20,345 million) and the fair value of the collateral held by the Group for the Stage 3/impaired loans were RMB21,839 million, including land, property, machinery and equipment and other assets (31 December 2023: RMB21,409 million).

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(vi) Credit quality (continued)

Restructuring loans and advances

As at 31 December 2024, the gross amounts of the Group's restructuring loans and advances was RMB30,328 million (31 December 2023: RMB26,078 million).

Bonds investments by credit rating

The RMB bonds investments of the Group are mainly rated by major credit rating agencies in the PRC. Foreign currency bonds refer mainly to Standard & Poor's (S & P) ratings.

	Financial investments at FVTPL	Financial investments at FVTOCI	Financial investments at amortised cost	Total
31 December 2024				
AAA	2,056,574	49,532,673	51,283,165	102,872,412
A to AA+	1,407,019	141,790	304,264	1,853,073
C to BB+	146,755	403,856	–	550,611
No rating ⁽¹⁾	22,932,140	112,191,236	140,864,222	275,987,598
Other no rating investments	6,904,276	4,078,369	1,398,783	12,381,428
Total	33,446,764	166,347,924	193,850,434	393,645,122

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(vi) Credit quality (continued)

Bond investments by credit rating (continued)

	Financial investments at FVTPL	Financial investments at FVTOCI	Financial investments at amortised cost	Total
31 December 2023				
AAA	78,790	22,189,198	58,205,807	80,473,795
A to AA+	1,128,199	120,694	354,997	1,603,890
C to BB+	218,064	404,172	–	622,236
No rating ⁽¹⁾	14,882,256	95,040,526	149,407,306	259,330,088
Other no rating investments	13,283,066	3,435,090	2,675,419	19,393,575
Total	29,590,375	121,189,680	210,643,529	361,423,584

(1) No rating debt investments mainly consist of investment and trading securities issued by the MOF, central bank, policy banks and other financial institutions which are creditworthy issuers in the market but are not rated by independent rating agencies.

(b) Liquidity risk

Liquidity risk is the risk that capital will not be sufficient or funds will not be raised at reasonable cost in a timely manner for the repayment of debts due. This may arise from amount or maturity mismatches of assets and liabilities.

The Group manages its liquidity risk through the Asset and Liability Management Department and aims to:

- optimise the structure of assets and liabilities;
- maintain the stability of the deposit base;
- project cash flows and evaluate the level of current assets; and
- in terms of liquidity of the branches, maintain an efficient internal fund transfer mechanism.

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

The Group's expected remaining maturity of their financial instruments may vary significantly from the following analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance although they have been classified as repayable on demand in the following tables.

(i) Analysis of the remaining maturity of the financial assets and financial liabilities is set out below:

31 December 2024	Overdue	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated	Total
Financial assets:									
Cash and deposits with central bank	-	27,509,473	-	-	-	-	-	47,240,584	74,750,057
Deposits and placements with banks and other financial institutions ⁽¹⁾	79,500	9,347,924	38,423,268	13,198,068	44,349,400	11,093,635	-	-	116,491,795
Loans and advances to customers	22,918,457	-	48,499,605	62,603,830	249,879,529	206,352,980	107,954,048	-	698,208,449
Financial investments at FVTPL	3,999,760	29,840,892	728,031	2,940,032	19,472,510	8,191,858	8,626,791	1,273,541	75,073,415
Financial investments at FVTOCI	2,654,552	-	1,006,281	4,636,073	6,561,133	104,772,530	51,411,535	-	171,042,104
Financial investments at amortised cost	1,968,723	-	605,494	4,490,222	24,424,752	84,110,891	84,210,612	-	199,810,694
Other financial assets	579,416	-	716,571	194,066	852,936	3,171,270	2,640,839	-	8,155,098
Total financial assets	32,200,408	66,698,289	89,979,250	88,062,291	345,540,260	417,693,164	254,843,825	48,514,125	1,343,531,612
Financial liabilities:									
Due to central bank	-	-	1,449,685	3,355,998	10,337,869	-	-	-	15,143,552
Deposits and placements from banks and other financial institutions ⁽²⁾	-	7,574,857	34,597,294	8,517,350	21,588,386	9,389	-	-	72,287,276
Financial liabilities at FVTPL	-	18,911	5,252,953	-	-	-	-	-	5,271,864
Customer deposits ⁽³⁾	-	271,741,757	53,404,657	105,359,185	308,800,078	240,090,491	62,609	-	979,458,777
Debt securities issued	-	-	10,909,945	39,625,382	96,037,247	-	15,527,882	-	162,100,456
Lease liabilities	-	-	16,820	33,641	144,005	441,362	43,450	-	679,278
Other financial liabilities	10,989	530,094	1,438,866	2,662,997	14,043,540	391,009	12,775	-	19,090,270
Total financial liabilities	10,989	279,865,619	107,070,220	159,554,553	450,951,125	240,932,251	15,646,716	-	1,254,031,473
Net liquidity gap	32,189,419	(213,167,330)	(17,090,970)	(71,492,262)	(105,410,865)	176,760,913	239,197,109	48,514,125	89,500,139

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

(i) *Analysis of the remaining maturity of the financial assets and financial liabilities is set out below: (continued)*

31 December 2023	Overdue	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated	Total
Financial assets:									
Cash and deposits with central bank	-	32,035,446	-	-	-	-	-	48,828,401	80,863,847
Deposits and placements with banks and other financial institutions ⁽¹⁾	79,500	11,530,841	34,191,634	12,624,823	34,698,565	495,111	-	-	93,620,474
Loans and advances to customers	32,899,787	-	42,442,635	86,049,471	234,844,182	211,515,593	101,156,909	-	708,908,577
Financial investments at FVTPL	5,609,978	29,048,757	1,469,444	5,478,028	17,756,912	5,670,847	1,038,769	1,725,527	67,798,262
Financial investments at FVTOCI	2,974,744	-	859,028	2,812,221	7,177,540	82,717,427	29,626,860	-	126,167,820
Financial investments at amortised cost	2,061,363	-	3,541,680	6,333,686	15,032,696	97,852,543	92,108,462	-	216,930,430
Other financial assets	788,984	-	469,601	539,591	155,538	397,268	50,033	-	2,401,015
Total financial assets	44,414,356	72,615,044	82,974,022	113,837,820	309,665,433	398,648,789	223,981,033	50,553,928	1,296,690,425
Financial liabilities:									
Due to central bank	-	-	1,870,423	11,188,212	14,417,216	-	-	-	27,475,851
Deposits and placements from banks and other financial institutions ⁽²⁾	-	7,209,120	52,245,249	16,632,339	22,832,920	715,000	-	-	99,634,628
Financial liabilities at FVTPL	-	4,324	-	-	-	-	-	-	4,324
Customer deposits ⁽³⁾	-	290,762,061	39,412,327	97,897,959	231,055,248	267,408,291	125,193	20,524,938	947,186,017
Debt securities issued	-	-	8,791,401	36,306,219	64,187,932	3,050,163	15,527,798	-	127,863,513
Lease liabilities	-	-	16,187	32,375	154,479	477,705	70,205	-	750,951
Other financial liabilities	6,941	204,493	962,533	1,336,761	6,203,997	194,627	14,146	575,797	9,499,295
Total financial liabilities	6,941	298,179,998	103,298,120	163,393,865	338,851,792	271,845,786	15,737,342	21,100,735	1,212,414,579
Net liquidity gap	44,407,415	(225,564,954)	(20,324,098)	(49,556,045)	(29,186,359)	126,803,003	208,243,691	29,453,193	84,275,846

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

(i) Analysis of the remaining maturity of the financial assets and financial liabilities is set out below: (continued)

- (1) Includes financial assets held under resale agreements.
- (2) Includes financial assets sold under repurchase agreements.
- (3) Demand deposits from customers are classified as repayable on demand for disclosure purposes. In practice, there is a stable portion which has a longer maturity profile.

(ii) Maturity analysis of contractual undiscounted cash flows

The tables below summarise the maturity profile of the Group's financial instruments based on the contractual undiscounted cash flows. The balances of some items in the tables below are different from the balances on the consolidated statement of financial position as the tables incorporate all cash flows relating to both principal and interest. The Group's expected cash flows on these instruments may vary significantly from the following analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance although they have been classified as repayable on demand in the following tables.

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

(ii) Maturity analysis of contractual undiscounted cash flows (continued)

31 December 2024	Overdue	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated	Total	Carrying value
Financial assets:										
Cash and deposits with central bank	-	27,516,607	-	-	-	-	-	47,304,359	74,820,966	74,750,057
Deposits and placements with banks and other financial institutions ⁽¹⁾	79,500	9,351,005	38,434,420	13,567,316	44,780,154	11,530,297	-	-	117,742,692	116,491,795
Loans and advances to customers	22,918,457	-	54,066,579	74,217,928	295,159,285	264,391,689	146,298,526	-	857,052,464	698,208,449
Financial investments at FVTPL	3,999,760	29,840,892	819,280	2,983,787	19,897,828	9,193,064	8,868,888	1,273,541	76,877,040	75,073,415
Financial investments at FVTOCI	2,654,552	-	1,057,761	5,024,948	8,089,691	113,409,163	52,748,181	-	182,984,296	171,042,104
Financial investments at amortised cost	3,453,714	-	700,365	4,795,579	27,290,945	98,698,053	92,182,660	-	227,121,316	199,810,694
Other financial assets	579,416	-	716,571	194,066	871,500	3,422,443	3,155,401	-	8,939,397	8,155,098
Total financial assets	33,685,399	66,708,504	95,794,976	100,783,624	396,089,403	500,644,709	303,253,656	48,577,900	1,545,538,171	1,343,531,612
Financial liabilities:										
Due to central bank	-	-	1,451,412	3,366,361	10,449,851	-	-	-	15,267,624	15,143,552
Deposits and placements from banks and other financial institutions ⁽²⁾	-	7,577,445	34,644,759	8,614,118	21,820,526	9,389	-	-	72,666,237	72,287,276
Financial liabilities at FVTPL	-	18,911	5,257,864	-	-	-	-	-	5,276,775	5,271,864
Customer deposits ⁽³⁾	-	271,741,757	53,433,813	105,559,452	311,703,705	253,461,040	69,521	-	995,969,288	979,458,777
Debt securities issued	-	-	10,920,000	40,465,000	96,946,700	2,820,000	17,820,000	-	168,971,700	162,100,456
Lease liabilities	-	-	19,004	38,008	161,500	482,106	45,169	-	745,787	679,278
Other financial liabilities	10,989	530,094	1,438,866	2,662,997	14,111,394	391,009	12,775	-	19,158,124	19,090,270
Total financial liabilities	10,989	279,868,207	107,165,718	160,705,936	455,193,676	257,163,544	17,947,465	-	1,278,055,535	1,254,031,473
Net liquidity gap	33,674,410	(213,159,703)	(11,370,742)	(59,922,312)	(59,104,273)	243,481,165	285,306,191	48,577,900	267,482,636	89,500,139

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

(ii) Maturity analysis of contractual undiscounted cash flows (continued)

31 December 2023	Overdue	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated	Total	Carrying value
Financial assets:										
Cash and deposits with central bank	-	32,043,902	-	-	-	-	-	48,894,319	80,938,221	80,863,847
Deposits and placements with banks and other financial institutions ⁽¹⁾	79,500	11,533,658	34,233,488	12,897,725	35,294,666	514,302	-	-	94,553,339	93,620,474
Loans and advances to customers	32,899,787	-	44,079,912	91,644,310	256,152,178	255,538,563	145,879,562	-	826,194,312	708,908,577
Financial investments at FVTPL	5,609,978	29,048,757	1,469,938	5,483,168	18,757,104	5,280,546	1,038,976	1,725,527	68,413,994	67,798,262
Financial investments at FVTOCI	2,974,744	-	966,164	2,833,745	8,635,674	92,657,221	31,730,760	-	139,798,308	126,167,820
Financial investments at amortised cost	3,962,048	-	3,595,118	6,771,273	18,377,852	115,601,919	101,242,737	-	249,550,947	216,930,430
Other financial assets	788,984	-	469,601	539,591	155,538	397,268	50,033	-	2,401,015	2,401,015
Total financial assets	46,315,041	72,626,317	84,814,221	120,169,812	337,373,012	469,989,819	279,942,068	50,619,846	1,461,850,136	1,296,690,425
Financial liabilities:										
Due to central bank	-	-	1,872,720	11,245,527	14,584,091	-	-	-	27,702,338	27,475,851
Deposits and placements from banks and other financial institutions ⁽²⁾	-	7,209,378	52,249,830	16,753,224	23,089,917	766,612	-	-	100,068,961	99,634,628
Financial liabilities at FVTPL	-	4,324	-	-	-	-	-	-	4,324	4,324
Customer deposits ⁽³⁾	-	290,762,061	39,447,798	98,123,124	233,804,805	289,068,363	142,407	20,524,938	971,873,496	947,186,017
Debt securities issued	-	-	8,800,000	37,165,000	64,986,700	5,906,700	18,525,000	-	135,383,400	127,863,513
Lease liabilities	-	-	18,908	37,817	167,708	498,539	93,433	-	816,405	750,951
Other financial liabilities	6,941	204,493	962,847	1,343,581	6,271,518	215,699	14,146	575,797	9,595,022	9,499,295
Total financial liabilities	6,941	298,180,256	103,352,103	164,668,273	342,904,739	296,455,913	18,774,986	21,100,735	1,245,443,946	1,212,414,579
Net liquidity gap	46,308,100	(225,553,939)	(18,537,882)	(44,498,461)	(5,531,727)	173,533,906	261,167,082	29,519,111	216,406,190	84,275,846

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

(ii) Maturity analysis of contractual undiscounted cash flows (continued)

- (1) Includes financial assets held under resale agreements.
- (2) Includes financial assets sold under repurchase agreements.
- (3) Demand deposits from customers are classified as repayable on demand for disclosure purposes. In practice, there is a stable portion which has a longer maturity profile.

(iii) Analysis of credit commitments by contractual expiry date

Management expects that not all of the commitments will be drawn before the expiry of the commitments.

	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated	Total
31 December 2024								
Credit commitments	22,649,345	16,674,072	12,835,615	56,394,505	37,989,546	28,332,925	-	174,876,008
31 December 2023								
Credit commitments	26,215,445	10,588,954	18,335,578	46,615,924	62,104,058	44,224,180	-	208,084,139

(c) Market risk

Market risk is the risk of loss, in respect of the Group's on and off-balance sheet activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices and stock prices.

Market risk arises from both the Group's trading and non-trading businesses. The Group's market risk contains currency risk, interest rate risk and other price risk.

The Group is primarily exposed to structural interest rate risk arising from commercial banking and position risk arising from treasury transactions.

The Group's currency risk mainly arises from exchange rate fluctuations on its foreign exchange exposures. Foreign exchange exposures include the mismatch of foreign exchange assets and liabilities.

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

Sensitivity analysis, interest rate repricing gap analysis and foreign exchange risk concentration analysis are the major market risk management tools used by the Group. The Group uses different management methods to control market risk which comprises trading book and banking book risks respectively.

The Group considers the market risk arising from commodity or stock price fluctuations in respect of its investment portfolios to be immaterial.

(i) Currency risk

The Group conducts its businesses mainly in RMB, with certain transactions denominated in USD, HKD and other currencies.

Transactions in foreign currencies mainly arise from the Group's treasury exposures and foreign exchange business. The tables below indicate a sensitivity analysis of exchange rate changes of the currencies to which the Group had significant exposure on its monetary assets and liabilities and its forecasted cash flows. The analysis calculates the effect of a reasonably possible movement in the currency rates against RMB, with all other variables held constant, on net profit.

A negative amount in the table reflects a potential net reduction in net profit, while a positive amount reflects a potential net increase. This effect, however, is based on the assumption that the Group's foreign exchange exposures as at the year end are kept unchanged and, therefore, the actions that would be taken by the Group to mitigate the adverse impact of this foreign exchange risk are not incorporated.

Currency	Exchange rate fluctuation	Effect on net profit	
		2024	2023
USD	-5%	(64,525)	(56,986)
USD	5%	64,525	56,986
HKD	-5%	(4,862)	(48,712)
HKD	5%	4,862	48,712

The tables below summarises the Group's exposure to currency risk. Included in the tables are the Group's assets and liabilities at carrying amounts in RMB, categorised by original currency.

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(i) Currency risk (continued)

31 December 2024	RMB	USD In RMB equivalent	HKD In RMB equivalent	Others In RMB equivalent	Total In RMB equivalent
Financial assets:					
Cash and deposits with central bank	74,693,345	20,788	18,828	17,096	74,750,057
Deposits and placements with banks and other financial institutions ⁽¹⁾	114,232,225	1,989,410	205,565	64,595	116,491,795
Loans and advances to customers	698,174,691	33,758	-	-	698,208,449
Financial investments at FVTPL	75,073,415	-	-	-	75,073,415
Financial investments at FVTOCI	171,042,104	-	-	-	171,042,104
Financial investments at amortised cost	199,810,694	-	-	-	199,810,694
Other financial asset	8,154,020	1,078	-	-	8,155,098
Total financial asset	1,341,180,494	2,045,034	224,393	81,691	1,343,531,612
Financial liabilities:					
Due to central bank	15,143,552	-	-	-	15,143,552
Deposits and placements from banks and other financial institutions ⁽²⁾	72,287,276	-	-	-	72,287,276
Financial liabilities at FVTPL	5,271,864	-	-	-	5,271,864
Customer deposits	979,013,552	323,646	94,741	26,838	979,458,777
Debt securities issued	162,100,456	-	-	-	162,100,456
Lease liabilities	679,278	-	-	-	679,278
Other financial liabilities	19,089,530	732	7	1	19,090,270
Total financial liabilities	1,253,585,508	324,378	94,748	26,839	1,254,031,473
Net position	87,594,986	1,720,656	129,645	54,852	89,500,139
Credit commitments	174,876,008	-	-	-	174,876,008

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(i) Currency risk (continued)

31 December 2023	RMB	USD In RMB equivalent	HKD In RMB equivalent	Others In RMB equivalent	Total In RMB Equivalent
Financial assets:					
Cash and deposits with central bank	80,817,245	18,667	11,681	16,254	80,863,847
Deposits and placements with banks and other financial institutions ⁽¹⁾	90,673,387	1,517,823	1,382,468	46,796	93,620,474
Loans and advances to customers	708,618,918	289,659	–	–	708,908,577
Financial investments at FVTPL	67,798,262	–	–	–	67,798,262
Financial investments at FVTOCI	126,167,820	–	–	–	126,167,820
Financial investments at amortised cost	216,930,430	–	–	–	216,930,430
Other financial asset	2,399,953	1,062	–	–	2,401,015
Total financial asset	1,293,406,015	1,827,211	1,394,149	63,050	1,296,690,425
Financial liabilities:					
Due to central bank	27,475,851	–	–	–	27,475,851
Deposits and placements from banks and other financial institutions ⁽²⁾	99,634,628	–	–	–	99,634,628
Financial liabilities at FVTPL	4,324	–	–	–	4,324
Customer deposits	946,762,429	307,238	95,156	21,194	947,186,017
Debt securities issued	127,863,513	–	–	–	127,863,513
Lease liabilities	750,951	–	–	–	750,951
Other financial liabilities	9,498,930	355	6	4	9,499,295
Total financial liabilities	1,211,990,626	307,593	95,162	21,198	1,212,414,579
Net position	81,415,389	1,519,618	1,298,987	41,852	84,275,846
Credit commitments	208,046,921	32,714	–	4,504	208,084,139

⁽¹⁾ Includes financial assets held under resale agreements.

⁽²⁾ Includes financial assets sold under repurchase agreements.

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(ii) Interest rate risk

The Group's interest rate risk mainly arises from the mismatches between the repricing dates of interest generating assets and interest-bearing liabilities. The Group's interest-generating assets and interest-bearing liabilities are mainly denominated in RMB.

The Group manages its interest rate risk by:

- regularly monitoring the macroeconomic factors that may have impact on the PBOC benchmark interest rates and market interest rates;
- optimising the differences in timing between contractual repricing (maturities) of interest-generating assets and interest-bearing liabilities; and
- managing the deviation of the pricing of interest-generating assets and interest-bearing liabilities from the PBOC benchmark interest rates and market interest rates.

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's net profit and equity.

	Effect on net profit		Effect on other comprehensive income	
	31 December		31 December	
	2024	2023	2024	2023
Change in basis points				
+100bps	(1,805,465)	(1,541,576)	(1,736,637)	(2,265,139)
-100bps	1,805,465	1,541,576	1,842,957	2,381,239

The sensitivity of the net profit is the effect of a reasonable possible change in interest rates on the net profit for one year, in respect of the financial assets and liabilities held at the end of the reporting period. The effect on other comprehensive income is calculated by revaluing the year end portfolio of fixed-rate FVTOCI financial assets, based on a reasonable possible change in interest rates.

The above sensitivity analyses are based on the following assumptions: (i) all assets and liabilities that are repriced/due within three months (inclusive), and between three months and one year (inclusive) are assumed to be repriced in the mid of the respective bands; (ii) there are parallel shifts in the yield curve; and (iii) there are no other changes in the portfolios of assets and liabilities. The Group considers that the assumptions do not reflect their capital utilisation and interest rate risk management policies. Therefore, the above impact may differ from the actual situation.

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Moreover, the above analysis is for illustration only and represents the effect of pro forma movements in net profit and other comprehensive income based on the projected yield curve scenarios and the Group's current interest rate risk profile. This effect, however, does not incorporate actions that would be taken by management to mitigate the impact of interest rate risk.

	31 December 2024							Total
	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Overdue	Non-interest bearing	
Financial assets:								
Cash and deposits with central bank	71,858,479	-	-	-	-	-	2,891,578	74,750,057
Deposits and placements with banks and other financial institutions ⁽¹⁾	47,719,632	13,175,747	44,278,083	11,077,245	-	79,500	161,588	116,491,795
Loans and advances to customers	89,445,953	83,532,971	428,302,746	54,203,929	11,889,167	22,675,855	8,157,828	698,208,449
Financial investments at FVTPL	30,540,801	2,853,691	18,951,879	8,191,858	8,626,791	3,999,760	1,908,635	75,073,415
Financial investments at FVTOCI	685,672	4,974,393	4,834,797	104,772,530	51,411,535	1,568,063	2,795,114	171,042,104
Financial investments at amortised cost	1,032,093	7,199,632	30,767,896	70,664,462	84,210,611	1,968,469	3,967,531	199,810,694
Other financial asset	-	-	758,707	2,857,911	2,594,522	-	1,943,958	8,155,098
Total financial asset	241,282,630	111,736,434	527,894,108	251,767,935	158,732,626	30,291,647	21,826,232	1,343,531,612
Financial liabilities:								
Due to central bank	1,448,932	3,354,260	10,332,515	-	-	-	7,845	15,143,552
Deposits and placements from banks and other financial institutions ⁽²⁾	42,132,961	8,464,137	21,507,788	9,242	-	-	173,148	72,287,276
Financial liabilities at FVTPL	5,252,953	-	-	-	-	-	18,911	5,271,864
Customer deposits	323,557,888	102,264,286	299,729,155	233,037,895	60,770	-	20,808,783	979,458,777
Lease liabilities	16,820	33,641	144,005	441,362	43,450	-	-	679,278
Debt securities issued	10,909,945	39,625,382	96,037,247	-	15,527,882	-	-	162,100,456
Other financial liabilities	-	4,022,232	12,992,232	96,696	-	-	1,979,110	19,090,270
Total financial liabilities	383,319,499	157,763,938	440,742,942	233,585,195	15,632,102	-	22,987,797	1,254,031,473
Interest sensitivity gap	(142,036,869)	(46,027,504)	87,151,166	18,182,740	143,100,524	30,291,647	(1,161,565)	89,500,139

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	31 December 2023							
	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Overdue	Non-interest bearing	Total
Financial assets:								
Cash and deposits with central bank	78,029,165	-	-	-	-	-	2,834,682	80,863,847
Deposits and placements with banks and other financial institutions ⁽¹⁾	45,377,441	12,834,806	34,698,535	495,111	-	79,500	135,081	93,620,474
Loans and advances to customers	90,550,184	109,637,767	414,343,695	50,084,063	4,930,340	32,611,597	6,750,931	708,908,577
Financial investments at FVTPL	24,965,167	6,278,172	19,668,417	7,894,692	1,038,740	5,609,978	2,343,096	67,798,262
Financial investments at FVTOCI	687,448	2,092,140	6,153,701	82,696,750	29,626,860	2,974,744	1,936,177	126,167,820
Financial investments at amortised cost	2,624,847	5,622,155	13,854,108	97,794,499	91,841,090	1,982,855	3,210,876	216,930,430
Other financial asset	-	-	-	-	-	-	2,401,015	2,401,015
Total financial asset	242,234,252	136,465,040	488,718,456	238,965,115	127,437,030	43,258,674	19,611,858	1,296,690,425
Financial liabilities:								
Due to central bank	1,855,070	11,072,430	14,264,795	-	-	-	283,556	27,475,851
Deposits and placements from banks and other financial institutions ⁽²⁾	59,441,585	16,632,339	22,832,920	715,000	-	-	12,784	99,634,628
Financial liabilities at FVTPL	-	-	-	-	-	-	4,324	4,324
Customer deposits	330,174,388	97,897,959	231,055,248	267,408,291	125,193	-	20,524,938	947,186,017
Debt securities issued	8,791,401	36,306,219	64,187,932	3,050,163	15,527,798	-	-	127,863,513
Lease liabilities	16,187	32,375	154,479	477,705	70,205	-	-	750,951
Other financial liabilities	-	2,250,000	4,385,000	225,624	-	-	2,638,671	9,499,295
Total financial liabilities	400,278,631	164,191,322	336,880,374	271,876,783	15,723,196	-	23,464,273	1,212,414,579
Interest sensitivity gap	(158,044,379)	(27,726,282)	151,838,082	(32,911,668)	111,713,834	43,258,674	(3,852,415)	84,275,846

⁽¹⁾ Includes financial assets held under resale agreements.

⁽²⁾ Includes financial assets sold under repurchase agreements.

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital management

The Group follows the following capital management principles:

- Maintain a high quality and adequate capital to meet capital regulatory requirements, support business growth and advance the sustainable development scale in the Group;
- Sufficiently identify, calculate, monitor, mitigate and control various types of risks, ensuring that the capital employed is commensurate with the related risks and the level of risk management of the Group; and
- Optimise asset structure and allocate capital properly, to steadily improve the efficiency and return of capital, and advance the sustainable development of the Group.

Capital adequacy and regulatory capital are monitored by the Group's management by employing techniques based on the guidelines developed by the Basel Committee, as implemented by NFRA, for supervisory purposes. The required information is filed with NFRA on a quarterly basis. From 1 January 2024, the Group commenced to calculate the capital adequacy ratios in accordance with the Administrative Measures for the Capital of Commercial Banks and other relevant regulations promulgated by the NFRA.

The Group's regulatory capital is managed by its asset and liability management department and consists of the followings:

- Common equity tier 1 capital, mainly including share capital, capital reserve, surplus reserve, general reserve, retained profits, eligible portion of minority interests;
- Additional tier 1 capital, including additional tier 1 capital instruments issued and related premium and eligible portion of minority interests; and
- Tier 2 capital, including tier 2 capital instruments issued and related premium, excess loss allowances and eligible portion of minority interests.

The Group implements a weighted approach to measuring credit risk-weighted assets, which are determined according to the credit risks associated with each asset and counterparty, taking into account any eligible collateral or guarantee, with adjustments made to reflect the potential losses. Market risk-weighted assets and operational risk weighted assets are calculated using the simplified standardised approach and standardised approach, respectively.

The Group takes various measures to manage risk-weighted assets including adjusting the composition of its on-balance and off-balance sheet assets.

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital management (continued)

The Group was in compliance with the capital requirement promulgated by the regulators in the reporting period. The table below summarises the Group's common equity tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio calculated in accordance with the Administrative Measures for the Capital of Commercial Banks and other relevant regulations promulgated by the NFRA.

	As at 31 December	
	2024	2023
Net common equity tier 1 capital	80,811,219	77,748,667
Net tier 1 capital	93,183,240	87,988,429
Net capital	118,486,317	108,108,045
Risk-weighted assets	815,962,203	791,000,172
Common equity tier 1 capital adequacy ratio	9.90%	9.83%
Tier 1 capital adequacy ratio	11.42%	11.12%
Capital adequacy ratio	14.52%	13.67%

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48. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial instruments measured at fair value

Determination of fair value and fair value hierarchy

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: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, and
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following tables show an analysis of financial instruments measured or disclosed at fair value by level of the fair value hierarchy:

31 December 2024	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial investments at FVTPL				
– Debt investments	–	31,901,403	1,545,361	33,446,764
– Funds and other investments	310,169	35,322,629	5,993,853	41,626,651
Financial investments at FVTOCI				
– Debt investments	–	165,953,877	394,047	166,347,924
– Other investments	–	–	4,694,180	4,694,180
Loans and advances at FVTOCI	–	110,628,261	–	110,628,261
Total	310,169	343,806,170	12,627,441	356,743,780
Financial liabilities:				
Financial liabilities at FVTPL	–	5,271,864	–	5,271,864
Total	–	5,271,864	–	5,271,864

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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48. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments measured at fair value (continued)

Determination of fair value and fair value hierarchy (continued)

31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial investments at FVTPL				
– Debt investments	–	28,302,877	1,291,584	29,594,461
– Funds and other investments	1,246,525	29,099,268	7,858,008	38,203,801
Financial investments at FVTOCI				
– Debt investments	–	120,810,149	380,970	121,191,119
– Other investments	–	–	4,976,701	4,976,701
Loans and advances at FVTOCI	–	127,062,711	–	127,062,711
Total	1,246,525	305,275,005	14,507,263	321,028,793
Financial liabilities:				
Financial liabilities at FVTPL				
	–	4,324	–	4,324
Total	–	4,324	–	4,324

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48. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments measured at fair value (continued)

Determination of fair value and fair value hierarchy (continued)

The following tables present the changes in Level 3 assets for the year ended 31 December 2024 and 2023:

	Financial investments at FVTPL	Financial investments at FVTOCI	Total
At 1 January 2024	9,149,592	5,357,671	14,507,263
Purchase	508,979	–	508,979
Transfer to Level 3	369,814	–	369,814
Transfer out of Level 3	(21,209)	–	(21,209)
Total gains and losses			
– Profit or loss	(1,187,809)	–	(1,187,809)
– Other comprehensive income	–	(164,794)	(164,794)
Settlement	(1,280,153)	(104,650)	(1,384,803)
At 31 December 2024	7,539,214	5,088,227	12,627,441

Total unrealised losses included in the consolidated statement of profit or loss for assets held at the end of the reporting period is RMB1,074 million.

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48. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments measured at fair value (continued)

Determination of fair value and fair value hierarchy (continued)

The following tables present the changes in Level 3 assets for the year ended 31 December 2024 and 2023: (continued)

	Financial investments at FVTPL	Financial investments at FVTOCI	Total
At 1 January 2023	9,997,176	5,650,455	15,647,631
Purchase	–	–	–
Transfer to Level 3	1,200,968	141,581	1,342,549
Total gains and losses			
– Profit or loss	(452,853)	–	(452,853)
– Other comprehensive income	–	(372,012)	(372,012)
Settlement	(1,595,699)	(62,353)	(1,658,052)
At 31 December 2023	9,149,592	5,357,671	14,507,263

There were no transfers between Level 1 and Level 2 for financial investments measured at fair value during the years of 2024 and 2023.

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48. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments measured at fair value (continued)

Determination of fair value and fair value hierarchy (continued)

The valuation techniques used and the qualitative and quantitative information of key parameters for recurring fair value measurements categorised within Level 3 fair value measurement is as below:

	Fair value		Valuation techniques	Unobservable input
	31 December 2024	31 December 2023		
Financial investments at FVTPL				
– Debt investments	1,545,361	1,291,584	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Funds and other investments	5,518,170	7,482,009	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Funds and other investments	475,683	375,999	Comparable companies analysis	Liquidity discount
Financial investments at FVTOCI				
– Debt investments	394,047	380,970	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Other investments	4,694,180	4,976,701	Discounted cash flow	Risk-adjusted discount rate, cash flow
Total	12,627,441	14,507,263		

During the years ended 31 December 2024 and 2023, there were no significant changes in the valuation techniques.

At the end of the reporting period, certain financial investments were transferred to level 3 of the fair value hierarchy for financial investments, as the valuation method for these instruments changed to that based on significant unobservable inputs. Certain financial investments were transferred out from level 3, when significant inputs used in their fair value measurements, which were previously unobservable became observable or quoted prices were available.

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48. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial instruments for which fair values are disclosed

As at 31 December 2024, financial assets and liabilities not presented at fair value on the consolidated statement of financial position on a recurring basis mainly included "Deposits with central bank", "Deposits with banks and other financial institutions", "Placements with banks and other financial institutions", "Financial assets held under resale agreements", "Loans and advances to customers" measured at amortised cost, "Financial investments at amortised cost", "Borrowings from central bank", "Deposits from banks and other financial institutions", "Placements from banks and other financial institutions", "Financial assets sold under repurchase agreements", "Customer deposits" and "Debt securities issued" (31 December 2023: same).

Except for the following items, there are no significant differences between carrying amount and fair value.

	As at 31 December	
	2024	2023
Carrying amount:		
Financial assets at amortised cost	199,810,694	216,930,430
Debt securities issued	162,100,456	127,863,513
Fair value:		
Financial assets at amortised cost	212,402,130	222,770,356
Debt securities issued	162,048,650	128,092,480

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49. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The Bank and its subsidiaries are collectively referred to as the “Group”. As at 31 December 2024, the Bank had a total of 30 subsidiaries, including 25 county banks, a financial leasing company and 4 rural commercial banks across China. All subsidiaries are limited companies. The details of the Bank’s subsidiaries as at 31 December 2024 are as follows:

Name	Place of registration and operation	Registered capital (in thousands)		Percentage of equity interests held by the Bank		Percentage of voting rights held by the Bank		Principal activities
		31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023	
Laiwu Zhujiang County Bank Company Limited	Jinan, Shandong Province	60,000	60,000	51.00%	51.00%	51.00%	51.00%	Banking
Jiangsu Xuyi Zhujiang County Bank Company Limited	Huai’an, Jiangsu Province	100,000	100,000	75.50%	75.50%	75.50%	75.50%	Banking
Jiangsu Qidong Zhujiang County Bank Company Limited	Qidong, Jiangsu Province	100,000	100,000	51.00%	51.00%	51.00%	51.00%	Banking
Changning Zhujiang County Bank Company Limited	Changning, Hunan Province	50,000	50,000	51.00%	51.00%	51.00%	51.00%	Banking
Laizhou Zhujiang County Bank Company Limited (iii)	Laizhou, Shandong Province	80,000	80,000	51.00%	51.00%	56.00%	56.00%	Banking
Haiyang Zhujiang County Bank Company Limited	Haiyang, Shandong Province	70,000	70,000	51.00%	51.00%	51.00%	51.00%	Banking
Huixian Zhujiang County Bank Company Limited (i)(iii)	Huixian, Henan Province	100,000	100,000	35.00%	35.00%	53.57%	53.57%	Banking
Pengshan Zhujiang County Bank Company Limited (iii)	Meishan, Sichuan Province	100,000	100,000	62.50%	62.50%	70.50%	70.50%	Banking
Xinjin Zhujiang County Bank Company Limited (i)(iii)	Chengdu, Sichuan Province	100,000	100,000	35.00%	35.00%	54.00%	54.00%	Banking

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

The Bank and its subsidiaries are collectively referred to as the “Group”. As at 31 December 2024, the Bank had a total of 30 subsidiaries, including 25 county banks, a financial leasing company and 4 rural commercial banks across China. All subsidiaries are limited companies. The details of the Bank’s subsidiaries as at 31 December 2024 are as follows: (continued)

Name	Place of registration and operation	Registered capital (in thousands)		Percentage of equity interests held by the Bank		Percentage of voting rights held by the Bank		Principal activities
		31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023	
Guanghan Zhujiang County Bank Company Limited (i)(iii)	Guanghan, Sichuan Province	100,000	100,000	35.00%	35.00%	41.00%	41.00%	Banking
Dalian Baoshuiqu Zhujiang County Bank Company Limited (iii)	Dalian, Liaoning Province	350,000	350,000	81.43%	81.43%	87.44%	87.44%	Banking
Jizhou Zhujiang County Bank Company Limited (i)(iii)	Ji’an, Jiangxi Province	87,820	87,820	33.79%	33.79%	57.19%	57.19%	Banking
Heshan Zhujiang County Bank Company Limited (i)(iii)	Heshan, Guangdong Province	150,000	150,000	34.00%	34.00%	71.00%	71.00%	Banking
Beijing Mentougou Zhujiang County Bank Company Limited (ii)	Mentougou District, Beijing	765,000	765,000	94.77%	93.59%	94.77%	93.59%	Banking
Xinyang Zhujiang County Bank Company Limited (i)(iii)	Xinyang, Henan Province	414,200	414,200	39.60%	39.60%	54.13%	54.13%	Banking
Yantai Fushan Zhujiang County Bank Company Limited (iii)	Yantai, Shandong Province	100,000	100,000	93.00%	93.00%	100.00%	100.00%	Banking
Anyang Zhujiang County Bank Company Limited (i)(iii)	Anyang, Henan Province	60,000	60,000	35.00%	35.00%	55.50%	55.50%	Banking
Qingdao Chengyang Zhujiang County Bank Company Limited (i)(iii)	Qingdao, Shandong Province	100,000	100,000	35.00%	35.00%	61.00%	61.00%	Banking

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

The Bank and its subsidiaries are collectively referred to as the “Group”. As at 31 December 2024, the Bank had a total of 30 subsidiaries, including 25 county banks, a financial leasing company and 4 rural commercial banks across China. All subsidiaries are limited companies. The details of the Bank’s subsidiaries as at 31 December 2024 are as follows: (continued)

Name	Place of registration and operation	Registered capital (in thousands)		Percentage of equity interests held by the Bank		Percentage of voting rights held by the Bank		Principal activities
		31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023	
Suzhou Wuzhong Zhujiang County Bank Company Limited	Suzhou, Jiangsu Province	150,000	150,000	51.00%	51.00%	51.00%	51.00%	Banking
Sanshui Zhujiang County Bank Company Limited (i)(iii)	Foshan, Guangdong Province	200,000	200,000	33.40%	33.40%	50.50%	50.50%	Banking
Zhongshan Dongfeng Zhujiang County Bank Company Limited (i)(iii)	Zhongshan, Guangdong Province	150,000	150,000	35.00%	35.00%	55.00%	55.00%	Banking
Xingning Zhujiang County Bank Company Limited (i)(iii)	Xingning, Guangdong Province	50,000	50,000	34.00%	34.00%	87.00%	100.00%	Banking
Shenzhen Pingshan Zhujiang County Bank Company Limited (i)(iii)	Shenzhen, Guangdong Province	300,000	300,000	35.00%	35.00%	77.00%	83.00%	Banking
Dongguan Huangjiang Zhujiang County Bank Company Limited (i)(iii)	Dongguan, Guangdong Province	150,000	150,000	35.00%	35.00%	100.00%	100.00%	Banking
Zhengzhou Zhujiang County Bank Company Limited (i)(iii)	Pilot Free Trade Zone, Zhengzhou Section, Henan Province	200,000	200,000	35.00%	35.00%	90.00%	90.00%	Banking
Hunan Zhuzhou Zhujiang Rural Commercial Bank Company Limited	Zhuzhou, Hunan Province	600,000	600,000	51.00%	51.00%	51.00%	61.00%	Banking
Chaozhou Rural Commercial Bank Company Limited (iii)	Chaozhou, Guangdong Province	2,633,342	2,633,342	57.72%	57.72%	58.22%	71.85%	Banking

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

The Bank and its subsidiaries are collectively referred to as the “Group”. As at 31 December 2024, the Bank had a total of 30 subsidiaries, including 25 county banks, a financial leasing company and 4 rural commercial banks across China. All subsidiaries are limited companies. The details of the Bank’s subsidiaries as at 31 December 2024 are as follows: (continued)

Name	Place of registration and operation	Registered capital (in thousands)		Percentage of equity interests held by the Bank		Percentage of voting rights held by the Bank		Principal activities
		31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023	
Guangdong Nanxiong Rural Commercial Bank Company Limited (iii)	Nanxiong, Guangdong Province	431,800	431,800	51.00%	51.00%	53.39%	53.39%	Banking
Shaoguan Rural Commercial Bank Company Limited	Shaoguan, Guangdong Province	1,373,718	1,373,718	50.10%	50.10%	50.10%	50.10%	Banking
Zhujiang Financial Leasing Co., Ltd.	Guangzhou, Guangdong Province	1,500,000	1,500,000	100.00%	100.00%	100.00%	100.00%	Financial leasing

- (i) The Bank holds less than majority equity interests in these subsidiaries. In accordance with the agreements to act in concert entered into by the Bank and other non-controlling shareholders, the non-controlling shareholders vote consistently with the Bank in deciding the financial and operating policies. Also, the Bank can control these subsidiaries through delegating the key management of these subsidiaries. Hence, the management of the Bank considers that the Bank has controls over these subsidiaries.
- (ii) The Bank made a RMB1,442 thousand capital contribution to Beijing Mentougou Zhujiang County Bank in 2024. The percentage of equity interests held by the Bank increased from 93.59% to 94.77%.
- (iii) Other non-controlling shareholders act in concert with the Bank. As a result, the percentage of voting right in these subsidiaries are higher than the percentage of equity interest held by the Bank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

50. STATEMENT OF FINANCIAL POSITION OF THE BANK

	31 December 2024	31 December 2023
ASSETS		
Cash and deposits with central bank	61,533,575	66,463,675
Deposits with banks and other financial institutions	5,428,658	6,863,566
Placements with banks and other financial institutions	60,444,279	51,514,423
Financial assets held under resale agreements	28,462,136	19,719,645
Loans and advances to customers	612,831,350	625,215,646
Financial investments		
– Financial investments at fair value through profit or loss	73,023,382	67,517,869
– Financial investments at fair value through other comprehensive income	127,757,088	92,766,874
– Financial investments at amortised cost	190,078,887	204,090,408
Investment in subsidiaries	7,643,837	7,876,970
Property and equipment	2,207,530	1,801,565
Deferred tax assets	10,634,140	9,685,161
Other assets	11,050,700	5,158,146
Total assets	1,191,095,562	1,158,673,948
LIABILITIES		
Due to central bank	13,064,682	25,878,321
Deposits from banks and other financial institutions	46,802,680	52,159,043
Placements from banks and other financial institutions	4,000,051	4,000,051
Financial liabilities at fair value through profit or loss	5,271,864	4,324
Financial assets sold under repurchase agreements	6,100,415	31,597,837
Customer deposits	858,567,770	827,248,254
Income tax payable	334,423	–
Debt securities issued	162,100,456	127,863,513
Other liabilities	5,009,062	5,540,564
Total liabilities	1,101,251,403	1,074,291,907
EQUITY		
Share capital	14,409,789	14,409,789
Other equity instruments	12,000,000	9,820,734
Reserves	47,848,143	43,642,241
Retained earnings	15,586,227	16,509,277
Total equity	89,844,159	84,382,041
Total liabilities and equity	1,191,095,562	1,158,673,948

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

51. RESERVES OF THE BANK

The movements in reserves and retained profits of the Bank during the years 2024 and 2023 are set out below:

	Reserves				Total	Retained profits
	Capital reserve	Surplus reserve	General reserve	Other reserves		
Balance at 1 January 2024	22,513,303	5,749,479	15,490,985	(111,526)	43,642,241	16,509,277
Net profit for the year	-	-	-	-	-	1,768,141
Other comprehensive income for the year	-	-	-	3,099,932	3,099,932	-
Redemption of preference shares	(351,285)	-	-	-	(351,285)	-
Issuance of perpetual bonds	(226)	-	-	-	(226)	-
Shareholders' donation	8,811	-	-	-	8,811	-
Appropriation to surplus reserve	-	176,815	-	-	176,815	(176,815)
Appropriation to general reserve	-	-	1,271,855	-	1,271,855	(1,271,855)
Dividends declared and paid to ordinary shareholders	-	-	-	-	-	(576,392)
Dividends declared and paid to other equity instrument holders	-	-	-	-	-	(666,129)
Balance at 31 December 2024	22,170,603	5,926,294	16,762,840	2,988,406	47,848,143	15,586,227
Balance at 1 January 2023	19,035,432	5,555,817	14,467,921	(502,446)	38,556,724	17,637,169
Net profit for the year	-	-	-	-	-	1,936,619
Other comprehensive income for the year	-	-	-	390,920	390,920	-
Contribution of shareholders	3,474,726	-	-	-	3,474,726	-
Shareholders' donation	3,145	-	-	-	3,145	-
Appropriation to surplus reserve	-	193,662	-	-	193,662	(193,662)
Appropriation to general reserve	-	-	1,023,064	-	1,023,064	(1,023,064)
Dividends declared and paid to ordinary shareholders	-	-	-	-	-	(1,202,383)
Dividends declared and paid to other equity instrument holders	-	-	-	-	-	(645,402)
Balance at 31 December 2023	22,513,303	5,749,479	15,490,985	(111,526)	43,642,241	16,509,277

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

52. EVENTS AFTER THE REPORTING PERIOD

The Group has no material events after the reporting period that require additional disclosure in its consolidated financial statements for the year ended 31 December 2024.

53. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 28 March 2025.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2024

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

1. LIQUIDITY RATIO, LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING RATIO

(1) Liquidity Ratio

	As at 31 December 2024	As at 31 December 2023
Liquidity ratio (RMB and foreign currency)	99.60%	102.51%

(2) Liquidity coverage ratio

	As at 31 December 2024	As at 31 December 2023
High-quality liquid assets	230,960.22	206,765.71
Net cash outflows in future 30 days	115,256.97	91,054.64
Liquidity coverage ratio (%)	200.39%	227.08%

(3) Net stable funding ratio

	As at 31 December 2024	As at 30 September 2024	As at 30 June 2024
Available stable funds	871,760.96	865,794.96	851,648.78
Required stable funds	754,636.07	758,929.73	722,981.58
Net stable funding ratio	115.52%	114.08%	117.80%

Pursuant to the Administrative Measures on the Liquidity Risk of Commercial Banks 《商業銀行流動性風險管理辦法》 issued by the CBIRC, since 1 July 2018 (effective date of the Measures), the above liquidity ratio, liquidity coverage ratio and net stable funding ratio were calculated based on the financial statements prepared in accordance with the Accounting Standards for Business Enterprises issued by the MOF.

2. CURRENCY CONCENTRATION

	As at 31 December 2024			Subtotal
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
Spot assets	2,045.11	224.39	81.69	2,351.19
Spot liabilities	335.24	96.06	26.86	458.16
Net long/(short) position	1,709.87	128.33	54.83	1,893.03

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2024

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

2. CURRENCY CONCENTRATION (CONTINUED)

	As at 31 December 2023			Subtotal
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
Spot assets	1,819.86	1,394.15	63.05	3,277.06
Spot liabilities	321.42	96.66	21.22	439.30
Net long/(short) position	1,498.44	1,297.49	41.83	2,837.76

Above information is calculated in accordance with regulations promulgated by the CBRC. The Group had no structural position as at 31 December 2024 and 31 December 2023.

3. INTERNATIONAL CLAIMS

The Group regards all claims on third parties outside Chinese mainland and claims denominated in foreign currencies on third parties inside Chinese mainland as international claims.

International claims include loans and advances to customers, deposits with central bank, deposits and placements with banks and other financial institutions, financial assets held under resale agreements and investments in debt securities.

International claims are disclosed by country or geographical region. A country or geographical region 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
	Banks and other financial institutions	Non-bank private institutions	
Asia Pacific	2,433.40	33.79	2,467.19
of which attributed to Hong Kong	333.74	–	333.74
North and South America	312.83	–	312.83
Europe	8.17	–	8.17
Oceania	25.90	–	25.90
Total	2,780.30	33.79	2,814.09

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2024

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

3. INTERNATIONAL CLAIMS (CONTINUED)

	As at 31 December 2023		
	Banks and other financial institutions	Non-bank private institutions	Total
Asia Pacific	4,680.84	289.24	4,970.08
of which attributed to Hong Kong	1,766.45	–	1,766.45
North and South America	345.99	–	345.99
Europe	16.39	–	16.39
Oceania	4.52	–	4.52
Total	5,047.74	289.24	5,336.98