



Guangzhou Rural Commercial Bank Co., Ltd.

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

Stock Code: 1551

| 2025 | INTERIM REPORT



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DEFINITIONS

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

"AGM"	annual general meeting of the Bank
"Articles of Association"	the articles of association of Guangzhou Rural Commercial Bank Co., Ltd. (Revised in 2023) (as amended, supplemented or otherwise modified from time to time)
"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 and Insurance Regulatory Commission
"CBRC"	the former China Banking Regulatory Commission
"Central Bank", "PBOC"	the People's Bank of China
"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 CBRC to be incorporated in rural areas to provide services to the farmers, the agriculture, and the development of economy in rural areas
"CSRC"	China Securities Regulatory Commission
"Director(s)"	the director(s) of the 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 "the 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\$", "HKD"	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"	the International Financial Reporting Accounting Standards, which include the related standards, amendments and interpretations issued by the International Accounting Standard Board ("IASB")
"Latest Practicable Date"	28 August 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 six months period from 1 January 2025 to 30 June 2025
"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

BASIC INFORMATION OF THE BANK

1. PROFILE OF THE BANK

- (I) Official Name and Abbreviation in Chinese: 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 Name and Abbreviation in English: Guangzhou Rural Commercial Bank Co., Ltd.
(Abbreviated as “GRCB”)
- (II) Legal Representative: Mr. Cai Jian
- (III) Registered capital: RMB14,409,789,327
- (IV) Authorized Representatives: Mr. Cai Jian and Mr. Ngai Wai Fung
- (V) Company Secretary: Mr. Ngai Wai Fung
- (VI) H-Share Listing Stock Exchange: The Stock Exchange of Hong Kong Limited
- (VII) Stock Name and Code: GRCB (1551.HK)
- (VIII) Registered Address: No. 9 Yingri Road, Huangpu District, Guangzhou, PRC
- (IX) Principal Place of Business in Hong Kong: 40th Floor, Dah Sing Financial Centre, No. 248 Queen’s Road East, Wanchai, Hong Kong
- (X) Scope of Business: Monetary and financial services
- (XI) Place of Inspection of the Report: Office of the Board of Directors of the Bank
- (XII) Domestic External Auditor: Deloitte Touche Tohmatsu Certified Public Accountants LLP
- (XIII) International External Auditor: Deloitte Touche Tohmatsu
- (XIV) Legal Advisor as to Mainland PRC Law: East & Concord Partners Guangzhou Office
- (XV) Legal Advisor as to Hong Kong Law: King & Wood Mallesons
- (XVI) H-Share Registrar: Computershare Hong Kong Investor Services Limited
- (XVII) Domestic Shares Depository: China Securities Depository and Clearing Corporation Limited
- (XVIII) Other Relevant Information of the Bank
Contact Address: No. 1 Huaxia Road, Pearl River New Town, Tianhe District, Guangzhou, PRC
Postal Code: 510623
Company Website: www.grcbank.com
Customer Service and Complaint Telephone No.: +8695313
Investor Relations Telephone No.: (8620)28019324
Email Address: ir@grcbank.com

BASIC INFORMATION OF THE BANK

II. BRANCHES OF THE BANK AND ITS SUBSIDIARIES

(I) MAJOR 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 OF THE BANK

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 (廣州市花都区公益北路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 and 2301, No.115 Jiaoxi Road, Huangge Town, Nansha District, Guangzhou (廣州市南沙區黃閣鎮蕉西路115號106、201、2101-2110、2201、2301房)	511458	020-34929298	NA	Branch
14	Foshan Branch	Unit 1&2 on 1/F, Unit 1&2 on 2/F, Unit 1, 7&8 on 3/F, Shop 4001-4010 of Tower 1, No. 17, Jihua Sixth Road, Chancheng District, Foshan	528000	0757-82581028	NA	Branch outside Guangzhou
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 Guangzhou
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 Guangzhou
17	Heyuan Branch	Rooms 101-102 and Rooms 1601-1602 on 1/F, Changhong Building (Changhong Financial Center), H Road West, Yanjiang Road North, Xueqianbaxiaoqu, Xinshi District, Heyuan, Guangdong	517000	0762-2238111	NA	Branch outside Guangzhou
18	Hengqin Branch in Guangdong-Macao In-depth Cooperation Zone	No.187 and No.189 Rongzhu Road, Shop 303-01, No.272 Rongyue Road, and Room 2701, 2702, 2703, 2704, 2705, 2706, 2707 and 2708, Office Building, No.191 Rongzhu Road, Hengqin New District, Zhuhai	519031	0756-2993600	NA	Branch outside Guangzhou

BASIC INFORMATION OF THE BANK

(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 Wujin 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

BASIC INFORMATION OF THE BANK

No.	Company name	Registered address	Postal code	Telephone number	Facsimile number
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
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	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
19	Haiyang Zhujiang County Bank Co., Ltd.	No. 181 Haiyang Road, Haiyang, Shandong Province	265100	0535-3107730	NA
20	Laiwu Zhujiang County Bank Co., Ltd.	Yanjie Building, No. 19 Daihuayuan, Longtan East Street, Laicheng District, Laiwu, Jinan City	271100	0531-75662720	0531-75662720
21	Laizhou Zhujiang County Bank Co., Ltd.	No. 672 Wenhua East Street, Laizhou, Shandong Province	261400	0535-2750000	NA
22	Yantai Fushan Zhujiang County Bank Co., Ltd.	No. 133-216 Fuhai Road, Fushan District, Yantai, Shandong Province	265500	0535-6319002	NA
23	Beijing Mentougou Zhujiang County Bank Co., Ltd.	No. 8 Shilong South Road, Yongding Town, Mentougou District, Beijing	102300	010-60865137	010-60865158
24	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
25	Suzhou Wuzhong Zhujiang County Bank Co., Ltd.	No. 51 Jinshan Road, Mudu Town, Wuzhong District, Suzhou, Jiangsu Province	215101	0512-80969696	NA
26	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
27	Jiangsu Qidong Zhujiang County Bank Co., Ltd.	No. 605, 609 and 613 Jianghai Middle Road, Huilong Town, Qidong	226200	0513-83904316	NA
28	Changning Zhujiang County Bank Co., Ltd.	No. 101 and 102 Qunying West Road, Changning, Hunan Province	421500	0734-7330833	0734-7330833
29	Jizhou Zhujiang County Bank Co., Ltd.	No. 33 Yangming West Road, Jizhou District, Ji'an, Jiangxi Province	343000	0796-2066666	NA

BASIC INFORMATION OF THE BANK

III. MAJOR HONORS AND AWARDS RECEIVED IN THE FIRST HALF OF 2025 OF THE BANK

No.	Honors	Awarding/Granting authority	Obtaining time
1	2024 RBA THE 8TH RETAIL BANKING AWARDS – TOP 10 RETAIL BANK AWARDS OF RURAL COMMERCIAL BANK (2024 RBA 第八屆零售銀行大獎——TOP10 農商銀行零售銀行獎)	Retail Bank Magazine (《零售銀行》雜誌社)	January 2025
2	273th in 2025 Global Bank Brand Value Top 500	Brand Finance	March 2025
3	2025 Financial Consumer Protection and Service Innovation Best Practices (2025 年金融消保與服務創新優秀案例)	China Financial Media Co., Ltd.	March 2025
4	Wealth Management Income Pioneer Prize	Lianhezhiping (聯合智評)	March 2025
5	The cases of Guangdong green finance reform and innovation promotion in 2025 (2025 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 2025
6	Rural Commercial Bank with Excellent Asset Management (卓越資產管理農商銀行), Outstanding Hybrid Wealth Management Bank (優秀混合類理財銀行)	Pystandard	June 2025

FINANCIAL SUMMARY

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

Item (Expressed in RMB million, unless otherwise stated)	For the six Months ended 30 June 2025	For the six Months ended 30 June 2024	Change in amount	Rate of change (%)
Operating results				
Net interest income	6,563.35	6,269.97	293.38	4.68
Net fee and commission income	371.67	315.78	55.89	17.70
Operating income	8,037.46	7,345.96	691.50	9.41
Profit before income tax	1,225.37	1,399.80	(174.43)	(12.46)
Net profit	1,510.00	1,700.64	(190.64)	(11.21)
Net profit attributable to shareholders of the Bank	1,374.27	1,475.09	(100.82)	(6.83)
Net assets per share attributable to shareholders of the Bank ⁽¹⁾	5.74	5.57	0.17	3.05
Basic earnings per share (Expressed in RMB per share) ⁽²⁾	0.07	0.06	0.01	16.67

Item (Expressed in RMB million, unless otherwise stated)	As at 30 June 2025	As at 31 December 2024	Change in amount	Rate of change (%)
Scale indicators				
Total assets	1,406,705.96	1,362,407.92	44,298.04	3.25
Among which: loans and advances to customers, net	693,216.63	698,208.45	(4,991.82)	(0.71)
Total liabilities	1,304,460.73	1,259,489.78	44,970.95	3.57
Among which: customer deposits	1,014,758.43	979,458.78	35,299.65	3.60
Equity attributable to shareholders of the Bank	94,736.92	94,857.91	(120.99)	(0.13)
Non-controlling interests	7,508.31	8,060.23	(551.92)	(6.85)
Total equity	102,245.23	102,918.14	(672.91)	(0.65)

FINANCIAL SUMMARY

Item (Expressed in percentage)	For the six months ended 30 June 2025	For the six months ended 30 June 2024	Change in amount
Profitability indicators			
Return on average total assets ⁽³⁾	0.22	0.26	(0.04)
Return on average equity ⁽⁴⁾	2.97	3.13	(0.16)
Net interest spread ⁽⁵⁾	0.95	0.94	0.01
Net interest margin ⁽⁶⁾	1.03	1.02	0.01
Net fee and commission income to operating income ⁽⁷⁾	4.62	4.30	0.32
Cost-to-income ratio ⁽⁸⁾	35.31	39.52	(4.21)

Item (Expressed in percentage)	As at 30 June 2025	As at 31 December 2024	Change in amount
Assets quality indicators			
Non-performing loan ratio ⁽⁹⁾	1.98	1.66	0.32
Provision coverage ratio ⁽¹⁰⁾	169.75	184.34	(14.59)
Allowance to total loans ⁽¹¹⁾	3.36	3.06	0.30

Item (Expressed in percentage)	As at 30 June 2025	As at 31 December 2024	Change in amount
Capital adequacy indicators⁽¹²⁾			
Common equity tier 1 capital adequacy ratio	9.41	9.90	(0.49)
Tier 1 capital adequacy ratio	10.88	11.42	(0.54)
Capital adequacy ratio	13.62	14.52	(0.9)
Ratio of total equity to total assets	7.27	7.55	(0.28)

Item (Expressed in percentage)	As at 30 June 2025	As at 31 December 2024	Change in amount
Other indicators			
Loan-to-deposit ratio ⁽¹³⁾	70.69	73.53	(2.84)

FINANCIAL SUMMARY

Notes:

- (1) Calculated by dividing equity attributable to shareholders of the Bank for the period (excluding other equity instruments) by paid-in capital.
- (2) Distribution to holders of other equity instruments during the period were excluded from this indicator.
- (3) The annualized return is calculated by dividing the annualized net profit for the period (including profit attributable to non-controlling interests) by the average balance of total assets as at the beginning and end of the period.
- (4) The annualized return is calculated by dividing the annualized net profit for the period (excluding the distribution to holders of other equity instruments during the period) by the average balance of total equity (excluding other equity instruments) as at the beginning and end of the period.
- (5) The annualized return is calculated as the difference between the average yield rate on total interest-earning assets and the average cost rate on total interest-bearing liabilities.
- (6) Calculated by dividing net interest income by the average daily balance of total interest-earning assets.
- (7) Calculated by dividing net fee and commission income by operating income.
- (8) Calculated by dividing operating expenses (excluding tax and surcharges) by operating income.
- (9) Calculated by dividing the balance of non-performing loans by the total loans and advances to customers.
- (10) Calculated by dividing the balance of allowance for loans (including discounted bills) losses by the balance of non-performing loans.
- (11) Calculated by dividing the balance of allowance for loans (including discounted bills) losses by the total loans and advances to customers.
- (12) Calculated in accordance with the “Administrative Measures for the Capital of Commercial Banks” promulgated by National Financial Regulatory Administration.

$$\text{Common equity tier 1 capital adequacy ratio} = (\text{Common equity tier 1 capital} - \text{reductions from respective capital}) / \text{risk-weighted assets} * 100\%$$
$$\text{Tier 1 capital adequacy ratio} = (\text{Tier 1 capital} - \text{reductions from respective capital}) / \text{risk-weighted assets} * 100\%$$
$$\text{Capital adequacy ratio} = (\text{total capital} - \text{reductions from respective capital}) / \text{risk-weighted assets} * 100\%$$
- (13) Calculated by dividing total loans and advances to customers by total deposits of customers.

MANAGEMENT DISCUSSION AND ANALYSIS

1. OVERALL OPERATION SITUATION

In the first half of 2025, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Bank thoroughly studied and implemented General Secretary Xi Jinping's important discourses on financial work, fully carried out the decisions and arrangements of the CPC Central Committee and the State Council, as well as provincial and municipal work plans, and the overall strategic requirements of the Group's "14th Five-Year Plan". With "Five Key Tasks (五篇大文章)" in Finance as its action plan, the Bank deeply integrated into regional economic development, fully promoted the mutual integration and advancement of serving the real economy and financial supply, focused on creating a high-quality development model for small and medium-sized banks in Guangzhou, and targeted at the vision of "becoming a first-class commercial bank in China (成為國內一流商業銀行)". The Bank continuously strived for efficiency improvement, accelerated the optimisation of its business structure, comprehensively strengthened quality control of assets, and focused on enhancing management levels. The Bank's overall asset and liability businesses achieved reasonable quantitative growth and effective qualitative improvement, maintaining stable operation and development as a whole.

The potential of "increasing efficiency" in operation enhanced and the quality and efficiency of operation significantly improved. As of the end of the Reporting Period, the Group's total assets amounted to RMB1,406,706 million, an increase of 3.25% from the beginning of the year; total liabilities amounted to RMB1,304,461 million, an increase of 3.57% from the beginning of the year; the balance of various deposits amounted to RMB1,014,758 million, an increase of 3.60% from the beginning of the year. The balance of various loans and advances amounted to RMB717,344 million, a decrease of 0.4% from the beginning of the year; it realized an operating income of RMB8,037 million, an increase of 9.41% year-on-year; and a net profit of RMB1,510 million.

The outcome of "optimization of layout (優佈局)" in assets is evident, the asset structure continued to be optimized. During the Reporting Period, the Bank has thoroughly implemented the "Hundred Billion Ten Thousand Households Project (千億萬戶工程)" for small and medium-sized enterprise loans and the "10 billion project (百億工程)" for mortgage loans, and has carried out the "10,000 enterprises and 10,000 households visit (千企萬戶大走訪)" campaign in a down-to-earth manner to promote the expansion and improvement of loan issuance. As of the end of the Reporting Period, small and medium-sized enterprise loans amounted to RMB215 billion, an increase of 9.6% from the beginning of the year, of which small and medium-sized loans, inclusive loans to small and micro enterprises, retail loans, and credit card loans being increased by 14.7%, 10.5%, 5.6% and 2.2% respectively, as compared to the end of the last year. The customer base structure and business quality continued to improve, the industry and regional distribution were orderly adjusted and optimised, with loans to secondary industry being increased by RMB4.84 billion, as compared to the end of last year, representing an increase of 8%. New loans are mainly for manufacturing, accounting for 48%.

MANAGEMENT DISCUSSION AND ANALYSIS

II. DEEPENING AND STRENGTHENING THE FIVE KEY AREAS OF FINANCIAL SERVICES

Promoting the development of science and technology innovation businesses to empower the development of new quality productivity. In the first half of 2025, the Bank fully implemented the work arrangements of the Central Government and provincial and municipal authorities on accelerating the construction of a modern industrial system and supporting the development of technology-based enterprises. It also implemented Guangzhou's "Enterprise Co-prosperity Plan" (益企共贏計劃), continuously strengthening financial services throughout the entire lifecycle of technology-based enterprises, providing crucial support for building Guangzhou into a hub for scientific and technological innovation and invigorating Guangzhou's innovative vitality. **Firstly**, dedicated content for industrial finance and technology finance was formulated in the credit policy to promote a virtuous cycle of "technology-industry-finance" and advance the strategic goals of technology finance development. **Secondly**, the Bank formulated a special work plan for the "Enterprise Co-prosperity Plan", and continued to regard the "Enterprise Co-prosperity Plan" as an important part and main focus of the Bank's technology finance and small and medium-sized asset business. **Thirdly**, we focused on "SRDI" (Specialized, Refined, Differentiated, and Innovative) enterprises, high-tech enterprises, and technology-based small and medium-sized enterprises, deepened and substantiated industry research, continuously promoted the optimisation and iteration of the "2+3+N" corporate credit product system, fully met the financial service needs of technology enterprises throughout their life cycle, and increased credit allocation in key areas. **Fourthly**, the Bank fully leveraged the advantages of local legal person institutions, linking headquarters and branches, and engaging with government functional departments, towns, industrial parks, and business associations at different levels. It strengthened the connection with government-bank-enterprise information service platforms such as SME Financing Platform (中小融), Guangdong Credit Financing Platform (粵信融), and Credit Easy Loan Platform (信易貸), and reinforced exclusive financial services for technology enterprises on a "one enterprise, one policy" basis, promoting a long-term mechanism for government-bank-enterprise collaboration.

As of the end of the Reporting Period, the Bank had signed medium to long-term strategic cooperation agreements under the "Enterprise Co-prosperity Plan" with 332 enterprises, involving a credit line amount of RMB10.65 billion; the balance of technology loans amounted to RMB57.09 billion, an increase of 14.7%; and the number of technology finance customers reached 2,382, an increase of 32.5%. Among them, the balance of loans to SRDI enterprises was RMB19.531 billion, an increase of 4.1%; the number of SRDI enterprise customers served was 967, an increase of 8.2%. During the Reporting Period, the Bank was awarded the Top Ten Achievements in Sci-tech Finance for High-quality Financial Services Development in Guangzhou (廣州金融服務高質量發展科技金融十佳成果) in 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Deepen green finance practises and create a new benchmark for transition finance. In the first half of 2025, the Bank made steady progress in all aspects of green finance, achieving phased results in terms of innovative highlights, product development, performance growth, and brand building. **Firstly**, the Bank actively participated in the construction of Guangzhou's transition finance system, proactively visited and engaged with clients regarding their transition finance needs, and was the first to implement Guangzhou's inaugural transition finance loan and Guangdong Province's first transition finance project for the aluminium industry, achieving the first successful practise of a diversified financing solution combining "transition finance + carbon footprint linkage" in Guangdong Province. **Secondly**, we continued to improve the green financial product and service system, continuously improving the green financial product and service system around green financial scenarios, newly approved four green new energy themed funds and one ESG themed wealth management product, and used syndicated loans, green bonds and other products to meet the financing needs of green enterprises. **Thirdly**, the Bank accelerated green credit allocation, focusing on key areas such as energy conservation and carbon reduction, environmental protection, and resource recycling to improve the quality and expand the scope of green credit allocation. **Fourthly**, we strengthened external exchanges and cooperation by actively participating in green finance exchange activities organised by the Guangzhou Green Finance Association (廣州市綠色金融協會) and other organisations, striving to build a benchmark for local green finance development.

In the first half of 2025, the Bank hosted the finals of the Second Guangdong Green Finance Innovation Promotion Case Analysis Competition (廣東綠色金融創新推廣案例分析競賽決賽). We were honored with multiple awards, including being selected as a 2025 Guangdong Green Finance Reform and Innovation Promotion Case (廣東綠色金融改革創新推廣案例) and a 2024 Guangzhou Green Finance Benchmark Model Unit (廣州市綠色金融標桿示範單位).

As of the end of the Reporting Period, the Bank's green loan balance reached RMB69.46 billion, representing an increase of 14.5%. The number of green loan clients totaled 2,265, reflecting growth of 34.5%. The scale of green loans has achieved a compound annual growth rate (CAGR) exceeding 60% over the past three years.

Increase the supply of inclusive finance and continuously strengthen inclusive small and micro-enterprise credit support. In the first half of 2025, the Bank implemented national policy requirements and Guangzhou's "12218" modern industrial system construction work deployment, adhered to its main role of "supporting agriculture and small and micro enterprises", based itself locally and deeply cultivated the regional market, continuously increased financial support for small and micro enterprises, and strived to improve the quality and efficiency of financial services for small and micro enterprises. **Firstly**, we deepened the "Thousand Enterprises, Ten Thousand Households Visit" (千企萬戶大走訪) initiative to promote greater effectiveness in the financing coordination mechanism supporting small and micro enterprises. During the Reporting Period, the Bank visited and covered over 30,000 enterprises, with cumulative loans amounting to RMB21.64 billion, ranking fifth among its peers in Guangzhou. **Secondly**,

MANAGEMENT DISCUSSION AND ANALYSIS

we strengthened product supply by streamlining the “3+N” inclusive small and micro product system, revising 48 product policies, and newly releasing 6 detailed product business application standards, covering existing revolving loans, inclusive agriculture-related loans, and technology credit. We also comprehensively optimised key indicators for the review and approval of credit products, improving the standardisation of review and approval. **Thirdly**, the Bank accelerated digital transformation for efficiency by launching a unified application portal and developing online authorization functions for pre-loan applications; established a “general + specialised” post-loan risk control monitoring model to enhance the intelligence of risk early warning; and launched functions such as mobile application submission and photo upload of application materials to improve the efficiency of on-site marketing operations.

As of the end of the Reporting Period, the balance of the Bank’s inclusive loans to micro and small enterprises was RMB56.44 billion, an increase of 9.24%, and inclusive agriculture-related loans were RMB10.831 billion, an increase of 3.57%. Included in the credit loss compensation fund pool for technology-based small and medium-sized enterprises in Guangzhou City, the remaining balance of “Jinmi-Tech Loan” for small and medium-sized enterprises amounted to RMB1.140 billion; and successfully landed a project of RMB400 million of China Development Bank’s special fund of on-lending loans for foreign trade stabilization, which effectively lowered the cost of capital for small and medium-sized enterprises.

Integrate service channel resources and improve pension financial services. In the first half of 2025, the Bank conscientiously implemented the decisions and arrangements of the CPC Central Committee and the State Council, focusing on serving people’s livelihoods, the real economy, and national strategies. It built a “1234” elderly care financial service system, striving to create a new benchmark for elderly care finance with “Guangfu Butler” (廣府管家). The Bank continued to optimize its service channels, enrich its product and benefit offerings, and strengthen customer rights protection, with a commitment to improving the quality of life for elderly customers. **Firstly**, the Bank has deepened the integration of online and offline services. It continuously upgrades age-friendly infrastructure, providing one-stop, thoughtful services for elderly customers through branch network, the mobile banking app, and online banking halls. As of the end of the Reporting Period, in addition to having dedicated care windows, priority seating, and commonly used convenience facilities for seniors at all branches, the Bank further optimised the facilities and services at 19 age-friendly branches. These branches feature dedicated service zones for elderly customers and are staffed with caring service specialists. For elderly customers with limited mobility, the Bank offers home visits, providing warm and convenient services for handling banking matters. In terms of online services, the mobile banking app serves as the main platform, with features tailored to the habits of elderly users. It includes a “large font version” and an optimized “elderly services zone” covering frequently used functions such as social security cards and online branch network services, meeting elderly customers’ one-stop financial needs. The online banking hall added various new functions and optimized transfer risk control strategies to enhance business risk management for senior customers. **Secondly**, the Bank continued to refine its elderly-focused financial products and benefit programs. Centered around the “basic + protection” model for retirement finance, it launched a comprehensive suite of deposit and pension insurance products.

MANAGEMENT DISCUSSION AND ANALYSIS

It also promoted the seamless credit-based medical payment and card-free medical insurance account setup to improve the level of financial services for the elderly. The Bank paid attention to the daily needs of the elderly customers and continues to enrich benefit activities for them, organizing offline events such as “Jinmi Housekeeper Gathering (金米管家薈)” and “Jinmi to Home”(金米到家) with themes covering health, wellness, and anti-aging to enrich the spiritual lives of elderly customers. **Thirdly**, the Bank strengthened consumer protection education and enhanced elderly customers’ awareness of risk prevention. Through a combination of comprehensive “online and offline” campaigns, it expanded the scope of publicity. Online, it released content for elderly audiences on topics such as scam prevention, illegal fundraising awareness, and safe use of social security cards. Offline, we organised a variety of financial education activities around themes such as “bringing financial knowledge to rural areas to empower rural revitalization” (金融知識進鄉村, 聚力賦能鄉村振興) and “warm-hearted volunteer services and financial education with a human touch” (志願服務暖人心, 金融教育有溫度). We visited nursing homes, parks, rural areas and other places where elderly customers gather to conduct these activities.

During the Reporting Period, the Bank’s initiative “Deepening Integration of Online and Offline Services to Deliver High-Quality Pension Financial Services”(《線上線下一體化協同, 做深做精做好“養老金融大文章”》) was recognized as one of the “Top 10 Achievements in Pension Financial Services”(養老金融十佳成果) at the 2024 Guangzhou Financial Services High-Quality Development Awards.

Laying out a digital financial ecosystem and building a solid foundation for data application. In the first half of 2025, the Bank utilised artificial intelligence technology to enhance quality and efficiency in areas such as customer service, business marketing, credit management, and internal office operations. **Firstly**, the Bank continuously deepened data application empowerment to promote the development of digital finance. The Bank promoted the application of artificial intelligence machine learning models in customer management, product marketing, and loan risk management to provide multi-dimensional data support for business development; established business models such as a retail loan intention prediction model, private VIP customers potential enhancement model, and a post-loan behaviour scorecard model; deployed mobile banking data collection points to strengthen customer behaviour analysis capabilities, empowering business marketing and risk prevention and control. **Secondly**, we continuously strengthened the data management system, orderly promoted the implementation of data governance planning tasks, organised and carried out special governance on the quality of regulatory statistical reporting data, and continuously improved the quality and effectiveness of regulatory reporting data; we also improved the data security management mechanism, perfected data security management specifications in accordance with the latest regulatory requirements, carried out data classification and grading, and strengthened the Bank’s data security protection. **Thirdly**, we actively promoted the implementation of RPA application scenarios to effectively improve office efficiency. As of the end of the Reporting Period, the Bank implemented 212 scenarios.

MANAGEMENT DISCUSSION AND ANALYSIS

III. FINANCIAL REVIEW FOR THE FIRST HALF OF 2025

(I) INCOME STATEMENT ANALYSIS

Item (Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2025	For the six months ended 30 June 2024	Change in amount	Rate of change (%)
Interest income	17,707.41	18,595.26	(887.85)	(4.77)
Interest expense	(11,144.06)	(12,325.29)	1,181.23	(9.58)
Net interest income	6,563.35	6,269.97	293.38	4.68
Fee and commission income	585.13	509.51	75.62	14.84
Fee and commission expense	(213.46)	(193.73)	(19.73)	10.18
Net fee and commission income	371.67	315.78	55.89	17.70
Net trading gains	258.32	386.94	(128.62)	(33.24)
Net gains on financial investments	789.04	488.85	300.19	61.41
Others	55.08	(115.58)	170.66	147.66
Operating income	8,037.46	7,345.96	691.50	9.41
Operating expenses	(2,997.03)	(3,030.17)	33.14	(1.09)
Impairment losses	(3,815.06)	(2,915.99)	(899.07)	30.83
Profit before income tax	1,225.37	1,399.80	(174.43)	(12.46)
Income tax expense	284.63	300.85	(16.22)	(5.39)
Net profit	1,510.00	1,700.64	(190.64)	(11.21)

In the first half of 2025, the Group recorded a net profit of RMB1,510 million, representing a year-on-year decrease of RMB191 million, narrowed by RMB497 million as compared to the same period of last year.

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 six months ended 30 June 2025	For the six months ended 30 June 2024	Change in amount	Rate of change (%)
Interest income	17,707.41	18,595.26	(887.85)	(4.77)
Interest expense	(11,144.06)	(12,325.29)	1,181.23	(9.58)
Net interest income	6,563.35	6,269.97	293.38	4.68

Item (Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2025			For the six months ended 30 June 2024		
	Average balance	Interest income/expense	Annualized average yield/cost rate (%)	Average balance	Interest income/expense	Annualized average yield/cost rate (%)
Loans and advances to customers	710,361.84	11,477.13	3.23	730,259.61	12,608.05	3.45
Financial investments	354,901.57	4,475.96	2.52	315,594.62	4,372.50	2.77
Placements and deposits with banks and other financial institutions	114,463.52	1,003.61	1.75	93,170.61	992.00	2.13
Financial assets held under resale agreements	35,105.05	340.84	1.94	21,047.28	212.20	2.02
Deposits with central bank	59,208.62	409.87	1.38	64,289.07	410.51	1.28
Total interest-earning assets	1,274,040.60	17,707.41	2.78	1,224,361.19	18,595.26	3.04
Due to customers	969,722.35	8,613.16	1.78	924,499.30	9,373.54	2.03
Debt securities issued	155,979.66	1,690.89	2.17	141,245.08	1,906.61	2.70
Borrowing from central bank	17,347.01	145.38	1.68	21,385.14	221.16	2.07
Placements and deposits from banks and other financial institutions and others	53,005.27	493.93	1.86	73,302.54	698.58	1.91
Financial assets sold under repurchase agreements	24,790.73	200.70	1.62	14,129.80	125.40	1.77
Total interest-bearing liabilities	1,220,845.02	11,144.06	1.83	1,174,561.86	12,325.29	2.10
Net interest income		6,563.35			6,269.97	
Net interest spread			0.95			0.94
Net interest margin			1.03			1.02

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2025, the overall annualized average yield of interest-earning assets decreased by 26 basis points to 2.78% over the same period last year, the overall annualized average cost rate of interest-bearing liabilities decreased by 27 basis points to 1.83% over the same period last year, net interest spread increased by 1 basis point to 0.95% over the same period last year, and net interest margin increased by 1 basis point to 1.03% over the same period last year.

The following table sets forth changes in the Group's interest income and interest expense over the same period 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	(343.54)	(787.38)	(1,130.92)
Financial investments	544.59	(441.13)	103.46
Placements and deposits with banks and other financial institutions	226.71	(215.10)	11.61
Financial assets held under resale agreements	141.73	(13.09)	128.64
Deposits with central bank	(32.44)	31.80	(0.64)
Changes in interest income	537.05	(1,424.90)	(887.85)
Liabilities			
Due to customers	458.52	(1,218.90)	(760.38)
Debt securities issued	198.90	(414.62)	(215.72)
Borrowing from central bank	(41.76)	(34.02)	(75.78)
Placements and deposits from banks and other financial institutions and others	(193.43)	(11.22)	(204.65)
Financial assets sold under repurchase agreements	94.61	(19.31)	75.30
Changes in interest expense	516.84	(1,698.07)	(1,181.23)

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Interest income

In the first half of 2025, interest income of the Group amounted to RMB17,707 million.

① INTEREST INCOME FROM LOANS AND ADVANCES TO CUSTOMERS

The average balance, interest income and annualized 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 six months ended 30 June 2025			For the six months ended 30 June 2024		
	Average balance	Interest income	Annualized average yield (%)	Average balance	Interest income	Annualized average yield (%)
Corporate loans	456,262.50	7,528.49	3.30	456,933.80	7,866.56	3.44
Personal loans	190,282.40	3,575.56	3.76	175,352.77	3,990.47	4.55
Discounted bills	63,816.94	373.08	1.17	97,973.04	751.02	1.53
Total loans and advances to customers	710,361.84	11,477.13	3.23	730,259.61	12,608.05	3.45

In the first half of 2025, interest income from loans and advances to customers of the Group amounted to RMB11,477 million, representing a year-on-year decrease of RMB1,131 million.

MANAGEMENT DISCUSSION AND ANALYSIS

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

The average balance, interest income and annualized 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 six months ended 30 June 2025			For the six months ended 30 June 2024		
	Average balance	Interest income	Annualized average yield (%)	Average balance	Interest income	Annualized average yield (%)
Placements and deposits with banks and other financial institutions	114,463.52	1,003.61	1.75	93,170.61	992.00	2.13
Financial assets held under resale agreements	35,105.05	340.84	1.94	21,047.28	212.20	2.02
Total amounts due from banks and other financial institutions	149,568.57	1,344.45	1.80	114,217.89	1,204.20	2.11

In the first half of 2025, the interest income from amounts due from banks and other financial institutions of the Group amounted to RMB1,344 million representing a year-on-year increase of RMB140 million.

MANAGEMENT DISCUSSION AND ANALYSIS

(2) Interest expense

In the first half of 2025, the Group's interest expense was RMB11,144 million, representing a year-on-year increase of RMB1,181 million.

① INTEREST EXPENSE ON AMOUNTS DUE TO CUSTOMERS

The average balance, interest expense and annualized 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 six months ended 30 June 2025			For the six months ended 30 June 2024		
	Average balance	Interest expense	Annualized average cost rate (%)	Average balance	Interest expense	Annualized average cost rate (%)
Corporate deposits						
Demand	120,898.83	226.79	0.38	131,091.60	348.29	0.53
Time	180,013.56	2,375.40	2.64	189,793.29	2,807.15	2.96
Subtotal	300,912.39	2,602.19	1.73	320,884.89	3,155.44	1.97
Personal deposits						
Demand	131,472.28	54.35	0.08	130,547.48	136.09	0.21
Time	475,269.13	5,418.31	2.28	438,480.76	5,757.77	2.63
Subtotal	606,741.41	5,472.66	1.80	569,028.24	5,893.86	2.07
Other deposits	62,068.55	538.31	1.73	34,586.17	324.24	1.87
Due to customers	969,722.35	8,613.16	1.78	924,499.30	9,373.54	2.03

In the first half of 2025, the Group's interest expense on amounts due to customers amounted to RMB8,613 million, representing a decrease of RMB760 million year on year and the annualized cost rate of deposits was 1.78%, representing a decrease of 25 basis points over the same period last year.

MANAGEMENT DISCUSSION AND ANALYSIS

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

The average balance, interest expense and annualized 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 six months ended 30 June 2025			For the six months ended 30 June 2024		
	Average balance	Interest expense	Annualized average cost rate (%)	Average balance	Interest expense	Annualized average cost rate (%)
Placements and deposits from banks and other financial institutions and others	53,005.27	493.93	1.86	73,302.54	698.58	1.91
Financial assets sold under repurchase agreements	24,790.73	200.70	1.62	14,129.80	125.40	1.77
Total amounts due to banks and other financial institutions	77,796.00	694.63	1.79	87,432.34	823.98	1.88

In the first half of 2025, the Group's interest expense on amounts due to banks and other financial institutions amounted to RMB695 million, representing a decrease of RMB129 million year on year.

(3) Net interest spread and net interest margin

In the first half of 2025, net interest spread of the Group increased by 1 basis point to 0.95% over the same period last year, and net interest margin increased by 1 basis point to 1.03% over the same period last year.

MANAGEMENT DISCUSSION AND ANALYSIS

2. *Non-interest Income*

(1) *Net fee and commission income*

Item (Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2025	For the six months ended 30 June 2024	Change in amount	Rate of change (%)
Fee and commission income				
Agency and custodian service fees	126.29	119.60	6.69	5.59
Settlement and electronic channel business fee	86.83	80.52	6.31	7.84
Wealth management product related fee	60.72	55.58	5.14	9.25
Bank card fee	60.54	80.20	(19.66)	(24.51)
Syndicated loan business fee	46.60	71.53	(24.93)	(34.85)
Guarantee and commitment service fees	38.97	34.35	4.62	13.45
Acceptance fees	17.41	15.55	1.86	11.96
Others	147.77	52.18	95.59	183.19
Subtotal	585.13	509.51	75.62	14.84
Fee and commission expense	(213.46)	(193.73)	(19.73)	10.18
Net fee and commission income	371.67	315.78	55.89	17.70

In the first half of 2025, net fee and commission income of the Group amounted to RMB372 million, accounting for 4.62% of the total operating income, which was mainly comprised of agency and custodian business, settlement and electronic channel business fees, wealth management products related fees and bank card business fees.

MANAGEMENT DISCUSSION AND ANALYSIS

(2) *Net trading gains*

In the first half of 2025, the net trading gains of the Group amounted to RMB258 million, which were mainly the dividend and interest income on financial investments at fair value through profit or loss.

(3) *Net gains on financial investments*

In the first half of 2025, the net gains on financial investments of the Group amounted to RMB789 million, which were mainly the income on financial investments at fair value through other comprehensive income.

(4) *Others*

In the first half of 2025, other income, gains or losses of the Group amounted to RMB55 million, which was mainly net gains on disposal of a subsidiary, government grants and subsidies.

3. *Operating Expenses*

In the first half of 2025, the operating expenses of the Group amounted to RMB2,997 million, representing a decrease of RMB33 million or 1.09% 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 six months ended 30 June 2025	For the six months ended 30 June 2024	Change in amount	Rate of change (%)
Staff costs	1,907.18	1,959.25	(52.07)	(2.66)
Depreciation and amortisation	302.62	305.64	(3.02)	(0.99)
Tax and surcharges	159.16	127.07	32.09	25.25
Others	628.07	638.21	(10.14)	(1.59)
Total operating expenses	2,997.03	3,030.17	(33.14)	(1.09)

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Staff costs

Staff costs represents the largest component of operating expenses of the Group, accounting for 63.64% and 64.66% of our operating expenses for the first half of 2025 and 2024, 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 six months ended 30 June 2025	For the six months ended 30 June 2024	Change in amount	Rate of change (%)
Salaries, bonuses and allowances (including early retirement)	1,262.96	1,339.79	(76.83)	(5.73)
Social insurance, employee benefits and others	644.22	619.46	24.76	4.00
Total staff costs	1,907.18	1,959.25	(52.07)	(2.66)

In the first half of 2025, staff costs of the Group amounted to RMB1,907 million, representing a year-on-year decrease of RMB52 million or 2.66%.

(2) Depreciation and amortization

In the first half of 2025, depreciation and amortisation of the Group amounted to RMB303 million, representing a year-on-year decrease of RMB3 million or 0.99%.

(3) Tax and surcharges

In the first half of 2025, the tax and surcharges incurred of the Group amounted to RMB159 million, representing a year-on-year increase of RMB32 million or 25.25%.

(4) Others

In the first half of 2025, other expenses of the Group amounted to RMB628 million, representing a year-on-year decrease of RMB10 million or 1.59%, which mainly includes deposit insurance fees, currency transportation fees, etc..

4. Impairment Losses

In the first half of 2025, the Group made provision for impairment losses of RMB3,815 million.

5. Income Tax Expense

In the first half of 2025, under the large scale of impact of the tax-exempt businesses income such as government bond interest income and local government bond interest income, the effective income tax rate was negative.

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 30 June 2025		As at 31 December 2024	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Total loans and advances to customers	717,344.44	51.00	720,234.23	52.86
Allowances for impairment losses	(24,127.81)	(1.72)	(22,025.78)	(1.61)
Loans and advances to customers, net	693,216.63	49.28	698,208.45	51.25
Financial investments ⁽¹⁾	479,950.03	34.12	445,926.21	32.73
Cash and deposits with the central bank	67,687.06	4.81	74,750.06	5.49
Deposits with banks and other financial institutions	21,813.96	1.55	15,634.04	1.15
Placements with banks and other financial institutions	81,946.79	5.83	70,803.14	5.20
Financial assets held under resale agreements	33,420.90	2.38	30,054.62	2.21
Others ⁽²⁾	28,670.59	2.03	27,031.40	1.97
Total assets	1,406,705.96	100.00	1,362,407.92	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 at amortised cost.
- (2) Other assets consisted of property and equipment, goodwill, deferred tax assets and other assets.

As at 30 June 2025, the Group's total assets amounted to RMB1,406,706 million, representing an increase of RMB44,298 million, or 3.25%, as compared to the end of last year. Among them, the total loans and advances to customers decreased by RMB2,890 million, or 0.40% as compared to the end of last year.

During the Reporting Period, the Group's financial investments increased by RMB34,024 million, or 7.63%, as compared to the end of last year, primarily due to the increase in bond investment.

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Loans and advances to customers

① DISTRIBUTION OF LOANS BY BUSINESS SEGMENT

Item (Expressed in RMB million, unless otherwise stated)	As at 30 June 2025		As at 31 December 2024	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
General corporate loans	435,329.47	60.69	421,552.00	58.53
Personal loans	192,782.36	26.87	187,964.57	26.10
Discounted bills and forfaiting	89,232.61	12.44	110,717.66	15.37
Total loans and advances to customers	717,344.44	100.00	720,234.23	100.00

As at 30 June 2025, total loans and advances to customers of the Group decreased by RMB2,890 million, or 0.4%, to RMB717,344 million as compared to the end of last year. As compared to the end of last year, the corporate loans increased by RMB13,777 million, or 3.27%, to RMB435,329 million; personal loans increased by RMB4,818 million, or 2.56%, to RMB192,782 million; and discounted bills and forfaiting decreased by RMB21,485 million, or 19.41%, to RMB89,233 million.

② DISTRIBUTION OF LOANS BY PRODUCT TYPE

Item (Expressed in RMB million, unless otherwise stated)	As at 30 June 2025		As at 31 December 2024	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Total corporate loans and advances to customers	524,562.08	73.13	532,269.66	73.90
General corporate loans	435,329.47	60.69	421,552.00	58.53
Discounted bills and forfaiting	89,232.61	12.44	110,717.66	15.37
Total personal loans and advances to customers	192,782.36	26.87	187,964.57	26.10
Personal mortgage loans	84,220.37	11.74	78,730.78	10.93
Personal business loans	74,383.44	10.37	73,723.71	10.24
Personal consumption loans	20,577.60	2.87	22,200.07	3.08
Balance of credit cards	13,600.95	1.89	13,310.01	1.85
Total loans and advances to customers	717,344.44	100.00	720,234.23	100.00

As at 30 June 2025, the Group's corporate loans and discounted bills were RMB435,329 million and RMB89,233 million, respectively, representing 60.69% and 12.44% of total corporate loans and advances to customers, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2025, the Group's personal mortgage loans, personal business loans, personal consumption loans and balance of credit cards were RMB84,220 million, RMB74,383 million, RMB20,578 million and RMB13,601 million, respectively, representing 11.74%, 10.37%, 2.87% and 1.89% of loans and advances to customers, respectively. Among them, the balance of personal mortgage loans and the balance of personal business loans increased by RMB5,490 million and RMB660 million, respectively, or 6.97% and 0.89%, respectively, as compared to the end of last year.

③ DISTRIBUTION OF LOANS BY TYPE OF COLLATERAL

Item (Expressed in RMB million, unless otherwise stated)	As at 30 June 2025		As at 31 December 2024	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Collateralised loans	341,241.90	47.57	330,796.78	45.93
Pledged loans	35,797.50	4.99	36,529.72	5.07
Guaranteed loans	142,693.34	19.89	154,725.41	21.48
Credit loans	197,611.70	27.55	198,182.32	27.52
Total loans and advances to customers	717,344.44	100.00	720,234.23	100.00

(2) Financial investments

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

Item (Expressed in RMB million, unless otherwise stated)	As at 30 June 2025		As at 31 December 2024	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Financial assets at fair value through profit or loss	80,506.29	16.77	75,073.42	16.84
Financial assets at fair value through other comprehensive income	200,724.87	41.82	171,042.10	38.36
Financial assets at amortized cost	198,718.87	41.41	199,810.69	44.80
Total financial investments	479,950.03	100.00	445,926.21	100.00

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2025, the financial investments of the Group totaled RMB479,950 million, which increased by RMB34,024 million, or 7.63%, as compared to the end of last year.

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 30 June 2025		As at 31 December 2024	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Amounts due to customers	1,014,758.43	77.80	979,458.78	77.77
Deposits from banks and other financial institutions	20,764.04	1.59	37,200.84	2.95
Placements from banks and other financial institutions	5,604.78	0.43	5,462.88	0.43
Financial assets sold under repurchase agreements	59,151.60	4.53	29,623.56	2.35
Debt securities issued	155,667.02	11.93	162,100.46	12.87
Others ⁽¹⁾	48,514.86	3.72	45,643.26	3.63
Total liabilities	1,304,460.73	100.00	1,259,489.78	100.00

Note:

(1) Mainly including tax payable, borrowings from central bank and staff salaries.

As at 30 June 2025, the Group's total liabilities amounted to RMB1,304,461 million, representing an increase of RMB44,971 million or 3.57% as compared to the end of last year, mainly driven by the increase in amounts due to customers.

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Amounts due to customers

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

Item (Expressed in RMB million, unless otherwise stated)	As at 30 June 2025		As at 31 December 2024	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Corporate deposits⁽¹⁾				
Time	182,008.36	17.94	175,894.84	17.96
Demand	126,634.89	12.48	135,917.03	13.88
Subtotal	308,643.25	30.42	311,811.87	31.84
Personal deposits				
Time	480,622.73	47.36	461,423.51	47.11
Demand	132,350.04	13.04	127,903.93	13.06
Subtotal	612,972.77	60.40	589,327.44	60.17
Other deposits⁽²⁾	74,135.17	7.31	57,510.69	5.87
Interest payable	19,007.24	1.87	20,808.78	2.12
Amounts due to customers	1,014,758.43	100.00	979,458.78	100.00

Notes:

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

As at 30 June 2025, amounts due to customers of the Group amounted to RMB1,014,758 million, representing an increase of RMB35,300 million or 3.60% as compared to the end of last year. With respect to the customer structure of the Group, personal deposits accounted for 60.40% of the total amount due to customers, and the balance of personal deposits increased by RMB23,645 million or 4.01% as compared to the end of last year, which is the most important source of amounts due to customers; corporate deposits accounted for 30.42% of the total amount due to customers, and the balance of corporate deposits decreased by RMB3,169 million or 1.02% 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 30 June 2025		As at 31 December 2024	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Share capital	14,409.79	14.09	14,409.79	14.00
Other equity instruments	12,000.00	11.74	12,000.00	11.66
Reserves	49,099.78	48.02	49,577.09	48.17
Retained earnings	19,227.35	18.81	18,871.03	18.34
Non-controlling interests	7,508.31	7.34	8,060.23	7.83
Total shareholders' equity	102,245.23	100.00	102,918.14	100.00

As at 30 June 2025, the Group recorded a paid-in capital of RMB14,410 million.

(三) 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 30 June 2025		As at 31 December 2024	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Normal	653,833.09	91.15	661,839.45	91.90
Special mention	49,292.12	6.87	46,444.46	6.45
Substandard	4,764.88	0.66	4,134.28	0.57
Doubtful	4,924.47	0.69	4,137.50	0.57
Loss	4,529.88	0.63	3,678.54	0.51
Total loans and advances to customers	717,344.44	100.00	720,234.23	100.00
Non-performing loan ratio⁽¹⁾		1.98		1.66

Note:

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

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Group continued to increase efforts in risk resolution and non-performing disposal. The non-performing loan ratio of the Group as of 30 June 2025 was 1.98%, representing an increase of 0.32% compared to the end of the last year.

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 30 June 2025			As at 31 December 2024		
	Amount	Percentage of total (%)	Non-Performing Loans ratio (%)	Amount	Percentage of total (%)	Non-Performing Loans ratio (%)
Corporate loans	7,368.24	51.82	1.69	6,521.96	54.58	1.55
Personal loans	6,850.99	48.18	3.55	5,428.36	45.42	2.89
Total non-performing loans	14,219.23	100.00	1.98	11,950.32	100.00	1.66

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 30 June 2025			As at 31 December 2024		
	Amount	Percentage of total (%)	Non-Performing Loans ratio (%)	Amount	Percentage of total (%)	Non-Performing Loans ratio (%)
Wholesale and retail	2,556.13	34.69	4.48	2,259.33	34.64	4.10
Lease and commercial services	1,067.30	14.49	0.87	1,080.70	16.57	0.88
Agriculture, forestry, animal husbandry and fishery	839.26	11.39	9.56	718.99	11.02	7.85
Real estate	722.99	9.81	1.50	653.74	10.02	1.45
Construction	570.99	7.75	1.33	448.48	6.88	1.13
Manufacturing	566.46	7.69	1.09	402.59	6.17	0.79
Transportation, storage and postal services	213.93	2.90	1.59	210.38	3.23	1.76
Household, repair and other services	214.77	2.91	1.03	206.71	3.17	1.04
Culture, sports and entertainment	177.42	2.41	4.00	220.77	3.39	4.91
Science research and technology services	160.39	2.18	2.43	123.76	1.90	1.95
Information transmission, software and IT services	97.21	1.32	1.25	41.09	0.63	0.53
Water conservation, environment and public utilities management	78.47	1.07	0.62	75.72	1.16	0.67
Production and supply of electricity, heat, gas and water	49.70	0.67	0.98	46.10	0.71	0.94
Education	27.77	0.38	0.31	19.87	0.31	0.20
Others	25.45	0.34	0.11	13.73	0.20	0.06
Total non-performing corporate loans	7,368.24	100.00	1.69	6,521.96	100.00	1.55

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 30 June 2025		As at 31 December 2024	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Loans that were not past due	666,251.39	92.88	688,161.34	95.55
Loans that were past due	51,093.05	7.12	32,072.89	4.45
Within 3 months	34,697.16	4.84	18,668.24	2.59
3 months to 1 year	6,278.04	0.88	4,804.00	0.67
1 year to 3 years	6,399.12	0.89	4,994.74	0.69
Over 3 years	3,718.73	0.51	3,605.91	0.50
Total loans and advances	717,344.44	100.00	720,234.23	100.00

As at 30 June 2025, overdue loans of the Group amounted to RMB51,093 million, representing an increase of RMB19,020 million from the end of last year and accounting for 7.12% of the total loans, representing an increase of 2.67 percentage point from the end of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

(IV) ANALYSIS OF CAPITAL ADEQUACY RATIO

The Group adopted the Administrative Measures for the Capital of Commercial Banks 《商業銀行資本管理辦法》 to calculate its capital adequacy ratio from 2024. According to the requirements, credit risk-weighted assets during the Reporting Period are measured by weighted method, market risk-weighted assets are measured by simplified standard method, and operational risk-weighted assets are measured by the standard method.

Item (Expressed in RMB million, unless otherwise stated)	As at 30 June 2025	As at 31 December 2024
Common equity tier 1 capital adequacy ratio	9.41%	9.90%
Tier 1 capital adequacy ratio	10.88%	11.42%
Capital adequacy ratio	13.62%	14.52%
Portion of paid-in capital that may be included	14,409.79	14,409.79
Portion of capital reserve that may be included	22,072.31	22,082.58
Surplus reserve	6,020.84	6,020.84
General risk reserve	18,184.00	18,148.09
Retained earnings	19,227.35	18,871.03
Portion of minority interests that may be included	2,609.13	2,806.25
Others	2,822.64	3,325.57
Total common equity tier 1 capital	85,346.06	85,664.15
Regulatory deductions for common equity Tier 1 capital	(6,338.62)	(4,852.93)
Among which: Goodwill and other intangible assets (excluding land use rights)	(1,153.77)	(1,174.96)
Net common equity tier 1 capital	79,007.44	80,811.22
Other Tier 1 capital	12,347.38	12,372.02
Other Tier 1 capital instruments and their premium	12,000.00	12,000.00
Portion of minority interests that may be included	347.38	372.02
Net Tier 1 capital	91,354.82	93,183.24
Tier 2 capital	23,093.24	25,303.08
Tier 2 capital instruments and related premium that may be included	14,999.18	14,999.13
Excessive loss allowances	7,400.95	9,556.34
Portion of minority interests that may be included	693.11	747.60
Net capital	114,448.06	118,486.32
Total risk-weighted assets	840,038.32	815,962.20

MANAGEMENT DISCUSSION AND ANALYSIS

(V) ANALYSIS OF LEVERAGE RATIO

The Group has measured the leverage ratio in accordance with the Administrative Measures for the Capital of Commercial Banks 《(商業銀行資本管理辦法)》 since 2024.

Item (Expressed in RMB million, unless otherwise stated)	As at 30 June 2025
Net Tier 1 capital	91,354.82
The balance of assets on and off balance sheet after adjustments	1,488,377.70
Leverage ratio (%)	6.14%

(VI) SEGMENT INFORMATION

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

Summary of Business Segment

Operating income

Item (Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2025		For the six months ended 30 June 2024	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Corporate banking business	3,912.58	48.68	3,451.90	46.99
Personal banking business	2,758.53	34.32	2,887.64	39.31
Capital business	1,306.93	16.26	931.06	12.67
Other businesses	59.42	0.74	75.36	1.03
Total operating income	8,037.46	100.00	7,345.96	100.00

(VII) OFF-BALANCE-SHEET ITEMS

The Group's off-balance-sheet items include loan commitments, acceptance bills, issuance of letters of guarantee, undrawn credit card limits and issuance of letters of credit. As at 30 June 2025, the balances of loan commitments, acceptance bills, issuance of letters of credit, unused credit card limit and issuance of letters of guarantee were RMB61,985 million, RMB60,526 million, RMB21,808 million, RMB21,143 million and RMB19,464 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 30 June 2025, please refer to notes 42 and 44 to the condensed consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

IV. BUSINESS OPERATION

(I) Corporate Banking Business

1. Corporate Loan Business

In the first half of 2025, the Bank thoroughly learnt and comprehended the important remarks of General Secretary XI Jinping on finance and the spirit of the series of important speeches and instructions given by him during his visits to Guangdong Province and Guangzhou City. The Bank comprehensively implemented the deployment requirements of high-quality development conference of the province, the city by focusing 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 Thousand and Ten Thousand Project (百千萬工程), solidly carried out key work in promoting rural revitalization through financial services, and actively strengthened industrial finance, rural finance, and farmer finance. **Secondly**, we anchored in the development goals of the “300 Billion Project” and the “Hundred Billion Ten Thousand Households Project (千億萬戶工程)”, built core competitiveness in small and medium-sized asset business, and made full use of the “2+3+N” featured product system for corporate credit, continuously increased credit products for small and medium-sized business in key industries. 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 of the year. The balance of the Bank’s small and medium-sized credit amounted to RMB62.65 billion, an increase of 14.7% from the beginning of the year, and accounted for 15.2% of corporate loans, an increase of 1.5 percentage points from the beginning of the year; the Bank had the number of small and medium-sized credit clients exceeding 2,900, an increase of 421 from the beginning of the year. **Thirdly**, the Bank has made every effort to promote the implementation of the “30 Rules in Finance for Nansha (南沙金融 30 條)”, formulated key work plans in accordance with the policies and planning goals of Nansha District, and issued specific implementation plans to provided local financial services in a deep and solid manner. **Fourthly**, the Bank strengthened financial support in key areas, insisted on the “manufacturing industry as the leader (製造業當家)”, closely followed the provincial and municipal industrial policies, focused on the “12218” modernised industrial system building of Guangzhou City, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

2. *Corporate Deposit Business*

In the first half of 2025, the Bank adhered to its development positioning and focused on customers, continued to strengthen the customer base of corporate deposits, enhanced the level of comprehensive financial services and promoted the high-quality development of corporate deposit business. **Firstly**, the Bank continued to promote the enhancement of settlement deposits, strengthened the construction of settlement scenarios for supply chain and cross-border transactions, reinforced the application of settlement products, and realised the consolidation of settlement services for enterprises. **Secondly**, the Bank thoroughly implemented the “Thousand and Ten Thousand Project”, did our best in marketing and maintenance of land requisition compensation and special borrowings and funds for urban village renovation, and relied on the application and penetration of products and system platforms such as rural collective fund account supervision and “Village Wealth (村資寶)” to improve and focus on the integrated operation of village cooperatives. **Thirdly**, the Bank continued to strengthen the depth and breadth of cooperation between banks and local governments and optimised the structure of its corporate deposit business on the basis of good marketing and maintenance of deposits from institutions at various levels, including provincial, municipal, regions, township, districts and sub-districts levels, and strived to realise cost reduction and efficiency improvement. As of the end of the Reporting Period, the Bank still ranked fourth among its peers in Guangzhou in terms of corporate deposit size.

3. *Trading Bank Business*

In the first half of 2025, the Bank continued to promote digital transformation, focusing on rural finance, industrial finance and cross-border finance to create integrated and intelligent financial service solutions. On the one hand, focusing on the “Thousand and Ten Thousand Project”, the Bank deepened the cooperation between banks and local governments, and promoted special products and services such as rural collective funds supervision, the tendering of rural public resources in districts, towns and villages, and “Cun Zi Bao”, continuously improving the quality and effectiveness of rural financial services. During the Reporting Period, the Bank’s “Cun Zi Bao” business served nearly 15,000 rural collective fund approval forms, benefiting more than 110,000 villagers. On the other hand, the Bank continued to promote the digital and ecological construction of supply chain finance, and created the supply chain financial product systems of “Jinmi Gold Housekeeper for Bills (金米票據金管家)” and “Jinmi Trade and Finance Smart Win (金米貿融智贏通)” to satisfy the financing and service needs of customers in the entire process of the supply chain in an all-round manner. During the Reporting Period, the Bank had more than 600 supply chain financial service customers, with a business size of over RMB80 billion.

During the Reporting Period, the Bank actively promoted the implementation of innovative businesses in Nansha and Hengqin, achieved a breakthrough in trade financing business under the new trade form in Nansha New District, and processed the high-level liberalisation and facilitation of cross-border trade in Nansha New Area with a settlement business of approximately US\$57 million, representing a year-on-year increase of US\$39 million, and continued to expand the scope of pilot quality enterprises.

MANAGEMENT DISCUSSION AND ANALYSIS

4. *Investment Banking*

In the first half of 2025, the Bank fully made use of the advantages of the licence of a local legal entity as a principal underwriter, actively implemented the requirements of high-quality development, 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 the first half of 2025, driven by innovation, the Bank actively responded to national development strategies, focused on the local market and deeply expanded customer groups, 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, in order to continuously expand the breadth and depth of financial services for high-quality enterprises.

(II) RETAIL BANKING BUSINESS

1. *Retail Deposit Business*

The Bank has always been based on the local community and focused on customers. Grasping the market development trend and customer needs, the Bank has continuously optimised its “traditional+ distinctive” deposit product system to promote the steady growth of its personal deposit business and structural adjustment. **Firstly**, we launched special deposit products such as “Jinmi-Full-Fortune Savings (金米•福滿存)” and “Jinmi-Salary-Joy Savings (金米•薪悦存)” for specific customer bases to meet the diversified and personalised financial needs of various customer bases. **Secondly**, we insisted on technological empowerment and digital transformation, enhanced customer insights, continued product optimisation, improved the matching level of products to customer needs, and continuously enriched deposit business channels to enhance service quality and efficiency. **Thirdly**, the Bank insisted on scenario construction to create a business ecosystem and continued to expand and optimise its wholesale scenario businesses such as agency payment, social security, and house leasing, so as to provide customers with comprehensive financial services. As of the end of the Reporting Period, the Bank’s personal deposits remained the second largest in the industry in Guangzhou.

MANAGEMENT DISCUSSION AND ANALYSIS

2. *Retail Loan Business*

In the first half of 2025, the Bank fully implemented the requirements of consumer finance helping boost consumption, focused on customers, focused on small and medium-sized consumer scenarios, continued to enrich the financial product system, increased the exploration of potential customers, and comprehensively enhanced the level of financial services to maintain the stable development of retail loan business. **Firstly**, the Bank has implemented the requirements of the special project for “Developing Consumer Finance to Help Boosting Consumption (發展消費金融助力提振消費)” to boost the consumer market and the development of consumer finance through 12 major initiatives such as optimising loan products, enhancing service efficiency, specially preferential activities, improving relief policies, regulating external cooperation, and strengthening risk prevention and control. **Secondly**, the Bank took the initiative to serve the financial needs of the personal consumer market, innovated and developed the online consumer loan “Jinmi Home e-Loan (金米家 e 貸)”, followed the policy to optimise the mortgage “Jinmi Residence Loan (金米安居貸)” and other special products, which 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**, the Bank targeted market transactions and implemented “volume-position matching”, strengthened our tactical planning, and focused on key properties, effectively improving our market share of mortgage business in Guangzhou. **Fourthly**, the Bank strengthened technology empowerment, promoted business process optimisation, enhanced its digital risk-control capabilities, realised digital transformation, and provided customers with one-stop convenience and transparency and enhanced customer service experience.

3. *Wealth Management Business*

In the first half of 2025, the Bank adhered to a customer-centric approach, continuously enhanced product competitiveness, optimized customer service, and assisted clients in achieving wealth preservation and appreciation. **Firstly**, the Bank iterated and upgraded products by selecting high-quality partner enterprises and distribution products, optimizing the iterative ecosystem of the wealth product offerings, and improving a multi-strategy complementary wealth product system to meet clients’ diversified asset allocation needs. **Secondly**, the Bank deepened collaborative innovation by capitalizing on financial opening opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area. Through establishing professional teams, optimizing business processes, and enhancing system support, the Bank efficiently implemented the Cross-boundary Wealth Management Connect business to fulfill overseas allocation demands of high-net-worth clients. **Thirdly**, the Bank upgraded customer service by establishing an asset allocation system centered on “Intelligence-Driven,” covering core functions including market research, product management, model construction, and wealth management, thereby efficiently providing clients with comprehensive asset allocation services.

MANAGEMENT DISCUSSION AND ANALYSIS

4. Bank Card Business

(1) Debit Card Business

In the first half of 2025, the Bank continued to enrich its debit card products and functions, on the one hand, relying on the debit card product system of “general card+ theme card+ special card”, to provide customers with a full range of financial services such as cash settlement, consumption, investment and wealth management. On the other hand, we continued to enrich our debit card products and enhance our customer service coverage by promoting the “Leading Guangdong” series of thematic debit cards in Nansha, Zengcheng, Huangpu and Liwan to satisfy the demand for comprehensive financial services for talents in the Greater Bay Area.

(2) Credit Card Business

In the first half of 2025, our credit card business focused on the main lines of “stabilising scale, improving quality and efficiency, optimising structure and strengthening empowerment”, and firmly grasped the “Service Consumption Quality Enhancement and Public Benefit Initiative”, “Commodity Consumption Renewal and Upgrade Initiative,” and “Consumption Quality Improvement Initiative” to expand high-quality consumer finance services and product offerings. **Firstly**, in line with the “Service Consumption Quality Enhancement and Public Benefit Initiative”, the Bank promoted the Headquarters-Branches Collaborative Telemarketing Project to achieve seamless integration of the headquarters’ professional strengths and branch network resources. This leveraged existing client resources at branches and high-quality customer resources within a 3-kilometer radius around branches, driving steady growth in credit card user scale. **Secondly**, in line with the “Commodity Consumption Renewal and Upgrade Initiative”, we will actively integrate into the ecosystem of automobile, family and home decoration scenes, and introduce 55 scenario-based installment cooperation projects in the first half of 2025, so as to seamlessly embed financial services into customers’ consumption journeys, and to promote the development of scene consumption instalment business in order to enhance quality and efficiency. **Thirdly**, focusing on the “Consumption Quality Improvement Initiative”, the Bank focused on four key scenarios of travel, culture/tourism, shopping, and dining, to launch targeted promotional campaigns, igniting the vitality of everyday life, boosting special consumption stimulus efforts, and profoundly activating genuine customer spending demand.

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(III) Sannong Financial Business

In the first half of 2025, the Bank thoroughly implemented the guiding principles of the 20th National Congress and Document No. 1 of the CPC Central Committee, comprehensively carried out the work arrangements for financial services supporting rural revitalization and the “Thousand and Ten Thousand Project”, remained committed to its development positioning of serving agriculture and small businesses, and resolutely supported all-around rural revitalization and high-quality development in counties, towns, and villages.

Firstly, promoting financial services for the revitalisation of villages at a high level. In the first half of 2025, the Bank insisted on the overall leadership of the CPC in the work of the “Sannong”, focused on the “Thousand and Ten Thousand Project” and concentrated on serving the revitalisation of villages, and issued the “Implementation Plan for Financial Services to Promote the Comprehensive Revitalisation of Rural Areas in 2025 of Guangzhou Rural Commercial Bank” (《廣州農村商業銀行 2025 年金融服務推進鄉村全面振興實施方案》), which clearly stated that financial services would promote the comprehensive revitalisation of rural areas and the quality development of counties and villages. It put forward 19 specific measures for financial services to promote the comprehensive revitalisation of villages and help the provincial and municipal “Thousand and Ten Thousand Project” to achieve “initial results in three years”.

Secondly, continuously enriching products featuring “Sannong”. In the first half of 2025, the Bank continued to promote a sound and optimised product system. On the one hand, the Bank optimised and revised the credit products for the primary sector, taking into account the operational situation of the products and market demand, so as to enhance the product suitability and competitiveness of the Bank’s “2+3+N” corporate credit product system. On the other hand, the Bank further improved its deposit products for the villager client group. During the Reporting Period, the Bank launched special deposit products, such as Jinmi-Full-Fortune Savings (金米福滿存) and Jinmi-Salary-Joy Savings (金米薪悅存) and Jinmi Demand Deposit Savings (金米活利存), to continue to satisfy the diverse and personalised financial needs of villager clients.

Thirdly, strengthen the role of science and technology in empowering rural revitalisation. In the first half of 2025, the Bank focused on enhancing the pre-event compliance, in-process controllability, and post-event traceability of rural collective fund management. This was achieved by optimizing the Bank’s “Village Wealth (村資寶)” functionality, delivering reassurance to competent authorities, operational ease to village financial departments, and peace of mind to villagers. As of the end of Reporting Period, the “Village Wealth” business had covered 4 districts and 23 towns (subdistricts), contracted 227 village communities, served 2,000 client accounts, and benefited over 130,000 villagers cumulatively.

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As of the end of the Reporting Period, The Bank's agricultural loan balance reached RMB41.484 billion, representing an increase of over RMB1.3 billion since the beginning of the year with an increase of 3.36%. The Bank's loan balances supporting agricultural leading enterprises at all levels, new-type agricultural entities, and "Basket of Vegetables" program enterprises were RMB5.243 billion, RMB5.358 billion, and RMB510 million respectively, increasing by 5.28%, 5.21%, and 12.42% since the beginning of the year. Cumulatively, the Bank utilized RMB6.538 billion in the PBOC's relending funds for agriculture and small businesses, effectively reducing financing costs for 2,431 farming households, agricultural enterprises, small and micro enterprises, and private medium-small enterprises.

(IV) Inclusive and Small and Micro Businesses

In the first half of 2025, the Bank made full use of various monetary policy tools, lowered the comprehensive financing costs of enterprises, innovated products and services, enhanced the financing efficiency through technological empowerment, and deepened the market segmentation to fully empower enterprises, and continued to strengthen the confidence and stability of expectations of small and micro-enterprises through high-quality financial services, thereby providing strong financial support for the high quality development of the local economy and society.

Firstly, refining and specializing in key customer segments. In the first half of 2025, the Bank focused on key customer segment marketing and continuously optimized its business structure. To meet diverse financial needs in specialized markets, the Bank selected 12 key specialized markets from nearly 500 in Guangzhou, covering over 32,000 merchants, and formulated tailored service solutions based on field-specific strategies (因場施策); leveraging external big data screening, the Bank collected enterprise lists from more than 70 key industrial parks, coordinated with industrial park management committees, and intensified industrial park marketing; concentrating on new-type agricultural entities such as family farms, specialized farmer cooperatives, and leading agricultural industrialization enterprises, the Bank strengthened collaboration with the Guangdong Agricultural Financing Guarantee Co.Ltd. (省農擔) to enhance credit support for agricultural entities, solidifying its agriculture-focused specialization. As of the end of the Reporting Period, the Bank had cumulatively disbursed RMB375 million to SMEs in key specialized markets; industrial park loan balances reached RMB1.091 billion.

Secondly, optimizing and upgrading product services. In the first half of 2025, the Bank optimized and upgraded the application standards and credit limit models for its online Easy Housing Loan (房易貸) product, expanding eligible customer coverage while actively identifying high-quality clients to drive effective growth of inclusive loan scale; concurrently optimized and upgraded the Procurement Loan (採購貸) product through continuous iteration of online eligibility rules and credit limit models.

Thirdly, accelerating digital transformation. The Bank steadily advanced the digital transformation of inclusive small and micro business operations by developing a universal mortgage loan model and continuously enhancing the end-to-end digital risk control system for inclusive small and micro businesses to safeguard their development.

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(V) FINANCIAL MARKET BUSINESS

1. *Financial interbank business*

In the first half of 2025, the Bank strengthened proactive and forward-looking management of its financial interbank business, actively responded to market changes, continuously optimized the business structure, solidified the interbank customer base, and steadily enhanced profitability. **Firstly**, optimizing the asset-liability structure. On the asset side, the Bank steadily increased allocations to high-quality assets and strengthened portfolio management; on the liability side, it comprehensively managed varieties and tenors to effectively reduce liability costs. **Secondly**, achieving stable year-on-year transaction growth. The Bank actively fulfilled its role as a primary dealer in the open market, effectively expanded bond trading volume, and proactively participated in innovative businesses to elevate its influence in the interbank market. **Thirdly**, deepening interbank client engagement. The Bank continuously refined interbank customer management mechanisms, strengthened granular management capabilities, appropriately expanded interbank client coverage, actively explored business collaboration opportunities, promoted resource integration and coordinated operations, and effectively improved service quality and operational efficiency.

2. *Asset Management Business*

In the first half of 2025, the Bank, focusing on customer needs, vigorously developed its wealth management business, continued to improve its wealth management product system, enriched its shortest-holding and cyclical wealth management products, and promoted the improvement of the quality and efficiency of its marketing services. During the Reporting Period, the Bank's wealth management business was awarded the "Rural Commercial Bank with Excellent Asset Management" (卓越資產管理農商銀行) prize in the Golden Reputation Awards hosted by PY Standard, recognized as an "outstanding Hybrid Wealth Management Bank" (優秀混合類理財銀行) in the 7th China Banking Wealth Management Elite Case Awards, received the "Wealth Management Income Pioneer Prize" (理財收益先鋒獎) in the 3rd Lianhe Zhiping (聯合智評) "Golden Toad Awards" (金蟾獎) and ranked among the top three in individual categories including issuance capability, product development capability, and operational management capability in Pystandard's Q1 2025 comprehensive wealth management rankings (for rural commercial banks without wealth management subsidiaries).

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3. *Asset Custody Business*

In the first half of 2025, the 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 RMB356 billion, an increase of approximately RMB19.2 billion from the beginning of the year with a growth rate of 5.7%.

(VI) SERVICE CHANNEL DEVELOPMENT

(1) *Physical Outlets*

As at the end of the Reporting Period, the Bank had 550 operating outlets (including 1 franchise institution), of which 530 (including 1 franchise institution) were in Guangzhou and 20 located in other places within the province, of which the number of branches in Guangzhou ranked first among the branches of banks in Guangzhou. The Bank has 5 non-local branches and 15 sub-branches in Foshan, Qingyuan, Heyuan, Zhaoqing and Hengqin, Zhuhai.

(2) *Self-service Banking*

As at the end of the Reporting Period, the number of ATMs, self-service inquiry terminals and smart service terminals of the Bank amounted to 1,389, of which 735 ATM, 48 self-service inquiry terminals and 606 intelligent service terminals were maintained.

(3) *Intelligent Banking*

As at the end of the Reporting Period, the Bank had a total of 459 smart banking outlets and invested in 606 smart devices STM.

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(VII) INTERNET FINANCE

(1) *Mobile Banking*

In the first half of 2025, the Bank accelerated the digital transformation of its mobile banking to create a more intimate and convenient financial service experience for customers. On the one hand, the Bank deepened the “financial + life” ecosystem. The Bank’s mobile banking services include a number of convenient functions, such as audio-visual charging and global tax refund, to integrate financial services into customers’ daily lives. On the other hand, the Bank introduced special features such as “Financial Calendar” and “Customer Bill” to provide customers with personalised financial information management and reminder services.

As of the end of the Reporting Period, our mobile banking customers reached 4.921 million, an increase of 4.9% compared to the beginning of the year.

(2) *Online banking*

In the first half of 2025, the Bank comprehensively upgraded our corporate online banking through digital financial technology, and iteratively optimized it in terms of basic services, platform capabilities, and risk management to comprehensively improve customer experience. During the Reporting Period, the Bank had 34,200 contracted corporate online banking customers, with a transaction amount of RMB329.7 billion; the number of contracted corporate customers for mobile banking was 21,700, with a transaction amount of RMB12.6 billion.

(VIII) FINANCIAL TECHNOLOGY DEVELOPMENT

In the first half of 2025, the Bank has been actively promoting the building of financial technology and digital transformation of the entire bank, deepened the application of technology to boost business innovation and efficiency, endeavoured to enhance the quality of technological services through business-technology integration, and strengthened the technological infrastructure to build up a strong information security defence, so as to fully promote the high-quality development of the entire Bank’s business empowered by technology.

Firstly, improving the science and technology governance system and enhancing technology empowerment capabilities. The Bank has been committed to strengthening science and technology governance capacity, establishing a top-down IT management framework comprising of the Board of Directors and Senior Management, the Financial Technology Committee, the IT Risk Management Department, and the Financial Technology Department. We consistently implement the “Three Lines of Defense” for IT risk management and continuously refine the major decision-making functions of the Financial Technology Committee in areas such as financial technology management, IT risk management, and data governance. We continuously promote the application of agile development mechanisms and business-technology integration mechanisms, establishing expert teams in the fields of distributed architecture and development technology systems, and data technology empowerment. We persistently strengthen standardized management of the development process, improve R&D quality and efficiency, and take multiple measures to improve the science and technology governance system, thereby continuously enhancing the level of technology empowering business operations.

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Secondly, accelerating the digital transformation process to support high-quality business development. The Bank steadfastly adheres to strategic guidance, formulating the “Digital Transformation Implementation Plan (2025-2027)” 《數字化轉型工作實施方案(2025-2027 年)》. We focused on enhancing the core competitiveness of small and micro asset business and the comprehensive competitiveness of business outlets, improving risk prevention and control capabilities, and strengthening intelligent management. Through multi-dimensional efforts – including business process digitization, product innovation, customer management, channel development, intelligent marketing, digital risk control, and data-driven initiatives – we propelled the Bank’s digital transformation to accelerate comprehensively.

In the first half of 2025, the Bank successfully implemented 43 information system construction projects, completed the launch and put into production of 16 information systems including the Asset Allocation System and the native HarmonyOS version of the mobile banking client application. These initiatives effectively supported the development and operational management of all major business segments across the Bank, and played the role of technology in promoting the comprehensive improvement of the Bank’s asset efficiency.

Thirdly, strengthening cybersecurity defenses to ensure the secure and stable operation of information systems. The Bank firmly adheres to the baseline of operational security, rigorously upholds cybersecurity perimeters, and comprehensively implements national and regulatory cybersecurity requirements. We strictly enforce cybersecurity management responsibilities across all levels while continuously enhancing organization-wide cybersecurity awareness. Multiple cybersecurity management measures are effectively implemented, including classified protection evaluation of cybersecurity, penetration testing of internet-facing information systems, and security assessments of information systems. The Bank has established next-generation technical protection platforms such as a new antivirus system and next-generation endpoint security management system, achieving all-round enhancement of cybersecurity protective capabilities. In the first half of 2025, no major cybersecurity incidents occurred, accomplishing the goal of “zero accidents” in cybersecurity.

Fourthly, strengthening business continuity management and elevating operational assurance capabilities. The Bank consistently implemented all aspects of business continuity management, optimizing high availability for critical system database cluster software and database disaster recovery architectures. We proactively advanced the replacement of aging equipment in data centers, including migration of obsolete storage systems and replacement of outdated firewalls, thereby mitigating potential operational risks of aging infrastructure while enhancing the stability of foundational resource frameworks. We expanded the cloud platform resource pool, continuously deepened fundamental software/hardware support capabilities, and progressively broadened product application scopes. Regular disaster recovery switchover drills were conducted, completing emergency switchover exercises for 91 systems to comprehensively validate the availability of disaster recovery environments and the feasibility of contingency plans. This has improved emergency personnel’s incident response capabilities. Continuous development of an Integrated Operational Service Platform, One-Click Disaster Recovery Switching Platform, and Intelligent Integrated Monitoring Platform has effectively enhanced the intelligence and automation of operation management, reinforcing business continuity assurance capabilities. All critical information systems maintained stable operations throughout the year without unplanned interruption incidents incurred.

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V. OVERALL RISK MANAGEMENT

(I) Risk Management Framework

The Board of Directors of the Bank is ultimately responsible for overall risk management and has set up a related party transactions and risk management committee to execute the relevant responsibilities authorized by the Board of Directors. The senior management is responsible for implementing 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.

(II) Credit Risk Management

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

The Bank continues to strengthen credit risk management and enhance its credit risk management capability. **Firstly**, the Bank has Implemented the provincial and municipal high-quality development work arrangements, formulated annual credit policies, optimized business access standards, and driven the expansion of local high-quality small and medium-sized credit business in terms of regional orientation, customer orientation, and collateral policy. **Secondly**, we will optimise the authorisation limits over loan review and approval, promote the level of approval for ultra large-value credit granting business, strengthen risk identification and control, and prevent over-credit. **Thirdly**, we promoted the professional construction of credit review and approval, optimize investigation and review tool templates, strictly approve large asset business, and implement standardized operations for small and medium-sized businesses and selected and recruited outstanding examination and approval personnel across the Bank to build a professional team. **Fourthly**, the Bank has strengthened post lending management of credit-granting business, cross-verified the use of funds through multiple channels to prevent misappropriation of credit funds, strengthened the control of customer repayment funds and collateral management, and enhanced the ability and level of risk alert identification and monitoring. **Fifthly**, we have improved the credit responsibility management mechanism, revised the rules for primary-responsible-person system for credit business, standardised the criteria for the division of responsibilities, and issued the details of due diligence exemption for small and medium-sized

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corporate credit, inclusive credit and retail credit, so as to tighten and solidify the responsibility for risk control and create a good credit culture of “daring to lend, being able to lend, and being willing to lend”(敢貸、能貸、願貸). **Sixthly**, the Group has increased the efforts in disposing of non-performing assets, revised the management measures for non-performing assets, and accelerated the disposal and collection of high-risk assets through measures such as credit transfer, write-off and debt settlement. **Seventhly**, the Bank optimised its credit management system and promoted the digital transformation of risk control by embedding credit management requirements into the business process, optimised the system verification and risk alert functions, and continuously enhanced the risk prevention and control automation level of the business system.

During the Reporting Period, the Bank’s credit risk was generally controllable, asset quality remained stable, and key monitoring indicators such as the non-performing loan ratio and non-performing asset ratio complied with regulatory requirements.

(III) Market Risk Management

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 Group’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.

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 a basic investment policy, adhered to a low-risk investment orientation, and 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

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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 Management

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 the whole process of business plans, established multi-level reserves of qualified and high-quality liquid assets, and implemented monthly liquidity risk limit management system with dynamic monitoring and assessment system 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 the emergency response mechanism to promote the risk emergency response capabilities.

During the Reporting Period, the Bank’s liquidity reserves were sufficient, the liquidity risk indicators were consistently better than the regulatory targets, and the Bank had sufficient liquidity risk mitigation capacity under stress scenarios, and the overall liquidity risk level was reasonably controllable.

MANAGEMENT DISCUSSION AND ANALYSIS

(V) Operational Risk Management

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**, on the basis of a comprehensive review of the overall operational risk situation in 2024, completion of stress tests and submission of supervisory statistics, the Bank continued to monitor the operational risk situation, strengthened the reporting management of operational risk events, issued internal control management reminder letters in respect of typical operational risk events, and strengthened the prevention of operational risk, and the Bank did not experience any major operational risk events during the Reporting Period. **Secondly**, the Bank has implemented an operational risk guidance mechanism, formulated an overall operational risk preference indicator of "operational risk loss rate", combined with the Bank's historical loss data measurement, and set tolerance thresholds to accurately provide guidance to the operating organisations on the key points of operational risk and management requirements under the overall risk preference, so as to promote the enhancement of the forward-looking operational risk early warning. **Thirdly**, we have continued to promote the optimisation of the operational risk management system to provide system support for the standardisation of operational risk management and refinement.

(VI) Information Technology Risk Management

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.

The Bank continuously improved its IT risk management framework and strengthened IT risk control measures. On the one hand, the Bank revised and issued IT risk monitoring indicators, business continuity plan and operational procedures for reporting IT off-site supervisory reports, etc. to continuously improve the IT risk management mechanism. On the other hand, the Bank formulated the 2025 Business Continuity Exercise Plan and the IT Outsourcing Service Continuity Exercise Plan, and launched the Business Impact Analysis Special Training and the 2025 Comprehensive Business Impact Analysis, with a view to strengthening business continuity management.

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

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(VII) Compliance Risk Management

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. **Firstly**, the Bank comprehensively reviewed regulations according to tiered classification standards, organized regulations along with their keywords and labels, and published a compilation of rules and regulations to establish the first barrier safeguarding business development through institutional frameworks. **Secondly**, the Bank strengthened the re-examination and random checks of regulations. Centering on the 2025 “Year of Asset Efficiency” (資產效益年) objectives of increasing small and medium-sized loans, secondary industry loans, fixed-asset loans, and overall efficiency, the Bank conducted random checks of regulations in line with new regulatory requirements such as the “Three Measures (三個辦法)” promptly optimizing, improving, or abolishing regulations to continuously enhance the internalization of external regulations and solidify the institutional foundation for asset business. **Thirdly**, the Bank deepened supervision and random checks on regulation implementation. In line with the 2025 “Year of Asset Efficiency” thematic activities, closely monitoring tasks such as reducing large exposures, reducing tertiary sector exposure, and reducing short-term working capital loans, the Bank conducted 14 random checks on regulation implementation inspection items; by urging relevant business units to strengthen rectification, improving the accuracy of regulation implementation, promoting asset quality optimization, and supporting enhanced asset efficiency.

(VIII) Legal Risk Management

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, optimize the approval of legal reviews (consulting) and improve standardised text clauses, issue work reminders and internal control guidelines and continuously improved our legal risk prevention and control level. **Secondly**, the Bank strengthened the process management of litigation cases, promptly analysed and summarised guidelines, guided the handling of litigation cases across the bank, and prevented litigation risks. **Thirdly**, the Bank implemented laws such as the Civil Code and the Company Law, conducted various legal special training, and continuously strengthened the Bank employees’ awareness of legal risk prevention and control.

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(IX) Money Laundering Risk Management

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 deepened the implementation of the “risk-based” management concept to identify and manage its own money laundering risks. **Firstly**, the Bank established and improved anti-money laundering internal control systems in conjunction with the implementation of the new Anti-Money Laundering Law and other regulatory policies, preparing for on-site interviews related to international anti-money laundering assessments. **Secondly**, the Bank continuously strengthened the construction of internal self-correction mechanisms and closely followed up on the implementation of rectifications from internal and external inspections. **Thirdly**, the Bank steadily advanced the digital transformation of anti-money laundering work, effectively enhancing the support capabilities of relevant anti-money laundering information systems. **Fourthly**, the Bank persistently promoted talent team development, deepened management to seek progress while maintaining stability, and promoted the enhancement of money laundering risk management effectiveness.

(X) Reputation Risk Management

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

During the Reporting Period, the Bank established and improved its reputation risk management system, forming a relatively comprehensive mechanism for identifying potential reputation risks, real-time monitoring, timely reporting, and proactive response to ensure controllable public sentiment. **Firstly**, the Bank proactively consolidated public sentiment management, strictly implemented 7*24-hour real-time monitoring and reporting, regularly conducted routine reputation risk inspections, adopted comprehensive multi-layered preventive measures, and effectively addressed reputation risks. **Secondly**, the Bank intensified positive publicity efforts by leveraging both internal and external media channels to actively highlight its achievements in supporting Guangzhou’s “12218” industrial system through financial services, deepening integration into the “Enterprise Co-prosperity Plan,” advancing reforms, developing “small and medium-sized asset business” and contributing to the “Thousand and Ten Thousand Project”, thereby fostering a favorable public opinion environment. **Thirdly**, the Bank regularly reviewed and refined reputation risk management practices to comprehensively enhance work quality and efficiency while effectively safeguarding the Bank’s positive market image.

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(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.

During the Reporting Period, 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.

VI. INTERNAL CONTROL AND INTERNAL AUDIT

(I) Internal Audit Situation

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.

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(II) Internal Audit Situation

The Bank has established an independent and vertical audit management system. The Board of Directors takes ultimate responsibility for the independence and effectiveness of 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 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 perform audit and supervisory 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, continuously improved political positions, comprehensively promoted full coverage of audit supervision, strengthened management arrangement such as 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 focused on national financial policies and regulatory requirements, centering on core operations with audit services for operational management as the main thread. Emphasis was placed on audit oversight services, audit rectification tracking, and audit management enhancement. Audit resources were scientifically configured and audit projects were rationally arranged, promoting comprehensive improvement in audit service management efficiency. This provided robust safeguards for the Bank's steady development.

VII. THE BANK'S PRINCIPAL SUBSIDIARIES

Zhujiang County Bank is the general term for the various rural banks established by the Bank as a main promoter. It is of great significance for the Bank to perform social responsibility, improving the level of financial services for Sannong, and small and micro businesses, assisting rural revitalization and inclusive financial development, and further building a multi-level rural financial service network. During the Reporting Period, the Bank strengthened its consolidated management capabilities for county banks and promoted their steady and high-quality development. As of 30 June 2025, the Bank had a total of 24 Zhujiang County Banks in nine provinces and municipalities across the country.

As a wholly-owned subsidiary promoted and established by the Bank, Zhujiang Financial Leasing Co., Ltd. was incorporated and commenced operation in December 2014, mainly engaged in financial leasing related business. In December 2021, Zhujiang Financial Leasing Co., Ltd. increased its registered capital by RMB500 million with undistributed profits, increasing the registered capital from RMB1 billion to RMB1.5 billion.

MANAGEMENT DISCUSSION AND ANALYSIS

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. They are mainly engaged in monetary financial business. Among them, Hunan Zhuzhou Zhujiang Rural Commercial Bank Co., Ltd. completed its restructuring and commenced operation in December 2017, with a registered capital of RMB600 million. Chaozhou Rural Commercial Bank Co., Ltd. completed its restructuring and commenced operation in June 2019, with a registered capital of RMB2,630 million. Guangdong Nanxiong Rural Commercial Bank Co., Ltd. completed its restructuring and commenced operation in July 2019, with a registered capital of RMB430 million. Shaoguan Rural Commercial Bank Co., Ltd. completed its restructuring and commenced operation in June 2020, with a registered capital of RMB1,374 million.

VIII. WORK OUTLOOK FOR THE SECOND HALF OF 2025

In the first half of 2025, China's gross domestic product was RMB66.1 trillion, a year-on-year increase of 5.3%, up by 0.3 percentage points from the first half of 2024. The national economy withstood pressures and forged ahead against challenges, with overall stable performance and a trend of improvement. By sector, the added value of agriculture (crop production) increased by 3.7% year-on-year. The added value of industrial enterprises above designated size nationwide increased by 6.4% year-on-year, of which the added value of equipment manufacturing increased by 10.2% and high-tech manufacturing grew by 9.5%. The added value of the service sector increased by 5.5% year-on-year, of which information transmission, software and information technology services, and the added value of leasing and business services increased by 11.1% and 9.6% respectively. In terms of domestic and external demand, on the front of domestic demand, with the continuous strengthening of domestic demand expansion policies in the first half of the year, total retail sales of consumer goods increased by 5.0% year-on-year, and fixed asset investment (excluding farmers) rose by 2.8%. On the external demand front, total goods imports and exports in the first half of 2025 increased by 2.9% year-on-year, of which exports grew by 7.2% year-on-year. Regarding prices and employment, CPI decreased by 0.1% year-on-year, PPI declined by 2.8% year-on-year; the national urban surveyed unemployment rate was 5.2%, up by 0.1 percentage points from the same period last year.

Against the backdrop of a complex international economic landscape and the overall stable and steadily improving national economy, the bank diligently implemented the work requirements of the Central Financial Commission and the specific deployment of "1310" initiative of Guangdong Province, as well as the "1312" strategies and measures of Guangzhou City. We remained committed to our role as a rural commercial bank supporting agriculture and small businesses, promoting moderate growth in scale and reasonable optimization of structure across the bank. We have focused on waging the "Four Major Financial Campaigns (四大金融战役)," continuously advanced the "Thousand and Ten Thousand Project" and provided distinctive products for rural revitalization, accelerated industry research for the "12218" modern

MANAGEMENT DISCUSSION AND ANALYSIS

industrial system and credit product support, optimized consumer loans and credit card services to boost consumption, and focused on local customers to build a diversified, comprehensive, and lifestyle-oriented retail financial brand. We will carry out the “Five Key Tasks,” and have actively implemented the work arrangements of Guangzhou City’s “Enterprise Co-prosperity Plan”(益企共贏計劃), successfully implemented Guangdong Province’s first “Transition Finance + Carbon Footprint Linkage (轉型金融+碳足跡掛鉤)” financial services plan of dual certification and transformation, and continuously expanded the service coverage of inclusive finance and pension finance. The Bank steadily carried out the “Year of Asset Efficiency” campaign, deeply advanced the digitization of small and medium-sized credit products, standardization of operational processes, and efficiency in processing, fully implemented the “114” branch development model, to accelerate the enhancement of core competitiveness in small and medium-sized asset businesses and comprehensive competitiveness of branch networks.

Looking ahead to the second half of 2025, external uncertainties are increasing, and the foundation for economic recovery and improvement still needs to be consolidated. The bank will continue to monitor changes in the domestic and international macroeconomic environment, uphold the political and people-oriented nature of financial work, closely follow the national “Five Key Tasks” deployment requirements, as well as the policy orientations of Guangdong Province and Guangzhou City, to achieve effective growth in total assets and scales of loan and deposit. We will intensify efforts to advance the “Year of Asset Efficiency” initiative, continuously increase the balances and proportions of small and medium-sized asset business, secondary industry financing, and fixed-asset loans, and accelerate the development of a healthy balance sheet across the bank; We will resolutely advance the localization, marketization, and efficiency of branch operations, using the strengthening of branch operations as a key focus to vigorously enhance the core competitiveness of small and medium-sized asset business; resolutely control new risks, reduce existing risks, and stabilize asset quality. Focus on key areas to accelerate risk resolution and mitigation, and improve the risk management system to enhance asset quality management standards.

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 2024		Increase/ decrease during the Reporting Period	30 June 2025	
	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	701,000	9,280,230,596	64.40
Domestic Shares held by natural persons	2,455,334,731	17.04	-701,000	2,454,633,731	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'S SHAREHOLDINGS

(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 29,101, comprising the number of the legal person shareholders of the Domestic Shares was 720, possessing 9,280,230,596 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 28,381, possessing 2,454,633,731 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 76 (of which HKSCC Nominees Limited, as a nominee, acted on behalf of some shareholders).

(II) Top Ten Shareholders

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	2,674,611,650	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				7,460,732,223	51.78

Notes:

(1) HKSCC Nominees Limited, as a nominee, held 2,674,611,650 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 5,695 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 30 June 2025, 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%
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%

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 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%
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.

CHANGES IN SHARES AND SHAREHOLDERS

- (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 30 June 2025 as recorded in the register required to be kept by the Bank pursuant to Section 336 of the SFO.

CHANGES IN SHARES AND SHAREHOLDERS

(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 information on the major shareholders of the Bank and their related parties 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, 355 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, 110 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, 564 related legal persons
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.	21 related natural persons, 363 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, 238 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, 55 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, 142 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.	11 related natural persons, 289 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)	8 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.

(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, 152,991,211 Domestic Shares of the Bank were involved in judicial freezing, representing 1.06% of the total share capital of the Bank, and 665,981,832 Domestic Shares of the Bank were involved in pledge, representing 4.62% of the total share capital of the Bank.

CHANGES IN SHARES AND SHAREHOLDERS

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

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

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.

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 Latest Practicable Date, the Guangdong Regulatory Bureau of the National Financial Regulatory Administration issued "Reply of the Guangdong Regulatory Bureau of the National Financial Regulatory Administration on the Change in Registered Capital of Guangzhou Rural Commercial Bank Co., Ltd. (《國家金融監督管理總局廣東監管局關於廣州農村商業銀行股份有限公司變更註冊資本的批覆》)" (Yue Jin Fu [2025] No.254), agreed that the registered capital of the Bank has changed from RMB11,451,268,539 to RMB14,409,789,327. Pursuant to the resolutions passed by 2022 Annual General Meeting and 2023 Class Meeting and the relevant mandate thereunder, the Bank revised the relevant provisions of the Articles of Association to reflect the changes in registered capital and total number of issued shares of the Bank. The Bank has completed relevant procedures such as changes of industrial and commercial (filing) registration, the registered capital of the Bank increased to RMB14,409,789,327.

During the Reporting Period, the Guangdong Regulatory Bureau of the National Financial Regulatory Administration issued "Reply of the Guangdong Regulatory Bureau on the Absorption and Merger of Sanshui Pearl River County Bank Co., Ltd. By Guangdong Shunde Rural Commercial Bank (《廣東監管局關於廣東順德農村商業銀行吸收合併三水珠江村鎮銀行的批覆》)" (Yue Jin Fu [2025] No.172), agreed Guangdong Shunde Rural Commercial Bank to absorb and merge Sanshui Pearl River County Bank. As at the end of the Reporting Period, the Bank transferred the total equity of 66,800,000 Shares of Sanshui Pearl River County Bank held by itself to Guangdong Shunde Rural Commercial Bank., and completed the fund settlement and procedure for the change of equity custody.

During the Reporting Period, the Guangdong Regulatory Bureau of the National Financial Regulatory Administration issued the "Reply of the Guangdong Regulatory Bureau on the Absorption and Merger of Zhongshan Dongfeng Pearl River County Bank Co., Ltd. by Guangzhou Rural Commercial Bank Co., Ltd. (《廣東監管局關於廣州農村商業銀行股份有限公司吸收合併中山鳳凰江村鎮銀行股份有限公司的批覆》)" (Yue Jin Fu [2025] No. 194), and the "Reply of the Guangdong Regulatory Bureau on the Absorption and Merger of Dongguan Huangjiang Pearl River County Bank Co., Ltd. by Guangzhou Rural Commercial Bank Co., Ltd. (《廣東監管局關於廣州農村商業銀行股份有限公司吸收合併東莞黃江珠江村鎮銀行股份有限公司的批覆》)" (Yue Jin Fu [2025] No. 195)", agreed the Bank to absorb and merge Zhongshan Dongfeng Pearl River County Bank and Dongguan Huangjiang Pearl River County Bank. As at the end of the Reporting Period, the Bank is continuing to proceed the subsequent matters related to the absorption and merger.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

I. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) Changes of Directors of the Bank

As of the Latest Practicable Date, the Board of Directors of the Bank comprised a total of 14 directors, including two executive directors, namely Mr. Cai Jian (Secretary of the Party Committee, Chairman), Ms. Deng Xiaoyun (Deputy secretary of the Party Committee and President); 7 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; 5 independent non-executive directors, namely Mr. Liao Wenyi, Mr. Du Jinmin, Mr. Zheng Guojian, Mr. Zhang Hua and Mr. Ma Hok Ming.

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. On 13 June 2025, at the 2024 annual general meeting of the Bank, Mr. Tan Bo was elected as director 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.

(II) Changes of Supervisors of the Bank

As of the Latest Practicable Date, the Board of Supervisors of the Bank comprised a total of 9 supervisors, including three employee representative supervisors, namely Ms. Wang Xigui, Ms. Zeng Weixue and Mr. Bao Chen; 3 external supervisors, namely Mr. Han Zhenping, Mr. Shi Shuiping and Mr. Huang Tianshun; and 3 shareholder representative supervisors, namely Ms. Yu Qing, Mr. Liang Bingtian and Mr. Li Zhiquan.

During the Reporting Period, the Board of Supervisors of the Bank has not undergone adjustments or changes.

(III) Changes in Senior Management of the Bank

As of the Latest Practicable Date, the senior management of the Bank comprised a total of 7 members: including Ms. Deng Xiaoyun (President); 3 Vice Presidents, namely Mr. Li Yaguang, Ms. He Heng, Mr. Gu Bo; one Deputy Secretary of the Party Committee and Assistant to the President, namely Mr. Tan Bo; 1 Secretary to the Board of Directors, namely Ms. Wu Wenli; 1 Business Director, namely Ms. Yang Xuan.

On 23 January 2025, Mr. Tan Bo was appointed as a member of the Party Committee and Deputy Secretary. On 12 July 2024, the Board of Directors of the Bank appointed Mr. Li Yaguang as the Chief Information Officer of the Bank, whose qualification has been approved by the regulatory department on 30 May 2025.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

II. CHANGES IN DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Reporting Period, non-executive director Mr. Ni Kai has concurrently served as the deputy general manager of Guangzhou Financial Holdings Management Co., Ltd. Non-executive director Mr. Wang Xiaobin also serves as Vice President of the Guangzhou Infrastructure Real Estate Investment Trust Association and General Manager of Guangzhou Metro Microfinance Co., Ltd and he no longer serves as the deputy general manager of Guangzhou Metro Construction Investment and Financing Co., Ltd., the director of Guangzhou Metro Investment Finance (HK) Limited, the director of Guangzhou Metro Investment Finance (BVI) Limited, and the vice chairman of Guangzhou Green Infrastructure Industry Investment Fund Management Co., Ltd. and the Member of the Academic Committee on Urban Rail Transit Accounting, Construction Accounting Society of China. Non-executive director Mr. Zuo Liang no longer serves as the director of Tianhai Auto Electronics Group Co., Ltd. and the chairman of the supervisory committee of Jiangsu Rainbow Heavy Industries Co., Ltd.

During the Reporting Period, there has been no change in the position of the supervisors of the Bank.

During the Reporting Period, Mr. Tan Bo was appointed as a member of the Party Committee and Deputy Secretary. Mr. Li Yaguang has concurrently served as the Chief Information Officer of the Bank.

III. INTERESTS AND SHORT POSITIONS OF DIRECTORS, CHIEF EXECUTIVES AND SUPERVISORS 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 Representative Supervisor	Beneficial owner	Domestic Shares	Long	152,224	0.001%	0.001%

Notes:

- (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..

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

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.

IV. SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Bank has adopted a code of conduct regarding securities transactions by the directors, supervisors no less exacting than the required standards as set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Listing Rules. Having made specific enquiries with all directors and supervisors of the Bank, they confirmed that they have complied with the aforesaid code throughout the six months from 1 January 2025 to 30 June 2025.

V. EMPLOYEES

(I) Basic Information of Employees

As of the end of the Reporting Period, the total number of employees of the Group was 13,029. Among them, 12,604 employees entered into labor contracts with the Group, and 425 employees were dispatched workers.

(II) Training of Employees

The Bank has always attached importance to the enhancement of the professionalism and professional quality of its employees. In the first half of 2025, the Bank adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and closely aligned to the High-Quality Development Work Plan of the Bank and the “Year of Esset Efficiency”, thus deepening reform of branches. We focused on theoretical innovation, enhancing comprehensive practical marketing capabilities, strengthening development of the cadre team and talent pipeline, optimizing the training system, and ensuring foundational support, to strive to make our training work substantial, innovative and outstanding.

During the Reporting Period, the Bank organized key position professional enhancement training programmes through various methods such as internal training, external training, and job-transfer training covering topics such as Party affairs, disciplinary inspection, internal audit, risk management, credit approval, product management, financial technology, human resource management, financial management, office management, and procurement management. Such efforts aimed to improve the quality of our cadre and staff teams, providing organizational assurance and talent support for promoting the high-quality development of the Bank. During the Reporting Period, we had advanced more than 200 training projects, covering more than 34,000 employees at all levels, and conducted 203 online training sessions through live streaming.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

(III) Remuneration Policy of Employees

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 development, 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, which include the personnel in relevant risk positions required by the regulatory regulations in the scope of salary deferral payment, and implement salary recourse deduction of relevant personnel in accordance with the requirements. For employees who have caused risks and losses to the Bank due to business risk exposure, disciplinary violations or dereliction of duty, 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.

CORPORATE GOVERNANCE

I. OVERVIEW OF CORPORATE GOVERNANCE OF THE BANK

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 in Appendix C1 to the Listing Rules 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.

II. 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.

III. CONVENING OF THE GENERAL MEETING OF THE BANK

During the Reporting Period, the Bank convened one general meeting, details of which are set out below:

On 13 June 2025, the Bank convened the 2024 annual general meeting in Guangzhou, Guangdong Province, a total of 152 shareholders (including proxies) attended the meeting, and 13 directors of the fourth session of the Board of Directors of the Bank including executive director, Mr. Cai Jian, 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, Mr. Feng Yaoliang, attended the above meeting.

The following resolutions were considered and approved at the 2024 annual general meeting, including the Resolution on Consideration of the 2024 Work Report of the Board of Directors of Guangzhou Rural Commercial Bank Co., Ltd., Resolution on Consideration of the 2024 Work Report 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 Consideration of the 2024 Annual Report of Guangzhou Rural Commercial Bank Co., Ltd., Resolution on Consideration of the 2024 Annual Financial Accounts of Guangzhou Rural Commercial Bank Co., Ltd., Resolution on Consideration of the 2024 Profit Distribution Plan of Guangzhou Rural Commercial Bank Co., Ltd., Resolution on Consideration of the 2025 Financial Budget Report of Guangzhou Rural Commercial Bank Co., Ltd., Resolution on Consideration of the 2024 Report on Sannong Financial Services of Guangzhou Rural Commercial Bank Co., Ltd., Resolution on Consideration of the Estimated Quota for Material Related Parties Transactions of the Major Shareholders and Its Controlling Shareholders defacto Controllers of Guangzhou Rural Commercial Bank Co., Ltd. in 2025; Resolution on Consideration of Appointing an Accounting Firm to Undertake the External Audit of the Bank's 2025 Financial Report; Resolution on Consideration of Guangzhou Rural Commercial Bank Co., Ltd. Issuing Ordinary Financial Bonds; Resolution on Consideration of Approving the Absorption and Merger of Xingning Zhujiang Village Bank Co., Ltd. by Guangzhou Rural Commercial Bank Co., Ltd.; Resolution on Consideration of the Implementation Plan for the Absorption and Merger of Xingning Zhujiang Village Bank Co., Ltd. by Guangzhou Rural Commercial Bank Co., Ltd.; Resolution on Consideration of Approving the Absorption and Merger of Heshan Zhujiang Village Bank Co., Ltd. by Guangzhou Rural Commercial Bank Co., Ltd.; Resolution on Consideration of the Implementation Plan for the Absorption and Merger of Heshan Zhujiang Village Bank Co., Ltd. by Guangzhou Rural Commercial Bank Co., Ltd.; Resolution on Consideration of Approving the Absorption and Merger of Shenzhen Pingshan Zhujiang County Bank Co., Ltd. by Guangzhou Rural Commercial Bank Co., Ltd.; Resolution on Consideration of the Implementation Plan for the Absorption and Merger of Shenzhen Pingshan Zhujiang County Bank Co., Ltd. by Guangzhou Rural Commercial Bank Co., Ltd.

The Bank's PRC legal adviser, East & Concord Partners Guangzhou Office, witnessed the annual general meeting and issued a legal opinion: it is of the view that the convening of the 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 2024 annual general meeting dated 13 June 2025 on the Hong Kong Stock Exchange and the website of the Bank.

CORPORATE GOVERNANCE

IV. DUTIES OF THE BOARD OF DIRECTORS

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.

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 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

CORPORATE GOVERNANCE

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 anti-terrorist 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.

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.

CORPORATE GOVERNANCE

V. CONVENING OF THE BOARD MEETING OF THE BANK

During the Reporting Period, the Board of Directors of the Bank convened a total of 5 meetings, considering 64 resolutions and listening to 22 notifications; the Strategy and Investment Committee (Sannong Committee) of the Board convened a total of 4 meetings, considering 25 resolutions and listening to 2 notifications; the Audit Committee of the Board convened a total of 4 meetings, considering 10 resolutions and listening to 6 notifications; the Related Party Transactions and Risk Management Committee of the Board convened 4 meetings, considering 27 resolutions and listening to 5 notifications; the Nomination and Remuneration Committee of the Board convened a total of 2 meetings, considering 5 resolutions and listening to 1 notifications; the Consumer Rights Protection Committee of the Board convened a total of 2 meetings, considering 3 resolutions.

VI. PERFORMANCE OF INDEPENDENT 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.

VII. 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 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.

CORPORATE GOVERNANCE

VIII. CONVENING OF THE MEETING OF THE BOARD OF SUPERVISORS

During the Reporting Period, the Board of Supervisors of the Bank convened a total of 3 meetings, at which 23 resolutions were considered and approved and 11 notifications were listened. The Nomination Committee of the Board of Supervisors convened a total of 1 meeting, at which 5 resolutions were considered and approved. The Audit and Supervision Committee of the Board of Supervisors convened a total of 2 meetings, at which 9 resolutions were considered and approved, listening to 4 notifications.

IX. WORK OF EXTERNAL SUPERVISORS OF THE BANK

During the Reporting Period, the external supervisors of the Bank, in strict accordance with the provisions of relevant laws, regulations and the Bank's Articles of Association, performed their duties diligently and discussed at meetings in due course by fully studying and reviewing every proposal and actively attending meetings of the Board of Supervisors and the respective special committees thereof, participating in the general meetings on time, attending (as non-voting delegates) the meetings of the Board of Directors and its special committees, participating various supervisory and research activities organized by the Board of Supervisors, expressing their professional and rigorous opinions independently and impartially, which played a proactive role in improving the corporate governance and the management of the Bank. During the closure period, the Board of Supervisors carefully reviewed the documents such as the Monthly Information Report of the Board of Supervisors 《監事會信息月報》 and the Work Brief of Board of Supervisors 《監事會工作簡訊》 to keep deep abreast of the Bank's business management and actively participate in professional training activities, dedicate sufficient time and effort to perform duties and practically enhance its performance ability, and lay a solid foundation for scientific supervision.

X. DUTIES OF SENIOR MANAGEMENT OF THE BANK

The duties of senior management of the Bank mainly include: to carry out operation and management 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 and the Board of Directors; to be accountable to the Board of Directors and supervised by the Board of Supervisors, and to report the management of the Bank in a timely, accurate and complete manner, and provide relevant materials in accordance with the requirements of the Board of Directors and the Board of Supervisors; to establish a system for information reporting to the Board of Directors and its special committees, and the Board of Supervisors and its special committees, and clarify the types, content, time and forms of information for reporting to ensure that directors and supervisors can obtain various types of information promptly, accurately and completely; to set up and optimise various meeting systems and draw up corresponding rules of procedure; to undertake the responsibility for the implementation of comprehensive risk management, and to be responsible for the following duties: to establish a management structure based on comprehensive risk management, define risk management responsibilities among the functional departments, business units and other departments of comprehensive risk management, and develop a coordinated checks-and-balances mechanism among departments; to formulate clear execution and inquiry mechanisms for the effective communication and implementation of risk management strategies, risk appetites and limits; to set risk limits according to the risk appetites set by the Board of Directors for various dimensions including, but not limited to, industries, regions, customers and products; to formulate risk management policies and procedures, and conduct periodic assessments and make adjustments when necessary; to evaluate the management for

CORPORATE GOVERNANCE

comprehensive risks and various key risks and report to the Board of Directors; to establish a sound management information system and data quality control mechanism; to supervise the breach of risk appetites and risk limits and violations of risk management policies and procedures, and handle such cases according to the authorization of the Board of Directors; and other risk management responsibilities; to be responsible for formulating systematic systems, procedures and methods according to the acceptable risk level determined by the Board of Directors, and taking corresponding risk control measures; responsible for establishing and improving internal organizational structures to ensure that various responsibilities of internal control are effectively performed; responsible for organizing the monitoring and evaluation of the adequacy and effectiveness of the internal control system; to be responsible for organizing and implementing capital management pursuant to the business strategy and risk appetite, ensuring that capital is compatible with business development and risk levels, and implementing various monitoring measures; specifically performing the following duties: to formulate and organize the implementation of rules and regulations of capital management; to formulate and organize the implementation of the internal capital adequacy assessment procedure, clarify the division of responsibilities of relevant departments, and establish and improve the evaluation framework, procedures and management systems; to formulate and organize the implementation of capital planning and capital adequacy management plans; to evaluate the capital adequacy ratio regularly and irregularly, and report the level of capital adequacy ratio, the management of capital adequacy ratio and the results of internal capital adequacy assessment to the Board of Directors; to organize stress testing, participate in the determination of stress testing objectives, plans and important assumptions, promote the application of stress testing results in risk assessment and capital planning; to develop and maintain the internal capital adequacy assessment information management system; to assume management responsibilities for the formulation and update of the recovery plan and disposal plan; to be responsible for implementing the business continuity management policies approved by the Board of Directors. The main responsibilities include: formulating and regularly reviewing and supervising the implementation of business continuity management policies and procedures; clarifying the business continuity management responsibilities of each department, clarifying reporting routes, and approving important business recovery goals and strategy, supervising the performance of management responsibilities of each department, and ensuring the normal operation of the business continuity management system; and ensuring that sufficient resources are allocated to guarantee the implementation of business continuity management; to undertake the responsibility for the implementation of the emergency management policy approved by the Board of Directors; to undertake the management responsibility for reputation risk management of the Bank; to establish and improve the reputation risk management system, improve the working mechanism, formulate reputation risk response plans and handle plans for major events, and arrange and promote the handling of reputation incidents. Reputation risk management assessment shall be conducted at least once a year; to undertake the responsibility for the implementation of risk management of money laundering and terrorism financing; be responsible for promoting the construction of money laundering risk management culture; establishing and timely adjusting the money laundering risk management organizational structure, clarifying the division of responsibilities and coordination mechanisms of anti-money laundering management departments, business units and other departments in money laundering risk management; formulating and adjusting money laundering risk management strategies and implementation mechanism; reviewing money laundering risk management policies and procedures; regularly reporting anti-money laundering work to the Board of Directors, and reporting major money laundering risk events to the Board of Directors and the Board of Supervisors in a timely manner; organizing

CORPORATE GOVERNANCE

the implementation of the anti-money laundering information system and data governance; organizing the implementing the anti-money laundering performance evaluation and reward and punishment mechanism; handling violations of anti-money laundering risk management policies and procedures as authorized by the Board of Directors; and other related responsibilities; to be responsible for determining the operation and management structure of Internet loans, and clarifying the division of responsibilities among various departments; formulating, evaluating and supervising the implementation of Internet loan business plans, risk management policies and procedures, management policies and procedures of cooperative institutions, and cross-regional operation and management policies; formulating risk control indicators for Internet loan business, including but not limited to Internet loan limit, the limit and capital contribution ratio of jointly funded and issued loans with cooperative institutions, the concentration of cooperative institutions, non-performing loan ratio, etc.; establishing a risk management mechanism for Internet loan business, continuously and effectively monitoring, controlling and reporting various types of risks, and responding to risk events in a timely manner; fully understanding and regularly evaluating the development of Internet loan business, risk level and management status, consumer protection condition, keeping abreast of major changes, and regularly reporting to the Board of Directors; and other relevant responsibilities; to formulate green credit targets, establish mechanism and procedures, define duties and authorities, carry out internal control inspection and assessment, report the development situation of green credit to the Board of Directors every year, and report the relevant situation to the regulatory authorities in a timely manner; to ensure that the strategic objectives and policies for consumer rights protection are effectively implemented; to review and publish significant information disclosures on consumer rights protection; to establish a data governance system, ensure the allocation of data governance resources, formulate and implement accountability and incentive mechanisms, establish a data quality control mechanism, ensure the authenticity, accuracy, continuity, completeness and timeliness of data, organize and evaluate the effectiveness and implementation of data governance, and regularly report to the Board of Directors; to undertake the responsibility for organizing the implementation of resolutions on remuneration management of the Board; to support the internal audit departments to perform its duties independently to ensure that internal audit resources are in place; to report to the audit committee on the latest developments and changes in business development, product innovation, operation procedures, risk management and internal control compliance in a timely manner; to carry out effective rectification based on the problems identified by the internal audit and audit recommendation; other functions and powers that shall be exercised by senior management as stipulated by laws, regulations, regulatory provisions and these Articles of Association of the Bank.

XI. AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE BANK

In July 2025, the Bank received the Approval from the Guangdong Regulatory Bureau of the National Financial Supervisory Administration on the Change of Registered Capital of Guangzhou Rural Commercial Bank Co., Ltd. (Guangdong Financial Approval [2025] No. 254). The Guangdong Regulatory Bureau approved the change of the Bank's registered capital from RMB11,451,268,539 to RMB14,409,789,327. Pursuant to the authorisation granted at the 2022 Annual General Meeting and the 2023 Class Shareholders' Meeting, the Bank has revised the relevant provisions of its Articles of Association to reflect the changes in its registered capital and the total number of issued shares. For further details, please refer to the Bank's announcement dated 30 July 2025.

MAJOR EVENTS

I. IMPLEMENTATION OF DIVIDENDS DISTRIBUTION

Upon the approval at the 2024 annual general meeting of the Bank, the Bank distributed a final dividend in cash for 2024 on 25 July 2025 of RMB0.45 per 10 shares (tax inclusive) and RMB648 million (tax inclusive) in aggregate to holders of Domestic Shares and holders of H Shares whose names appeared on the register of members of the Bank on Wednesday, 25 June 2025. The Bank did not declare any interim dividend for 2025 (2024: nil).

II. SHAREHOLDERS HOLDING MORE THAN 5% OF THE SHARES IN THE BANK AND CHANGES IN THEIR SHAREHOLDINGS

During the Reporting Period, the shareholders holding more than 5% of the total issued shares of the Bank were Guangzhou Finance Holdings Group Co., Ltd. and Guangzhou Metro Group Co., Ltd., holding 1,194,271,140 shares and 722,950,000 shares of the Bank, respectively. The number of shares held by the aforementioned shareholders did not change compared to the end of 2024.

III. PENALTIES IMPOSED ON DIRECTORS AND SUPERVISORS OF THE BANK

During the Reporting Period, there were no circumstances in which the Bank's directors and supervisors were subject to penalties imposed by competent authorities that had a material impact on the Bank's operations.

IV. TOTAL RELATED PARTY/CONNECTED TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS

(I) Related Party Transactions under Supervision

As of the end of the Reporting Period, the Bank had a total credit balance of RMB30,452 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.

(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. 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.

MAJOR EVENTS

V. MATERIAL ACQUISITION AND DISPOSAL OF ASSETS AND MERGER OF ENTERPRISES

During the Reporting Period, the Bank did not engage in any major asset acquisitions, disposals, or business mergers.

VI. MATERIAL LEGAL PROCEEDINGS AND ARBITRATIONS

As of the end of the Reporting Period, there were 4 pending litigation cases with amount exceeding RMB10 million in which the Bank was a defendant or respondent, which involved an amount of approximately RMB208 million.

VII. 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.

VIII. SUBSEQUENT EVENTS

The Bank and its subsidiaries have no major events after the Reporting Period.

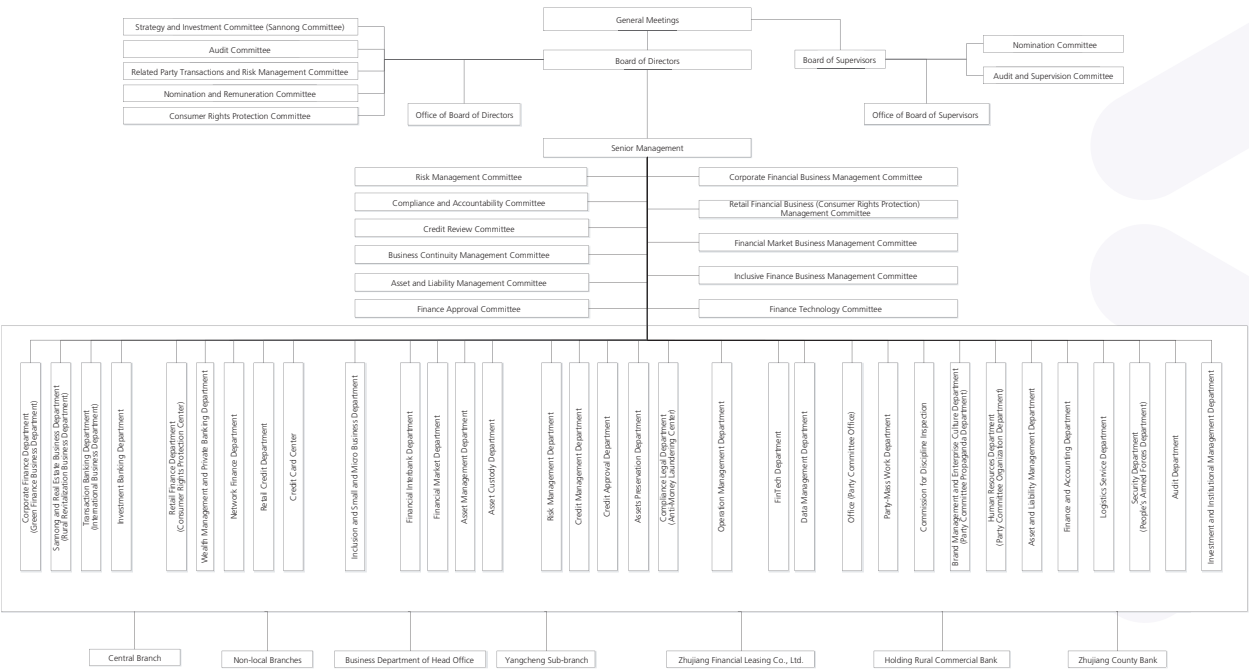
IX. REVIEW AND RELEASE OF INTERIM RESULTS

The interim financial report for the six months ended 30 June 2025 prepared by the Bank in accordance with the IFRS has been reviewed by Deloitte Touche Tohmatsu and the Audit Committee under the Board of Directors and the Board of Directors of the Bank have reviewed and approved the Bank's interim results and financial report for the six months ended 30 June 2025.

Please refer to the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Bank (www.grcbank.com) for both the English and Chinese versions of the Bank's reports prepared in accordance with the International Financial Reporting Standards and the Listing Rules.

CORPORATE STRUCTURE

As of the end of the Reporting Period, the corporate structure of the Group was as follows:



REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



德勤

To the Board of Directors of Guangzhou Rural Commercial Bank Co., Ltd.

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

INTRODUCTION

We have reviewed the condensed 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 86 to 181, which comprise the condensed consolidated statement of financial position as of 30 June 2025 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" (**"IAS 34"**) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

OTHER MATTER

The comparative condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 30 June 2024 and the relevant notes to the condensed consolidated financial statements were extracted from the interim financial information of the Group for the six-month period ended 30 June 2024 reviewed by another auditor who expressed an unmodified conclusion on the interim financial information on 29 August 2024.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
28 August 2025

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

	Notes	Six months ended 30 June	
		2025 (Unaudited)	2024 (Unaudited)
Interest income	5	17,707,411	18,595,261
Interest expense	5	(11,144,063)	(12,325,287)
Net interest income		6,563,348	6,269,974
Fee and commission income	6	585,131	509,509
Fee and commission expense	6	(213,463)	(193,731)
Net fee and commission income		371,668	315,778
Net trading gains	7	258,317	386,939
Net gains on financial investments	8	789,044	488,846
Net gains on disposal of a subsidiary	39	13,046	–
Other income, gains or losses, net	9	42,035	(115,578)
Operating income		8,037,458	7,345,959
Operating expenses	10	(2,997,027)	(3,030,178)
Credit impairment losses	11	(3,808,243)	(2,915,986)
Impairment losses on other assets		(6,815)	–
Profit before income tax		1,225,373	1,399,795
Income tax credit	12	284,628	300,846
Net profit for the period		1,510,001	1,700,641
Attributable to:			
Shareholders of the Bank		1,374,266	1,475,088
Non-controlling interests		135,735	225,553
		1,510,001	1,700,641
Earnings per share (RMB yuan)			
– basic and diluted	14	0.07	0.06

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

	Notes	Six months ended 30 June	
		2025 (Unaudited)	2024 (Unaudited)
Net profit for the period		1,510,001	1,700,641
Other comprehensive income (after tax, net):	37		
Items that may be reclassified to profit or loss			
Changes in fair value of financial investments at fair value through other comprehensive income ("FVTOCI")		(658,970)	1,495,058
Changes in the expected credit losses of financial investments at FVTOCI		59,510	(25,554)
Item that will not be reclassified to profit or loss			
Remeasurement losses on defined benefit plans		(7,681)	(759)
Subtotal of other comprehensive income for the period		(607,141)	1,468,745
Total comprehensive income for the period		902,860	3,169,386
Total comprehensive income attributable to:			
Shareholders of the Bank		871,331	2,872,796
Non-controlling interests		31,529	296,590
		902,860	3,169,386

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

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

	Notes	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
ASSETS			
Cash and deposits with central bank	15	67,687,060	74,750,057
Deposits with banks and other financial institutions	16	21,813,958	15,634,038
Placements with banks and other financial institutions	17	81,946,789	70,803,135
Financial assets held under resale agreements	18	33,420,900	30,054,622
Loans and advances to customers	19	693,216,630	698,208,449
Financial investments			
– Financial investments at fair value through profit or loss	20	80,506,290	75,073,415
– Financial investments at fair value through other comprehensive income	21	200,724,871	171,042,104
– Financial investments at amortised cost	22	198,718,872	199,810,694
Property and equipment	23	3,234,583	3,295,702
Goodwill	24	734,237	734,237
Deferred tax assets	25	13,604,067	12,126,897
Other assets	26	11,097,705	10,874,571
Total assets		1,406,705,962	1,362,407,921
LIABILITIES			
Due to central bank		22,214,803	15,143,552
Deposits from banks and other financial institutions	27	20,764,036	37,200,835
Placements from banks and other financial institutions	28	5,604,782	5,462,878
Financial liabilities at fair value through profit or loss	29	2,250,246	5,271,864
Financial assets sold under repurchase agreements	30	59,151,602	29,623,563
Customer deposits	31	1,014,758,426	979,458,777
Income tax payable		1,714,796	1,296,636
Debt securities issued	32	155,667,018	162,100,456
Other liabilities	33	22,335,021	23,931,219
Total liabilities		1,304,460,730	1,259,489,780

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

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

	Notes	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
EQUITY			
Share capital	34	14,409,789	14,409,789
Other equity instruments	35	12,000,000	12,000,000
Reserves	36	49,099,786	49,577,085
Retained earnings		19,227,350	18,871,033
Equity attributable to shareholders of the Bank		94,736,925	94,857,907
Non-controlling interests		7,508,307	8,060,234
Total equity		102,245,232	102,918,141
Total liabilities and equity		1,406,705,962	1,362,407,921

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

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

Cai Jian
Chairman

Li Yaguang
Chief Financial Officer

Huang Sunan
Head of Financial Department

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

	Attributable to shareholders of the Bank										
	Share capital Note 34	Other equity instruments Note 35	Reserves					Non-Controlling interests	Total		
			Capital reserve	Surplus reserve	General reserve	Other reserves	Subtotal Note 36			Retained earnings	Subtotal
Balance at 1 January 2025 (Audited)	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
Net profit for the period	-	-	-	-	-	-	-	1,374,266	1,374,266	135,735	1,510,001
Other comprehensive income for the period	-	-	-	-	-	(502,935)	(502,935)	-	(502,935)	(104,206)	(607,141)
Total comprehensive income	-	-	-	-	-	(502,935)	(502,935)	1,374,266	871,331	31,529	902,860
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(211,082)	(211,082)
Transactions with non-controlling interests	-	-	(11,322)	-	-	-	(11,322)	-	(11,322)	(189,932)	(201,254)
Repurchase of shares by a subsidiary	-	-	-	-	-	-	-	-	-	(12,480)	(12,480)
Shareholders' donation	-	-	1,050	-	-	-	1,050	-	1,050	768	1,818
Appropriation to general reserve	-	-	-	-	35,908	-	35,908	(35,908)	-	-	-
Dividends declared to ordinary shareholders	-	-	-	-	-	-	-	(648,441)	(648,441)	-	(648,441)
Distributions to other equity instrument holders	-	-	-	-	-	-	-	(333,600)	(333,600)	-	(333,600)
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(170,730)	(170,730)
Balance at 30 June 2025 (Unaudited)	14,409,789	12,000,000	22,072,306	6,020,835	18,183,997	2,822,648	49,099,786	19,227,350	94,736,925	7,508,307	102,245,232

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

	Attributable to shareholders of the Bank								Non-Controlling interests	Total	
	Reserves					Retained earnings	Subtotal				
	Share capital Note 34	Other equity instruments Note 35	Capital reserve	Surplus reserve	General reserve			Other reserves			Subtotal Note 36
Balance at 1 January 2024 (Audited)	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 period	-	-	-	-	-	-	-	1,475,088	1,475,088	225,553	1,700,641
Other comprehensive income for the period	-	-	-	-	-	1,397,708	1,397,708	-	1,397,708	71,037	1,468,745
Total comprehensive income	-	-	-	-	-	1,397,708	1,397,708	1,475,088	2,872,796	296,590	3,169,386
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	-	-	1,146	-	-	-	1,146	-	1,146	840	1,986
Dividends declared to ordinary shareholders	-	-	-	-	-	-	-	(576,392)	(576,392)	-	(576,392)
Distributions to other equity instrument holders	-	-	-	-	-	-	-	(666,129)	(666,129)	-	(666,129)
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(207,032)	(207,032)
Balance at 30 June 2024 (Unaudited)	14,409,789	12,000,000	22,070,593	5,844,020	16,835,889	1,370,598	46,121,100	19,754,462	92,285,351	7,805,100	100,090,451

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

	Attributable to shareholders of the Bank								Non-Controlling interests	Total
	Share capital Note 34	Other equity instruments Note 35	Reserves					Subtotal Note 36		
			Capital reserve	Surplus reserve	General reserve	Other reserves	Retained earnings			
Balance at 1 January 2024 (Audited)	14,409,789	9,820,734	22,420,958	5,844,020	16,835,889	(27,110)	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	219,295	3,571,988
Total comprehensive income	-	-	-	-	-	3,352,693	2,080,674	5,433,367	554,165	5,987,532
Transactions with non-controlling interests	-	-	2,112	-	-	-	-	2,112	(3,554)	(1,442)
Redemption of preference shares	-	(9,820,734)	(351,285)	-	-	-	-	(10,172,019)	-	(10,172,019)
Issuance of perpetual bonds	-	12,000,000	(226)	-	-	-	-	11,999,774	-	11,999,774
Shareholders' donation	-	-	11,019	-	-	-	-	11,019	4,364	15,383
Appropriation to surplus reserve	-	-	-	176,815	-	-	(176,815)	-	-	-
Appropriation to general reserve	-	-	-	-	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 declared and paid to non-controlling shareholders	-	-	-	-	-	-	-	-	(209,443)	(209,443)
Balance at 31 December 2024 (Audited)	14,409,789	12,000,000	22,082,578	6,020,835	18,148,089	3,325,583	18,871,033	94,857,907	8,060,234	102,918,141

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

		Six months ended 30 June	
	Notes	2025 (Unaudited)	2024 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		1,225,373	1,399,795
Adjustments for:			
Interest income on financial investments	5	(4,475,960)	(4,372,495)
Interest income accrued on impaired financial assets		(506,474)	(205,132)
Interest expense on debt securities issued	5	1,690,889	1,906,610
Net trading losses/(gains)		89,958	(253,282)
Net gains on disposal of a subsidiary	39	(13,046)	–
Net gains on financial investments	8	(789,044)	(488,846)
Net foreign exchange losses	9	3,019	189,908
Net losses/(gains) on disposal of property and equipment, foreclosed assets and lease assets	9	2,963	(21,872)
Depreciation and amortisation	10	302,621	305,635
Depreciation of investment properties		3,419	3,957
Interest expense on lease liabilities	5	12,747	24,131
Impairment losses		3,815,058	2,941,331
Other		200,886	(8,516)
		1,562,409	1,421,224
Net (increase)/decrease in operating assets			
Deposits with central bank		(1,969,285)	1,953,296
Deposits with banks and other financial institutions		727,235	(1,748,953)
Placements with banks and other financial institutions		(11,282,678)	(6,467,738)
Financial assets held under resale agreements		(3,368,468)	4,623,523
Loans and advances to customers		1,538,312	(15,098,509)
Financial investments at fair value through profit or loss		(5,907,653)	10,143,337
Other assets		(491,099)	(827,685)
		(20,753,636)	(7,422,729)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

	Notes	Six months ended 30 June	
		2025 (Unaudited)	2024 (Unaudited)
Net increase/(decrease) in operating liabilities			
Due to central bank		7,071,251	(13,955,048)
Deposits from banks and other financial institutions		(16,436,799)	(8,355,651)
Placements from banks and other financial institutions		4,402,371	39,540
Financial liabilities at fair value through profit or loss		(2,856,563)	10,880
Financial assets sold under repurchase agreements		29,528,039	(14,903,617)
Customer deposits		36,757,942	20,458,910
Other liabilities		(796,749)	5,281,938
		57,669,492	(11,423,048)
Net cash flows generated from/(used in) operating activities before tax		38,478,265	(17,424,553)
Income tax paid		(579,120)	(593,631)
Net cash flows generated from/(used in) operating activities		37,899,145	(18,018,184)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment and other long-term assets		(109,903)	(661,164)
Proceeds from disposal of property and equipment and other long-term assets		5,217	24,100
Cash paid for investments		(91,466,428)	(103,998,497)
Proceeds from sale and redemption of investments		63,319,900	86,352,082
Return on investments		3,877,409	4,922,486
Net cash outflow relating to disposal of a subsidiary	39	(521,097)	–
Net cash flows used in investing activities		(24,894,902)	(13,360,993)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

	Notes	Six months ended 30 June	
		2025 (Unaudited)	2024 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shareholders' donation		1,818	1,986
Acquisition of partial interest of subsidiaries		(213,734)	–
Cash paid for redemption of preference shares		–	(10,382,255)
Repayment of debt securities issued		(113,026,185)	(102,726,682)
Proceeds from issuance of other equity instrument		–	11,999,774
Proceeds from issuance of debt securities		107,020,000	123,685,640
Repayment of lease liabilities		(119,697)	(174,991)
Repayment of other financing activities		(5,738,310)	–
Distributions to other equity instrument holders		(333,600)	(666,129)
Dividends paid to non-controlling shareholders		(166,001)	(206,096)
Interest paid on debt securities issued		(2,118,142)	(2,296,360)
Interest paid on other financing activities		(165,336)	–
Others		(37,602)	–
Net cash flows (used in)/generated from financing activities		(14,896,789)	19,234,887
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,892,546)	(12,144,290)
Cash and cash equivalents at the beginning of the period		35,606,902	46,700,943
Effect of exchange rate changes on cash and cash equivalents		(7,948)	15,993
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	38	33,706,408	34,572,646
Net increase/(decrease) in operating activities:			
Interest received		12,111,695	14,158,152
Interest paid		(11,034,391)	(12,038,797)

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

1. CORPORATE INFORMATION AND STRUCTURE

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**”) conducts its 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 NFRA or other relevant regulators.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

1. CORPORATE INFORMATION AND STRUCTURE (CONTINUED)

The Bank and its subsidiaries are collectively referred to as the “Group”. As at 30 June 2025, the Bank had a total of 29 subsidiaries, including 24 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 30 June 2025 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
		30 June 2025	31 December 2024	30 June 2025	31 December 2024	30 June 2025	31 December 2024	
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 (ii)	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) (ii)	Huixian, Henan Province	100,000	100,000	35.00%	35.00%	53.57%	53.57%	Banking
Pengshan Zhujiang County Bank Company Limited (ii)	Meishan, Sichuan Province	100,000	100,000	62.50%	62.50%	70.50%	70.50%	Banking
Xinjin Zhujiang County Bank Company Limited (i)(ii)	Chengdu, Sichuan Province	100,000	100,000	35.00%	35.00%	54.00%	54.00%	Banking
Guanghan Zhujiang County Bank Company Limited (i) (ii)	Guanghan, Sichuan Province	100,000	100,000	35.00%	35.00%	41.00%	41.00%	Banking
Dalian Baoshuiqu Zhujiang County Bank Company Limited (ii)	Dalian, Liaoning Province	350,000	350,000	81.43%	81.43%	87.44%	87.44%	Banking
Jizhou Zhujiang County Bank Company Limited (i)(ii)	Ji'an, Jiangxi Province	87,820	87,820	33.79%	33.79%	57.19%	57.19%	Banking
Heshan Zhujiang County Bank Company Limited (i) (ii)	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%	94.77%	94.77%	94.77%	Banking
Xinyang Zhujiang County Bank Company Limited (i) (ii)	Xinyang, Henan Province	414,200	414,200	39.60%	39.60%	54.13%	54.13%	Banking

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

1. CORPORATE INFORMATION AND STRUCTURE (CONTINUED)

The Bank and its subsidiaries are collectively referred to as the “Group”. As at 30 June 2025, the Bank had a total of 29 subsidiaries, including 24 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 30 June 2025 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
		30 June 2025	31 December 2024	30 June 2025	31 December 2024	30 June 2025	31 December 2024	
Yantai Fushan Zhujiang County Bank Company Limited (ii)	Yantai, Shandong Province	100,000	100,000	93.00%	93.00%	100.00%	100.00%	Banking
Anyang Zhujiang County Bank Company Limited (i)(ii)	Anyang, Henan Province	60,000	60,000	35.00%	35.00%	55.50%	55.50%	Banking
Qingdao Chengyang Zhujiang County Bank Company Limited (i)(ii)	Qingdao, Shandong Province	100,000	100,000	35.00%	35.00%	61.00%	61.00%	Banking
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) (Note 39)	Foshan, Guangdong Province	200,000	200,000	–	33.40%	–	50.50%	Banking
Zhongshan Dongfeng Zhujiang County Bank Company Limited (i)(ii)	Zhongshan, Guangdong Province	150,000	150,000	100.00%	35.00%	100.00%	55.00%	Banking
Xingning Zhujiang County Bank Company Limited (i)(ii)	Xingning, Guangdong Province	50,000	50,000	34.00%	34.00%	87.00%	87.00%	Banking
Shenzhen Pingshan Zhujiang County Bank Company Limited (i)(ii)	Shenzhen, Guangdong Province	300,000	300,000	35.00%	35.00%	77.00%	77.00%	Banking
Dongguan Huangjiang Zhujiang County Bank Company Limited (i)(ii)	Dongguan, Guangdong Province	150,000	150,000	91.00%	35.00%	100.00%	100.00%	Banking
Zhengzhou Zhujiang County Bank Company Limited (i)(ii)	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%	51.00%	Banking
Chaozhou Rural Commercial Bank Company Limited (ii)	Chaozhou, Guangdong Province	2,633,342	2,633,342	57.72%	57.72%	58.22%	58.22%	Banking

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

1. CORPORATE INFORMATION AND STRUCTURE (CONTINUED)

The Bank and its subsidiaries are collectively referred to as the "Group". As at 30 June 2025, the Bank had a total of 29 subsidiaries, including 24 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 30 June 2025 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
		30 June 2025	31 December 2024	30 June 2025	31 December 2024	30 June 2025	31 December 2024	
Guangdong Nanxiong Rural Commercial Bank Company Limited (ii)	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) 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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting issued by the International Accounting Standard Board ("IASB") as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at revalued amounts or fair values, as appropriate. The condensed consolidated financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

The condensed consolidated financial statements of the Group do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Accounting Standards issued by the IASB ("**IFRS Accounting Standards**"), and should be read in conjunction with the 2024 annual consolidated financial statements.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six-month period ended 30 June 2025 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2024.

2.1 Amendments to IFRS Accounting Standards that are mandatorily effective in current period

In the current interim period, the Group has applied the following amendments to an IFRS Accounting Standard issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IAS 21	Lack of exchangeability
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The application of the amendments to an IFRS Accounting Standard in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and on the disclosures set out in these condensed consolidated financial statements.

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

3. ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

In preparing the condensed consolidated financial statements, the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

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 among segments is based on the benefits received.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

4. OPERATING SEGMENT INFORMATION (CONTINUED)

4.1 Operating segments (continued)

	Corporate banking	Retail banking	Financial market business	Others	Total
Six months ended 30 June 2025 (Unaudited)					
Interest income	7,107,258	3,716,624	6,883,529	–	17,707,411
Interest expense	(3,164,528)	(5,478,092)	(2,501,443)	–	(11,144,063)
Inter-segments interest (expense)/income	(263,601)	4,432,860	(4,169,259)	–	–
Net interest income	3,679,129	2,671,392	212,827	–	6,563,348
Fee and commission income	258,158	179,324	147,649	–	585,131
Fee and commission expense	(24,877)	(88,005)	(100,581)	–	(213,463)
Net fee and commission income	233,281	91,319	47,068	–	371,668
Net trading gains	–	–	258,317	–	258,317
Net gains on financial investments	–	–	789,044	–	789,044
Net gains on disposal of a subsidiary	–	–	–	13,046	13,046
Other income, gains or losses, net	174	(4,185)	(331)	46,377	42,035
Operating income	3,912,584	2,758,526	1,306,925	59,423	8,037,458
Operating expenses	(983,640)	(1,759,885)	(195,612)	(57,890)	(2,997,027)
Credit impairment losses	(2,836,440)	(530,702)	(438,906)	(2,195)	(3,808,243)
Impairment losses on other assets	(3,804)	(2,408)	(83)	(520)	(6,815)
Profit/(loss) before income tax	88,700	465,531	672,324	(1,182)	1,225,373
Income tax credit					284,628
Net profit for the period					1,510,001
Other segment information:					
Depreciation and amortisation	99,986	182,541	15,252	4,842	302,621
Capital expenditure	36,312	66,293	5,539	1,759	109,903
As at 30 June 2025 (Unaudited)					
Segment assets	447,782,044	192,489,399	752,711,753	118,699	1,393,101,895
Segment liabilities	(410,967,472)	(634,713,952)	(258,334,202)	(445,104)	(1,304,460,730)
Other segment information:					
Credit commitments	153,540,031	31,387,368	–	–	184,927,399

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

4. OPERATING SEGMENT INFORMATION (CONTINUED)

4.1 Operating segments (continued)

	Corporate banking	Retail banking	Financial market business	Others	Total
Six months ended 30 June 2024 (Unaudited)					
Interest income	9,097,014	4,281,343	5,216,904	–	18,595,261
Interest expense	(3,524,406)	(5,529,838)	(3,271,043)	–	(12,325,287)
Inter-segments interest (expense)/income	(2,118,553)	3,988,115	(1,869,562)	–	–
Net interest income	3,454,055	2,739,620	76,299	–	6,269,974
Fee and commission income	244,089	218,310	47,110	–	509,509
Fee and commission expense	(44,589)	(79,879)	(69,263)	–	(193,731)
Net fee and commission income	199,500	138,431	(22,153)	–	315,778
Net trading gains	–	–	386,939	–	386,939
Net gains on financial investments	–	–	488,846	–	488,846
Other income, gains or losses, net	(201,651)	9,588	1,127	75,358	(115,578)
Operating income	3,451,904	2,887,639	931,058	75,358	7,345,959
Operating expenses	(948,622)	(1,780,241)	(232,500)	(68,815)	(3,030,178)
Credit impairment losses	(2,160,823)	(598,257)	(146,586)	(10,320)	(2,915,986)
Profit/(loss) before income tax	342,459	509,141	551,972	(3,777)	1,399,795
Income tax credit					300,846
Net profit for the period					1,700,641
Other segment information:					
Depreciation and amortisation	95,186	186,338	21,134	2,977	305,635
Capital expenditure	210,458	398,171	45,311	7,224	661,164
As at 31 December 2024 (Audited)					
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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

4. OPERATING SEGMENT INFORMATION (CONTINUED)

4.2 Geographical 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

	Six months ended 30 June	
	2025	2024
Interest income		
Loans and advances to customers	11,477,132	12,608,052
Financial investments		
– Financial investments at amortised cost	2,811,947	2,978,351
– Financial investments at fair value through other comprehensive income	1,664,013	1,394,144
Due from banks and other financial institutions	1,003,609	992,002
Due from central bank	409,866	410,515
Financial assets held under resale agreements	340,844	212,197
Subtotal	17,707,411	18,595,261
Interest expense		
Customer deposits	(8,613,160)	(9,373,535)
Debt securities issued	(1,690,889)	(1,906,610)
Due to banks and other financial institutions	(283,653)	(469,064)
Borrowings from other banks (i)	(197,529)	(205,385)
Due to central bank	(145,385)	(221,161)
Financial assets sold under repurchase agreements	(200,700)	(125,401)
Lease liabilities	(12,747)	(24,131)
Subtotal	(11,144,063)	(12,325,287)
Net interest income	6,563,348	6,269,974

(i) This represents interest expense on bank borrowing by a non-bank subsidiary of the Bank.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

6. NET FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2025	2024
Fee and commission income		
Agency and custodian service fees	126,293	119,605
Settlement and electronic channel business fees	86,829	80,515
Bank card fees	60,535	80,200
Wealth management products related fees	60,724	55,579
Syndicated loan fees	46,601	71,530
Guarantee and commitment service fees	38,973	34,347
Acceptance fees	17,409	15,546
Others	147,767	52,187
Subtotal	585,131	509,509
Fee and commission expense	(213,463)	(193,731)
Net fee and commission income	371,668	315,778

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

7. NET TRADING GAINS

	Six months ended 30 June	
	2025	2024
Debt investments		
Unrealised losses from debt investments	(302,983)	(138,888)
Realised gains from debt investments	332,383	407,730
Subtotal	29,400	268,842
Fund investments		
Unrealised (losses)/gains from funds	(179,270)	239,577
Realised gains from funds	364,638	250,138
Subtotal	185,368	489,715
Others	43,549	(371,618)
Total	258,317	386,939

8. NET GAINS ON FINANCIAL INVESTMENTS

	Six months ended 30 June	
	2025	2024
Net gains on disposal of financial investments at fair value through other comprehensive income	703,301	488,846
Net gains on disposal of financial investments measured at amortised cost	85,743	—
Total	789,044	488,846

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

9. OTHER INCOME, GAINS OR LOSSES, NET

	Six months ended 30 June	
	2025	2024
Government grants and subsidies	27,704	26,747
Net foreign exchange losses	(3,019)	(189,908)
Net (losses)/gains on disposal of property and equipment, foreclosed assets and lease assets	(2,963)	21,872
Others	20,313	25,711
Total	42,035	(115,578)

10. OPERATING EXPENSES

	Six months ended 30 June	
	2025	2024
Staff costs (i)	1,907,182	1,959,251
Depreciation and amortisation	302,621	305,635
Tax and surcharges	159,156	127,072
Advertising and promotional expenses	57,346	71,002
Others	570,722	567,218
Total	2,997,027	3,030,178

(i) Staff costs

	Six months ended 30 June	
	2025	2024
Salaries, bonuses and allowances (include early retirement)	1,262,964	1,339,787
Social insurance, employee benefits and others	644,218	619,464
Total	1,907,182	1,959,251

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

11. CREDIT IMPAIRMENT LOSSES

	Six months ended 30 June	
	2025	2024
Loans and advances to customers		
– Loans and advances to customers at amortised cost	3,133,274	2,529,501
– Loans and advances to customers at fair value through other comprehensive income	5,809	27,934
Financial investments at fair value through other comprehensive income	64,447	37,994
Financial investments at amortised cost	247,486	69,572
Off-balance sheet activities	117,542	254,924
Deposits with banks and other financial institutions	1,071	(55)
Placements with banks and other financial institutions	103,461	5,504
Others	135,153	(9,388)
Total	3,808,243	2,915,986

12. INCOME TAX CREDIT

	Six months ended 30 June	
	2025	2024
Current income tax	999,460	478,266
Deferred income tax	(1,284,088)	(779,112)
Total	(284,628)	(300,846)

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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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12. 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:

	Six months ended 30 June	
	2025	2024
Profit before income tax	1,225,373	1,399,795
Tax calculated at a tax rate of 25%	306,343	349,949
Tax effect arising from income not subject to tax (i)	(850,311)	(705,098)
Tax effect of expenses that are not deductible for tax purposes (ii)	66,363	46,544
Effect of interest expense on perpetual bonds	(83,400)	–
Reversal of deferred tax on deductible temporary differences recognised in prior years	240,610	–
Adjustments on income tax for prior years which affect current profit or loss	35,767	7,759
Income tax credit	(284,628)	(300,846)

- (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.

13. DIVIDENDS

	Six months ended 30 June	
	2025	2024
Dividends on ordinary shares declared (i)	648,441	576,392
Dividend per share (in RMB yuan) (i)	0.045	0.040
Dividends on perpetual bonds declared and paid (ii)	333,600	–
Dividends on preference shares declared and paid (iii)	–	666,129

(i) Distribution of final dividend for 2024 and 2023

A cash dividend of RMB0.045 per ordinary share related to 2024 (RMB0.040 per ordinary share related to 2023), amounting to RMB648,441 thousand (RMB576,392 thousand related to 2023) in total was approved in the annual general meeting held on 13 June 2025.

The final dividend for 2024 was recognised as distribution and not paid during the six months ended 30 June 2025.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

13. DIVIDENDS (CONTINUED)

(ii) Distribution of perpetual bonds

Interest related to perpetual bonds for 2024, amounting to RMB333,600 thousand in total was paid on 28 May 2025.

The above interest was recognised as distribution and paid during the six months ended 30 June 2025.

(iii) Distribution of preference shares

The Board of Directors approved a cash dividend on preference shares, totaling RMB666,129 thousand on 25 April 2024. These preference shares were fully redeemed by the Bank on 20 June 2024.

14. EARNINGS PER SHARE

Basic earnings per share from continuing operations are calculated by dividing the net profit for the period attributable to shareholders of the Bank by the weighted average number of ordinary shares outstanding in issue during the periods.

	Six months ended 30 June	
	2025	2024
Profit for the period attributable to ordinary shareholders of the Bank	1,374,266	1,475,088
Less: Distribution for the period attributable to other equity instrument holders of the Bank	(333,600)	(666,129)
Net profit for the period attributable to ordinary shareholders of the Bank	1,040,666	808,959
Divided by: Weighted average number of ordinary shares in issue (in thousands)	14,409,789	14,409,789
Basic and diluted earnings per share (in RMB yuan)	0.07	0.06

During the six months ended 30 June 2025 and 2024, there were no potential diluted ordinary shares. 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 six months ended 30 June 2024, and therefore the conversion feature of preference shares has no dilutive effect on earnings per share calculation.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

15. CASH AND DEPOSITS WITH CENTRAL BANK

	As at 30 June 2025	As at 31 December 2024
Cash on hand	1,749,608	2,865,931
Mandatory reserves with central bank (i)	49,305,085	47,240,584
Surplus reserves with central bank (ii)	16,582,108	24,427,969
Fiscal deposits with central bank	50,259	215,573
Total	67,687,060	74,750,057

(i) 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 30 June 2025, the reserve ratio of the Bank for RMB deposits statutory reserve was 5.00% (31 December 2024: 5.00%), 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 2024: 4.00%). The reserves for RMB is interest bearing based on the rules of the PBOC.

(ii) Surplus reserves are mainly for settlement purpose.

16. DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 30 June 2025	As at 31 December 2024
Deposits with banks operating in Chinese mainland	20,674,103	14,304,816
Deposits with banks operating outside Chinese mainland	608,245	638,567
Deposits with other financial institutions operating in Chinese mainland	487,127	638,067
Interest receivable	46,169	53,203
Subtotal	21,815,644	15,634,653
Less: Allowance for impairment loss	(1,686)	(615)
Total	21,813,958	15,634,038

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

17. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 30 June 2025	As at 31 December 2024
Placements with banks operating in Chinese mainland	470,000	129,391
Placements with other financial institutions operating in Chinese mainland	81,449,720	70,039,720
Placements with banks operating outside Chinese mainland	501,102	992,405
Interest receivable	92,351	104,542
Subtotal	82,513,173	71,266,058
Less: Allowance for impairment loss	(566,384)	(462,923)
Total	81,946,789	70,803,135

18. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	As at 30 June 2025	As at 31 December 2024
Analysed by type of underlying collateral		
– Bonds	31,996,586	30,050,824
– Bills	1,419,320	–
Interest receivable	7,230	3,844
Subtotal	33,423,136	30,054,668
Less: Allowance for impairment loss	(2,236)	(46)
Total	33,420,900	30,054,622

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

19. LOANS AND ADVANCES TO CUSTOMERS

(a) Loans and advances to customers

	As at 30 June 2025	As at 31 December 2024
Loans and advances at amortised cost		
Corporate loans and advances		
– Corporate loans	435,329,466	421,552,001
– Discounted bills	84,782	89,393
	435,414,248	421,641,394
Personal loans and advances		
– Personal residential mortgages	84,220,367	78,730,779
– Personal business loans	74,383,439	73,723,714
– Personal consumption loans	20,577,607	22,200,064
– Credit cards overdraft	13,600,950	13,310,014
	192,782,363	187,964,571
Gross amount of loans and advances at amortised cost	628,196,611	609,605,965
Less: Allowance for impairment loss	(24,127,809)	(22,025,777)
Net amount of loans and advances at amortised cost	604,068,802	587,580,188
Loans and advances at fair value through other comprehensive income		
Corporate loans and advances		
– Discounted bills and forfaiting	89,147,828	110,628,261
Net amount of loans and advances to customers	693,216,630	698,208,449

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

19. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(b) Loans and advances analysed by staging:

	As at 30 June 2025				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	322,827,536	86,065,062	26,506,702	14,948	435,414,248
– Personal loans	181,242,962	4,550,973	6,963,952	24,476	192,782,363
	504,070,498	90,616,035	33,470,654	39,424	628,196,611
Less: Allowance for impairment loss					
– Corporate loans	(2,886,588)	(6,089,228)	(8,841,637)	(906)	(17,818,359)
– Personal loans	(1,584,136)	(947,004)	(3,778,184)	(126)	(6,309,450)
	(4,470,724)	(7,036,232)	(12,619,821)	(1,032)	(24,127,809)
Net amount of loans and advances to customers at amortised cost	499,599,774	83,579,803	20,850,833	38,392	604,068,802
Loans and advances at FVTOCI					
Corporate loans	89,147,828	–	–	–	89,147,828

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FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

19. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(b) Loans and advances analysed by staging: (continued)

	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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FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

19. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(c) Movements in expected credit losses ("ECL") allowance

Movements in ECL allowance on loans and advances to customers at amortised cost:

	Six months ended 30 June 2025				Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased or originated credit- impaired	
At 1 January 2025	4,561,522	5,825,723	11,637,515	1,017	22,025,777
Charge for the period	211,674	1,374,348	1,547,237	15	3,133,274
Write-offs or disposals	–	–	(879,215)	–	(879,215)
Recoveries of loans and advances previously written off	–	–	354,447	–	354,447
Transfers	(302,472)	(163,839)	466,311	–	–
Transfer to Stage 1	88,148	(61,914)	(26,234)	–	–
Transfer to Stage 2	(332,854)	355,582	(22,728)	–	–
Transfer to Stage 3	(57,766)	(457,507)	515,273	–	–
Others	–	–	(506,474)	–	(506,474)
At 30 June 2025	4,470,724	7,036,232	12,619,821	1,032	24,127,809

	Year ended 31 December 2024				Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased or originated credit- impaired	
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)
At 31 December 2024	4,561,522	5,825,723	11,637,515	1,017	22,025,777

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

19. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(c) Movements in expected credit losses "ECL" allowance (continued)

Movements in ECL allowance on loans and advances to customers at fair value through other comprehensive income:

	Six months ended 30 June 2025			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
At 1 January 2025	2,921	–	–	2,921
Charge for the period	5,809	–	–	5,809
At 30 June 2025	8,730	–	–	8,730

	Year ended 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
At 1 January 2024	65,681	–	–	65,681
Reversal for the year	(62,760)	–	–	(62,760)
At 31 December 2024	2,921	–	–	2,921

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

20. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2025	As at 31 December 2024
Unlisted financial investments held for trading		
Debt investments		
– Government bonds	24,153,430	18,174,698
– Bonds issued by policy banks	10,643,495	6,814,016
– Bonds issued by financial institutions	1,500,608	1,405,661
– Corporate bonds	761,922	143,541
Interbank certificates of deposit	2,381,508	6,897,186
Assets backed securities issued by other banks and non-bank financial institutions	11,945	11,662
Subtotal	39,452,908	33,446,764
Other financial investments measured at fair value through profit or loss		
Listed – Other investments	286,932	310,169
Unlisted		
– Trust and asset management plans	3,150,888	3,420,534
– Fund investments	35,049,074	35,322,630
– Other investments	2,566,488	2,573,318
Subtotal	41,053,382	41,626,651
Total	80,506,290	75,073,415

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FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

21. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 30 June 2025	As at 31 December 2024
Unlisted financial instruments		
Debt investments		
– Government bonds	117,782,064	99,290,126
– Bonds issued by policy banks	68,699,365	56,990,808
– Bonds issued by financial institutions	1,303,953	3,046,516
– Corporate bonds	1,272,395	736,363
Interbank certificates of deposit	3,901,039	3,861,836
Trust and asset management plans (i)	4,310,911	4,321,331
Assets backed securities issued by other banks and non-bank financial institutions	–	10
Interest receivable	3,455,144	2,795,114
Total	200,724,871	171,042,104

- (i) Trust and asset management plans as at 30 June 2025 and 31 December 2024 mainly invested in credit assets, and were classified in stage 2 or stage 3.

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

21. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

(a) Movements in ECL allowance

	Six months ended 30 June 2025			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
At 1 January 2025	8,655	81,892	2,390,206	2,480,753
Charge for the period	12,077	10,401	41,969	64,447
Recoveries of financial investments at FVTOCI previously written off	–	–	9,089	9,089
At 30 June 2025	20,732	92,293	2,441,264	2,554,289

	Year ended 31 December 2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
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)
At 31 December 2024	8,655	81,892	2,390,206	2,480,753

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

22. FINANCIAL INVESTMENTS AT AMORTISED COST

	As at 30 June 2025	As at 31 December 2024
Unlisted financial instruments		
Government bonds	121,418,161	113,611,189
Bonds issued by policy banks	65,112,981	70,261,926
Bonds issued by financial institutions	843,620	4,642,325
Interbank certificates of deposit	1,800,087	1,287,819
Corporate bonds	458,779	558,779
Trust and asset management plans (i)	6,995,115	7,120,963
Interest receivable	3,979,539	3,967,532
Subtotal	200,608,282	201,450,533
Less: Allowance for impairment loss	(1,889,410)	(1,639,839)
Total	198,718,872	199,810,694

- (i) Trust and asset management plans as at 30 June 2025 and 31 December 2024 mainly invested in credit assets, and were classified in stage 2 or stage 3.

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22. FINANCIAL INVESTMENTS AT AMORTISED COST (CONTINUED)

(a) Movements in ECL allowance

	Six months ended 30 June 2025			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
At 1 January 2025	7,526	11,547	1,620,766	1,639,839
Charge for the period	16,551	–	230,935	247,486
Recoveries of financial investments at amortised cost previously written off	–	–	2,085	2,085
At 30 June 2025	24,077	11,547	1,853,786	1,889,410

	Year ended 31 December 2024			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
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	–
At 31 December 2024	7,526	11,547	1,620,766	1,639,839

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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23. PROPERTY AND EQUIPMENT

	Properties and buildings	Construction in progress	Leasehold improvements	Machinery and equipment	Motor vehicles	Total
Cost						
At 1 January 2025	6,153,515	1,053,116	616,964	1,412,653	20,057	9,256,305
Additions	2,711	37,185	–	15,857	–	55,753
Transfer from construction in progress	959	(4,360)	–	3,401	–	–
Disposals	(6,190)	–	(69,177)	(102,453)	(2,219)	(180,039)
Other transfer – out	(1,299)	(4,376)	–	–	–	(5,675)
At 30 June 2025	6,149,696	1,081,565	547,787	1,329,458	17,838	9,126,344
Accumulated depreciation						
At 1 January 2025	4,174,098	–	597,159	1,172,900	16,446	5,960,603
Charge for the period	47,448	–	2,824	54,459	1,742	106,473
Disposals	(6,159)	–	(69,177)	(96,645)	(2,126)	(174,107)
Other transfer – out	(1,208)	–	–	–	–	(1,208)
At 30 June 2025	4,214,179	–	530,806	1,130,714	16,062	5,891,761
Net book value						
At 30 June 2025	1,935,517	1,081,565	16,981	198,744	1,776	3,234,583
At 1 January 2025	1,979,417	1,053,116	19,805	239,753	3,611	3,295,702

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

23. PROPERTY AND EQUIPMENT (CONTINUED)

	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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

24. GOODWILL

	At 30 June 2025	At 31 December 2024
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

25. 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:

	30 June 2025		31 December 2024	
	Deductible/ (taxable) temporary difference	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary difference	Deferred tax assets/ (liabilities)
Deferred tax assets				
Impairment allowances for assets	41,020,813	10,255,203	36,820,064	9,205,016
Provisions	3,630,674	907,669	4,828,913	1,207,228
Changes in fair value of loans and advances to customers at FVTOCI	148,528	37,132	194,446	48,612
Changes in fair value of financial instruments at FVTPL	4,085,418	1,021,355	3,633,380	908,345
Others	8,310,554	2,077,639	6,801,681	1,700,421
Subtotal	57,195,987	14,298,998	52,278,484	13,069,622

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

25. DEFERRED TAXES (CONTINUED)

	30 June 2025		31 December 2024	
	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	(1,792,746)	(448,187)	(2,717,292)	(679,323)
Changes in fair value of financial instruments at FVTPL	(18,454)	(4,614)	(12,337)	(3,084)
Others	(968,519)	(242,130)	(1,041,270)	(260,318)
Subtotal	(2,779,719)	(694,931)	(3,770,899)	(942,725)
Net deferred tax assets	54,416,268	13,604,067	48,507,585	12,126,897

The movements for deferred tax assets and liabilities recognised are as follows:

	As at 30 June 2025	As at 31 December 2024
Balance at beginning of the period/year	12,126,897	11,154,869
Credited to profit or loss	1,284,088	2,185,766
Credited/(charged) to other comprehensive income	199,820	(1,213,738)
Decrease resulting from disposal of a subsidiary	(6,738)	–
At the end of the period/year	13,604,067	12,126,897

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

26. OTHER ASSETS

	As at 30 June 2025	As at 31 December 2024
Receivables from transfer of credit assets	6,286,664	6,211,140
Interest receivable	1,754,934	1,035,401
Right-of-use assets (a)	1,496,720	1,571,849
Other receivables and prepayments	845,660	887,820
Foreclosed assets (b)	568,204	514,683
Settlement and clearing accounts	555,417	1,009,940
Intangible assets (c)	419,535	440,719
Long-term deferred expenses	70,181	76,025
Investment properties	19,640	22,968
Others	334,041	454,170
Subtotal	12,350,996	12,224,715
Less: Allowance for impairment loss	(1,253,291)	(1,350,144)
Total	11,097,705	10,874,571

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

26. OTHER ASSETS (CONTINUED)

(a) Right-of-use assets

	Properties and equipment	Land use rights	Total
Cost			
At 1 January 2025	1,328,539	1,091,966	2,420,505
Additions	78,126	–	78,126
Disposals	(60,605)	–	(60,605)
At 30 June 2025	1,346,060	1,091,966	2,438,026
Accumulated depreciation			
At 1 January 2025	676,449	172,207	848,656
Charge for the period	99,615	13,514	113,129
Disposals	(20,479)	–	(20,479)
At 30 June 2025	755,585	185,721	941,306
Net book value			
At 30 June 2025	590,475	906,245	1,496,720
At 1 January 2025	652,090	919,759	1,571,849

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

26. OTHER ASSETS (CONTINUED)

(a) Right-of-use assets (Continued)

	Properties and equipment	Land use rights	Total
Cost			
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)
At 31 December 2024	1,328,539	1,091,966	2,420,505
Accumulated depreciation			
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)
At 31 December 2024	676,449	172,207	848,656
Net book value			
At 31 December 2024	652,090	919,759	1,571,849
At 1 January 2024	664,514	978,969	1,643,483

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

26. OTHER ASSETS (CONTINUED)

(b) Foreclosed assets

	As at 30 June 2025	As at 31 December 2024
Houses and buildings	555,104	501,583
Others	13,100	13,100
Subtotal	568,204	514,683
Less: Allowance for impairment loss	(116,850)	(110,035)
Total	451,354	404,648

Movements of allowance for impairment loss:

	Houses and buildings	Others	Total
At 1 January 2024	94,374	28	94,402
Charge for the year	41,846	–	41,846
Disposals for the year	(26,213)	–	(26,213)
At 31 December 2024	110,007	28	110,035
At 1 January 2025	110,007	28	110,035
Charge for the period	6,815	–	6,815
At 30 June 2025	116,822	28	116,850

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

26. OTHER ASSETS (CONTINUED)

(c) Intangible assets

	Software
Cost	
At 1 January 2025	1,215,925
Additions	45,670
Disposals	(70,006)
At 30 June 2025	1,191,589
Accumulated amortisation	
At 1 January 2025	775,206
Charge for the period	64,319
Disposals	(67,471)
At 30 June 2025	772,054
Net book value	
At 30 June 2025	419,535
At 1 January 2025	440,719

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

26. OTHER ASSETS (CONTINUED)

(c) Intangible assets (Continued)

	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 1 January 2024	353,337

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

27. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 30 June 2025	As at 31 December 2024
Deposits from banks operating in Chinese mainland	1,556,186	1,051,312
Deposits from other financial institutions operating in Chinese mainland	19,119,996	35,979,861
Interest payable	87,854	169,662
Total	20,764,036	37,200,835

28. PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 30 June 2025	As at 31 December 2024
Placements from banks operating in Chinese mainland	5,600,000	5,460,000
Interest payable	4,782	2,878
Total	5,604,782	5,462,878

29. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2025	As at 31 December 2024
Financial liabilities held for trading		
Short position on bonds	2,179,242	5,252,953
Financial liabilities related to precious metal	71,004	18,911
Total	2,250,246	5,271,864

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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30. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at 30 June 2025	As at 31 December 2024
Analysed by type of underlying collateral		
– Bonds	53,836,448	29,622,955
– Bills	5,309,483	–
Interest payable	5,671	608
Total	59,151,602	29,623,563

31. CUSTOMER DEPOSITS

	As at 30 June 2025	As at 31 December 2024
Demand deposits		
– Corporate customers	126,634,887	135,917,030
– Personal customers	132,350,042	127,903,928
	258,984,929	263,820,958
Time deposits		
– Corporate customers	182,008,355	175,894,836
– Personal customers	480,622,728	461,423,509
	662,631,083	637,318,345
Other deposits	74,135,171	57,510,690
Interest payable	19,007,243	20,808,784
Total	1,014,758,426	979,458,777

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

32. DEBT SECURITIES ISSUED

	As at 30 June 2025	As at 31 December 2024
Tier 2 capital bonds (a)	15,175,425	15,527,882
Interbank certificates of deposit issued (b)	140,491,593	143,514,872
Financial bonds (c)	–	3,057,702
Total	155,667,018	162,100,456

(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 30 June 2025, the outstanding balance was RMB140,492 million (31 December 2024: RMB143,515 million), with interest rates ranging from 1.60% to 2.12% (31 December 2024: from 1.66% to 2.52%), and is maturing in 2025 and 2026.

(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%. The bonds were fully repaid in May 2025.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

33. OTHER LIABILITIES

	As at 30 June 2025	As at 31 December 2024
Borrowings from other banks (a)	15,800,956	17,238,249
Salaries, bonuses, allowances and subsidies payable (b)	2,226,153	2,203,441
Provisions (c)	1,023,280	910,738
Lease liabilities	617,503	679,278
Sundry tax payables	416,634	545,014
Guarantee deposits from lessees (d)	242,628	338,815
Deposit insurance payable	203,913	203,491
Bill rediscounting liabilities	200,408	861,024
Settlement and clearing accounts	153,362	352,890
Deferred revenue	91,341	97,497
Deposits and guarantees received	57,078	55,945
Dividend payable	655,430	2,260
Others	646,335	442,577
Total	22,335,021	23,931,219

(a) Borrowings from other banks

As at 30 June 2025, 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 2024: from 3 to 60 months) and interest rates ranging from 1.85% to 3.08% (31 December 2024: from 2.05% to 3.18%).

(b) Salaries, bonuses, allowances and subsidies payable

	As at 30 June 2025	As at 31 December 2024
Salaries, bonuses and allowances	1,136,675	1,122,295
Social insurance	4,984	5,475
Housing fund	376	281
Employee benefits	192,104	194,004
Defined contribution plans	2,369	3,692
Defined benefit plans		
– Supplemental retirement benefits (i)	813,445	781,608
Early retirement benefits	76,200	96,086
Total	2,226,153	2,203,441

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

33. OTHER LIABILITIES (CONTINUED)

(b) Salaries, bonuses, allowances and subsidies payable (Continued)

(i) Supplemental retirement benefits

During the six months ended 30 June 2025, no forfeited contributions were utilised by the Group to reduce its contributions for the current period (year ended 31 December 2024: None).

The movement of supplementary retirement benefits of the Group are as follows:

	As at 30 June 2025	As at 31 December 2024
At 1 January	781,608	685,134
Defined benefit cost recognised in profit or loss	54,543	81,054
Defined benefit cost recognised in other comprehensive income	7,681	69,224
Benefits paid during the period/year	(30,387)	(53,804)
At the end of the period/year	813,445	781,608

	As at 30 June 2025	As at 31 December 2024
Discount rate	1.65%-1.90%	1.68%-1.97%
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.

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33. OTHER LIABILITIES (CONTINUED)

(c) Provisions

	As at 30 June 2025	As at 31 December 2024
Expected credit loss on provisions	938,227	820,685
Provision for litigation	85,053	90,053
Total	1,023,280	910,738

The expected credit loss for loan commitments and financial guarantee contracts by stages are as follows:

	As at 30 June 2025	As at 31 December 2024
Stage 1	402,917	592,448
Stage 2	534,402	227,918
Stage 3	908	319
Total	938,227	820,685

(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.

34. 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:

	30 June 2025		31 December 2024	
	Number of shares '000	Nominal value	Number of shares '000	Nominal value
At the beginning and end of the period/year	14,409,789	14,409,789	14,409,789	14,409,789

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35. OTHER EQUITY INSTRUMENTS

(a) Perpetual bonds outstanding at the end of the period

	Issue date	Accounting classification	Interest rate	Issue price	Number	In RMB (thousands)	Maturity	Conditional redemption rights
Perpetual bonds	29 May 2024	Equity	2.78% for first five years (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.

(b) Movements of preference shares

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 USD 1.43 billion (equivalent to RMB10,172,019 thousand).

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36. 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 six months ended 30 June 2025, no appropriation was made to the statutory surplus reserve (For the year ended 31 December 2024: RMB177 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.

For the six months ended 30 June 2025, the Group transferred RMB36 million (For the year ended 31 December 2024: RMB1,312 million) to the general reserve and the reserve has reached 1.5% of the ending balance of its risk assets as required on 30 June 2025 and 31 December 2024.

(d) Other reserves

Other reserves include 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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37. COMPONENTS OF OTHER COMPREHENSIVE INCOME

	Attributable to shareholders of the Bank at 31 December 2024		Movement during the period				Attributable to shareholders of the Bank at 30 June 2025	
	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		
Other comprehensive income that will not be reclassified to profit or loss in subsequent years:								
Remeasurement losses on defined benefit plans	(146,506)	(7,681)	-	-	(7,342)	(339)	(153,848)	
Other comprehensive income that may be reclassified to profit or loss in subsequent years:								
Changes in fair value of financial investments at FVTOCI	1,606,806	(175,325)	(703,301)	219,656	(555,433)	(103,537)	1,051,373	
Changes in the expected credit losses of financial investments at FVTOCI	1,865,283	79,346	-	(19,836)	59,840	(330)	1,925,123	
Total	3,325,583	(103,660)	(703,301)	199,820	(502,935)	(104,206)	2,822,648	

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

37. COMPONENTS OF OTHER COMPREHENSIVE INCOME (CONTINUED)

	Attributable to shareholders of the Bank at 31 December 2023	Amount before tax	Net amount transferred to the profit or loss	Movement during the year Tax expense	Attributable to the shareholders of the Bank, after tax	Attributable to the non- controlling interests, after tax	Attributable to shareholders of the Bank 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

38. ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS

On the condensed consolidated statement of cash flows, cash and cash equivalents have an original maturity of less than three months and include the following:

	As at 30 June 2025	As at 31 December 2024
Cash on hand	1,749,608	2,865,931
Surplus reserves with central bank	16,582,108	24,427,969
Deposits with banks and other financial institutions	14,403,590	7,309,814
Placements with banks and other financial institutions	971,102	1,003,188
Total	33,706,408	35,606,902

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39. DISPOSAL OF A SUBSIDIARY

During the current interim period, the Bank entered into a sale agreement to dispose of its 33.40% equity interest in Sanshui Zhujiang County Bank Company Limited ("**SZCBCL**"), a subsidiary of the Bank, to Guangdong Shunde Rural Commercial Bank Company Limited at a consideration of RMB119 million. As of the disposal date, the net assets of SZCBCL amounted to RMB317 million and the disposal was completed in June 2025, on which date the Bank lost control over SZCBCL. The Bank recognised a gain of RMB13 million on the disposal of SZCBCL.

As at the completion date, SZCBCL held cash and cash equivalents of RMB640 million.

40. TRANSFERS OF FINANCIAL ASSETS

The Group enters into transactions in the normal course of business by which it transfers recognised financial assets to third parties or to special purpose entities. In some cases where these transferred financial assets qualify for derecognition, the transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the transferred assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these assets, the Group continues to recognise the transferred assets in the consolidated statement of financial position. Potential transfer transactions are taken into consideration to assess the collectability of financial assets, in particular when estimating future cash flows and weightings under different scenarios.

(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 RMB125 million, RMB3,984 million and RMB1,159 million respectively, as at 30 June 2025 (31 December 2024: RMB1,086 million, RMB6,809 million and RMB14,863 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.

(b) Transfer of credit assets

During the six months ended 30 June 2025, the Bank has transferred certain credit assets to independent third parties and these credit assets qualified for derecognition. The aggregate amount of these credit assets was immaterial.

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 26). 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.

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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 30 June 2025, the net assets value of these consolidated structured entities was RMB62,284 million (31 December 2024: RMB66,430 million).

(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 six months ended 30 June 2025, the Group recorded commission income as the manager of these wealth management products amounting to RMB60 million (31 December 2024: RMB104 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 30 June 2025, there was no balance of the above repurchase and placement transactions (31 December 2024: nil).

As at 30 June 2025, the balance of the unconsolidated non-guaranteed wealth management products managed by the Group amounted to RMB37,610 million (31 December 2024: RMB45,935 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.

As at 30 June 2025	Carrying value	Maximum exposure to loss
<u>Financial investments at FVTPL</u>		
Fund investments	35,049,074	35,049,074
Trust and asset management plans	3,150,888	3,150,888
Assets backed securities issued by other banks and non-bank financial institutions	11,945	11,945
Other investments	829,941	829,941
Subtotal	39,041,848	39,041,848
<u>Financial investments at FVTOCI</u>		
Trust and asset management plans	4,679,944	4,679,944
<u>Financial investments at amortised cost</u>		
Trust and asset management plans	5,617,164	5,617,164
Total	49,338,956	49,338,956

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41. STRUCTURED ENTITIES (CONTINUED)

(b) Unconsolidated structured entities (continued)

(ii) Unconsolidated structured entities invested by the Group (continued)

As 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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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 period/year had the counterparties failed to perform as contracted.

	As at 30 June 2025	As at 31 December 2024
Bank acceptances	60,526,324	64,713,843
Letters of credit issued	21,808,129	3,185,073
Guarantees issued	19,464,180	25,032,904
Loan commitments (i)	61,985,282	61,555,798
Credit card commitments	21,143,484	21,209,075
Subtotal	184,927,399	175,696,693
Less: Allowance for credit commitments	(938,227)	(820,685)
Total	183,989,172	174,876,008

(i) Loan commitments of the Group are revocable.

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42. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

(b) Operating lease commitments

During the period/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 RMB19 million (31 December 2024: RMB11 million).

(c) Capital commitments

At the end of the period/year, the Group had capital commitments as follows:

	As at 30 June 2025	As at 31 December 2024
Contracted, but not provided for	177,930	173,021
Authorised but not contracted for	295,475	322,953

(d) Credit risk-weighted amount of contingent liabilities and commitments

	As at 30 June 2025	As at 31 December 2024
Contingent liabilities and commitments	23,837,280	28,044,836

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.

(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

(a) Entrusted lending business

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 30 June 2025	As at 31 December 2024
Entrusted deposits	(5,270,024)	(5,279,930)
Entrusted loans	5,270,024	5,279,930

(b) Wealth management services

The funds raised by non-principal guaranteed wealth management products from investors are invested in various investments, including debt securities and money market instruments, credit assets and other debt instruments, equity instruments etc. Credit risk, liquidity risk and interest rate risk associated with these products are borne by the customers. The Group only earns commission which represents the charges on customers in relation to the provision of custodian, sale and management services. Income is recognised in the consolidated statement of profit or loss as commission income.

As at 30 June 2025 and 31 December 2024, the total investment of non-principal guaranteed wealth management products managed by the Group that was not included in the Group's consolidated financial statements was disclosed in Note 41 (b) (i).

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44. ASSETS PLEDGED AS SECURITIES

(a) Financial assets which have been pledged

As at 30 June 2025 and 31 December 2024, financial assets of the Group, which refer to debt investments and bills, have been pledged as securities 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 30 June 2025, the carrying amount of the financial assets of the Group pledged as securities amounted to approximately RMB102,932 million in total (31 December 2024: RMB76,009 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 30 June 2025 and 31 December 2024.

45. RELATED PARTY DISCLOSURES

(a) Related party relationships

(i) Major shareholders

As at 30 June 2025 and 31 December 2024, the following shareholders directly held 5% or more interest of the Bank or had 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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45. RELATED PARTY DISCLOSURES (CONTINUED)

(a) Related party relationships (continued)

- (ii) Other related parties include the companies controlled or jointly controlled by the key management personnel or their close family members, the companies of which key management personnel or their close family members were appointed as directors or key management personnel, and key management personnel and their close family members.

(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

	As at 30 June 2025	As at 31 December 2024
Balances at the end of the period/year		
Loans and advances to customers	8,424,786	8,997,181
Deposits with banks and other financial institutions	476	–
Financial investments at amortised cost	103,251	101,515
Deposits from banks and other financial institutions	56,757	503,811
Customer deposits	3,745,429	4,713,104
Credit commitments	572,807	437,109

	Six months ended 30 June 2025	2024
Transactions during the period		
Interest income	112,858	182,683
Interest expense	65,953	34,760
Fee and commission income	109	66
Net trading gains	–	972

During the six months ended 30 June 2025 and the year ended 31 December 2024, no credit asset transfers to related parties were executed by the Group.

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45. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Related party transactions (continued)

(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.

(iii) Other related parties

During the period/year, the Group entered into transactions with other related parties in the ordinary course of business. Details are as follows:

	As at 30 June 2025	As at 31 December 2024
Balances at the end of the period/year		
Loans and advances to customers	4,026,571	2,387,120
Placements with banks and other financial institutions	360,000	1,810,000
Deposits from banks and other financial institutions	5,033	43,743
Customer deposits	268,545	520,706
Credit commitments	681,520	681,520

	Six months ended 30 June	
Transactions during the period	2025	2024
Interest income	40,751	44,786
Interest expense	1,424	28,887
Fee and commission income	7	15
Net trading gains	–	916

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45. 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:

	Six months ended 30 June	
	2025	2024
Salaries, bonus and benefits	6,769	8,779

Transactions with key management personnel and their closed family members are listed below:

	As at 30 June 2025	As at 31 December 2024
Balances at the end of the period/year		
Loans and advances to customers	498	–
Customer deposits	33,617	42,473

Transactions during the period	Six months ended 30 June	
	2025	2024
Interest income	8	–
Interest expense	258	319
Fee and commission income	–	20

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46. 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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46. 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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46. 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 and other bills

The Group manages the credit risk exposure of bonds and other bills 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 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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46. 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:

Items	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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46. 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;

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 linear 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 were 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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46. 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.

During the six months ended 30 June 2025 and the year ended 31 December 2024, 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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46. 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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46. 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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46. 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.

During the six months ended 30 June 2025 and the year ended 31 December 2024, 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 period/year.

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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46. 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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46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(iv) Maximum exposure to credit risk

As at the end of the reporting period/year, the maximum credit risk exposure of the Group without taking into account any collateral and other credit enhancements is set out below:

	As at 30 June 2025	As at 31 December 2024
Deposits with central bank	65,937,452	71,884,126
Deposits with banks and other financial institutions	21,813,958	15,634,038
Placements with banks and other financial institutions	81,946,789	70,803,135
Financial assets held under resale agreements	33,420,900	30,054,622
Loans and advances to customers		
– at amortised cost	604,068,802	587,580,188
– at FVTOCI	89,147,828	110,628,261
Financial investments at amortised cost	198,718,872	199,810,694
Financial investments at FVTPL	77,652,870	72,189,928
Financial investments at FVTOCI	200,724,871	171,042,104
Other financial assets	8,495,035	8,155,098
Total	1,381,927,377	1,337,782,194
Credit commitments	183,989,172	174,876,008

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46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(v) Analysis of loans and advances to customers

By industry	30 June 2025		31 December 2024	
	Amount	Percentage	Amount	Percentage
Corporate loans				
Lease and commercial service	123,217,301	17.18%	123,298,900	17.12%
Wholesale and retail	57,111,471	7.96%	55,060,738	7.64%
Manufacturing	51,926,680	7.24%	51,191,953	7.11%
Real estate	48,102,500	6.71%	45,120,010	6.26%
Construction	42,928,348	5.98%	39,628,272	5.50%
Resident services, repairing and other services	20,761,501	2.89%	19,887,999	2.76%
Transportation, warehouse and postal services	13,426,602	1.87%	11,970,409	1.66%
Water, environment and public facilities management	12,565,783	1.75%	11,245,579	1.56%
Hotel and catering	11,033,737	1.54%	10,426,058	1.45%
Financial services	9,811,013	1.37%	7,800,117	1.08%
Education	8,849,813	1.23%	9,931,187	1.38%
Agriculture, forestry, farming and fishery	8,778,288	1.22%	9,158,019	1.27%
Information transmission, software and IT services	7,784,751	1.09%	7,711,635	1.07%
Energy and utilities	5,070,374	0.71%	4,917,912	0.68%
Culture, sports and entertainment	4,438,949	0.62%	4,497,903	0.62%
Healthcare and social welfare	2,289,436	0.32%	2,076,210	0.29%
Others	7,232,919	1.01%	7,629,100	1.06%
Subtotal	435,329,466	60.69%	421,552,001	58.51%
Discounted bills and forfaiting	89,232,610	12.44%	110,717,654	15.37%
Personal loans	192,782,363	26.87%	187,964,571	26.12%
Total	717,344,439	100.00%	720,234,226	100.00%

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46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(v) Analysis of loans and advances to customers (continued)

By geography	As at 30 June 2025	As at 31 December 2024
Guangzhou	604,898,866	606,508,911
Pearl River Delta (except Guangzhou)	41,709,507	41,533,512
Rest of the Guangdong Province	44,905,963	44,788,561
Central China	18,593,578	19,389,840
Bohai Rim	3,047,036	3,331,388
Sichuan	2,017,733	2,162,385
Jiangsu	1,686,930	2,002,005
Liaoning	484,826	517,624
Total	717,344,439	720,234,226

The distribution of the geographical areas is as follows.

Central China: including Henan, Hunan and Jiangxi; and Bohai Rim: including Beijing and Shandong

By collateral type	As at 30 June 2025	As at 31 December 2024
Unsecured loans	197,611,695	198,182,319
Guaranteed loans	142,693,341	154,725,406
Collateralised loans	341,241,906	330,796,777
Pledged loans	35,797,497	36,529,724
Total	717,344,439	720,234,226

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46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(v) Analysis of loans and advances to customers (continued)

30 June 2025	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
Unsecured loans	629,259	1,005,543	1,186,750	273,396	3,094,948
Guaranteed loans	14,254,687	918,022	1,087,133	1,858,447	18,118,289
Collateralised loans	14,955,238	4,349,609	3,691,863	1,286,414	24,283,124
Pledged loans	4,857,975	4,862	433,378	300,475	5,596,690
Total	34,697,159	6,278,036	6,399,124	3,718,732	51,093,051

31 December 2024	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
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

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46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(vi) Credit quality

As at 30 June 2025, the credit quality analysis of the Group's major financial assets was as follows:

	30 June 2025									
	Gross 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	65,937,452	-	-	-	65,937,452	-	-	-	-	-
Deposits with banks and other financial institutions	21,815,644	-	-	-	21,815,644	(1,686)	-	-	-	(1,686)
Placements with banks and other financial institutions	82,023,453	-	489,720	-	82,513,173	(76,664)	-	(489,720)	-	(566,384)
Financial assets held under resale agreements	33,423,136	-	-	-	33,423,136	(2,236)	-	-	-	(2,236)
Loans and advances to customers	504,070,498	90,616,035	33,470,654	39,424	628,196,611	(4,470,724)	(7,036,232)	(12,619,821)	(1,032)	(24,127,809)
Financial investments	193,120,533	2,998,406	4,489,343	-	200,608,282	(24,077)	(11,547)	(1,853,786)	-	(1,889,410)
Other financial assets	7,244,060	1,117,947	972,217	-	9,334,224	(56,021)	(105,190)	(677,978)	-	(839,189)
Total	907,634,776	94,732,388	39,421,934	39,424	1,041,828,522	(4,631,408)	(7,152,969)	(15,641,305)	(1,032)	(27,426,714)
Financial assets at fair value through other comprehensive income										
Loans and advances to customers	89,147,828	-	-	-	89,147,828	(8,730)	-	-	-	(8,730)
Financial investments	195,700,819	2,417,538	2,606,514	-	200,724,871	(20,732)	(92,293)	(2,441,264)	-	(2,554,289)
Total	284,848,647	2,417,538	2,606,514	-	289,872,699	(29,462)	(92,293)	(2,441,264)	-	(2,563,019)
Credit commitments	175,623,897	8,958,235	345,267	-	184,927,399	(402,917)	(534,402)	(908)	-	(938,227)

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46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(vi) Credit quality (continued)

As at 31 December 2024, the credit quality analysis of the Group's major financial assets was as follows:

	31 December 2024									
	Gross 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)
Credit commitments	170,820,065	4,690,058	186,570	-	175,696,693	(592,448)	(227,918)	(319)	-	(820,685)

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46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(vi) Credit quality (continued)

Restructuring loans and advances

As at 30 June 2025, the gross amounts of the Group's restructuring loans and advances was RMB33,681 million (31 December 2024: RMB30,328 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
30 June 2025				
AAA	4,780,205	64,188,216	55,050,457	124,018,878
A to AA+	1,379,778	273,250	326,413	1,979,441
C to BB+	152,460	329,812	–	482,272
No rating ^(a)	30,071,662	126,708,096	135,585,178	292,364,936
Other no rating investments	3,068,803	4,545,553	2,167,249	9,781,605
Total	39,452,908	196,044,927	193,129,297	428,627,132

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46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(vi) Credit quality (continued)

Bonds investments by credit rating (continued)

	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 ^(a)	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

(a) 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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46. 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:

30 June 2025	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	-	18,381,975	-	-	-	-	-	49,305,085	67,687,060
Deposits and placements with banks and other financial institutions ^(d)	-	15,150,015	46,063,929	21,636,391	42,247,240	12,084,072	-	-	137,181,647
Loans and advances to customers	39,618,924	-	50,417,557	58,491,034	222,978,837	207,097,645	114,612,633	-	693,216,630
Financial investments at FVTPL	3,769,195	30,836,793	824,064	1,456,692	12,515,500	20,280,851	9,519,921	1,303,274	80,506,290
Financial investments at FVTOCI	2,643,881	-	1,199,936	1,818,357	7,880,691	116,773,066	70,408,940	-	200,724,871
Financial investments at amortised cost	1,627,842	-	748,638	8,994,494	32,894,187	75,909,264	78,544,447	-	198,718,872
Other financial assets	1,419,765	-	566,204	8,763	817,084	3,280,186	3,111,808	-	9,203,810
Total financial assets	49,079,607	64,368,783	99,820,328	92,405,731	319,333,539	435,425,084	276,197,749	50,608,359	1,387,239,180
Financial liabilities:									
Due to central bank	-	-	903,418	4,488,731	16,822,654	-	-	-	22,214,803
Deposits and placements from banks and other financial institutions ^(d)	-	3,902,831	62,091,140	7,591,060	11,928,094	7,295	-	-	85,520,420
Financial liabilities at FVTPL	-	71,004	2,179,242	-	-	-	-	-	2,250,246
Customer deposits ^(d)	-	266,579,852	34,008,926	78,494,107	389,296,123	246,312,562	66,856	-	1,014,758,426
Debt securities issued	-	-	20,574,301	36,038,632	83,878,660	-	15,175,425	-	155,667,018
Lease liabilities	-	-	18,897	35,339	137,067	363,801	62,399	-	617,503
Other financial liabilities	2,960	662,904	2,105,920	4,447,428	10,457,906	250,574	24,111	-	17,951,803
Total financial liabilities	2,960	271,216,591	121,881,844	131,095,297	512,520,504	246,934,232	15,328,791	-	1,298,980,219
Net liquidity gap	49,076,647	(206,847,808)	(22,061,516)	(38,689,566)	(193,186,965)	188,490,852	260,868,958	50,608,359	88,258,961

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46. 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 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 ^(a)	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 ^(a)	-	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 ^(d)	-	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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FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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46. 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)*

- (a) Includes financial assets held under resale agreements.
- (b) Includes financial assets sold under repurchase agreements.
- (c) 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.

(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.

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 Group's exposure to currency risk is not material.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

46. 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's exposure to interest rate risk is not material.

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.

(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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital management (continued)

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 loan 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.

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 30 June 2025	As at 31 December 2024
Net common equity tier 1 capital	79,007,445	80,811,219
Net tier 1 capital	91,354,817	93,183,240
Net capital	114,448,062	118,486,317
Risk-weighted assets	840,038,308	815,962,203
Common equity tier 1 capital adequacy ratio	9.41%	9.90%
Tier 1 capital adequacy ratio	10.88%	11.42%
Capital adequacy ratio	13.62%	14.52%

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FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

47. 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:

30 June 2025	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial investments at FVTPL				
– Debt investments	–	38,021,037	1,431,871	39,452,908
– Funds and other investments	286,932	35,120,078	5,646,372	41,053,382
Financial investments at FVTOCI				
– Debt investments	–	195,700,819	344,108	196,044,927
– Other investments	–	–	4,679,944	4,679,944
Loans and advances at FVTOCI	–	89,147,828	–	89,147,828
Total	286,932	357,989,762	12,102,295	370,378,989
Financial liabilities:				
Financial liabilities at FVTPL	–	2,250,246	–	2,250,246
Total	–	2,250,246	–	2,250,246

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FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

47. 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 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

The following tables present the changes in Level 3 assets for the six months ended 30 June 2025 and the year ended 31 December 2024:

	Financial investments at FVTPL	Financial investments at FVTOCI	Total
At 1 January 2025	7,539,214	5,088,227	12,627,441
Additions	108,910	–	108,910
Total gains and losses			
– Losses	(319,004)	–	(319,004)
– Other comprehensive income	–	(64,175)	(64,175)
Settlement	(250,877)	–	(250,877)
At 30 June 2025	7,078,243	5,024,052	12,102,295

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

47. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments measured at fair value (continued)

Determination of fair value and fair value hierarchy (continued)

	Financial investments at FVTPL	Financial investments at FVTOCI	Total
At 1 January 2024	9,149,592	5,357,671	14,507,263
Additions	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			
– Losses	(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 RMB311 million (2024: RMB1,074 million).

During the six months ended 30 June 2025, there were no transfers among Level 1, Level 2 and Level 3 for financial investments measured at fair value.

During the year ended 31 December 2024, 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

47. 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
	As at 30 June 2025	As at 31 December 2024		
Financial investments at FVTPL				
– Debt investments	1,431,871	1,545,361	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Funds and other investments	5,120,490	5,518,170	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Funds and other investments	525,882	475,683	Comparable companies analysis	Liquidity discount
Financial investments at FVTOCI				
– Debt investments	344,108	394,047	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Other investments	4,679,944	4,694,180	Discounted cash flow	Risk-adjusted discount rate, cash flow
Total	12,102,295	12,627,441		

During the six months ended 30 June 2025 and the year ended 31 December 2024, there were no significant changes in the valuation techniques.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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

47. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial instruments not measured at fair value

As at 30 June 2025, 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 2024: same).

Except for the following items, there are no significant differences between carrying amount and fair value.

	As at 30 June 2025	As at 31 December 2024
Carrying amount:		
Financial assets at amortised cost	198,718,872	199,810,694
Debt securities issued	155,667,018	162,100,456
Fair Value:		
Financial assets at amortised cost	208,338,378	212,402,130
Debt securities issued	156,646,885	162,048,650

48. EVENTS AFTER THE REPORTING PERIOD

There is no significant subsequent event after the reporting period that requires disclosure.

UNREVIEWED SUPPLEMENTARY FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(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 30 June 2025	As at 31 December 2024
Liquidity ratio (RMB and foreign currency)	105.45%	99.60%

(2) Liquidity coverage ratio

	As at 30 June 2025	As at 31 December 2024
High-quality liquid assets	238,090.96	230,960.22
Net cash outflows in future 30 days	87,703.07	115,256.97
Liquidity coverage ratio	271.47%	200.39%

(3) Net stable funding ratio

	As at 30 June 2025	As at 31 March 2025	As at 31 December 2024
Available stable funds	892,374.17	876,634.47	871,760.96
Required stable funds	785,032.74	775,820.83	754,636.07
Net stable funding ratio	113.67%	112.99%	115.52%

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.

UNREVIEWED SUPPLEMENTARY FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

2. CURRENCY CONCENTRATION

	As at 30 June 2025			Subtotal
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
Spot assets	2,468.34	211.93	106.59	2,786.86
Spot liabilities	607.89	96.56	23.57	728.02
Net long/(short) position	1,860.45	115.37	83.02	2,058.84

	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

Above information is calculated in accordance with regulations promulgated by the CBRC. The Group had no structural position as at 30 June 2025 and 31 December 2024.

3. INTERNATIONAL CLAIMS

The Group regards all claims on third parties outside Mainland China and claims denominated in foreign currencies on third parties inside Mainland China as international claims.

International claims include loans and advances to customers, deposits with central bank, deposits and placements with banks and other financial institutions, 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.

UNREVIEWED SUPPLEMENTARY FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

	As at 30 June 2025		Total
	Banks and other financial institutions	Non-bank private institutions	
Asia Pacific	2,037.05	415.60	2,452.65
of which attributed to Hong Kong	284.94	—	284.94
North and South America	260.49	—	260.49
Europe	15.99	—	15.99
Oceania	30.83	—	30.83
Total	2,344.36	415.60	2,759.96

	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



广州农商银行

GUANGZHOU RURAL COMMERCIAL BANK

