中国农业银行
AGRICULTURAL BANK OF CHINA

Agricultural Bank of China Limited

(A joint stock company incorporated in the People's Republic of China with limited liability)
Stock Code: 1288

2024 ANNUAL REPORT

耕耘美丽中国 共创幸福生活

中国农业银行
AGRICULTURAL BANK OF CHINA

Profile

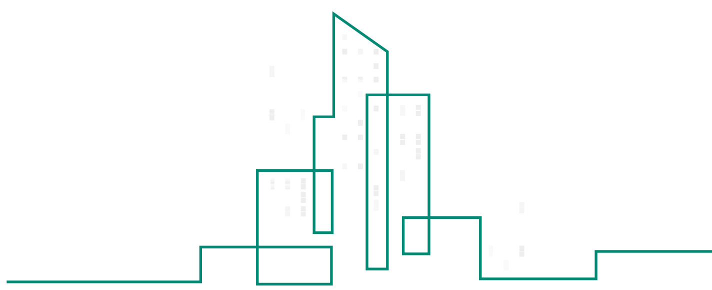
The predecessor of the Bank was Agricultural Cooperative Bank established in 1951. Since the resumption of establishment in February 1979, the Bank has evolved from a state-owned specialized bank to a wholly state-owned commercial bank and subsequently a state-controlled commercial bank. The Bank was restructured into a joint stock limited liability company in January 2009. In July 2010, the Bank was listed on both the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

The Bank is one of the major integrated financial service providers in China, aiming at high-quality development, highlighting the two positionings of a leading bank serving rural revitalization and a major bank serving the real economy, and fully implementing the three strategies in rural and inclusive finance, green finance and digitalization. Capitalizing on its comprehensive business portfolio, extensive distribution network and advanced IT platform, the Bank provides a diverse portfolio of corporate and retail banking products and services for a broad range of customers and conducts treasury operations and asset management. Our business scope also includes, among other things, investment banking, fund management, financial leasing and life insurance. At the end of 2024, the Bank had total assets of RMB43,238,135 million, total loans and advances to customers of RMB24,906,187 million and deposits from customers of RMB30,305,357 million. Our capital adequacy ratio was 18.19%. The Bank achieved a net profit of RMB282,671 million in 2024.

As at the end of 2024, we had 22,877 domestic branch outlets, including the Head Office, Business Department of the Head Office, four specialized institutions managed by the Head Office, four training institutes, 37 tier-1 branches, 410 tier-2 branches, 3,314 tier-1 sub-branches, 19,064 foundation-level branch outlets and 42 other establishments. Our overseas branch outlets consisted of 13 overseas branches and four overseas representative offices. Our subsidiaries mainly included subsidiaries with integrated operations, rural banks and overseas subsidiary banks, etc.

The Financial Stability Board has included the Bank into the list of Global Systemically Important Banks for 11 consecutive years since 2014. In 2024, the Bank ranked No. 3 among global banks in terms of Tier 1 capital. At the date of this annual report, Standard & Poor's affirmed long-/short-term issuer credit ratings of the Bank at A/A-1, Moody's affirmed long-/short-term bank deposit ratings of the Bank at A1/P-1 and Fitch Ratings affirmed long-/short-term issuer default ratings of the Bank at A/F1+.

Contents



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

1	ABC/Agricultural Bank of China/ the Bank/the Group/We	Agricultural Bank of China Limited, or Agricultural Bank of China Limited and its subsidiaries
2	ABC-CA	ABC-CA Fund Management Co., Ltd.
3	ABC Financial Leasing	ABC Financial Leasing Co., Ltd.
4	ABC International	ABC International Holdings Limited
5	ABC Investment	ABC Financial Asset Investment Co., Ltd.
6	ABC Life Insurance	ABC Life Insurance Co., Ltd.
7	ABC Wealth Management	ABC Wealth Management Co., Ltd.
8	Articles of Association	The *Articles of Association of Agricultural Bank of China Limited* amended pursuant to the *Approval on the Articles of Association of Agricultural Bank of China Limited (Jin Fu [2024] No. 94)* from the National Financial Regulatory Administration on 7 March 2024
9	A Share(s)	Ordinary shares listed domestically which are subscribed and traded in Renminbi
10	CASs/PRC GAAP	The Accounting Standards for Enterprises promulgated on 15 February 2006 by the Ministry of Finance of the People's Republic of China and other related rules and regulations subsequently issued
11	County Area Banking Division	An internal division with management mechanism adopted by us for specialized operation of financial services provided to agriculture, rural areas and rural residents and the County Areas, as required under our restructuring into a joint stock limited liability company, which focuses on the County Area Banking Business with independence in aspects such as governance mechanism, operational decision making, financial accounting as well as incentive and constraint mechanism to a certain extent
12	CSRC	China Securities Regulatory Commission
13	Global Systemically Important Banks	Banks recognized as key players in the financial market with global features as announced by the Financial Stability Board
14	Green Finance	Economic activities designed to support environmental improvement, respond to climate change and efficient use of resources, that is, financial services provided for project investment and financing, project operation, risk management, etc. in the fields of environmental protection, energy saving, clean energy, green transportation, green building, etc.
15	H Share(s)	Shares listed on The Stock Exchange of Hong Kong Limited and subscribed and traded in Hong Kong Dollars, the nominal value of which are denominated in Renminbi

16	Hong Kong Listing Rules	*The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*
17	Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
18	Huijin	Central Huijin Investment Ltd.
19	Independent Director	The independent director referred to in the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, as well as the independent non-executive director referred to in the Hong Kong Listing Rules
20	MOF	Ministry of Finance of the People's Republic of China
21	NFRA	National Financial Regulatory Administration, or the former China Banking and Insurance Regulatory Commission
22	PBOC	The People's Bank of China
23	SSF	National Council for Social Security Fund of the People's Republic of China

Basic Corporate Information

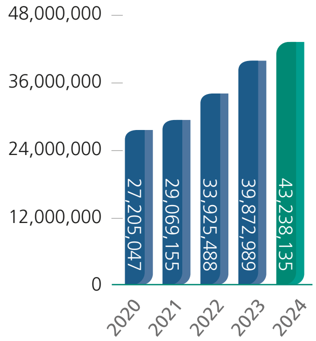
Legal name in Chinese **Abbreviation**	中國農業銀行股份有限公司 中國農業銀行
Legal name in English **Abbreviation**	AGRICULTURAL BANK OF CHINA LIMITED AGRICULTURAL BANK OF CHINA (ABC)
Legal representative	GU Shu
Authorized representative	WANG Zhiheng LIU Qing
Secretary to the Board of Directors and Company Secretary	LIU Qing Address: No. 69, Jianguomen Nei Avenue, Dongcheng District, Beijing, PRC Tel: 86-10-85109619 (Investors Relations) Fax: 86-10-85126571 E-mail: ir@abchina.com
Registered address and office address **Postal code**	No. 69, Jianguomen Nei Avenue, Dongcheng District, Beijing, PRC 100005
Hotline for customer service and complaint	95599
Internet website	www.abchina.com.cn, www.abchina.com
Principal place of business in Hong Kong	25/F, Agricultural Bank of China Tower, 50 Connaught Road, Central, Hong Kong, PRC
Selected media and websites for information disclosure	*China Securities Journal (www.cs.com.cn)* *Shanghai Securities News (www.cnstock.com)* *Securities Times (www.stcn.com)* *Securities Daily (www.zqrb.cn)*
Website of Shanghai Stock Exchange publishing the annual report (A Shares)	www.sse.com.cn
Website of Hong Kong Stock Exchange publishing the annual report (H Shares)	www.hkexnews.hk
Location where copies of the annual report are kept	Office of the Board of Directors of the Bank
Listing exchange of A Shares **Stock name** **Stock code** **Share registrar**	Shanghai Stock Exchange 農業銀行 601288 China Securities Depository and Clearing Corporation Limited, Shanghai Branch (Address: No. 188 South Yanggao Road, Pudong New Area, Shanghai, PRC)

Listing exchange of H Shares	The Stock Exchange of Hong Kong Limited
Stock name	ABC
Stock code	1288
Share registrar	Computershare Hong Kong Investor Services Limited (Address: Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong, PRC)
Trading exchange and platform of preference shares	The Integrated Business Platform of Shanghai Stock Exchange
Stock name (stock code)	農行優1 (360001), 農行優2 (360009)
Share registrar	China Securities Depository and Clearing Corporation Limited, Shanghai Branch (Address: No. 188 South Yanggao Road, Pudong New Area, Shanghai, PRC)
Legal advisor as to laws of Chinese mainland	King & Wood Mallesons
Address	17-18/F, East Tower, World Financial Centre 1, No. 1, Dongsanhuan Zhong Road, Chaoyang District, Beijing, PRC
Legal advisor as to laws of Hong Kong	Clifford Chance
Address	27/F, Jardine House, 1 Connaught Place, Central, Hong Kong, PRC
Domestic auditor	KPMG Huazhen LLP
Address	8/F, Office Tower E2, Oriental Plaza, 1 East Chang An Avenue, Dongcheng District, Beijing, PRC
Name of the undersigned accountants	SHI Jian, HUANG Aizhou
International auditor	KPMG
Address	8/F, Prince's Building, 10 Chater Road, Central, Hong Kong, PRC
Name of the undersigned accountant	WONG Yuen Shan

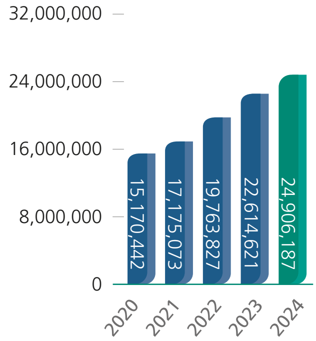
Financial Highlights

(Financial data and indicators recorded in this annual report are prepared in accordance with IFRS Accounting Standards and denominated in RMB, unless otherwise stated)

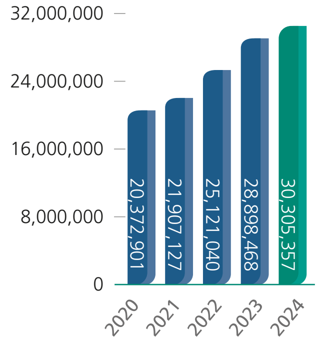
Total assets
(in millions of RMB)



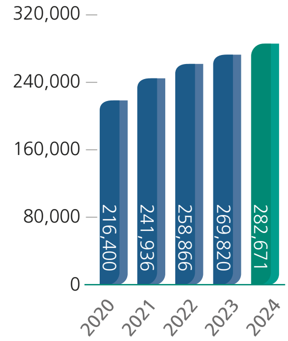
Total loans and advances to customers
(in millions of RMB)



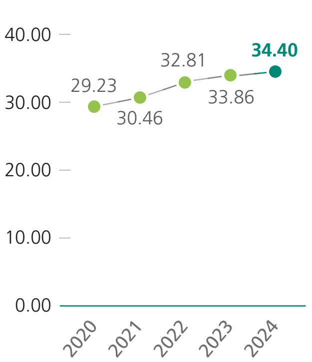
Deposits from customers
(in millions of RMB)



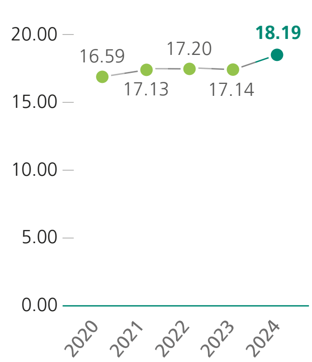
Net profit
(in millions of RMB)



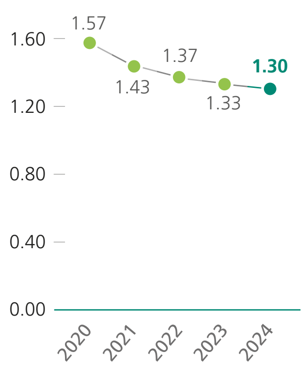
Cost-to-income ratio
(%)



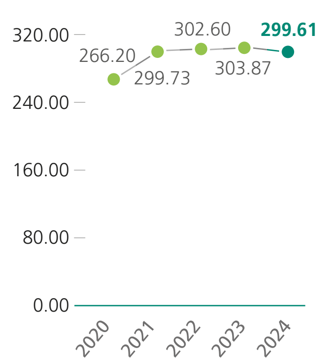
Capital adequacy ratio
(%)



Non-performing loan ratio
(%)



Allowance to non-performing loans
(%)



Major Financial Data

	31 December 2024	31 December 2023	31 December 2022	31 December 2021	31 December 2020
At the end of the reporting period (in millions of RMB)					
Total assets	**43,238,135**	39,872,989	33,925,488	29,069,155	27,205,047
Total loans and advances to customers	**24,906,187**	22,614,621	19,763,827	17,175,073	15,170,442
Including: Corporate loans	**14,144,003**	12,791,116	10,741,230	9,168,032	8,134,487
Discounted bills	**1,507,921**	1,310,747	1,007,548	424,329	389,475
Retail loans	**8,814,212**	8,059,915	7,545,282	7,117,212	6,198,743
Overseas and others	**390,115**	402,491	426,847	426,179	413,416
Allowance for impairment losses on loans	**929,174**	882,855	782,854	720,570	618,009
Loans and advances to customers, net	**23,977,013**	21,731,766	18,980,973	16,454,503	14,552,433
Financial investments	**13,849,103**	11,213,713	9,530,163	8,230,043	7,822,659
Cash and balances with central banks	**2,134,452**	2,922,047	2,549,130	2,321,406	2,437,275
Deposits and placements with and loans to banks and other financial institutions	**1,101,723**	1,596,257	1,131,215	665,444	981,133
Financial assets held under resale agreements	**1,371,571**	1,809,559	1,172,187	837,637	816,206
Total liabilities	**40,140,862**	36,976,122	31,251,728	26,647,796	24,994,301
Deposits from customers	**30,305,357**	28,898,468	25,121,040	21,907,127	20,372,901
Including: Corporate deposits	**10,059,292**	10,477,286	9,032,456	8,001,650	7,618,591
Retail deposits	**18,692,180**	17,109,711	14,977,766	12,970,450	11,926,040
Overseas and others	**1,035,207**	852,298	727,212	623,353	562,741
Deposits and placements from banks and other financial institutions	**5,031,583**	4,035,787	2,792,933	1,913,471	1,785,176
Financial assets sold under repurchase agreements	**615,725**	100,521	43,779	36,033	109,195
Debt securities issued	**2,678,509**	2,295,921	1,869,398	1,507,657	1,371,845
Equity attributable to equity holders of the Bank	**3,090,808**	2,889,248	2,668,063	2,414,605	2,204,789
Net capital[1]	**4,112,653**	3,828,171	3,416,349	3,057,867	2,817,924
Common Equity Tier 1 (CET1) capital, net[1]	**2,582,305**	2,394,940	2,215,612	2,042,352	1,875,372
Additional Tier 1 capital, net[1]	**499,559**	480,009	440,009	360,009	319,884
Tier 2 capital, net[1]	**1,030,789**	953,222	760,728	655,506	622,668
Risk-weighted assets[1]	**22,603,866**	22,338,078	19,862,505	17,849,566	16,989,668

	2024	2023	2022	2021	2020
Operating results for the year (in millions of RMB)					
Operating income	**711,416**	695,468	695,283	721,746	659,332
Net interest income	**580,692**	571,750	589,883	577,987	545,079
Net fee and commission income	**75,567**	80,093	81,282	80,329	74,545
Operating expenses	**261,180**	252,305	243,571	260,275	229,897
Credit impairment losses	**130,840**	135,707	145,266	165,886	164,699
Total profit before tax	**319,201**	307,419	306,453	295,880	265,050
Net profit	**282,671**	269,820	258,866	241,936	216,400
Net profit attributable to equity holders of the Bank	**282,083**	269,356	259,232	241,183	215,925
Net cash flows generated from/(used in) operating activities	**1,353,042**	1,825,282	1,322,003	239,615	(60,936)

Financial Indicators

	2024	2023	2022	2021	2020
Profitability (%)					
Return on average total assets[2]	**0.68**	0.73	0.82	0.86	0.83
Return on weighted average net assets[3]	**10.46**	10.91	11.29	11.57	11.35
Net interest margin[4]	**1.42**	1.60	1.90	2.12	2.20
Net interest spread[5]	**1.27**	1.45	1.73	1.96	2.04
Return on risk-weighted assets[1, 6]	**1.25**	1.21	1.30	1.36	1.27
Net fee and commission income to operating income	**10.62**	11.52	11.69	11.13	11.31
Cost-to-income ratio[7]	**34.40**	33.86	32.81	30.46	29.23
Data per share (RMB Yuan)					
Basic earnings per share[3]	**0.75**	0.72	0.69	0.65	0.59
Diluted earnings per share[3]	**0.75**	0.72	0.69	0.65	0.59
Net cash flows per share generated from/(used in) operating activities	**3.87**	5.22	3.78	0.68	(0.17)

	31 December 2024	31 December 2023	31 December 2022	31 December 2021	31 December 2020
Asset quality (%)					
Non-performing loan ratio[8]	**1.30**	1.33	1.37	1.43	1.57
Allowance to non-performing loans[9]	**299.61**	303.87	302.60	299.73	266.20
Allowance to loan ratio[10]	**3.88**	4.05	4.16	4.30	4.17
Capital adequacy (%)					
Common Equity Tier 1 (CET1) capital adequacy ratio[1]	**11.42**	10.72	11.15	11.44	11.04
Tier 1 capital adequacy ratio[1]	**13.63**	12.87	13.37	13.46	12.92
Capital adequacy ratio[1]	**18.19**	17.14	17.20	17.13	16.59
Risk-weighted assets to total assets ratio[1]	**52.28**	56.02	58.55	61.40	62.45
Total equity to total assets ratio	**7.16**	7.27	7.88	8.33	8.13
Data per share (RMB Yuan)					
Net assets per ordinary share[11]	**7.40**	6.88	6.37	5.87	5.39

Notes:

1. *After 1 January 2024, figures were calculated in accordance with the Rules on Capital Management of Commercial Banks and other relevant regulations; before 1 January 2024, figures were calculated in accordance with the Rules on Capital Management of Commercial Banks (Provisional) and other relevant regulations.*
2. *Calculated by dividing net profit by the average balances of total assets at the beginning and the end of the period.*
3. *Calculated in accordance with the Rules for the Compilation and Submission of Information Disclosure by Companies that Offer Securities to the Public No. 9 — Computation and Disclosure of Return on Net Assets and Earnings per Share (2010 Revision) issued by the CSRC and International Accounting Standard 33 — Earnings per share.*
4. *Calculated by dividing net interest income by the average balances of interest-earning assets.*
5. *Calculated as the difference between the average yield on interest-earning assets and the average cost of interest-bearing liabilities.*
6. *Calculated by dividing net profit by risk-weighted assets at the end of the period. The risk-weighted assets are calculated in accordance with the relevant regulations of the NFRA.*
7. *Calculated by dividing operating and administrative expenses by operating income in accordance with CASs, which is consistent with the corresponding figures as stated in the financial report of the Bank prepared in accordance with CASs.*
8. *Calculated by dividing the balance of non-performing loans (excluding accrued interest) by the balance of total loans and advances to customers (excluding accrued interest).*
9. *Calculated by dividing the balance of allowance for impairment losses on loans by the balance of non-performing loans (excluding accrued interest), among which, the balance of allowance for impairment losses on loans includes the allowance for impairment losses on bills and forfeiting recognized in other comprehensive income.*
10. *Calculated by dividing the balance of allowance for impairment losses on loans by the balance of total loans and advances to customers (excluding accrued interest), among which, the balance of allowance for impairment losses on loans includes the allowance for impairment losses on bills and forfeiting recognized in other comprehensive income.*
11. *Calculated by dividing equity attributable to ordinary equity holders of the Bank (excluding other equity instruments) at the end of the period by the total number of ordinary shares at the end of the period.*

Quarterly Data

2024 (in millions of RMB)	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	186,147	180,993	173,519	170,757
Net profit attributable to equity holders of the Bank	70,386	65,506	78,480	67,711
Net cash flows generated from/(used in) operating activities	783,563	(492,183)	1,583,600	(521,938)

Chairman's Statement

GU Shu
Chairman of the Board of Directors

The year 2024 was a crucial year for fulfilling the objectives and tasks set out in the 14th Five-Year Plan. It was also an important year in which the Agricultural Bank of China made new achievements in its reform and development. In the past year, we took the rectification of problems identified in the new round of disciplinary inspections conducted by the Communist Party of China ("**CPC**") Central Committee as an opportunity to uphold and strengthen the overall leadership of the Party and conscientiously implement the decisions and plans of the CPC Central Committee and the State Council. We identified the focal points of maintaining "stability" and the main directions of pursuing "progress", and took solid measures to serve the real economy and carry out our business activities. We sustained sound momentum in our main operating indicators, maintained resilience and growth amid complex and ever-changing market conditions, and continued to make new advances in high-quality development.

Our operating quality and effectiveness were continuously improved. During the reporting period, we were the first among comparable peers to turn our profit growth from negative to positive in the first half of the year, and continued to record quarter-over-quarter improvements in the second half of the year. In 2024, we achieved net profit of RMB282.7 billion, representing a year-on-year increase of 4.8%. In 2024, we achieved operating income of RMB711.4 billion, representing a year-on-year increase of 2.3%, of which net interest income was RMB580.7 billion, representing a year-on-year increase of 1.6%. **The provision of financing was continuously stepped up.** As at the end of 2024, the Group's total assets exceeded RMB43 trillion, and total loans and advances to customers increased by RMB2.29 trillion as compared to the end of the previous year, with the balance of loans in County Areas accounting for over 40% of domestic loans. **The fund capacity was steadily strengthened.** The balance of all-system deposits from customers amounted to RMB34.97 trillion, with an average daily balance of domestic deposits increasing by RMB2.29 trillion, the highest among comparable peers, and the deposit deviation ratio of 0.42%, the lowest among comparable peers, providing strong funding support for serving the real economy. **Asset quality made solid improvement.** The non-performing loan ratio was 1.30%, representing a decrease of 0.03 percentage point from the end of the previous year. The overdue loan ratio was 1.18%, and the allowance to non-performing loans was 299.61%, maintaining the leading position among comparable peers. Meanwhile, our capital adequacy ratio was 18.19%, representing an increase of 1.05 percentage points from the end of the previous year, further cementing the foundation of our development.

We stayed true to our founding mission and tapped deep into our core business, consolidating the foundation for high-quality development with targeted and effective financial services. Bearing in mind the country's most fundamental interests and highlighting our two positionings as a leading bank serving rural revitalization and a major bank serving the real economy, we continued to strengthen and improve the supply of high-quality financial resources, and took more solid steps and made more effective achievements in providing financial services for agriculture, rural areas and rural residents and the real economy. We enhanced our primary responsibility and core business of serving agriculture, rural areas and rural residents. We consistently gave priority to County Areas and rural areas in allocating financial resources. A total of 55 thousand County Area customer managers worked diligently in the countryside, and "financial directors of villages" were appointed in over 40 thousand administrative villages. We pooled all wisdom and strength to do the "hard but right things" in key fields including ensuring food security and consolidating and expanding achievements in poverty alleviation. As at the end of 2024, the balance of loans and advances to customers in County Areas was RMB9.85 trillion, and the balance of loans in fields related to ensuring stable supply of grains and major agricultural products exceeded RMB1 trillion. The balance of Huinong E-loan was RMB1.49 trillion. The loans to 160 key counties receiving assistance in pursuing rural revitalization grew by 14.7%. We have been awarded the highest rating in the regulatory assessment of serving rural revitalization for four consecutive years. We took a full array of actions to support economic recovery and growth. We conscientiously implemented a pack of new national policies, provided proactive services to support for the implementation of major national strategies and security capacity building in key areas and for a new round of large-scale equipment upgrades and consumer goods trade-in programs, and actively supported for stemming the downturn and restoring stability in the real estate market. We ranked top among comparable peers in terms of the growth rate of loans in relevant fields, including equipment upgrades and residents' consumption. We stepped up financing provision in areas related to people's livelihood such as housing, education and medical services. The balance of retail loans amounted to RMB8.81 trillion, representing an increase of RMB754.3 billion as compared to the end of the previous year, with both increment and growth rate ranking first among comparable peers. We actively supported the development of private sector. The balance of loans granted to private enterprises was RMB6.53 trillion, representing an increase of RMB1.08 trillion as compared to the end of the previous year; the number of customers with outstanding loan balances was 7.46 million, representing an increase of 1.35 million customers as compared to the end of the previous year, all leading the industry. We spared no effort to promote the "Five Priorities". We innovatively supported the development of new quality productive forces. All loans in fields including strategic emerging industries and green credit increased by over 20%. We stepped up the launch of the asset investment companies (AIC) equity investment pilot funds, channeling long-term and patient capital into technological innovation. We conscientiously implemented the coordination mechanism for supporting small and micro enterprises in obtaining financing, and the balance of inclusive finance at PBOC caliber was RMB4.66 trillion, ranking first among peers. We focused on developing the featured service brand of "ABC Pension". All 22 thousand outlets completed age-friendly renovations, the balance of loans to elderly care industry increased by 68%, and the scale of our pension funds under entrusted management exceeded RMB300 billion.

Adhering to the standard of satisfaction of customers and employees, with perseverance of pursuing brilliance and determination of self-innovation, we tapped into reform and innovation to improve quality and efficiency of services and stimulate momentum for development. We sped up the exploration of smart banking construction. Keeping pace with changes and revolutions in AI, we developed the "AI +" innovation action plan, implemented big data and AI application projects, explored the deep integration of AI in key fields such as customer service and risk prevention and control, and accelerated our steps into a new stage of digital and intelligent transformation. Customer experience and service efficiency were continuously improved. In response to market changes and customer expectations, we constantly increased the efficiency of the whole-process intelligent loan services, further optimized operating procedures, with the average waiting time per customer at outlets reducing by 20%. Consumers' interests protection was strengthened comprehensively. The number of complaints per thousand outlets and per ten million retail banking customers were the lowest among comparable peers, and our rating in the regulatory assessment of consumers' interests protection upgraded again. We focused on expanding our team of customer managers, with the number of customer managers increasing to 113 thousand. Greater efforts were made to cement the customer base and business foundation. Benefiting from robust technological empowerment and improved management efficiency, the number of retail banking customers exceeded 0.88 billion and the number of corporate banking customers increased to 12.13 million at the end of the year. The aggregate financial assets of private banking customers amounted to RMB3.15 trillion, and the scale of custody business exceeded RMB17 trillion. The number of monthly active users of mobile banking reached 250 million, maintaining the leading position in the banking industry. We further strengthened care for our employees. We heeded the voice of employees at foundation level and addressed their most pressing difficulties and problems, ensuring that all employees can contribute to and share the fruits of development. We had accumulatively built more than 100 thousand "Home of Employees" facilities, such as small canteens and small shower rooms. The employee questionnaire survey showed an increase of 4 percentage points in overall satisfaction.

We safeguarded high-quality development by taking comprehensive and proactive measures for risk prevention and control. Always making risk prevention and control the primary task, we developed a more proactive and intelligent risk prevention and control system and actively enhanced prevention, early warning, disposal and resolution of all types of risks. Comprehensive risk management was continuously improved. We accurately captured the changes in macro economy and financial market, widened our vision of risk prevention and control, optimized the organizational structure of risk management, refined the risk management system covering whole chain, field and process, and adopted an integrated approach to preventing and resolving traditional risks as well as risks in emerging areas, so that all kinds of risks were generally under control. The foundation of asset quality was further consolidated. We adopted a developer-specific policy for targeted disposal of real estate risks and a province-specific policy for helping local governments defuse debt risks. We prevented and controlled credit risks in emerging industries and inclusive and retail business in a forward-looking manner, and stepped up management and control of overdue loans and disposal of non-performing loans, so that our asset quality maintained a relatively good level among comparable peers. Meticulous efforts were made to prevent and control various new types of risks. We brought the distributed core system project to a successful conclusion, and further improved cyber security protection system of the Group. Efforts were intensified to prevent and control risks in market-related business and overseas institutions, maintaining steady operations amid complex and ever-changing conditions.

Through sound governance and collaboration, we shared the fruits of high-quality development with investors by providing them with favourable returns. As a large publicly listed bank, we attached great importance to corporate governance and market value management, and strived to create greater value for investors. We continuously refined the corporate governance system. We put the "Two-sphere Consistency" into action, integrated the Party's leadership into every aspect of corporate governance, and kept improving the effective corporate governance system with the Bank's features. In the PBOC's macro-prudential assessment (MPA), we were awarded the Grade A rating for 11 consecutive quarters and were the only bank among comparable peers to achieve this honour. The members of the Board of Directors performed diligently. The Board of Directors operated effectively and compliantly. We were awarded the "Best Practice Case for the Board of Directors of Listed Companies". We actively delivered returns to investors. In active response to market and investor concerns, we deepened the building of sustainable management and information disclosure system, and continuously increased investor returns. In 2024, our A Share price and H Share price grew by 55% and 58%, respectively, both ranking first among comparable peers. The growth of our market capitalization ranked first among comparable peers for two consecutive years, helping stabilize the market with our steady operations.

The achievements and progress of the past year were fundamentally attributed to the strong leadership of the CPC Central Committee and the State Council, and attributed to the guidance, care and support provided by regulators, shareholders and all sectors of society, as well as the concerted efforts of all the Bank's cadres and employees. On behalf of the Board of Directors, I would like to express my heartfelt gratitude! The Board of Directors proposed to distribute a cash dividend of RMB1.255 (tax inclusive) per 10 ordinary shares for all ordinary shareholders in addition to the interim dividend.

The year 2025 is the final year for implementing the 14th Five-Year Plan. It is also the year in which the 15th Five-Year Plan will be strategically devised. Standing at a critical point linking the past with the future, we will follow the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly implement the decisions and plans of the CPC Central Committee and the State Council, closely adhere to the work theme of preventing risk and promoting development, and promote the rectification of problems identified in the disciplinary inspections conducted by the CPC Central Committee and our business operations and development in a coordinated manner. Driven by further deepening reform comprehensively, we will keep improving our ability to serve high-quality development of the country while pursuing high-quality development of the Bank, and contribute to the sustained economic recovery and growth and the successful conclusion of the 14th Five-Year Plan.

GU Shu
Chairman of the Board of Directors
28 March 2025

President's Statement

WANG Zhiheng
President

In 2024, in the face of complex and challenging operating situations, the Agricultural Bank of China resolutely implemented the decisions and plans of the CPC Central Committee and the State Council, deeply practiced the political and people-oriented nature of financial work, and upheld its primary responsibilities and core businesses of serving agriculture, rural areas and rural residents and the real economy. We accurately captured the changes in markets and customer demands, adjusted and refined operation and management strategies accordingly, and promoted better services, more efficient management and the reform empowerment on all fronts. As a result, we achieved reasonable growth in business scale, solid improvement of asset quality and steady increase of operating efficiency, making new advances and achievements of high-quality development.

Adhering to service as the priority, we better fulfilled our mission and responsibility in financial work. We fully implemented counter-cyclical adjustment policies, constantly scaled up financing supply for agriculture, rural areas and rural residents and the real economy, and improved the precision and adaptability of financial services to play our role as a leading bank serving rural revitalization and a major bank serving the real economy.

—— We continued to enhance County Area banking services. We consistently took support for building a strong agricultural sector and serving all-around rural revitalization as the priorities of our financial services, and allocated more credit, financial, channel and human resources to County Areas and rural areas. The balance of loans and advances to customers in County Areas reached RMB9.85 trillion, representing an increase of over RMB1 trillion as compared to the end of the previous year. We always gave top priority to serving food security, deepened financial services for the whole food industrial chain, and helped secure Chinese food supply remained firmly in its own hands, with the balance of loans in fields related to ensuring stable supply of grains and major agricultural products exceeding RMB1 trillion. We spared no effort to help consolidate and expand achievements in poverty alleviation and forestall any large-scale relapse into poverty, with the growth rate of loans to 160 key counties receiving assistance in pursuing rural revitalization, the "Three Areas and Three Prefectures" and other key areas receiving assistance recording higher than the average growth rate of loans of the Bank. To help farmers create more channels for increasing their income, we expanded the coverage and increased the supply of loans to farmers, with the balance of Huinong E-loan amounting to RMB1.49 trillion, representing an increase of 37.7% as compared to the end of the previous year. We learned from and applied the experience gained from the Green Rural Revival Program in Zhejiang Province, and supported the development of rural industries and the building of a beautiful and harmonious countryside for people to live and work in light of local conditions, with the loans to rural industries and rural construction and related areas growing by 21.0% and 14.8% respectively.

—— We spared no effort to promote the "Five Priorities". We upheld the "Five Priorities" as the main directions of pursuing "progress" in serving the real economy, and further stepped up the supply of financial services to major strategies, key areas and weak links. We innovatively created an assessment indicator system for science and technology innovation enterprises, launched exclusive credit service solutions, and vigorously supported the fostering and development of new quality productive forces and the building of a modernized industrial system, with the loans to strategic emerging industries increasing by 22.4%. We improved the diversified green investment and financing business system, and made coordinated efforts to cut carbon emissions, reduce pollution and pursue green development, with green credit increasing by 22.9%. We implemented the coordination mechanism for supporting small and micro enterprises in obtaining financing, and made efforts to improve the accessibility of inclusive financial services, with the inclusive loans to small and micro enterprises growing over 30% for six consecutive years. We increased the supply of pension products at multiple levels, and proactively supported the development of health industries and silver economy, with loans to elderly care industry exceeding RMB10 billion. We implemented a pack of new national policies with targeted and effective steps, actively responded to the urban real estate financing coordination mechanisms, and strengthened financing support for the implementation of major national strategies and security capacity building in key areas and for a new round of large-scale equipment upgrades and consumer goods trade-in programs, maintaining the leading position in banking industry in terms of the contracted and granted loans under the lending facility projects for equipment upgrades and technology transformation and the increment and growth rate of consumption loans.

Adhering to management as the foundation, we continuously consolidated the foundation for high-quality development. We highlighted effective and quality management, made efforts to stabilize financial performance and asset quality, and took solid steps to prevent and defuse various types of risks, consolidating the foundation for high-quality development.

—— We highlighted income increase, expenses reduction, innovation and potential tapping, and maintained sound financial operation. We made overall planning for the balance between functions and profitability. While proactively and reasonably yielding benefits to the real economy, we continuously advanced business restructuring, optimized allocation of major assets, strengthened the coordination of volume growth and price control, and endeavored to ease the pressure of narrowing interest margin on financial performance. We adapted to the changes in markets and customer demands, deepened the innovation and potential tapping of intermediary business, and maintained steady and relatively rapid growth of wealth management, credit cards, investment banking and private banking and other businesses. Adhering to the principle of "practicing strict economy and upholding frugality in operation", we strictly managed and controlled costs and expenses, and kept improving the input-output efficiency of financial resources. In 2024, we achieved operating income of RMB711.4 billion, representing an increase of 2.3% as compared to the previous year; and net profit amounted to RMB282.7 billion, representing an increase of 4.8% as compared to the previous year.

—— We intensified whole-process management of credit business, and maintained stable asset quality. Adapting to the changes in economy, we dynamically optimized credit policies for industries, managed and controlled overdue loans in a forward-looking manner, and refined the screening and exit mechanism for customers with potential risks, further gaining the initiative in risk prevention and control. We deepened the application of digital risk control measures, implemented whole lifecycle management for new products and new models, and strengthened the centralized early warning of and monitoring over online business, continuously improving the precision of risk prevention and control. We steadily advanced the precise mitigation of risks in key areas such as real estate and local government debts, and strictly guarded against risk resonance among cross-region credit customers, further enhancing the effectiveness of risk prevention and control. Our non-performing loan ratio was 1.30%, representing a decrease of 0.03 percentage point as compared to the end of the previous year.

—— We strengthened prevention and control of various new types of risks, and reinforced the foundation for operation security. We advanced the high-standard building of our disaster recovery system consisting of "six data centers in three places", continuously refined the Group's governance structure for cyber security, comprehensively completed the host system migration of core business, keeping the safe and stable operation of the technological systems. We took solid steps to carry out programs to improve the quality and strive for excellence of compliance, strengthened anti-money laundering and sanction compliance management, optimized and upgraded the anti-fraud and combating fraud system, continuously enhancing the effectiveness of internal control and compliance management. We strictly implemented the safety production responsibility system, and took solid steps to prevent major safety accidents.

Adhering to reform as the key, we strove to foster new drivers for business operations. We accelerated digital transformation, advanced the building of smart banking, mechanism and system reform and business process optimization in a coordinated manner, and made efforts to tackle the pain points and obstacles in financial services and business operation, thereby better empowering business development as well as our customers and employees.

—— We continuously improved customer service experience. Upholding customer perspectives, we leveraged technological means to keep optimizing business processes, refine the online and offline coordinated service mechanism, and deepen the reform of an intelligent credit approval mechanism, delivering more accessible and efficient financial services. We deepened the application of big data in all aspects, deeply implemented hierarchical and classified customer operation based on multi-dimensional customer profiles, and enriched and improved the supply of digital products and services including "ABC E-loan", "ABC SISON" and "NongYinRuiDa Treasury", better meeting the tailored and diversified customer demands for financial services. We sped up age-friendly renovations of various channels including mobile banking and outlets, and deeply implemented the building of 22 thousand trade union stations of "ABC Considerate Warm Space", making financial services warmer.

—— We continued to deepen the empowerment of employees at foundation level and the reduction of their burden. We actively promoted the transformation towards intensive operation mode, and accelerated the concentrated processing of operational and transactional work, allowing customer managers to devote more time and energy to customer services. We deepened the application of AI and other technologies with the project-led approach, scaled up supply of data assets such as labels and models, innovatively upgraded intelligent marketing and service tools including mobile marketing PAD, and improved the data-driven operation mode, providing better technological support for business expansion, operation and management.

In 2025, we will thoroughly implement the guiding principles from the 20th CPC National Congress as well as the Second and Third Plenary Sessions of the 20th CPC Central Committee, fully implement the decisions and plans of the CPC Central Committee and the State Council, further optimize financial services, deepen reform and innovation, and strengthen risk management, so as to act as the major bank in serving the real economy and be the cornerstone of financial stability, and reward investors with excellent operation performance.

WANG Zhiheng
President
28 March 2025

Discussion and Analysis

Situation and Prospects

In 2024, China ensured overall stable performance and steady growth of the economy, with a GDP growth rate of 5.0%. Market sales continued to grow, and the total retail sales of consumer goods increased by 3.5%. The scale of fixed asset investments expanded at a rate of 3.2%, among which manufacturing investment grew by 9.2%. Imports and exports of goods grew rapidly with a growth rate of 5.0% (RMB-denominated). The industrial producer price index (PPI) decreased by 2.2%, and the consumer price index (CPI) rose by 0.2%. With reasonable growth in money and credit, the broad money (M2) supply increased by 7.3%, and the aggregate financing to the real economy (stock) increased by 8%.

In 2024, the Chinese government strengthened counter-cyclical adjustments, took targeted measures to address prominent issues, and ensured the implementation of policies already adopted and new ones. As a result, it achieved a rapid recovery in demand, accelerated growth of production, and saw a notable improvement in market expectations. It made a strong push to implement fiscal and monetary policies, expanded government spending to ensure funding for key areas. Meanwhile, required reserve ratios and policy interest rates were both lowered on two occasions, further bringing down overall financing costs. It worked actively to maintain stable performance of the capital market, moved faster to refine foundational systems and introduced new monetary policy tools, including a swap facility for securities, funds, and insurance companies and a lending facility for share buybacks and shareholding increases, which led to a surge in market activity.

In 2024, China's banking industry continuously increased support for the real economy, achieved growth of total assets, maintained generally stable asset quality and remained resilient against risks. As at the end of December 2024, the total assets of Chinese commercial banks reached RMB380.52 trillion, representing an increase of 7.2% as compared to the end of the previous year. The non-performing loan ratio was 1.50%, and the allowance to non-performing loans was 211.19%. The capital adequacy ratio was 15.74%.

In 2025, the supporting conditions and underlying trend of China's long-term economic growth remains unchanged. As various policies and measures to expand consumption begin to yield positive results, consumption is expected to continue to grow at a steady rate. Overall investment growth will improve, and manufacturing investment will maintain a rapid growth. The growth of infrastructure investment is expected to obtain supports, and the real estate market will continue improving. Exports will face uncertainties but remain resilient.

In 2025, the Chinese government will stay committed to pursuing progress while ensuring stability, promoting stability through progress, upholding fundamental principles and breaking new ground, establishing the new before abolishing the old, and promoting systematic integration and efficient coordination. It will enrich and improve its policy toolkit, make timely policy adjustments in light of new developments, and make macro regulation more forward-looking, targeted, and effective. It will adopt a more proactive fiscal policy and set a higher deficit-to-GDP ratio to ensure that fiscal policies provide sustained and more effective support. It will apply an appropriately accommodative monetary policy, fully leverage the role of monetary policy instruments in adjusting both the monetary aggregate and structure, make timely cuts to required reserve ratios and interest rates, and maintain adequate liquidity. It will ensure better coordination between fiscal, monetary, employment, industrial, regional, trade, environmental, regulatory, and other policies and see that they are well aligned with reform and opening-up measures so as to create greater synergy.

The year 2025 is the final year for implementing the 14th Five-Year Plan. Adhering to the work theme of preventing risks and promoting development, we will further optimize and improve financial supply, and act as the major bank in serving the real economy and be the cornerstone of financial stability. Firstly, we will remain committed to our primary responsibilities and core businesses and increase financial supply to County Areas and rural areas. We will continue to allocate more credit resources to ensure a steady increase in the proportion of loans to County Area and agriculture-related loans. We will also increase credit supply to key counties receiving assistance and the "Three Areas and Three Prefectures" and make great efforts to enhance financial supply to key areas such as high-standard cropland development, agricultural technology and leading enterprises in agricultural industrialization. Secondly, we will implement the requirements of more proactive macro-policies and take proactive and effective actions in Five Priorities. We will further step up our support for the implementation of major national strategies and security capacity building in key areas and for a new round of large-scale equipment upgrades and consumer goods trade-in programs, technology finance, pension finance, maintain the trend of steady growth in medium- and long-term loans to manufacturing industry and consumption loans, and make more efforts to implement the granting of loans to urban real estate "white list" projects and the coordination mechanism for supporting small and micro enterprises in obtaining financing, to facilitate sustained economic recovery and growth. Thirdly, we will unswervingly prevent and resolve financial risks and firmly maintain security as our bottom line. We will strengthen bottom-line thinking, clarify the responsibilities for risk prevention and control, continue to strengthen credit risk mitigation in key areas, to maintain stable assets quality. We will also continuously strengthen the security of overseas institutions and technology and cyber security. Fourthly, we will continue to deepen reform and innovation in key areas to satisfy both our customers and employees. We will continue to improve processes, simplify and improve the performance evaluation system, advance the construction of smart banking, and use more technological means to improve service quality, empower business and increase management efficiency.

Implementation of Strategy

In 2024, we thoroughly implemented the guiding principles of the Third Plenary Session of the 20th CPC Central Committee and the Central Financial Work Conference and revised the *14th Five-Year Plan of Agricultural Bank of China*. We effectively promoted the implementation of all key tasks set out in our strategic plan, with key indicators generally in line with our expected progress. With a focus on the primary task of pursuing high-quality development, we continuously stepped up financial support for major strategies, key areas and weak links, consolidated our two positionings as a leading bank serving rural revitalization and a major bank serving the real economy, and steadily implemented the three strategies of rural and inclusive finance, green finance and digitalization. We made all-out efforts in the "Five Priorities" of technology finance, green finance, inclusive finance, pension finance and digital finance. Specifically, we gradually improved the service system of technology finance, increasingly enriched service models for green finance, continuously improved the quality and efficiency of inclusive finance services, accelerated the development of pension finance, and enhanced our service capabilities in digital finance. We continuously deepened reforms in key areas and critical links, continued to boost management efficiency and business vitality, steadily enhanced our overall market competitiveness, deeply implemented the strategy of empowering the Bank with talent in the new era, and further consolidated security shield to safeguard high-quality development.

County Area Banking

We conscientiously implemented the deployments on agriculture, rural areas and rural residents of the CPC Central Committee and the State Council, maintained a strong focus on our primary responsibility and core business of serving agriculture, rural areas and rural residents, insisted on serving for moving faster to build a strong agricultural sector and advancing all-around rural revitalization, learned from and applied the experience gained from the Green Rural Revival Program in Zhejiang Province, and coordinated efforts on the Five Priorities and County Area banking services. We highlighted our strategic positioning as a leading bank serving rural revitalization, continuously increased our credit supply to agriculture and rural areas, deepened the innovation of featured products and digital finance, strengthened the development of talent teams for rural revitalization, reinforced our system and mechanism for serving agriculture, rural areas and rural residents, committed to serving the coordinated efforts in promoting new urbanization and all-around rural revitalization and supporting the modernization of agriculture and rural areas with Chinese characteristics, and strove to play a demonstrative and leading role in pioneering a distinctive path for rural banking with Chinese characteristics and in shaping a modern rural banking system with Chinese characteristics. As at the end of 2024, the balance of deposits from customers and loans and advances to customers in County Areas amounted to RMB13.15 trillion and RMB9.85 trillion, representing an increase of 6.7% and 12.3% as compared to the end of the previous year, respectively. We have been awarded the highest rating, "Excellent", in the regulatory assessment of serving rural revitalization for four consecutive year, and we are the only one among the 20 national financial institutions to have made this achievement.

The balance of loans and advances to customers in County Areas

RMB**9.85** trillion

an increase of **12.3**%

Technology Finance

We actively innovated financial products and service mechanisms to support the greater self-reliance and strength in science and technology. With a focus on national scientific and technological strategies and plans, we accelerated the establishment and continuously improved a three-tiered and multi-dimensional professional service network comprising "Service Center for Technology Finance – Technology Finance Division or Specialized Team – Professional Sub-branch for Technology Finance". In view of the characteristics of science and technology enterprises, such as high technology, strong innovation capability and light assets, we established and continuously optimized the exclusive credit service system, and matched differentiated credit support policies. For science and technology enterprises at different development stages, we devised a full life-cycle product matrix and actively researched and developed exclusive credit products, striving to achieve full coverage of the life-cycle, the credit demands and the typical customer groups. We innovatively launched the Emerging Industries Empowerment Loan and explored the business model of "loans + external direct investments". We prepared the establishment of the equity investment pilot funds, signed strategic cooperation agreements on the equity investment pilot fund with 18 cities included in the pilot program for AIC equity investments, and prepared a number of project pipelines in strategic emerging industries and future industries. We cultivated an ecosystem for technology finance that connects "governments, financial institutions and enterprises; industries, universities and research institutes; and investments, services and innovations". We frequently engaged in bank-government-enterprise connections and launched marketing and services targeting research institutions, to advance the deep integration of science and technology, industry and finance and comprehensively support the development of emerging industries such as biomedicine and commercial spaceflight. As at the end of 2024, the balance of loans to strategic emerging industries amounted to RMB2.57 trillion, representing an increase of RMB472.2 billion or 22.4%, as compared to the end of the previous year.

The balance of loans to strategic emerging industries

RMB**2.57** trillion

an increase of **22.4**%

Green Finance

With a focus on the national plans on ecological conservation, we deeply implemented the green finance strategy and continuously improved our governance structure, service system and risk control mechanism to ensure that they align with the requirements of ecological conservation and green and low-carbon development, to promote the high-quality development of green finance. We improved our multi-tiered policy system, continued to incorporate the requirements of green and low-carbon development into our credit policies and guidelines, and optimized industrial credit policies, to guide the investment of green funds. We improved the mechanism for the pool of major green finance projects, focused on key areas including clean energy, green upgrading of infrastructure, and energy conservation and environmental protection, and increased funding support for these areas. We advanced the integrated development of rural and green finance, optimized and promoted scenarios such as smart animal husbandry and smart forestry, and increased green finance services related to agriculture, rural areas and rural residents. We enriched the green investment and financing service system, actively underwrote the issuance of green bonds, carried out green bond investments, and innovated ESG-themed wealth management products. We also steadily advanced our own energy conservation and carbon reduction, with our brand image as a green bank continuing to stand out. As at the end of 2024, our green credit balance was RMB4.97 trillion, representing an increase of 22.9% as compared to the end of the previous year.

The balance of green credit

RMB**4.97** trillion

an increase of **22.9**%

Inclusive Finance

We continued to deepen the implementation of the strategy of rural and inclusive finance, enhanced the adaptability and inclusiveness of financial services in key areas and weak links, and deepened the implementation of the coordination mechanism for supporting small and micro enterprises in obtaining financing. We constructed the development model of integration and mutual empowerment between online and offline channels with our characteristics, and comprehensively built a credit product system covering multiple scenarios including unsecured loans, secured loans, pledges credit enhancement by government and supply chain financing. We continuously improved our system and mechanism for inclusive finance development to meet the diversified financial needs of inclusive customer groups, including small and micro enterprises, self-employed individuals and agriculture-related business entities, in a bid to promote the supply of inclusive financial credit characterized by ample quantity, stable pricing, and an optimal structure. As at the end of 2024, the balance of loans to inclusive finance was RMB4.66 trillion, representing an increase of 30.1% as compared to the end of the previous year. The balance of inclusive loans to small and micro enterprises was RMB3.23 trillion, representing an increase of 31.3% as compared to the end of the previous year, providing credit support for 4,581.8 thousand small and micro enterprises. These further consolidated our role as a major bank in inclusive finance with the largest supply of inclusive loans, broadest service coverage and leading capabilities in sustainable development.

The balance of loans to inclusive finance

RMB**4.66** trillion

an increase of **30.1**%

Pension Finance

We actively served the proactive national strategy in response to population aging. Centering on meeting customers' needs for pension finance, we focused on improving the coverage, experience and refinement of pension finance, devoted to build a bank featuring pension finance that would satisfy the people, and supported the building of a multi-tiered and multi-pillar pension insurance system. As at the end of 2024, the number of users of social security cards, electronic social security cards and medical insurance QR codes amounted to 275 million, 165 million and 74.76 million, respectively, all leading the banking industry. Our pension funds under entrusted management amounted to RMB316,693 million, and we maintained a relatively high growth rate in terms of the number of customers and business development. We actively served for the nationwide promotion of the personal pension system and launched services for the convenience and benefits of the people such as online subscription of personal pension insurance products without "dual recording". We upgraded our pension service finance. Specifically, we built 300 demonstration outlets for age-friendly services, launched the pension zone on mobile banking, and provided "direct access to staff" hotline service for customers over 60 years old. We also constantly enriched the supply of pension finance products and introduced 147 new pension finance products. We accelerated the financial support for the elderly care industry. As at the end of 2024, the balance of loans to the elderly care industry was RMB10,976 million, representing an increase of 68% as compared to the end of the previous year.

The balance of loans to the elderly care industry

RMB **10,976** million

an increase of **68**%

Digital Finance

We comprehensively advanced the development of smart banking in the digital era, continuously deepened the use of data, and improved the capability of innovative application of AI, laying a solid digital and intelligent foundation for high-quality development of business. We promoted product innovation by fully applying "data + algorithm", upgraded and launched digital products such as Merchant E-loan and Micro Quick Loans 3.0. We coordinated the collaborative development of multiple channels, stepped up online and offline information and resource sharing, and launched 10.0 version of Mobile Banking, constantly expanding our financial service coverage. We accelerated the development of the data tools, constantly lowering the threshold for data use and providing underlying data support for the improvement of financial service quality and the innovation of products and services. We achieved historic breakthroughs in the construction of the distributed core architecture. Our information system maintained smooth operation under multiple challenges such as rapid business development and the technological transformation of the distributed architecture. As at the end of 2024, the balance of ABC E-loan amounted to RMB5.73 trillion, representing an increase of 34.8% as compared to the end of the previous year, and the number of our monthly active users (MAU) of retail mobile banking exceeded 250 million.

The balance of ABC E-loan

RMB **5.73** trillion

an increase of **34.8**%

Financial Statement Analysis

Income Statement Analysis

In 2024, the Bank achieved a net profit of RMB282,671 million, representing an increase of RMB12,851 million, or 4.8% as compared to the previous year.

Changes of Significant Income Statement Items

In millions of RMB, except for percentages

Item	2024	2023	Increase/ (decrease)	Growth rate (%)
Net interest income	**580,692**	571,750	8,942	1.6
Net fee and commission income	**75,567**	80,093	(4,526)	-5.7
Other non-interest income	**55,157**	43,625	11,532	26.4
Operating income	**711,416**	695,468	15,948	2.3
Less: Operating expenses	**261,180**	252,305	8,875	3.5
Credit impairment losses	**130,840**	135,707	(4,867)	-3.6
Impairment losses on other assets	**267**	226	41	18.1
Operating profit	**319,129**	307,230	11,899	3.9
Share of results of associates and joint ventures	**72**	189	(117)	-61.9
Profit before tax	**319,201**	307,419	11,782	3.8
Less: Income tax expense	**36,530**	37,599	(1,069)	-2.8
Net profit	**282,671**	269,820	12,851	4.8
Attributable to: Equity holders of the Bank	**282,083**	269,356	12,727	4.7
Non-controlling interests	**588**	464	124	26.7

Net Interest Income

Net interest income was the largest component of our operating income, accounting for 81.6% of the operating income in 2024. Our net interest income was RMB580,692 million in 2024, representing an increase of RMB8,942 million as compared to the previous year, among which, the increase in volume and changes in interest rates resulted in an increase of RMB70,143 million and a decrease of RMB61,201 million in net interest income, respectively. Our net interest margin and net interest spread were 1.42% and 1.27% respectively, both representing a decrease of 18 BPs as compared to the previous year, primarily due to a decrease in the yield of interest-earning assets as a result of the decrease of loan prime rate (LPR), lower interest rates of existing mortgage loans, and the decline of market interest rates.

Net interest income

RMB**580,692** million

an increase of **1.6**%

Operating income

RMB**711,416** million

an increase of **2.3**%

Net profit

RMB**282,671** million

an increase of **4.8**%

The table below presents the average balance, interest income/expense, and average yield/cost of interest-earning assets and interest-bearing liabilities.

In millions of RMB, except for percentages

Item	2024 Average balance	2024 Interest income/ expense	2024 Average yield/cost (%)	2023 Average balance	2023 Interest income/ expense	2023 Average yield/cost (%)
Assets						
Loans and advances to customers	**23,926,450**	**816,608**	**3.41**	21,347,523	808,672	3.79
Debt securities investments[1]	**12,041,470**	**360,219**	**2.99**	9,404,611	308,166	3.28
Non-restructuring-related debt securities	**11,657,259**	**350,578**	**3.01**	9,020,391	298,549	3.31
Restructuring-related debt securities[2]	**384,211**	**9,641**	**2.51**	384,220	9,617	2.50
Balances with central banks	**2,490,326**	**39,345**	**1.58**	2,467,356	39,341	1.59
Amounts due from banks and other financial institutions[3]	**2,471,020**	**59,508**	**2.41**	2,621,418	67,519	2.58
Total interest-earning assets	**40,929,266**	**1,275,680**	**3.12**	35,840,908	1,223,698	3.41
Allowance for impairment losses	**(736,259)**			(763,292)		
Non-interest-earning assets	**1,724,350**			1,567,837		
Total assets	**41,917,357**			36,645,453		
Liabilities						
Deposits from customers[4]	**28,805,254**	**469,120**	**1.63**	26,715,196	475,534	1.78
Amounts due to banks and other financial institutions[5]	**5,221,861**	**128,403**	**2.46**	3,441,426	90,407	2.63
Other interest-bearing liabilities[6]	**3,617,599**	**97,465**	**2.69**	3,035,657	86,007	2.83
Total interest-bearing liabilities	**37,644,714**	**694,988**	**1.85**	33,192,279	651,948	1.96
Non-interest-bearing liabilities	**1,274,686**			1,132,937		
Total liabilities	**38,919,400**			34,325,216		
Net interest income		**580,692**			571,750	
Net interest spread			**1.27**			1.45
Net interest margin			**1.42**			1.60

Notes:
1. *Debt securities investments include debt securities investments at fair value through other comprehensive income and debt securities investments at amortized cost.*
2. *Restructuring-related debt securities include the receivable from the MOF and the special government bonds.*
3. *Amounts due from banks and other financial institutions primarily include deposits with banks and other financial institutions, placements with and loans to banks and other financial institutions and financial assets held under resale agreements.*
4. *Excluding deposits from insurance companies.*
5. *Amounts due to banks and other financial institutions primarily include deposits from banks and other financial institutions, placements from banks and other financial institutions as well as financial assets sold under repurchase agreements.*
6. *Other interest-bearing liabilities primarily include debt securities issued and borrowings from central banks.*

The table below presents the changes in net interest income due to changes in volume and interest rate.

In millions of RMB

	Increase/(decrease) due to		Net increase/ (decrease)
	Volume	Interest rate	
Assets			
Loans and advances to customers	88,019	(80,083)	7,936
Debt securities investments	78,881	(26,828)	52,053
Balances with central banks	363	(359)	4
Amounts due from banks and other financial institutions	(3,622)	(4,389)	(8,011)
Changes in interest income	163,641	(111,659)	51,982
Liabilities			
Deposits from customers	34,039	(40,453)	(6,414)
Amounts due to banks and other financial institutions	43,780	(5,784)	37,996
Other interest-bearing liabilities	15,679	(4,221)	11,458
Changes in interest expense	93,498	(50,458)	43,040
Changes in net interest income	**70,143**	**(61,201)**	**8,942**

Note: Changes caused by both volume and interest rate have been allocated to changes in volume.

Interest Income

We achieved interest income of RMB1,275,680 million in 2024, representing an increase of RMB51,982 million as compared to the previous year, which was primarily due to an increase of RMB5,088,358 million in the average balance of interest-earning assets.

Interest Income from Loans and Advances to Customers

Interest income from loans and advances to customers increased by RMB7,936 million, or 1.0%, to RMB816,608 million as compared to the previous year, which was primarily due to an increase in the scale of loans and advances to customers.

The table below presents the average balance, interest income and average yield of loans and advances to customers by business type.

In millions of RMB, except for percentages

	2024			2023		
Item	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	**13,975,369**	**466,683**	**3.34**	12,161,866	442,522	3.64
Short-term corporate loans	**3,667,634**	**120,325**	**3.28**	3,367,549	115,999	3.44
Medium- and long-term corporate loans	**10,307,735**	**346,358**	**3.36**	8,794,317	326,523	3.71
Discounted bills	**1,033,104**	**12,209**	**1.18**	927,290	12,301	1.33
Retail loans	**8,509,179**	**318,588**	**3.74**	7,822,929	333,819	4.27
Overseas and others	**408,798**	**19,128**	**4.68**	435,438	20,030	4.60
Total loans and advances to customers	**23,926,450**	**816,608**	**3.41**	21,347,523	808,672	3.79

Interest Income from Debt Securities Investments

Interest income from debt securities investments was the second largest component of interest income. In 2024, the interest income of the Bank from debt securities investments increased by RMB52,053 million to RMB360,219 million as compared to the previous year, which was primarily due to an increase in the scale of debt securities investments.

Interest Income from Balances with Central Banks

Interest income from balances with central banks increased by RMB4 million to RMB39,345 million as compared to the previous year, which was primarily due to an increase in the average balance with central banks.

Interest Income from Amounts Due from Banks and Other Financial Institutions

Interest income from amounts due from banks and other financial institutions decreased by RMB8,011 million to RMB59,508 million as compared to the previous year, which was primarily due to a decrease in the average yield of amounts due from banks and other financial institutions as a result of the decline of market interest rates.

Interest Expense

Interest expense increased by RMB43,040 million to RMB694,988 million as compared to the previous year, which was primarily due to an increase of RMB4,452,435 million in the average balance of interest-bearing liabilities.

Interest Expense on Deposits from Customers

Interest expense on deposits from customers decreased by RMB6,414 million to RMB469,120 million as compared to the previous year, which was primarily due to a decrease in the cost of deposits as a result of our active efforts to implement the market-based adjustment mechanism for deposit interest rates.

Analysis of Average Cost of Deposits by Product Type

In millions of RMB, except for percentages

Item	2024			2023		
	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
Corporate deposits						
Time	5,679,769	142,842	2.51	4,976,802	138,011	2.77
Demand	5,318,010	49,549	0.93	5,672,335	67,710	1.19
Sub-Total	10,997,779	192,391	1.75	10,649,137	205,721	1.93
Retail deposits						
Time	11,207,177	264,234	2.36	9,781,228	254,905	2.61
Demand	6,600,298	12,495	0.19	6,284,831	14,908	0.24
Sub-Total	17,807,475	276,729	1.55	16,066,059	269,813	1.68
Total deposits from customers	28,805,254	469,120	1.63	26,715,196	475,534	1.78

Interest Expense on Amounts Due to Banks and Other Financial Institutions

Interest expense on amounts due to banks and other financial institutions increased by RMB37,996 million to RMB128,403 million as compared to the previous year, which was primarily due to an increase in deposits from banks and other financial institutions.

Interest Expense on Other Interest-bearing Liabilities

Interest expense on other interest-bearing liabilities increased by RMB11,458 million to RMB97,465 million as compared to the previous year, which was primarily due to an increase in interbank certificates of deposits and Tier 2 capital bonds.

Net Fee and Commission Income

In 2024, we generated net fee and commission income of RMB75,567 million, representing a decrease of RMB4,526 million, or 5.7%, as compared to the previous year, among which, agency commissions decreased by 20.6%, which was mainly due to a decrease in the income related to agency insurance.

Composition of Net Fee and Commission Income

In millions of RMB, except for percentages

Item	2024	2023	Increase/ (decrease)	Growth rate (%)
Settlement and clearing	**9,618**	10,796	(1,178)	-10.9
Consultancy and advisory	**14,231**	13,337	894	6.7
Agency commissions	**16,221**	20,438	(4,217)	-20.6
Bank card	**16,741**	16,307	434	2.7
Electronic banking service	**27,605**	27,459	146	0.5
Credit commitment	**1,111**	1,793	(682)	-38.0
Custodian and other fiduciary service	**4,021**	4,078	(57)	-1.4
Others	**417**	502	(85)	-16.9
Fee and commission income	**89,965**	94,710	(4,745)	-5.0
Less: Fee and commission expenses	**14,398**	14,617	(219)	-1.5
Net fee and commission income	**75,567**	80,093	(4,526)	-5.7

Other Non-interest Income

In 2024, other non-interest income amounted to RMB55,157 million, representing an increase of RMB11,532 million as compared to the previous year. In particular, the net trading gain increased by RMB2,381 million, which was primarily due to an increase in net trading gain on derivative financial instruments; net gain on financial investments increased by RMB3,851 million, which was primarily due to an increase in net gain on financial instruments at fair value through profit or loss; net gain on derecognition of financial assets measured at amortized cost increased by RMB6,129 million, which was primarily due to an increase in income from disposal of debt instrument investments.

Composition of Other Non-interest Income

In millions of RMB

Item	2024	2023
Net trading gain	**25,505**	23,124
Net gain on financial investments	**20,615**	16,764
Net gain on derecognition of financial assets measured at amortized cost	**7,167**	1,038
Other operating income	**1,870**	2,699
Total	**55,157**	43,625

Operating Expenses

In 2024, our operating expenses increased by RMB8,875 million to RMB261,180 million as compared to the previous year; cost-to-income ratio increased by 0.54 percentage point to 34.40% as compared to the previous year.

Composition of Operating Expenses

In millions of RMB, except for percentages

Item	2024	2023	Increase/ (decrease)	Growth rate (%)
Staff costs	**160,469**	151,628	8,841	5.8
General operating and administrative expenses	**61,082**	62,047	(965)	-1.6
Insurance benefits and claims	**6,276**	6,128	148	2.4
Depreciation and amortization	**22,869**	21,621	1,248	5.8
Taxes and surcharges	**7,548**	7,260	288	4.0
Others	**2,936**	3,621	(685)	-18.9
Total	**261,180**	252,305	8,875	3.5

Credit Impairment Losses

In 2024, our credit impairment losses amounted to RMB130,840 million, among which impairment losses on loans decreased by RMB9,174 million to RMB129,709 million as compared to the previous year.

Income Tax Expense

In 2024, our income tax expense decreased by RMB1,069 million, or 2.8%, to RMB36,530 million as compared to the previous year. The effective tax rate was 11.44%, which was lower than the statutory tax rate. This was primarily because the interest income from the PRC treasury bonds and local government bonds held by the Bank was exempted from enterprise income tax by the relevant tax laws.

Segment Reports

We assessed our performance and determined the allocation of resources based on the segment reports. Segment information has been presented in the same manner with that of internal management and reporting. At present, we manage our segments from the aspects of business lines, geographical regions and the County Area Banking Business.

The table below presents our operating income by business segment during the periods indicated.

In millions of RMB, except for percentages

Item	2024		2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate banking business	**278,878**	**39.2**	271,524	39.0
Retail banking business	**389,859**	**54.8**	364,837	52.5
Treasury operations	**18,972**	**2.7**	39,214	5.6
Other business	**23,707**	**3.3**	19,893	2.9
Total operating income	**711,416**	**100.0**	695,468	100.0

The table below presents our operating income by geographic segment during the periods indicated.

In millions of RMB, except for percentages

Item	2024 Amount	2024 Percentage (%)	2023 Amount	2023 Percentage (%)
Head Office	**(48,092)**	**(6.8)**	(15,570)	(2.3)
Yangtze River Delta	**176,253**	**24.8**	161,895	23.3
Pearl River Delta	**115,921**	**16.3**	111,756	16.1
Bohai Rim	**112,294**	**15.8**	105,403	15.2
Central Region	**132,039**	**18.6**	123,769	17.8
Western Region	**166,211**	**23.4**	158,403	22.8
Northeastern Region	**27,506**	**3.9**	25,239	3.6
Overseas and others	**29,284**	**4.0**	24,573	3.5
Total operating income	**711,416**	**100.0**	695,468	100.0

Note: Please refer to "Note IV. 39 Geographical Operating Segments to the Consolidated Financial Statements" for details of geographic segments.

The table below presents our operating income from the County Area Banking Business and Urban Area Banking Business during the periods indicated.

In millions of RMB, except for percentages

Item	2024 Amount	2024 Percentage (%)	2023 Amount	2023 Percentage (%)
County Area Banking Business	**349,547**	**49.1**	331,611	47.7
Urban Area Banking Business	**361,869**	**50.9**	363,857	52.3
Total operating income	**711,416**	**100.0**	695,468	100.0

Balance Sheet Analysis

Assets

At 31 December 2024, our total assets amounted to RMB43,238,135 million, representing an increase of RMB3,365,146 million, or 8.4%, as compared to the end of the previous year. In particular, net loans and advances to customers increased by RMB2,245,247 million, or 10.3%; financial investments increased by RMB2,635,390 million, or 23.5%; cash and balances with central banks decreased by RMB787,595 million, or 27.0%; deposits and placements with and loans to banks and other financial institutions decreased by RMB494,534 million, or 31.0%, which was primarily due to a decrease in deposits with banks and other financial institutions; financial assets held under resale agreements decreased by RMB437,988 million, or 24.2%, which was primarily due to a decrease in debt securities held under resale agreements.

Key Items of Assets

In millions of RMB, except for percentages

Item	31 December 2024		31 December 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Total loans and advances to customers	24,906,187	–	22,614,621	–
Less: Allowance for impairment losses on loans	929,174	–	882,855	–
Loans and advances to customers, net	23,977,013	55.5	21,731,766	54.5
Financial investments	13,849,103	32.0	11,213,713	28.1
Cash and balances with central banks	2,134,452	4.9	2,922,047	7.3
Deposits and placements with and loans to banks and other financial institutions	1,101,723	2.5	1,596,257	4.0
Financial assets held under resale agreements	1,371,571	3.2	1,809,559	4.5
Others	804,273	1.9	599,647	1.6
Total assets	43,238,135	100.0	39,872,989	100.0

Loans and Advances to Customers

At 31 December 2024, our total loans and advances to customers amounted to RMB24,906,187 million, representing an increase of RMB2,291,566 million, or 10.1%, as compared to the end of the previous year.

Distribution of Loans and Advances to Customers by Business Type

In millions of RMB, except for percentages

Item	31 December 2024		31 December 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Domestic Loans	24,466,136	98.4	22,161,778	98.2
Corporate loans	14,144,003	56.8	12,791,116	56.7
Discounted bills	1,507,921	6.1	1,310,747	5.8
Retail loans	8,814,212	35.5	8,059,915	35.7
Overseas and others	390,115	1.6	402,491	1.8
Sub-Total	24,856,251	100.0	22,564,269	100.0
Accrued interest	49,936	–	50,352	–
Total	24,906,187	–	22,614,621	–

Distribution of Corporate Loans by Maturity

In millions of RMB, except for percentages

Item	31 December 2024		31 December 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Short-term corporate loans	3,478,420	24.6	3,310,005	25.9
Medium- and long-term corporate loans	10,665,583	75.4	9,481,111	74.1
Total	14,144,003	100.0	12,791,116	100.0

Distribution of Corporate Loans by Industry[1]

In millions of RMB, except for percentages

Item	31 December 2024 Amount	31 December 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Manufacturing	**2,356,480**	**16.7**	2,234,938	17.6
Production and supply of electricity, heating, gas and water	**1,606,497**	**11.4**	1,412,944	11.0
Real estate	**858,127**	**6.1**	860,705	6.7
Transportation, storage and postal services	**2,967,712**	**20.8**	2,674,184	20.9
Wholesale and retail	**867,917**	**6.1**	784,495	6.1
Water, environment and public utilities management	**1,267,293**	**9.0**	1,144,252	8.9
Construction	**546,646**	**3.9**	478,260	3.7
Mining	**288,314**	**2.0**	263,786	2.1
Leasing and commercial services	**2,334,026**	**16.5**	2,105,404	16.5
Finance	**389,722**	**2.8**	227,750	1.8
Information transmission, software and IT services	**106,693**	**0.8**	101,143	0.8
Others[2]	**554,576**	**3.9**	503,255	3.9
Total	**14,144,003**	**100.0**	12,791,116	100.0

Notes: 1. Classification of the loans in the above table is based on the industries in which the borrowers operate.
2. Others mainly include agriculture, forestry, animal husbandry, fishery, public health, and social work, etc.

At 31 December 2024, the top five major industries for our corporate loans include: (1) transportation, storage and postal services; (2) manufacturing; (3) leasing and commercial services; (4) production and supply of electricity, heating, gas and water; and (5) water, environment and public utilities management. Aggregate loan balance of the top five major industries accounted for 74.4% of our total corporate loans, representing a decrease of 0.5 percentage point as compared to the end of the previous year.

Distribution of Retail Loans by Product Type

In millions of RMB, except for percentages

Item	31 December 2024 Amount	31 December 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Residential mortgage loans	**4,984,592**	**56.6**	5,170,822	64.1
Personal consumption loans	**476,391**	**5.4**	340,865	4.2
Loans to private business[1]	**2,494,263**	**28.3**	1,848,022	23.0
Credit card balances	**858,811**	**9.7**	700,031	8.7
Others	**155**	**–**	175	–
Total	**8,814,212**	**100.0**	8,059,915	100.0

Note: 1. The statistical scope of "loans to private business" has been adjusted to include all loans to private business of both farmers and non-farmers of the Bank.

At 31 December 2024, our retail loans increased by RMB754,297 million, or 9.4%, as compared to the end of the previous year. In particular, personal consumption loans (including credit card balances) increased by RMB294,306 million, or 28.3%, as compared to the end of the previous year, primarily due to our continuous increase in the granting of consumption loans focusing on consumer goods trade-in like automobiles, home appliances and decorations, and hot fields like elderly care, education and tourism. Loans to private business increased by RMB646,241 million, or 35.0%, as compared to the end of the previous year, primarily due to our continuous increase in the granting of loans to key scenarios, making an active response to the financing needs of small and micro enterprises owners, self-employed individuals, rural operators, new urban residents and other customer groups.

Distribution of Loans and Advances to Customers by Geographic Region

In millions of RMB, except for percentages

Item	31 December 2024 Amount	31 December 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Head Office	**920,361**	**3.7**	559,735	2.5
Yangtze River Delta	**6,029,691**	**24.3**	5,538,283	24.5
Pearl River Delta	**3,895,277**	**15.7**	3,682,226	16.3
Bohai Rim	**3,354,604**	**13.5**	3,142,457	13.9
Central Region	**4,072,430**	**16.4**	3,620,517	16.1
Northeastern Region	**769,852**	**3.1**	704,525	3.1
Western Region	**5,423,921**	**21.7**	4,914,035	21.8
Overseas and others	**390,115**	**1.6**	402,491	1.8
Sub-Total	**24,856,251**	**100.0**	22,564,269	100.0
Accrued interest	**49,936**	**–**	50,352	–
Total	**24,906,187**	**–**	22,614,621	–

Financial investments

At 31 December 2024, our financial investments amounted to RMB13,849,103 million, representing an increase of RMB2,635,390 million, or 23.5%, as compared to the end of the previous year. In particular, investments in non-restructuring-related debt securities increased by RMB2,611,262 million as compared to the end of the previous year, mainly due to an increase in the investment in government bonds.

Distribution of Financial Investments by Product Type

In millions of RMB, except for percentages

Item	31 December 2024 Amount	31 December 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Non-restructuring-related debt securities	**13,043,829**	**95.5**	10,432,567	94.4
Restructuring-related debt securities	**384,206**	**2.8**	384,217	3.5
Equity instruments	**127,573**	**0.9**	130,277	1.2
Others	**110,735**	**0.8**	98,804	0.9
Sub-Total	**13,666,343**	**100.0**	11,045,865	100.0
Accrued interest	**182,760**	**–**	167,848	–
Total	**13,849,103**	**–**	11,213,713	–

Distribution of Non-restructuring-related Debt Securities Investments by Issuer

In millions of RMB, except for percentages

Item	31 December 2024 Amount	31 December 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Government bonds	**9,205,375**	**70.6**	6,847,278	65.7
Bonds issued by policy banks	**1,628,909**	**12.5**	2,069,693	19.8
Bonds issued by banks and other financial institutions	**1,737,001**	**13.3**	1,088,501	10.4
Bonds issued by entities in public sectors	**246,490**	**1.9**	226,657	2.2
Corporate bonds	**226,054**	**1.7**	200,438	1.9
Total	**13,043,829**	**100.0**	10,432,567	100.0

Distribution of Non-restructuring-related Debt Securities Investments by Remaining Maturity

In millions of RMB, except for percentages

Remaining Maturity	31 December 2024 Amount	31 December 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Overdue	**–**	**–**	17	–
Less than 3 months	**686,076**	**5.3**	607,664	5.8
3-12 months	**1,857,564**	**14.2**	1,203,315	11.5
1-5 years	**4,019,528**	**30.8**	3,070,284	29.4
Over 5 years	**6,480,661**	**49.7**	5,551,287	53.3
Total	**13,043,829**	**100.0**	10,432,567	100.0

Distribution of Non-restructuring-related Debt Securities Investments by Currency

In millions of RMB, except for percentages

Item	31 December 2024 Amount	31 December 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
RMB	**12,593,350**	**96.5**	9,959,034	95.5
USD	**371,985**	**2.9**	378,964	3.6
Other foreign currencies	**78,494**	**0.6**	94,569	0.9
Total	**13,043,829**	**100.0**	10,432,567	100.0

Distribution of Financial Investments by Business Models and Characteristics of Contractual Cash Flows

In millions of RMB, except for percentages

Item	31 December 2024 Amount	31 December 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Financial assets at fair value through profit or loss	**513,306**	**3.8**	547,407	5.0
Debt investments at amortized cost	**9,748,446**	**71.3**	8,312,467	75.2
Other debt instrument and other equity investments at fair value through other comprehensive income	**3,404,591**	**24.9**	2,185,991	19.8
Sub-Total	**13,666,343**	**100.0**	11,045,865	100.0
Accrued interest	**182,760**	**–**	167,848	–
Total	**13,849,103**	**–**	11,213,713	–

Investment in Financial Bonds

Financial bonds refer to securities issued by policy banks, banks and other financial institutions, the principals and interests of which are to be repaid pursuant to a pre-determined schedule. At 31 December 2024, the balance of financial bonds held by the Bank was RMB3,365,910 million, including bonds of RMB1,628,909 million issued by policy banks and bonds of RMB1,737,001 million issued by banks and other financial institutions.

The table below presents the top ten financial bonds held by the Bank in terms of face value at 31 December 2024.

In millions of RMB, except for percentages

Bond	Face value	Annual interest rate	Maturity date	Allowance[1]
2022 policy bank bond	71,375	3.18%	2032/03/11	–
2021 policy bank bond	50,951	3.38%	2031/07/16	–
2020 policy bank bond	49,968	3.74%	2030/11/16	–
2020 policy bank bond	48,392	3.79%	2030/10/26	–
2021 policy bank bond	46,691	3.30%	2031/11/05	–
2022 policy bank bond	42,154	2.90%	2032/08/19	–
2021 policy bank bond	41,686	3.52%	2031/05/24	–
2021 policy bank bond	40,558	3.22%	2026/05/14	–
2022 policy bank bond	38,350	3.06%	2032/06/06	–
2023 policy bank bond	38,260	3.10%	2033/02/13	–

Note: 1. Allowance in this table refers to allowance for impairment losses in stage II and stage III, not including allowance for impairment losses in stage I.

Liabilities

At 31 December 2024, our total liabilities amounted to RMB40,140,862 million, representing an increase of RMB3,164,740 million, or 8.6%, as compared to the end of the previous year. In particular, deposits from customers increased by RMB1,406,889 million, or 4.9%. The deposits and placements from banks and other financial institutions increased by RMB995,796 million, or 24.7%, mainly due to an increase in deposits from non-banking financial institutions. The financial assets sold under repurchase agreements increased by RMB515,204 million, or 512.5%, mainly due to an increase in bond repurchase. The debt securities issued increased by RMB382,588 million, or 16.7%, mainly due to the issuance of interbank certificates of deposits, Tier 2 capital bonds and Total Loss-Absorbing Capacity (TLAC) non-capital bonds.

Key Items of Liabilities

In millions of RMB, except for percentages

Item	31 December 2024		31 December 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Deposits from customers	**30,305,357**	**75.5**	28,898,468	78.2
Deposits and placements from banks and other financial institutions	**5,031,583**	**12.5**	4,035,787	10.9
Financial assets sold under repurchase agreements	**615,725**	**1.5**	100,521	0.3
Debt securities issued	**2,678,509**	**6.7**	2,295,921	6.2
Other liabilities	**1,509,688**	**3.8**	1,645,425	4.4
Total liabilities	**40,140,862**	**100.0**	36,976,122	100.0

Deposits from Customers

At 31 December 2024, the balance of our deposits from customers amounted to RMB30,305,357 million, representing an increase of RMB1,406,889 million, or 4.9%, as compared to the end of the previous year. In terms of customer structure, the proportion of retail deposits increased by 2.6 percentage points to 62.8% as compared to the end of the previous year. In terms of maturity structure, the proportion of demand deposits decreased by 2.0 percentage points to 40.9% as compared to the end of the previous year.

Distribution of Deposits from Customers by Business Type

In millions of RMB, except for percentages

Item	31 December 2024 Amount	31 December 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Domestic deposits	**29,611,505**	**99.4**	28,299,687	99.5
Corporate deposits	**10,059,292**	**33.7**	10,477,286	36.8
Time	**4,837,501**	**16.2**	4,950,362	17.4
Demand	**5,221,791**	**17.5**	5,526,924	19.4
Retail deposits	**18,692,180**	**62.8**	17,109,711	60.2
Time	**11,750,277**	**39.4**	10,444,611	36.7
Demand	**6,941,903**	**23.4**	6,665,100	23.5
Other deposits[1]	**860,033**	**2.9**	712,690	2.5
Overseas and others	**175,174**	**0.6**	139,608	0.5
Sub-Total	**29,786,679**	**100.0**	28,439,295	100.0
Accrued interest	**518,678**	**–**	459,173	–
Total	**30,305,357**	**–**	28,898,468	–

Note: 1. Including margin deposits, remittance payables and outward remittance.

Distribution of Deposits from Customers by Geographic Region

In millions of RMB, except for percentages

Item	31 December 2024 Amount	31 December 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Head Office	**91,941**	**0.3**	63,045	0.2
Yangtze River Delta	**6,981,158**	**23.5**	6,984,641	24.6
Pearl River Delta	**4,260,191**	**14.3**	4,275,204	15.0
Bohai Rim	**5,286,682**	**17.7**	4,957,855	17.4
Central Region	**5,215,174**	**17.5**	4,768,008	16.8
Northeastern Region	**1,552,230**	**5.2**	1,416,178	5.0
Western Region	**6,224,129**	**20.9**	5,834,756	20.5
Overseas and others	**175,174**	**0.6**	139,608	0.5
Sub-Total	**29,786,679**	**100.0**	28,439,295	100.0
Accrued interest	**518,678**	**–**	459,173	–
Total	**30,305,357**	**–**	28,898,468	–

Distribution of Deposits from Customers by Remaining Maturity

In millions of RMB, except for percentages

Item	31 December 2024 Amount	31 December 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Demand	**12,915,799**	**43.3**	14,135,872	49.7
Less than 3 months	**3,680,897**	**12.4**	2,618,990	9.2
3-12 months	**5,578,773**	**18.7**	4,445,284	15.6
1-5 years	**7,609,342**	**25.5**	7,231,506	25.4
Over 5 years	**1,868**	**0.1**	7,643	0.1
Sub-Total	**29,786,679**	**100.0**	28,439,295	100.0
Accrued interest	**518,678**	**–**	459,173	–
Total	**30,305,357**	**–**	28,898,468	–

Quality of Liabilities

The Bank fully implements all regulatory requirements and relevant policies and regulations, continuously optimizes the governance system and mechanism for liability quality management, and makes coordinated efforts to plan liability quality management and liability business organizational strategy in accordance with the principle of compatibility with our business strategy, risk appetite and overall business characteristics, so as to continuously improve the quality and efficiency of liability quality management. During the reporting period, the Bank adhered to the customer-centered principle, promoted the development of customer base and comprehensive service capacity construction, and strengthened the foundation for high-quality development of liability business. Besides, the Bank enhanced the coordinated management of "Six Aspects", continuously improving the quality and efficiency of management of aspects including stability of the liability sources, diversity of liability structure, rationality of the matching between liabilities and assets, initiative in obtaining liabilities, appropriateness of liability costs, and authenticity of liability items, so as to ensure that all indicators fully met regulatory requirements.

Shareholders' Equity

As at 31 December 2024, our shareholders' equity amounted to RMB3,097,273 million, representing an increase of RMB200,406 million, or 6.9%, as compared to the end of the previous year. Net assets per ordinary share were RMB7.40, representing an increase of RMB0.52 as compared to the end of the previous year.

The table below presents the composition of shareholders' equity at the dates indicated.

In millions of RMB, except for percentages

Item	31 December 2024 Amount	31 December 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Ordinary shares	**349,983**	**11.3**	349,983	12.1
Other equity instruments	**500,000**	**16.1**	480,000	16.6
Capital reserve	**173,419**	**5.6**	173,425	6.0
Surplus reserve	**301,841**	**9.7**	273,558	9.4
General reserve	**532,991**	**17.2**	456,200	15.7
Retained earnings	**1,150,758**	**37.3**	1,114,576	38.5
Other comprehensive income	**81,816**	**2.6**	41,506	1.4
Non-controlling interests	**6,465**	**0.2**	7,619	0.3
Total	**3,097,273**	**100.0**	2,896,867	100.0

Off-balance Sheet Items

Off-balance sheet business refers to business engaged by the Bank that is not recorded on the balance sheet under current accounting standards for enterprises and does not form actual assets or liabilities, but may lead to changes in profit or loss. Based on the characteristics and legal relationships, off-balance sheet business is categorized into guarantees and commitments, agency investment and financing services, intermediary services, and others. For details on off-balance sheet items such as credit commitments and capital expenditure commitments, please refer to Note IV.42 Contingent liabilities and commitments to the Consolidated Financial Statements.

In 2024, adhering to the principle of prudent operations, the Bank fully implemented regulatory requirements, specified development objectives and strategies for off-balance sheet business, integrated off-balance sheet business into the comprehensive risk management system, and continuously enhanced business risk management and control capabilities to better meet customer demand for comprehensive financial services.

Other Financial Information

Changes in Accounting Policies

There were no significant changes in accounting policies during the reporting period.

Differences between the Consolidated Financial Statements Prepared under IFRS Accounting Standards and those Prepared under CASs

There were no differences in the net profit or shareholders' equity, during the reporting period, between the Consolidated Financial Statements of the Bank prepared under IFRS Accounting Standards and the corresponding figures prepared in accordance with CASs.

Other Financial Indicators

		Regulatory Standard	**31 December 2024**	31 December 2023	31 December 2022
Liquidity ratio[1] (%)	RMB	≥25	**85.34**	75.42	64.21
	Foreign currency	≥25	**181.05**	182.67	235.12
Percentage of loans to the largest single customer[2] (%)		≤10	**2.64**	1.99	2.59
Percentage of loans to the top ten customers[3] (%)			**13.79**	12.02	13.54
Loan migration ratio[4] (%)	Normal		**1.26**	1.39	1.30
	Special mention		**18.61**	23.85	25.77
	Substandard		**39.37**	35.45	46.35
	Doubtful		**22.98**	17.29	6.03

Notes:
1. *Calculated by dividing current assets by current liabilities in accordance with the relevant regulations of the NFRA.*
2. *Calculated by dividing total loans to the largest single customer (excluding accrued interest) by net capital.*
3. *Calculated by dividing total loans to the top ten customers (excluding accrued interest) by net capital.*
4. *Calculated in accordance with relevant regulations of the NFRA.*

Business Review

Corporate Banking

During the reporting period, based on the positioning of a major bank serving the real economy, we made solid headway in the "Five Priorities", and increased funding supply and support for major national strategies, key areas and weak links. We further advanced the digitalization, and optimized operation and service systems in online and offline scenarios. Being customer-centered, we deepened the hierarchical and classified operation for customers, and improved our comprehensive financial service capability and customer satisfaction, so as to promote the high-quality development of our corporate banking business. As at the end of 2024, the balance of domestic corporate deposits amounted to RMB10,059,292 million. The balance of domestic corporate loans and discounted bills amounted to RMB15,651,924 million, representing an increase of RMB1,550,061 million as compared to the end of the previous year. As at the end of 2024, we had 12,130.1 thousand corporate banking customers, among which 607.5 thousand customers had outstanding loan balances, representing an increase of 85.2 thousand customers as compared to the end of the previous year.

- We implemented the national strategy of building a manufacturing powerhouse. We strengthened policy support and resource guarantee, optimized financial products and service models, increased financial supply for advanced manufacturing, industrial transformation and upgrading, industrial green development, industrial chain and supply chain and other fields, and actively supported enterprises' equipment renewals and technology transformation. As at the end of 2024, the balance of loans granted to the manufacturing industry (based on the distribution of loans) amounted to RMB3.25 trillion. Among them, the balance of medium- and long-term loans granted to the manufacturing industry amounted to RMB1.46 trillion, representing an increase of RMB244.6 billion or 20.2% as compared to the end of the previous year.

- We served national strategies of regional development. We took advantage of our omni-channel, full range of products and multiple licenses and strengthened differentiated policy support to comprehensively serve national strategies of regional development, such as Coordinated Development of the Beijing-Tianjin-Hebei Region, Integrated Development of the Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area and Chengdu-Chongqing Economic Circle, with an increase of RMB1.03 trillion in loans to corporate customers in 2024.

- We supported the development of private enterprises. We allocated special credit resources, stepped up financial support for the private enterprises in key fields such as industrial transformation and upgrading, advanced manufacturing, rural revitalization, technological innovation, people's livelihood and happiness industries, and supported private enterprises to participate in high-quality private investment projects under the investment-lending linkage mechanism of National Development and Reform Commission. As at the end of 2024, the balance of loans granted to private enterprises was RMB6.53 trillion, representing an increase of RMB1,082.0 billion or 19.9% as compared to the end of the previous year.

- We promoted the effective implementation of the urban real estate financing coordination mechanisms. We fulfilled the responsibilities as a large bank, strengthened organizational promotion, optimized policies and processes, intensified resource guarantees as well as ensured both development and security to meet the reasonable financing demands of real estate enterprises of different ownerships. As at the end of 2024, we approved over 1,000 "white list" projects and granted loans of more than RMB400.0 billion accumulatively.

- We facilitated the stable development of the capital market. As one of the first batch of banks participating in central bank lending facility for share buybacks and shareholding increases, we promptly formulated special product management measures and granted multiple loans for share buybacks and shareholding increases, so as to provide financing support for a number of listed companies in the fields of agriculture, rural areas and rural residents, advanced manufacturing, infrastructure, etc. and their major shareholders to repurchase shares and increase shareholdings.

- We promoted digital transformation. We continuously promoted the construction of corporate customers marketing management system. We iteratively updated a series of digital marketing management tools focusing on targeted chain marketing, business opportunity management, value enhancement of key corporate customer groups, and intelligent customer management. We accelerated the layout of scenarios in government, transportation, tourism, pension and consumption finance, and continued to enrich the application of online credit, transaction banking and other products.

Transaction Banking

We continued to improve the transaction banking system based on accounts and payment and settlement. With the focus on key areas, industries and customers, we strengthened product innovation, accelerated online penetration, deepened differentiated integrated marketing, and increased traffic through scenarios, to facilitate the high-quality development of transaction banking business.

- We continuously optimized the corporate account opening process. Relying on intelligent and digital technologies, we launched a new process for corporate account opening, achieving "whole-process and multi-scenario" account opening, to meet customers' differentiated demands for account opening and product signing, and to effectively improve corporate account service capabilities. As at the end of 2024, we had 14,920.9 thousand corporate RMB-denominated settlement accounts, with the RMB-denominated corporate settlement transaction volume of RMB920.98 trillion in 2024.

- We innovatively optimized treasury services. We launched the NongYinRuiDa Treasury 2.0 service, as well as two major sub-products, of E-FundMonitor and Bill Connect. We created a new "1+12" group-level treasury service architecture with the deep application of 12 service hubs including accounts, operations, risk control, and decision-making, to provide comprehensive treasury services for enterprises in terms of treasury management, strategic decision, and risk management and control.

Institutional Banking

Adhering to the customer-centered principle, we promoted the smart scenarios construction and improved the customer service efficiency to promote the high-quality development of institutional banking. As at the end of 2024, we had 735.3 thousand institutional banking customers, representing an increase of 47.9 thousand customers as compared to the end of the previous year.

- In terms of financial services to the governments, we deepened the intelligent services for government affairs, and promoted their extension to County Areas and foundation-level governments. The independently developed "Smart County" platform has been launched and operated in 650 counties of 31 provinces (including autonomous regions and municipalities directly under the central government) to help improve the efficiency of the county-level governments' performance of duties, optimize the business environment, and render public services.

- In terms of fiscal and social security, we provided high-quality and efficient financial services for central and local budgetary entities. For seven consecutive years, we have been awarded excellent bank for authorized agency payments by the central fiscal authority. Notably, we ranked the first for two consecutive years, 2022 and 2023. We were also awarded excellent bank for central non-tax revenue agency collection for 14 consecutive years. We spared no effort to serve medical insurance reform, with the scale of the qualification for cooperation in mobile payment of medical bills under medical insurance and medical insurance QR code users both ranking first in the banking industry. We ranked first for three consecutive years in the evaluation of operation of the medical insurance QR code in headquarter-to-headquarter channels administered by the National Healthcare Security Administration.

- In terms of services to people's livelihood, we cooperated with over 35 thousand schools on our smart campus, and over 7.1 thousand hospitals on our smart hospital.

- In terms of services to financial institutions, the contracted customers for third-party depository services reached 81.23 million, representing an increase of 8.64 million customers as compared to the end of the previous year.

Investment Banking

We actively promoted the transformation of our investment banking business and endeavored to build the first-class investment banking division of commercial banks. In 2024, the income from our investment banking business was RMB12,321 million.

- We effectively served the diversified financing demands of our customers. We fully leveraged the advantage of syndicated loan business to meet the financing demands in key sectors, with the balance of syndicated loans exceeding RMB3 trillion. In response to policies, we actively assisted in activating the mergers and acquisitions market, with the balance of M&A loans remaining a leading position among peers. We widely leveraged and integrated diversified funds and worked together to create a "fund matrix". As at the end of 2024, we set up 10 ABC Technology Innovation Funds, providing equity fund supports for more than 40 projects.

- We continuously promoted business innovation. We underwrote the first batch of bonds for a new round of large-scale equipment upgrades and consumer goods trade-in programs in the market, the first special bond for stabilizing growth and expanding investment, and the first Panda bond linked to sustainable development in the cement industry. We underwrote five market-first securitization projects, including the first equity Covered Bond for science and technology innovation enterprises. We established a matchmaking business system that connected investment and financing, and completed the establishment of business mechanisms and the development and launch of the system.

- We continuously sped up digital transformation. We launched the ABC SISON (Version 2.0), with a new Inclusive Zone section and a comprehensive service ecosystem featuring nine major functions, two access paths and one live-streaming platform.

Retail Banking

Pursuing high-quality development as our overarching task, we continued to deepen the development strategy of "One Main Body with Two Wings" for retail banking (namely, customer construction as the main body, unswervingly promoting broad wealth management and digital transformation as the two wings), deeply implemented customer management classified by groups and layers. We refined customer services, and strove to be the principal bank for customers. We enhanced professionalism in wealth management to help customers increase their financial assets. We increased supply of retail loans to boost consumption and meet the diversified financing demands of customers. We enhanced services and guarantees in the fields related to people's livelihood to serve people's aspiration for a better life with inclusiveness of retail banking. We took the first place in the ranking of the Global Retail Banking Brands for four consecutive years.

Customer Management

Adhering to the customer-centered principle, and focusing on enhancing the professionalism, accuracy and experience of customer services, we adhered to the "four-wheel drive" of value, reform, organization, and digitalization and intelligence, and continued to improve customer services classified by groups and layers and full-time services covering all fields, so as to better meet the "financial + non-financial" demands of customers. As at the end of 2024, the total number of our retail banking customers exceeded 0.88 billion, maintaining the first in the banking industry.

- **We adhered to value-driven development.** We upheld the political and people-oriented nature of financial work, and focused on the urgent financial demands of elderly customers, rural customers and new urban residents. We took various measures including innovating featured products, optimizing business processes and creating friendly financial service channels, so as to deliver more considerate services. We improved the payment experience for elderly customers and foreign individuals in China, and achieved significant progress in bank card acceptance, cash utilization and channel upgrading, thus creating an inclusive and convenient payment ecosystem.

- **We adhered to reform-driven development.** We implemented the concept of "One Customer, One Bank", improved the construction of customer-centered systems and mechanisms, promoted the integration of customer communication channels, optimized customers' rights and interests system, and carried out comprehensive services for customers by collaboration across business lines. We deeply implemented customer management classified by groups and layers, made services for general customers more inclusive and for high net worth customers more refined to meet differentiated demands of customers and improve customers' satisfaction.

- **We adhered to organization-driven development.** We established a team matrix featuring "multi-tiered and multi-dimensional synergy", covering market investment research team, digital direct marketing team, wealth management advisors, customer managers, and rural service vanguard team. We cultivated the professional and performance capabilities of these teams through training, competition and digital empowerment, providing integrated and professional services for customers in a coordinated manner.

- **We adhered to digitalization and intelligence-driven development.** Aiming to serve customers and empower employees, we strengthened AI deep application in financial services for customers and unleashed data potential. We developed digital tools such as Smart Customer Service, Close to Client and AI Customer Manager Assistant "YiMing", continually optimized online service tools such as intelligent outbound calls and WeCom, and upgraded the AI service model for the entire customer journey, achieving intensiveness, precision and broad coverage of customer services.

Broad Wealth Management

We developed broad wealth management based on the concept of platformization, professionalization, comprehensiveness and inclusiveness, striving to become a family financial planner trusted by customers. As at the end of 2024, the assets under management of our retail banking customers reached RMB22.3 trillion, ranking among the top in the banking industry; the balance of domestic retail deposits amounted to RMB18,692,180 million, representing an increase of RMB1,582,469 million as compared to the end of the previous year, maintaining a leading position in the banking industry.

- **We leveraged our platform advantages to enrich the wealth management ecosystem.** Upholding the development concept of opening-up, we established extensive collaboration with institutions both inside and outside the Group. We strengthened professional research and judgement capabilities on the macro situation and market dynamics, and adjusted products and business layout in a timely manner in accordance with the principle of "reasonable expectations and qualified delivery". We cooperated with high-quality institutions to advance product innovation and quality management, so as to create a diversified and high-quality wealth management product shelves.

- **We enhanced asset allocation to support the growth of our customers' household assets.** We provided asset allocation services based on customers' households and offered sustainable wealth growth solutions of "deposits + wealth management + other products/services" to accompany customers through economic cycles and increase comprehensive income. We lowered our wealth investment threshold, and promoted wealth products with a low threshold in terms of amount and flexible investment methods to expand our service coverage.

- In 2024, the number of our agency personal wealth management products was 675, with the balance of RMB1,602,593 million as at the end of 2024. Both the scale and the commission income of the agency insurance business held a leading position in the banking industry. The number of publicly offered funds distributed by the Bank amounted to 4,320, with sales amount of RMB292,022 million. The sales of physical precious metals reached RMB26,671 million, representing an increase of 68.5% as compared to the previous year. We, as an agent, distributed 18 tranches of PRC government savings bonds with the sales amount of RMB43,231 million, representing an increase of 30.8% as compared to the previous year.

Retail Loans

- Focusing on serving the national strategies of "expanding domestic demand, stimulating consumption and benefiting people's livelihood", we continuously increased the granting of retail loans. As at the end of 2024, the balance of retail loans was RMB8,814,212 million, representing an increase of RMB754,297 million as compared to the end of the previous year, maintaining a leading position in the banking industry.

- We implemented city-specific policies such as cutting minimum down payment ratios, abolishing mortgage floor rates, and adjusting interest rates for existing mortgage loans, actively supported residents' demand for buying their first homes and better housing, to stem the downturn and restore stability in the real estate market. In 2024, we granted retail residential mortgage loans of RMB611.1 billion.

- Focusing on consumer goods trade-in like automobiles, home appliances and decorations, and hot fields like elderly care, education and tourism, we improved service measures, and enriched scenario integration, to continuously improve the accessibility and convenience of personal consumption loans. As at the end of 2024, the balance of personal consumption loans (including credit card balances) amounted to RMB1.34 trillion, representing an increase of RMB294.3 billion as compared to the end of the previous year.

- We implemented the coordination mechanism for supporting small and micro enterprises in obtaining financing, deeply served County Areas and rural areas market, continuously intensified services, and made an active response to the financing demands of small and micro enterprises owners, self-employed individuals, rural operators, new urban residents and other customer groups. As at the end of 2024, the balance of loans to private business amounted to RMB2.49 trillion, representing an increase of RMB646.2 billion as compared to the end of the previous year.

Bank Card Business

- We sped up the digital transformation and innovation of the debit card business and launched the customized debit card service. We carried out consumption promotions targeting daily life scenarios such as vehicle refueling and supermarket shopping. We constantly implemented various measures of fee reduction and interest concession. To support the policy of "expanding domestic demand and stimulating consumption", we continued to optimize the payment service environment and experience. As at the end of 2024, we had 1,185 million existing debit cards (including category II and III electronic accounts), with 55,448.9 thousand cards newly issued in 2024.

- We implemented the national strategic deployment of "expanding domestic demand and stimulating consumption", firmly seized the opportunity presented by the policies of consumer goods trade-in, actively supported automobiles, home decorations and appliances and other big-ticket items, and carried out more than 1,000 special marketing activities. We followed the trends of culture and tourism consumption by launching themed activities for domestic and overseas tourism such as "Harbin Ice and Snow Tour", "Beautiful Border Tour" and "Happy World Tour and Rebate". We deeply served the consumer market in County Areas by advancing the promotion of new energy vehicles in rural areas, innovatively promoting the installment products for benefiting farmers, and organizing "County Tourism Festival", so as to boost consumption in County Areas. We deepened the "online payment +" business system for credit cards, expanded the scope of platform cooperation, and rolled out diverse payment discounts. We optimized the credit card product lines, launched Dual App Card, promoted Zunran Platinum Card, and issued Black Gold Credit Card and Chaoran Business Card to meet customers' diversified demands. We renewed the brand of credit card business to enhance brand awareness. The transaction volume of credit cards amounted to more than RMB2.2 trillion in 2024.

Private Banking Business

- We continued to deepen our professional service system, established 150 private banking centers at Head Office level, more than 300 private banking centers at branch level and more than 800 wealth management centers at sub-branch level, further expanding the coverage of professional private banking services. We issued multiple wealth management products under the theme of rural revitalization and the assets under management of private banking customers in County Areas reached RMB1.1 trillion. We completed a tiered and level-based rotation training program across the Bank for our private banking team, and supported our wealth advisors in providing long-term and professional customer services through full-cycle career planning and multi-dimensional customer service empowerment. We proactively enhanced the comprehensive services for private entrepreneurs, and leveraged our ecosystem operation platforms such as settlement in industrial parks and campuses, newly serving 18 thousand entrepreneur customers accumulatively. We strengthened the comprehensive services in pension finance and wealth inheritance, assisted customers in achieving a closed-loop operation of pensions and the assets under management of elderly private banking customers reached RMB1.2 trillion. We innovatively developed a "1+N" public welfare financial service system that integrates Head Office leadership with regional characteristics, with the total scale of charitable trusts exceeding RMB0.4 billion, benefiting 73 thousand people of various social groups in total. We developed a closed-loop digital operation mechanism of "digitalization and intelligence – mobile reach – channel integration – security protection", and upgraded the operation management system for wealth management services focusing on the customer journey.

- As at the end of 2024, the number of our private banking customers amounted to 256 thousand and the balance of assets under management amounted to RMB3.15 trillion.

Treasury Operations

Treasury operations of the Bank include money market activities and investment portfolio management. We adhered to serving the high-quality development of the real economy and supporting the green and low-carbon development. We flexibly adjusted investment strategies on the basis of ensuring the security of bank-wide liquidity. Our investment return on assets remained at a relatively high level among peers.

Money Market Activities

- We strengthened the research on monetary policies and the forecasts of market liquidity, comprehensively used financing instruments such as interbank lending, repurchases, certificates of deposit and interbank deposits and continuously optimized the structure of short-term assets to improve the efficiency of fund utilization on the basis of ensuring the security of our liquidity.

- We effectively fulfilled the responsibilities as a primary dealer of open market operations, and efficiently assisted in the transmission of monetary policies. We launched the first batch of the bond repurchase transactions under Securities, Funds and Insurance companies Swap Facility (SFISF) in the market to facilitate the stable development of the capital market. In 2024, the volume of our RMB-denominated financing transactions amounted to RMB219.60 trillion.

Investment Portfolio Management

As at 31 December 2024, our financial investments amounted to RMB13,849,103 million, representing an increase of RMB2,635,390 million or 23.5% as compared to the end of the previous year.

Trading Book Activities

- We steadily increased the share of the bond market-making business in the interbank market. We actively carried out market-making quotations and transactions for key kinds of bonds, such as green and low-carbon bonds, rural revitalization bonds, small and micro enterprise bonds, and scientific and technological innovation bonds, and strengthened support for the real economy. We contributed to the high-level opening-up of the bond market, and our Bond Connect business maintained a leading position in the market.

- We continuously improved the management capability of bond trading portfolio. In 2024, the yields of domestic bond market slid down overall. Actively capturing the opportunities brought by market volatility, we intensified the flexible operation of trading portfolio, and dynamically adjusted the risk exposure of the portfolio, in an effort to improve the yields of trading business.

Banking Book Activities

- We optimized investment strategies in the context of declining market interest rates, and rationalized the investment pace comprehensively considering both the trends in the bond market and the needs of portfolio management. We coordinated asset returns and risk prevention and control to enhance the quality and effectiveness of investment operations.

- We maintained efforts to invest in government bonds and optimized the investment structure of credit bonds. We enhanced efforts to invest government bonds to support major national strategies and construction in key areas. The scale of investments in treasury bonds and local government bonds maintained a leading position among peers. Aiming to serve the high-quality development of the real economy, we actively invested in credit bonds, and supported the financing needs of green industries and strategic emerging industries such as new infrastructure construction and new energy.

Asset Management

Wealth Management

As at the end of 2024, the balance of the Group's wealth management products reached RMB1,985,401 million, of which RMB15,821 million was generated from the Bank and RMB1,969,580 million was generated from ABC Wealth Management.

Wealth Management Products of the Bank

During the reporting period, all of the existing wealth management products of the Bank were non-principal guaranteed and publicly offered wealth management products. As at the end of 2024, the balance of our wealth management products amounted to RMB15,821 million, representing a decrease of RMB82,169 million as compared to the end of the previous year.

The table below presents the issuance, maturity and existence of wealth management products of the Bank

In 100 million of RMB, except for tranches

Item	31 December 2023		Issuance		Maturity		**31 December 2024**	
	Tranche	Amount	Tranche	Amount	Tranche	Amount	**Tranche**	**Amount**
Non-principal guaranteed wealth management	9	979.90	–	1,238.23	1	2,084.85	**8**	**158.21**

Note: *The amount of maturity includes redemption and maturity amount of wealth management products during the reporting period; net worth wealth management products were measured at net assets.*

The table below presents the balances of direct and indirect investment assets under the Bank's wealth management business

In 100 million of RMB, except for percentages

Item	**31 December 2024**	
	Amount	**Percentage (%)**
Cash, deposits and interbank certificates of deposits	**70.50**	**23.3**
Non-standard debt-based assets	**91.66**	**30.3**
Other assets	**140.08**	**46.4**
Total	**302.24**	**100.0**

Wealth Management Products of ABC Wealth Management

As at the end of 2024, the balance of the wealth management products of ABC Wealth Management amounted to RMB1,969,580 million. These were all net worth wealth management products, among which publicly offered wealth management products accounted for 95.1% while privately offered wealth management products accounted for 4.9%.

Custody Business

- We newly won the bids for over 20 individual enterprise annuity plans under custody, marketed more than 10 provincial industrial funds under custody, and managed several new publicly offered infrastructure securities investment funds under custody. The scale of insurance under custody exceeded RMB7 trillion.

- We were awarded the Excellent ETF Custodian in "China Fund Industry Yinghua Award – Special Selection for ETF's 20th Anniversary" from *China Fund*, the 2024 Asset Custodian Bank "Topology Award" from *Cailian Press*, the Outstanding Asset Custodian Institution from China Central Depository & Clearing Co., Ltd. for 12 consecutive years, and the Grade A Custodian Bank in the "Annual Participant Evaluation from China Securities Depository and Clearing Corporation Limited" for seven consecutive years.

- As at the end of 2024, our assets under custody amounted to RMB17,549,675 million, representing an increase of RMB2.54 trillion, or 16.9%, as compared to the end of the previous year, reaching a historical high in terms of increment.

Precious Metals

- In 2024, we traded 5,992.28 tons of gold and 12,457.75 tons of silver for our own account as well as on behalf of customers, and maintained a leading position in the industry in terms of transaction volume.

- We met the gold using demands of enterprises in the precious metals industrial chain by precious metals leasing business. We strengthened services for upstream and downstream enterprises in the precious metals industrial chain, and supported the high-quality development of green mining enterprises.

Treasury Transactions on Behalf of Customers

- We continuously promoted the concept of exchange rate risk neutrality and provided enterprises with forwards, swaps, option products and other exchange rate hedging products to help improve the quality and stabilize the volume of foreign trade. In 2024, the transaction volume of foreign exchange sales and settlements as well as foreign exchange trading on behalf of customers amounted to USD548,998 million.

- We steadily developed the OTC bond (Zhaishibao) business. In 2024, the amount of distribution of the OTC bonds exceeded RMB40.0 billion, serving more than 2.80 million customers. We supported the financing demands of local construction, green and low-carbon, rural revitalization and other areas, while providing individuals, enterprises and small and medium financial institutions with financial products that combined safety, liquidity and profitability.

Pension Business

- We took the initiative to serve the proactive national strategy in response to population aging, actively promoted the overall deployment of pension finance business, and maintained stable and rapid growth in business scale and the number of customers. We consolidated our service capabilities, improved service systems, and facilitated the pension funds asset value preservation and appreciation, contributing to the overall efforts in pension finance as one of the Five Priorities and the building of a multi-tiered and multi-pillar pension insurance system.

- As at the end of 2024, our pension funds[1] under entrusted management amounted to RMB316,693 million, representing an increase of 24.6% as compared to the end of the previous year.

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[1] *Including occupational annuities, enterprise annuities and other pension assets under entrusted management.*

Inclusive Finance

We continued to increase the supply of inclusive loans. As at the end of 2024, the balance of our inclusive loans to small and micro enterprises reached RMB3,227,642 million, representing an increase of RMB769,320 million or 31.3% as compared to the end of the previous year, which was 21.2 percentage points higher than the growth of loans of the Bank. We continuously expanded the coverage of inclusive financial services. The number of customers with outstanding loan balance was 4,581.8 thousand, representing an increase of 1,044.2 thousand as compared to the end of the previous year. We continued to alleviate the high costs of financing for small and micro enterprises. The annualized interest rate of newly granted loans in 2024 was 3.44%, representing a decrease of 23 BPs as compared to the previous year.

- We consolidated the coordination mechanism for supporting small and micro enterprises in obtaining financing. In accordance with relevant national requirements, a dedicated task force was established to carry out the "Large-scale Visits to Thousands of Enterprises and Customers" campaign in industrial parks, communities and villages to publicize the policies and measures for supporting small and micro enterprises of China and the Bank, map out the financing needs of small and micro enterprises, and promote inclusive financial products and services, so that the credit funds could directly reach foundation-level enterprises in a rapid and convenient way at appropriate interest rates, effectively addressing the financing difficulties of small and micro enterprises. Since the launch of the coordination mechanism for supporting small and micro enterprises in obtaining financing, as at the end of 2024, we visited a total of 1.41 million small and micro enterprises, granted credit lines of RMB1,123.5 billion to 0.87 million small and micro enterprises and loans of RMB704.1 billion to 855 thousand small and micro enterprises.

- We built a highly adaptable service system. We upgraded the Inclusive E-station 3.0. Focusing on the high-frequency application scenarios of small and micro enterprises, we built a "finance + non-finance" enterprise-friendly ecosystem and set up a one-stop online service platform for small and micro enterprises. We improved the inclusive finance service network and enhanced the inclusive credit service capabilities of our branch outlets. As at the end of 2024, the number of branch outlets providing inclusive credit services reached 21,942.

- We innovated the credit product system to meet diverse financial demands. We launched Micro Quick Loans 3.0 and Merchant E-loan, and optimized processes of loans to address the issue of slow financing of market entities. We upgraded Xujie E-loan to alleviate the loan renewal pressure on small and micro enterprises and reduce their financing costs. We developed Technology Quick Loans, Loans for Specialized and Sophisticated Little Giant Enterprises that Produce New and Unique Products and Agricultural Park Sci-tech Enterprise Loans to better serve technology-based small and micro enterprises. We innovated Government Guarantee E-loan, realizing batch guarantees, to provide quality services for small and micro enterprises which lacked collateral through cooperation with the government. We pushed on the registration of rural households' information and the evaluation of credit villages and credit households, promoted featured products such as Huinong E-loan, Huinong Internet Loan, and Fumin Loan, to expand the service coverage for agricultural-related small and micro enterprises and rural households.

- We refined the long-term mechanisms for boosting the confidence, willingness, capability and expertise in granting inclusive loans. We continued to give preference to inclusive finance in terms of credit management, assessment and evaluation, and resources support, maintaining the continuity and stability of differentiated support policies. We improved the policy of due diligence and liability exemption for inclusive credit business, specifying the liability exemption circumstances and enhancing the practicability, to boost the enthusiasm and initiative of our inclusive finance employees.

- We consolidated the risk control foundation for the high-quality development of business. We strengthened all-round and whole-process risk management, enriched the risk management toolkit, and optimized policies and measures for customer access, post-loan early warning, overdue loans collection, and disposal of non-performing loans. As a result, the quality of inclusive financial assets was consistently aligned with regulatory requirements.

Green Finance

The Board of Directors of the Bank is responsible for setting the green finance development strategy of the Bank and evaluating its implementation. The Board of Supervisors of the Bank is responsible for supervising the implementation of the green finance strategy. The Senior Management is responsible for setting objectives for our green finance business, establishing mechanisms and procedures, and implementing the green finance development strategy. The Green Finance/Peak Carbon Emissions and Carbon Neutrality Working Committee set up under the Senior Management is responsible for coordinating the implementation of strategic decisions and overall deployment of the Board of Directors relating to green finance/peak carbon emissions and carbon neutrality, and reviewing major polices and measures for green finance/peak carbon emissions and carbon neutrality.

- We advanced strategy implementation. We promoted the implementation of *Green Finance Development Plan (2021-2025) of Agricultural Bank of China*, and the *Guiding Opinions on Accelerating the Development of Green Finance Business*, etc., and integrated the concept and requirements of sustainable development into all fields and the whole process of operation and management. We issued the key points of green finance/peak carbon emissions and carbon neutrality, specifying the annual development goals and work measures, in a bid to promote the development of green finance business and our own energy-saving and carbon-reducing in an orderly manner.

- We strengthened policy guidance. We included the requirements for green and low-carbon development in our annual credit policy guidelines, rural credit policy guidelines and inclusive finance credit policy guidelines, and aligned credit policies, to support rural revitalization, inclusive small and micro businesses, and the green transformation of the real economy in a coordinated manner. We continuously optimized credit policies for industries such as wind power, solar power generation, and new energy vehicles, to guide the investment of green funds and actively support the green transformation of the industrial structure, energy structure, and transportation structure.

- We increased the supply of green credit. We improved the mechanism for the pool of major green finance projects, intensified the marketing and dynamic management of major green finance projects, and increased credit support for the key areas, such as green upgrading of infrastructure, clean energy, energy conservation and environmental protection, ecological environment, clean production and green services. As at the end of 2024, our green credit balance was RMB4.97 trillion, representing an increase of 22.9% as compared to the end of the previous year.

- We enhanced product innovation and promotion. We actively carried out innovative practices in green finance, optimized and promoted scenarios such as smart animal husbandry and smart forestry, and expanded financing channels for the green development of agriculture, rural areas and rural residents.

- We improved the green investment and financing service system. We actively underwrote and invested in green bonds, developed green syndicated loans and M&A loans, and issued ESG wealth management products. We underwrote the first batch of bonds for a new round of large-scale equipment upgrades and consumer goods trade-in programs in the market and several multi-tag bonds focusing on green, carbon neutrality, rural revitalization, and scientific and technological innovation. As at the end of 2024, the green bonds invested for our own account reached RMB165,633 million[1], representing an increase of 14.8% as compared to the end of the previous year. In 2024, we provided financing of over RMB410.0 billion for green industries and customers through investment banking products and services, with a focus on supporting key areas such as clean energy, pollution prevention and control, and green industry upgrading.

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1 *Including the balance of the invested green bonds in non-financial institutions (according to the NFRA) for our own account and the balance of the invested green bonds in financial institutions for our own account.*

- We strengthened risk management and control. We enhanced the ESG risk management capability, and continued to conduct classified management and whole-process management and control over the ESG risks in credit business. We strengthened the quantitative analysis of climate risks and improved the technical level of climate risk stress testing.

- Our brand image as a green bank has been widely recognized. In 2024, we were recognized as an "Advanced Institution of Green Bank Evaluation" by the China Banking Association, awarded the title of "ESG Model Demonstration Base" by China Media Group, won the 5th "IFF Global Green Finance Award – Annual Award" by the International Finance Forum (IFF), the "Golden Bull Award" for Green Finance by *China Securities Journal*, the title of "Annual Enterprise Committed to Peak Carbon Emissions and Carbon Neutrality" by *Southern Weekly*, the ESG Financial Annual Award of "Lucid Waters and Golden Mountains Award" by Cailian Press, and the "Golden Cicada Award" – Annual Green Financial Service Institution by *China Times*.

Online Finance

Following on the core requirements of digital finance, and holding the philosophy of the customer first, the Bank took data elements and digital technology as the drivers to systematically promote the high-quality development of online financial services.

Smart Mobile Banking

We launched the 10.0 version of mobile banking, building a convenient, efficient, smart and secure service platform. As at the end of 2024, we had more than 250 million of monthly active users (MAU) of mobile banking, representing an increase of 37.21 million MAU as compared to the end of the previous year, maintaining the leading position among the comparable peers.

- We developed a comprehensive service ecosystem. We innovated the integration of systems and developed a service platform that adapts to HarmonyOS, Android and iOS. We enhanced equipment collaboration, facilitating adaptation with slate phones, flip phones, and tablets. We improved the version system of mobile banking, releasing the English version of mobile banking.

- We enhanced the quality and efficiency of financial services. We streamlined the self-service processes of Internet Quick Loan, developing a new service model that is online, automated and smart. We launched Asset Daily Record where users can obtain whole period and multi-dimensional asset data in real time. We launched Transfer Partner, making the transfer service more convenient. We developed the Pension Zone, providing tailored pension finance products and one-stop pension finance services for elderly customers as well as customers preparing for elderly life.

- We vigorously promoted rural revitalization. We upgraded Huinong Zone in the rural version of mobile banking, launched featured products such as Huinong installment and agricultural machinery leasing, and optimized consumption scenarios such as high-quality rural stores, continuously extending our financial services to grassroots levels. We released featured services, including trade-in of home appliances, green transportation and new urban resident services, stepping up efforts to support the fields related to people's livelihood in County Areas. As at the end of 2024, we had over 48 million of MAU of the rural version of mobile banking.

Online Corporate Banking

- We launched the 8.0 version of corporate finance service platform. We realized the transactions on cloud and completed architecture migration, greatly improving the performance of the platform. We launched exclusive Internet banking versions for fund supervision and treasury, meeting customers' customized demands. We upgraded the English version of Internet banking, supporting the international operations for corporate customers.

- We launched the 6.0 version of mobile corporate banking. We developed the exclusive HarmonyOS version of mobile corporate banking, enabling synchronization of functions for HarmonyOS, Android and iOS systems. We implemented Experience Officer Plan of mobile corporate banking to continuously optimize users' experience.

- We promoted the Salary Manager service. We introduced functions including all-in-one code for new employees, a new version of electronic payslips and the online authorization of payroll, launched a smart voice assistant, thus further upgrading our products and services.

Customer Manager Super Workbench

- We optimized the processes of account opening. For retail accounts, we streamlined the procedures of signing, reviewing, and inputting passwords, so that the business handling time was shortened. For corporate accounts, we integrated the application entrance for account opening, and enabled automatic display of account opening information, so that the efficiency of opening corporate accounts was improved.

- We improved the efficiency of loan applications. We enabled smart handling with "ID card + electronic signature" for retail loans, and innovated "onsite + remote" handling for rural household loans. We simplified operations for customer managers and customers, greatly improving operation efficiency and customer experience.

Smart Scene-based Finance

- We established the digital scenario ecosystem. In terms of campuses, we upgraded services such as payment and home-school interaction to help digital management in campuses. In terms of canteens, we launched functions like delivery management and electronic meal vouchers to meet the diversified catering demands of enterprises. In terms of government affairs, we upgraded the medical insurance QR code and the medical insurance wallet to improve our services to people's livelihood. In terms of travel, we promoted the establishment of green scenarios such as public transportation and new energy to continuously empower green living.

- We improved capability of open financial services. We upgraded basic services including contract management, certificate management and parameter management, so as to ensure safety and strengthen risk control. We further integrated our loan services into scenarios, and exported products such as Internet Quick Loan and mortgage loans for partners.

E-CNY Projects

- We applied smart contracts to improve the quality and efficiency of fund management. Leveraging the advantages of e-CNY smart contracts, we ensured that loans to small and micro enterprises were used for dedicated purposes only. We established the advance funds supervision platform to help governments improve supervision capabilities.

- We applied hardware wallets to serve overseas visitors to China. We offered e-CNY hardware wallet services in foreign exchange machines, where overseas visitors to China can apply for hardware wallets, top-up, inquiry and handle other businesses.

Cross-Border Financial Services

We actively serve the high-standard opening-up of China, step up efforts to promote the stable growth of foreign trade, and make our contributions to the Belt and Road cooperation, the Regional Comprehensive Economic Partnership (RCEP), the international use of RMB, the development of pilot free trade zone and Hainan Free Trade Port. In 2024, the volume of international settlement by domestic branches reached USD2,003.3 billion and the volume of international trade finance (including financing with domestic letters of credit) reached USD131.5 billion. As at the end of 2024, the total assets of our overseas branches and subsidiary banks reached USD174.9 billion, with net profit for 2024 stood at USD0.72 billion.

- We have been providing targeted and effective services for the real economy in foreign trade. We served trade and investment facilitation and three branches were approved by regulator to be pilot entity for trade facilitation of foreign exchange receipts and payments, with 0.55 million trade facilitation business handled in 2024, representing an increase of 37% as compared to the previous year. We supported the development of new forms of foreign trade business, dealing with a total of USD38.4 billion of international settlement business related to new forms of business, such as new offshore international trade, overseas warehouses, market procurement trade, integrated foreign trade services, and bonded maintenance in 2024. We formulated a financial service programme for Authorized Economic Operator (AEO) to strengthen financial support for high-quality foreign trade enterprises. We increased financing support for small and micro foreign trade enterprises, and established a risk-sharing mechanism among micro, small and medium enterprises, export credit insurance companies, local governments and ABC, with an increase of 32% in export credit insurance financing business as compared to the previous year. We strengthened financial support for agricultural cooperation, optimized and improved the cross-border financial marketing mechanism for agro-related customers. In 2024, our domestic branches completed agro-related trade finance of USD8.5 billion cumulatively. We enhanced the capability of digital financing services, launched the credit insurance direct-link function of the cross-border financial service platform of the State Administration of Foreign Exchange, enabling the use of all scenarios and functions of the cross-border financial service platform. We promoted the "ABC Cross-border Matching" service platform to release sale and procurement information of cross-border commodity.

- We have been enhancing the quality and efficiency of cross-border financial services in key regions. We supported high-quality Belt and Road cooperation and enterprises' financial demands of going global. The volume of international settlements and trade financing related to the Belt and Road cooperation amounted to USD327.6 billion in 2024. We served cross-border trade and investment in the RCEP region, with the volume of international settlement and international trade financing by domestic institutions for the RCEP region of USD244.8 billion and USD15.9 billion respectively in 2024. We actively participated in the construction of the New International Land-Sea Trade Corridor and the financial opening-up gateway for ASEAN, and formulated the implementation programme for domestic and overseas branches to support cross-border finance across ASEAN. We promoted the development of free trade (FT) business with international settlement volume of USD111.3 billion under FT account scheme in 2024, representing an increase of 8% as compared to the previous year. Multi-functional FT account system was successfully launched and put into operation in Hainan and Hengqin, Guangdong.

- We were dedicated to fostering international dialogue. We co-organized the 2024 Global Systemically Important Financial Institutions (G-SIFIs) Meeting with the People's Government of Beijing Municipality, to exchange ideas on "Technology Innovation and the Future of Finance". We initiated the Cross-Border Agriculture Finance Roundtable to enhance dialogue in terms of "Financial Support for Global Agricultural Cooperation".

- We developed cross-border RMB business in an orderly manner. The volume of cross-border RMB settlement reached RMB3.51 trillion in 2024, of which the volume of RMB settlement for current account and direct investment reached RMB1.7 trillion, representing an increase of 6% as compared to the previous year.

Overseas Subsidiary Banks

Agricultural Bank of China (Luxembourg) S.A.

Agricultural Bank of China (Luxembourg) S.A. is a wholly-owned subsidiary of the Bank incorporated in Luxembourg, with a registered capital of EUR20 million. Its scope of business includes wholesale banking business such as international settlement, corporate deposits, syndicated loans, bilateral loans, trade finance and foreign exchange trading. As at the end of 2024, its total assets and net assets amounted to USD73 million and USD25 million, respectively. It recorded a net profit of USD0.71 million for 2024.

Agricultural Bank of China (Moscow) Limited

Agricultural Bank of China (Moscow) Limited is a wholly-owned subsidiary of the Bank incorporated in Russia, with a registered capital of RUB7,556 million. Its scope of business includes wholesale banking business such as international settlement, corporate deposits, syndicated loans, bilateral loans, trade finance and foreign exchange trading. As at the end of 2024, its total assets and net assets amounted to USD235 million and USD103 million, respectively. It recorded a net profit of USD14.99 million for 2024.

In addition, we own Agricultural Bank of China (UK) Limited in the United Kingdom, with a share capital of USD0.1 billion, and we have been undertaking the dissolution procedures of Agricultural Bank of China (UK) Limited.

Consumers' Interests Protection

We effectively assumed the primary responsibility of protecting the legitimate rights and interests of financial consumers and adhered to the operation philosophy of customer-centered and the service philosophy of Customers First and Always. We improved the whole process management and control mechanism, innovated management methods, enhanced the refinement and management efficiency of consumers' interests protection, and comprehensively strove to build a pattern of "the bank-wide management of consumers' interests protection, and the bank-wide responsibility for consumers' interests protection", to ensure fair, just and honest treatment to consumers in the whole process of business operation.

- **We improved consumers' interests protection mechanisms and systems.** The Board of Directors, the Board of Supervisors and the Senior Management actively performed their duties, constantly strengthened the guidance and supervision of consumers' interests protection work, and continuously advanced the incorporation of consumers' interests protection into corporate governance, corporate culture and business development strategy. In 2024, the Board of Directors, the Board of Supervisors and the Senior Management held several meetings to listen to reports on the implementation of consumers' interests protection work, and studied and considered important issues such as annual work plan, implementation, and regulatory evaluation of consumers' interests protection, as well as age-friendly services at branch outlets to ensure that the strategies, policies and objectives of consumers' interests protection were effectively implemented. In light of regulatory requirements and business development needs, we established a sound customers' interests protection policy system, protecting customers' legitimate rights including the right to information during the whole lifecycle of products and the whole process of services. The Head Office and branches all set up specialized administrative departments for customers' interests protection, which are responsible for taking the lead in various consumers' interests protection work. They also set up specialized positions for consumers' interests protection, and took relevant measures including strengthening the allocation of human and material resources to consistently ensure the independence, authority and professionalism of consumers' interests protection work.

- **We strengthened supervision and review of products and services.** The philosophy of consumers' interests protection is incorporated in our products and services, and we continuously improved the review mechanism of consumers' interests protection. We carried out consumers' interests protection review in the design and development, pricing management, agreement formulation, marketing and publicity, customer and business management and other aspects of products and services offered to consumers with priorities given to fields including suitability management, product and service information disclosure, and personal information protection in order to promptly identify, warn and eliminate potential risks and prevent the occurrence of infringement of the legitimate rights and interests of consumers from the source. In 2024, we issued key points of the consumers' interests protection review for retail loans, credit card and agency privately offered asset management products, formulated guidelines for personal information protection reviews, organized the selection of excellent review opinions on consumers' interests protection, further unified the review standard, and improved the professionalism of the review work. For business with strong policy implications, such as adjustments to existing personal mortgage interest rates, our consumer's interests protection review department and business departments strengthened communication and operated in parallel, effectively protecting customers' legitimate rights including right to information, right of choice, and right of fair trade. We incorporated consumers' interests protection review into the evaluation of consumers' interests protection work, and into the risk management and internal control systems to strengthen the binding force and authority of consumers' interests protection review. We carried out special audits for consumers' interests protection every year, and further enhanced audit for the key areas of regulatory concern.

- **We continued to enhance the quality and efficiency of complaint handling.** We improved the complaint management mechanism, strengthened system construction, deepened complaint governance in key areas, and intensified traceability and rectification of complaints. In 2024, the total number of consumer complaints[1] of the Bank was 279 thousand. These complaints were mainly related to credit cards, debit cards, retail loans and other fields. Branches with a larger number of retail customers and outlets, such as branches of Guangdong, Shandong, Jiangsu, Hebei, Zhejiang, and Sichuan, received more complaints. All complaints from various channels were properly addressed, with a completion rate of 100%.

- **We made solid efforts to ensure the protection of personal information.** We continuously improved personal information protection mechanisms, formulated the *Guidelines for the Review of Personal Information Protection* and revised the *Guidelines for Prior Impact Assessments on Personal Information Protection*, and continuously carried out prior impact assessments and risk examinations on personal information protection.

- **We deeply conducted financial knowledge popularization activities and provided customers' interests protection training for employees.** Focusing on financial literacy and hot issues, etc., and being close to meet the public needs, we promoted publicity and education on a "regularization" and "embedded" basis. We carried out intensive education and publicity activities such as "3·15" financial consumers' rights and interests protection education and publicity, Financial Literacy Publicity Tour and Financial Education and Publicity Month. We carried out a total of more than 206 thousand education and publicity activities and reached over 2.2 billion consumers throughout the year. We constantly conducted employee training through special training sessions and other methods, raising the compliance awareness and professional abilities of all employees on consumers' interests protection.

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1 *The consumer complaints include complaints made at the regulators, via the customer service hotline, at the outlets, etc. To reflect the actual situation of consumer complaints, the repeated complaints, and complaints related to "Card Close Action" to combat and govern new types of telecommunication-network fraud crimes have been excluded from the reporting complaints in this annual report.*

Integrated Operations

We have established an integrated operation platform covering fund management, securities and investment banking, financial leasing, life insurance, debt-to-equity swap and wealth management businesses. In 2024, our six subsidiaries of integrated operations (namely ABC-CA, ABC International, ABC Financial Leasing, ABC Life Insurance, ABC Investment and ABC Wealth Management) centered on the Group's overall development strategy and focused on their primary responsibilities and core businesses. They continued to improve corporate governance, strengthened risk prevention and control, deepened the synergies between the Bank and subsidiaries, and coordinated with the Group in making solid headway in the "Five Priorities". As a result, our capabilities of integrated financial services have been further improved.

ABC-CA Fund Management Co., Ltd.

ABC-CA Fund Management Co., Ltd. was established in March 2008 with a registered capital of RMB1.75 billion, 51.67% of which was held by the Bank. Its business covers a wide range: fund raising, fund sales, and asset management. The main products include equity funds, index funds, hybrid funds, bond funds, money-market funds and FOF funds. As at the end of 2024, the total assets and net assets of ABC-CA amounted to RMB4,847 million and RMB4,613 million respectively, achieving a net profit of RMB248 million for 2024.

ABC-CA has been constantly improving its investment performance, strengthening its marketing and service capabilities, and optimizing its product and business layout, to promote its high-quality development. It made great efforts to optimize its asset allocation in several areas such as rural revitalization, technology and green investment, to support development of the real economy. As at the end of 2024, ABC-CA had offered 84 public fund products, with assets under management amounting to RMB190,226 million, an increase of RMB23,360 million as compared to the end of the previous year.

ABC International Holdings Limited

ABC International Holdings Limited was established in Hong Kong SAR, China in November 2009 with a share capital of HKD4,113 million, 100% of which was held by the Bank. ABC International mainly engages in providing comprehensive and integrated financial services, including sponsorship and underwriting for listing, underwriting of bond issuance, financial consultation, asset management, direct investment, institutional sales, securities brokerage and securities consultation. As at the end of 2024, its total assets and net assets amounted to HKD48,533 million and HKD10,814 million, respectively. It recorded a net profit of HKD87 million for 2024.

Focusing on its core business of investment banking, ABC International centered on the cross-border financial demands of customers of the Group under the "going global", and supported over 100 enterprises in raising funds in the international capital market, maintaining a leading position among its comparable peers in terms of both of the stocks and bonds underwriting. It served the connectivity between Hong Kong and Chinese mainland capital markets, launching the product of Cross-Border Wealth Management Connect. It achieved new headway in technology finance and green finance services, with over 70% of the enterprises it sponsored and underwrote in 2024 being technology enterprises. It underwrote 31 ESG bonds with a total issuance scale of USD11.1 billion, hitting historic highs in both number and scale. ABC International received numerous awards, including the 2024 Best Green Bond – Free Trade Zone (China Offshore) and Best IPO (Hong Kong) by *The Asset*, Outstanding Financial Service Institution Award under China Securities Golden Bauhinia Awards, and the Navigation "9+2" Best Financial Services Award in the Guangdong–Hong Kong–Macao Greater Bay Area awarded by Hong Kong Ta Kung Wen Wei Media Group.

ABC Financial Leasing Co., Ltd.

ABC Financial Leasing Co., Ltd. was established in September 2010 with a registered capital of RMB9.5 billion, 100% of which was held by the Bank. Its principal scope of businesses includes financial leasing, transfer and acceptance of financial leasing assets, borrowing with a maturity of three months or more from non-bank shareholders, interbank lending, borrowing from financial institutions, issuing non-capital bonds, acceptance of leasing margin, selling and disposal of leased items, establishment of project companies domestically to carry out financial leasing business, granting shareholder loans to project companies, provision of financing and performance guarantee for project companies, fixed-income investment business, provision of financial leasing-related consultation service, and other businesses approved by the regulatory authorities. As at the end of 2024, its total assets and net assets amounted to RMB111,186 million and RMB13,064 million, respectively. It recorded a net profit of RMB784 million for 2024.

Deeply engaging in key areas such as agriculture, rural areas and rural residents and inclusive finance, aviation and shipping, new energy, sci-tech innovation and advanced manufacturing, ABC Financial Leasing innovated business models, expanded into niche sectors, optimized the asset structure, and highlighted its operational characteristics of rural and green leasing, continuously improving the quality and efficiency of financial leasing services. As at the end of 2024, the proportion of agriculture-related leasing assets steadily increased to 29%; the proportion of green leasing assets amounted to 64%, holding a leading position among peers.

ABC Life Insurance Co., Ltd.

The registered capital of ABC Life Insurance Co., Ltd. was RMB2.95 billion, 51% of which was held by the Bank. Its principal scope of business includes various types of personal insurance such as life insurance, health insurance and accident insurance; reinsurance business for the above-mentioned businesses; businesses with the utilization of insurance funds as permitted by the laws and regulations of the PRC; and other businesses approved by the regulatory authorities. As at the end of 2024, its total assets and net assets amounted to RMB213,492 million and RMB5,590 million, respectively. It recorded a net profit of RMB886 million for 2024[1].

ABC Life Insurance's new regular premiums exceeded RMB10 billion, and the new business value has been continuously increasing. Leveraging the strengths of insurance funds, it empowered emerging technology and green industries, scaled up supply of rural insurance products, and piloted "at-home elderly care" projects. In 2024, it increased investment of RMB1,663 million and RMB7,080 million in green and rural fields, respectively, and developed 15 multi-leveled commercial insurance annuity products covering ordinary annuity, pension annuity, exclusive personal pension annuity, dividend annuity, and endowment insurance.

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1 *In order to be consistent with the Group's disclosure standards, the accounting data is in accordance with the new financial instrument standard (IFRS 9) and new insurance contract standard (IFRS 17), which is different from the accounting data in accordance with the financial instrument standard (IAS 39) currently adopted by the insurance industry.*

ABC Financial Asset Investment Co., Ltd.

The registered capital of ABC Financial Asset Investment Co., Ltd. was RMB20.0 billion, 100% of which was held by the Bank. Its principal scope of business includes acquiring the creditor's rights of the banks to the enterprises for the purpose of debt-to-equity swap, converting the creditor's rights into equity and managing the equity; restructuring, transferring and disposing of the creditor's rights that cannot be converted into equity; investing in equities of enterprises for the purpose of debt-to-equity swap, where the invested enterprise uses all the equity investment funds to repay the existing creditor's rights; raising funds from qualified investors according to laws and regulations, issuing private placement asset management products to support debt-to-equity swaps; issuing financial bonds; raising funds through bond repurchase, interbank lending, interbank borrowing and so on; conducting necessary investment management for proprietary funds and raised funds, where the proprietary funds may be used for interbank deposit, interbank loan, purchase of treasury bonds or other fixed income securities and other businesses, and the use of raised funds shall conform to the purposes agreed upon in fund raising; financial advisory and consulting services related to the debt-to-equity swap business; other business approved by the regulatory authorities. As at the end of 2024, its total assets and net assets amounted to RMB125,044 million and RMB35,705 million, respectively. It recorded a net profit of RMB3,917 million for 2024.

ABC Investment promoted professional construction, whole-cycle risk control, optimization of incentive and constraint mechanisms, basic capability improvement and other aspects in a coordinated manner to foster competitive business advantages and market brand. It promoted the pilot businesses of equity investment in a steady and orderly manner, and continuously strengthened support for scientific and technological innovation. It focused on the primary responsibility and core business of debt-to-equity swap, and increased deployment of investment in key fields such as rural revitalization, green and low-carbon development, and scientific and technological innovation, with the investment of RMB16,136 million for its own account in 2024.

ABC Wealth Management Co., Ltd.

ABC Wealth Management Co., Ltd. was established in July 2019 with a registered capital of RMB12.0 billion, 100% of which was held by the Bank. Its principal scope of business includes public offering of wealth management products to the general public, investment and management of the properties entrusted by the investors; private placement of wealth management products to qualified investors, investment and management of the properties entrusted by the investors; wealth management advisory and consulting services; and other businesses approved by the regulatory authorities. As at the end of 2024, its total assets and net assets amounted to RMB22,866 million and RMB22,259 million, respectively. It recorded a net profit of RMB1,956 million for 2024.

Upholding the concept of "Built on Stability, Driven by Expertise" and being customer-centered, ABC Wealth Management continuously improved its investment and research system, actively promoted product innovation, carried out risk management in a steady manner, and took multiple measures to boost the effectiveness of investment management and improve customer satisfaction. It continuously improved the wealth management product layout, innovatively launched the first rural revitalization bond index linked product, issued the "Target Redemption Product" for the first time, and continuously optimized the "Preferential Equity Strategy" products and the "Non-standardized Investment Strategy" products. It improved the wealth management product system for pension finance. As at the end of 2024, it issued a total of seven pension wealth management and personal pension wealth management products, with an existing scale of over RMB11.5 billion. The "Shunxin Linglong", a personal pension wealth management product, distributed dividends of nearly RMB0.3 billion to investors in 2024, benefiting over 50 thousand customers. It boosted the quality and efficiency of serving the real economy. As at the end of 2024, the balance of credit bond investment in key regions including the Beijing-Tianjin-Hebei region, Yangtze River Delta and Guangdong-Hong Kong-Macao Greater Bay Area amounted to RMB470.3 billion. It continuously improved green finance services. As at the end of 2024, the balance of green bonds investment amounted to RMB6.1 billion, and the ESG-themed wealth management products under management amounted to RMB69.4 billion. Its brand image continued to be improved, receiving 30 awards in the asset management industry, such as the Golden Bull Award from *China Securities Journal*, the Golden Wealth Management Award from *Shanghai Securities News*, the Golden Shell Award from *21st Century Business Herald*, and the Gamma Award from *Securities Times*.

Besides, we own Agricultural Finance Co., Ltd. in Hong Kong SAR, China, with a share capital of HKD589 million, 100% of which is held by the Bank. We also own six rural banks, including ABC Hubei Hanchuan Rural Bank Limited Liability Company, ABC Hexigten Rural Bank Limited Liability Company, ABC Ansai Rural Bank Limited Liability Company, ABC Jixi Rural Bank Limited Liability Company, ABC Zhejiang Yongkang Rural Bank Limited Liability Company and ABC Xiamen Tong'an Rural Bank Limited Liability Company.

FinTech

During the reporting period, we continued to deepen the application of frontier technologies related to FinTech, and deeply promoted the implementation of informatization construction of our 14th Five-Year Plan, with regular evaluation on implementation results, to continuously improve the scientific and technological support and empowerment level. In 2024, the total investment in information technology of the Bank amounted to RMB24.97 billion.

Focusing on FinTech Innovation

Actively responding to the accelerated evolution of technology transformation, we sped up the transformation into a new-generation technology system, built a new digital infrastructure and an IT architecture foundation which were future-oriented, and deepened the application of FinTech to empower the high-quality development of business operations.

- Regarding the application of big data technology, we promoted the construction of cloud-native data lake, successfully completed the branch data cloud migration project, further solidifying our foundation of data capabilities.

- Regarding the application of cloud computing, we continued to advance construction of cloud-native capabilities, with the proportion of PaaS-based applications reaching 92.3%.

- Regarding the application of distributed architecture, products and applications such as combined payment, corporate deposits, personal demand deposits and debit cards, as well as their supporting business platforms have been transformed and upgraded to operate individually on the distributed core architecture. The transformation process was smooth and seamless, causing no disruption to customers.

- Regarding the application of network technology, our "end-to-end visual SRv6 network construction" project was selected as an excellent achievement in the IPv6 technology innovation and fusion application pilots of the Office of the Central Cyberspace Affairs Commission.

- Regarding the application of AI, we released the *"AI +" innovation action plan of Agricultural Bank of China*, developing the smart banking construction methods, strategies and paths for deep integration of AI and banking business, and promoted the comprehensive construction and deep application of "AI+".

- Regarding the basic data governance, we strengthened the organization and collation of data resources across the Bank, and continuously expanded our data resources, to consolidate the foundation for digital management.

Improving the Level of Guarantee of Our Business Continuity

Our information system always maintained stable operation under the multiple challenges such as the growth in trading volume and transformation and switching of technology stacks, and the technological operation system related to the distributed architecture was further improved.

- We further improved the business continuity-oriented disaster recovery system, achieved full disaster recovery for major business, ensured dual-active across the entire link of critical business, and completed the construction of 4G disaster recovery networks in 37 branches.

- We continuously conducted emergency drills, with annual drills covering all important information systems. All important information systems were equipped with the capabilities of startup, shutdown, isolation, flow limitation, fallback, and switching. Our disaster recovery and emergency response capabilities met regulatory requirements and objectives and requirements of our business continuity.

- Following the principle of unified leadership and hierarchical responsibility, we established a bank-wide production and operation system, which was supported by an emergency response organization structure, and mainly consisted of a hierarchical decision-making mechanism, an information circulation mechanism, an emergency response repair mechanism, and a closed-loop event management mechanism.

- Our information systems maintained stable operation under sustained high pressure. The peak volume of daily transactions processed by our core system reached 1,964 million, and the availability rate of important information systems remained at 99.99%.

Improving the Cybersecurity Protection System

We bolstered our technology defense system for cybersecurity on all fronts. Our management systems and mechanisms were continuously enhanced, our organizational structure was continuously improved, and our cybersecurity protection capabilities were significantly strengthened.

- We strengthened the cybersecurity operation and management of overseas institutions and subsidiaries, and built up the bottom line of the integrated management and control of cybersecurity risks within the Group.

- We strengthened governance of vulnerabilities and promoted application security management and control throughout the entire lifecycle of project research and development.

Human Resources Management and Institution Management

Human Resources and Institution Reform

During the reporting period, we focused on key areas such as the "Five Priorities", and made efforts to optimize supporting organizational systems.

- We refined the organizational system for pension finance, upgraded to establish the Pension Department, and strengthened the institutional setting for pension service finance and elderly care industry finance.

- We improved the organizational structure for green finance, and set up a dedicated sustainable development (ESG) working institution to advance the deep integration of sustainability-related work into the Bank's strategy and management system.

- We strengthened the workforce of the Credit Management Department (Digital Risk Control Center), and intensified the centralized prevention and control of credit risk in key areas such as inclusive finance and rural household loans through precise risk identification by digitalization and centralized verification and disposal.

- We supported the construction of digital finance-related infrastructures, reinforced the supporting organizational and institutional setting of the data sub-center in Inner Mongolia and Shanghai Local Disaster Recovery Data Center, and steadily advanced the multi-site backup deployment for production and operation and maintenance.

Talent Cultivation and Development

During the reporting period, we took talents as the first resource to lead our reform and development. We thoroughly implemented the strategy of empowering the Bank with talent force. This included strengthening talent cultivation and development at all levels and continuously improving the structure and overall quality of our talent team.

- We coordinated and strengthened the construction of professional talent teams in various fields. We pushed forward the implementation of the talent development plan for the "14th Five-Year Plan" period, continuously deepened the system and mechanism reform of talent development, focused on serving key areas such as real economy, all-around rural revitalization and "Five Priorities", and implemented major talent projects and specialized talent programs. We pressed ahead with construction of classified and hierarchical professional talent pools, and strengthened training and cultivation of talents in the talent pools. We continuously intensified building of the customer manager team and implemented projects to improve customer managers' abilities and quality. We optimized the selection and recruitment working mechanisms for professional posts, ensuring smooth pathways for talent promotion and development. We carried out senior post title assessment to further expand the development space for high-end talents.

- We deepened the implementation of the Youth Talent Development Project, and selected and cultivated over 3,000 young talents to join the talent pools. We built leader teams at all levels of the Bank with diverse ages and complementary professional strengths. We carried out two-way exchanges between the Head Office and branches, among provincial branches, and between the Bank and its subsidiaries, and programs of secondment to local governments and selected outstanding young talents to practice in foundation-level institutions.

- We strengthened various types of talent trainings, ensuring that all employees were basically included. These sessions covered a range of topics, including Party school training, specialized training on "Five Priorities", thematic training on "production-study-research", and training for key personnel. We continuously optimized and upgraded the "ABC E-Learning" platform, promoting the availability of quality training resources at primary-level institutions. We coordinated and hosted 75 lectures themed "ABC Lecture", giving full play to the Bank's role as a think tank. We organized over 456 thousand employees to take position qualification certification exams, and 95.9% of employees held relevant professional certificates. We supported employees in taking various domestic and international exams for professional qualification certificates.

- We recruited more than 32 thousand staff in 2024 to actively implement the national policy of employment priority, 52.6% of which were female and 10.6% of which were ethnic minorities. The composition of the workforce of the Bank has satisfied gender diversity, and is expected to maintain a reasonable level of gender diversity.

Management of Remuneration

During the reporting period, we formulated and adjusted our remuneration policy in strict compliance with relevant laws, regulations, regulatory requirements and corporate governance requirements of the Bank. Our overall remuneration level was determined by factors including the efficiency of the Bank, and the total annual remuneration was reviewed and approved by the Board of Directors of the Bank, as required by relevant national regulations. We formulated the annual remuneration plan in strict compliance with regulatory requirements and corporate governance requirements, according to which we managed and allocated the total remuneration of institutions at all levels under the Bank and remuneration of employees.

- The total remuneration allocated to institutions at all levels under the Bank was determined based on their operating efficiency, performance assessment results, completion status of key tasks and so on according to our management system for total remuneration. Performance assessment indicators included but not limited to efficiency, risks, development transformation, and social responsibility, which comprehensively reflected their long-term performance and risk profiles.

- Our employee remuneration policy was applied to all contracted employees. The employee remuneration primarily comprised basic salary, position salary and performance salary, which was linked to position value, employee performance assessment results, etc. We've established a system of deferred payment, clawback and deduction of performance salary.

- We continued to deepen the reform of the remuneration allocation mechanism, optimize resource allocation and improve internal allocation structure, taking into account both efficiency and fairness. We promoted targeted incentives, managed remuneration in compliance with laws and regulations, and ensured sound and standardized income allocation orders. Our remuneration allocation strengthened incentives for strategy implementation, reform in key sectors, development of major business and profit-generating institutions, and encouraged value creation and high-quality development. At the same time, we prioritized employee care, channeled more resources to the frontline staffs at foundation-level branch outlets, consolidated our achievements in poverty alleviation, and supported rural revitalization. We continued to improve the long-term incentives and constraints through preferential incentives for key positions, core backbone personnel and professional talents, to effectively promote the Bank-wide talent development.

Please refer to "Corporate Governance Report — Operation of Corporate Governance — Board of Directors" for the composition and authority of the Nomination and Remuneration Committee of the Board of Directors. Please refer to "Note IV. 31 Other Liabilities (1) Staff costs payable and 6 Operating Expenses (1) Staff costs to the Consolidated Financial Statements" for the total annual remuneration and the remuneration distribution structure. Please refer to "Corporate Governance Report — Directors, Supervisors and Senior Management — Remuneration of Directors, Supervisors and Senior Management" for details of the remuneration of the Board of Directors, the senior management and employees on positions that have a significant impact on the risks of the Bank.

Information on Employees

As of the end of 2024, we had a total of 454,716 employees. Among them, 820 employees were employed by our overseas branches, subsidiary banks and representative offices, and 7,431 employees were employed by the subsidiaries with integrated operations and rural banks.

Distribution of Employees by Regions

	31 December 2024 Number of Employees	Percentage (%)
Head Office	15,018	3.3
Yangtze River Delta	64,929	14.3
Pearl River Delta	50,679	11.1
Bohai Rim	64,970	14.3
Central Region	91,386	20.1
Northeastern Region	40,897	9.0
Western Region	118,586	26.1
Overseas Branches, Subsidiary Banks and Representative Offices	820	0.2
Subsidiaries with Integrated Operations and Rural Banks	7,431	1.6
Total	**454,716**	**100.0**

Distribution of Employees by Education Background

	31 December 2024 Number of Employees	Percentage (%)
Doctorate Degree	634	0.1
Master's Degree	47,926	10.6
Bachelor's Degree	296,976	65.3
Junior College and Vocational School	92,213	20.3
Below Junior College	16,967	3.7
Total	**454,716**	**100.0**

Distribution of Employees by Specialization

	31 December 2024 Number of Employees	Percentage (%)
Operational decision-making personnel	17,371	3.8
Customer service and marketing personnel	179,835	39.6
Financial market personnel	1,393	0.3
Risk and compliance personnel	29,729	6.5
Operation and finance and accounting personnel	37,825	8.3
Technology and digital operation management personnel	27,561	6.1
Strategy and support personnel	17,773	3.9
Comprehensive service personnel at outlets	114,190	25.1
Technicians	14,872	3.3
Others	14,167	3.1
Total	**454,716**	**100.0**

Note: To deeply advance the building of talent teams and further strengthen the cultivation and development of various types of talents, the Bank has made appropriate adjustments to the category of employees by specialization based on the overall situation of the workforce and the actual work needs.

Distribution of Employees by Age

	31 December 2024 Number of Employees	Percentage (%)
30 or below	136,830	30.1
31-40	112,137	24.6
41-50	76,258	16.8
51 or above	129,491	28.5
Total	**454,716**	**100.0**

Distribution of Employees by Gender

	31 December 2024 Number of Employees	Percentage (%)
Male	243,815	53.6
Female	210,901	46.4
Total	**454,716**	**100.0**

Information on Institutions

As at the end of 2024, we had 22,877 domestic branch outlets, including the Head Office, Business Department of the Head Office, four specialized business institutions managed by the Head Office, four training institutes, 37 tier-1 branches, 410 tier-2 branches, 3,314 tier-1 sub-branches, 19,064 foundation-level branch outlets and 42 other establishments. We had a total of 13 overseas branches and four overseas representative offices, including branches in Hong Kong SAR, Singapore, Seoul, New York, Dubai International Financial Centre (DIFC), Dubai, Tokyo, Frankfurt, Sydney, Luxemburg, London, Macao SAR and Hanoi, and representative offices in Vancouver, Chinese Taipei, Sao Paulo and Dushanbe. Our subsidiaries mainly included subsidiaries with integrated operations, rural banks and overseas subsidiary banks. For details, please refer to "Discussion and Analysis — Business Review — Integrated Operations" and "Discussion and Analysis — Business Review — Cross-Border Financial Services" respectively.

Number of Domestic Branch Outlets by Regions

	31 December 2024	
	Number of Domestic Branch Outlets	Percentage (%)
Head office[1]	10	–
Yangtze River Delta	2,992	13.1
Pearl River Delta	2,369	10.4
Bohai Rim	3,309	14.5
Central Region	5,173	22.6
Northeastern Region	2,181	9.5
Western Region	6,843	29.9
Total	**22,877**	**100.0**

Note: 1. Organizations of the Head Office include the Head Office, Business Department of the Head Office, Capital Operation Center, Private Banking Department, Credit Card Center, Bills Business Department, Beijing Advanced-Level Training Institute, Tianjin Financial Training Institute, Changchun Financial Training Institute and Wuhan Financial Training Institute.

Network Channels

Offline Channels

- Serving the rural revitalization strategy. We maintained the stability of the total number of branch outlets, continuously optimized the distribution of branch outlets by relocating the branch outlets to areas including counties, urban-rural fringe and key townships to continuously extend service channels in County Areas.

- Strengthening the service capability of branch outlets. Under the theme of "ABC Considerate Services, Accompanying with Warmth", we continued with the "ABC Considerate Services Project" to renovate the halls and create warm service environments. We optimized the strategy of customer waiting queue management at branch outlets, continuously enhancing the operational efficiency and service quality of branch outlets to improve customer satisfaction. We deeply advanced the construction of 22 thousand trade union stations of "ABC Considerate Warm Space" to carry out multi-tired and multi-dimensional public welfare services. Our 105 trade union stations were honored as the national-level "Most Beautiful Trade Union Stations" in 2024, ranking first among the comparable peers in terms of number.

- Improving age-friendly services at branch outlets. We optimized age-friendly facilities and equipment at branch outlets, arranged wheelchair accessible passages as well as caring counters and seats, and provided presbyopic glasses, magnifying glasses and wheelchairs, etc. We formulated a plan to develop branch outlets featuring age-friendly services, and established 300 model branch outlets for age-friendly services. In 2024, we served 101 million customers aged over 60 at branch outlets.

Online Channels

- Mobile Banking. As at the end of 2024, the Bank had 561 million registered retail customers of mobile banking, representing an increase of 49.22 million as compared to the end of the previous year; and 8.74 million registered corporate customers of mobile banking, representing an increase of 1.83 million as compared to the end of the previous year.

- Online Banking. As at the end of 2024, the Bank had 532 million registered retail customers of online banking, representing an increase of 42.57 million as compared to the end of the previous year; and 13.67 million corporate customers of online financial services platforms, representing an increase of 1.58 million as compared to the end of the previous year.

- Self-service Banking. We developed the "caring version" of STM, and provided small-amount cash withdrawal services of ATM. We also placed self-service Foreign Currency Exchange Machine in key areas to continuously improve customer experience. As at the end of 2024, we had 53.6 thousand STMs and 52.8 thousand ATMs.

Remote Channels

- In 2024, we reached a total of 344 million customers through all-media customer service (including voice, text, video, and new media). Among these, 71.07 million voice call-ins were handled by customer service staff, with a customer satisfaction rate of 99.87%.

- We provided remote services for special customer groups. We launched exclusive services for elderly customers, formulating service standards in line with their needs, and optimizing the "direct access to staff" accessibility strategy for voice customer service, with a customer satisfaction rate of 99.91%. We improved the convenience of services, and piloted the service model of "one-person on-site + one-person remote video" for special customer groups. We provided voice and video translation services in English, Russian, Japanese, Korean, German and Spanish for branch outlets, and offered sign-language video services for the hearing-impaired customer group.

- We extended services to County Areas and rural areas. We set up a remote customer service team for agriculture, rural areas and rural residents to provide professional services for customers in regions such as key counties receiving assistance in pursuing rural revitalization and designated counties receiving assistance. We promoted the "on-site + remote" interview model for loans to rural households, and launched video services supporting major Tibetan dialects such as Lhasa dialect, Amdo dialect and Kham dialect.

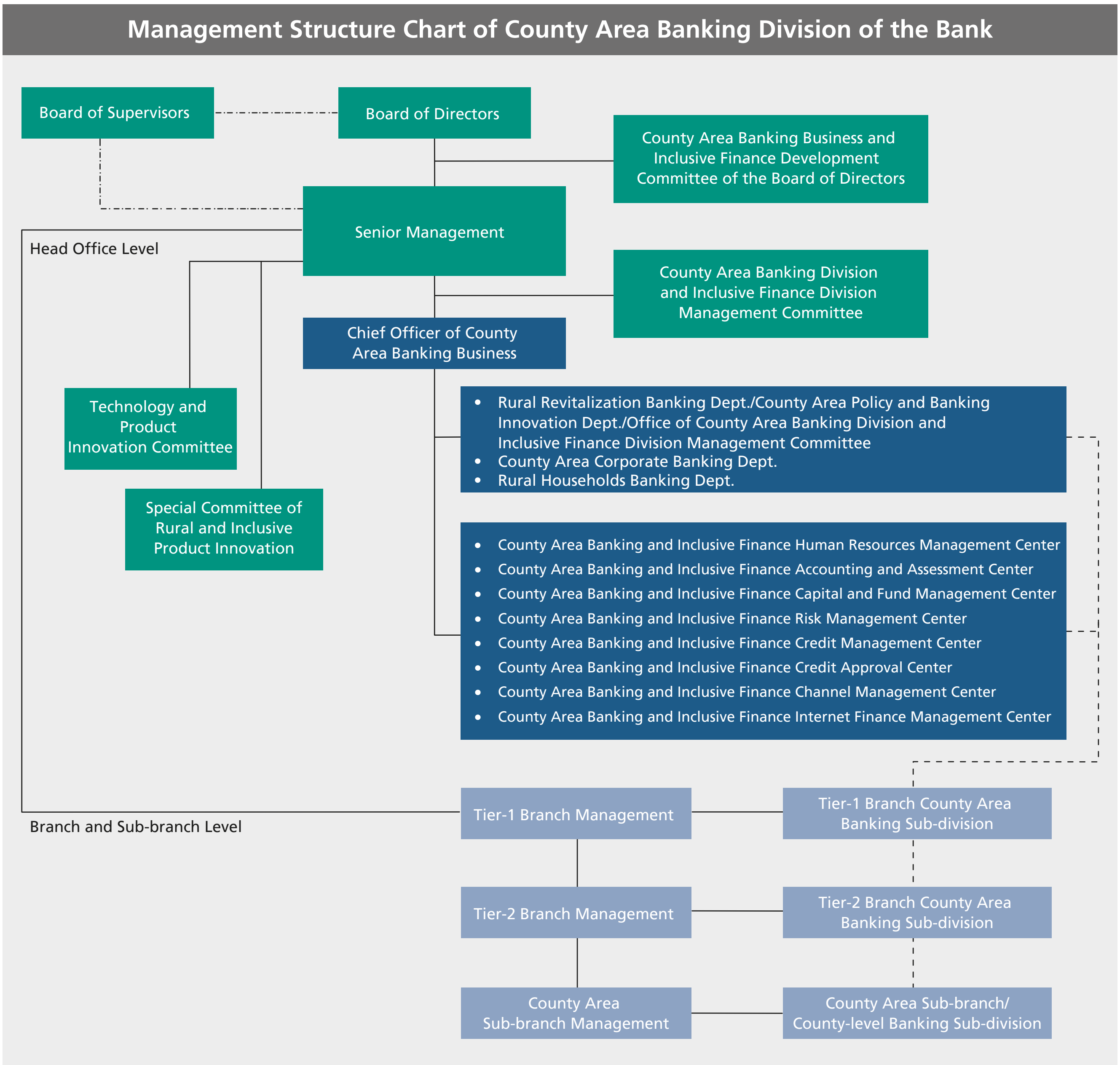
- We accelerated the construction of intelligent customer services. We applied new technologies such as large models to enhance the service capabilities of customer service robots, thereby improving customer experience. Focusing on high-frequency service demands, we strengthened the iterative upgrading of service strategies, to meet customer demands for fast, efficient and accurate intelligent services.

County Area Banking Business

Management Structure and Management Mechanism

We provide customers in County Areas and rural areas with comprehensive financial services through all our operating institutions of the County Area Banking Division. We refer to such business as the County Area Banking Business or Banking Business for Agriculture, Rural Areas and Rural Residents. During the reporting period, we implemented the CPC Central Committee's deployments on agriculture, rural areas and rural residents in a conscientious manner, closely focused on our positioning of building a leading bank serving the rural revitalization, kept improving the operation system and mechanism of the County Area Banking Division and the capability and standard of financial services to rural revitalization.

Management Structure



Management Mechanism

- **We implemented the strategy of prioritizing the allocation of resources to County Areas.** We prioritized the supply of credit for agriculture, rural areas and rural residents and County Areas. We allocated economic capital in County Areas separately, and improved economic capital support policies to leverage the guiding role of capital to encourage branches to increase the granting of loans in key areas related to agriculture and County Areas. We strengthened Fund Transfer Pricing (FTP) preferential treatment and pricing support for agriculture, rural areas and rural residents and County Areas, so as to greatly guarantee the efforts to consolidate and expand achievements in poverty alleviation and effectively dovetailing rural revitalization.

- **We optimized and refined the rural credit policy system.** We issued the rural credit policy guidelines for 2024, which specified 43 differentiated credit policies. We strengthened the construction of a green channel for review and approval, and continuously improved the preferred settlement and fast completion mechanism for key businesses of rural revitalization. We scaled up credit support in line with the list of projects and customers in key areas such as production of food and major agricultural products, innovation of agricultural technology, rural industries, and rural construction released by the Ministry of Agriculture and Rural Affairs, National Development and Reform Commission and other ministries and commissions.

- **We strengthened the building of talent teams in County Areas.** We continued to allocate more than 50% of the headcount of the Bank's recruitment plan to County Areas, consistently increased the allocation of salary resources, and encouraged and guided employees to be rooted in the front line of rural revitalization. We improved the working mechanism to regularly send excellent employees to contribute their talents to the front line of rural revitalization, continuously deepened the implementation of the Youth Talent Development Project, strengthened the building of the customer manager team for agriculture, rural areas and rural residents, actively built a leading talent pool for rural revitalization, and sped up the cultivation of professional talents for rural revitalization.

Financial Services for Rural Revitalization

Serving for Consolidation and Expansion of Achievements in Poverty Alleviation

We highlighted financial services for consolidating and expanding achievements in poverty alleviation. With a focus on 832 counties lifted out of poverty, 160 key counties receiving assistance in pursuing rural revitalization, the "Three Areas and Three Prefectures" and other key areas as well as low-income groups, we strove to push forward the rapid development of the areas lifted out of poverty and the increase of income for the people lifted out of poverty.

- **We stepped up the supply of loans.** We maintained our financial support policies with no overall change, no deviation in target and no reduction in effort. We allocated more resources, increased credit supply, and strengthened product innovation and technological empowerment. As at the end of 2024, the balance of loans to the 832 counties lifted out of poverty amounted to RMB2.27 trillion, representing an increase of RMB260.4 billion or 13.0% as compared to the end of the previous year; the balance of loans to the 160 key counties receiving assistance in pursuing rural revitalization amounted to RMB436.6 billion, representing an increase of RMB55.8 billion or 14.7% as compared to the end of the previous year.

- **We strengthened financial services for key groups.** We issued the opinions on enhancing credit services for rural households in key areas receiving assistance, specifying the support policies and work requirements. We promoted the product of Fumin Loan, providing credit support for rural households lifted out of poverty. As at the end of 2024, the balance of targeted assistance loans was RMB633.9 billion, representing an increase of RMB49.0 billion or 8.4% as compared to the end of the previous year, supporting 5.15 million people lifted out of poverty; the balance of Fumin Loan was RMB94.1 billion, representing an increase of RMB53.8 billion or 133.1% as compared to the end of the previous year.

- **We stepped up comprehensive financial support.** In 2024, we directly purchased and helped sell agricultural and sideline products in the areas lifted out of poverty worth RMB2.63 billion, representing an increase of 24.4% as compared to the previous year. We provided services for 98 projects of east-west cooperation, granted supporting loans of RMB4.61 billion. We helped to introduce 138 assistance projects as well as assistance funds of RMB457 million to areas lifted out of poverty. We pressed ahead with the "Financial Talents in Counties to Help Towns and Villages and Enrich People Campaign", dispatching 3,126 cadres to assist for rural revitalization, over 1,500 of whom were sent to areas lifted out of poverty.

Serving Rural Revitalization

We learned from and applied the experience gained from the Green Rural Revival Program in Zhejiang Province. Focusing on the key fields of rural revitalization, such as food security, ensuring stable production and supply of major agricultural products, rural industries, rural construction and increase of income for farmers, we innovated new products and service models, strengthened funds and resources supply, expanded the coverage of financial service channels in rural areas, and provided high-quality financial services for all-around rural revitalization.

- **We enhanced financial services for key fields of rural revitalization.** We innovatively advanced the services for high-standard cropland construction, increased financial support for the whole industrial chain of food, deepened financial service for rural industries that benefited local people, and actively supported new urbanization and integrated urban-rural development. We made all-out efforts to provide credit supply to rural households, optimized the pre-loan investigation process, and continuously improved technological support. As at the end of 2024, the balance of loans in fields related to ensuring stable supply of grains and major agricultural products exceeded RMB1 trillion, representing an increase of RMB157.8 billion or 18.7% as compared to the end of the previous year; the balance of loans to rural industries amounted to RMB2.23 trillion, representing an increase of 21.0% as compared to the end of the previous year; the balance of loans to rural construction and related areas amounted to RMB2.25 trillion, representing an increase of 14.8% as compared to the end of the previous year; the balance of Huinong E-loan was RMB1.49 trillion, representing an increase of RMB408.7 billion or 37.7% as compared to the end of the previous year.

- **We improved the service channel system in County Areas.** We continued to optimize the layout of outlets in County Areas, extended our services to grassroots level and expanded the coverage of outlets in townships. In 2024, over 70% of the new outlets and relocated outlets were placed in County Areas, urban-rural fringe and townships. As at the end of 2024, the proportion of outlets in County Areas increased to 56.5%. We continued to provide basic financial services for the people in remote townships through movable financial service vehicles, serving 1,170 townships and 186 thousand people accumulatively in 2024.

- **We intensified the innovation of rural products and service models.** We issued the opinions on rural financial products innovation, specifying innovation requirements and key directions. We continued to delegate innovation authority in key areas, optimized the layout of innovation bases for rural products, and created flagship products for rural revitalization.

- **We achieved positive headway in the digital village project.** We continued to optimize and promote the ABC Huinong Cloud, a digital rural platform, and built a one-stop supermarket for agriculture-related scenarios. Focusing on key fields of the digital village, we created six agriculture-related scenarios including food security, smart agriculture, digital governance, enriching people through digitalization, benefiting people through digitalization, and beautiful (green) countryside. We upheld the philosophy of opening-up and cooperation, and actively fostered an ecosystem of collaboration for agriculture-related scenarios. As at the end of 2024, the ABC Huinong Cloud platform had 264 thousand institutional members, covering 2,657 counties (districts) and serving over 6.50 million customers.

Financial Position

Major Items of Assets and Liabilities of the County Area Banking Business

In millions of RMB, except for percentages

Item	31 December 2024 Amount	31 December 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Total loans and advances to customers	**9,854,954**	**–**	8,775,953	–
Allowance for impairment losses on loans	**(387,450)**	**–**	(372,043)	–
Loans and advances to customers, net	**9,467,504**	**64.2**	8,403,910	61.3
Intra-bank balance[1]	**4,077,192**	**27.6**	4,140,341	30.2
Other assets	**1,212,026**	**8.2**	1,158,521	8.5
Total assets	**14,756,722**	**100.0**	13,702,772	100.0
Deposits from customers	**13,153,343**	**95.8**	12,331,675	96.8
Other liabilities	**581,851**	**4.2**	403,384	3.2
Total liabilities	**13,735,194**	**100.0**	12,735,059	100.0

Note: 1. Intra-bank balance refers to funds provided by the County Area Banking Business to other business segments within the Bank through internal funds transfers.

Major Income Statement Items of the County Area Banking Business

In millions of RMB, except for percentages

	2024	2023	Increase/ (decrease)	Growth rate (%)
External interest income	**331,861**	316,890	14,971	4.7
Less: External interest expense	**201,480**	196,647	4,833	2.5
Interest income from intra-bank balance[1]	**181,944**	174,218	7,726	4.4
Net interest income	**312,325**	294,461	17,864	6.1
Net fee and commission income	**30,747**	32,675	(1,928)	-5.9
Other non-interest income	**6,475**	4,475	2,000	44.7
Operating income	**349,547**	331,611	17,936	5.4
Less: Operating expenses	**120,273**	117,196	3,077	2.6
Credit impairment losses	**43,201**	61,821	(18,620)	-30.1
Impairment losses on other assets	**134**	45	89	197.8
Total profit before tax	**185,939**	152,549	33,390	21.9

Note: 1. Interest income from intra-bank balance represents the interest income earned on funds provided by the County Area Banking Business to other business segments of the Bank through internal funds transfer pricing, the interest rate of which is determined based on the market interest rate.

Major Financial Indicators of the County Area Banking Business

Unit: %

Item	2024	2023
Average yield of loans	**3.54**	3.89
Average cost of deposits	**1.54**	1.66
Net fee and commission income to operating income	**8.80**	9.85
Cost-to-income ratio	**33.54**	34.42

Item	31 December 2024	31 December 2023
Loan-to-deposit ratio	**74.92**	71.17
Non-performing loan ratio	**1.21**	1.24
Allowance to non-performing loans	**338.33**	355.32
Allowance to loan ratio	**4.10**	4.40

Risk Management

Comprehensive Risk Management System

Comprehensive risk management refers to the timely identification, measurement, assessment, monitoring, reporting, control or mitigating of main material risks in business operation through the integration of elements including risk appetite, policies and rules, organizational system, tools and models, data systems, and risk culture in line with the principle of comprehensive coverage, whole-process management and overall participation, so as to ensure effective risk management in decision-making, implementation and supervision across the Bank.

In 2024, the Bank continued to improve the comprehensive risk management system, ensured development and security, and firmly guarded the bottom line of risk and compliance. We updated the Group's risk appetite and comprehensive risk management strategies, strengthened early warning mechanism of the risk appetite, and took a more proactive and forward-looking approach to risk management. We comprehensively promoted the implementation of capital measurement and other new regulatory provisions to improve risk measurement. We paid close attention to the macroeconomic and financial situation, continuously optimized the credit structure, stepped up credit risk prevention and control in key areas. We upgraded the market risk management platform and improved the quality and efficiency of market risk monitoring and reporting, to enhance the targeted and timely management and control of market risk. We also fully implemented new regulatory provisions on operational risk, refined the operational risk management framework, upgraded the operational risk management system, and improved operational risk management tools.

For details of risk governance, please refer to "Corporate Governance Report — Risk Governance".

Risk Management Rules System

In 2024, we continued to refine our policies and rules system of risk management. We revised the Group's risk appetite statement and comprehensive risk management strategies to enhance the guidance on the Bank's business operation and risk management. We revised the measures for working capital loans, fixed assets loans, retail credit, small and micro enterprises credit business, and the credit risk management of overseas branches and subsidiary banks. We revised the basic policy for operational risk management, formulated management rules on business continuity of the information system, to strengthen the operational and information technology risk management system. In line with new regulatory provisions and business needs, we formulated the risk management measures for off-balance sheet business, and revised the risk assessment management measures, risk-weighted asset measurement and management measures, country risk management measures and operating procedures, and risk management measures of subsidiaries. We also updated risk management policies for non-retail customer ratings, capital transaction and market risk, inter-bank and agency distribution business, etc. and performed risk management on a daily basis.

Risk Analysis Report

We made continuous efforts to improve the quality and efficiency of risk analysis report, stepped up the analysis as well as research and judgment of various risks, and timely identified, accurately reflected and effectively transmitted risk information, providing strong support for the decision-making in business operation and risk management across the Bank.

Credit Risk

Credit risk refers to the risk of loss to the Bank as a result of a debtor's (or counterparty's) default or a reduction in its credit rating or performance capability. The Bank's credit risk mainly lies in the loan portfolio, investment portfolio, guarantee business and various other on- and off-balance sheet credit risk exposures. The structure of our credit risk management mainly comprises the Board of Directors and its Risk Management and Consumers' Interests Protection Committee, the senior management and its Risk Management and Internal Control Committee, Credit Approval Committee, Asset Disposal Committee, as well as Credit Management Department, Credit Approval Department, Risk Asset Disposal Department and various front offices, with centralized and unified management and multi-level authorization.

We paid close attention to the macroeconomic and financial situation, continuously improved the credit structure, stepped up credit risk prevention and control in key areas, improved the mechanism for risk identification, monitoring, early warning and disposal, and made credit risk prevention and control more prospective and proactive, to mitigate risks in a steady way.

We continued to optimize the credit structure. Focusing on the transformation and upgrading of traditional industries and the development of emerging industries, we continuously enhanced the refinement of credit policies. We solidly promoted the "Five Priorities", stepped up high-quality financial services for major strategies, key areas and weak links, and increased credit support for areas including rural revitalization, manufacturing, strategic emerging industries, infrastructure construction, and people's livelihood and consumption.

We continued to improve the credit risk management system and mechanism. We formulated or revised the measures for working capital loans, fixed assets loans, retail credit, small and micro enterprises credit business, off-balance sheet business, and the credit risk management of overseas branches and subsidiary banks, to facilitate the coordinated development of on- and off-balance sheet credit business and strengthen the integrated management of overseas branches and subsidiary banks and subsidiaries. We stepped up credit product innovation management and improved the review and approval process, post-assessment and exit management mechanism for credit product innovation. We deepened the reform of the credit approval mechanism and improved the long-term mechanism of credit management. We refined the hierarchical investigation mechanism and the risk classification management and control mechanism for corporate customers, strengthened the model management and the optimization of business process of retail products, and strengthened the forward-looking risk management.

We continued to strengthen credit risk prevention and control in key areas. We vigorously supported the construction of the "Three Major Projects" including government-subsidized housing, to help foster a new development model for real estate. We fully supported efforts to ensure the timely delivery of housing projects, actively implemented the requirements of the urban real estate financing coordination mechanisms and the scope expansion and efficiency improvement of "white list" projects to meet the reasonable financing needs of real estate projects, facilitate the de-stocking of existing commodity housing, and support to stem the downturn and restore stability in the real estate market. We enhanced the refined management of real estate projects, strictly prevented and controlled risks, and steadily advanced the mitigation and disposal of real estate risks through developer-specific measures. We strictly observed national regulations and regulatory requirements on the management of local government debts, properly resolved risks of financing platforms and hidden debts, strengthened management of newly increased financing, and adhered to the principle of not increasing local government hidden debts.

We continued to enhance digital risk control capability. We improved the new model for digital risk control, enhanced the level of intensified and intelligent risk control, explored the application of advanced technologies including big data and AI in multiple scenarios, improved the risk identification models and the early warning indicators system targeting different types of customers, and strengthened the whole chain management of "identification, early warning, verification and disposal" of risks. We consolidated the advantage of centralized risk operations, and expanded the coverage, increased quantity, and improved quality of centralized operations such as the collection of overdue loans, post-loan follow-up visits and disposal preparation, to reduce burden, control risks and improve the efficiency of the credit business.

We continued to step up the disposal of non-performing assets. We adhered to independent collection, comprehensively used diverse disposal approaches, and refined the disposal management of non-performing assets, to continuously improve the quality and efficiency of disposal.

Risk Classification of Financial Assets

We formulated the risk classification management systems in accordance with the requirements of the *Rules on Risk Classification of Financial Assets of Commercial Banks*. We specified the methods for the risk classification of different types of financial assets, based on such information as the financial asset type, the counterparty type, the features of product structure, and past defaults, taking into account the characteristics of their asset portfolios, with an overdue method for retail assets and model method for non-retail assets. The classification process follows the principle of checks and balances horizontally and authority restriction vertically, and it operates based on process and authority. The basic procedures include preliminary classification, classification recognition, classification review and approval.

We adopted two classification management models for financial assets undertaking credit risk, being the five-category classification system and the 12-category classification system. Non-retail credit assets were mainly managed with the 12-category classification system. We conducted comprehensive evaluations from the two dimensions of customer default risk and debt transaction risk to prudently reflect the degree of credit assets risk. Our retail credit assets were managed with the five-category classification system, which carried out risk classification automatically by the system, mainly based on overdue days of principal and interest of the credit assets and the type of guarantee. Our non-credit assets were managed with the five-category classification system, mainly taking into account factors such as the type of financial assets, type of counterparty, and overdue days, so as to truly reflect the risk situation.

Credit Risk Analysis

Distribution of Loans by Collaterals

In millions of RMB, except for percentages

Item	31 December 2024 Amount	31 December 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Loans secured by mortgages	**8,903,280**	**35.8**	8,619,075	38.2
Loans secured by pledges	**2,452,690**	**9.9**	2,440,589	10.8
Guaranteed loans	**3,003,634**	**12.1**	2,916,064	12.9
Unsecured loans	**10,496,647**	**42.2**	8,588,541	38.1
Sub-Total	**24,856,251**	**100.0**	22,564,269	100.0
Accrued interest	**49,936**	**–**	50,352	–
Total	**24,906,187**	**–**	22,614,621	–

Distribution of Overdue Loans by Overdue Period

In millions of RMB, except for percentages

Item	31 December 2024 Amount	31 December 2024 Percentage of total loans (%)	31 December 2023 Amount	31 December 2023 Percentage of total loans (%)
Overdue for less than 90 days (including 90 days)	**100,140**	**0.40**	111,027	0.49
Overdue for 91 days to 360 days (including 360 days)	**109,826**	**0.44**	70,775	0.31
Overdue for 361 days to 3 years (including 3 years)	**66,322**	**0.27**	51,052	0.23
Overdue for over 3 years	**16,809**	**0.07**	11,676	0.05
Total	**293,097**	**1.18**	244,530	1.08

Loan Concentration

In millions of RMB, except for percentages

Top ten single borrowers	Industry	Amount	Percentage of total loans (%)
Borrower A	Transportation, storage and postal services	108,589	0.43
Borrower B	Production and supply of electricity, heating, gas and water	66,873	0.27
Borrower C	Finance	61,600	0.25
Borrower D	Transportation, storage and postal services	60,589	0.24
Borrower E	Transportation, storage and postal services	57,304	0.23
Borrower F	Finance	51,290	0.21
Borrower G	Transportation, storage and postal services	50,207	0.20
Borrower H	Transportation, storage and postal services	39,069	0.16
Borrower I	Transportation, storage and postal services	36,504	0.15
Borrower J	Production and supply of electricity, heating, gas and water	35,000	0.14
Total		**567,025**	**2.28**

At 31 December 2024, we fulfilled the regulatory requirements as total loans to our largest single borrower represented 2.64% of our net capital and total loans to our ten largest borrowers represented 13.79% of our net capital.

Large Exposures

During the reporting period, pursuant to the *Administrative Measures for Large Exposures of Commercial Banks* and other relevant regulatory requirements, we continuously improved the organizational structure and system for large exposures management, consolidated the data basis, optimized the measurement process, enhanced system automation, carried out the measurement, monitoring and system optimization of large exposures in an orderly manner, strictly implemented each regulatory indicator, regularly reported the regulatory reports, strengthened limit management and control and constantly improved our capability to measure and manage large exposures.

Distribution of Loans by Five-category Classification

In millions of RMB, except for percentages

Item	31 December 2024 Amount	31 December 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Normal	24,186,399	97.30	21,943,392	97.25
Special mention	347,687	1.40	320,117	1.42
Non-performing loans	322,165	1.30	300,760	1.33
Substandard	124,568	0.50	140,194	0.61
Doubtful	141,757	0.58	132,041	0.59
Loss	55,840	0.22	28,525	0.13
Sub-Total	24,856,251	100.00	22,564,269	100.00
Accrued interest	49,936	–	50,352	–
Total	24,906,187	–	22,614,621	–

As of 31 December 2024, the balance of our non-performing loans was RMB322,165 million, representing an increase of RMB21,405 million as compared to the end of the previous year; and the non-performing loan ratio decreased by 0.03 percentage point to 1.30% as compared to the end of the previous year. The balance of special mention loans was RMB347,687 million, representing an increase of RMB27,570 million as compared to the end of the previous year; and special mention loans accounted for 1.40%, representing a decrease of 0.02 percentage point as compared to the end of the previous year.

Distribution of Non-Performing Loans by Business Type

In millions of RMB, except for percentages

Item	31 December 2024 Amount	31 December 2024 Percentage (%)	31 December 2024 Non-performing loan ratio (%)	31 December 2023 Amount	31 December 2023 Percentage (%)	31 December 2023 Non-performing loan ratio (%)
Corporate loans	222,774	69.1	1.58	234,186	77.8	1.83
Including: Short-term corporate loans	62,523	19.4	1.80	72,109	24.0	2.18
Medium- and long-term corporate loans	160,251	49.7	1.50	162,077	53.8	1.71
Discounted bills	–	–	–	1	–	–
Retail loans	91,211	28.4	1.03	59,176	19.7	0.73
Residential mortgage loans	36,598	11.4	0.73	28,530	9.5	0.55
Credit card balances	12,534	3.9	1.46	9,808	3.3	1.40
Personal consumption loans	7,380	2.3	1.55	3,544	1.2	1.04
Loans to private business[1]	34,682	10.8	1.39	17,274	5.7	0.93
Others	17	–	10.97	20	–	11.43
Overseas and others	8,180	2.5	2.10	7,397	2.5	1.84
Total	322,165	100.0	1.30	300,760	100.0	1.33

Note: 1. The statistical scope of "loans to private business" has been adjusted to include all loans to private business of both farmers and non-farmers of the Bank.

Distribution of Corporate Non-Performing Loans by Industry

In millions of RMB, except for percentages

Item	31 December 2024 Amount	31 December 2024 Percentage (%)	31 December 2024 Non-performing loan ratio (%)	31 December 2023 Amount	31 December 2023 Percentage (%)	31 December 2023 Non-performing loan ratio (%)
Manufacturing	37,061	16.6	1.57	45,287	19.3	2.03
Production and supply of electricity, heating, gas and water	5,048	2.3	0.31	7,182	3.1	0.51
Real estate	46,339	20.8	5.40	46,615	19.9	5.42
Transportation, storage and postal services	19,524	8.8	0.66	14,636	6.2	0.55
Wholesale and retail	20,176	9.1	2.32	19,457	8.3	2.48
Water, environment and public utilities management	23,164	10.4	1.83	22,719	9.7	1.99
Construction	11,631	5.2	2.13	9,746	4.2	2.04
Mining	1,206	0.5	0.42	10,501	4.5	3.98
Leasing and commercial services	41,205	18.5	1.77	41,333	17.7	1.96
Finance	282	0.1	0.07	295	0.1	0.13
Information transmission, software and IT services	3,125	1.4	2.93	2,296	1.0	2.27
Others	14,013	6.3	2.53	14,119	6.0	2.81
Total	222,774	100.0	1.58	234,186	100.0	1.83

Distribution of Non-Performing Loans by Geographic Region

In millions of RMB, except for percentages

Item	31 December 2024 Amount	31 December 2024 Percentage (%)	31 December 2024 Non-performing loan ratio (%)	31 December 2023 Amount	31 December 2023 Percentage (%)	31 December 2023 Non-performing loan ratio (%)
Head Office	792	0.2	0.09	1,386	0.5	0.25
Yangtze River Delta	49,307	15.3	0.82	38,494	12.8	0.70
Pearl River Delta	58,909	18.3	1.51	45,466	15.1	1.23
Bohai Rim	49,328	15.3	1.47	58,016	19.3	1.85
Central Region	44,517	13.8	1.09	45,550	15.1	1.26
Northeastern Region	16,857	5.2	2.19	14,412	4.8	2.05
Western Region	94,275	29.4	1.74	90,039	29.9	1.83
Overseas and others	8,180	2.5	2.10	7,397	2.5	1.84
Total	322,165	100.0	1.30	300,760	100.0	1.33

Changes in the Allowance for Impairment Losses on Loans

In millions of RMB

Item	2024 Stage I 12 months expected credit loss	Stage II Lifetime expected credit loss	Stage III	Total
1 January 2024	**633,330**	**94,723**	**185,865**	**913,918**
Transfer[1]				
Stage I to Stage II	**(13,597)**	**13,597**	**–**	**–**
Stage II to Stage III	**–**	**(39,520)**	**39,520**	**–**
Stage II to Stage I	**18,725**	**(18,725)**	**–**	**–**
Stage III to Stage II	**–**	**18,905**	**(18,905)**	**–**
Originated or purchased financial assets	**216,504**	**–**	**–**	**216,504**
Remeasurement	**(46,434)**	**52,807**	**120,752**	**127,125**
Repayment and transfer-out of normal loans and special mention loans	**(149,201)**	**(21,399)**	**–**	**(170,600)**
Repayment and transfer-out of non-performing loans	**–**	**–**	**(45,943)**	**(45,943)**
Write-offs	**–**	**–**	**(75,778)**	**(75,778)**
31 December 2024	**659,327**	**100,388**	**205,511**	**965,226**

Notes: 1. For details of the impairment loss models of three stages, please refer to "Note IV.17 Loans and advances to customers to the Consolidated Financial Statements".

2. The table includes the allowance for impairment losses on loans measured at fair value through other comprehensive income.

Market Risk

Market risk refers to the risk of loss in the on- and off-balance sheet businesses of banks as a result of an adverse change in market prices. Market risk comprises, but is not limited to, interest rate risk, exchange rate risk, stock price risk and commodity price risk. The market risks which the Bank is primarily exposed to include interest rate risk, exchange rate risk and commodity price risk. The Bank's organizational structure of market risk management comprises the Board of Directors and its Risk Management and Consumers' Interests Protection Committee, the Board of Supervisors, the senior management and its Risk Management and Internal Control Committee, the Risk Management Department, the Asset and Liability Management Department and other departments (institutions) bearing market risks.

In 2024, we formulated the risk management strategies for financial market business, optimized the requirements of market risk management and access threshold for trading and investment business of the Bank, and adjusted the market risk management limits in a reasonable manner. We solidly promoted the establishment of the market risk management and control platform, to improve the intelligent level of the market risk management system. We optimized market risk measurement models and systems, and improved the function of market risk capital measurement. We conducted stress testing for market-related business and proactively prevented extreme market changes from affecting our financial market business. We intensified building of the product control system, and launched real-time price monitoring function for foreign exchange trading, to further improve the capability of transaction risk monitoring for financial market business. We continuously optimized the mechanism for on-site management of market risk in the treasury transaction business, and conducted penetrative risk monitoring on treasury transaction on a deal-by-deal basis to effectively identify, manage and control risks associated with transaction behaviors.

Our market risk exposure limits are classified into directive limits and indicative limits. We classified all of the on-and off-balance sheet assets and liabilities into either the trading book or the banking book. The trading book includes the financial instruments, foreign exchange and commodities positions held by the Bank for trading or hedging against the risk of other items in the trading book. Any other positions are classified into the banking book.

Market Risk Management in the Trading Book

We managed the market risk of the trading book through various approaches including stress testing, Value at Risk (VaR), exposure limit management, sensitivity analysis, duration analysis and exposure analysis.

We regularly conducted stress testing to evaluate the maximum loss to the Bank's trading book under extreme market risk. Stress testing scenarios include the single-factor scenario, the multi-factor scenario, and the historical scenario. In the stress testing of market risk, by quantitative analysis of the impact of the changes in interest rates, foreign exchange rates and other market prices on the Bank's asset prices and profits/losses, we revealed the weak links of the Bank's investment and trading businesses in extreme scenarios, to improve the Bank's responsiveness to extreme risk events. Results of the stress testing indicated that during the reporting period, losses of the Bank under stress testing of market risk were generally controllable.

Please refer to "Note IV. 44.3 Market Risk to the Consolidated Financial Statements" for details of VaR for the trading book.

Market Risk Management in the Banking Book

We managed the market risk in the banking book through comprehensive use of technical measures such as exposure limit management, stress testing, scenario analysis and gap analysis.

Interest Rate Risk Management

Interest rate risk refers to the risk that adverse changes in interest rate levels and maturity structures will cause the economic value of the banking book and overall income to suffer losses. The interest rate risk in the banking book of the Bank mainly comes from the mismatch of maturity or repricing periods of assets and liabilities which are sensitive to interest rate in the banking book and the inconsistent changes in the benchmark interest rate on which assets and liabilities are based.

We paid close attention to the domestic and international economic situation and the trend of market interest rates, adhered to the prudential risk appetite for the interest rate risk in the banking book, strengthened interest rate risk forecasting, monitoring and analysis, and continued to optimize the interest rate exposure and duration structure of assets and liabilities. We improved the internal and external pricing mechanism, made efforts to improve the coordination of volume growth and price control, and intensified the transmission of the interest rate risk strategy. We advanced the smart laboratory project of interest rate risk, and further refined risk measurement tools to enhance the accuracy of risk measurement and analysis. During the reporting period, all the interest rate risk indicators of the Bank were within the scope of regulatory requirements and management objectives, and our interest rate risk in the banking book remained generally controllable, as shown by the result of stress testing.

Interest Rate Risk Analysis

As at 31 December 2024, the accumulative negative gap with interest rate sensitivity within one year of the Bank amounted to RMB383,729 million, representing a decrease of RMB30,020 million in absolute value as compared to the end of the previous year.

Interest Rate Risk Gap

In millions of RMB

	Within 1 month	1-3 months	3-12 months	Sub-Total of 1 year and below	1-5 years	Over 5 years	Non-interest earning
31 December 2024	**(7,982,027)**	**905,459**	**6,692,839**	**(383,729)**	**(3,222,857)**	**6,506,172**	**85,730**
31 December 2023	(7,497,517)	1,359,936	6,551,330	413,749	(3,552,360)	5,838,437	83,878

Note: Please refer to "Note IV. 44.3 Market Risk to the Consolidated Financial Statements" for more details.

Interest Rate Sensitivity Analysis

In millions of RMB

	31 December 2024		31 December 2023	
	Movements in net interest income	**Movements in other comprehensive income**	Movements in net interest income	Movements in other comprehensive income
+ 100 basis points in interest rate	**(43,851)**	**(95,502)**	(35,951)	(69,135)
– 100 basis points in interest rate	**43,851**	**95,502**	35,951	69,135

The interest rate sensitivity analysis above indicates the movements within the next 12 months in net interest income and other comprehensive income under various interest rate conditions, assuming that there is a parallel shift in the yield curve and without taking into account any risk management measures that the management may adopt to reduce interest rate risk.

Based on the composition of the assets and liabilities as at 31 December 2024, if the interest rates instantaneously increase (or decrease) by 100 basis points, the net interest income and other comprehensive income of the Bank would decrease (or increase) by RMB43,851 million and RMB95,502 million, respectively.

Exchange Rate Risk Management

Exchange rate risk refers to the risk arising from currency mismatch of assets and liabilities of banks. Exchange rate risk mainly consists of the trading exchange rate risk that could be hedged, and the exchange rate risk caused by assets and liabilities (the "non-trading exchange rate risk"), which could hardly be avoided in operations.

In 2024, the Bank regularly performed exchange rate exposure monitoring, exchange rate sensitivity analysis and stress testing, and further refined the exchange rate risk measurement. We also flexibly adjusted the trading exchange rate risk exposure, and maintained the stable exposure in the non-trading exchange rate risk. Exchange rate risk exposure of the Bank was controlled within a reasonable range.

Exchange Rate Risk Analysis

The Bank's exchange rate risk is mainly the exposure risk arising from the exchange rate of USD against RMB. In 2024, the central parity of the RMB against USD depreciated accumulatively by 1,057 basis points or 1.49%. As at the end of 2024, the Bank had a long position of USD5,668 million for the foreign exchange exposure of on- and off-balance sheet financial assets/liabilities.

Foreign Exchange Exposure

In millions of RMB (USD)

	31 December 2024		31 December 2023	
	RMB	USD equivalent	RMB	USD equivalent
Net foreign exchange exposure of on-balance sheet financial assets/liabilities	**106,506**	**14,816**	30,636	4,325
Net foreign exchange exposure of off-balance sheet financial assets/liabilities	**(65,762)**	**(9,148)**	(13,159)	(1,858)

Note: Please refer to "Note IV. 44.3 Market Risk to the Consolidated Financial Statements" for more details.

Exchange Rate Sensitivity Analysis

In millions of RMB

Currency	Increase/Decrease in exchange rate of foreign currency against RMB	Impact on profit before tax 31 December 2024	31 December 2023
USD	+5%	**19**	(118)
	-5%	**(19)**	118
HKD	+5%	**1,773**	1,421
	-5%	**(1,773)**	(1,421)

The non-RMB denominated assets and liabilities of the Bank were primarily denominated in USD and HKD. Based on the exchange rate exposure at the end of the reporting period, the profit before tax of the Bank will increase (or decrease) by RMB19 million if USD appreciates (or depreciates) by 5% against RMB.

Liquidity Risk

Liquidity risk refers to the risk of being unable to timely acquire sufficient funds at a reasonable cost by commercial banks to settle amounts due, fulfill other payment obligations and satisfy other funding needs in the ordinary course of business.

Liquidity Risk Management

Liquidity Risk Management Governance Structure

The liquidity risk management governance structure of the Bank consists of a decision-making system, an execution system and a supervision system, among which, the decision-making system comprises the Board of Directors and its Risk Management and Consumers' Interests Protection Committee and the Senior Management; the execution system comprises liquidity management department, asset and liability business management department and information and technology department, etc.; and the supervision system comprises the Board of Supervisors, the Audit Office, the Internal Control and Compliance Supervision Department and the Legal Affairs Department. The above systems perform their respective decision-making, execution and supervision functions based on the division of responsibility.

Liquidity Risk Management Strategy and Policy

We adhered to a prudent liquidity management strategy. We formulated our liquidity risk management policy pursuant to the regulatory requirements, external macroeconomic environment and our business development. We effectively maintained balance among liquidity, security and profitability, on condition of the guaranteed security of liquidity.

Liquidity Risk Management Objectives

The objectives of our liquidity risk management were to effectively identify, measure, monitor and report liquidity risk by establishing a scientific and refined liquidity risk management system, to promptly fulfill the liquidity needs of assets, liabilities and off-balance sheet businesses, perform the external payment obligations, achieve an effective balance between capital efficiency and security of liquidity, and prevent the overall liquidity risk of the Group under normal business environment or under operational pressure.

Liquidity Risk Management Method

We paid close attention to internal and external economic situation, continued to monitor our bank-wide liquidity condition, and strengthened the asset-liability matching management to mitigate risks related to mismatch of maturity. We improved the liquidity management mechanism by strengthening the monitoring, early warning, and overall allocation of liquidity position, and by enhancing the diversification and stability of sources of funding, to maintain a moderate reserve level and meet various payment demands. In addition, we continued to refine the functions of the liquidity management system and improved the level of our electronic management.

Stress Testing Situation

Based on the market condition and operation practice, we set liquidity risk stress testing scenarios fully considering various risk factors which may affect the liquidity. Stress testing was conducted on a quarterly basis. According to the testing results, under the prescribed stress scenarios, we could pass all the shortest survival period tests as required by regulatory authorities.

Main Factors Affecting Liquidity Risk

The major factors affecting liquidity risk include negative impacts of market liquidity, withdrawal of deposits by customers, drawing of loans by customers, mismatch between asset and liability structures, debtor's default, difficulty in asset realization, weakening financing ability, etc.

Liquidity Risk Analysis

During the reporting period, our overall liquidity was sufficient, secure and under control. As at the end of 2024, we recorded liquidity ratios for RMB and foreign currency of 85.34% and 181.05%, respectively, both meeting regulatory requirements. The average liquidity coverage ratio over the fourth quarter in 2024 increased by 4.38 percentage points to 131.03% as compared to the previous quarter. As at the end of 2024, the net stable funding ratio was 130.27%, with available stable funding of RMB29,802,242 million as the numerator and the required stable funding of RMB22,877,044 million as the denominator.

Liquidity Gap Analysis

The table below presents the Bank's net position of liquidity as at the dates indicated.

In millions of RMB

	Past due	On demand	Within 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Undated	Total
31 December 2024	**63,632**	**(15,102,538)**	**937,829**	**(2,247,351)**	**(1,385,454)**	**1,105,585**	**17,469,784**	**2,143,829**	**2,985,316**
31 December 2023	34,600	(15,959,023)	1,586,071	(925,666)	(20,560)	332,098	15,096,354	2,639,830	2,783,704

Note: Please refer to "Note IV. 44.2 Liquidity risk to the Consolidated Financial Statements" for more details.

For details of liquidity coverage ratio and net stable funding ratio of the Bank, please refer to the *2024 Pillar 3 Report* published on the website of the Bank (www.abchina.com.cn, www.abchina.com).

Operational Risk

Operational Risk Management

Operational risk refers to the risk of loss resulting from problematic internal procedures, employees or information technology system-related factors, or from external affairs, including legal risk, but not including strategic risk or reputational risk.

In 2024, we fully implemented the new regulatory provisions on operational risk management, and promoted the internalization of external regulations through various means such as interpretation of new regulations, gap analysis, special training, and discussion on issues. We re-examined our operational risk appetite and management strategies, revised the basic system and supporting systems and provisions for operational risk management, took solid steps to advance the preparations for implementing the new standardized approach, organized and carried out special audits on operational risk management and loss data management, and improved the operational risk management system. We upgraded the operational risk management system, optimized the operational risk management tools, reinforced the resource allocation for operational risk management, to enhance our operational risk management capability.

We strengthened operational risk management in key areas. We refined the mechanism for the prevention and control of case risk in the whole chain, strengthened the prevention and control of case risk in key areas, and intensified the reporting and handling of criminal-related cases. We steadily promoted the construction of the IT application innovation project, continuously enhanced disaster recovery capabilities, and strengthened cyber security and business continuity management. We strengthened outsourcing risk management, made risk and compliance reviews on outsourcing projects regularly, and organized annual assessment on outsourcing risk. We enhanced internal control as an important means of operational risk control and mitigation, and efficiently carried out control activities.

Legal Risk Management

Legal risk refers to any risk of banks suffering from adverse consequences including legal liabilities, loss of rights and reputational damage due to the breach of laws, administrative regulations, regulatory provisions and terms of contracts of its business operations, legal failure to duly regulate and exercise rights, or external legal factors. Legal risk includes risk directly resulted from legal factors, as well as the risk transferred from other forms of risks.

In 2024, we continued to deepen the construction of Agricultural Bank of China under the rule of law to further promote law-based governance. Focusing on primary responsibilities and core business, we strengthened legal support for financial services for rural revitalization, and improved the quality and efficiency of legal services in key areas such as the "Five Priorities", to ensure that business operations were carried out in accordance with the law. We promoted the whole-process management of contracts and strengthened the legal support and guarantees for online business. We strengthened the legal protection of intellectual property rights and further empowered business development with intellectual property rights. We stepped up efforts in litigation-based collection, and proactively used diverse ways to improve the quality and efficiency of loan collection. We improved the construction of legal risk management mechanism for internationalization and integrated operations, and steadily enhanced the legal risk management capabilities of the Group. We deepened the digital transformation of legal affairs, and enhanced our intelligence level of legal risk management. We actively participated in building the rule of law in finance, carried out diversified legal publicity through various channels, and promoted employees of the Bank to respect, learn, observe, and apply laws.

Reputational Risk

Reputational risk refers to the risk resulting from negative feedback from related stakeholders, the public and the media due to the operation of the Bank's institutions, behavior of employees or external events, thus damaging the brand value, causing adverse impact on normal operation, and even affecting market stability and social stability.

In 2024, we strictly implemented the forward-looking prevention and control requirements, deepened the whole-process management of reputational risk, enhanced the coordination and collaboration among the Head Office, branches and departments, organized special screening, and carried out simulation drills and various professional training, so as to enhance the timeliness of addressing public sentiment and eliminate reputational risk in a timely and proper manner. In 2024, the public sentiment remained generally stable, and no major reputational incidents took place.

Country Risk

Country risk represents the risk due to changes and incidents that occurred in the economy, politics and society of a specific country or region, which results in the borrowers or debtors in that country or region incapable of or unwilling to pay their debts owed to the Bank or otherwise leads to business losses to the Bank in that country or region or other losses to the Bank.

Our country risk management system has been established and improved to effectively identify, measure, monitor and control country risk. In 2024, we implemented the new regulatory provisions on country risk, revised the management measures and formulated the management strategy for country risk taking into account changes in external situations. We conducted country risk evaluation and rating, reasonably set country risk limits, and strengthened country risk monitoring and reporting.

Climate-related Risk

In 2024, we continued to deeply perform the stress testing of climate-related risk, constructed and improved a climate-related risk stress testing system in line with China's national conditions and our actual conditions, and continuously expanded the breadth, depth and granularity of stress testing. In terms of transition risk, we conducted stress testing for key industries such as thermal power, steel, coal and iron ore, extending to cover 10 carbon-intensive industries, with a focus on assessing the impact of rising carbon emission costs and increased transition pressures of enterprises on our credit assets. The probability of default (PD) of customers in carbon-intensive industries increased under stress scenarios, but the overall impact on our asset quality and capital adequacy was relatively small, and the risks were generally controllable, as shown by the result of testing. Besides, we also carried out macro scenario-based stress testing for transition risk from the perspective of the industry portfolio. In terms of physical risk, we actively studied the typhoon disaster loss curve model and explored the stress testing of physical risk in residential mortgages. Typhoon disasters caused a slight increase in the PD of residential mortgages in coastal areas under extreme climate scenarios, but the overall impact was relatively small, as shown by the result of testing.

We enhanced climate-related risk management of overseas branches and subsidiary banks. We promoted overseas branches and subsidiary banks to incorporate climate-related risks into their risk appetite and management policies, manage and control such risks in light of local regulatory requirements and their own conditions.

Risk Consolidated

In 2024, we optimized the system for the risk consolidation management of the Group, and advanced integrated construction of risk management across the Group. We guided our subsidiaries to revise their risk appetite statements and risk management policies for 2024 on a subsidiary-specific basis, specify business access criteria, standardize business exit and stop-loss mechanism, and optimize risk appetite and indicators for risk limits of subsidiaries. We continuously strengthened the building of risk management systems for our subsidiaries, launched functional modules for risk indicators, and realized automatic monitoring and early warning of quantified indicators of risk limits, effectively improving the intelligent risk management for subsidiaries. We continuously optimized the risk assessment and evaluation system for subsidiaries, conducted quarterly risk assessments and consolidated evaluations of subsidiaries, to actively guide subsidiaries to enhance their risk management capabilities.

Capital Management

During the reporting period, we implemented our capital plan for 2022-2024, took solid steps to advance the implementation of new capital rules, deepened the transmission of the philosophy of capital constraint and value return, and improved the working mechanism and system of capital management. The effectiveness of our capital management continued to show, significantly enhancing the strategic support for the Bank's high-quality development, and the level of capital adequacy consistently met regulatory requirements.

During the reporting period, we continued to enhance the construction of Internal Capital Adequacy Assessment Process (ICAAP), strengthened the institutional foundation, expanded the coverage of risks, optimized the risk assessment standards, completed the internal capital adequacy assessment for 2024, and carried out the specific audit, effectively improving the level of the capital and risk management across the Bank.

As one of Global Systemically Important Banks and Domestic Systemically Important Banks, in accordance with regulatory requirements, we optimized the construction of the mechanism for the recovery and resolution plan, completed the update and formulation of the recovery and resolution plan of the Bank, improved capabilities of risk early warning and crisis management, and strengthened the foundation of financial stability. We carried out work related to meeting TLAC requirements in a orderly manner, and issued the first tranche of TLAC bonds, reinforced the foundation for regulatory compliance, and enhanced our risk resistance capability to provide a solid support for our development.

We implemented advanced approaches of capital management and adopted both advanced approaches of capital measurement and other approaches to calculate capital adequacy ratio according to the requirements of the NFRA.

Management of Capital Financing

During the reporting period, we improved the capital replenishment mechanism. On the basis of capital replenishment with retained profits, we proactively expanded external resources for capital replenishment, continuously optimized the capital structure, reasonably controlled the financing costs and effectively consolidated the capital foundation.

In March, June and November 2024, we issued RMB40.0 billion, RMB60.0 billion and RMB40.0 billion of write-down undated Additional Tier 1 capital bonds in the National Interbank Bond Market, respectively, to replenish our Additional Tier 1 capital.

In February and April 2024, we issued RMB70.0 billion and RMB60.0 billion of Tier 2 capital bonds in the National Interbank Bond Market, respectively, to replenish our Tier 2 capital.

In August 2024, we issued RMB50.0 billion of TLAC non-capital bonds in the National Interbank Bond Market.

In August and September 2024, we redeemed RMB85.0 billion and RMB35.0 billion of write-down undated Additional Tier 1 capital bonds, respectively.

In March and April 2024, we redeemed RMB50.0 billion and RMB40.0 billion of Tier 2 capital bonds, respectively.

Management of Economic Capital

During the reporting period, we improved long-term mechanism for capital management, strengthened total capital constraint, optimized asset structure, improved the level of refined management, and reasonably controlled the growth of risk-weighted assets. We gave full play to the guiding and leveraging role of capital in business development and structural adjustment, optimized the whole-process management and control mechanism for the allocation, monitoring and appraisal of economic capital, highlighted the transmission of operational strategic objectives, and increased support for key areas, such as agriculture, rural areas and rural residents and County Areas, rural revitalization, inclusive finance, poverty alleviation, rural industries, key areas of food, major projects, private enterprises, green credit, manufacturing and other aspects, to improve the support capability of capital management for the Bank's high-quality services for the real economy.

Capital Adequacy Ratio and Leverage Ratio

The table below presents the Group's capital adequacy ratio calculated in accordance with the *Rules on Capital Management of Commercial Banks*.

In millions of RMB, except for percentages

Item	31 December 2024
CET 1 capital, net	2,582,305
Tier 1 capital, net	3,081,864
Net capital	4,112,653
Risk-weighted assets	22,603,866
Credit risk-weighted assets	20,958,637
Market risk-weighted assets	157,465
Operational risk-weighted assets	1,487,764
CET 1 capital adequacy ratio	11.42%
Tier 1 capital adequacy ratio	13.63%
Capital adequacy ratio	18.19%

The table below presents the Group's leverage ratio calculated in accordance with the *Rules on Capital Management of Commercial Banks*.

In millions of RMB, except for percentages

Item	31 December 2024
Tier 1 capital, net	3,081,864
Adjusted on-and off-balance sheet assets	45,291,360
Leverage ratio	6.80%

For details of our capital adequacy ratio and leverage ratio, please refer to the *2024 Pillar 3 Report* published on the website of the Bank (www.abchina.com.cn, www.abchina.com).

Sustainability Information

The Bank placed great emphasis on sustainable development, actively implemented global development initiative and sustainable development undertaking, advanced sustainable development from the top down through governance, strategies, and management, and continuously improved the governance mechanisms and management systems for sustainable development. We identified sustainability risks and opportunities, actively and steadily promoted peak carbon emissions and carbon neutrality goals, served a wide range of stakeholders, and provided steady, sustainable and high-quality financial services for economic and social development.

We improved governance efficiency of sustainable development. We continuously improved the top-down structure of sustainable development governance. We set up a Sustainable Development Working Group under the Strategic Planning and Sustainable Development Committee of the Board of Directors with senior management and their specialized committees responsible for managing important sustainability issues. In addition, we selected ESG experts and female directors, provided sustainable development-related trainings, and optimized performance of duties and decision-making effectiveness of those charged with governance. Also, we holistically promoted and comprehensively deepened our sustainability management system, and defined overall objectives and implementation paths. According to the road map for building a nationally unified sustainability disclosure system, we disclosed our sustainability information with Chinese characteristics. As a result, we became the first Chinese financial institution awarded the title of "ESG Model Demonstration Base" by the China Media Group and China Enterprise Reform and Development Society.

We dedicated to the green finance as one of the Five Priorities and improved our climate resilience. Following the principle of "establishing the new before abolishing the old", we enriched our green financial instruments to support low-carbon transformation of traditional industries, promoted our own dual-carbon goals in an orderly manner, served the Beautiful China initiative, and participated in global governance on climate change. Taking green credit as the main service, we continuously improved our multi-level and integrated green investment and financing system. As at the end of 2024, the balance of our green credit business stood at RMB4.97 trillion, equivalent to a carbon dioxide emission reduction of 148.33 million tons. In 2024, the Group's carbon emission totaled 2.14 million tons and the per capita carbon emission was 4.6 tons, both down from the previous year. We built a total of 2,681 green outlets and actively created diversified "carbon-neutral" outlets. For ESG risks, we achieved full coverage, category-based management, and whole-process control. Besides, we improved transition risk management for high-carbon industries, and undertook climate risk stress testing for the 10 carbon-intensive industries, such as power and steel.

We attached importance to stakeholder demands and continuously improved the inclusiveness and accessibility of financial services. The Bank is the only financial institution in China that covers all administrative counties. We provided all-round and intensive online services, with the number of monthly active users of mobile banking exceeding 0.25 billion. We built the "ABC Elderly Care" service brand and completed the age-friendly renovation for all our outlets. Our customer experience and service efficiency were further improved, with the average waiting time at our outlets shortened by 20%. Moreover, we consolidated the foundation of our development by caring for employees and promoting the development of cadres and talents. We constructed more than 100,000 "Home of Employees" facilities, such as small canteens and small shower rooms, selected over 3,000 young professionals as candidates for cadres. The employee questionnaire survey showed an increase of 4 percentage points in overall satisfaction. We protected the rights and interests of our shareholders and shared the benefits of growth with our investors. We maintained steady cash dividends at a high ratio, and granted our H-share shareholders the option to receive their dividend in RMB, thus enhancing the sense of gain and convenience on our investors. We continued to build the brand "ABC Charity". The "ABC Considerate Warm Space" trade union service stations were established at 22 thousand outlets. Throughout the year, 63 thousand young volunteers provided as long as 132 thousand hours of volunteer services, pooling the power of financial benevolence to convey our warmth to the society.

For details of the Bank's sustainable development, please refer to the *2024 Sustainability Report* published separately.

Corporate Governance Report

Shareholding Structure

Particulars of Ordinary Shares

Details of Changes in Share Capital

Unit: Share

	31 December 2023 Number of Shares	31 December 2023 Percentage[4] (%)	Increase/ decrease during the reporting period (+, –)	31 December 2024 Number of Shares	31 December 2024 Percentage[4] (%)
I. Shares subject to restrictions on sales[2]	–	–	–	–	–
II. Shares not subject to restrictions on sales	**349,983,033,873**	**100.00**	**–**	**349,983,033,873**	**100.00**
1. RMB-denominated ordinary shares	319,244,210,777	91.22	–	319,244,210,777	91.22
2. Foreign-invested shares listed overseas[3]	30,738,823,096	8.78	–	30,738,823,096	8.78
III. Total number of shares	**349,983,033,873**	**100.00**	**–**	**349,983,033,873**	**100.00**

Notes:

1. *Information in the table above was based on the share registration recorded in Shanghai Branch of China Securities Depository and Clearing Corporation Limited and Computershare Hong Kong Investor Services Limited.*
2. *"Shares held subject to restrictions on sales" refers to the shares held by shareholders which are subject to restrictions on sales in accordance with laws, regulations, rules or commitments.*
3. *"Foreign-invested shares listed overseas" refer to the H shares as defined in the No. 5 Standards on the Content and Format of Information Disclosure of Companies with Public Offerings — Content and Format of the Report of Change in Shareholding (Revision 2022) of the CSRC.*
4. *Rounding errors may arise in the "Percentage" column of the table above as the figures are rounded to the nearest decimal number.*

Number of Holders of Ordinary Shares and Shareholdings

Total number of shareholders (31 December 2024)	**441,773**	(as set out in the registers of holders of A Shares and H Shares), including 421,966 holders of A Shares and 19,807 holders of H Shares.
Total number of shareholders (28 February 2025)	**472,873**	(as set out in the registers of holders of A Shares and H Shares), including 453,195 holders of A Shares and 19,678 holders of H Shares.

Particulars of shareholdings of the top 10 shareholders
(the information below is based on the registers of shareholders as of 31 December 2024)

Unit: Share

Name of shareholders	Nature of shareholders	Type of shares	Increase/ decrease during the reporting period (+, –)	Shareholding percentage (%)	Total number of shares held	Number of shares held subject to restrictions on sales	Number of shares pledged, marked or locked-up
Huijin	State-owned	A Shares	–	40.14	140,488,809,651	–	None
MOF	State-owned	A Shares	–	35.29	123,515,185,240	–	None
HKSCC Nominees Limited	Overseas legal entity	H Shares	+17,332,070	8.73	30,549,719,413	–	Unknown
SSF	State-owned	A Shares	–	6.72	23,520,968,297	–	None
Hong Kong Securities Clearing Company Limited	Overseas legal entity	A Shares	+629,585,025	0.96	3,363,491,025	–	None
China National Tobacco Corporation	State-owned legal entity	A Shares	–	0.72	2,518,891,687	–	None
China Securities Finance Corporation Limited	State-owned legal entity	A Shares	–	0.53	1,842,751,177	–	None
Shanghai Haiyan Investment Management Company Limited	State-owned legal entity	A Shares	–	0.36	1,259,445,843	–	None
Central Huijin Asset Management Ltd.	State-owned legal entity	A Shares	–	0.36	1,255,434,700	–	None
Zhongwei Capital Holding Company Limited	State-owned legal entity	A Shares	–	0.22	755,667,506	–	None

Notes:

1. *The shareholdings of holders of H Shares are based on the number of shares as set out in the register of members of the Bank maintained by its H Share registrar. The total number of shares held by HKSCC Nominees Limited represents the number of H Shares in aggregate held by it as a nominee on behalf of all institutional and individual investors registered with it as of 31 December 2024.*
2. *The number of shares held by Hong Kong Securities Clearing Company Limited represents the A Shares (northbound shares of Shanghai-Hong Kong Stock Connect) held by it as a nominee designated by and on behalf of investors from Hong Kong SAR and overseas.*
3. *Among the shareholders listed above, Central Huijin Asset Management Ltd. is a wholly-owned subsidiary of Huijin, HKSCC Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited, and China National Tobacco Corporation is the de facto controller of Shanghai Haiyan Investment Management Company Limited and Zhongwei Capital Holding Company Limited. Save as mentioned above, the Bank is not aware of any connections between the shareholders above, or whether they are parties acting in concert. The number of shares held by Huijin and Central Huijin Asset Management Ltd. amounted to 141,744,244,351 in aggregate, accounting for 40.50% of the total share capital of the Bank. The number of shares held by China National Tobacco Corporation, Shanghai Haiyan Investment Management Company Limited and Zhongwei Capital Holding Company Limited amounted to 4,534,005,036 in aggregate, accounting for 1.30% of the total share capital of the Bank.*

4. *Pursuant to the Notice on the Full Implementation of Transferring Part of State-owned Capital to Replenish Social Security Funds (Cai Zi [2019] No. 49) jointly issued by the MOF, Ministry of Human Resources and Social Security, State-owned Assets Supervision and Administration Commission of the State Council, State Taxation Administration, and the CSRC, the MOF transferred 13,723,909,471 shares to the state-owned capital transfer account of the SSF on a one-off basis. In compliance with the Notice of the State Council on Printing and Distributing the Implementation Plan of Transferring Part of State-owned Capital to Replenish Social Security Funds (Guo Fa [2017] No. 49), the SSF shall be obligated to observe a lock-up period not less than three years from the date on which the shares are credited to the account.*
5. *Huijin increased its shareholding in the Bank by 37,272,200 A Shares via the trading system of the Shanghai Stock Exchange on 11 October 2023. Huijin intends to continue to increase its shareholding in the Bank under its own name by acquiring shares on the secondary market within the next 6 months commencing from the date of the acquisition. As at 10 April 2024, Huijin has cumulatively increased its shareholding of 401,363,300 A Shares of the Bank since the date of the acquisition, accounting for approximately 0.11% of the Bank's total share capital. For details, please refer to the relevant announcements published on the websites of the Shanghai Stock Exchange (www.sse.com.cn) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk).*
6. *Among the above shareholders, save as the transfer of voting rights of 9,797,058,826 A Shares held by the SSF to the MOF according to the share subscription agreement dated 21 April 2010 and the Approval on the Proposed Transfer of State-owned Shares of the Agricultural Bank of China issued by the MOF on 5 May 2010, the Bank is not aware of the existence of the consigned, accepted consignment of, or waived voting rights by other shareholders.*
7. *None of the top 10 shareholders were engaged in the business of margin trading and securities lending or refinancing, among which HKSCC Nominees Limited held the H Shares as a nominee and it was not engaged in the business of margin trading and securities lending or refinancing.*
8. *The Bank had no shares subject to restrictions on sales. The top 10 shareholders are the same as the previous period.*

Particulars of Substantial Shareholders

During the reporting period, the Bank's substantial shareholders and controlling shareholders remained unchanged. The Bank had no *de facto* controller.

Except for MOF, Huijin and SSF, there was no other legal entity shareholder (excluding HKSCC Nominees Limited) who held a shareholding of 5% or above in the Bank as of 31 December 2024.

MOF

The MOF, established in October 1949, is a ministry under the State Council and is empowered to be responsible for macro-economic control and regulation of state finance and taxation policies.

As of 31 December 2024, the MOF held 123,515,185,240 shares of the Bank, representing 35.29% of the total share capital of the Bank.

Huijin

Huijin was established on 16 December 2003 as a wholly state-owned company through state investment in accordance with the *Company Law of the PRC* with a registered capital of RMB828,209 million. The registered address of Huijin is New Poly Plaza, 1 Chaoyangmen Beidajie, Dongcheng District, Beijing. The unified social credit code of Huijin is 911000007109329615 and its legal representative is Mr. ZHANG Qingsong. The State Council has authorized Huijin to make equity investments in major state-owned financial institutions. Huijin can exercise rights and shall assume obligations on major state-owned financial institutions as an investor on behalf of the state to the extent of its capital contribution. Huijin does not engage in other commercial activities nor intervene in the normal operations of major state-owned financial institutions which are controlled by Huijin.

As of 31 December 2024, Huijin held 140,488,809,651 shares of the Bank, representing 40.14% of the total share capital of the Bank.

Huijin issued a non-competition commitment, please see "Significant Events — Commitments" for more details.

As of 31 December 2024, the direct shareholdings of Huijin in its investees were as follows:

No.	Name of Institutions	Shareholding of Huijin
1	China Development Bank	34.68%
2	Industrial and Commercial Bank of China Limited ★☆	34.79%
3	Agricultural Bank of China Limited ★☆	40.14%
4	Bank of China Limited ★☆	64.13%
5	China Construction Bank Corporation ★☆	57.14%
6	China Everbright Group Ltd.	63.16%
7	China Export & Credit Insurance Corporation	73.63%
8	China Reinsurance (Group) Corporation ☆	71.56%
9	China Jianyin Investment Limited	100.00%
10	China Galaxy Financial Holding Co., Ltd.	69.07%
11	Shenwan Hongyuan Group Co., Ltd. ★☆	20.05%
12	New China Life Insurance Company Ltd. ★☆	31.34%
13	China International Capital Corporation Limited ★☆	40.11%
14	Zhong Hui Life Insurance Co., Ltd.	80.00%
15	Evergrowing Bank Co., Limited	40.46%
16	Bank of Hunan Corporation Limited	20.00%
17	China Securities Co., Ltd. ★☆	30.76%
18	China Galaxy Asset Management Co., Ltd.	13.30%
19	Guotai Junan Investment Management Co., Ltd.	14.54%

Notes 1: ★ represents A share listed company; ☆ represents H share listed company.

2: Apart from the above investees, Central Huijin Asset Management Ltd. is a wholly-owned subsidiary of Huijin.

SSF

The SSF, a public institution managed by the MOF, was founded in August 2000. Its registered address is South Tower, Fortune Time Plaza, No. 11 Fenghui Garden, Xicheng District, Beijing and its legal representative is LIU Kun. With the approval of the State Council and in accordance with the requirements by the MOF and the Ministry of Human Resources and Social Security, the SSF is entrusted to manage the following funds: the national social security fund, the central subsidy funds for individual accounts, part of the basic endowment insurance funds for enterprise employees, the basic endowment insurance fund and part of the transferred state-owned capital.

As of 31 December 2024, the SSF held 23,520,968,297 shares of the Bank, representing 6.72% of the total share capital of the Bank.

Interests and Short Positions Held by Substantial Shareholders and Other Persons[1] *Unit: Share*

Name	Capacity	Interests and short positions	Nature	Percentage of issued class shares (%)	Percentage of total issued shares (%)
Huijin	Beneficial owner	140,488,809,651 (A Shares)	Long position	44.01	40.14
	Interest of controlled entity	1,255,434,700 (A Shares)	Long position	0.39	0.36
MOF	Beneficial owner/nominee[2]	133,312,244,066 (A Shares)[3]	Long position	41.76	38.09
SSF	Beneficial owner	23,520,968,297 (A Shares)	Long position	7.37	6.72
Qatar Investment Authority	Interest of controlled entity	2,448,859,255 (H Shares)[4]	Long position	7.97	0.70
Qatar Holding LLC	Beneficial owner	2,408,696,255 (H Shares)[4]	Long position	7.84	0.69
BlackRock, Inc.	Interest of controlled entity	1,823,153,108 (H Shares)[5]	Long position	5.93	0.52
		37,050,000 (H Shares)	Short position	0.12	0.01

Notes:

1. *As of 31 December 2024, the Bank received notifications from the above persons regarding their interests or short positions in the shares and underlying shares of the Bank. Such interests or short positions were recorded in the register required to be kept pursuant to Section 336 of the Securities and Futures Ordinance of Hong Kong.*
2. *9,797,058,826 A Shares are held by the SSF, but the voting rights of these shares were transferred to the MOF according to the share subscription agreement dated 21 April 2010 and the Approval on the Proposed Transfer of State-owned Shares of the Agricultural Bank of China issued by the MOF on 5 May 2010.*
3. *According to the register of members of the Bank as of 31 December 2024, the MOF held 123,515,185,240 A Shares of the Bank, representing 38.69% of the issued A Shares and 35.29% of the total issued shares of the Bank.*
4. *Qatar Investment Authority is deemed to be interested in 2,448,859,255 H Shares in aggregate, held by Qatar Holding LLC and QSMA1 LLC, both of which are wholly-owned subsidiaries of Qatar Investment Authority.*
5. *BlackRock, Inc. is deemed to be interested in 1,823,153,108 H Shares in aggregate, directly or indirectly held by BlackRock Investment Management, LLC and BlackRock Financial Management, Inc., both of which are wholly-owned subsidiaries of BlackRock, Inc.*

The Dividends Distribution Policy and Implementation of the Cash Dividend Policy

We make profit distribution with a focus on providing reasonable return on investments by the investors, and maintaining continuity and consistency of the profit distribution policy, as well as having interests of all shareholders as a whole and our sustainable development. We may make dividends distribution in cash or shares or by a combination of both. Our profit distribution prioritizes cash dividend distribution. We may also make interim profit distribution when we meet the conditions to do so.

The formulation and implementation of our cash dividend policy comply with our Articles of Association and the resolutions of the shareholders' general meetings. The relevant decision-making procedure and mechanism are complete, and the distribution standards and proportion are clearly stated. Independent Directors have diligently fulfilled their duties, made their due efforts and expressed their opinions. The minority shareholders have opportunities to fully express their opinions and demands, and their legitimate rights and interests have been adequately protected.

Profits and Dividends Distribution

Our profit for the year ended 31 December 2024 is set out in "Discussion and Analysis — Financial Statement Analysis".

Upon approval at the 2023 Annual General Meeting, we distributed cash dividend of RMB0.2309 (tax inclusive) per ordinary share, with a total amount of RMB80,811 million (tax inclusive), to shareholders of ordinary shares on our registers of members after close of the market on 6 June 2024. Upon approval at the 2024 Third Extraordinary General Meeting, we distributed 2024 interim cash dividend of RMB0.1164 (tax inclusive) per ordinary share, with a total amount of RMB40,738 million (tax inclusive), to shareholders of ordinary shares on our registers of members after close of the market on 7 January 2025.

The Board of Directors proposed distribution of final dividends of RMB1.255 (tax inclusive) for each ten shares of 349,983,033,873 ordinary shares for 2024 with a total amount of approximately RMB43,923 million (tax inclusive). The 2024 final cash dividends distribution of the Bank will provide holders of H Shares with RMB dividends currency option, the holders of H Shares will be given the option to elect to receive final dividends for H Shares entirely in RMB or HKD (partial election of currency option is only applicable to HKSCC Nominees Limited). The currency exchange rate between Renminbi and Hong Kong Dollars shall be the central parity of the RMB against HKD as announced by the PBOC on the date of the annual general meeting of the Bank.

The distribution plan will be submitted for approval at the 2024 Annual General Meeting. Once approved, the above-mentioned dividends will be paid to the holders of A Shares and H Shares, whose names appear on our registers of members on 16 July 2025. The register of transfers of H Shares will be closed from 11 July 2025 to 16 July 2025 (both days inclusive). In order to qualify for the proposed distribution of cash dividends, holders of H Shares are required to deposit the transfer documents together with the relevant share certificates at our H Share registrar, Computershare Hong Kong Investor Services Limited located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong at or before 4:30 p.m. on 10 July 2025. Dividends of A Shares are expected to be paid on 17 July 2025 and dividends of H Shares are expected to be paid on 27 August 2025. A separate announcement will be published if there is any change to the aforesaid dates.

The table below sets out our cash dividend payment for the preceding three years.

In millions of RMB, except for percentages

	2024	2023	2022
Cash dividend (tax inclusive)	84,661	80,811	77,766
Cash dividend payment ratio[1] (%)	30.0	30.0	30.0

Note: 1. Representing cash dividend (tax inclusive) divided by the net profit attributable to equity holders of the Bank for the reporting period.

Pursuant to the *Notice of the State Taxation Administration on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045* (Guo Shui Han [2011] No. 348), the resident individuals outside the mainland who hold shares issued in Hong Kong SAR by domestic non-foreign invested enterprises enjoy relevant preferential tax rate in accordance with the tax treaties between PRC and the country where the residents reside and the tax arrangements between the Chinese mainland and Hong Kong (Macao). Individual shareholders will be generally subject to a withholding individual income tax at the rate of 10% when domestic non-foreign invested enterprises which issue shares in Hong Kong distribute dividends to their shareholders, unless otherwise required by the regulations of relevant tax laws and tax treaties.

Pursuant to the *Notice on the Issues Concerning Withholding the Enterprises Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Who Are Overseas Non-resident Enterprises* (Guo Shui Han [2008] No. 897) of the State Taxation Administration, the Bank is obliged to withhold and pay enterprise income tax at the rate of 10% from dividends paid or payable for H Shares when distributing dividends to overseas non-resident enterprise shareholders of H Shares.

No tax is payable in Hong Kong in respect of dividends paid by us according to the current practice of the Hong Kong Inland Revenue Department.

Shareholders are recommended to consult their tax advisers regarding the tax implication in Chinese mainland, Hong Kong SAR and other tax implications arising from their holding and disposal of H Shares of the Bank.

Particulars of Preference Shares

Issuance and Listing of Preference Shares

Code	Abbreviation	Issuance date	Issuance price (in RMB)	Coupon rate	Number of preference shares issued	Listing date	Number of preference shares approved to be listed	Transfer deadline	Proceeds raised (in RMB)	Use of proceeds
360001	農行優1	2014/10/31	100 per share	4.12%	400 million shares	2014/11/28	400 million shares	None	40.0 billion	Replenish the additional Tier 1 capital
360009	農行優2	2015/3/6	100 per share	3.77%	400 million shares	2015/3/27	400 million shares	None	40.0 billion	Replenish the additional Tier 1 capital

Notes: 1. *For the terms and relevant details of the issuance of the preference shares above, please refer to the announcements published by the Bank on the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Bank.*

2. *The coupon rate of "農行優1" in the third dividend period is 4.12% since 5 November 2024; the coupon rate of "農行優2" in the third dividend period is 3.77% since 11 March 2025.*

Number of Holders of Preference Shares of "農行優1" (360001) and Shareholdings

As of the end of the reporting period, the Bank had a total of 41 holders[1] of preference shares "農行優1".

As of 28 February 2025 (being the last day of the month preceding the month in which the Bank's A Share annual report is published), the Bank had a total of 41 holders of preference shares "農行優1".

[1] *The number of the holders of preference shares was calculated by the number of qualified investors that hold the preference shares. When calculating the number of qualified investors, an asset management institution that subscribes or purchases the preference shares through two or more products under its control will be counted as one.*

Particulars of shareholding of the top 10 holders of preference shares of "農行優1" (360001) *Unit: Share*

Name of shareholders[1]	Nature of shareholders[2]	Type of shares	Increase/ Decrease during the reporting period[3] (+, –)	Number of shares held	Shareholding percentage[4] (%)	Number of shares pledged, marked or locked-up
China Merchants Fund Management Co., Ltd.	Others	Domestic preference shares	–	49,000,000	12.25	None
Sun Life Everbright Asset Management Co., Ltd.	Others	Domestic preference shares	-2,582,000	41,913,000	10.48	None
Bank of Communications Schroder Fund Management Co., Ltd	Others	Domestic preference shares	-2,500,000	34,100,000	8.53	None
PICC Life Insurance Company Limited	Others	Domestic preference shares	–	30,000,000	7.50	None
Ping An Life Insurance Company of China, Ltd.	Others	Domestic preference shares	–	30,000,000	7.50	None
New China Life Insurance Company Ltd.	Others	Domestic preference shares	–	25,000,000	6.25	None
CITIC-Prudential Life Insurance Company Limited	Others	Domestic preference shares	-7,320,000	22,440,000	5.61	None
Shanghai Everbright Securities Asset Management Co., Ltd.	Others	Domestic preference shares	+2,100,000	22,100,000	5.53	None
Shanghai International Trust Corp., Ltd.	Others	Domestic preference shares	+12,950,000	12,950,000	3.24	None
SDIC Taikang Trust Co., Ltd.	Others	Domestic preference shares	–	12,000,000	3.00	None

Notes:

1. *Huijin is the controlling shareholder of New China Life Insurance Company Ltd. Save as mentioned above, the Bank is not aware of any other connections between the above holders of preference shares, and between the above holders of preference shares and the top 10 holders of ordinary shares, or whether they are parties acting in concert.*
2. *According to the No. 2 Standards on the Content and Format of Information Disclosure of Companies with Public Offerings — Content and Format of the Annual Report (Revision 2021), "Particulars of holders of preference shares should indicate the entities which hold shares on behalf of the states and foreign holders". Except for the entities which hold shares on behalf of the states and foreign holders, the nature of other holders of preference shares is categorized as "others".*
3. *"Increase/decrease during the reporting period" refers to the change of shareholding due to secondary market transactions.*
4. *"Shareholding percentage" refers to the percentage of "農行優1" held by the holders of preference shares to the total number of "農行優1" (i.e. 400 million shares).*
5. *The preference shares "農行優1" of the Bank are shares not subject to restrictions on sale, and the top 10 holders of preference shares "農行優1" who are not subject to restrictions on sales are the same as the top 10 holders of preference shares.*

Number of Holders of Preference Shares of "農行優2" (360009) and Shareholdings

As of the end of the reporting period, the Bank had a total of 40 holders of preference shares "農行優2".

As of 28 February 2025 (being the last day of the month preceding the month in which the Bank's A Share annual report is published), the Bank had a total of 41 holders of preference shares "農行優2".

Particulars of shareholding of the top 10 holders of preference shares of "農行優2" (360009)

Unit: Share

Name of shareholders[1]	Nature of shareholders[2]	Type of shares	Increase/ Decrease during the reporting period[3] (+, –)	Number of shares held	Shareholding percentage[4] (%)	Number of shares pledged, marked or locked-up
China National Tobacco Corporation	Others	Domestic preference shares	–	50,000,000	12.50	None
China Life Insurance Company Limited	Others	Domestic preference shares	–	50,000,000	12.50	None
New China Life Insurance Company Ltd.	Others	Domestic preference shares	–	29,000,000	7.25	None
China Mobile Communications Group Co., Ltd.	Others	Domestic preference shares	–	20,000,000	5.00	None
China National Tobacco Corporation Yunnan Province Company	Others	Domestic preference shares	–	20,000,000	5.00	None
China National Tobacco Corporation Jiangsu Province Company (Jiangsu Tobacco Company)	Others	Domestic preference shares	–	20,000,000	5.00	None
Sun Life Everbright Asset Management Co., Ltd.	Others	Domestic preference shares	+1,039,000	19,845,000	4.96	None
Bank of China Limited, Shanghai Branch	Others	Domestic preference shares	-870,000	19,130,000	4.78	None
Shanghai Tobacco Group Co., Ltd.	Others	Domestic preference shares	–	15,700,000	3.93	None
Ping An Property & Casualty Insurance Company of China, Ltd.	Others	Domestic preference shares	–	15,000,000	3.75	None

Notes:

1. *Huijin is the controlling shareholder of New China Life Insurance Company Ltd., China National Tobacco Corporation Yunnan Province Company, China National Tobacco Corporation Jiangsu Province Company (Jiangsu Tobacco Company) and Shanghai Tobacco Group Co., Ltd. are the wholly-owned subsidiaries of China National Tobacco Corporation. China National Tobacco Corporation is the de facto controller of Shanghai Haiyan Investment Management Company Limited and Zhongwei Capital Holding Company Limited. Ping An Property & Casualty Insurance Company of China, Ltd. and Ping An Life Insurance Company of China, Ltd. are both controlled by Ping An Insurance (Group) Company of China. Save as mentioned above, the Bank is not aware of any connections between the above holders of preference shares, and between the above holders of preference shares and the top 10 shareholders of ordinary shares, or whether they are parties acting in concert.*
2. *According to the No. 2 Standards on the Content and Format of Information Disclosure of Companies with Public Offerings — Content and Format of the Annual Report (Revision 2021), "Particulars of holders of preference shares should indicate the entities which hold shares on behalf of the states and foreign holders". Except for the entities which hold shares on behalf of the states and foreign holders, the nature of other holders of preference shares is categorized as "others".*
3. *"Increase/decrease during the reporting period" refers to the change of shareholding due to secondary market transactions.*
4. *"Shareholding percentage" refers to the percentage of "農行優2" held by the holders of preference shares to the total number of "農行優2" (i.e. 400 million shares).*
5. *The preference shares "農行優2" of the Bank are shares not subject to restrictions on sale, and the top 10 holders of preference shares "農行優2" who are not subject to restrictions on sales are the same as the top 10 holders of preference shares.*

Dividends Distribution of Preference Shares

Dividends of our preference shares are paid in cash annually. When we resolve to cancel part or all of the dividends to holders of preference shares, such undistributed dividends of current period shall not be accumulated to subsequent dividend periods. The holders of our preference shares, upon receiving dividends at the agreed rate, shall not participate in the distribution of the remaining profit with holders of ordinary shares.

Stock abbreviation	Distribution date	Registration date	Distribution method	Coupon rate	Dividend per share (tax inclusive)	Total dividend (tax inclusive)
農行優2 (360009)	11 March 2024	8 March 2024	Cash dividend	4.84%	RMB4.84	RMB1.936 billion
農行優1 (360001)	5 November 2024	4 November 2024	Cash dividend	5.32%	RMB5.32	RMB2.128 billion
農行優2 (360009)	11 March 2025	10 March 2025	Cash dividend	4.84%	RMB4.84	RMB1.936 billion

For details of the distribution of dividends above, please refer to the announcements published by the Bank on the websites of the Shanghai Stock Exchange and the Bank.

Redemption or Conversion of Preference Shares

During the reporting period, there was no redemption or conversion of the preference shares issued by the Bank.

Restoration of Voting Rights of Preference Shares

During the reporting period, there was no restoration of voting rights of the preference shares issued by the Bank.

Accounting Policies of Preference Shares

In accordance with the *Accounting Standards for Enterprises No. 22 – Recognition and Measurement of Financial Instruments*, the *Accounting Standards for Enterprises No. 37 – Presentation of Financial Instruments* issued by the MOF, as well as the *International Financial Reporting Standard 9 – Financial Instruments* and the *International Accounting Standard 32 – Financial Instruments: Presentation* issued by the International Accounting Standards Board, we are of the view that the terms of preference shares "農行優1" and "農行優2" can be accounted for as equity instruments.

Details of Issuance and Listing of Securities

Issuance of Securities

For issuance of other securities of the Bank during the reporting period, please refer to "Note IV. 30 Debt securities issued to the Consolidated Financial Statements" for details.

Employee Shares

The Bank had no employee shares.

Shareholders' Rights

Convening of Extraordinary General Meetings

We protect shareholders' rights strictly in compliance with the regulatory requirements and related corporate governance systems. Shareholders who individually or jointly hold more than 10% of the total voting shares of the Bank (the "Requesting Shareholders") have the right to propose to the Board of Directors to convene an extraordinary general meeting, and shall submit proposals to the Board of Directors in writing. If the Board of Directors refuses to convene an extraordinary general meeting or fails to give its responses within 10 days upon receipt of the proposal, the Requesting Shareholders may request the Board of Supervisors to convene an extraordinary general meeting and propose to the Board of Supervisors in writing. If the Board of Supervisors fails to give the notice of such extraordinary general meeting within the prescribed period, which shall be deemed to have failed to convene and preside over such meeting, shareholders who individually or jointly hold 10% or more of the total voting shares of the Bank for not less than 90 consecutive days shall be entitled to convene and preside over an extraordinary general meeting by themselves.

Enquiries

Shareholders have the right of enquiry and the right to obtain the relevant information pursuant to the Articles of Association. Shareholders may consult copies of minutes of the shareholders' general meetings free of charge during the business hours of the Bank. If any shareholder requests to obtain from the Bank a copy of the relevant minutes of the shareholders' general meetings, the Bank shall send such copy within seven days after the receipt of the reasonable fees. Shareholders who request to consult or obtain the relevant information shall provide us with written documents evidencing the class and number of shares held by them, and we shall provide such information so requested upon verification of such shareholders' identities. The Office of the Board of Directors is responsible for aiding the Board of Directors in its daily affairs. If shareholders have any enquiries, please contact the Office of the Board of Directors.

Proposals to the Shareholders' General Meetings

Shareholders who have the right to submit proposals shall submit provisional proposals to the Board of Directors in writing 10 days prior to the date of shareholders' general meetings when we convene shareholders' general meetings. The Office of the Board of Directors is responsible for organizing shareholders' general meetings, preparing documents, taking minutes of the meetings, and so on.

Special Regulations of Holders of Preference Shares

The holders of preference shares are entitled to voting rights in the event of the circumstances outlined below happening to the Bank: (1) any amendments to the provisions regarding preference shares in the Articles of Association; (2) any decrease or series of decreases representing in aggregate more than 10% of the registered capital of the Bank; (3) any merger, division, dissolution or change in corporate form of the Bank; (4) any issuance of preference shares by the Bank; (5) any other circumstances specified by laws, administrative regulations or the Articles of Association of the Bank.

In the event of any of the foregoing circumstances, holders of preference shares shall have the right to attend shareholders' general meetings and the Bank shall arrange online voting. The notice of such meetings shall be delivered to holders of preference shares following notice procedures for holders of ordinary shares set forth in the Articles of Association.

When the Bank fails to pay dividends on preference shares for accumulated three financial years or for two consecutive financial years, holders of preference shares shall have the right to attend the shareholders' general meetings and vote with holders of ordinary shares jointly, starting from the day following the date on which the shareholders' general meeting resolves to not distribute dividends on preference shares as agreed in profit distribution plan in the current year and until the dividends that shall be paid by the Bank when voting rights are restored as determined at the issuance of such preference shares are paid in full.

Protection of Minority Shareholders' Interests

The Implementation of One-share-one-vote

The Bank strictly implemented the one-share-one-vote among shareholders. The shares of the Bank shall be issued following the principles of fairness and justice, and each share in the same class has the same rights. For the same class of shares issued at the same time, each share shall be issued on the same conditions and at the same price. All entities or individuals subscribing for the shares shall pay the same price for each share. A shareholder shall enjoy rights and assume obligations according to *Company Law of People's Republic of China* and other laws and regulations, regulatory requirements and the Articles of Association, as well as the class and number of shares held. Shareholders who hold shares of the same class shall have the same rights, including (1) to receive dividends and other forms of distribution of interests based on the number of shares held by them; (2) to attend or appoint a proxy to attend the shareholders' general meetings, and to exercise voting rights based on the number of shares held by them, etc.

Communication Channel

Shareholders' general meetings of the Bank are held in the form of on-site meetings. Minority shareholders have the right to attend or appoint a proxy to attend the shareholders' general meetings of the Bank, and to exercise voting rights based on the number of shares held by them by way of on-site voting or online voting.

According to the requirements of the Articles of Association, minority shareholders have the right to obtain relevant information of the Bank, including: status of the share capital of the Bank, minutes of the shareholders' general meetings; the published financial and accounting reports, interim reports and annual reports of the Bank, etc.

Pursuant to the Articles of Association of the Bank, when the shareholders' general meeting considers material issues affecting the interests of minority investors, votes of minority investors shall be counted separately. The results of the separate vote count shall be publicly disclosed in a timely manner.

During the reporting period, when the shareholders' general meeting of the Bank considered material issues such as the election of Directors, the profit distribution plan for 2023, the interim profit distribution plan for 2024, the 2023 remuneration of the Directors, and the 2023 remuneration of the senior management members, the votes of A Share shareholders holding less than 5% of the Bank's voting shares were counted separately and the results of the count were publicly disclosed in a timely manner.

For the Bank's information disclosure and investor relations management, please refer to "Corporate Governance Report — Communication with Stakeholders — Communication with Shareholders".

Returns to Shareholders

For details of dividends distribution on ordinary shares, please refer to "Corporate Governance Report — Shareholding Structure — Particulars of Ordinary Shares". For details of dividends distribution on preference shares, please refer to "Corporate Governance Report — Shareholding Structure — Particulars of Preference Shares".

Role of Independent Directors

Article 153 of the Articles of Association provides that Independent Directors shall provide objective, fair and independent opinions on the matters, such as material related party transactions, profit distribution plans and modification of profit distribution policy, nomination and appointment and removal of directors, appointment and removal of senior management members, remuneration of directors and senior management, and appointment of external auditors.

In 2024, Independent Directors of the Bank provided objective, fair and independent opinions on the proposals including the profit distribution plan for 2023, the interim profit distribution plan for 2024, the 2023 remuneration of the Directors, the 2023 remuneration of the senior management members and nomination of candidates for Directors. Independent Directors of the Bank were of the view that the content of these proposals and the consideration procedures were in compliance with the requirements of the relevant laws, regulations and the Articles of Association, and there was no circumstance that would damage the legitimate rights and interests of the Bank and its shareholders.

Directors, Supervisors and Senior Management

Basic Information

Name	Position	Gender	Year of Birth	Tenure
Incumbent Directors				
GU Shu	Chairman of the Board of Directors, Executive Director	Male	1967	2021.01-2027.01
WANG Zhiheng	Vice Chairman of the Board of Directors, Executive Director, President	Male	1973	2024.09-2027.09
LIN Li	Executive Director, Executive Vice President	Male	1968	2021.06-2027.09
ZHOU Ji	Non-executive Director	Female	1972	2021.03-2027.01
LI Wei	Non-executive Director	Male	1966	2019.05-2025.06
LIU Xiaopeng	Non-executive Director	Male	1975	2022.01-2027.11
XIAO Xiang	Non-executive Director	Male	1966	2022.01-present
ZHANG Qi	Non-executive Director	Male	1972	2022.12-2025.12
LEUNG KO May Yee, Margaret	Independent Director	Female	1952	2019.07-2025.06
WU Liansheng	Independent Director	Male	1970	2021.11-2027.11
WANG Changyun	Independent Director	Male	1964	2022.12-2025.12
JU Jiandong	Independent Director	Male	1963	2024.09-2027.09
ZHUANG Yumin	Independent Director	Female	1962	2025.01-2028.01
Incumbent Supervisors				
DENG Lijuan	Supervisor Representing Shareholders	Female	1975	2022.06-2025.06
HUANG Tao	Supervisor Representing Employees	Male	1966	2021.07- present
WANG Xuejun	Supervisor Representing Employees	Male	1972	2022.05-2025.05
LIU Hongxia	External Supervisor	Female	1963	2018.11- present
XU Xianglin	External Supervisor	Male	1957	2021.11- present
WANG Xixin	External Supervisor	Male	1968	2021.11- present
Incumbent Senior Management				
WANG Zhiheng	Vice Chairman of the Board of Directors, Executive Director, President	Male	1973	2024.06-
LIN Li	Executive Director, Executive Vice President	Male	1968	2021.03-
LIU Hong	Executive Vice President	Male	1968	2023.08-
WANG Wenjin	Executive Vice President	Male	1972	2025.01-
MENG Fanjun	Executive Vice President	Male	1973	2025.02-
WU Gang	Chief Risk Officer	Male	1965	2023.06-
LIU Qing	Secretary to the Board of Directors	Female	1970	2024.04-
Former Directors, Supervisors and Senior Management				
ZHANG Xuguang	Former Executive Director, Executive Vice President	Male	1964	2020.10-2024.10
HUANG Zhenzhong	Former Independent Director	Male	1964	2017.09-2024.09
LIU Shouying	Former Independent Director	Male	1964	2019.07-2024.08
XU Han	Former Executive Vice President	Male	1965	2020.10-2025.01
LIU Jiawang	Former Executive Vice President	Male	1975	2022.11-2024.07

Notes:
1. *Mr. GU Shu has served as the Chairman of the Board of Directors of the Bank since February 2021. His term of office as a Director is set out in the table above.*
2. *The term of office of Mr. ZHANG Xuguang as a former Executive Director of the Bank is set out in the table above. His term of office as a former Executive Vice President of the Bank began in December 2019.*
3. *Please refer to "Changes in Directors, Supervisors and Senior Management" in this section for information relating to the changes in the Directors, Supervisors and Senior Management of the Bank.*

Biography of Directors, Supervisors and Senior Management

Biography of Directors

GU Shu　Chairman of the Board of Directors, Executive Director

Mr. GU Shu holds a doctor's degree in Economics from Shanghai University of Finance and Economics and is a senior accountant. He was appointed as an Executive Director of the Bank in January 2021 and has served as the Chairman of the Board of Directors and an Executive Director of the Bank since February 2021. Mr. GU previously served as the general manager of the Finance and Accounting Department, the secretary to the board of directors and concurrently general manager of the Corporate Strategy and Investor Relations Department, and president of Shandong Branch of Industrial and Commercial Bank of China Limited. Mr. GU was appointed as the executive vice president and the president of Industrial and Commercial Bank of China Limited in October 2013 and October 2016, respectively. Mr. GU was appointed as the vice chairman of the board, an executive director and the president of Industrial and Commercial Bank of China Limited in December 2016. He concurrently serves as the president of China Banking Association, the president of the National Association of Financial Market Institutional Investors, the vice president of the 8th Council of China Society for Finance and Banking and the chairman of the Asian Financial Cooperation Association.

WANG Zhiheng　Vice Chairman of the Board of Directors, Executive Director, President

Mr. WANG Zhiheng holds a master's degree in Economics from Nankai University. He has served as the President of the Bank since June 2024 and served as the Vice Chairman of the Board of Directors, Executive Director, President of the Bank since September 2024. He previously served as deputy general manager of the Human Resources Department, deputy president of Guangdong Branch, president of Qinghai Branch, general manager of the Human Resources Department of the Head Office and president of Beijing Branch of Bank of China Limited. He was appointed as the executive vice president of Bank of China Limited in August 2021 and was appointed as an executive director of China Everbright Group Ltd. in February 2023. He concurrently served as an executive director of China Everbright Group Ltd. and an executive director and the president of China Everbright Bank Company Limited since March 2023.

LIN Li　Executive Director, Executive Vice President

Mr. LIN Li holds a doctor's degree in Economics and is a senior economist. He was appointed as an Executive Vice President of the Bank in March 2021 and concurrently served as the director of Shanghai Management Department of the Bank. He has served as an Executive Director and an Executive Vice President of the Bank since June 2021. He successively worked at China Raw Materials Investment Corporation and China Development Bank. He previously served as a director and secretary to the board of directors, a deputy director and director of general office of China Everbright (Group) Corporation (concurrently serving as chief of the Reform and Development Steering Group Office of China Everbright (Group) Corporation, chief of the Office of Executive Directors of China Everbright Holdings Company Limited (in Hong Kong) and chairman of the board of supervisors of China Everbright Investment Management Co., Ltd.), and the executive vice president and senior executive vice president of China Everbright Bank. He was appointed as the vice president of Agricultural Development Bank of China in January 2014, and was appointed as an executive director and the vice president of Agricultural Development Bank of China (concurrently serving as the vice president of Research Association of Ideological and Political Work of China Financial Institutions) in February 2018. He concurrently serves as chairman of the board of supervisors of the Payment & Clearing Association of China.

ZHOU Ji Non-executive Director

Ms. ZHOU Ji received a master's degree in National Economic Planning & Management from Department of National Economic Management of Renmin University of China. Ms. ZHOU currently works with Central Huijin Investment Ltd. Ms. ZHOU has served as a Non-executive Director of the Bank since March 2021. She previously worked as a deputy director of Balance of Payments Division and a deputy director of Analysis and Forecast Division of Balance of Payments Department of the State Administration of Foreign Exchange (the "SAFE"); a director of Balance of Payments Statistics Division of Balance of Payments Department of the SAFE; a deputy director of Balance of Payments Department and a deputy director of Capital Account Management Department of the SAFE.

LI Wei Non-executive Director

Mr. LI Wei graduated from Zhejiang University of Finance & Economics with a bachelor's degree in finance and is a senior accountant. Mr. LI currently works with Central Huijin Investment Ltd., and has served as a Non-executive Director of the Bank since May 2019. Mr. LI previously served as a deputy director clerk, a director clerk and a deputy director of the Budget Office of Ningbo Finance and Taxation Bureau, as well as a deputy director, a director, an assistant commissioner and a deputy supervisor of the First Division of the Office of the Ministry of Finance in Ningbo.

LIU Xiaopeng Non-executive Director

Mr. LIU Xiaopeng holds a doctor's degree in world economics from Nankai University, and is a senior economist. He currently works with Central Huijin Investment Ltd., and has served as a Non-executive Director of the Bank since January 2022. He previously worked as a deputy director of Financial Asset Management Department of State Grid Corporation of China, the general manager of Investment Management Department, and concurrently served as an assistant to the general manager of the company and the general manager of Development Planning Department of State Grid Yingda International Holdings Co., Ltd., a vice general manager and the secretary to the board of directors of China Power Finance Co., Ltd., a deputy director-general of the Global Energy Interconnection Office of State Grid Corporation of China and the Global Energy Interconnection Development and Cooperation Organisation, an executive director and the chief executive officer of Gome Finance Technology Co., Ltd., the chief strategic operating officer of Gome Holding Group Co., Ltd. and a non-executive director of China Reinsurance (Group) Corporation.

XIAO Xiang　Non-executive Director

Mr. XIAO Xiang is a postgraduate from Sichuan Institute of Business Administration specialising in business administration. He currently works with Central Huijin Investment Ltd., and has served as a Non-executive Director of the Bank since January 2022. He previously served as a deputy director of the Office, a deputy director of the Business Division I (person in-charge) and an assistant commissioner of the Office of the Finance Discipline Inspection Commissioners of the Ministry of Finance in Sichuan. He served as a deputy inspection commissioner of the Office of the Finance Discipline Inspection Commissioners of the Ministry of Finance in Fujian, an inspection commissioner of the Office of the Finance Discipline Inspection Commissioners of the Ministry of Finance in Hunan and a director general of Hunan Regulatory Bureau of the Ministry of Finance.

ZHANG Qi　Non-executive Director

Mr. ZHANG Qi holds a doctor's degree in economics from Dongbei University of Finance & Economics. He is currently working at Central Huijin Investment Ltd., and has served as a Non-executive Director of the Bank since December 2022. He served as a non-executive director of China Construction Bank from July 2017 to December 2022, and a non-executive director of Bank of China from July 2011 to June 2017. He was a director clerk of the Central Expenditure Division One and Comprehensive Division of the Budget Department, deputy director and director of the Minister's Office under the General Office of Ministry of Finance, the senior manager of the Office of China Investment Corporation, and the managing director of Equity Management Department I of Central Huijin Investment Ltd.

LEUNG KO May Yee, Margaret Independent Director

Ms. LEUNG KO May Yee, Margaret holds a bachelor's degree in Economics, Accounting and Business Administration from the University of Hong Kong. She was awarded Silver Bauhinia Star and Justice of the Peace by the HKSAR. She has served as an Independent Director of the Bank since July 2019. She previously served as a vice chairman and the chief executive of Chong Hing Bank Limited, a vice chairman and the chief executive of Hang Seng Bank Limited, the general manager and global co-head of Industrial and Commercial Business of HSBC Group, a director of HSBC, and a director of Wells Fargo HSBC Trade Bank; she was an independent non-executive director of China Construction Bank, Hong Kong Exchanges and Clearing Limited, Li & Fung Limited, QBE Insurance Group Limited (listed on the Australian Securities Exchange), etc. She currently serves as an independent non-executive director of First Pacific Company Limited, Sun Hung Kai Properties Limited and China Mobile Limited, and a member of the Executive Council of the Hong Kong Special Administrative Region and the president of HKSAR Advisory Committee on Arts Development.

WU Liansheng Independent Director

Mr. WU Liansheng holds a doctor's degree in management and currently serves as the executive deputy director of the Office of Human Resources, the director of the Talent Affairs Office, the associate dean and a chair professor of the Business School of Southern University of Science and Technology. He served as a distinguished professor of the Chang Jiang Scholars Programme of the Ministry of Education, and awarded as the winner of the National Outstanding Young Scholars. He was elected into the "Programme for New Century Excellent Talents in University" of the Ministry of Education and the "Accountant Specialist Training Project" of the Ministry of Finance. He has served as an Independent Director of the Bank since November 2021. He previously served as the associate dean and professor for the Guanghua School of Management of Peking University. He previously served as an independent director of Huaneng Power International, Inc., RiseSun Real Estate Development Co., Ltd., Western Mining Co., Ltd., Wanda Cinema Line Co., Ltd., China National Building Material Company Limited, Xinhuanet Co., Ltd., BOC International (China) Co., Ltd. and Rightway Holdings Co., Ltd. Mr. WU currently serves as an independent director of Pop Mart International Group Limited.

WANG Changyun Independent Director

Mr. WANG Changyun holds a master's degree in Economics from Renmin University of China and a doctor's degree in financial economics from University of London. He currently serves as a professor in finance at the School of Finance, a supervisor for Ph.D. candidates, the director of the Institute of International M&A and Investment and a deputy director of ESG Research Center of Renmin University of China. He is a distinguished professor of the Chang Jiang Scholars Programme and entitled to Government Allowance granted by the State Council. He has served as an Independent Director of the Bank since December 2022. He previously served as the dean of Hanqing Advanced Institute of Economics and Finance in Renmin University of China, an independent director of Bank of China, Beijing Haohua Energy Resource Co., Ltd. and Sunway Co., Ltd. He concurrently serves as an independent director of China Cinda Asset Management Co., Ltd., Hexie Health Insurance Co., Ltd., Aerospace Science and Technology Finance Co., Ltd. and Shenwan Hongyuan Securities Co., Ltd., a vice president of China Investment Specialty Construction Association, an executive director of China Investment Association, a director of China Finance Association and special auditor of National Audit Office.

JU Jiandong Independent Director

Mr. JU Jiandong holds a doctor's degree in Economics from Pennsylvania State University. He currently serves as a chair professor of the PBC School of Finance in Tsinghua University, the president of China Trade Research Group, the director of each of the Center for International Finance and Economics Research and Center for Green Finance Research of the National Institute of Financial Research in Tsinghua University. He has served as an Independent Director of the Bank since September 2024. He previously served as the dean, a distinguished professor and a professor of the School of International Business Administration of Shanghai University of Finance and Economics, a professor of the School of Economics and Management of Tsinghua University, a professor of Economics (tenured) at the University of Oklahoma, a consultant to the World Bank and a resident scholar in the Research Department of the International Monetary Fund, an external supervisor of Bank of Communications Co., Ltd. He concurrently serves as an Independent Director of COFCO Joycome Foods Limited.

ZHUANG Yumin Independent Director

Ms. ZHUANG Yumin holds a doctor's degree in Economics from Renmin University of China. She currently serves as the dean and a professor of School of Finance of Renmin University of China, a deputy to the 14th National People's Congress and a member of the Financial and Economic Committee of the 14th National People's Congress. She has served as an Independent Director of the Bank since January 2025. She previously served as the deputy dean of School of Finance and the deputy dean of Graduate School of Renmin University of China, a member and secretary general of the first session of National Guidance Commission for Education of the Graduate Students in Finance, the assistant to the Mayor of the Suzhou Municipal People's Government (temporary), the deputy dean of Minjiang University in Fujian Province (person in-charge), an independent director of Soochow Securities Co., Ltd., an external supervisor of China CITIC Bank Corporation Limited and an independent director of Suzhou Trust Co., Ltd.

Biography of Supervisors

DENG Lijuan Supervisor Representing Shareholders

Ms. DENG Lijuan holds a master's degree in Economics from Jilin University and is a senior economist. She has served as a Supervisor Representing Shareholders of the Bank since June 2022. She previously served in several positions in the Human Resources Department of the Bank, including the deputy director of the Headquarter Staff Management Division, the deputy director and director of the Senior Management Training Management Division, the director of the Affiliated Institutions Staff Management Division, the vice general manager of the Human Resources Department and the director of the Office of the Board of Supervisors of the Bank. She has served as the director of the Office of the Board of Directors of the Bank since June 2023.

HUANG Tao Supervisor Representing Employees

Mr. HUANG Tao holds a master's degree in arts from Huazhong University of Science and Technology and is a senior economist. He has served as a Supervisor Representing Employees of the Bank since July 2021. He previously served as the first secretary (director level), the consultant, concurrently the consultant and the deputy director of the General Office of the Secretary Bureau I of General Office of the State Council, the director of Division III and the deputy inspector and concurrently the director of Division III of the Supervision Office of General Office of the State Council, a member of the Municipal Standing Committee and the deputy mayor (temporary) of Guilin, the Guangxi Zhuang Autonomous Region, the deputy inspector and the inspector of the Supervision Office of the General Office of the State Council, the general manager of Party Committee Office of the Bank and the Office/Complaint Office of the Bank. He has served as the chairman of the board of directors of ABC-CA Fund Management Co., Ltd. since September 2022.

WANG Xuejun Supervisor Representing Employees

Mr. WANG Xuejun holds a master's degree from Central China Normal University and is a senior engineer. He has served as a Supervisor Representing Employees of the Bank since May 2022. He used to serve in several positions in the Bank, including the deputy manager (deputy director) of the Computer Operation Division, the deputy manager (deputy director) and then manager (director) of the Information Technology Division of the Business Department, the director of Big Client Department Division IV, the president of the Beijing Branch Shijingshan Sub-branch, the assistant president of the Beijing Branch (concurrently the president of the Shijingshan Sub-branch), the vice president of the Beijing Branch (concurrently the president of the Zhongguancun branch), the deputy general manager of the Information Management Department and the deputy director of the United Front Work Department/Trade Union Affairs Department of the Bank (person in-charge). He has served as the director of the Trade Union Affairs Department of the Bank since February 2023.

LIU Hongxia External Supervisor

Ms. LIU Hongxia holds a doctor's degree in management from Central University of Finance and Economics. She has served as an External Supervisor of the Bank since November 2018. Currently, Ms. LIU works as a professor and a supervisor for Ph.D. candidates at the School of Accounting of Central University of Finance and Economics and is entitled to Government Allowance granted by the State Council. Ms. LIU previously worked as a teaching assistant at Beijing Institute of Finance and Trade, a lecturer of Shandong University of Finance, an auditor of Zhongzhou Certified Public Accountants in Beijing, and a deputy professor of Central Financial Management Cadre College. She previously served as independent director for China Merchants Bank, Fangda Special Steel Technology Co., Ltd., Beijing AriTime Intelligent Control Co., Ltd., Shanghai New Huang Pu Real Estate Co., Ltd., Langold Real Estate Co., Ltd., Nanjing Tanker Corporation of China Changjiang National Shipping Group Co., Ltd., Cinda Real Estate Co., Ltd., etc. She concurrently serves as an independent director of Joyoung Co., Ltd., Tianyu Digital Technology (Dalian) Group Co., Ltd., and Henan Zhongfu Industrial Co., Ltd.

XU Xianglin External Supervisor

Mr. XU Xianglin holds a master's degree in Economics from Renmin University of China, and has served as an External Supervisor of the Bank since November 2021. He is a professor and a supervisor for Ph.D. candidates in Economics of the Party School of the CPC Central Committee (National School of Administration). He previously served as a teacher in the Department of Agricultural Economic Management of Renmin University of China, a teacher of the Economics Teaching and Research Office of Party School of the CPC Central Committee, and lectured the agricultural and rural economic development course at classes for cadre of the Party School of the CPC Central Committee for a long time prior to his retirement. He is currently involved in guiding the development of a "three-in-one" integrated farmers' cooperative system in Jingpeng town, Keshiketeng Banner, Inner Mongolia Autonomous Region. He is concurrently serving as the chairman of the board of supervisors of Beijing Jingxi Lilinhui Agricultural and By-products Planting Professional Cooperative.

WANG Xixin External Supervisor

Mr. WANG Xixin holds a doctor's degree in law from Peking University and has served as an External Supervisor of the Bank since November 2021. He is currently a professor and a supervisor for Ph.D. candidates of Peking University Law School; the director of PKU-Yale Joint Centre for Law and Policy Reform Studies (China) and the Peking University Centre for Public Participation Studies and Supports, the executive dean of Peking University Law & Development Academy, the chief editor of Peking University Law Journal, the director of Peking University Centre for Studies of Constitutional and Administrative Law, being the Key Research Base of Humanities and Social Sciences of Ministry of Education. He previously worked at the Legal Affairs Office of Wuhan Municipal People's Government of Hubei Province; served as a vice dean of Peking University Law School and a deputy chief judge of the Administrative Trial Division of the Supreme People's Court (temporary). He is concurrently serving as a legal advisor of ministries and commissions under the State Council including Ministry of Education and State Administration for Market Regulation, a member of expert consultant committee for local governments including Beijing and Shanghai, and an independent director of Capital Securities Co., Ltd.

Biography of Senior Management

Please see "Biography of Directors" for biographical details of Mr. WANG Zhiheng and Mr. LIN Li. The biographical details of other members of the senior management are as follows:

LIU Hong Executive Vice President

Mr. LIU Hong holds a master's degree in public administration from Peking University and is a senior economist. He has served as an Executive Vice President of the Bank since August 2023. Mr. Liu previously served in several positions in the Bank, such as the deputy general manager of the Human Resources Dept., a deputy general manager of the Executive Office as well as the president and the editor-in-chief of China Urban-Rural Financial News (secondary department level), the general manager of the Office of the Board of Supervisors, a supervisor, the president of Qinghai Branch, an executive vice secretary of the Party Committee of the Head Office, the secretary of the Disciplinary Committee of the Head Office, the general manager of the Human Resources Dept./County Area Banking & Inclusive Finance Human Resources Management Centre and the chief officer of County Area Banking Business of the Bank. He concurrently serves as the vice chairman of the China Foundation for Development of Financial Education and a director of National Society for the CPC Building Studies.

WANG Wenjin Executive Vice President

Mr. WANG Wenjin holds a master's degree in management from Hunan University. He has served as an Executive Vice President of the Bank since January 2025. He previously served as executive vice president and senior credit executive of Hunan branch, executive vice president and president of Fujian branch, general manager of the Corporate and Institutional Banking Department and vice president of the Management Headquarters for the Integrated Development of Yangtze River Delta, general manager of Aging Finance Department, and chief business officer (corporate and institutional business) and general manager of Corporate and Institutional Banking Department of the head office of Bank of Communications Co., Ltd.

MENG Fanjun Executive Vice President

Mr. MENG Fanjun holds a master's degree in business administration from Harbin Institute of Technology and is an accountant. He has served as an Executive Vice President of the Bank since February 2025. He previously served as secretary of the Party Disciplinary Committee of Shandong Branch, president of Chongqing Branch and president of Sichuan Branch of Agricultural Development Bank of China.

WU Gang Chief Risk Officer

Mr. WU Gang holds a master's degree from Tianjin University specializing in management engineering and is a senior economist. He has served as the Chief Risk Officer of the Bank since June 2023. Mr. WU previously served as the assistant to the general manager and the deputy general manager of the Corporate Banking Department of the Bank, the general manager of the Big Client Department/Business Department and concurrently the vice president of the Beijing Branch, the president of the Henan Branch, the general manager of Audit Office of the Head Office and a supervisor of the Bank.

LIU Qing Secretary to the Board of Directors

Ms. LIU Qing holds a master's degree in economics from Jilin University and is a senior economist. She has served as the Secretary to the Board of Directors of the Bank since April 2024. She previously served as deputy general manager of Seoul Branch, general manager of Frankfurt Branch and general manager of the International Banking Department of the Bank. She concurrently serves as the vice president of the China Association for Public Companies.

Changes in Directors, Supervisors and Senior Management

Changes in Directors

On 30 January 2024, Mr. GU Shu was re-elected as an Executive Director of the Bank at the 2024 First Extraordinary General Meeting of the Bank, Mr. GU Shu retained his previous posts as the Chairman of the Board of Directors of the Bank concurrently.

On 30 January 2024, Ms. ZHOU Ji was re-elected as a Non-executive Director of the Bank at the 2024 First Extraordinary General Meeting of the Bank.

On 21 May 2024, Mr. JU Jiandong was elected as an Independent Director of the Bank at the 2023 Annual General Meeting of the Bank and his qualification was ratified by the NFRA on 10 September 2024. Mr. JU Jiandong confirmed that he has obtained the legal advice under Rule 3.09D of the Hong Kong Listing Rules and understood his obligations as a Director of the Bank on 24 June 2024 (prior to his qualification being ratified by the NFRA).

On 30 August 2024, Mr. LIU Shouying resigned as an Independent Director of the Bank due to work arrangements.

On 6 September 2024, Mr. WANG Zhiheng was elected as an Executive Director of the Bank at the 2024 Second Extraordinary General Meeting of the Bank and his qualification was ratified by the NFRA on 27 September 2024. Mr. WANG Zhiheng confirmed that he has obtained the legal advice under Rule 3.09D of the Hong Kong Listing Rules and understood his obligations as a Director of the Bank on 24 June 2024 (prior to his qualification being ratified by the NFRA).

On 6 September 2024, Ms. ZHUANG Yumin was elected as an Independent Director of the Bank at the 2024 Second Extraordinary General Meeting of the Bank and her qualification was ratified by the NFRA on 15 January 2025. Ms. ZHUANG Yumin confirmed that she has obtained the legal advice under Rule 3.09D of the Hong Kong Listing Rules and understood her obligations as a Director of the Bank on 5 September 2024 (prior to her qualification being ratified by the NFRA).

On 6 September 2024, Mr. LIN Li was re-elected as an Executive Director of the Bank at the 2024 Second Extraordinary General Meeting of the Bank.

On 10 September 2024, Mr. HUANG Zhenzhong ceased to serve as an Independent Director of the Bank due to the expiry of his term of office.

On 31 October 2024, Mr. ZHANG Xuguang resigned as an Executive Director of the Bank due to reaching the age of retirement.

On 29 November 2024, Mr. LIU Xiaopeng was re-elected as a Non-executive Director of the Bank at the 2024 Third Extraordinary General Meeting of the Bank.

On 29 November 2024, Mr. WU Liansheng was re-elected as an Independent Director of the Bank at the 2024 Third Extraordinary General Meeting of the Bank.

On 21 February 2025, Mr. ZHANG Qi was elected as an Independent Director of the Bank at the 2025 First Extraordinary General Meeting of the Bank and his appointment is subject to the ratification of his qualification by the NFRA.

Changes in Senior Management

On 28 March 2024, Ms. LIU Qing was appointed as the Secretary to the Board of Directors and the Company Secretary of the Bank by the Board of Directors of the Bank. Ms. Ng Sau Mei was appointed as the joint Company Secretary of the Bank by the Board of Directors, whose contact person of the Bank is Ms. LIU Qing, the Secretary to the Board of Directors of the Bank. The qualification of Ms. LIU Qing as the Secretary to the Board of Directors of the Bank was ratified by the NFRA on 28 April 2024.

On 6 June 2024, Mr. WANG Zhiheng was appointed as the President of the Bank by the Board of Directors of the Bank. His qualification was ratified by the NFRA on 28 June 2024.

On 19 July 2024, Mr. LIU Jiawang resigned as an Executive Vice President of the Bank due to work adjustment.

On 31 October 2024, Mr. ZHANG Xuguang resigned as an Executive Vice President of the Bank due to reaching the age of retirement.

On 23 December 2024, Mr. WANG Wenjin was appointed as an Executive Vice President of the Bank by the Board of Directors of the Bank. His qualification was ratified by the NFRA on 22 January 2025.

On 8 January 2025, Mr. XU Han resigned as an Executive Vice President of the Bank due to age.

On 14 February 2025, Mr. MENG Fanjun was appointed as an Executive Vice President of the Bank by the Board of Directors of the Bank. His qualification was ratified by the NFRA on 28 February 2025.

Shareholdings of Directors, Supervisors and Senior Management

During the reporting period, none of the Directors, Supervisors or senior management members of the Bank held or traded any share of the Bank, and none of the Directors, Supervisors or senior management members of the Bank held any share option of the Bank or was granted restricted shares of the Bank.

Remuneration of Directors, Supervisors and Senior Management

Since 1 January 2015, the remuneration of the Chairman of the Board of Directors, the President, the Chairman of the Board of Supervisors as well as the Executive Vice Presidents of the Bank shall be in line with the relevant state regulations, which the Bank has followed to pay their salaries. The final remuneration of the Directors, Supervisors and senior management members for 2024 is still subject to confirmation and will be disclosed in a further announcement published by the Bank.

The following table sets out the remuneration paid to the Directors, Supervisors and senior management members of the Bank in 2024.

Name	Position	Tenure	Remuneration paid in 2024 (Unit: RMB Ten Thousand) Salaries paid before tax (1)	Social insurance, enterprise annuity and housing fund payable by the Bank (2)	Director's fee/ Supervisor's fee (3)	Total (4)=(1)+(2)+(3)	Whether receiving remuneration from shareholders' unit or other related parties (Y/N)
Incumbent Directors, Supervisors and Senior Management Members							
GU Shu	Chairman of the Board of Directors, Executive Director	2021.01-2027.01	67.26	23.60	–	90.86	N
WANG Zhiheng	Vice Chairman of the Board of Directors, Executive Director, President	2024.09-2027.09	39.23	13.90	–	53.13	N
LIN Li	Executive Director, Executive Vice President	2021.06-2027.09	60.53	22.89	–	83.42	N
ZHOU Ji	Non-executive Director	2021.03-2027.01	–	–	–	–	Y
LI Wei	Non-executive Director	2019.05-2025.06	–	–	–	–	Y
LIU Xiaopeng	Non-executive Director	2022.01-2027.11	–	–	–	–	Y
XIAO Xiang	Non-executive Director	2022.01-present	–	–	–	–	Y
ZHANG Qi	Non-executive Director	2022.12-2025.12	–	–	–	–	Y
LEUNG KO May Yee, Margaret	Independent Director	2019.07-2025.06	–	–	38.00	38.00	N
WU Liansheng	Independent Director	2021.11-2027.11	–	–	38.93	38.93	N
WANG Changyun	Independent Director	2022.12-2025.12	–	–	37.63	37.63	N
JU Jiandong	Independent Director	2024.09-2027.09	–	–	11.73	11.73	N
ZHUANG Yumin	Independent Director	2025.01-2028.01	–	–	–	–	N
DENG Lijuan	Supervisor Representing Shareholders	2022.06-2025.06	–	–	–	–	N
HUANG Tao	Supervisor Representing Employees	2021.07-present	–	–	5.00	5.00	N
WANG Xuejun	Supervisor Representing Employees	2022.05-2025.05	–	–	5.00	5.00	N
LIU Hongxia	External Supervisor	2018.11-present	–	–	30.00	30.00	Y
XU Xianglin	External Supervisor	2021.11-present	–	–	33.00	33.00	N
WANG Xixin	External Supervisor	2021.11-present	–	–	28.00	28.00	Y
LIU Hong	Executive Vice President	2023.08-	60.53	22.89	–	83.42	N
WANG Wenjin	Executive Vice President	2025.01-	5.04	1.94	–	6.98	N
MENG Fanjun	Executive Vice President	2025.02-	–	–	–	–	N
WU Gang	Chief Risk Officer	2023.06-	102.67	32.31	–	134.98	N
LIU Qing	Secretary to the Board of Directors	2024.04-	68.37	19.90	–	88.27	N

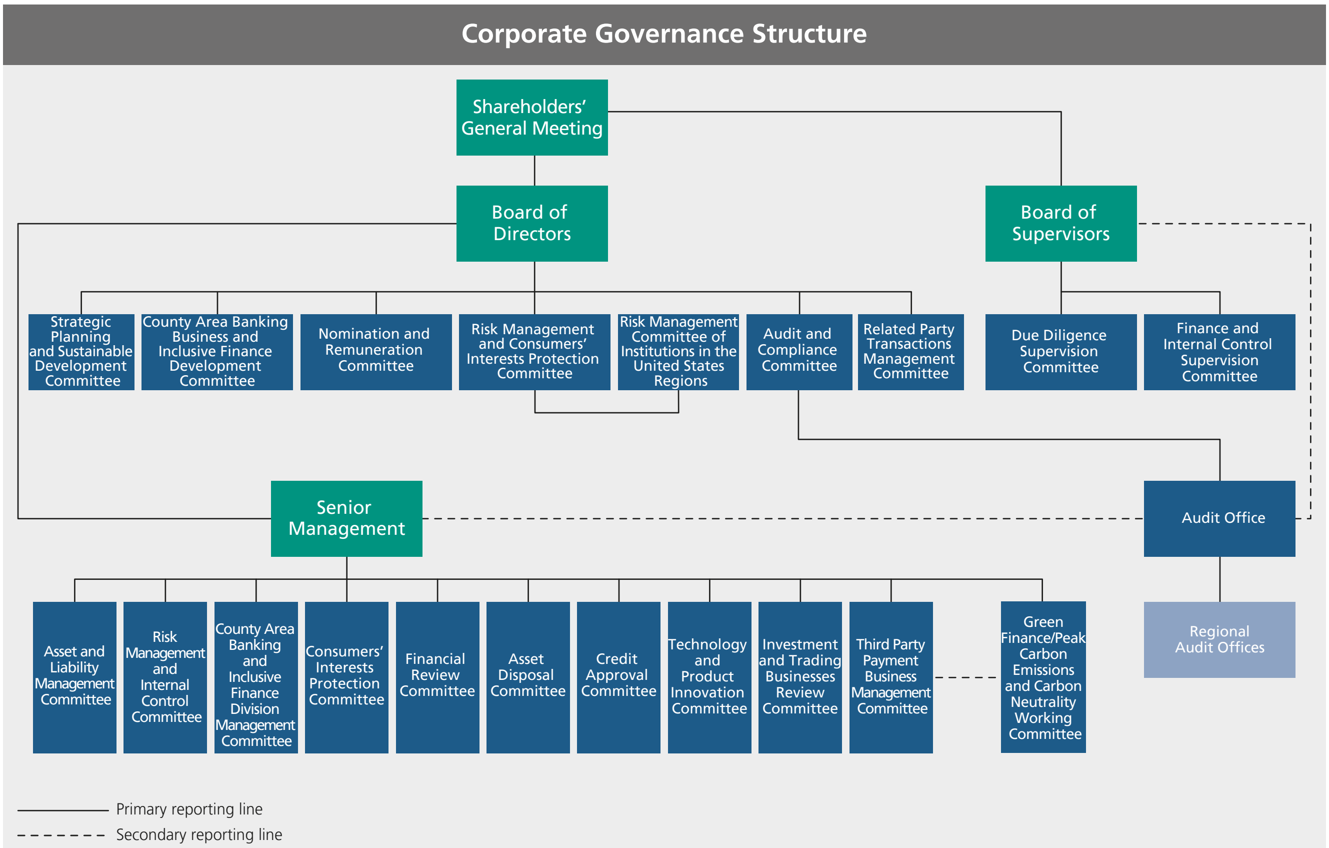
Name	Position	Tenure	Remuneration paid in 2024 (Unit: RMB Ten Thousand) Salaries paid before tax (1)	Social insurance, enterprise annuity and housing fund payable by the Bank (2)	Director's fee/ Supervisor's fee (3)	Total (4)=(1)+(2)+(3)	Whether receiving remuneration from shareholders' unit or other related parties (Y/N)
Former Directors, Supervisors and Senior Management Members							
ZHANG Xuguang	Former Executive Director, Executive Vice President	2020.10-2024.10	50.44	19.03	–	69.47	N
HUANG Zhenzhong	Former Independent Director	2017.09-2024.09	–	–	26.27	26.27	N
LIU Shouying	Former Independent Director	2019.07-2024.08	–	–	25.13	25.13	N
XU Han	Former Executive Vice President	2020.10-2025.01	60.53	23.28	–	83.81	N
LIU Jiawang	Former Executive Vice President	2022.11-2024.07	35.31	13.22	–	48.53	N

Notes:

1. *The Directors, Supervisors and senior management members of the Bank who are also our employees are entitled to receive remuneration from the Bank. The remuneration package includes salary, bonus and contributions to all kinds of social insurance and housing fund payable by the Bank. The Independent Directors of the Bank are entitled to receive Director's fee. The External Supervisors of the Bank are entitled to receive Supervisor's fee. The Chairman of the Board of Directors, Executive Directors and senior management members of the Bank do not receive any remuneration from any subsidiary of the Bank. For Supervisors Representing Employees of the Bank, the amount set forth above only includes fee for their services as Supervisors.*
2. *Mr. WANG Wenjin has served as the Executive Vice President of the Bank since January 2025. His remuneration set out in the table above is the remuneration received from the Bank as the person in-charge in state-controlled financial enterprise in 2024.*
3. *The total remuneration (before tax) paid to the Directors, Supervisors and senior management members, including former Directors, Supervisors and senior management members, by the Bank in 2024 was RMB10,215.6 thousand.*

Operation of Corporate Governance

Corporate Governance Structure



Note: *Responsibilities of the Risk Management Committee of Institutions in the United States Regions are concurrently assumed by the Risk Management and Consumers' Interests Protection Committee*

During the reporting period, we attached great importance to enhancing the communication and interaction among the Board of Directors, the Board of Supervisors and the senior management. By cross-presenting meetings of the Board of Directors and relevant special committees, meetings of the Board of Supervisors and relevant special committees as well as meetings of the Senior Management, the Directors, Supervisors and senior management members conducted in-depth discussions and exchanges. By jointly participating in duty performance trainings for the Directors and Supervisors and other activities, the communication efficiency and synergy of duty performance were continuously improved.

Shareholders' General Meetings

As our authority of power, our shareholders' general meeting is formed by all shareholders. Our shareholders' general meeting is responsible for, among other things, deciding on our business policies and investments plans; electing, replacing and dismissing Directors and deciding on matters concerning the remuneration of the relevant Directors; electing, replacing and dismissing External Supervisors and Supervisors Representing Shareholders, and deciding on matters concerning the remuneration of the relevant Supervisors; considering and approving work report of the Board of Directors and work report of the Board of Supervisors; considering and approving our annual financial budget and final accounts, and profit distribution and loss appropriation plans; adopting resolutions concerning the increase or reduction of our registered capital, the issue and listing of corporate bonds and other negotiable securities, purchase of the Bank's shares, merger, division, dissolution, liquidation, change of the corporate form of the Bank, etc.; and amending the Articles of Association as well as considering and approving the rules of procedures for the shareholders' general meeting, the rules of procedures for the Board of Directors and the rules of procedures for the Board of Supervisors, etc.

Shareholders' General Meetings

Meetings	Date	Proposals considered	Reports listened to	Attendance of Directors (Number of attendance in person[1]/Number of meeting requiring attendance)
The 2024 First Extraordinary General Meeting	30 January 2024	The re-election of Mr. GU Shu as an Executive Director; and the re-election of Ms. ZHOU Ji as a Non-executive Director	None	13/13
The 2023 Annual General Meeting	21 May 2024	The 2023 work report of the Board of Directors; the 2023 work report of the Board of Supervisors; the final financial accounts for 2023; the profit distribution plan for 2023; the appointments of external auditors for 2024; the fixed assets investment budget for 2024; the election of Mr. JU Jiandong as an Independent Director; the issuance quota of total loss-absorbing capacity non-capital bonds; and the relevant arrangements of interim profit distribution for 2024	The 2023 work report of Independent Directors; the 2023 report on implementation of the *Plan on Authorisation of Shareholders' General Meeting to the Board of Directors*; the 2023 report on the management of related party transactions; and the 2023 report on the assessment of major shareholders (including substantial shareholders)	13/13
The 2024 Second Extraordinary General Meeting	6 September 2024	The election of Mr. WANG Zhiheng as an Executive Director; the re-election of Mr. LIN Li as an Executive Director; the election of Ms. ZHUANG Yumin as an Independent Director; and the *Plan on Authorization of the Shareholders' General Meeting to the Board of Directors of Agricultural Bank of China Limited* (Revised)	None	12/12
The 2024 Third Extraordinary General Meeting	29 November 2024	The re-election of Mr. WU Liansheng as an Independent Director; the re-election of Mr. LIU Xiaopeng as a Non-executive Director; the interim profit distribution plan for 2024; the external donation budget for 2024; the 2023 remuneration of the Directors; the 2023 remuneration of the Supervisors; and the financial bonds issuance plan	None	12/12

Notes:

1. *Attendance in person includes attendance on site and attendance by way of electronic communication such as telephone, video conference, etc.*
2. *The Bank published the poll results announcements and legal opinions on the above shareholders' general meetings in a timely manner in accordance with regulatory requirements. Such poll results announcements were published on the website of the Hong Kong Stock Exchange on 30 January 2024, 21 May 2024, 6 September 2024, and 29 November 2024, respectively, and on the website of the Shanghai Stock Exchange as well as on the media designated by the Bank for information disclosure on 31 January 2024, 22 May 2024, 7 September 2024, and 30 November 2024, respectively.*
3. *For details of the attendance of each Director, please refer to "Attendance of Directors at Meetings".*

Board of Directors

Details of the Board of Directors

As our decision-making organ, the Board of Directors is accountable to the shareholders' general meeting. The Board of Directors is responsible for, among other things, convening the shareholders' general meeting and reporting to the shareholders' general meeting; implementing the resolutions of the shareholders' general meeting; deciding on our development strategies, business plans and investment proposals; formulating our capital plans, annual financial budget and final accounts, proposals on profit distribution and loss appropriation, proposals on the increase or reduction of registered capital and financial restructuring, the capital replenishment plans including, among other things, the issue of corporate bonds or other negotiable securities, and listing plans; formulating proposals on merger, division, dissolution or change of the corporate form of the Bank; formulating proposals on major acquisitions, and purchase of the Bank's shares; making and deciding and supervising the implementation of our basic management system and policies; considering and approving the general risk management report and the plan on allocation of risk-based capital of the Bank, making and deciding the Bank's risk tolerance and evaluating the effectiveness of our risk management; formulating amendments to our Articles of Association, the rules of procedures for the shareholders' general meeting and the rules of procedures for the Board of Directors, considering and approving the rules of procedures of the special committees of the Board of Directors, making and deciding the relevant corporate governance system; appointing or dismissing the President and the Secretary to the Board of Directors of the Bank; appointing and dismissing the Vice President and other senior management members (excluding the Secretary to the Board of Directors) nominated by the President; regularly assessing and improving the corporate governance of the Bank; and being responsible for the affairs related to our information disclosure, etc.

The Bank has established relevant mechanisms to ensure independent views and opinions are available to the Board of Directors. Pursuant to the relevant requirements of the Articles of Association, the Board of Directors shall carefully consider the opinions of external auditors in performing its duties and may seek advice from intermediary institutions or professionals at the cost of the Bank. After review, the Bank believes that the relevant mechanism was implemented effectively during the reporting period.

Composition of the Board of Directors

At the end of the reporting period, the Board of Directors of the Bank consisted of 12 Directors, including three Executive Directors, namely Mr. GU Shu, Mr. WANG Zhiheng and Mr. LIN Li; five Non-executive Directors, namely Ms. ZHOU Ji, Mr. LI Wei, Mr. LIU Xiaopeng, Mr. XIAO Xiang and Mr. ZHANG Qi; and four Independent Directors, namely Ms. LEUNG KO May Yee, Margaret, Mr. WU Liansheng, Mr. WANG Changyun and Mr. JU Jiandong.

Terms of Directors

Each Director shall be elected at the shareholders' general meetings. A Director shall serve a term of three years and may serve consecutive terms if being re-elected. The term of an Independent Director shall not exceed six years on an aggregated basis.

Chairman of the Board of Directors and President of the Bank

Pursuant to code provision C.2.1 of the Corporate Governance Code in Appendix C1 to the Hong Kong Listing Rules and the Articles of Association, the roles of the Chairman and the President of the Bank are separate. The Chairman shall not be served concurrently by the legal representative or the person-in-charge of any controlling shareholder of the Bank. The roles of the Chairman and the President of the Bank are separate and independent, with clear division of responsibilities.

Mr. GU Shu serves as the Chairman of the Board of Directors and the legal representative of the Bank and is responsible for organizing the Board of Directors to make decisions on material issues such as our development strategies.

Mr. WANG Zhiheng serves as the President of the Bank, who is in charge of our management of business operation. The President of the Bank is appointed by, and accountable to, the Board of Directors, and shall perform duties in accordance with the Articles of Association and the authorization of the Board of Directors.

On 26 December 2023, Mr. FU Wanjun resigned as the President of the Bank due to work adjustment. On the same day, the Board of Directors of the Bank considered and approved the performance of the President's responsibilities by Chairman Mr. GU Shu until the date when new President is appointed by the Board of Directors of the Bank and the qualification of the new President is ratified by the NFRA. Mr. WANG Zhiheng's term of office to serve as the President of the Bank commenced from 28 June 2024. Mr. GU Shu no longer performed the President's responsibilities.

Training of Our Directors

Training Methods: Training by conference, online training, site visits, etc.

Training Contents: New quality productive forces, amendments of the *Company Law of the PRC*, corporate governance practices of listed companies, etc.

Training of Secretary to the Board of Directors and Company Secretaries

Training Methods: Online training and training by written materials, etc.

Training Duration: Not less than 15 hours.

Diversity of the Board of Directors

Number of Directors	% of Independent Directors	% of female Directors	% of Directors with professional background in law	% of Directors with professional background in finance and audit	% of Directors under 55 (inclusive) years old
12	33.3%	16.7%	8.3%	41.7%	41.7%

We have formulated a policy on diversity of the composition of the Board of Directors, which specifies our opinions of upholding the diversity of the composition of the Board of Directors, and the approaches to be taken on an ongoing basis in the process of achieving it. We acknowledged and appreciated its importance and benefits and regarded it as a critical factor in achieving our strategic objectives, maintaining our competitive strengths and achieving our sustainable development. We considered the diversity from various aspects, including talent, skills, industry experience, cultural and educational background, gender, age and other factors, in setting the composition of the Board of Directors.

The Board of Directors of the Bank is composed of professionals in the fields of accounting, law, economics, etc., while achieving diversity in various dimensions such as gender, age and length of service, which effectively improved the decision-making ability and strategic management of the Board of Directors.

The composition of the Board of Directors of the Bank complies with the requirements of the Hong Kong Listing Rules on gender diversity of the composition of the Board of Directors and complies with the Bank's policy on diversity of the composition of the Board of Directors. The Bank's current nomination policy and policy on diversity of the composition of the Board of Directors can ensure that the Board of Directors will have alternate potential successors to continue the existing gender diversity of the Board of Directors.

Independence of Independent Directors

Save as disclosed in this annual report, during the reporting period, the qualifications, number and proportion of the Independent Directors of the Bank were in full compliance with the applicable regulatory requirements. The Independent Directors were not involved in any business or financial interests of the Bank or its subsidiaries, nor did they hold any managerial position in the Bank. We have received annual independence confirmation letters from each of the Independent Directors and confirmed their independence.

Performance of Duties by Independent Directors

During the reporting period, the Independent Directors worked on-site at the Bank for no less than 15 working days. The Directors who served as the chairmen of the Audit and Compliance Committee, the Risk Management and Consumers' Interests Protection Committee and the Related Party Transactions Management Committee worked at the Bank for no less than 20 working days each year.

During the reporting period, the Independent Directors of the Bank did not raise any objection to the resolutions of the Board of Directors or its special committees.

Details were separately disclosed in the *Due Performance Report of Independent Directors of Agricultural Bank of China Limited for 2024*, which was published on the website of the Shanghai Stock Exchange.

Issues that the Independent Directors paid close attention to

The Independent Directors focused on key issues such as management of related party transactions, nomination of the senior management members, information disclosure, internal control, operation of the Board of Directors and its special committees. They made clear judgments on relevant matters in accordance with the laws and regulations, expressed their opinions and made recommendations independently and objectively.

Communications between Independent Directors and external auditors

The Independent Directors listened to a number of reports from the external auditors with respect to the audit results, annual audit plan, management letter, etc. In the course of preparation of the 2023 Annual Report, the Independent Directors individually communicated with the external auditors regarding issues identified in the audits.

The role of Independent Directors in terms of internal control

The Independent Directors considered the proposals, including the work plan of internal control evaluation for 2024, the internal control assessment report for 2023, the report on compliance risk management for 2023, and listened to the reports, including the audit and rectification report for 2023, and the report on related party transactions management for 2023.

Independent opinions

For details, please see "Corporate Governance Report — Shareholding Structure — Protection of Minority Shareholders' Interests".

Means for Non-executive Directors to Access Information

Daily information support	We regularly provide the Non-executive Directors with important operational information such as financial operation, asset and liability operation and risk management reports, and other important documents and information updates such as newly added or newly revised rules and regulations, meeting materials, internal audit reports. The Non-executive Directors have permission to access our comprehensive office platform, integrated financial and accounting management platform, operating management information platform, digital credit management platform, as well as internal control and compliance management system, etc.
Communication with the Senior Management	The mechanism for the Directors to sit in on the president's office meetings and on the meetings held by the special committees of the Senior Management was established. During the reporting period, the Non-executive Directors sat in on 14 president's office meetings and four meetings held by the special committees of the Senior Management. The Non-executive Directors participated in eight communication meetings for proposals before the meetings of the Board of Directors and had in-depth and thorough discussions on the content of the proposals. The Non-executive Directors participated in the meetings for monthly business briefings and departmental thematic debriefings, so as to gain a timely and comprehensive understanding of our operation and management.
Communication with independent third parties such as external auditors	The Non-executive Directors and the external auditors held four symposiums, having in-depth communication on the audit work and the issues identified during the audit and review.
Investigations and research	The Non-executive Directors visited 18 branches to conduct investigation and research. They prepared written investigation and research reports and put forward policy advice focusing on topics such as market value management, corporate governance of subsidiaries and development of pension finance business, respectively.

Meetings of the Board of Directors

Item	Details
Number of regular meetings held	4
Number of extraordinary meetings held	6
Total number of meetings held	10
Dates of meetings	31 January, 28 March, 29 April, 6 June, 28 June, 6 August, 19 August, 30 August, 30 October and 23 December 2024.
Particulars of considering proposals or listening to reports	The Board of Directors considered 96 proposals such as periodic reports, the profit distribution, the nomination of the candidates of the Directors and the appointment of the senior management members. The Board of Directors listened to 17 reports such as the implementation of the "14th Five-Year Plan" and evaluation report on strategic risk for 2023, and the report on the related party transactions management in 2023.

Attendance of Directors at Meetings *Number of attendance in person[1]/number of meetings requiring attendance*

Directors	Shareholders' General Meetings	Meetings of the Board of Directors	Meetings of Special Committees of the Board of Directors						
			Strategic Planning and Sustainable Development Committee	County Area Banking Business and Inclusive Finance Development Committee	Nomination and Remuneration Committee	Audit and Compliance Committee	Risk Management and Consumers' Interests Protection Committee	Related Party Transactions Management Committee	Risk Management Committee of Institutions in the United States Regions
Executive Directors									
GU Shu	4/4	9/10	6/7						
WANG Zhiheng	1/1	2/2	2/2		2/2				
LIN Li	4/4	10/10	7/7				3/5		2/3
Non-executive Directors									
ZHOU Ji	4/4	10/10	7/7	1/1	8/8				
LI Wei	4/4	10/10		1/1	8/8	5/5			
LIU Xiaopeng	4/4	10/10	7/7				4/5		3/3
XIAO Xiang	4/4	10/10	7/7				5/5		3/3
ZHANG Qi	4/4	10/10		1/1		5/5	5/5		3/3
Independent Directors									
LEUNG KO May Yee, Margaret	4/4	10/10				4/5	4/5	1/1	3/3
WU Liansheng	4/4	10/10		0/1	8/8	5/5	1/1		
WANG Changyun	4/4	10/10			8/8	2/2	4/5	1/1	3/3
JU Jiandong	1/1	2/2	2/2		2/2				
Former Directors									
ZHANG Xuguang	3/3	7/9	4/6				3/5		1/3
HUANG Zhenzhong	3/3	7/8			6/6		4/4	1/1	3/3
LIU Shouying	2/2	7/8		1/1	6/6	2/3			

Note: 1. Attendance in person includes attendance on site and attendance by way of electronic communication such as telephone and video conference. During the reporting period, Directors who did not attend the meetings of the Board of Directors or special committees in person thereof had designated other Directors as proxies to attend and to vote on their behalves at the meetings.

Implementation of Resolutions of the Shareholders' General Meetings by the Board of Directors

During the reporting period, the Board of Directors strictly implemented the resolutions of the shareholders' general meetings and the authorization to the Board of Directors by the shareholders' general meeting, and seriously implemented the proposals considered and approved by the shareholders' general meetings, including the fixed assets investment budget.

Responsibilities of Directors on Financial Statements

The Directors acknowledge their responsibility for preparing the financial reports of each accounting period, and they are of the view that such financial reports give a true and fair view of the financial position, operating results and cash flows of the Group.

During the reporting period, we complied with relevant laws, regulations and the requirements of the listing rules of places where our shares are listed and published the 2023 annual report and the first quarterly report of 2024, the 2024 interim report and the third quarterly report of 2024.

Risk Management and Internal Control

The Board of Directors is responsible for establishing sound and effective risk management and internal control and supervising and assessing the construction of our internal control and risk management systems and the risk level (including reviewing the effectiveness of such systems). Such systems are in place to provide reasonable (though not absolute) assurance against material misstatement or loss, and to manage (rather than eliminate) the risk of failure to achieve business objectives. During the reporting period, the Board of Directors reviewed the adequacy and effectiveness of our risk management and internal control through the Audit and Compliance Committee, Risk Management and Consumers' Interests Protection Committee, Risk Management Committee of Institutions in the United States Regions and Related Party Transactions Management Committee established under it. The Board of Directors reviews the effectiveness of the risk management and internal control of the Bank at least once a year. The Board of Directors was of the view that our risk management and internal control were adequate and effective.

For details of our risk management and internal control, please refer to "Discussion and Analysis — Risk Management", "Corporate Governance Report — Risk Governance" and "Corporate Governance Report — Internal Control".

Details of the Special Committees under the Board of Directors

The Special Committees under the Board of Directors of the Bank and the Compositions of Their Members at the End of the Reporting Period

	Strategic Planning and Sustainable Development Committee	County Area Banking Business and Inclusive Finance Development Committee	Nomination and Remuneration Committee	Audit and Compliance Committee	Risk Management and Consumers' Interests Protection Committee	Related Party Transactions Management Committee	Risk Management Committee of Institutions in the United States Regions
Executive Directors							
GU Shu	C						
WANG Zhiheng	M	C	M				
LIN Li	M				M		M
Non-executive Directors							
ZHOU Ji	M	M	M				
LI Wei		M	M	M			
LIU Xiaopeng	M				M		M
XIAO Xiang	M				M		M
ZHANG Qi		M		M	M		M
Independent Directors							
LEUNG KO May Yee, Margaret				M	M	C	M
WU Liansheng		M	M	C	M		M
WANG Changyun			M	M	C	M	C
JU Jiandong	M	M	C				
% of Independent Directors	14.3%	33.3%	50%	60%	42.9%	100%	42.9%

Notes:

1. *C refers to the Chairman of the relevant Committees and M refers to the Member of the relevant Committees.*
2. *On 30 August 2024, Mr. LIU Shouying resigned as the chairman and a member of the Nomination and Remuneration Committee, and a member of each of the County Area Banking Business and Inclusive Finance Development Committee and the Audit and Compliance Committee; Mr. WANG Changyun was appointed as a member of the Audit and Compliance Committee.*
3. *On 10 September 2024, Mr. JU Jiandong was appointed as a member of each of the Strategic Planning and Sustainable Development Committee and the County Area Banking Business and Inclusive Finance Development Committee and the chairman and a member of the Nomination and Remuneration Committee; Mr. WU Liansheng was appointed as a member of each of the Risk Management and Consumers' Interests Protection Committee and the Risk Management Committee of Institutions in the United States Regions; Mr. WANG Changyun was appointed as the chairman of each of the Risk Management and Consumers' Interests Protection Committee and the Risk Management Committee of Institutions in the United States Regions; Mr. HUANG Zhenzhong ceased to be a member of the Nomination and Remuneration Committee, the chairman and a member of each of the Risk Management and Consumers' Interests Protection Committee and the Risk Management Committee of Institutions in the United States Regions and a member of the Related Party Transactions Management Committee.*
4. *On 27 September 2024, Mr. WANG Zhiheng was appointed as a member and the chairman of the County Area Banking Business and Inclusive Finance Development Committee, and a member of each of the Strategic Planning and Sustainable Development Committee and the Nomination and Remuneration Committee. Following the appointment of Mr. WANG Zhiheng as an Executive Director of the Bank with effect from 27 September 2024, the number of Independent Directors of the Bank represents less than one-third of the number of members of the Board of Directors of the Bank. Following the resignation of Mr. ZHANG Xuguang as an Executive Director of the Bank on 31 October 2024, the number of Independent Directors of the Bank represents one-third of the number of members of the Board of Directors of the Bank, which is in compliance with the requirements under Rule 3.10A of the Hong Kong Listing Rules and the Articles of Association.*
5. *On 31 October 2024, Mr. ZHANG Xuguang resigned as a member of each of the Strategic Planning and Sustainable Development Committee, the Risk Management and Consumers' Interests Protection Committee and the Risk Management Committee of Institutions in the United States Regions.*
6. *On 15 January 2025, Ms. ZHUANG Yumin was appointed as a member of each of the Strategic Planning and Sustainable Development Committee, the Nomination and Remuneration Committee and the Related Party Transactions Management Committee.*

Duty Performance of the Special Committees of the Board of Directors

Special Committees	Main Duties	Number of meetings (Dates)	Considering Proposals or Listening to Reports
Strategic Planning and Sustainable Development Committee	Considering our overall strategic development plan and specific strategic development plans, business plan, investment and financing plans of the Bank, etc; considering establishment of major legal entities, material mergers and acquisitions and major external investments, etc.; considering the sustainable development strategies and objectives of the Bank and regularly evaluating the implementation of the sustainable development strategies; considering the relevant environmental, social and governance reports of the Bank, evaluating the development of green finance of the Bank, etc., and making suggestions to the Board of Directors on the foregoing matters.	7 (31 January, 28 March, 29 April, 28 June, 30 August, 30 October and 23 December 2024)	Considered 19 proposals relating to the operation plan for 2024, the final financial accounts plan for 2023, the 2023 Corporate Social Responsibility Report, and work report on the Green Finance/peak carbon emissions and carbon neutrality for 2023; listened to two reports such as the implementation of the "14th Five-Year Plan" and evaluation report on strategic risk for 2023, etc.; and provided relevant opinions and suggestions on the issuance of capital instruments, Green Finance development and so on.
County Area Banking Business and Inclusive Finance Development Committee	Considering the strategic development plan, policies and basic management systems of the County Area Banking Business and Inclusive Finance, and the risk management strategic plan of County Area Banking Business, as well as supervising the implementation of the strategic development plan, policies and basic management systems of the County Area Banking Business and Inclusive Finance, etc., and making suggestions to the Board of Directors on the foregoing matters.	1 (31 January 2024)	Considered the proposal relating to the specific evaluation plan of inclusive finance business for 2024; and listened to the report on the forecast of the County Area Banking Division's financial target for 2024.
Nomination and Remuneration Committee[1]	Formulating the election standards and reviewing procedures of the Directors, chairman and members of each of the special committees of the Board of Directors and senior management members; preliminarily reviewing the qualification and eligibility of the candidates for Directors, President, Secretary to the Board of Directors, and Vice Presidents and other senior management members nominated by the President; making recommendations of the proposed candidates for Directors and President; providing suggestions on the remuneration allocation plans, etc.; and making suggestions to the Board of Directors on the foregoing matters or submitting to the Board of Directors for consideration.	8 (30 January, 27 March, 5 June, 27 June, 19 August, 29 August, 28 October and 20 December 2024)	Considered 16 proposals including the nomination of Director candidates, the appointment of President, the remuneration of the Directors, the remuneration of the senior management members, etc.

Special Committees	Main Duties	Number of meetings (Dates)	Considering Proposals or Listening to Reports
Audit and Compliance Committee	Considering our internal control and management systems and the material financial and accounting policies; considering our audit basic management system and regulations, the medium- and long-term audit plan, annual work plan, etc. and making suggestions to the Board of Directors; as well as considering and approving our general policy on prevention and control of cases of violations, and effectively reviewing and supervising our prevention and control of cases of violations.	5 (27 March, 24 April, 28 August, 28 October and 20 December 2024)	Considered 15 proposals including 2024 audit project plan, 2023 annual report and its abstract, first quarterly report of 2024, 2024 interim report and its abstract, third quarterly report of 2024; listened to eight reports including the 2023 audit results report, and the 2023 anti-money laundering and sanctions risk management work report. Enhanced communication with our external auditors and the supervision on their work and listened to the reports of external auditors on the audit results and the annual audit plan, etc. During the preparation of the 2023 Annual Report, the members of the Audit and Compliance Committee conducted separate communication and discussion about the issues identified during audit with the external auditors. The Bank has separately disclosed the *2024 Annual Duty Performance Report of the Audit and Compliance Committee under the Board of Directors of Agricultural Bank of China Limited*, details of which were published on the website of the Shanghai Stock Exchange.
Risk Management and Consumers' Interests Protection Committee	Considering our strategic plan of risk management, the risk appetite, the material risk management policies, the overall risk management report and allocation plan of risk-weighted capital; considering our strategies, policies and objectives of consumers' interests protection; considering the work reports of senior management and consumers' rights and interests protection department; supervising and evaluating our risk management and consumers' rights and interests protection, etc.; and making suggestions to the Board of Directors on relevant matters or submitting to Board of Directors for approval.	5 (25 March, 25 April, 27 June, 27 August and 28 October 2024)	Considered 19 proposals including the 2023 comprehensive risk management report, the interest rate risk report of banking book in 2023 and the 2023 consumers' rights and interests protection work and 2024 work plan; and listened to nine reports including the risk analysis report, and made relevant advice and suggestions on the control of risks including credit risk, market risk and operational risk, etc.

Special Committees	Main Duties	Number of meetings (Dates)	Considering Proposals or Listening to Reports
Related Party Transactions Management Committee	Considering, supervising and implementing the basic management system for related party transactions; conducting preliminary review on related party transactions to be approved by the Board of Directors or the shareholders' general meetings; considering and approving related party transactions and other matters thereof to the extent of authorisation by the Board of Directors, etc.	1 (27 March 2024)	Considered the report on the related party transactions management in 2023.
Risk Management Committee of Institutions in the United States Regions	Considering and approving the risk management policies in relation to the businesses in the United States regions and supervising its implementation, and considering the report of the institutions in the United States on the issues identified during the internal and external inspection results and their rectifications, and other matters authorized by the Board of Directors. Responsibilities of the Risk Management Committee of Institutions in the United States Regions are concurrently assumed by the Risk Management and Consumers' Interests Protection Committee.	3 (29 January, 25 April and 27 August 2024)	Considered five proposals including the basic risk management policies of the New York Branch; and listened to two reports including the 2023 risk and compliance work of the New York Branch. Conducted anti-money laundering and sanctions risk management training, regularly reviewed the risks in relation to the businesses in the United States regions and made relevant advice and suggestions.

Note: 1. The Articles of Association specifies the procedures and methods of the nomination of Directors and have specific requirements for the election of Independent Directors. Please refer to the Articles of Association including Articles 138 and 149 therein for details. The Articles of Association are published on the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Bank. During the reporting period, the Bank elected its Directors in strict compliance with the Articles of Association. When nominating the candidates for Directors, the Nomination and Remuneration Committee of the Board of Directors mainly takes their qualifications, compliance with laws, administrative regulations, rules and the Articles of Association, capability of faithful and diligent obligation, understanding of our business operation and management and willingness to accept supervision of their duty performance by the Board of Supervisors into account and moderately take the requirement of the diversity of the composition of the Board of Directors into account. Please refer to "Diversity of the Board of Directors" for the details of our policy on diversity of the composition of the Board of Directors. The quorum of the attendees of meeting of the Nomination and Remuneration Committee shall be more than two-thirds of all its members and any resolution at such meeting shall be passed by favorable votes from more than half of its members.

Board of Supervisors

As our supervisory organ, the Board of Supervisors is accountable to and shall report to the shareholders' general meeting. The Board of Supervisors is responsible for supervising and evaluating the performance of duties of the Board of Directors, the Senior Management and their members and the Supervisors, questioning the Board of Directors and senior management members, urging the Directors and senior management members to rectify their acts which impair the Bank's benefits; proposing the dismissal of or initiating litigation against the Directors and senior management members who breach the laws, administrative rules, the Articles of Association or the resolution of the shareholders' general meeting; conducting audit on resigning the Directors and senior management members as necessary; formulating the compensation and allowance distribution plan for Supervisors and submitting the plan to the shareholders' general meeting for consideration; supervising and inspecting the financial activities, business decisions, risk management, internal control and other aspects of the Bank and supervising the rectification thereof, and guiding the work of internal audit department of the Bank; reviewing the financial information such as the financial accounting reports, operation reports and profit distribution plans to be submitted by the Board of Directors to the shareholders' general meeting and engaging certified accountants and independent auditors to review such reports in the name of the Bank, if any problems are identified; supervising the implementation of the strategic plans, policies and basic management systems for the development of County Area Banking Business; submitting proposals to the shareholders' general meeting; nominating Supervisors Representing Shareholders, External Supervisors and Independent Directors; formulating amendments to the rules of procedures of the Board of Supervisors; supervising the compliance of the appointment, dismissal and reappointment of external auditing institutions and the fairness of the terms of engagement and remuneration, as well as the independence and effectiveness of external audit work; performing other duties as required by applicable laws, administrative regulations, departmental rules and the Articles of Association of the Bank and other duties authorized by the shareholders' general meeting.

Composition of the Board of Supervisors

At the end of the reporting period, the Board of Supervisors of the Bank consisted of six Supervisors, including one Supervisor Representing Shareholders, namely Ms. DENG Lijuan, two Supervisors Representing Employees, namely Mr. HUANG Tao and Mr. WANG Xuejun, and three External Supervisors, namely Ms. LIU Hongxia, Mr. XU Xianglin and Mr. WANG Xixin.

Meetings of the Board of Supervisors

Item	Details
Regular meetings of the Board of Supervisors	4
Extraordinary meetings of the Board of Supervisors	1
Total number of meetings	5
Dates of meetings	28 March, 29 April, 30 August, 30 October and 26 December 2024
Considering proposals or listening to reports	Considered 18 proposals including the *2023 Annual Report of Agricultural Bank of China Limited* and its abstract, and listened to 24 reports including the comprehensive risk management report for 2023.

Note: The Board of Supervisors has its office as its working body which is responsible for the preparation of meetings, preparation of meeting documents and minutes and other routine affairs of the Board of Supervisors and special committees thereof, and carry out daily supervision and monitoring work in accordance with the requirements of the Board of Supervisors.

Attendance of Supervisors at Meetings *Number of attendance in person[1]/number of meetings requiring attendance*

Supervisors	Board of Supervisors	Special Committees under the Board of Supervisors: Due Diligence Supervision Committee	Special Committees under the Board of Supervisors: Finance and Internal Control Supervision Committee
Supervisor Representing Shareholders			
DENG Lijuan	5/5	4/4	4/4
Supervisor Representing Employees			
HUANG Tao	4/5	3/4	
WANG Xuejun	5/5		4/4
External Supervisor			
LIU Hongxia	4/5		3/4
XU Xianglin	5/5	4/4	4/4
WANG Xixin	4/5	3/4	

Note: 1. Attendance in person includes attendance on site and attendance by way of electronic communication such as telephone and video conference. During the reporting period, the Supervisors of the Bank who did not attend the meetings of the Board of Supervisors or special committees thereof in person had designated other Supervisors as proxies to attend and to vote on their behalves at the meetings.

The main responsibilities of the Due Diligence Supervision Committee are as follows: to formulate the implementation plans for supervising due diligence of the Board of Directors, Senior Management and their members, and to carry out such plans upon approval of the Board of Supervisors; to submit review opinions on due diligence of the Board of Directors, Senior Management and their members and to provide advice in respect thereof to the Board of Supervisors; to formulate the audit report of any resigning Director and senior management member, if so required, and make suggestions to the Board of Supervisors; to provide recommendations on the candidates of Supervisors Representing Shareholders, External Supervisors, Independent Directors and members of each special committee to the Board of Supervisors; to formulate the assessment plan, organize the performance evaluation of Supervisors, and provide recommendations in respect thereof to the Board of Supervisors; to make proposals on the compensation and allowance distribution plan for Supervisors and submit the plan to the Board of Supervisors for approval; to research and handle the relevant matters, documents and information reported or provided by the Board of Directors, Senior Management or any of their members; and to perform other duties as required by the laws, administrative regulations and departmental rules, or other matters authorized by the Board of Supervisors. At the end of the reporting period, the Due Diligence Supervision Committee comprised four Supervisors, namely Mr. XU Xianglin, Ms. DENG Lijuan, Mr. HUANG Tao and Mr. WANG Xixin. The Due Diligence Supervision Committee was chaired by Mr. XU Xianglin.

Meetings of the Due Diligence Supervision Committee

Number of Meetings	Dates of Meetings	Considering Proposals or Listening to Reports
4	5 March, 30 August, 30 October and 20 December 2024	Considered five proposals including the assessment report on due diligence of the Board of Directors, the Board of Supervisors, the Senior Management of Agricultural Bank of China Limited and their members for 2023.

The main responsibilities of the Finance and Internal Control Supervision Committee are as follows: to formulate the work and implementation plans of the Finance and Internal Control Supervision, and to carry out such plans upon approval of the Board of Supervisors; to supervise the implementation of the development strategic plan, the policies and basic management system of the County Area Banking Business of the Bank and evaluate the implementation effectiveness and provide recommendation in respect thereof to the Board of Supervisors; to supervise and inspect the financial and accounting reports, operation reports and profit distribution proposals formulated by the Board of Directors and provide recommendations in respect thereof to the Board of Supervisors; to formulate the plans of the Board of Supervisors to supervise and inspect the financial activities, business decisions, risk management, internal control and so on of the Bank, and to implement such plans upon the approval of the Board of Supervisors; to recommend to the Board of Supervisors for engagement of external auditing institutions to perform audits on the Bank's finances when necessary; to guide the work of the internal audit department; to research and handle the relevant matters or documents or information reported or provided by the Board of Directors, Senior Management or any of their members; and to supervise the compliance of the appointment, dismissal and reappointment of external auditing institutions and the fairness of the terms of engagement and remunerations, as well as independence and effectiveness of external audits, and make suggestions to the Board of Supervisors; and to perform other duties as required by the laws, administrative regulations and departmental rules, or other matters authorized by the Board of Supervisors. At the end of the reporting period, the Finance and Internal Control Supervision Committee comprised four Supervisors, namely Ms. LIU Hongxia, Ms. DENG Lijuan, Mr. WANG Xuejun and Mr. XU Xianglin. The Finance and Internal Control Supervision Committee was chaired by Ms. LIU Hongxia.

Meetings of the Finance and Internal Control Supervision Committee		
Number of Meetings	**Dates of Meetings**	**Considering Proposals or Listening to Reports**
4	28 March, 29 April, 30 August and 30 October 2024	Considered 11 proposals, including the final financial accounts of Agricultural Bank of China Limited for 2023, and listened to nine reports, including the monitoring and analysis report on the financial and operation conditions of the Bank for 2023.

Work of External Supervisors

During the reporting period, the External Supervisors strictly performed their supervisory duties diligently in accordance with the Articles of Association. They conscientiously considered the relevant proposals, listened to the work reports, and carried out the supervision and investigations. They attended meetings of the Board of Supervisors and its special committees, and provided professional, rigorous and independent opinions, which facilitating the improvement of our corporate governance and enhancement of our operation management level.

Work of Board of Supervisors

Please refer to the "Report of the Board of Supervisors" for details.

Senior Management

As our execution organ, the Senior Management is accountable to the Board of Directors and under the supervision of the Board of Supervisors. The senior management is responsible for, among other things, taking charge of our operation and management, and implementing resolutions of the shareholders' general meetings and the Board of Directors; formulating our basic management systems and policies, and establishing our specific rules and regulations (other than internal audit rules and regulations); formulating our business plans and investment proposals, and making arrangements for their implementation after they are approved by the Board of Directors; formulating our annual financial budget and final accounts, risk capital allocation plans, profit distribution plans, loss appropriation plans, plans for increase or reduction of registered capital, plans for issuance of corporate bonds or other negotiable securities and listing plans, and shares repurchase plans, and making proposals to the Board of Directors, etc.

Composition of the Senior Management

At the end of the reporting period, the Bank's Senior Management comprised five members, namely, Mr. WANG Zhiheng, Mr. LIN Li, Mr. LIU Hong, Mr. WU Gang and Ms. LIU Qing.

Work of the Senior Management

Authorized by the Board of Directors, the Senior Management effectively promoted the bank-wide operation and management in compliance with the Articles of Association and other governance documents of the Bank. During the reporting period, the senior management members held more than 400 president's office meetings and thematic conferences to study on how to implement the resolutions and plans of the Board of Directors and formulate the operation plans, operation strategies and management measures which were subject to well-timed adjustments in response to the market changes. The Senior Management proactively invited the Directors and Supervisors to attend key meetings and events, solicited their opinions and advice, and maintained close communication with the Board of Directors and the Board of Supervisors, thereby constantly improving the quality and efficiency of our operation and management.

Related Party Transactions and Intra-group Transactions

Management System of Related Party Transactions and Intra-group Transactions

The Bank has formulated the *Measures for Related Party Transactions Management of Agricultural Bank of China* and *Implementation Measures for Related Party Transactions Management of Agricultural Bank of China*, as well as the *Measures for Intra-group Transactions Management of Agricultural Bank of China* and *Operating Procedures for Intra-group Transactions Limit Management of Agricultural Bank of China (Provisional)*, which standardized the related party transactions and intra-group transactions management.

Procedures and Entities in Charge to Consider Related Party Transactions and Intra-Group Transactions

The Board of Directors of the Bank assumes the ultimate responsibility for related party transactions management. The Related Party Transactions Management Committee under the Board of Directors is responsible for affairs such as management, review and risk control of related party transactions within the scope of its duties and authorities. The Bank has set up a cross-department related party transactions management office under the Senior Management, which is responsible for daily affairs such as related parties identification and maintenance, related party transactions management, and related party transactions data governance.

The related party transactions of the Bank shall be approved in accordance with its business authorization, while the material related party transactions, unified transaction agreements, and the related party transactions with a transaction volume amounting to more than RMB30.00 million (inclusive) and representing more than 1% (inclusive) of the Bank's latest audited net assets are subject to the approval of the Board of Directors, and the related party transactions considered by the Board of Directors must be approved by more than two-thirds of the non-related Directors. If the number of the non-related Directors attending the meeting of the Board is less than three, it shall be submitted to the shareholders' general meeting for consideration.

The related party transactions between the Bank and related parties with a transaction volume amounting to more than RMB30.00 million (inclusive) and representing more than 5% (inclusive) of the Bank's latest audited net asset, and the guarantees transactions within the scope of non-banking business provided to the related parties shall be submitted to the shareholders' general meeting for consideration after being considered and approved by the Board of Directors.

The Bank implements annual cap management over its intra-group transactions and approves the intra-group transactions in accordance with its business authorization. The general intra-group transactions exceeding the limit and the material intra-group transactions are subject to the approval of the President and the Board of Directors, respectively.

Details of the Related Party Transactions

In 2024, we implemented standardized management of the related party transactions strictly in compliance with the regulatory requirements of the NFRA and the securities regulations of the PRC and the listing rules of Shanghai and Hong Kong. During the reporting period, our related party transactions were conducted on normal commercial terms and in accordance with the laws and regulations. Our pricing for interest rates followed fair business principles, and no impairment of the interests of the Bank or the minority shareholders was identified.

In 2024, we conducted various connected transactions with connected persons (as defined in the Hong Kong Listing Rules) of the Bank in the ordinary and usual course of business. Such transactions satisfied the applicable exemption conditions set out in Rule 14A.73 under the Hong Kong Listing Rules, and therefore were fully exempted from compliance with the requirements of shareholders' approval, annual review and all requirements in relation to disclosures.

For the related party transactions defined in accordance with the domestic laws and regulations as well as the accounting standards, please refer to "Note IV. 40 Related Party Transactions to the Consolidated Financial Statements" for details.

Incentive & Constraint Mechanism

We have established a system of deferred payment, recall and deduction of performance salary. Where the senior management members and personnel in key positions violate laws, regulations and disciplines or are responsible for significant risk losses, we will deduct, recall and cease the payment of their performance salary and deferred payment remuneration for the corresponding period based on the severity. The establishment of incentive and constraint mechanism of remuneration allocation enables us to balance the relationship between current and long term as well as between revenue and risk, ensuring the remuneration incentive matches the risk-adjusted performance.

Risk Governance

Risk Appetite

Risk appetite is a term that refers to the levels and types of risks acceptable to and tolerable for the Bank as determined by the Board of Directors of the Bank in order to achieve the strategic targets of the Bank, which depends on the expectations and constraints of our major stakeholders, external operating environment and actual conditions of the Bank.

We generally adopt a moderate risk appetite, with a consistent focus on risk prevention and control as the eternal theme of financial work. We ensure both development and security, adhere to the principle of law-compliant and stable operations, proactively give play to our function role, seek to maintain consistency in security, profitability, and liquidity, as well as a balance among capital, risks, and returns. We are neither aggressive nor conservative in the level of risk bearing. Through undertaking an appropriate level of risk and adopting effective management, we seek to achieve reasonable returns, maintain sufficient risk provisions and capital adequacy to cover risk losses, and firmly hold the bottom line of preventing systemic financial risks. We continuously improve the risk management system, strengthen the implementation of risk management measures, and enhance the foresight, comprehensiveness, and proactivity of risk prevention and control. We maintain good regulatory ratings and external ratings, providing assurance for realizing our strategic objectives and business plans.

Risk Management Structure

The Board of Directors assumes the ultimate responsibility for risk management. The Risk Management and Consumers' Interests Protection Committee, the Audit and Compliance Committee and the Risk Management Committee of Institutions in the United States Regions under the Board of Directors of the Bank perform the relevant risk management functions, consider the key risk management issues and supervise and evaluate the establishment of risk management system and the risk condition of the Bank.

The Senior Management is the organizer and executor of risk management of the Bank. Under the Senior Management, we have various risk management committees with different functions, including the Risk Management and Internal Control Committee, Credit Approval Committee, Asset and Liability Management Committee and Asset Disposal Committee. Among them, the Risk Management and Internal Control Committee is primarily responsible for organizing and coordinating risk and compliance management across the Bank, researching and considering material risk management and compliance management issues.

The Board of Supervisors is responsible for risk management supervision. It supervises and inspects on due diligence of the Board of Directors and the Senior Management in risk management and urges them to make rectifications. It includes relevant supervision and inspection information into the work report of the Board of Supervisors and regularly reports to the shareholders' general meeting.

Based on the principle of "overall coverage", we established the "matrix" risk management organizational system and the "Three Lines of Defense" for risk management comprising the risk bearing departments, risk management departments and internal audit departments. In 2024, we comprehensively implemented the regulatory requirements, actively advanced the implementation of new regulatory requirements to further enhance our comprehensive risk management system, as well as the primary risk management frameworks including credit, market, and operational risks.

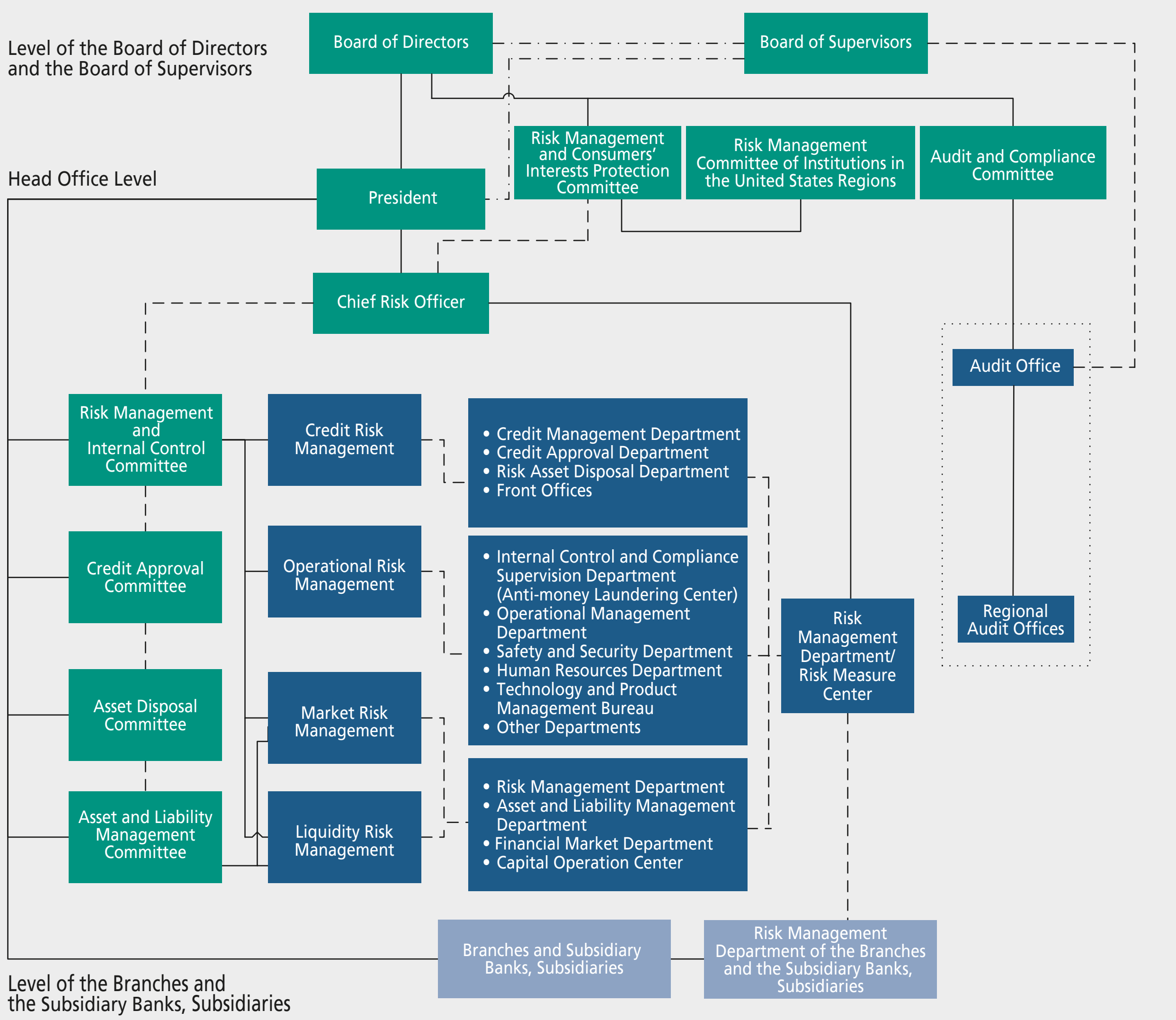
Role and Responsibilities of the Chief Risk Officer

The Chief Risk Officer of the Bank is to lead the construction of a comprehensive risk management system and the implementation of the Basel Capital Accord, coordinate the establishment of the Bank's organizational structure for risk management, review the implementation of the risk management strategies and risk appetite, review major risk management policies and rules, promote the establishment and improvement of risk management information system and data quality control mechanism, and lead the reporting of the Bank's overall risk management to the Board of Directors and its special committees.

Management and Status of Various Risks

Please refer to "Discussion and Analysis — Risk Management" for details.

The Chart of Major Risk Management Structure



Note: Risks other than those mentioned above have been included in the comprehensive risk management system.

Internal Control

Internal Control Environment

The Board of Directors of the Bank is responsible for establishing a sound internal control system, effectively implementing the internal control, evaluating its effectiveness, and disclosing the internal control assessment report. The Audit and Compliance Committee, the Risk Management and Consumers' Interests Protection Committee, the Risk Management Committee of Institutions in the United States Regions, and the Related Party Transactions Management Committee established under the Board of Directors are responsible for performing the corresponding duties related to internal control management. The Senior Management is responsible for organizing and leading the daily operation of internal control. The Board of Supervisors supervises the establishment and implementation of internal control by the Board of Directors and the Senior Management.

Objectives of Internal Control Management

The objectives of our internal control are to reasonably ensure the legality and compliance of operation and management, the truthfulness and completeness of financial reports and related information, the effectiveness of risk management and the security of asset, improve the efficiency and effectiveness of our operation, and facilitate the fulfilment of our business objectives and development strategies.

Internal Control Evaluation

The Board of Directors has considered and approved the 2024 Internal Control Assessment Report of Agricultural Bank of China Limited, details of which are published on the website of the Shanghai Stock Exchange.

KPMG Huazhen LLP issued an unqualified *Internal Control Audit Report* based on its audit of the effectiveness of the Group's internal control over financial reporting as of 31 December 2024, in accordance with the relevant regulations, details of which are published on the website of the Shanghai Stock Exchange.

Implementation of Internal Control

Our internal control environment was improved. We carried out in-depth programs to improve the quality and strive for excellence of compliance, to lead and promote the construction of a compliance culture across the Bank by focusing on the building of regulatory compliance capacity and selecting compliance model.

Our capabilities to identify and evaluate risks were enhanced. We regularly assessed various risks faced by the Bank, insisted on assessing various types of risks related to new businesses, new products, new systems and new institutions, and constantly optimized risk management and control measures. We revised and released the *Measures on Management of Risk Prevention and Control in Criminal Cases of Agricultural Bank of China*, promoting the completion of the mechanism for the whole-chain prevention and control of case risk.

We implemented control actions efficiently. We put into operation the system management and compliance review system to achieve online system management throughout the whole process and enhance the standardization of regulations across the Bank. We promoted group-wide differentiated authorization management by categories, and effectively prevent the risk of exceeding or losing authority. We normalized related party transaction management and compulsory vacation administration, implemented the internal control management and the requirements of caring for employees. We strengthened compliance risk monitoring of overseas institutions, carried out critical risk point standardization construction of subsidiaries to improve the Group's compliance management system. We established the centralized operation mode for the collaboration between the Head Office and branches in monitoring transactions, to improve the quality and efficiency of anti-money laundering monitoring and analysis. We revised the *Measures for the Administration of the Protection of Consumer Rights and Interests*, and enhanced the construction of the operation of consumers' interests protection mechanism.

We maintained unimpeded information communications. We comprehensively established digital compliance platform with synergy and sharing, function integration and unification, business integration and linkage, and connection and cycling in the whole process, providing strong system support for jointly carrying out internal control and compliance management across the Bank. We published rules and standards for data governance, and strengthened third-party cooperative data security management.

We optimized the internal supervision evaluation. We improved the internal control evaluation system, further refined special evaluation and boosted risk disclosure capabilities. We strengthened the coordination of inspection and supervision, and carry out forward-looking compliance risk monitoring around key areas. We effectively implemented the management of regulatory matters throughout the whole process, promoted special governance for regulatory penalties and improved the quality of rectification work. We increased supervision and accountability, improved the system of accountability and promoted the coherence and synergy of Party discipline and regulations of the Bank.

Internal Control on Financial Statements

We follow the principles of all-sidedness, importance, balancing, adaptability and cost-effectiveness to establish and implement internal control on financial statements in accordance with the requirements of *the Basic Standard for Enterprise Internal Control*.

The financial statements of the Bank are prepared by the management, signed by the legal representative, the person in charge of accounting and the head of the accounting department, and approved by the Board of Directors for external submission or disclosure.

The Audit and Compliance Committee of the Board of Directors of the Bank is responsible for considering our material financial and accounting policies and their implementation, and supervising the financial operations; supervising and assessing the Bank's internal audit and the Bank's internal audit system and its implementation; supervising and evaluating the annual audit plan, scope of work and important audit standard proposed by the accounting firm for conducting regular statutory audit work for the Bank's financial reports; making judgmental reports on the truthfulness, completeness and accuracy of the information in the audited financial accounting statements of the Bank and submitting them to the Board of Directors for consideration.

The Finance and Internal Control Supervision Committee of the Bank's Board of Supervisors is responsible for formulating the work and implementation plans of the finance and internal control supervision of the Board of Supervisors, submitting the plans to the Board of Supervisors and carrying out such plans upon approval of the Board of Supervisors; supervising and inspecting the financial and accounting reports and providing recommendations in respect thereof to the Board of Supervisors; formulating the plans of the Board of Supervisors to supervise and inspect the financial activities, internal control of the Bank, implementing such plans upon the approval of the Board of Supervisors.

Internal Supervision

Role of Audit and Compliance Committee of the Board of Directors

For details, please refer to "Corporate Governance Report — Operation of Corporate Governance — Board of Directors".

Role of the Board of Supervisors

For details, please refer to "Report of the Board of Supervisors".

Internal Audit

Structure of Internal Audit

We have established an audit institution that is accountable to and shall report to the Board of Directors and its Audit and Compliance Committee. The audit institution is under the guidance of and shall report the audit results to the Senior Management and the Board of Supervisors. It conducts the audits and evaluations of operation management, business practices, and business performance across the Bank based on the risk-oriented principles. It consists of the Audit Office at the Head Office and ten regional offices. The Audit Office at the Head Office is responsible for the organization, management and reporting of audit work across the Bank. The regional offices are responsible for internal audit of their respective branches, and shall be accountable to and report to the Audit Office at the Head Office. Besides, independent internal audit functions are instituted in the overseas operation institutions and the subsidiaries of integrated operations.

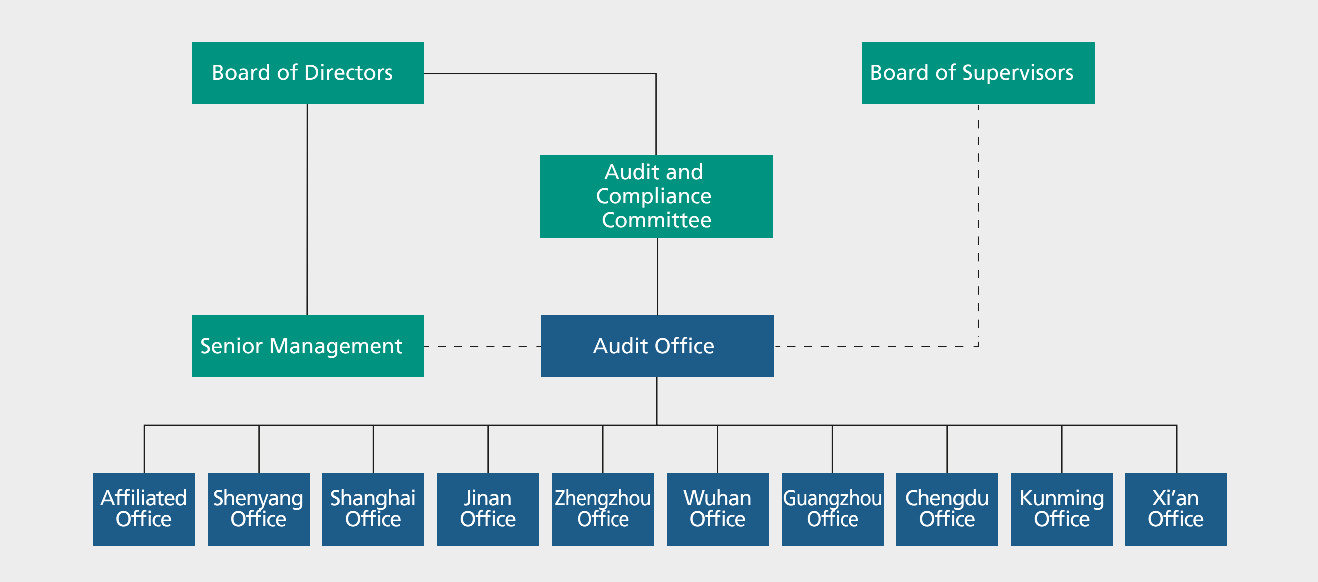
Operation of Internal Audit

During the reporting period, in accordance with the strategic decisions of the Board of Directors and the external regulatory requirements, based on the risk-oriented principles, we carried out the risk management audit with a focus on key areas such as serving rural revitalization, "Five Priorities" of financial services, credit business, internal control and prevention of cases of violations, financial compliance as well as subsidiaries and consolidated management. We conducted specific audits on various aspects, including anti-money laundering, infrastructure construction management, consumers' interests protection, information technology management, real estate loans, custody and pension business, cyber and data security management, and the rectification of problems identified during our internal and external audits. The audit for overseas institutions was steadily promoted. We standardized the implementation of audit on economic responsibilities of senior management. We advanced the reform of the regional responsibility system of regional audit offices and comprehensively promoted the specialization construction of audit. We continuously promoted the digital transformation of audit, intensified audit monitoring efforts to effectively facilitate the implementation of strategic decisions, the improvement of management basics and the steady growth of business across the Bank.

Audit Recommendations

During the reporting period, our audit institution put forward the audit recommendations in the areas such as credit, finance and accounting, internal control and prevention of cases of violations, information technology management, and cyber security. Attaching great importance to the various audit findings and audit recommendations, we formulated the rectification measures in a timely manner, implemented the rectification requirements and audit recommendations, to ensure the problems identified in the audit were effectively rectified.

The chart of organizational structure of internal audit of the Bank



External Audit

Information on External Auditors

The consolidated financial statements of the Group for 2024 prepared in accordance with CASs and IFRS Accounting Standards have been audited by KPMG Huazhen LLP[1] and KPMG[2] (collectively, the "KPMG"), respectively, in accordance with the China Standards on Auditing and International Standards on Auditing, on both of which the unqualified audit report were issued. KPMG Huazhen LLP also implemented audit procedures and issued audit opinions on the effectiveness of the Group's internal control of financial statements.

The external auditors regularly attended the meetings of the Audit and Compliance Committee of the Board of Directors to communicate the audit plans, major audit findings, etc. The external auditors put forward the findings related to our internal control and the management recommendations on optimization of our business management, issued the management recommendations letters, and reported to the Audit and Compliance Committee of the Board of Directors as well as the Finance and Internal Control Supervision Committee of the Board of Supervisors. The external auditors evaluated the implementations of the findings related to internal control and the management recommendations.

1 *KPMG Huazhen LLP is Recognized Public Interest Entity Auditor under Financial Reporting Council Ordinance in Hong Kong SAR.*

2 *KPMG is Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance in Hong Kong SAR.*

Independence of External Auditors

The external auditors reported to the Audit and Compliance Committee of the Board of Directors on compliance with the code of professional ethics related to independence in accordance with the requirements of "Communication with Those Charged with Governance" in the International Standards on Auditing and Chinese Certified Public Accountants Auditing Standards. In providing audit and non-audit services, the external auditors of the Bank followed the International Code of Ethics for Professional Accountants (including International Independence Standards), the Chinese Code of Professional Ethics for Certified Public Accountants, relevant regulatory requirements and KPMG's own strict independence policy to ensure their independence in both form and substance.

External Auditors' Engagement and Remuneration

As approved by the 2023 Annual General Meeting of the Bank, we engaged KPMG as our 2024 accounting firm. Wherein, KPMG Huazhen LLP is responsible for providing audit service for the financial statements of the Bank prepared in accordance with CASs and for internal control, while KPMG is responsible for providing audit service for the consolidated financial statements of the Bank prepared in accordance with IFRS Accounting Standards. The partner of the external audit project of the Bank is SHI Jian, and the undersigned certified accountants are SHI Jian and HUANG Aizhou (PRC Standards), and WONG Yuen Shan (International Standards). The accounting firm, partner of the audit project and the undersigned certified accountants all began providing audit services for the Bank from 2021 and have served the Bank for four years.

In 2024, a total fee of RMB91,064.6 thousand was paid to KPMG by us for the Group's financial statements audit service, including RMB7,285.2 thousand for the internal control audit service. In 2024, a total fee of RMB24,165.6 thousand was paid to KPMG and its network member firms by us for providing the financial statement audit service to our subsidiaries and overseas branches. In 2024, a total fee of RMB5,778.7 thousand was paid to KPMG and its network member firms by us for providing the non-audit professional services including bond issuance and tax compliance service.

Communication with Stakeholders

Communication with Shareholders

Information Disclosure

The Chairman of the Board of Directors of the Bank shall assume primary responsibility for the management of information disclosure affairs. The Secretary to the Board of Directors is responsible for organizing and coordinating information disclosure affairs. We have established an information disclosure institutional system covering the basic system, administrative measures and operating procedures, complying with the regulatory requirements for listed companies. We actively implemented the latest regulatory disclosure requirements, completed the revision of the *Regulation on Information Disclosure* and the *Measures for Insiders Management* and other systems and measures to further enhance the systems, procedures and standards of information disclosure. We enhanced better matching between periodical reports and national strategies, highlighted the disclosure of operational highlights and operational advantages, increased the disclosure of environmental, social and governance information, actively responded to market concerns, and continuously enriched the forms of disclosure to continuously enhance the effectiveness of information disclosure. In 2024, the Bank disclosed 343 documents on the Shanghai Stock Exchange and the Hong Kong Stock Exchange in aggregate, and the assessment of our information disclosure by the Shanghai Stock Exchange was "A".

During the reporting period, we had no rectification for any material accounting errors, no omission of material information, no amendment required for any preliminary results announcement or other matters.

We continued to strengthen the management of inside information and enhance the compliance awareness of the insiders. We also carried out annual self-examination on inside trading and registration and filling for the insiders.

Investor Relations

Results announcement conferences: We convened four results announcement conferences for 2023 annual results, 2024 first quarterly results, 2024 interim results and 2024 third quarterly results.

Investor and analyst meetings: We organized over one hundred investor and analyst meetings in various forms including on-site meeting and teleconference, covering leading investment and research institutions in the market, at which hot topics in the market were communicated deeply.

Online Q&A: We replied to investors' enquiries on the Shanghai Securities E-platform regularly.

Capital market summits: We participated in nearly 30 capital market summits.

Communication at the shareholders' general meetings: We communicated with the shareholders at the 2023 annual general meeting, 2024 first extraordinary general meeting, 2024 second extraordinary general meeting and 2024 third extraordinary general meeting. In order to protect the legitimate rights and interests of shareholders participating in the shareholders' general meeting, we took the initiative to contact the registered shareholders before the shareholders' general meeting, verified the information of the participants and informed them of the time and place of the meeting and other related matters, solicited investor questions before the meeting, and then responded to the questions by the team of investor relationship management through the investors' hotline and the Shanghai Securities E-platform after the meeting.

Other communication with investors: We continued to answer calls on the investors' hotline and reply the IR email to answer investors' enquiries.

Contact details: If investors have any enquiries, or if shareholders have any suggestions, enquiries or proposals, please contact:
The Team of Investor Relationship Management under the Office of the Board of Directors of Agricultural Bank of China Limited
Address: No. 69, Jianguomen Nei Avenue, Dongcheng District, Beijing, China
Tel: 86-10-85109619
Fax: 86-10-85126571
E-mail: ir@abchina.com

The Bank has reviewed the shareholders' communication policies above and their implementation during the year, and believes that such policies were adequate and effective in investors' protection.

Communication with Customers

For details, please see "Discussion and Analysis — Business Review".

Communication with Employees, Communities, Suppliers and Other Stakeholders

For details, please see the *2024 Sustainability Report* of the Bank published separately.

Communication with Lawyers

We applied the lawyer witness system for the shareholders' general meetings, for which lawyers have issued their legal opinions. The lawyers put forward compliance opinions on our information disclosure documents and important issues in relation to corporate governance.

Communication with External Auditors

For details, please see "Corporate Governance Report — External Audit".

Other Information on Corporate Governance

Corporate Governance Code

Save as disclosed in this annual report, we fully complied with all the principles and code provisions, and almost all the recommended best practices of the *Corporate Governance Code* set out in Appendix C1 to the Hong Kong Listing Rules during the reporting period.

The Board of Directors actively performed its corporate governance duties, continuously refined the relevant systems for corporate governance, and continuously assessed and improved our corporate governance. The special committees under the Board of Directors performed their duties strictly in accordance with the applicable requirements of corporate governance.

Significant Changes to the Articles of Association

On 7 March 2024, the NFRA approved the amended Articles of Association of the Bank. Please refer to the full texts of the amended Articles of Association on the websites of the Shanghai Stock Exchange (www.sse.com.cn) and the Hong Kong Stock Exchange (www.hkexnews.hk).

Securities Transactions by Directors and Supervisors

The Bank has adopted a code of conduct for securities transactions by Directors and Supervisors with terms no less strictly than those set out in the *Model Code for Securities Transactions by Directors of Listed Issuers* in Appendix C3 to the Hong Kong Listing Rules. The Directors and Supervisors of the Bank have confirmed that they have complied with such code of conduct throughout the year ended 31 December 2024.

Corporate Culture

The Bank deeply implemented Xi Jinping Thought on Culture by vigorously promoting excellent traditional Chinese culture, and actively cultivated and practiced a financial culture with Chinese characteristics. We formulated *the Work Plan to Cultivate and Practice Financial Culture with Chinese Characteristics for the Agricultural Bank of China (2024-2026)*, relying on the implementation of four major projects, namely "Culture to Mold the Soul", "Culture to Be the Guide", "Culture to Warm the Heart", and "Culture to Shape Behavior", aiming to build six specialized sub-cultures, which include operation, management, service, risk, talent, and integrity. We deepened the integration of financial culture with Chinese characteristics into our business operations, embedding it in behaviors and leading development, which guide all employees in upholding the core values of "Integrity, Stability and Sound Operation". The Bank remained committed to its positions as a leading bank serving rural revitalization and a major bank serving the real economy. We deeply implemented the rural and inclusive finance strategy, the green finance strategy, and the digitalization strategy, thereby providing strong moral and favorable cultural support for comprehensively building China into a strong country and achieving national rejuvenation through the Chinese path to modernization.

Core Philosophies of Our Corporate Culture

Mission: Providing County Area Banking services, serving both urban and rural areas, maximizing shareholders' returns, and assisting employee development.

Vision: Forging a first-class international commercial bank group.

Core Values: Integrity, Stability and Sound Operation.

Relevant Philosophies under the Guidance of Core Values:

Operation Philosophy: Market-oriented, customer-centered and value-oriented.

Management Philosophy: Details determine success or failure, compliance creates value and responsibility delivers achievements.

Service Philosophy: Customers first and always.

Risk Philosophy: Non-compliance poses risks and safety brings benefits.

Human Resources Philosophy: Besides ability, employees' integrity should be highly valued and their performance should be fairly assessed.

Integrity Philosophy: Be honest, upright, and disciplined, with moral fortitude and principle, selflessness, considerate, devoted and loyal.

Principal Business and Business Review

Our principal business is to provide banking and related financial services. Details of our business operations and business review as required by Schedule 5 to the *Companies Ordinance* of Hong Kong are set out in relevant sections including "Discussion and Analysis", "Sustainability Information", "Corporate Governance Report", "Significant Events", "Notes to the Consolidated Financial Statements" and this "Report of the Board of Directors".

In particular, please refer to "Business Review" and "Risk Management" under "Discussion and Analysis" and "Risk Governance" under "Corporate Governance Report" for our business review, discussion and analysis of the performance for the reporting year, principal risks and uncertainties faced by us and our future business development. Please refer to "Discussion and Analysis — Financial Statement Analysis" for the analysis of the financial key performance indicators. Please refer to "Sustainability Information" for the environmental and social performance and policies of the Bank. Please refer to "Discussion and Analysis — Risk Management" and "Corporate Governance Report — Internal Control" for the compliance with the relevant laws and regulations that would have a significant impact on the Bank. Please refer to "Business Review — Human Resources Management and Institution Management" under "Discussion and Analysis", "Sustainability Information" and "Communication with Stakeholders" under "Corporate Governance Report" for the Bank's relationships with its employees, customers and shareholders.

Major Customers

For the year ended 31 December 2024, the interest income and other operating income from the five largest customers of the Bank accounted for no more than 30% of the interest income and other operating income of the Bank.

Share Capital and Public Float

At 31 December 2024, our total share capital of ordinary shares amounted to 349,983,033,873 shares, including 319,244,210,777 A Shares and 30,738,823,096 H Shares. At the date of this annual report, we maintained sufficient public float in compliance with the minimum requirement of the Hong Kong Listing Rules and the waiver granted by the Hong Kong Stock Exchange upon our listing.

Purchase, Sale or Redemption of the Bank's Shares

For the year ended 31 December 2024, neither the Bank nor its subsidiaries purchased, sold or redeemed any of its listed shares (including sale of treasury shares). As at the end of the reporting period, neither the Bank nor its subsidiaries held treasury shares.

Pre-emptive Rights

There is no mandatory provision in relation to pre-emptive rights in the Articles of Association. According to the Articles of Association, we are entitled to increase the registered capital by issuing shares through public or non-public offering, allotting new shares to the existing shareholders (except holders of our preference shares), transferring the capital reserve funds to increase share capital and through other methods as permitted by laws, administrative regulations and relevant authorities.

Equity-linked Agreement

We issued preference shares "農行優1" (stock code: 360001) and "農行優2" (stock code: 360009) on 31 October 2014 and 6 March 2015, respectively.

We set the events triggering mandatory conversion of the preference shares "農行優1" and "農行優2" into ordinary A Shares, respectively, in accordance with relevant regulations, including:

(i) If our Common Equity Tier 1 ("CET1") capital adequacy ratio decreases to 5.125% (or below), the preference shares will be fully or partially converted into ordinary A Shares, in order to restore our CET1 capital adequacy ratio to above 5.125%.

(ii) All preference shares issued will be converted into ordinary A Shares upon the earlier occurrence of the following two situations:

   (a) the NFRA is of the view that we can no longer subsist if the preference shares are not converted;

   (b) relevant authorities consider that we could not subsist without capital injection from public sector or any support to the same effect.

If any of the triggering events above happens and all of preference shares "農行優1" and "農行優2" are mandatorily converted into ordinary A Shares at the conversion price, the number of ordinary A Shares upon conversion will not exceed 32,520,325,204 shares. No events have happened so far which would trigger the mandatory conversion of the preference shares "農行優1" or "農行優2" into ordinary A Shares.

During the reporting period, except for the above disclosure, we did not enter into, nor did there subsist, any other equity-linked agreement.

Profits and Dividends Distribution

The Board of Directors proposed distribution of final dividends of RMB1.255 (tax inclusive) for each ten shares of 349,983,033,873 ordinary shares for 2024 with a total amount of approximately RMB43,923 million (tax inclusive). The distribution plan will be submitted for approval at the 2024 Annual General Meeting. Please refer to "Corporate Governance Report — Shareholding Structure — Particulars of Ordinary Shares" for details.

The Dividends Distribution Policy and Implementation of the Cash Dividend Policy

Please refer to "Corporate Governance Report — Shareholding Structure — Particulars of Ordinary Shares" for details.

Reserves

Details of the changes of reserves for the year ended 31 December 2024 are set out in "Consolidated Statement of Changes in Equity" in the Consolidated Financial Statements.

Financial Summary

Summary of operating results, assets and liabilities for the five years ended 31 December 2024 is set out in "Basic Corporate Information and Major Financial Indicators".

Donations

During the year ended 31 December 2024, our external donations (domestic) amounted to RMB116.89 million.

Property and Equipment

Details of the changes of property and equipment for the year ended 31 December 2024 are set out in "Note IV. 21 Property and equipment to the Consolidated Financial Statements".

Employee Benefit Plans

For details of employee benefit plans, please refer to "Note IV. 31 Other Liabilities (1) Staff costs payable to the Consolidated Financial Statements". Same as previous years, there was no forfeited contribution available to reduce the contribution payable by the Bank under the defined contribution schemes for 2024.

Management Contracts

Except for the service contracts with our management personnel, we have not entered into any contract with any person, company or legal entity to manage or handle the whole or any material part of its businesses.

Directors' and Supervisors' Interests in Material Transactions, Arrangements or Contracts

For the year ended 31 December 2024, none of our Directors or Supervisors or parties related to such Directors and Supervisors had any material interests, either directly or indirectly, in any material transaction, arrangement or contract regarding our business to which the Bank or any of its subsidiaries, the controlling shareholders of the Bank or any of their subsidiaries was a party. None of our Directors or Supervisors has entered into any service contract with the Bank or any of its subsidiaries, pursuant to which the Bank needs to pay compensation (other than statutory compensation) for terminating the contract within one year.

Directors' Interests in Competing Businesses

None of our Directors held any interests in any business that competes or is likely to compete, either directly or indirectly, with the business of the Bank.

Rights of Directors and Supervisors to Acquire Shares or Debentures

For the year ended 31 December 2024, the Bank did not grant any rights to acquire shares or debentures to any Directors or Supervisors, nor was any of such rights exercised by any Directors or Supervisors. Neither the Bank nor its subsidiaries entered into any agreements or arrangements enabling the Directors or Supervisors to obtain benefits by acquiring shares or debentures of the Bank or any other corporations.

Interests in Shares, Underlying Shares and Debentures Held by Directors and Supervisors

None of the Directors or Supervisors of the Bank had any interests or short positions in the shares, underlying shares or debentures of the Bank or any of its associated corporations (as defined in Part XV of the *Securities and Futures Ordinance of Hong Kong*) which were required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the *Securities and Futures Ordinance of Hong Kong* (including interests and short positions deemed to be owned by them under such provisions of the *Securities and Futures Ordinance of Hong Kong*), or any interests or short positions which were required to be recorded in the register referred to in Section 352 of the *Securities and Futures Ordinance of Hong Kong*, or any interests or short positions which were required 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 Hong Kong Listing Rules. For the interests and short positions of substantial shareholders of the Bank and other persons, please refer to "Corporate Governance Report — Shareholding Structure — Particulars of Ordinary Shares".

Remuneration of Directors, Supervisors and Senior Management Members

We have made specific rules on remuneration of the Directors, Supervisors and senior management members, and continuously improve performance assessment system and incentive & constraint mechanism of the Directors, Supervisors and senior management members. The Shareholders' General Meeting of the Bank shall exercise the authority to decide on matters relating to the remuneration of Directors and Supervisors in accordance with the law, consider and approve the remuneration of Directors and Supervisors, and shareholders have the decision-making authority on the remuneration of Directors and Supervisors. The Board of Directors shall consider and approve the remuneration levels of senior management members. In the performance appraisal of the senior management members by the Board of Directors, requirements such as supporting the real economy, making headway in the "Five Priorities", preventing and controlling financial risks, deepening financial system reform, and performing social responsibility are included in the review assessment. The appraisal results will be the important basis for determining the annual performance salary of the senior management members. The remuneration of Chairman of the Board of Directors, President and other persons in charge shall be implemented in line with the relevant policy of the state on the remuneration reform of persons in charge of central enterprises. The remuneration consists of the annual basic salary, the annual performance salary and the tenure incentive income linked to the tenure assessment. For details of the remuneration standards, please refer to "Corporate Governance Report — Directors, Supervisors and Senior Management — Remuneration of Directors, Supervisors and Senior Management". We did not formulate any share incentive plan for the Directors, Supervisors and senior management members.

Permitted Indemnity Provisions

According to the Articles of Association, we will undertake the civil liability arising from the discharge of the duties of our Directors, Supervisors and senior management members to the largest extent permitted by, or unless prohibited by, the applicable laws and administrative regulations, except that such Directors, Supervisors and senior management members were proven to have failed to perform their duties honestly or in good faith. We have maintained liability insurance for potential liabilities that may arise from the indemnification claims against the misconduct of the Directors, Supervisors and senior management members.

During the reporting period, we have renewed the liability insurance for our Directors, Supervisors and senior management members.

Financial, Business and Family Relationship among Directors

The Directors had no relationship, including financial, business, familial or other material relationships, with each other.

Use of Proceeds

All the proceeds raised were used to strengthen our capital base to support the future development of our business as disclosed in the prospectus, offering documents and other documents.

Significant Projects Invested by Non-raised Capital

For the year ended 31 December 2024, we had no significant projects invested by non-raised capital.

Issued Debentures

For details of issued debentures during the reporting period, please refer to "Note IV. 30 Debt Securities Issued to the Consolidated Financial Statements".

Subsidiaries

Particulars of our principal subsidiaries at 31 December 2024 are set out in "Discussion and Analysis — Business Review".

Related Party Transactions

Please refer to "Corporate Governance Report — Related Party Transactions and Intra-group Transactions".

Auditors

Please refer to "Corporate Governance Report — External Audit".

Members of the Board of Directors

As at the date of this Report of the Board of Directors, the Board of Directors of the Bank includes:

Executive Directors, namely Mr. GU Shu, Mr. WANG Zhiheng and Mr. LIN Li;

Non-executive Directors, namely Ms. ZHOU Ji, Mr. LI Wei, Mr. LIU Xiaopeng, Mr. XIAO Xiang and Mr. ZHANG Qi;

Independent Directors, namely Ms. LEUNG KO May Yee, Margaret, Mr. WU Liansheng, Mr. WANG Changyun, Mr. JU Jiandong and Ms. ZHUANG Yumin.

By Order of the Board of Directors
GU Shu
Chairman of the Board of Directors
28 March 2025

Report of the Board of Supervisors

Work of the Board of Supervisors

In 2024, with the support and cooperation of the Board of Directors and senior management, the Board of Supervisors of the Bank implemented the financial regulatory requirements and corporate governance regulations, solidly carried out supervisory work and actively played its role in corporate governance.

The Board of Supervisors implemented the regulatory requirements and operated in an orderly manner in accordance with laws and regulations. In 2024, the Board of Supervisors held five meetings, considered and approved 18 proposals, and listened to 24 reports; the special committees of the Board of Supervisors held eight meetings, considered and approved 16 proposals, listened to nine reports, providing opinions and suggestions on relevant issues, so as to effectively play their role of supervision. The Supervisors performed their duties diligently, and provided independent, professional and objective opinions, actively participated in the Shareholders' General Meetings, presented relevant meetings of the Board of Directors and its special committees and senior management, and gained an in-depth understanding of the Bank's operation and management; and gave full play to their professional expertise and conducted supervision and investigations and research focusing on practical issues.

The Board of Supervisors carried out supervision and assessment of financial services for agriculture, rural areas and rural residents and rural revitalization. In line with the strategic deployment of the CPC Central Committee, it paid attention to the implementation of County Area Banking business development plan, policies and basic management system, and supervised and assessed the Bank's services to agriculture, rural areas and rural residents focusing on financial services for rural revitalization, consolidating and expanding the achievements in poverty alleviation. Focusing on typical cases of the Bank's financial services for rural revitalization, the Board of Supervisors conducted on-site investigation and research at sub-branches, formed special investigation and research reports, and put forward supervision suggestions.

The Board of Supervisors conducted supervision and evaluation of duty performance. It solidly carried out the evaluation of duty performance for 2023, organized and implemented the duty performance questionnaire survey of Directors and senior management members, self-evaluation for Directors, Supervisors and senior management members, mutual evaluation for Directors and Supervisors, and Supervisors' evaluation of the performance of Directors and senior management members, and formulated duty performance evaluation report of the Board of Directors, the Board of Supervisors and the Senior Management and their respective members for 2023. Focusing on the key points of duty performance, enhancing work on daily duty performance supervision, and on this basis, it launched the 2024 annual duty performance evaluation work in an orderly manner, and considered and approved the *Plan for 2024 Annual Duty Performance Evaluation of the Board of Directors, the Board of Supervisors and the Senior Management and Their Respective Members*, which specified the key points of duty performance to fully embody the duty performance of the Board of Directors, the Senior Management and their respective members as well as the effectiveness of their performance of duties.

The Board of Supervisors carried out financial supervision. It supervised the Bank's financial and operational situation, listened to monitoring and analysis reports on a regular basis, reviewed financial information such as financial reports and issued independent opinions. The Board of Supervisors supervised the implementation of the Bank's remuneration management system and the scientificity and reasonableness of the remuneration plans of the senior management members. It performed risk management monitoring duties and supervised the Bank's comprehensive risk management, consolidation management, expected credit loss approach management and other aspects. It supervised the compliance of the reappointment of external auditors, listened to regular reports from external auditors, and supervised the independence and effectiveness of the work of external auditors.

The Board of Supervisors carried out supervision of internal control. It strengthened the supervision of comprehensive compliance management, conducted supervision and evaluation of the Board of Directors and Senior Management in improving the internal control system and fulfilling their internal control duties, and formed an annual supervision and evaluation report on internal control and put forward work recommendations. It supervised anti-money laundering, compliance management of overseas institutions, reputation risk management, consumers' interests protection and other aspects, and listened to relevant work reports. It continuously deepened the supervision of rectification, and listened to relevant reports and made suggestions, to facilitate the improvement of the timeliness and effectiveness of the rectification of problems identified by regulators and internal and external inspections.

Annual Duty Performance Evaluation of Directors, Supervisors and Senior Management Members by the Board of Supervisors

In accordance with regulatory requirements and the *Measures on Duty Performance Evaluation for Directors, Supervisors and Senior Management (Provisional)* of the Bank, the Board of Supervisors of the Bank closely combined the supervision of daily duty performance and the evaluation of annual duty performance, routinely collected and analyzed various types of information on duty performance of the Directors, Supervisors and senior management members, prepared regular dynamics with respect to duty performance supervision, sent its members to present the meetings of the Board of Directors and Senior Management, strengthened the process of the supervision of the duty performance of Directors and senior management members and carried out the assessment of annual duty performance in a standardized and orderly manner. The Board of Supervisors formulated a 2024 evaluation plan for annual duty performance, implemented self-evaluation of Directors, Supervisors, and senior management members, and Supervisors' evaluation of the performance of Directors and senior management members, etc. In line with the guiding principles of the third plenary session of the 20th CPC Central Committee and the general requirements of the CPC Central Committee for financial work, fully embodying the duty performance of the members of the Board of Directors, the Board of Supervisors and the Senior Management of their duties in duly performing their primary responsibility and core business of serving agriculture, rural areas and rural residents and enhancing financial services of the "Five Priorities", strengthening various types of risk prevention and control and promoting the rectification implementation, promoting reform and transformation, and improving the quality and efficiency of operation and management and other aspects, and evaluated the effectiveness of their duty performance of in terms of the dimensions of diligence, faithfulness, professionalism, compliance, independence and other aspects, formed duty performance evaluation report of the Directors, the Supervisors and the Senior Management, and issued duty performance ratings. In 2024, a total of 25 Directors, Supervisors and senior management members were included in the scope of evaluation, and their duty performance evaluation results were all competent.

Independent Opinions of the Board of Supervisors

Operation Compliance

During the reporting period, the Bank strictly adhered to operation compliance in accordance with applicable laws and regulations, and continued to optimize the internal control system. The Directors and the senior management members performed their duties diligently. The Board of Supervisors did not find any act by the Directors and the senior management members in performing their duties that might breach the laws, regulations and the Articles of Association or impair the interests of the Bank.

Annual Report

The preparation and review procedures of this annual report are in compliance with laws, administrative regulations and regulatory requirements. The annual report gives a true, accurate and complete view of the consolidated financial position and operating results of the Group.

Information Disclosure

During the reporting period, the Bank conscientiously implemented the relevant policies and measures on information disclosure, performed the duties of the information disclosure and disclosed the information in a true, accurate and complete manner, without any false report, misleading statement or material omission.

County Area Banking Business
During the reporting period, the Bank's County Area Banking Division operated in compliance with the external regulatory requirements.

Asset Acquisition and Disposal
During the reporting period, the Board of Supervisors did not find any insider trading or any act which might result in the impairment of the interests of the shareholders or loss of our assets in the process of asset acquisition or disposal by the Bank.

Related Party Transactions
During the reporting period, the Board of Supervisors did not find any act in the related party transactions that might result in the impairment of the interests of the Bank.

Internal Control
The Board of Supervisors had no objection to the conclusion of the *2024 Internal Control Assessment Report of Agricultural Bank of China Limited*.

Duty Performance Evaluation Results of Directors, Supervisors and Senior Management Members
The annual duty performance evaluation results of the Directors, Supervisors and senior management members are competent. Saved as disclosed above, the Board of Supervisors had no objection to other matters subject to its supervision during the reporting period.

The Board of Supervisors
of Agricultural Bank of China Limited
28 March 2025

Commitments

Subject of Commitment	Commitments	Details of commitment		Date of commitment	Due date of commitment	Performance up to date
Huijin	Non-competition commitment	(1)	So long as Huijin continues to hold any of our shares or is deemed to be a controlling shareholder or a connected person of a controlling shareholder or de facto controller of the Bank in accordance with the laws or listing rules of China or of the place where our shares are listed, it will not engage or participate in any competing commercial banking activities in China or abroad. If Huijin engages or participates in any competing commercial banking activities or activities which evolve into competing commercial banking activities in China or abroad, it will immediately cease to participate in, manage or engage in such competing commercial banking activities.	15 July 2010	Valid for long time	Continuous commitment and duly performed
		(2)	If Huijin obtains any governmental approval, authorization or license to operate commercial banking activities directly, or obtains any other opportunities to operate commercial banking activities, Huijin will immediately relinquish such approval, authorization or license, and will not operate any commercial banking activities.			
		(3)	Notwithstanding the above provisions (1) and (2), Huijin, as a state-owned investment vehicle established by the PRC government to invest in financial/banking industry, may through its investments in other companies and in any form (including but not limited to its wholly-owned entities, joint ventures, contractual joint ventures, or through its direct or indirect ownership of shares or other interests in such companies), operate or participate in any competing commercial banking activities in China or abroad.			
		(4)	Huijin, as a state-owned investment vehicle established by the PRC government to invest in financial/banking industry, will treat its investments in commercial banks on an equal footing, and will not confer upon any commercial banks any governmental approval, authorization or license to operate commercial banking activities or any business opportunities it obtains or may obtain, nor will it take advantage of its status as a holder of our shares or the information obtained by virtue of such status to make decisions or judgments against us or in favor of other commercial banks in which it invests, and will avoid such circumstances' arising. It will exercise its shareholder's rights in our maximum or best interests as if we were its sole investment in a commercial bank, and will exercise its commercial judgment as our shareholder to maximize our best interests, and such judgment shall not be affected by its investments in other commercial banks.			

Note: In compliance with the Notice of the State Council on Printing and Distributing the Implementation Plan of Transferring Part of State-owned Capital to Replenish Social Security Funds (Guo Fa [2017] No. 49), the SSF shall be obligated to observe a lock-up period not less than three years from the date on which the shares are credited to the account. At 31 December 2024, the SSF strictly fulfilled the above commitment, and there was no violation of the commitment.

Material Litigations and Arbitrations

During the reporting period, there was no litigation or arbitration with material impact on our operations.

As at 31 December 2024, the value of the claims of the pending litigation or arbitration in which the Bank was involved as a defendant, a respondent or a third party amounted to approximately RMB3,278 million. The management believes that the Bank has made full provision for potential losses arising from the aforesaid litigation or arbitration, and they will not have material adverse effect on financial position or operating results.

Material Equity Investments Obtained and Material Non-equity Investments in Progress

During the reporting period, the Bank signed the *Promoters' Agreement of China Integrated Circuit Industry Investment Fund Phase III Co., Ltd.*, and proposed to invest RMB21.5 billion into the China Integrated Circuit Industry Investment Fund Phase III Co., Ltd. In July 2024, we paid for the first instalment in the amount of RMB1.075 billion.

In July 2020, the Bank signed the *Promoters' Agreement of the National Green Development Fund Co., Ltd.*, and proposed to invest RMB8.0 billion into the National Green Development Fund Co., Ltd. In May 2021, we paid for the first instalment in the amount of RMB0.8 billion. In November 2022, we paid for the second instalment in the amount of RMB1.0 billion for the first time. In July 2024, we paid for the second instalment in the amount of RMB1.0 billion for the second time.

Please refer to our relevant announcements published on the websites of the Shanghai Stock Exchange (www.sse.com.cn) and the Hong Kong Stock Exchange (www.hkexnews.hk) for details.

During the reporting period, saved as disclosed above, we did not have any other material equity and non-equity investment required to be disclosed.

Miscellaneous

Major Asset Acquisition, Disposal and Merger by Absorption

During the reporting period, we did not carry out any major asset acquisition, disposal or merger by absorption.

Implementation of Share Incentive Plan

During the reporting period, we did not implement any share incentive schemes such as share appreciation rights scheme for the management or employee share ownership scheme.

Material Related Party Transactions

During the reporting period, we did not enter into any material related party transaction.

Material Contracts and Their Performance

Material custody, contract and lease

During the reporting period, we did not enter into any material custody, contracting or leasing arrangements on the assets of other companies, which were subject to disclosure or no other companies entered into any custody, contracting or leasing arrangements on our assets, which were subject to disclosure.

Material Guarantees

Provision of guarantees is one of our off-balance sheet businesses in our usual course of business. During the reporting period, we did not have any material guarantees required to be disclosed, except for the financial guarantee services within the business scope as approved by the PBOC and the NFRA.

External Guarantee

During the reporting period, the Bank did not enter into any guarantee contracts in violation of laws, administrative regulations or the external guarantee resolution procedures stipulated by the CSRC.

Major Centralized Procurement

During the reporting period, there was no centralized procurement which had material impact on our cost and expenses.

Misappropriation of the Bank's Funds by Controlling Shareholders and Other Related Parties for Non-operating Purposes

None of our controlling shareholders or other related parties misappropriated any of the Bank's funds for non-operating purposes. KPMG Huazhen LLP issued the *Special Statement on the Fund Occupation without Operating Purpose and other Fund Transfer between Related Parties of Agricultural Bank of China Limited for the Year of 2024*.

Penalties Imposed on the Bank and its Directors, Supervisors, Senior Management Members and Controlling Shareholders

During the reporting period, we were not under investigation in accordance with the law for suspected crimes, and the controlling shareholders, Directors, Supervisors and senior management members of the Bank were not subject to compulsory measures in accordance with the law for suspected crimes; the Bank or its controlling shareholders, Directors, Supervisors and senior management members have not been subject to any criminal punishment, nor have they been subject to any investigation by the CSRC or administrative punishment by the CSRC for suspected violation of laws or regulations, and have not been subject to any material administrative punishment by other competent authorities; none of the controlling shareholders, Directors, Supervisors and senior management members of the Bank has been subject to detention by the disciplinary inspection and supervision authorities for suspected serious violations of disciplines or laws, or duty-related crimes, which may affect their performance of duties; the Directors, Supervisors and senior management members of the Bank have not been subject to compulsory measures by other competent authorities due to suspected violation of laws and regulations, which may affect their performance of duties.

Integrity of the Bank and Controlling Shareholders

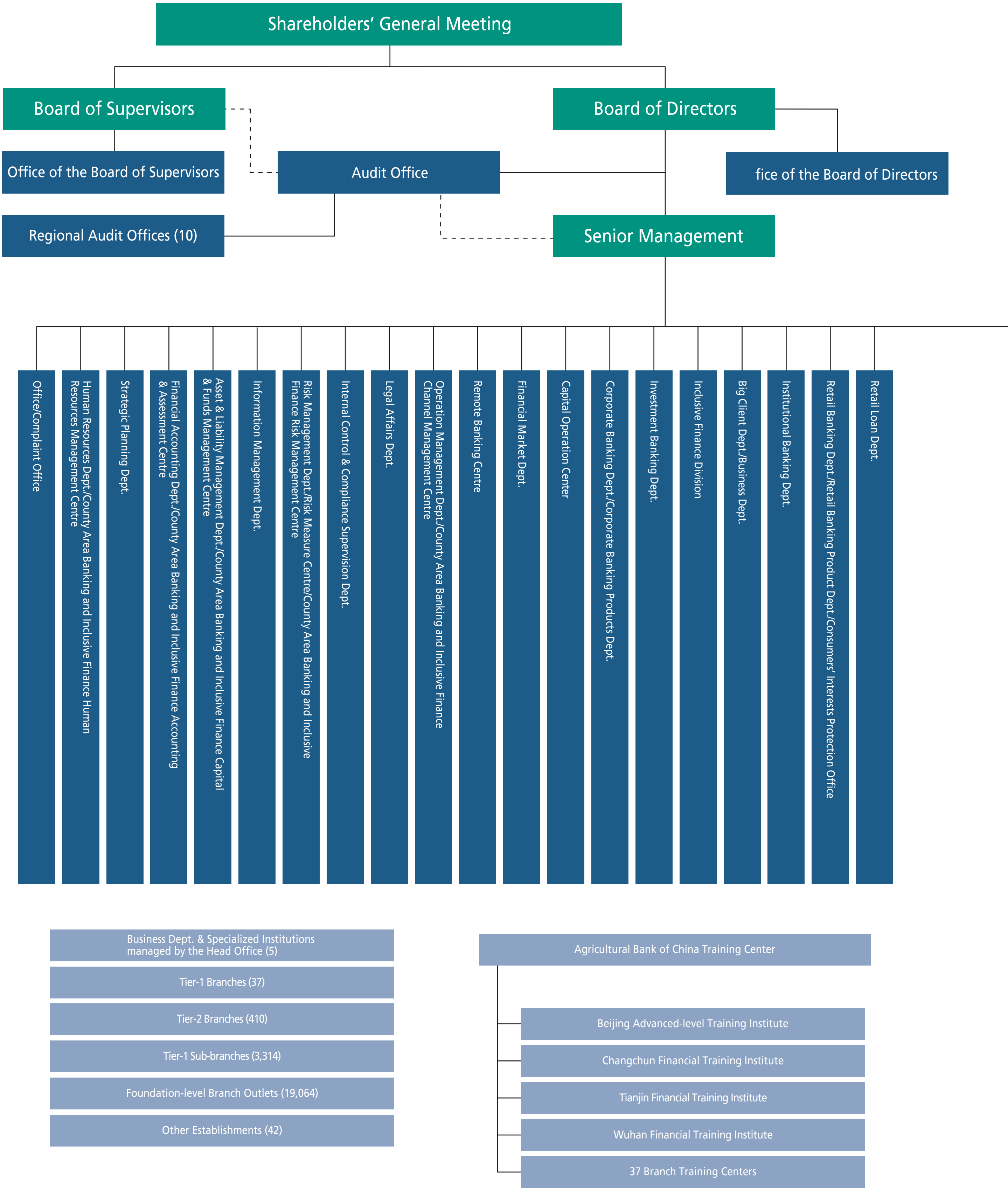
There was no circumstance where we or our controlling shareholders have failed to fulfill an effective court judgment or repay any outstanding debt of a significant amount that matured.

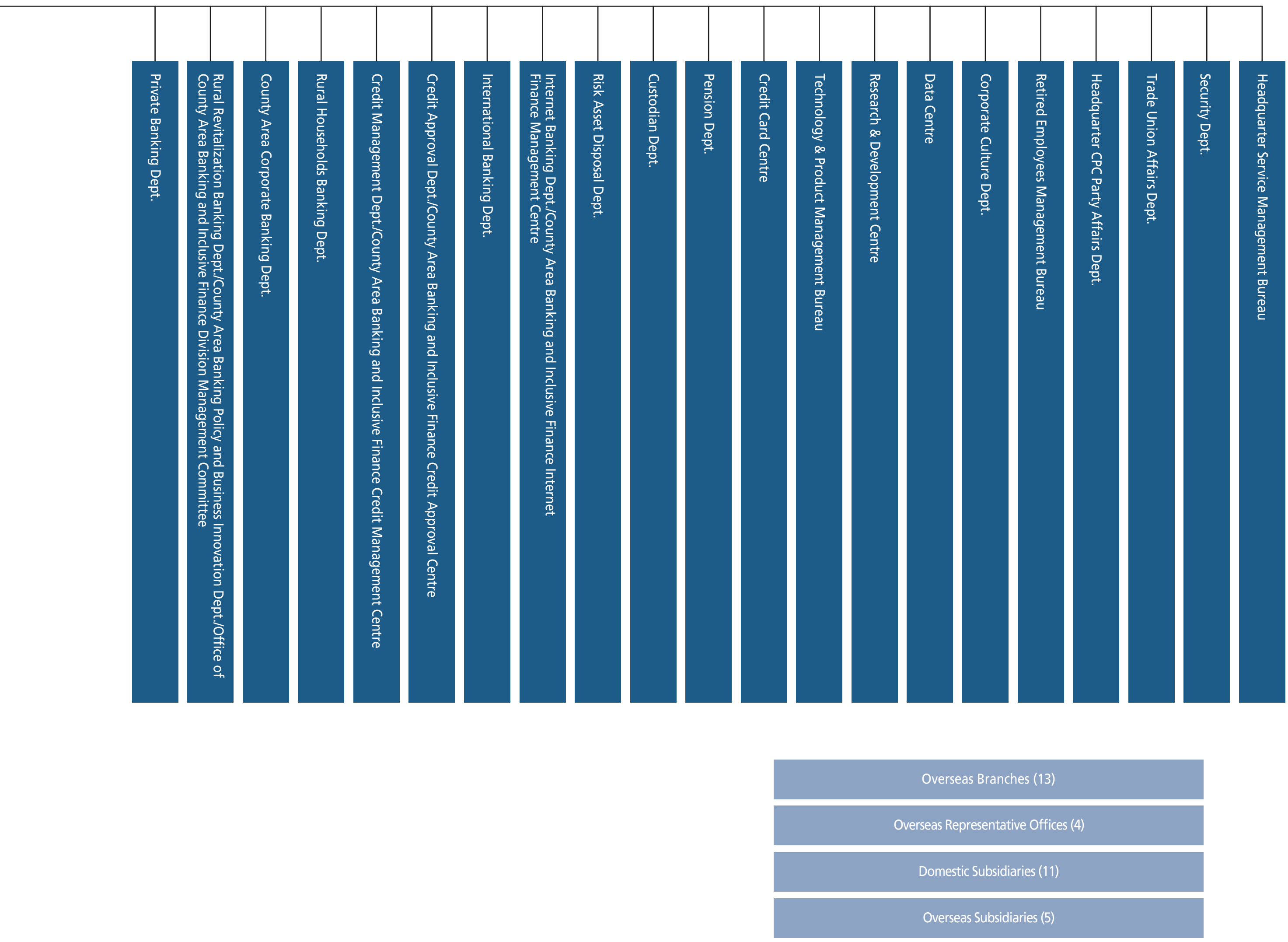
Honors and Awards

Organizations	Honors and Awards
Brand Finance	Ranking the 1st Among the Global Retail Banking Brands
PBOC	Financial Information Technology Development Award
The Asset	"Triple A Digital Award" Best Retail Mobile Banking Top Investment Houses in Asian G3 Bonds — Ranking the 2nd Among Chinese-funded Banks
People's Daily	Cases of Financial High-Quality Development in 2024
People.cn	2024 Rural Revitalization Innovation Case Collection — Best Rural Service Award
China Securities Journal	"Golden Bull Award" for Green Finance "Golden Bull Award" for Private Bank
Shanghai Securities News	"Golden Wealth Management Award" — 2024 Corporation Social Responsibility of the Year
China Business Journal	2024 State-Owned Commercial Bank with Outstanding Competitiveness
Financial News	Excellent Case in Financial Support for Rural Revitalization
China Banking and Insurance News	Top 20 for Overall ESG Performance in the Banking Sector — AAAA Level 2024 ESG Practice Cases Among Banks — Digital Finance Innovation Cases
The Economic Observer	Outstanding Financial Enterprises Cases of the Year 2024 — Private Bank of the Year Outstanding Financial Enterprises Cases of the Year 2024 — Excellent Bank in Inclusive Finance of the Year
yicai.com	2024 Yicai China Financial Value Ranking — Bank of the Year
National Business Daily	Brand Value List of Global Listed Companies — Global Top 100 2024 Reputation List of Listed Companies — 2024 Brand Building Award for Listed Companies
Caijing	2024 Evergreen Award — Sustainable Development Benefit Award
Southern Weekly	ESG Competitive Enterprise of the Year Excellent Companies on Corporate Social Responsibilities of the Year Enterprise Committed to Peak Carbon Emissions and Carbon Neutrality

Organizations	Honors and Awards
China Times	Top Ten Public Welfare Influential Enterprises of the Year by China Times
China Fund	The 6th China Banking Wealth Management Yinghua Model Cases — Outstanding Wealth Management Institutions
The Paper	2024 TOP Finance List — Quality Bank for Technology Finance of the Year
Jiemian News	Excellent Finance Award — State-Owned Bank of the Year
Cailian Press	"Topology Award" of Bank Credit Card in 2024 "Topology Award" of Asset Custodian Bank in 2024
Sina Finance	Best State-owned Commercial Bank of the Year Bank of Inclusive Finance Contribution of the Year
China Association for Public Companies	2024 Best Practice Case for the Board of Directors of Listed Companies 2024 Sustainable Development Best Practice Cases Among Listed Companies
China Media Group together with State-owned Assets Supervision and Administration Commission of the State Council, All-China Federation of Industry and Commerce, State Owned Economic Research Think Tank of Institute of Economics, and China Enterprise Reform and Development Society	Pioneer 30 of China ESG Among Listed Companies in the Financial Sector
China Media Group and China Enterprise Reform and Development Society	ESG Model Demonstration Base 2024 Excellent ESG Practice Unit
International Finance Forum (IFF)	IFF Global Green Finance Award — Annual Award
All-China Federation of Trade Unions	2024 National "Most Beautiful Trade Union Station"

Organizational Chart




Private Banking Dept.
Rural Revitalization Banking Dept./County Area Banking Policy and Business Innovation Dept./Office of County Area Banking and Inclusive Finance Division Management Committee
County Area Corporate Banking Dept.
Rural Households Banking Dept.
Credit Management Dept./County Area Banking and Inclusive Finance Credit Management Centre
Credit Approval Dept./County Area Banking and Inclusive Finance Credit Approval Centre
International Banking Dept.
Internet Banking Dept./County Area Banking and Inclusive Finance Internet Finance Management Centre
Risk Asset Disposal Dept.
Custodian Dept.
Pension Dept.
Credit Card Centre
Technology & Product Management Bureau
Research & Development Centre
Data Centre
Corporate Culture Dept.
Retired Employees Management Bureau
Headquarter CPC Party Affairs Dept.
Trade Union Affairs Dept.
Security Dept.
Headquarter Service Management Bureau
Overseas Branches (13)
Overseas Representative Offices (4)
Domestic Subsidiaries (11)
Overseas Subsidiaries (5)

List of Branches and Institutions

Domestic Branches and Institutions

- **BEIJING BRANCH**
ADD: 13 Chaoyangmen North Avenue
Dongcheng District
Beijing 100010
PRC
TEL: 010-68358266
FAX: 010-68353687

- **TIANJIN BRANCH**
ADD: Zeng 6 No. 3 Zijinshan Road
Hexi District
Tianjin 300074
PRC
TEL: 022-23338734
FAX: 022-23338733

- **HEBEI BRANCH**
ADD: 39 Ziqiang Road
Qiaoxi District
Shijiazhuang
Hebei Province 050000
PRC
TEL: 0311-83026132
FAX: 0311-87019961

- **SHANXI BRANCH**
ADD: 33 Southern Inner Ring Road West Taiyuan
Shanxi Province 030024
PRC
TEL: 0351-6240307
FAX: 0351-4956830

- **INNER MONGOLIA BRANCH**
ADD: 83 Zhelimu Road
Hohhot
Inner Mongolia 010010
PRC
TEL: 0471-6904750
FAX: 0471-6904750

- **LIAONING BRANCH**
ADD: 27 Qingnian North Avenue
Shenyang
Liaoning Province 110013
PRC
TEL: 024-22550004
FAX: 024-22550007

- **JILIN BRANCH**
ADD: 926 Renmin Avenue
Changchun
Jilin Province 130051
PRC
TEL: 0431-80777235
FAX: 0431-82737377

- **HEILONGJIANG BRANCH**
ADD: 131 Xidazhi Street
Nangang District
Harbin
Heilongjiang Province 150006
PRC
TEL: 0451-86209357
FAX: 0451-86216843

- **SHANGHAI BRANCH**
ADD: 9 Yincheng Road
Pudong New District
Shanghai 200120
PRC
TEL: 021-20688888
FAX: 021-68300301

- **JIANGSU BRANCH**
ADD: 357 Hongwu Road
Nanjing
Jiangsu Province 210002
PRC
TEL: 025-84577005
FAX: 025-84573199

- **ZHEJIANG BRANCH**
ADD: 100 Jiangjin Road
Shangcheng District
Hangzhou
Zhejiang Province 310003
PRC
TEL: 0571-87226000
FAX: 0571-87226177

- **ANHUI BRANCH**
ADD: 1888 Chengdu Road
Hefei
Anhui Province 230091
PRC
TEL: 0551-62843475
FAX: 0551-62843573

- **FUJIAN BRANCH**
ADD: 177 Hualin Road
Fuzhou
Fujian Province 350003
PRC
TEL: 0591-88718876
FAX: 0591-87909886

• **JIANGXI BRANCH**
ADD: 339 Zhongshan Road
Nanchang
Jiangxi Province 330008
PRC
TEL: 0791-86693775
FAX: 0791-86693010

• **SHANDONG BRANCH**
ADD: 168 Jingqi Road
Ji'nan
Shandong Province 250001
PRC
TEL: 0531-85858888
FAX: 0531-82056558

• **HENAN BRANCH**
ADD: 16 Outer Ring Road
CBD Zhengdong New District
Zhengzhou
Henan Province 450016
PRC
TEL: 0371-81836850
FAX: 0371-69196724

• **HUBEI BRANCH**
ADD: Block A
66 Zhongbei Road
Wuchang District
Wuhan
Hubei Province 430071
PRC
TEL: 027-87326666
FAX: 027-87326693

• **HUNAN BRANCH**
ADD: 540 Furongzhong Road
Section 1
Changsha
Hunan Province 410005
PRC
TEL: 0731-84300265
FAX: 0731-84300261

• **GUANGDONG BRANCH**
ADD: 425 East Zhujiang Road
Zhujiang New Town
Tianhe District
Guangzhou
Guangdong Province 510623
PRC
TEL: 020-38008888
FAX: 020-38008019

• **GUANGXI BRANCH**
ADD: 56 Jinhu Road
Nanning
Guangxi Autonomous Region 530028
PRC
TEL: 0771-2106111
FAX: 0771-2106035

• **HAINAN BRANCH**
ADD: 11 Guoxing Avenue
Haikou
Hainan Province 570203
PRC
TEL: 0898-66772999
FAX: 0898-66791452

• **SICHUAN BRANCH**
ADD: 666 Tianfu Third Street
Chengdu
Sichuan Province 610000
PRC
TEL: 028-63935039
FAX: 028-85121647

• **CHONGQING BRANCH**
ADD: 1 Jiangbeichengnan Avenue
Jiangbei District,
Chongqing 400020
PRC
TEL: 023-63551188
FAX: 023-63844275

• **GUIZHOU BRANCH**
ADD: West Fourth Tower
Convention and Exhibition Business District
Changling North Road
Guiyang
Guizhou Province 550081
PRC
TEL: 0851-87119657
FAX: 0851-85221009

• **YUNNAN BRANCH**
ADD: 36 Chuanjin Road
Kunming
Yunnan Province 650051
PRC
TEL: 0871-68382856
FAX: 0871-63203408

• **TIBET BRANCH**
ADD: 44 West Jinzhu Road
Lhasa
Tibet 850000
PRC
TEL: 0891-6959822
FAX: 0891-6959822

• **SHAANXI BRANCH**
ADD: 31 Tangyan Road
Gaoxin District
Xi'an
Shaanxi Province 710065
PRC
TEL: 029-88990821
FAX: 029-88990819

• **GANSU BRANCH**
ADD: 108 North Jinchang Road
Lanzhou
Gansu Province 730030
PRC
TEL: 0931-8895082
FAX: 0931-8895040

• **QINGHAI BRANCH**
ADD: 96 Huanghe Road
Xining
Qinghai Province 810001
PRC
TEL: 0971-6145160
FAX: 0971-6141245

• **NINGXIA BRANCH**
ADD: 95 West Jiefang Street
Xingqing District
Yinchuan
Ningxia Autonomous Region 750001
PRC
TEL: 0951-2969773
FAX: 0951-6027430

• **XINJIANG BRANCH**
ADD: 66 South Jiefang Road
Urumqi
Xinjiang Uygur Autonomous Region 830002
PRC
TEL: 0991-2814785
FAX: 0991-2814785

• **XINJIANG PRODUCTION AND CONSTRUCTION CORPS BRANCH**
ADD: 173 South Jiefang Road
Urumqi
Xinjiang Uygur Autonomous Region 830002
PRC
TEL: 0991-2217109
FAX: 0991-2217300

• **DALIAN BRANCH**
ADD: 9 Longmen Street
Shahekou District
Dalian
Liaoning Province 116001
PRC
TEL: 0411-85980060
FAX: 0411-82510654

• **QINGDAO BRANCH**
ADD: 19 Shandong Road
Qingdao
Shandong Province 266071
PRC
TEL: 0532-85802215
FAX: 0532-85814102

• **NINGBO BRANCH**
ADD: 518 East Zhongshan Road
Yinzhou District
Ningbo
Zhejiang Province 315040
PRC
TEL: 0574-83077971
FAX: 0574-87363537

• **XIAMEN BRANCH**
ADD: 98-100 Jiahe Road
Siming District
Xiamen
Fujian Province 361009
PRC
TEL: 0592-5578784
FAX: 0592-5578899

• **SHENZHEN BRANCH**
ADD: 5008 East Shennan Road
Shenzhen
Guangdong Province 518001
PRC
TEL: 0755-36681133
FAX: 0755-25560161

• **BEIJING ADVANCED-LEVEL TRAINING INSTITUTE**
ADD: 5 Hongluo East Road
Huairou District
Beijing 101400
PRC
TEL: 010-60682727
FAX: 010-60682727

- **TIANJIN FINANCIAL TRAINING INSTITUTE**

ADD: 88 South Weijin Road
Nankai District
Tianjin 300381
PRC
TEL: 022-23929135
FAX: 022-23389307

- **CHANGCHUN FINANCIAL TRAINING INSTITUTE**

ADD: 1408 Qianjin Avenue
Chaoyang District
Changchun
Jilin Province 130012
PRC
TEL: 0431-86820201
FAX: 0431-85112800

- **WUHAN FINANCIAL TRAINING INSTITUTE**

ADD: 186 Zhongbei Road
Wuchang District
Wuhan
Hubei Province 430077
PRC
TEL: 027-86783669
FAX: 027-86795502

- **SUZHOU BRANCH**

ADD: 118 Wangdun Road
Suzhou Industrial Park
Suzhou
Jiangsu Province 215028
PRC
TEL: 0512-68355014
FAX: 0512-68240501

- **XIONGAN BRANCH**

ADD: Floor 4-9 Block B Building 4
Xiongan Business Service Center 11
Baita Road Rongcheng
County Baoding
Hebei Province 071700
PRC
TEL: 0312-6587088
FAX: 0312-6587088

- **ABC-CA FUND MANAGEMENT CO., LTD.**

ADD: 50/F, No. 9 Yincheng Road,
China (Shanghai) Pilot
Free Trade Zone
Shanghai 200120
PRC
TEL: 021-61095588
FAX: 021-61095556

- **ABC FINANCIAL LEASING CO., LTD.**

ADD: 5-6/F, 518 East Yan'an Road
Huangpu District
Shanghai 200001
PRC
TEL: 021-20686888
FAX: 021-58958611

- **ABC LIFE INSURANCE CO., LTD.**

ADD: 7, 9, 11, 12, 22/F, Building 2,
No. 18B Jianguomen Nei Avenue,
Dongcheng District
Beijing 100005
PRC
TEL: 010-82828899
FAX: 010-82827966

- **ABC FINANCIAL ASSET INVESTMENT CO., LTD.**

ADD: No. 23, Fuxing Road Jia
Haidian District
Beijing 100036
PRC
TEL: 010-85101290
FAX: 010-68298155

- **ABC WEALTH MANAGEMENT CO., LTD.**

ADD: 26-33/F, Building 3,
No. 9 Dongzhimenwai Xiejie,
Dongcheng District
Beijing 100027
PRC
TEL: 010-85101611
FAX: 010-65212368

- **ABC HUBEI HANCHUAN RURAL BANK LIMITED LIABILITY COMPANY**

ADD: Dianchangjianshece Road
Xinhe Town
Hanchuan
Hubei Province 431600
PRC
TEL: 0712-8412338

- **ABC HEXIGTEN RURAL BANK LIMITED LIABILITY COMPANY**

ADD: Jiefang Road Middle Section
Jingpeng Township
Hexigten
Inner Mongolia 025350
PRC
TEL: 0476-5263191
FAX: 0476-5263191

- **ABC ANSAI RURAL BANK LIMITED LIABILITY COMPANY**

ADD: Shop A-02, Jinmingmeidi Community
Yingbin Road
Ansai District
Yan’an
Shaanxi Province 717400
PRC
TEL: 0911-6229906
FAX: 0911-6229906

- **ABC JIXI RURAL BANK LIMITED LIABILITY COMPANY**

ADD: 40 Yangzhi North Road
Jixi County Xuancheng
Anhui Province 245300
PRC
TEL: 0563-8158913

- **ABC XIAMEN TONG’AN RURAL BANK LIMITED LIABILITY COMPANY**

ADD: No. 185-199 Zhaoyuan Community Committee
Complex Building
Zhaoyuan Road
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Xiamen
Fujian Province 361100
PRC
TEL: 0592-7319223

- **ABC ZHEJIANG YONGKANG RURAL BANK LIMITED LIABILITY COMPANY**

ADD: 1/F, Jinsong Building
Headquarters Center Yongkang
Zhejiang Province 321300
PRC
TEL: 0579-87017378
FAX: 0579-87017378

Overseas Branches and Institutions

- **HONG KONG BRANCH**
ADD: 25/F, Agricultural Bank of China Tower, 50 Connaught Road Central, Hong Kong, China
TEL: 00852-28618000
FAX: 00852-28660133

- **SINGAPORE BRANCH**
ADD: 7 Temasek Boulevard #30-01/02/03, Suntec Tower 1, 038987, Singapore
TEL: 0065-65355255
FAX: 0065-65387960

- **SEOUL BRANCH**
ADD: 14F Seoul Finance Center, 136, Sejong-daero, Jung-gu, Seoul, 04520, Korea
TEL: 0082-2-37883900
FAX: 0082-2-37883901

- **NEW YORK BRANCH**
ADD: 277 Park Ave, 30th Floor, New York, NY, 10172, USA
TEL: 001-212-8888998
FAX: 001-646-7385291

- **DUBAI INTERNATIONAL FINANCIAL CENTRE (DIFC) BRANCH**
ADD: Office 2901, Level 29, Al Fattan Currency House Tower 2, DIFC, Dubai, 124803, UAE
TEL: 00971-45676900
FAX: 00971-45676910

- **DUBAI BRANCH**
ADD: Office No. 201, Emaar Business Park Building No. 1, Dubai, 336760, UAE
TEL: 00971-45676901
FAX: 00971-45676909

- **TOKYO BRANCH**
ADD: Yusen Building, 2-3-2 Marunouchi, Tokyo, 100-0005, Japan
TEL: 0081-3-62506911
FAX: 0081-3-62506924

- **FRANKFURT BRANCH**
ADD: Ulmenstrasse 37-39, Frankfurt am Main, 60325, Germany
TEL: 0049-69-401255-0
FAX: 0049-69-401255-139

- **SYDNEY BRANCH**
ADD: Level 18, Chifley Tower, 2 Chifley Square, Sydney NSW, 2000, Australia
TEL: 0061-2-82278888
FAX: 0061-2-82278800

- **LUXEMBOURG BRANCH**
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TEL: 00352-279559900
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- **LONDON BRANCH**
ADD: 7/F, 1 Bartholomew Lane, London, EC2N 2AX, UK
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- **MACAO BRANCH**
ADD: Avenida Doutor Mário Soares, No. 300-322, Edifício Finance and IT Center of Macau, 21 andar, em Macau, China
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FAX: 00853-8599-5509

- **HANOI BRANCH**
ADD: Unit 901-907, 9th Floor, TNR Building, 54A Nguyen Chi Thanh, Lang Thuong Ward, Dong Da District, Hanoi, Vietnam
TEL: 0084-24-39460599
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- **ABC INTERNATIONAL HOLDINGS LIMITED**
ADD: 16/F, Agricultural Bank of China Tower, 50 Connaught Road Central, Hong Kong, China
TEL: 00852-36660000
FAX: 00852-36660009

- **CHINA AGRICULTURAL FINANCE CO., LTD.**
ADD: 26/F, Agricultural Bank of China Tower, 50 Connaught Road Central, Hong Kong, China
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FAX: 00852-28661936

- **AGRICULTURAL BANK OF CHINA (UK) LIMITED**

ADD: 7/F, 1 Bartholomew Lane, London, EC2N 2AX, UK
TEL: 0044-20-71548300
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- **AGRICULTURAL BANK OF CHINA (LUXEMBOURG) S.A.**

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- **AGRICULTURAL BANK OF CHINA (MOSCOW) LIMITED**

ADD: Floor 4, Lesnaya Street 5B, Moscow, 125047, Russia
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FAX: 007-499-9290180

- **VANCOUVER REPRESENTATIVE OFFICE**

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- **TAIPEI REPRESENTATIVE OFFICE**

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- **DUSHANBE REPRESENTATIVE OFFICE**

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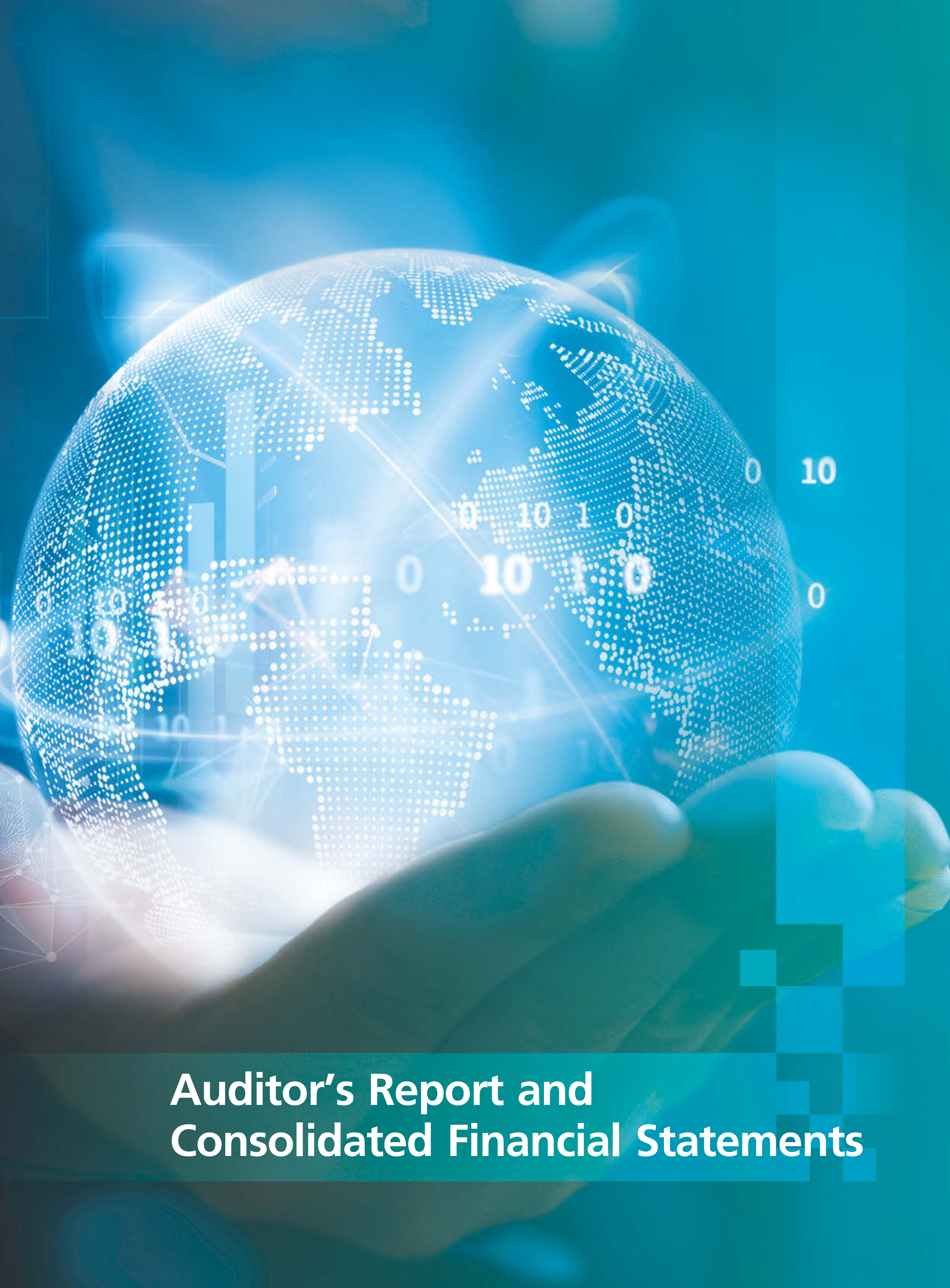
TEL: 00992-446030108

- **SAO PAULO REPRESENTATIVE OFFICE**

ADD: 4/F, No. 86 Sao Tome Road (Corporate Plaza), Vila Olimpia, Sao Paulo, 04551-080, Brazil
TEL: 0055-11-31818526-3102



Auditor’s Report and Consolidated Financial Statements

Independent Auditor's Report

To the shareholders of Agricultural Bank of China Limited

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

Opinion

We have audited the consolidated financial statements of Agricultural Bank of China Limited (the "Bank") and its subsidiaries (the "Group") set out on pages 184 to 374, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of material accounting policies.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the People's Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Measurement of expected credit losses for loans and advances to customers	
Refer to the accounting policy in "Note II 8.5 Impairment of financial instruments, Note III 2 Measurement of the expected credit loss allowance", and "Note IV 8 Credit impairment losses, Note IV 17 Loans and advances to customers, Note IV 44.1 Credit risk" to the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
The Group uses an expected credit loss ("ECL") model to measure the loss allowance for loans and advances to customers in accordance with IFRS 9, Financial instruments. The determination of loss allowance for loans and advances to customers using the expected credit loss model is subject to the application of a number of key parameters and assumptions, including the credit risk staging, probability of default, loss given default, exposures at default and discount rate, adjustments for forward-looking information and other adjustment factors. Extensive management judgement is involved in the selection of those parameters and the application of the assumptions. In particular, the determination of the loss allowance is heavily dependent on the external macro environment and the Group's internal credit risk management strategy. The ECL for corporate loans and advances are derived from estimates including the historical losses, internal and external credit grading and other adjustment factors. The ECL for personal loans are derived from estimates whereby management takes into consideration historical overdue data, the historical loss experience for personal loans and other adjustment factors.	Our audit procedures to assess ECL for loans and advances to customers included the following: • with the assistance of KPMG's IT specialists, understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the approval, recording and monitoring of loans and advances to customers, the credit risk staging process and the measurement of ECL for loans and advances to customers. • with the assistance of KPMG's financial risk specialists, assessing the appropriateness of the ECL model in determining loss allowances and the appropriateness of the key parameters and assumptions in the model, which included credit risk staging, probability of default, loss given default, exposure at default, adjustments for forward-looking information and other adjustments, and assessing the appropriateness of related key management judgement. • for key parameters involving judgement, critically assessing input parameters by seeking evidence from external sources and comparing to the Group's internal records including historical loss experience and type of collateral. As part of these procedures, we assessed management's revisions to estimates and input parameters by comparing with prior period and considered the consistency of judgement. • comparing the macroeconomic forward-looking information used in the model with market information to assess whether they were aligned with market and economic development.

<table>
<tr><th colspan="2">Measurement of expected credit losses for loans and advances to customers (Continued)</th></tr>
<tr><td colspan="2">Refer to the accounting policy in "Note II 8.5 Impairment of financial instruments, Note III 2 Measurement of the expected credit loss allowance", and "Note IV 8 Credit impairment losses, Note IV 17 Loans and advances to customers, Note IV 44.1 Credit risk" to the consolidated financial statements.</td></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>Management also exercises judgement in determining the quantum of loss given default based on a range of factors. These include the financial situation of the borrower, the security type, the seniority of the claim, the recoverable amount of collateral, and other repayment sources of the borrower. Management refers to valuation reports of collateral issued by qualified third party valuers and considers the influence of various factors including the market price, status and use when assessing the value of collaterals. The enforceability, timing and means of realisation of collateral can also have an impact on the recoverable amount of collateral.</td><td>assessing the completeness and accuracy of data used in the ECL model. For key internal data, we compared the total balance of the loans and advances' list used by management to assess the ECL with the general ledger to check the completeness of the data. We also selected samples to compare individual loan and advance information with the underlying agreements and other related documentation, to check the accuracy of data. For key external data, we selected samples to check the accuracy of data by comparing them with public resources.
for key parameters used in the ECL model which were derived from system-generated internal data, assessing the accuracy of input data by comparing the input data with original documents on a sample basis. In addition, we involved KPMG's IT specialists to assess the logics and compilation of the loans and advances' overdue information on a sample basis.
evaluating the reasonableness of management's assessment on whether the credit risk of the loan and advance has, or has not, increased significantly since initial recognition and whether the loan and advance is credit-impaired by selecting risk-based samples. We analyzed the portfolio by industry sector to select samples in industries more vulnerable to the current economic situation and selected samples from borrowers with potential credit risk. For selected samples, we checked loan overdue information, making enquiries of the credit managers about the borrowers' business operations, checking borrowers' financial information and researching market information about borrowers' businesses, to check the credit risk status of the borrower, and the reasonableness of the loans' credit risk stage.</td></tr>
</table>

Measurement of expected credit losses for loans and advances to customers (Continued)	
Refer to the accounting policy in "Note II 8.5 Impairment of financial instruments, Note III 2 Measurement of the expected credit loss allowance", and "Note IV 8 Credit impairment losses, Note IV 17 Loans and advances to customers, Note IV 44.1 Credit risk" to the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
We identified the measurement of ECL of loans and advances to customers as a key audit matter because of the inherent uncertainty and management judgement involved and because of its significance to the financial results and capital of the Group.	• evaluating the reasonableness of loss given default for selected samples of corporate loans and advances to customers that are credit-impaired, by checking the financial situation of the borrower, the security type, the seniority of the claim, the recoverable amount of collateral, and other repayment sources of the borrower. Evaluating management's assessment of the value of any collateral, by comparison with evaluation result based on the category, status, use of the collateral and market prices. For valuation reports of collateral issued by qualified third party, we evaluated the competence, professional quality and objectivity of the external appraiser. We also evaluated the timing and means of realisation of collateral, evaluated the forecast cash flows, assessed the viability of the Group's recovery plans; based on the above work, we selected samples and assessed the accuracy of calculation for loans and advances' credit losses by using the ECL model. • performing retrospective review of expected credit loss model components and significant assumptions, to back-test past estimates element against actual outcomes, and assess whether the results indicate possible management bias on loss estimation. • assessing the reasonableness of the disclosures in the financial statements in relation to expected credit losses for loans and advances against prevailing accounting standards.

Measurement of interests in and consolidation of structured entities	
Refer to the accounting policy in "Note II 2 Consolidation, Note III 5 Consolidation of structured entities", and "Note IV 41 Structured entities" to the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. The Group may acquire an ownership interest in a structured entity, through initiating, investing or retaining shares in a Wealth Management Products ("WMPs"), securitization products, funds, trust investment plans, debt investment plans and asset management plans. The Group may also retain partial interests in derecognized assets due to guarantees or securitization structures. In determining whether the Group retains any partial interests in a structured entity or should consolidate a structured entity, management is required to consider the power it possesses, its exposure to variable returns, and its ability to use its power to affect returns. These factors are not purely quantitative and need to be considered collectively in the overall substance of the transactions. We identified the recognition of interests in and consolidation of structured entities as a key audit matter because of the complex nature of certain of these structured entities and because of the judgement exercised by management in the qualitative assessment of the terms and the nature of each entity.	Our audit procedures to assess the measurement of interests in and consolidation of structured entities included the following: • assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over measurement of interests in and consolidation of structured entities. • selecting significant structured entities of each key product type and performing the following procedures: — inspecting the related contracts, internal establishment documents and information disclosed to the investors to understand the purpose of the establishment of the structured entity and the involvement the Group has with the structured entity and to assess management's judgement over whether the Group has the ability to exercise power over the structured entity; — inspecting the risk and reward structure of the structured entity, including any capital or return guarantee, provision of liquidity support, commission paid and distribution of the returns, to assess management's judgement as to the exposure, or rights, to variable returns from the Group's involvement in such an entity; — inspecting management's analysis of the structured entity, including qualitative analysis and the calculation of the magnitude and variability associated with the Group's economic interests in the structured entity, to assess management's judgement over the Group's ability to affect its own returns from the structured entity; — assessing management's judgement over whether the structured entity should be consolidated or not. • assessing the reasonableness of the disclosures in the financial statements in relation to the measurement of interests in and consolidation of structured entities against prevailing accounting standards.

Measurement of financial instruments' fair value	
Refer to the accounting policy in "Note II 8.3 Determination of fair value, Note III 3 Fair value of financial instruments", and "Note IV 46 Fair value of financial instruments" to the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
Financial instruments carried at fair value account for a significant part of the Group's assets and liabilities. The fair value adjustments of financial instruments may impact either the profit or loss or other comprehensive income. The valuation of the Group's financial instruments, held at fair value, is based on a combination of market data and valuation models which often require a considerable number of inputs. Many of these inputs are obtained from readily available data, in particular for level 1 and level 2 financial instruments in the fair value hierarchy, the valuation models for which use quoted market prices and observable inputs, respectively. Where one or more significant unobservable inputs, such as credit risk, liquidity and discount rate, are involved in the valuation techniques, as in the case of level 3 financial instruments, then estimates need to be developed which can involve extensive management judgements. We identified measurement of financial instruments' fair value as a key audit matter because of the assets and liabilities measured at fair value are material to the Group and the degree of complexity involved in the valuation techniques and the degree of judgement exercised by management in determining the inputs used in the valuation models.	Our audit procedures to assess measurement of financial instruments' fair value included the following: • assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the model building, model validation, independent valuation and front office and back office reconciliations for financial instruments. • assessing the level 1 fair value of financial instruments, on a sample basis, by comparing the fair value applied by the Group with publicly available market data. • for level 2 and level 3 financial instruments, on a sample basis, involving KPMG's valuation specialists to assess whether the valuation method selected is appropriate with reference to the prevailing accounting standards. Our procedures included: developing parallel models, obtaining inputs independently and verifying the inputs; assessing the appropriate application of fair value adjustment that form an integral part of fair value, by inquiring of management about any changes in the fair value adjustment methodologies and assessing the appropriateness of the inputs applied; and comparing our valuation results with that of the Group. • assessing the reasonableness of the disclosures in the financial statements in relation to fair value of financial instruments against prevailing accounting standards.

Information other than the consolidated financial statements and auditor's report thereon

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

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

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

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

Responsibilities of the directors for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Yuen Shan.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

28 March 2025

Consolidated Statement of Profit or Loss

For the year ended 31 December 2024
(Amounts in millions of Renminbi, unless otherwise stated)

	Note IV	Year ended 31 December 2024	2023
Interest income	1	**1,275,680**	1,223,698
Interest expense	1	**(694,988)**	(651,948)
Net interest income	1	**580,692**	571,750
Fee and commission income	2	**89,965**	94,710
Fee and commission expense	2	**(14,398)**	(14,617)
Net fee and commission income	2	**75,567**	80,093
Net trading gain	3	**25,505**	23,124
Net gain on financial investments	4	**20,615**	16,764
Net gain on derecognition of financial assets measured at amortized cost		**7,167**	1,038
Other operating income	5	**1,870**	2,699
Operating income		**711,416**	695,468
Operating expenses	6	**(261,180)**	(252,305)
Credit impairment losses	8	**(130,840)**	(135,707)
Impairment losses on other assets		**(267)**	(226)
Operating profit		**319,129**	307,230
Share of results of associates and joint ventures		**72**	189
Profit before tax		**319,201**	307,419
Income tax expense	9	**(36,530)**	(37,599)
Profit for the year		**282,671**	269,820
Attributable to:			
Equity holders of the Bank		**282,083**	269,356
Non-controlling interests		**588**	464
		282,671	269,820
Earnings per share attributable to the ordinary equity holders of the Bank (expressed in RMB yuan per share) — Basic and diluted	11	**0.75**	0.72

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

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024
(Amounts in millions of Renminbi, unless otherwise stated)

	Year ended 31 December	
	2024	2023
Profit for the year	**282,671**	269,820
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Fair value changes on debt instruments at fair value through other comprehensive income	**55,863**	16,206
Loss allowance on debt instruments at fair value through other comprehensive income	**6,332**	(8,803)
Income tax impact for fair value changes and loss allowance on debt instruments at fair value through other comprehensive income	**(15,326)**	(1,642)
Foreign currency translation differences	**468**	766
Others	**(9,427)**	(2,767)
Subtotal	**37,910**	3,760
Items that will not be reclassified subsequently to profit or loss:		
Fair value changes on other equity investments designated at fair value through other comprehensive income	**1,001**	527
Income tax impact for fair value changes on other equity investments designated at fair value through other comprehensive income	**(248)**	(146)
Others	**50**	–
Subtotal	**803**	381
Other comprehensive income, net of tax	**38,713**	4,141
Total comprehensive income for the year	**321,384**	273,961
Total comprehensive income attributable to:		
Equity holders of the Bank	**322,398**	274,468
Non-controlling interests	**(1,014)**	(507)
	321,384	273,961

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

Consolidated Statement of Financial Position

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

	Note IV	As at 31 December 2024	2023
Assets			
Cash and balances with central banks	12	**2,134,452**	2,922,047
Deposits with banks and other financial institutions	13	**571,956**	1,080,076
Precious metals		**115,253**	54,356
Placements with and loans to banks and other financial institutions	14	**529,767**	516,181
Derivative financial assets	15	**65,920**	24,873
Financial assets held under resale agreements	16	**1,371,571**	1,809,559
Loans and advances to customers	17	**23,977,013**	21,731,766
Financial investments	18		
Financial assets at fair value through profit or loss		**513,306**	547,407
Debt instrument investments at amortized cost		**9,905,633**	8,463,255
Other debt instrument and other equity investments at fair value through other comprehensive income		**3,430,164**	2,203,051
Investment in associates and joint ventures	20	**10,332**	8,386
Property and equipment	21	**154,484**	156,739
Goodwill		**1,381**	1,381
Deferred tax assets	22	**148,009**	160,750
Other assets	23	**308,894**	193,162
Total assets		**43,238,135**	39,872,989
Liabilities			
Borrowings from central banks	24	**847,324**	1,127,069
Deposits from banks and other financial institutions	25	**4,667,561**	3,653,497
Placements from banks and other financial institutions	26	**364,022**	382,290
Financial liabilities at fair value through profit or loss	27	**15,841**	12,597
Derivative financial liabilities	15	**58,146**	27,817
Financial assets sold under repurchase agreements	28	**615,725**	100,521
Due to customers	29	**30,305,357**	28,898,468
Dividends payable	10	**40,738**	—
Debt securities issued	30	**2,678,509**	2,295,921
Deferred tax liabilities	22	**309**	14
Other liabilities	31	**547,330**	477,928
Total liabilities		**40,140,862**	36,976,122

(Amounts in millions of Renminbi, unless otherwise stated)

	Note IV	As at 31 December	
		2024	2023
Equity			
Ordinary shares	32	**349,983**	349,983
Other equity instruments	33	**500,000**	480,000
Preference shares		**80,000**	80,000
Perpetual bonds		**420,000**	400,000
Capital reserve	34	**173,419**	173,425
Other comprehensive income	35	**81,816**	41,506
Surplus reserve	36	**301,841**	273,558
General reserve	37	**532,991**	456,200
Retained earnings		**1,150,758**	1,114,576
Equity attributable to equity holders of the Bank		**3,090,808**	2,889,248
Non-controlling interests		**6,465**	7,619
Total equity		**3,097,273**	2,896,867
Total equity and liabilities		**43,238,135**	39,872,989

Approved and authorized for issue by the Board of Directors on 28 March 2025.

Gu Shu	**Wang Zhiheng**
Chairman	*Vice Chairman*

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024
(Amounts in millions of Renminbi, unless otherwise stated)

		Total equity attributable to equity holders of the Bank									
	Note IV	Ordinary shares	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Subtotal	Non-controlling interests	Total
As at 31 December 2023		349,983	480,000	173,425	41,506	273,558	456,200	1,114,576	2,889,248	7,619	2,896,867
Profit for the year		–	–	–	–	–	–	282,083	282,083	588	282,671
Other comprehensive income		–	–	–	40,315	–	–	–	40,315	(1,602)	38,713
Total comprehensive income for the year		–	–	–	40,315	–	–	282,083	322,398	(1,014)	321,384
Capital contribution and reduction from equity holders	33	–	20,000	(6)	–	–	–	–	19,994	(6)	19,988
Appropriation to surplus reserve	36	–	–	–	–	28,283	–	(28,283)	–	–	–
Appropriation to general reserve	37	–	–	–	–	–	76,791	(76,791)	–	–	–
Dividends paid to ordinary equity holders	10	–	–	–	–	–	–	(121,549)	(121,549)	–	(121,549)
Dividends paid to other equity instruments holders	10	–	–	–	–	–	–	(19,283)	(19,283)	–	(19,283)
Dividends paid to other equity instruments holders of subsidiaries		–	–	–	–	–	–	–	–	(69)	(69)
Dividends paid to non-controlling equity holders		–	–	–	–	–	–	–	–	(65)	(65)
Other comprehensive income transferred to retained earnings		–	–	–	(5)	–	–	5	–	–	–
As at 31 December 2024		349,983	500,000	173,419	81,816	301,841	532,991	1,150,758	3,090,808	6,465	3,097,273
As at 31 December 2022 (Restated)		349,983	440,000	173,426	35,887	246,764	388,600	1,033,403	2,668,063	5,697	2,673,760
Changes in accounting policies		–	–	–	508	–	–	39	547	526	1,073
As at 1 January 2023 (Restated)		349,983	440,000	173,426	36,395	246,764	388,600	1,033,442	2,668,610	6,223	2,674,833
Profit for the year		–	–	–	–	–	–	269,356	269,356	464	269,820
Other comprehensive income		–	–	–	5,112	–	–	–	5,112	(971)	4,141
Total comprehensive income for the year		–	–	–	5,112	–	–	269,356	274,468	(507)	273,961
Capital contribution from equity holders	33	–	40,000	(1)	–	–	–	–	39,999	2,000	41,999
Appropriation to surplus reserve	36	–	–	–	–	26,794	–	(26,794)	–	–	–
Appropriation to general reserve	37	–	–	–	–	–	67,600	(67,600)	–	–	–
Dividends paid to ordinary equity holders	10	–	–	–	–	–	–	(77,766)	(77,766)	–	(77,766)
Dividends paid to other equity instruments holders	10	–	–	–	–	–	–	(16,063)	(16,063)	–	(16,063)
Dividends paid to non-controlling equity holders		–	–	–	–	–	–	–	–	(97)	(97)
Other comprehensive income transferred to retained earnings		–	–	–	(1)	–	–	1	–	–	–
As at 31 December 2023		349,983	480,000	173,425	41,506	273,558	456,200	1,114,576	2,889,248	7,619	2,896,867

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2024
(Amounts in millions of Renminbi, unless otherwise stated)

	Note IV	Year ended 31 December 2024	2023
Cash flows from operating activities			
Profit before tax		**319,201**	307,419
Adjustments for:			
Amortization of intangible assets and other assets		**4,048**	3,406
Depreciation of property, equipment and right-of-use assets, and others		**19,662**	18,897
Credit impairment losses		**130,840**	135,707
Impairment losses on other assets		**267**	226
Interest income arising from investment securities		**(360,219)**	(308,166)
Interest expense on debt securities issued		**71,243**	59,548
Revaluation gain on financial instruments at fair value through profit or loss		**(7,992)**	(3,070)
Net gain on investment securities		**(3,939)**	(2,630)
Share of results of associates and joint ventures		**(72)**	(189)
Net gain on disposal and stocktake of property, equipment and other assets		**(694)**	(1,015)
Net foreign exchange gain		**(4,734)**	(6,188)
		167,611	203,945
Net changes in operating assets and operating liabilities:			
Net decrease/(increase) in balances with central banks, deposits with banks and other financial institutions		**1,031,292**	(634,780)
Net decrease/(increase) in placements with and loans to banks and other financial institutions		**31,502**	(45,145)
Net (increase)/decrease in financial assets held under resale agreements		**(10,515)**	14,134
Net increase in loans and advances to customers		**(2,287,948)**	(2,824,236)
Net (decrease)/increase in borrowings from central banks		**(278,100)**	223,165
Net (decrease)/increase in placements from banks and other financial institutions		**(18,415)**	47,500
Net increase in due to customers and deposits from banks and other financial institutions		**2,350,959**	4,893,673
Increase in other operating assets		**(277,078)**	(139,258)
Increase in other operating liabilities		**712,800**	144,040
Cash from operations		**1,422,108**	1,883,038
Income tax paid		**(69,066)**	(57,756)
Net cash from operating activities		**1,353,042**	1,825,282

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2024
(Amounts in millions of Renminbi, unless otherwise stated)

		Year ended 31 December	
	Note IV	**2024**	2023
Cash flows from investing activities			
Cash received from disposal of investment securities		**4,157,585**	2,251,735
Cash received from investment income		**357,544**	299,994
Cash received from disposal of investment in associates and joint ventures		**—**	163
Cash received from disposal of property, equipment and other assets		**7,060**	4,568
Cash paid for purchase of investment securities		**(6,739,427)**	(3,858,350)
Acquisition of non-controlling interests		**(1)**	—
Increase in investment in associates and joint ventures		**(2,075)**	(490)
Cash paid for purchase of property, equipment and other assets		**(24,223)**	(28,827)
Net cash used in investing activities		**(2,243,537)**	(1,331,207)
Cash flows from financing activities			
Contribution from issues of other equity instruments		**140,000**	42,000
Cash payment for redemption of other equity instruments		**(120,000)**	—
Cash payments for transaction cost of other equity instruments issued		**(3)**	(1)
Cash received from debt securities issued		**3,603,148**	3,341,941
Cash payments for transaction cost of debt securities issued		**(16)**	(8)
Repayments of debt securities issued		**(3,182,196)**	(2,886,006)
Cash payments for interest on debt securities issued		**(110,246)**	(89,774)
Cash payments for principal portion and interest portion of lease liability		**(4,831)**	(4,850)
Dividends paid		**(100,228)**	(95,862)
Net cash from financing activities		**225,628**	307,440
Net increase in cash and cash equivalents		**(664,867)**	801,515
Cash and cash equivalents as at 1 January		**2,512,725**	1,705,633
Effect of exchange rate changes on cash and cash equivalents		**(1,246)**	5,577
Cash and cash equivalents as at 31 December	38	**1,846,612**	2,512,725
Net cash flows from operating activities include:			
Interest received		**837,704**	835,165
Interest paid		**(554,747)**	(509,898)

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

I GENERAL INFORMATION

Agricultural Bank of China Limited (the "Bank") is the successor entity to the Agricultural Bank of China (the "Predecessor Entity") which was a wholly state-owned commercial bank approved for setup by the People's Bank of China (the "PBOC") and founded on 23 February 1979 in the People's Republic of China (the "PRC"). On 15 January 2009, the Bank was established after the completion of the financial restructuring of the Predecessor Entity. The Bank's establishment was authorized by the PBOC. The Bank was listed on the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited on 15 July 2010 and 16 July 2010, respectively.

The Bank operates under financial services certificate No. B0002H111000001 issued by the National Financial Regulatory Administration (the former "China Banking and Insurance Regulatory Commission", the "NFRA"), and business license No. 911100001000054748 issued by Beijing Administration of Industry and Commerce. The registered office of the Bank is located at No. 69 Jianguomen Nei Avenue, Dongcheng District, Beijing, the PRC.

The principal activities of the Bank and its subsidiaries (collectively, the "Group") include Renminbi ("RMB") and foreign currency deposits, loans, clearing and settlement services, assets custodian services, fund management, financial leasing services, insurance services and other services as approved by relevant regulators, and the provision of related services by its overseas establishments as approved by the respective local regulators.

The head office and domestic branches of the Bank and its subsidiaries operating in Chinese mainland are referred to as the "Domestic Operations". Branches and subsidiaries registered and operating outside Chinese mainland are referred to as the "Overseas Operations".

II SUMMARY OF MATERIAL ACCOUNTING POLICIES

1 Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board ("IASB"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance for this financial year and the comparative period.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of consideration given in exchange for assets and that is received (or in some circumstances the amount expected to be paid) with respect to liabilities.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note III.

(Amounts in millions of Renminbi, unless otherwise stated)

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

1 Basis of preparation (Continued)

1.1 Amendments effective in 2024 relevant to and adopted by the Group

The Group has adopted the following IFRS Accounting Standards amendments issued by the IASB that are first effective for the financial year ended 31 December 2024.

		Notes
(1) Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	(i)
(2) Amendments to IAS 1 (2020)	Classification of Liabilities as Current or Non-current	(ii)
(3) Amendments to IAS 1 (2022)	Non-current Liabilities with Covenants	(ii)
(4) Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	(iii)

(i) Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

The amendments add to the requirements explaining how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right-of-use it retains, including cases with variable lease payments in the leaseback. The adoption of the amendments does not have a significant impact on the Group's consolidated financial statements.

(ii) Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

The amendments to IAS 1 (2020) concern the requirements on determining if a liability is current or non-current. In particular, the amendments specify the condition of an entity to classify a liability as non-current requires that a right to defer settlement must exist at the end of the reporting period and have substance, and clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement.

The amendments also specify the classification of liabilities that will or may be settled by issuing an entity's own equity instruments. When a liability includes a counterparty conversion option that involves a transfer of the entity's own equity instruments, the classification of such liability is not affected only when the conversion option is recognized separately from the host liability as an equity component under IAS 32.

The amendments to IAS 1 (2022) specify that only covenants with which an entity must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the entity must comply after the reporting date (i. e. future covenants) do not affect a liability's classification at that date. However, an entity is required to disclose information regarding the risk that the non-current liabilities subject to future covenants could become repayable within twelve months after the end of the reporting period.

The adoption of the amendments does not have a significant impact on the Group's consolidated financial statements.

(Amounts in millions of Renminbi, unless otherwise stated)

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

1 Basis of preparation (Continued)

1.1 Amendments effective in 2024 relevant to and adopted by the Group (Continued)

(iii) Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements

The amendments introduce disclosure requirements to enhance transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The adoption of the amendments does not have a significant impact on the Group's consolidated financial statements.

1.2 Standards and amendments relevant to the Group that are not yet effective and have not been adopted before their effective dates in 2024

The Group has not adopted the following standards and amendments that have been issued by the IASB but are not yet effective.

			Effective for annual periods beginning on or after	Notes
(1)	Amendments to IAS 21	Lack of Exchangeability	1 January 2025	(i)
(2)	Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026	(ii)
(3)	Annual Improvements to IFRS Accounting Standards	Volume 11	1 January 2026	(iii)
(4)	Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026	(iv)
(5)	IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027	(v)
(6)	IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027	(vi)
(7)	Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The effective date has been deferred indefinitely	(vii)

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

1 Basis of preparation (Continued)

1.2 Standards and amendments relevant to the Group that are not yet effective and have not been adopted before their effective dates in 2024 (Continued)

(i) Amendments to IAS 21: Lack of Exchangeability

The amendments specify when a currency is exchangeable into another currency and when it is not, and how an entity determines a spot rate when a currency lacks exchangeability.

Under the amendments, entities are required to provide additional disclosures to help users evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

(ii) Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments

On 30 May 2024, the IASB issued amendments to IFRS 9 and IFRS 7, which include requirements on clarifying the classification of financial assets with environmental, social or governance ("ESG") targets and similar features, the settlement of liabilities through electronic payment systems, and disclosures regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent feature. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

(iii) Annual Improvements to IFRS Accounting Standards – Volume 11

On 18 July 2024, the IASB published the Annual Improvements to IFRS Accounting Standards – Volume 11, which contains narrow amendments to IFRS Accounting Standards and accompanying guidance as part of its regular maintenance of the Standards. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

(iv) Amendments to IFRS 9 and IFRS 7: Contracts Referencing Nature-dependent Electricity

On 18 December 2024, the IASB issued targeted amendments – Contracts referencing nature-dependent electricity (Amendments to IFRS 9 and IFRS 7), which include guidance on clarifying the application of the "own-use" requirements; permitting hedge accounting if these contracts are used as hedging instruments; and adding new disclosure requirements. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

1 Basis of preparation (Continued)

1.2 Standards and amendments relevant to the Group that are not yet effective and have not been adopted before their effective dates in 2024 (Continued)

(v) IFRS 18: Presentation and Disclosure in Financial Statements

On 9 April 2024, the IASB issued IFRS 18, which aims to improve the transparency and comparability of information about an entity's financial performance by introducing a more structured income statement, enhancing disclosures on management-defined performance measures, and enhancing requirements on aggregation and disaggregation of information. The Group is evaluating the impact of the standards.

(vi) IFRS 19: Subsidiaries without Public Accountability: Disclosures

On 5 May 2024, the IASB issued IFRS 19, which allows subsidiaries that do not have public accountability and have its parent producing consolidated financial statements that are available for public use under IFRS Accounting Standards to apply IFRS 19 with reduced disclosures. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

(vii) Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an inconsistency between IFRS 10 and IAS 28 in the sale and contribution of assets between an investor and its associate or joint venture.

A full gain or loss is recognized when a transaction involves a business. A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary.

The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

2 Consolidation

Basis of consolidation

The consolidated financial statements include the financial statements of the Bank and its subsidiaries as well as structured entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date of acquisition or up to the date on which control ceases, respectively.

Adjustments are made to the financial statements of subsidiaries, where appropriate, to consistently reflect the accounting policies of the Group.

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2 Consolidation (Continued)

Basis of consolidation (Continued)

When merging, all intra-group transactions, balances and unrealized gains on transactions are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Non-controlling interests of consolidated subsidiaries are presented separately from the controlling party's equity therein.

The carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Further, total comprehensive income of a subsidiary is attributed, based on the proportion of their respective holdings, to the equity holders of the Bank and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

In the Bank's statement of financial position, its investments in subsidiaries are stated at cost, less impairment losses, if any.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair value of the assets transferred by the Group, liabilities incurred or assumed by the Group, and any equity interests issued by the Group. Acquisition related costs are recognized in the consolidated statement of profit or loss as incurred.

At the acquisition date, irrespective of non-controlling interests, the identifiable assets acquired and liabilities and contingent liabilities assumed are recognized at their fair values; except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 – Income Taxes and IAS 19 – Employee Benefits, respectively.

Non-controlling interests that represent ownership interests in the acquiree, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are accounted for at either fair value or the non-controlling interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

Goodwill

Goodwill represents the excess of the cost of an acquisition less the fair value of the Group's share of the net identifiable assets of acquired subsidiaries and associates at the date of acquisition. Goodwill on acquisitions of subsidiaries is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") or groups of CGUs that is expected to benefit from the synergies of the business combination.

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2 Consolidation (Continued)

Goodwill (Continued)

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

A CGU to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the CGU, which is the higher of fair value less costs to sell and value in use, is less than its carrying amount, the deficit, reflecting an impairment loss, is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis, based on the carrying amount of each asset in the CGU. Any goodwill impairment loss is recognized directly in the consolidated statement of profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Investment in associate and joint venture

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement through a separate entity, and have rights to the net assets of the arrangement based on legal form, contract terms, and other facts and circumstances. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not constitute control or joint control over those policy decisions. Joint control is the contractually agreed sharing of control over an activity, and exists only when the decisions relating to the activity require the unanimous consent of the Group and other parties sharing the control.

The post-acquisition profit or loss of an associate or a joint venture is incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investment in an associate or a joint venture is initially recognized at cost and adjusted thereafter to recognize the Group's share of the net assets of the associate or joint venture. When the Group's share of loss of an associate or a joint venture equals or exceeds its interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further loss. Additional loss is recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate or joint venture.

At the end of each reporting period, the Group considers whether there are circumstances that indicate the possibility of impairment of the Group's investment in an associate or a joint venture; when that is the case, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 – Impairment of Assets, as a single asset by comparing its recoverable amount (the higher of fair value less costs to sell and value in use) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of an impairment loss is recognized in accordance with IAS 36, to the extent that the recoverable amount of the investment subsequently increases.

When an entity in the Group transacts with the Group's associate or joint venture, profits and losses resulting from the transaction are recognized in the Group's consolidated financial statements only to the extent of the interest in the associate or joint venture that are not related to the Group. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3 Interest income and expenses

Interest income and expenses of financial instruments are calculated using the effective interest method and included in the current profit and loss.

The Group uses the effective interest method to calculate the interest income and expense of financial assets and liabilities measured at amortized cost or at fair value through other comprehensive income, presented as "interest income" and "interest expense" respectively. For specific accounting policies, please refer to the Note II 8.4 subsequent measurement of financial instruments.

4 Fee and commission income

Fee and commission income is recognized when the Group fulfills its performance obligation, either over time or at a point in time when a customer obtains control of the service.

For the performance obligations satisfied at a point in time, the Group recognizes revenue when control is passed to the customer at a certain point in time, including insurance agency fee, merchant acquiring service fee, settlement & clearing services and bond underwriting fee, etc. For the performance obligations satisfied over time, the Group recognizes revenue according to the progress toward satisfaction of the obligation over the time, including consultancy and advisory fee and custodian fee, etc.

5 Foreign currency translation

The functional currency of the Group's Domestic Operations is RMB. The presentation currency of the Group and the Bank is RMB.

In preparing the financial statements of each individual Group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i. e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in the consolidated statement of profit or loss in the period in which they arise, except for the following:

(i) exchange differences arising on a monetary item that forms part of the Bank's net investment in the Overseas Operations;

(ii) changes in the fair value of monetary assets denominated in foreign currency classified as financial investments at fair value through other comprehensive income are analyzed between translation differences resulting from changes in the amortized cost of the monetary assets and other changes in the carrying amount. Translation differences related to changes in the amortized cost are recognized in the consolidated statement of profit or loss, and other changes in the carrying amount are recognized in other comprehensive income.

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

5 Foreign currency translation (Continued)

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the consolidated statement of profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's Overseas Operations are translated into the presentation currency of the Group at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at exchange rates at the date of the transactions, or a rate that approximates the exchange rates of the date of the transaction. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the foreign currency translation reserve and non-controlling interests, as appropriate. The accumulated foreign currency translation reserve related to the Overseas Operations will be reclassified from equity to the consolidated statement of profit or loss on disposal of all or part of the Overseas Operations.

6 Taxation

Income tax comprises current and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

6 Taxation (Continued)

Deferred tax (Continued)

If a single transaction is not a business combination, neither accounting profit nor taxable income (or deductible loss) is affected at the time of the transaction, and the assets and liabilities initially recognized do not result in an equal amount of taxable temporary differences and deductible temporary differences, then the temporary differences arising from the transaction will not generate deferred tax. The temporary differences resulting from the initial recognition of goodwill also do not generate the associated deferred tax.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that the temporary difference will not reverse in the foreseeable future or it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognized in profit or loss, except when it relates to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Value-added Taxes ("VAT")

The Group mainly provides financial services such as loan services, direct-charge financial services, insurance services and transfer of financial commodities, which are subject to the VAT rate of 6%. For other services, VAT is calculated and paid in accordance with the tax rates stipulated in the tax law.

Pursuant to the "Circular of the Ministry of Finance and the State Administration of Taxation on Further Clarification of Relevant Policies Applicable to the Financial Sector in the Comprehensive Implementation of the VAT Pilot Programs" (Cai Shui [2016] No. 46), the Bank elected to adopt a simplified methodology to calculate VAT at 3% on interest income derived from loans granted to farming households, rural enterprises and other rural institutions by county-level sub-branches included in the Bank's pilot programs of the County Area Banking Division, including those under the Bank's provincial branches in provinces, autonomous regions, municipalities directly under the central government and municipalities with independent budgetary status as well as those under the Xinjiang Production and Construction Corps Branch.

In accordance with the Ministry of Finance (the "MOF") and the State Administration of Taxation's "Circular regarding the Value-added Taxes Policies for Financial, Real Estate Development and Education Ancillary and Other Services" (Cai Shui [2016] No. 140), the "Supplementary Circular regarding Issues concerning Value-added Taxes Policies for Asset Management Products" (Cai Shui [2017] No. 2) and the "Circular on the Relevant Issues concerning Value-added Tax Levied on Asset Management Products" (Cai Shui [2017] No. 56), the Group shall pay VAT at 3% for taxable asset management activities undertaken after 1 January 2018.

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

7 Employee benefits

Employee benefits are all forms of consideration given and other relevant expenditure incurred by the Group in exchange for services rendered by employees or for termination of the employment contracts. These benefits include short-term employee benefits, post-employment benefits and early retirement benefits.

Short-term employee benefits

Short-term employee benefits include salaries, bonuses, allowances and subsidies, staff welfare, medical insurance, employment injury insurance, maternity insurance, housing funds as well as labor union fees and staff education expenses. In the reporting period in which an employee has rendered services, the Group recognizes the short-term employee benefits payable for those services as a liability with a corresponding increase in the expenses in the consolidated statement of profit or loss or capitalization as cost of related assets.

Post-employment benefits

The Group's post-employment benefits are primarily the payments for basic pensions and unemployment insurance related to government mandated social welfare programs, as well as the annuity scheme established. All these post-employment benefits are defined contribution plans, under which, the Group makes fixed contributions into a separate fund and will have no legal or constructive obligation to make further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods.

Contributions to the basic pensions and unemployment insurance plan are recognized in the consolidated statement of profit or loss for the period or capitalization as cost of related assets in which the related payment obligation is incurred.

The employees of the Bank's head office and domestic branches ("Domestic Institutions") participate in an annuity scheme established by the Bank (the "Annuity Scheme"). The Bank pays annuity contributions with reference to employees' salaries, and such contributions are expensed in the consolidated statement of profit or loss or capitalized as cost of related assets when incurred. Except for the fixed contribution into the Annuity Scheme, the Bank has no further obligation if the Annuity Scheme does not have sufficient assets for the payment of any retirement benefits to employees funded by the Annuity Scheme.

Early retirement benefits

Early retirement benefits have been paid to those employees who accept voluntary retirement before the normal retirement date, as approved by management. The related benefit payments are made from the date of early retirement to the normal retirement date.

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

7 Employee benefits (Continued)

***Early retirement benefits** (Continued)*

The accounting treatment of the Group's early retirement benefits is in accordance with termination benefits as determined in IAS 19. The liability is recognized for the early retirement benefit payments from the date of early retirement to the normal retirement date when the criteria for recognition as termination benefit is met with a corresponding charge in the consolidated statement of profit or loss. Differences arising from changes in assumptions and adjustments of the standards of benefits are recognized in the consolidated statement of profit or loss when incurred.

8 Financial instruments

8.1 Initial recognition, classification and measurement of financial instruments

Financial assets or financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

For purchases or sales of financial assets in a regular way, the related assets and liabilities are recognized or sold assets are derecognized at the trade date, along with the recognition of gains or losses on disposal and the receivables due from the buyer. The trade date is the date on which the Group commits to purchase or sell the financial asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. For other classes of financial assets or financial liabilities, the relevant transaction costs are included in the initial recognized value.

(1) Financial assets

Financial assets are classified in the following measurement categories based on the Group's business model for managing the assets and the cash flow characteristics of the assets:

(i) Amortized cost ("AC");

(ii) Fair value through other comprehensive income ("FVOCI"); or

(iii) Fair value through profit or loss ("FVPL").

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e. g. financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model and measured at FVPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the group of asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

8 Financial instruments (Continued)

8.1 Initial recognition, classification and measurement of financial instruments (Continued)

(1) Financial assets (Continued)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest ("SPPI"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i. e. interest includes consideration for the time value of money, credit risk associated with the principal amount outstanding during a particular period of time, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

The classification requirements for debt instruments and equity instruments in the Group are described as below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds. Classification and measurement of debt instruments depend on the Group's business models for managing the asset and the cash flow characteristics of the asset.

Based on these factors, the debt instruments of the Group are classified into three categories below:

(i) AC: Debt instruments that are held within a business model whose objective is to hold assets to collect contractual cash flows; and contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and that are not designated as at FVPL, are measured at amortized cost.

(ii) FVOCI: Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and that are not designated as at FVPL, are measured at FVOCI.

(iii) FVPL: All financial assets not classified as measured at AC or FVOCI as described above are measured at FVPL.

The Group may also irrevocably designate financial assets as at FVPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

8 Financial instruments (Continued)

8.1 Initial recognition, classification and measurement of financial instruments (Continued)

(1) Financial assets (Continued)

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective referring to Note II 8.9, and examples of equity instruments include basic ordinary shares. The Group subsequently measures all equity investments at FVPL, except for the equity investment not held for trading where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment as at FVOCI.

(2) Financial liabilities

The Group's financial liabilities are classified into financial liabilities at FVPL and other financial liabilities carried at amortized cost on initial recognition. Financial liabilities at FVPL is applied to derivatives, financial liabilities held for trading and financial liabilities designated as such at initial recognition.

The Group may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss when doing so results in more relevant information, because either:

(i) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

(ii) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the entity's key management personnel.

Once the designation is made, it shall not be revoked.

Financial liabilities arising from the transfer of financial assets which do not qualify for derecognition, if the enterprise retains substantially all the risks and rewards of the ownership of the transferred financial asset and does not qualified for derecognition, the Group shall continue to recognize the transferred financial asset in its entirety and recognize a financial liability for the consideration received. In applying the continued involvement approach of accounting, please refer to the Note II 8.7 Derecognition of financial assets for the measurement of the transferred liability.

8.2 Reclassification of financial assets

When the Group changes the business model for managing its financial assets, it shall reclassify all affected financial assets, and apply the reclassification prospectively from the reclassification date. The Group does not restate any previously recognized gains, losses (including impairment gains or losses) or interest. Reclassification date is the first day of the first reporting period following the change in business model that results in the Group reclassifying financial assets.

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

8 Financial instruments (Continued)

8.3 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices. Active market is a place in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. In an active market, the quoted prices of relevant assets or liabilities should be readily and regularly available from exchanges, dealers, brokers, industry groups, pricing institutions or regulatory institutions by the enterprise. The current market may not be active when there is a significant decline in the volume of transaction or level of activity, price quotations vary substantially either over time or among market-makers and current prices are not available. For financial instruments not traded in active markets, fair value is determined using appropriate valuation techniques. Valuation techniques include the use of recent transaction prices, fair value of other financial instruments that are substantially the same, discounted cash flow analysis, option pricing models and other techniques commonly used by market participants. When measuring the asset or liability at fair value, the Group shall use valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value, select inputs that are consistent with the characteristics of the asset or liability that market participants would take into account in a transaction for the asset or liability. These valuation techniques include the use of observable and/or unobservable inputs, and observable inputs are preferred.

8.4 Subsequent measurement of financial instruments

Subsequent measurement of financial instruments depends on the categories:

(1) Financial assets and liabilities measured at amortized cost

The amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition: (i) minus the principal repayments; (ii) plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount; (iii) for financial assets, adjusted for any loss allowance. Interest income and interest expenses from these financial assets and liabilities are included in "interest income" and "interest expense" using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i. e. its amortized cost before any impairment allowance) or to the amortized cost of a financial liability. The calculation does not consider expected credit losses ("ECL") but includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate. For purchased or originated credit-impaired ("POCI") financial assets, the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortized cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

8 Financial instruments (Continued)

8.4 Subsequent measurement of financial instruments (Continued)

(1) Financial assets and liabilities measured at amortized cost (Continued)

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets and is included in "interest income", except for:

(i) POCI financial assets, whose interest income is calculated, since initial recognition, by applying the credit-adjusted effective interest rate to their amortized cost; and

(ii) financial assets that are not POCI but have subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to their amortized cost (i. e. net of the expected credit loss allowance). If, in a subsequent period, the financial assets improve their qualities so that they are no longer credit-impaired and the improvement in credit quality is related objectively to a certain event occurring after the application of the above-mentioned rules, then the interest income is calculated by applying the effective interest rate to their gross carrying amount.

(2) Financial assets at fair value through other comprehensive income

Debt instruments

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue calculated by using the effective interest method and foreign exchange gains and losses on the instrument's amortized cost which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in "interest income" using the effective interest method.

Equity instruments

The equity instrument investments that are not held for trading are designated as FVOCI. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as investment income when the Group's right to receive payments is established. Other net gains or losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(3) Financial assets at fair value through profit or loss

The financial asset is measured at fair value and net gains or losses are recognized in profit or loss of the current period.

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

8 Financial instruments (Continued)

8.4 Subsequent measurement of financial instruments (Continued)

(4) Financial liabilities at fair value through profit or loss

Financial liabilities at FVPL are measured at fair value with all gains or losses recognized in profit or loss of the current period, except for financial liabilities designated as at fair value through profit or loss, where gains or losses on the financial liabilities are treated as follows:

(i) changes in fair value of such financial liabilities due to changes in the Group's own credit risk are recognized in other comprehensive income; and

(ii) other changes in fair value of such financial liabilities are recognized in profit or loss of the current period. If the accounting of changes in the credit risk of the financial liabilities in accordance with (i) will create or enlarge accounting mismatches in profit or loss, the Group recognizes all gains or losses on such financial liabilities (including amounts arising from changes in its own credit risk) in the profit or loss of the current period.

When the liabilities designated as at fair value through profit or loss is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to retained earnings.

8.5 Impairment of financial instruments

The Group assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortized cost and FVOCI and exposures arising from some loan commitments and financial guarantee contracts.

ECL is the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, which are all cash shortfalls, discounted at the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets).

The Group measures ECL of a financial instrument reflecting:

(i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

(ii) the time value of money; and

(iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

8 Financial instruments (Continued)

8.5 Impairment of financial instruments (Continued)

For financial instruments whose impairment losses are measured using the ECL models, the Group applies a three-stage impairment model to calculate their impairment allowance and recognize their ECL, as follows:

— Stage I: If the credit risk has not increased significantly since its initial recognition, the financial asset is included in Stage I.

— Stage II: If the credit risk has increased significantly since its initial recognition but is not yet deemed to be credit-impaired, the financial instrument is moved to Stage II. The description of how the Group determines when a significant increase in credit risk has occurred is disclosed in Note IV 44.1.

— Stage III: If the financial instrument is credit-impaired, the financial instrument is then moved to Stage III. The definition of credit-impaired financial assets is disclosed in Note IV 44.1.

Financial instruments in Stage I have their ECL measured at an amount equivalent to the ECL of the financial asset for the next 12 months ("12 months ECL"). Financial instruments in Stage II or Stage III have their ECL measured at an amount equivalent to the ECL over the lifetime of the financial instruments ("Lifetime ECL"). The description of inputs, assumptions and estimation techniques used in measuring the ECL is disclosed in Note IV 44.1.

For accounts receivable, lease receivables and contract assets, the Group always recognize lifetime expected credit losses. The Group uses provision matrix based on its historical credit loss experience for above-mentioned financial assets to estimate ECLs. The historical credit experience is appropriately adjusted to reflect the specific factors of borrowers, current events and forecast future conditions as at reporting date.

The Group applies the impairment requirements for the recognition and measurement of a loss allowance for debt instruments that are measured at FVOCI. The loss allowance is recognized in other comprehensive income and the impairment loss is recognized in profit or loss, and it should not reduce the carrying amount of the financial asset in the statement of financial position.

If the Group has measured the loss allowance for a financial instrument other than POCI at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the financial instrument is no longer regarded as experiencing a significant increase in credit risk since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date and the amount of expected credit losses reversal is recognized in profit or loss. For POCI financial assets, at the reporting date, the Group only recognizes the cumulative changes in lifetime expected credit losses since initial recognition.

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

8 Financial instruments (Continued)

8.6 Modification of contracts

The Group sometimes renegotiates or otherwise modifies contracts, resulting in a change to the contractual cash flows. When this happens, the Group assesses whether the new terms are substantially different to the original terms.

If the terms are substantially different, the Group derecognizes the original financial asset and recognizes a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognized in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets).

8.7 Derecognition of financial assets

Financial asset is derecognized when one of the following conditions is met: (i) the Group's contractual rights to the cash flows from the financial asset expire; (ii) the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or (iii) the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

The financial asset has been transferred, if the Group neither transfers nor retains substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset, whereby the related liability is recognized accordingly.

On derecognition of a financial asset in its entirety, the difference between the sum of the consideration received for the part derecognized any cumulative amount of fair value recognized in other comprehensive income (if the transfer involves any other debt instrument investments measured at fair value through other comprehensive income) and the carrying amount allocated to the part derecognized on the date of derecognition shall be included in profit and loss for the current period.

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

8 Financial instruments (Continued)

8.8 Derecognition of financial liabilities

A financial liability is removed when the obligation specified in the contract is discharged or cancelled or expires in whole or in part. An exchange between the Group and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss.

8.9 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. A financial instrument is an equity instrument if, and only if, both conditions (i) and (ii) below are met: (i) The financial instrument includes no contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; and (ii) If the financial instrument will or may be settled in the Group's own equity instruments, it is a non-derivative instrument that includes no contractual obligations for the Group to deliver a variable number of its own equity instruments; or a derivative that will be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Equity instruments issued by the Group are included in equity at the actual issue price, and the relevant transaction costs shall be deducted from equity (capital reserve). If the capital reserve is insufficient to cover the deduction, the remaining amount shall be sequentially offset against the surplus reserve and retained earnings.

8.10 Derivative financial instruments and hedge accounting

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of the reporting period. The changes in fair value are recognized in profit or loss.

The Group accounts for hedge businesses that are eligible and choose to use hedge accounting in accordance with applicable accounting standards. The Group documents, at the inception of the hedge, the relationship between hedged items and hedging instruments, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

8 Financial instruments (Continued)

8.10 Derivative financial instruments and hedge accounting (Continued)

(a) Fair value hedge

Fair value hedge is a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss or other comprehensive income.

The changes in fair value of hedging instruments that are designated and qualify as fair value hedges are recorded in profit or loss or other comprehensive income, together with the changes in fair value of the hedged item attributable to the hedged risk.

Any adjustment of the carrying amount arising from the recognition of hedging gains or losses of the hedged item shall be amortized to profit or loss if the hedged item is a financial instrument measured at amortized cost.

The Group discontinues fair value hedge accounting when the hedging relationship ceases to meet the qualifying criteria after taking into account any rebalancing of the hedging relationship, including the hedging instrument has expired or has been sold, terminated or exercised. If the hedged items are derecognized, the unamortized adjustment of the carrying amount is recognized in profit or loss.

(b) Cash flow hedge

Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction that could ultimately affect the profit or loss.

The effective portion of the net gains and losses of hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated in equity in the "other comprehensive income". The ineffective portion is recognized immediately in the profit or loss.

Amounts accumulated in other comprehensive income are reclassified to the profit or loss in the same periods when the hedged item affects the profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized in the periods when the hedged item affects profit or loss. When the hedged future cash flows are no longer expected to occur (for example, the recognized hedged asset is disposed of), the cumulative gain or loss previously recognized in other comprehensive income is immediately reclassified to profit or loss.

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

8 Financial instruments (Continued)

8.11 Embedded derivative financial instruments

Certain derivatives are embedded in hybrid contracts, such as the conversion option in a convertible bond. If the hybrid contract contains a host that is a financial asset, then the Group assesses the entire contract for classification and measurement purposes. Otherwise, the embedded derivatives are treated as separate derivatives when:

(i) Their economic characteristics and risks are not closely related to those of the host contract;

(ii) A separate instrument with the same terms would meet the definition of a derivative; and

(iii) The hybrid contract is not measured at fair value through profit or loss.

Where an embedded derivative is separated from a hybrid contract, the Group accounts for the host contract of the hybrid contract in accordance with the applicable accounting standards. Where the fair value of the embedded derivative is unable to be reliably measured on the basis of the terms and conditions, the fair value of the embedded derivative is determined as the difference between the fair value of the hybrid contract and the fair value of the host contract. If, after using the above method, the fair value of the embedded derivative at the acquisition date or at the end of a subsequent financial reporting period is still unable to separately measured, the Group designates the entire hybrid contract as a fair value through profit or loss.

8.12 Offsetting financial assets and financial liabilities

When the Group has a legal right to set off the recognized amounts and the legal right is currently enforceable, and the Group intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position. Otherwise, financial assets and liabilities shall be settled respectively but not offset each other. The legally enforceable right of set-off must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

8.13 Financial assets held under resale agreements and financial assets sold under repurchase agreements

Financial assets transferred as collateral in connection with repurchase agreements, involving fixed repurchase dates and prices, are not derecognized. They continue to be recorded as investments classified as financial assets before sale or loan. The corresponding liability is included in financial assets sold under repurchase agreements. The items which are not derecognized are disclosed in Note IV 42 Contingent liabilities and commitments – Collateral.

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

8 Financial instruments (Continued)

8.13 Financial assets held under resale agreements and financial assets sold under repurchase agreements (Continued)

Consideration paid for financial assets held under agreements to resell are recorded as financial assets held under resale agreements, the related financial assets accepted is not recognized in the consolidated statement of financial position (Note IV 42 Contingent liabilities and commitments – Collateral).

The difference between the purchase and sale price is recognized as gain or loss in profit or loss of the current period using the effective interest method.

9 Insurance contracts

Level of aggregation

Insurance contracts and investment contracts with DPF are aggregated into groups for measuring purposes. Groups of contracts are determined by first identifying portfolios of contracts, each comprising contracts subject to similar risks and managed together. Each portfolio is divided into annual cohorts (i. e. by year of issue) and contracts in different product lines are expected to be in different groups. Each annual cohorts are divided into three groups:

- Any contracts that onerous on initial recognition;
- Any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- Any remaining contracts in the annual cohort.

When a contract is recognized, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group in which future contracts may be added.

Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the Group.

For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and investment services).

For investment contracts with DPF, the cash flows are within the contract boundary if they result from a substantive obligation of the Group to deliver cash at a present or future date.

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

9 Insurance contracts (Continued)

Measurement – Insurance contracts and investment contracts with DPF

On initial recognition, the Group measures a group of contracts as the total of (a) fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and (b) the CSM. The fulfilment cash flows of a group of contracts do not reflect the Group's non-performance risk.

Subsequently, the carrying amount of a group of contracts at each reporting date is the sum of the liability of remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

Insurance acquisition cash flows

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the Group belongs. Insurance acquisition cash flows are allocated to groups of contracts using systematic and rational methods based on the total premiums of each group.

Insurance acquisition cash flows that arise before the recognition of the related contracts are recognized as separate assets and tested for recoverability, whereas other insurance acquisition cash flows are included in the estimate of the present value of future cash flows as part of the measurement of the related contracts.

10 Precious metals

Precious metals comprise gold, silver and other precious metals.

Precious metals that are not related to the Group's trading activities are initially measured at acquisition cost and subsequently measured at the lower of cost and net realizable value. Precious metals that are related to the Group's trading activities are initially recognized at fair value and subsequent changes in fair value are recognized in profit or loss.

(Amounts in millions of Renminbi, unless otherwise stated)

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

11 Property and equipment

Property and equipment including buildings held for use in the supply of services, or for administrative purpose (other than construction in progress) are presented in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any. When the costs attributable to the land use rights cannot be reliably measured and separated from that of the building at inception, the costs are included in the cost of buildings and recorded in property and equipment.

Subsequent expenditure incurred for the property and equipment (other than construction in progress) is included in the cost of the property and equipment (other than construction in progress) if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditure can be reliably measured, and the carrying amount of the replaced part is derecognized. Other subsequent expenditure is recognized in profit or loss in the period in which it is incurred.

Depreciation is recognized as a component of operating expenses in the consolidated statement of profit or loss so as to recognize the consumption of the economic value of property and equipment (other than construction in progress), less their estimated residual values, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation rates are reviewed at the end of each reporting period.

The useful lives, estimated residual value rates and annual depreciation rates of each class of property and equipment are as follows:

Classes	Useful lives	Estimated residual value rates	Annual depreciation rates
Buildings	5–50 years	3%	1.94%–19.40%
Machinery and equipment	3–11 years	3%	8.82%–32.33%
Motor vehicles	5–8 years	3%	12.13%–19.40%

Properties in the course of construction for supply of services or administrative purposes are carried at cost, as construction in progress, less any impairment loss. Buildings, machinery and equipment under construction in progress are reclassified to the appropriate category of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property and equipment, commences when the assets are ready for their intended use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from its continued use. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in other operating income or operating expenses in the consolidated statement of profit or loss. The accounting policies of impairment of property and equipment are included in Note II 17 Impairment of non-financial assets other than goodwill.

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

12 Land use rights

Land use rights are classified in other assets and amortized over a straight-line basis over their authorized useful lives.

13 Foreclosed assets

The Group initially recognizes at fair value the foreclosed financial assets. Non-financial foreclosed assets are initially recognized at the fair value of the rights given up by creditors and other costs such as taxes directly attributable to the asset.

When the debtor pays off the debts with multiple assets or in form of restructuring arrangement, the Group firstly recognizes and measures the foreclosed financial assets and restructured rights according to provision illustrated in Note II 8.1 Initial recognition, classification and measurement of financial instruments. The net amount, of the fair value of the rights given up by creditor deducted the initial amount recognized for the transferred financial assets and restructured rights, should be distributed in accordance with the proportion of the fair value of each non-financial asset. The distributed amount should be recognized as the initial book value of each non-financial foreclosed assets.

The difference between the fair value and book value of the rights given up by creditor is recorded in profit and loss.

14 Investment property

Investment property is property held to earn rental income or for capital appreciation, or both.

Investment properties are measured using the cost model. Depreciation and amortization is recognized the same way as property and equipment and land use rights. Subsequent expenditure incurred for the investment property is included in the cost of the investment property if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditure can be measured reliably. Other subsequent expenditure is recognized in profit or loss in the period in which it is incurred.

The accounting policies of impairment of investment property are included in Note II 17 Impairment of non-financial assets other than goodwill.

Where an impairment loss subsequently reverses, the carrying amount of the investment property is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized. A reversal of an impairment loss is recognized in profit or loss.

When an investment property is sold, transferred, retired or damaged, the Group recognizes the amount of any proceeds on disposal, net of the carrying amount and related taxes, in profit or loss.

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

15 Leasing

Lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration.

The Group as lessee

The Group recognized the right-of-use assets at the commencement date, and recognized the lease liabilities at the present value of the outstanding lease payments. Lease payments include fixed payments, the amounts expected to be payable by the Group if the Group is reasonably certain to exercise a purchase option or an option to terminate the lease. Variable lease payments not included in the measurement of the lease liability are recognized as an expense in profit or loss when incurred.

The right-of-use assets of the Group are measured at costs, which include the amount of the initial measurement of lease liabilities, any lease payments made at or before the commencement date, any initial direct costs and less any lease incentives received. If the Group could reasonably determine the ownership of the leased asset when the lease term expires, the right-of-use assets are depreciated over the asset's remaining useful life. Otherwise, the right-of-use assets are depreciated over the shorter period of the asset's useful life and the lease term on a straight-line basis. When the recoverable costs of right-of-use assets are lower than the carrying amount, the value of right-of-use assets will be decreased down to the recoverable costs.

The Group chooses not to recognize the right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, and the rental expenses are recognized as expense in profit or loss on a straight-line basis over each period of the lease term. Short-term leases are leases with a lease term of 12 months or less. Leases of low value assets are the underlying assets are of low value when new.

The Group as lessor

When the Group is the lessor in a finance lease, a finance lease receivable as an amount equal to the net lease investment is recognized and the finance lease asset is derecognized at the commencement date. The finance lease receivables are recorded in the consolidated statement of financial position as loans and advances to customers.

When the Group is the lessor in an operating lease, rental income from operating leases is recognized as other operating income in the consolidated statement of profit or loss on a straight-line basis over the term of the related lease. The initial direct costs are included in the carrying amount of the underlying assets and is recognized as expenses over the lease term on the same basis as the lease income.

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

16 Intangible assets

Intangible assets acquired separately and with finite useful lives are carried at cost less accumulated amortization and any accumulated impairment loss. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives which generally range from 5 to 20 years.

Intangible assets with indefinite useful lives are not amortized, but are subject to annual impairment assessment.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss.

Expenditure incurred for an internal research and development project is recorded as expenditure on the research phase and development phase by the Group, respectively. The classification criterion is the submission of Project Plan (Definition of project objectives). Projects with incomplete submissions are in the research phase and those with completed submissions are in the development phase. Expenditure on the research phase is recognized in profit or loss for the period in which it occurs. Expenditure on the development phase is capitalized only when the following conditions are satisfied:

(1) It is technically feasible to complete the intangible asset so that it will be available for use or sale;

(2) The Group intends to complete the intangible asset and use or sell it;

(3) The Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;

(4) There are adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset;

(5) The expenditure attributable to the intangible asset during its development phase can be reliably measured.

Expenditure on the development phase which does not satisfy all of the above conditions is recognized in profit or loss in the period in which it is incurred.

The Group capitalizes eligible projects in accordance with relevant regulations. The scope of capitalized research and development expenditure includes capitalized staff costs and outsourcing service fees generated during the development phase of research and development projects that satisfy capitalization conditions. Among which, capitalized staff costs refer to the salary and employee benefits of own staff generated during the development phase of research and development projects that satisfy capitalization conditions. The salary and employee benefits mainly include salaries, employee benefits, labor insurance, housing funds, and annuity scheme, etc.

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

17 Impairment of non-financial assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized. A reversal of an impairment loss is recognized in the consolidated statement of profit or loss.

18 Cash and cash equivalents

Cash and cash equivalents are short-term and highly liquid assets, which are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value. Cash and cash equivalents include cash and assets with original maturity of three months or less under cash and balances with central banks, deposits with banks and other financial institutions, placements with and loans to banks and other financial institutions and financial assets held under resale agreements.

19 Dividend distribution

Dividend distribution to the Bank's ordinary equity holders is recognized as a liability in the Group's and the Bank's financial statements in the period in which the dividends are approved by the annual general meeting of the Bank.

As authorized by the annual general meeting, the Board of Directors has the sole discretion to declare and distribute dividends on preference shares. Preference share dividend distribution is recognized as a liability in the Group's and the Bank's financial statements in the period in which the dividends are approved by the Board of Directors of the Bank.

20 Contingent liabilities and provisions

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

20 Contingent liabilities and provisions (Continued)

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

21 Fiduciary activities

The Group acts as a custodian, trustee and in other fiduciary capacities to safeguard assets for customers in accordance with custody agreements between the Group and securities investment funds, social security funds, insurance companies, trust companies, qualified foreign institutional investors, annuity schemes and other institutions and individuals. The Group receives fees in return for its services provided under the custody agreements and does not have any interest in the economic risks and rewards related to assets under custody. Assets under custody are not recognized in the Group's consolidated statement of financial position.

The Group conducts entrusted lending arrangements for its customers. Under the terms of entrusted loan arrangements, the Group grants loans to borrowers, as an intermediary, according to the loan object, purpose, amount, interest rate and repayment plan determined by the principal. The Group is responsible for the arrangement and collection of the entrusted loans and receives a commission for the services rendered and does not assume the economic risks and rewards of the entrusted loans. The entrusted loans and funding for entrusted funds are not recognized in the Group's consolidated statement of financial position.

22 Financial guarantee contracts and loan commitments

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss incurred because a specified debtor fails to make payment when due, in accordance with the original or revised terms of a debt instrument.

Financial guarantees are initially recognized at fair value on the date the guarantee was given. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial amount, less amortization of guarantee fees, and the expected credit loss provision required to settle the guarantee. Any increase in the liability relating to guarantees is recognized in profit or loss.

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

II SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

22 Financial guarantee contracts and loan commitments (Continued)

For loan commitments and financial guarantee contracts, the loss allowance is recognized as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognized together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognized as a provision.

23 Related parties

The Group determines the Group's related parties in accordance with IFRS Accounting Standards and other relevant provisions.

III CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in Note II, management is required to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities. The judgements, estimates and related assumptions are based on historical experience and other relevant factors including reasonable expectations for future events.

The judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods as appropriate.

The following are the critical judgements and key estimates management has made in the process of applying the Group's accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

1 Classification of financial assets

The critical judgements the Group has made in determining the classification of financial assets include analysis of business models and characteristics of contractual cash flows.

The Group determines the business model for managing financial assets at the level of financial asset portfolio. The factors considered include how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

When assessing whether the contractual cash flow of financial assets is consistent with the basic lending arrangement, the Group has the following main judgements: whether the principal may be subject to change in the duration or amount of money due to prepayments during the duration; whether interests only included time value of money, credit risk, other basic borrowing risks, and considerations for costs and profits. For example, whether the amount paid in advance reflect only the outstanding principal and interest on the outstanding principal, as well as reasonable compensation for early termination of the contract.

III CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

2 Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortized cost and FVOCI and for exposures arising from some loan commitments and financial guarantee contracts, is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note IV 44.1 Credit risk.

3 Fair value of financial instruments

The Group uses valuation techniques to estimate the fair value of financial instruments which are not quoted in an active market. These valuation techniques include the use of recent transaction prices of the same or similar instruments, discounted cash flow analysis and generally accepted pricing models. To the extent practical, market observable inputs and data, such as interest rate yield curves, foreign currency rates and implied option volatilities, are used when estimating fair value through a valuation technique. Where market observable inputs are not available, they are estimated using assumptions that are calibrated as closely as possible to market observable data. However, areas such as the credit risk of the Group and the counterparty, liquidity, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the estimated fair value of financial instruments.

With respect to PRC government obligations related to large-scale policy directed financing transactions, fair value is determined using the stated terms of the related instrument and with reference to terms determined by the PRC government in similar transactions engaged in or directed by the PRC government. In this regard, there are no other relevant market prices or yields reflecting arm's length transactions of a comparable size and tenor.

4 Deferred taxes

There are certain transactions and activities in the ordinary course of the Group's business for which the ultimate tax effect is uncertain. The Group made certain estimation and judgement for items of uncertainty in the application of tax legislations, taking into account existing tax legislation and past practice of tax authorities. Where the final tax outcome of these matters is different from the amounts that were initially estimated, such differences will affect the current income tax, deferred income tax and VAT during the period in which such a determination is made.

5 Consolidation of structured entities

Where the Group acts as asset manager of or investor in structured entities, the Group makes significant judgement on whether the Group controls and should consolidate these structured entities. When performing this assessment, the Group assesses the Group's contractual rights and obligations in light of the transaction structures, and evaluates the Group's power over the structured entities, performs analysis and tests on the variable returns from the structured entities, including but not limited to commission income and asset management fees earned as the asset manager, the retention of residual income, and, if any, the liquidity and other support provided to the structured entities. The Group also assesses whether it acts as a principal or an agent through analysis of the scope of its decision-making authority over the structured entities, the remuneration to which it is entitled for asset management services, the Group's exposure to variability of returns from its other interests in the structured entities, and the rights held by other parties in the structured entities.

III CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

6 Derecognition of financial assets transferred

In its normal course of business, the Group transfers its financial assets through various types of transactions including regular way sales and transfers, securitization, financial assets sold under repurchase agreements, securities lending. The Group applies significant judgement in assessing whether it has transferred these financial assets which qualify for a full or partial derecognition.

Where the Group enters into structured transactions by which it transfers financial assets to structured entities, the Group analyzes whether the substance of the relationship between the Group and these structured entities indicates that it controls these structured entities to determine whether the Group needs to consolidate these structured entities. This will determine whether the following derecognition analysis should be conducted at the consolidated level or at the entity level from which the financial assets are transferred.

The Group analyzes the contractual rights and obligations in connection with such transfers to determine whether the derecognition criteria are met based on the following considerations:

- whether it has transferred the rights to receive contractual cash flows from the financial assets or the transfer qualifies for the "pass through" of those cash flows to independent third parties.

- the extent to which the associated risks and rewards of ownership of the financial assets are transferred. Significant judgement is applied in the Group's estimation with regard to the cash flows before and after the transfers and other factors that affect the outcomes of Group's assessment on the extent that risks and rewards are transferred.

- where the Group has neither retained nor transferred substantially all of the risks and rewards associated with their ownership, the Group analyzes whether it has relinquished its controls over these financial assets by assessing whether the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer, and if the Group has continuing involvement in these transferred financial assets. Where the Group has not retained control, it derecognizes these financial assets and recognizes separately as assets or liabilities any rights and obligations created or retained in the transfer. Otherwise, the Group continues to recognize these financial assets to the extent of its continuing involvement in the financial assets.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Net interest income

	Year ended 31 December	
	2024	2023
Interest income		
Loans and advances to customers	**816,608**	808,672
Including: Corporate loans and advances	**497,363**	474,171
Personal loans	**319,245**	334,501
Financial investments		
Debt instrument investments at amortized cost	**279,037**	255,838
Other debt instrument investments at fair value through other comprehensive income	**81,182**	52,328
Balances with central banks	**39,345**	39,341
Placements with and loans to banks and other financial institutions	**19,691**	18,774
Financial assets held under resale agreements	**21,856**	28,462
Deposits with banks and other financial institutions	**17,961**	20,283
Subtotal	**1,275,680**	1,223,698
Interest expense		
Due to customers	**(469,120)**	(475,534)
Deposits from banks and other financial institutions	**(104,667)**	(71,337)
Debt securities issued	**(71,243)**	(59,548)
Borrowings from central banks	**(26,222)**	(26,459)
Placements from banks and other financial institutions	**(17,328)**	(16,571)
Financial assets sold under repurchase agreements	**(6,408)**	(2,499)
Subtotal	**(694,988)**	(651,948)
Net interest income	**580,692**	571,750

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 Net fee and commission income

	Year ended 31 December	
	2024	2023
Fee and commission income		
Electronic banking services	**27,605**	27,459
Bank cards	**16,741**	16,307
Agency services	**16,221**	20,438
Consultancy and advisory services	**14,231**	13,337
Settlement and clearing services	**9,618**	10,796
Custodian and other fiduciary services	**4,021**	4,078
Credit commitment	**1,111**	1,793
Others	**417**	502
Subtotal	**89,965**	94,710
Fee and commission expense		
Bank cards	**(9,082)**	(9,129)
Electronic banking services	**(3,299)**	(3,360)
Settlement and clearing services	**(1,301)**	(1,321)
Others	**(716)**	(807)
Subtotal	**(14,398)**	(14,617)
Net fee and commission income	**75,567**	80,093

3 Net trading gain

		Year ended 31 December	
	Note	**2024**	2023
Net gain on debt instruments held for trading		**4,103**	6,510
Net gain on precious metals	(i)	**4,886**	5,597
Net gain on foreign exchange rate derivatives		**14,228**	10,295
Net gain on interest rate derivatives		**848**	1,599
Others		**1,440**	(877)
Total		**25,505**	23,124

(i) Net gain on precious metals consists of net gain on precious metals and precious metal related derivative products.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4 Net gain on financial investments

		Year ended 31 December	
	Note	2024	2023
Net (loss)/gain on debt instruments designated as at FVPL		**(35)**	108
Net gain on other debt instruments and equity investments measured at FVPL		**17,759**	16,046
Net loss on financial liabilities designated as at FVPL	(i)	**(368)**	(422)
Net gain on other debt instrument and other equity investments measured at FVOCI		**3,938**	2,635
Others		**(679)**	(1,603)
Total		**20,615**	16,764

(i) Net loss on financial liabilities designated as at FVPL consists of the payable amount upon the maturity of structured deposits designated at FVPL.

5 Other operating income

	Year ended 31 December	
	2024	2023
Insurance premium	**3,763**	3,258
Net losses on foreign exchange	**(7,007)**	(5,467)
Rental income	**1,413**	1,371
Gain on disposal of property and equipment	**800**	1,037
Government grant	**1,271**	1,317
Others	**1,630**	1,183
Total	**1,870**	2,699

6 Operating expenses

		Year ended 31 December	
	Notes	2024	2023
Staff costs	(1)	**160,469**	151,628
General operating and administrative expenses	(2)	**61,082**	62,047
Insurance benefits and claims		**6,276**	6,128
Depreciation and amortization		**22,869**	21,621
Tax and surcharges	(3)	**7,548**	7,260
Others		**2,936**	3,621
Total		**261,180**	252,305

In 2024, the Group's research and development expenses amounted to RMB4,245 million (2023: RMB3,722 million).

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6 Operating expenses (Continued)

(1) Staff costs

	Year ended 31 December	
	2024	2023
Short-term employee benefits		
Salaries, bonuses, allowances and subsidies	**106,095**	100,620
Housing funds	**10,915**	10,151
Social insurance	**6,724**	6,344
Including: Medical insurance	**6,355**	5,987
Maternity insurance	**179**	186
Employment injury insurance	**190**	171
Labor union fees and staff education expenses	**3,739**	3,858
Others	**11,296**	10,515
Subtotal	**138,769**	131,488
Defined contribution benefits	**21,687**	20,127
Early retirement benefits	**13**	13
Total	**160,469**	151,628

(2) Included in general operating and administrative expenses is auditor's remuneration of RMB121 million for the year, consisting of RMB115 million for financial statements audit service and RMB6 million for non-audit professional service (2023: RMB117 million for the year, consisting of RMB112 million for financial statements audit service and RMB5 million for non-audit professional service).

(3) City construction and maintenance tax is calculated at 1%,5% or 7% of VAT and sales taxes for the Group's Domestic Operations.

Education surcharge is calculated at 3%, while local education surcharge is calculated at 2% of VAT and sales taxes for the Group's Domestic Operations.

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7 Benefits and interests of directors, supervisors and senior management

(1) *Details of the Directors', Supervisors' and Senior Management's emoluments are as follows (in thousands of RMB):*

		Year ended 31 December 2024				
Item	Notes	Fees	Basic salaries and allowances	Contribution to retirement benefit schemes	Other benefits in kind (xii)	Total
Executive Directors						
Gu Shu		–	673	140	96	909
Wang Zhiheng	(i)	–	392	82	57	531
Lin Li		–	605	132	97	834
Independent Non-Executive Directors						
LEUNG KO May Yee, Margaret		380	–	–	–	380
Wu Liansheng		389	–	–	–	389
Wang Changyun		376	–	–	–	376
Ju Jiandong	(ii)	117	–	–	–	117
Zhuang Yumin	(iii)	–	–	–	–	–
Non-Executive Directors						
Zhou Ji		–	–	–	–	–
Li Wei		–	–	–	–	–
Liu Xiaopeng		–	–	–	–	–
Xiao Xiang		–	–	–	–	–
Zhang Qi		–	–	–	–	–
Supervisors						
Deng Lijuan		–	–	–	–	–
Huang Tao		50	–	–	–	50
Wang Xuejun		50	–	–	–	50
Liu Hongxia		300	–	–	–	300
Xu Xianglin		330	–	–	–	330
Wang Xixin		280	–	–	–	280
Senior Management						
Liu Hong		–	605	132	97	834
Wang Wenjin	(iv)	–	50	11	9	70
Meng Fanjun	(v)	–	–	–	–	–
Wu Gang		–	1,027	227	97	1,351
Liu Qing	(vi)	–	684	134	65	883
Executive Director resigned						
Zhang Xuguang	(vii)	–	504	110	81	695
Non-Executive Directors resigned						
Huang Zhenzhong	(viii)	263	–	–	–	263
Liu Shouying	(ix)	251	–	–	–	251
Senior Management resigned						
Xu Han	(x)	–	605	137	96	838
Liu Jiawang	(xi)	–	353	77	55	485
Total		**2,786**	**5,498**	**1,182**	**750**	**10,216**

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7 Benefits and interests of directors, supervisors and senior management (Continued)

(1) *Details of the Directors', Supervisors' and Senior Management's emoluments are as follows (in thousands of RMB): (Continued)*

(i) Wang Zhiheng was elected the President effective 28 June 2024, and was elected Vice Chairman of the Board of Directors and Executive Director effective 27 September 2024.

(ii) Ju Jiandong was elected Independent Non-Executive Director effective 10 September 2024.

(iii) Zhuang Yumin was elected Independent Non-Executive Director effective 15 January 2025.

(iv) Wang Wenjin was elected Executive Vice President effective 22 January 2025. His remuneration set out in the table above is the remuneration received from the Bank as the person in charge in state-controlled financial enterprise in 2024.

(v) Meng Fanjun was elected Executive Vice President effective 28 February 2025.

(vi) Liu Qing was elected Secretary of the Board of Directors effective 28 April 2024.

(vii) Zhang Xuguang ceased to be Executive Director and Executive Vice President effective 31 October 2024.

(viii) Huang Zhenzhong ceased to be Independent Non-Executive Director effective 10 September 2024.

(ix) Liu Shouying ceased to be Independent Non-Executive Director effective 30 August 2024.

(x) Xu Han ceased to be Executive Vice President effective 8 January 2025.

(xi) Liu Jiawang ceased to be Executive Vice President effective 19 July 2024.

(xii) Other benefits in kind include the Bank's contributions to medical fund, housing fund and other social insurances, which are payable to labour and security authorities based on the lower of certain percentage of the salaries and allowances or the prescribed upper limits as required by the relevant regulations issued by the government authorities.

The total compensation packages for the above Directors, Supervisors and Senior Management for the year ended 31 December 2024 have not yet been finalized in accordance with regulations of the relevant authorities in the PRC at the date of this consolidated financial statements. The final compensation will be disclosed in a separate announcement when determined.

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7 Benefits and interests of directors, supervisors and senior management (Continued)

(1) *Details of the Directors', Supervisors' and Senior Management's emoluments are as follows (in thousands of RMB): (Continued)*

		Year ended 31 December 2023				
Item	Notes	Fees	Basic salaries and allowances	Contribution to retirement benefit schemes	Other benefits in kind (x)	Total
Executive Directors						
Gu Shu		–	897	136	90	1,123
Zhang Xuguang		–	808	128	90	1,026
Lin Li		–	808	128	90	1,026
Independent Non-Executive Directors						
Huang Zhenzhong		380	–	–	–	380
LEUNG KO May Yee, Margaret		380	–	–	–	380
Liu Shouying		380	–	–	–	380
Wu Liansheng		380	–	–	–	380
Wang Changyun		360	–	–	–	360
Non-Executive Directors						
Zhou Ji		–	–	–	–	–
Li Wei		–	–	–	–	–
Liu Xiaopeng		–	–	–	–	–
Xiao Xiang		–	–	–	–	–
Zhang Qi		–	–	–	–	–
Supervisors						
Deng Lijuan		–	–	–	–	–
Huang Tao		50	–	–	–	50
Wang Xuejun		50	–	–	–	50
Liu Hongxia		300	–	–	–	300
Xu Xianglin		330	–	–	–	330
Wang Xixin		280	–	–	–	280
Senior Management						
Xu Han		–	808	133	94	1,035
Liu Jiawang		–	808	128	90	1,026
Liu Hong	(i)	–	337	55	38	430
Wu Gang	(ii)	–	994	112	46	1,152
Executive Director resigned						
Fu Wanjun	(iii)	–	897	136	90	1,123
Non-Executive Directors resigned						
Liao Luming	(iv)	–	–	–	–	–
Supervisors resigned						
Wang Jingdong	(v)	–	150	12	7	169
Wu Gang	(vi)	17	–	–	–	17
Senior Management resigned						
Zhang Yi	(vii)	–	135	21	14	170
Li Zhicheng	(viii)	–	332	32	12	376
Han Guoqiang	(ix)	–	1,989	226	89	2,304
Total		2,907	8,963	1,247	750	13,867

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7 Benefits and interests of directors, supervisors and senior management (Continued)

(1) *Details of the Directors', Supervisors' and Senior Management's emoluments are as follows (in thousands of RMB): (Continued)*

(i) Liu Hong was elected Executive Vice President effective 21 August 2023.

(ii) Wu Gang was elected Chief Risk Officer effective 1 June 2023.

(iii) Fu Wanjun ceased to be Vice Chairman of the Board of Directors and Executive Director and Executive President effective 26 December 2023.

(iv) Liao Luming ceased to be Non-Executive Director effective 28 September 2023.

(v) Wang Jingdong ceased to be Chairman of the Board of Supervisors and Supervisor of the Shareholders Representative effective 7 February 2023.

(vi) Wu Gang ceased to be Supervisor Representing Employees effective 25 April 2023.

(vii) Zhang Yi ceased to be Executive Vice President effective 21 March 2023.

(viii) Li Zhicheng ceased to be Chief Risk Officer effective 28 February 2023.

(ix) Han Guoqiang ceased to be Secretary of the Board of Directors and the company secretary effective 26 December 2023.

(x) Other benefits in kind include the Bank's contributions to medical fund, housing fund and other social insurances, which are payable to labour and security authorities based on the lower of certain percentage of the salaries and allowances or the prescribed upper limits as required by the relevant regulations issued by the government authorities.

(2) *Five individuals with the highest emoluments in the Group*

(i) Of the five individuals with the highest emoluments in the Group, none of them are Directors, Supervisors or Senior Management whose emoluments are disclosed above. The emoluments of the five individuals whose emoluments were the highest in the Group for the years ended 31 December 2024 and 31 December 2023 were as follows:

	Year ended 31 December	
	2024	2023
Basic salaries and allowances	**21**	23
Discretionary bonuses	**9**	9
Contribution to retirement benefit schemes and others	**2**	1
Total	**32**	33

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7 Benefits and interests of directors, supervisors and senior management (Continued)

(2) Five individuals with the highest emoluments in the Group (Continued)

(ii) The number of these five individuals whose emoluments fell within the following bands are as follows:

	Year ended 31 December	
	2024	2023
RMB4,500,001 to RMB5,000,000 yuan	**3**	1
RMB5,000,001 to RMB5,500,000 yuan	**–**	2
RMB5,500,001 to RMB6,000,000 yuan	**–**	–
RMB6,000,001 to RMB6,500,000 yuan	**–**	–
RMB6,500,001 to RMB7,000,000 yuan	**1**	–
RMB7,000,001 to RMB7,500,000 yuan	**–**	1
RMB7,500,001 to RMB8,000,000 yuan	**–**	–
RMB8,000,001 to RMB8,500,000 yuan	**–**	–
RMB8,500,001 to RMB9,000,000 yuan	**–**	–
RMB9,000,001 to RMB9,500,000 yuan	**–**	–
RMB9,500,001 to RMB10,000,000 yuan	**–**	–
RMB10,000,001 to RMB10,500,000 yuan	**–**	–
RMB10,500,001 to RMB11,000,000 yuan	**1**	1

For the years ended 31 December 2024 and 31 December 2023, no emolument was paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as a compensation for loss of office. For the years ended 31 December 2024 and 31 December 2023, none of the five highest paid individuals waived any emolument.

(3) Other benefits and interests of Directors and Supervisors pursuant to the Hong Kong Companies Ordinance (Cap.622).

For the years ended 31 December 2024 and 31 December 2023, no emolument was paid by the Group to any of the Directors and Supervisors as an inducement to join or upon joining the Group or as a compensation for loss of office. Except for the Annuity Scheme and Pension Scheme (Note II 7 Employee benefits), there were no other retirement benefits for Directors or Supervisors, or consideration provided to third parties for making available Directors' or Supervisors' services; and none of the Directors or Supervisors waived any emolument, or had material interests, whether directly or indirectly, in any material transactions, arrangements or contracts in relation to the Group's business for the years ended 31 December 2024 and 31 December 2023.

The Group enters into credit transactions with the Directors, Supervisors or certain controlled body corporates and connected entities of the Directors or Supervisors at arm's length in the ordinary course of business. For the years ended 31 December 2024 and 31 December 2023 and as at 31 December 2024 and 31 December 2023, the respective balances of loans and advances from the Group to Directors, Supervisors or certain controlled body corporates and connected entities of the Directors or Supervisors were not significant. The Group did not provide any guarantee or security to the Directors, Supervisors or certain controlled body corporates and connected entities of the Directors or Supervisors in respect of their loans, quasi-loans or credit transactions.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8 Credit impairment losses

	Year ended 31 December	
	2024	2023
Loans and advances to customers	**129,709**	138,883
Financial investments		
Debt instrument investments at amortized cost	**9,050**	(5,464)
Other debt instrument investments at fair value through other comprehensive income	**1,560**	(2,235)
Provision for guarantees and commitments	**(5,318)**	(606)
Placements with and loans to banks and other financial institutions	**(1,255)**	564
Deposits with banks and other financial institutions	**74**	58
Financial assets held under resale agreements	**(1,374)**	1,128
Others	**(1,606)**	3,379
Total	**130,840**	135,707

9 Income tax expense

	Year ended 31 December	
	2024	2023
Current income tax		
— PRC Enterprise Income Tax	**34,868**	48,584
— Hong Kong SAR Income Tax	**649**	826
— Other jurisdictions Income Tax	**407**	208
Subtotal	**35,924**	49,618
Deferred tax (Note IV 22)	**606**	(12,019)
Total	**36,530**	37,599

Domestic and Overseas Branches Income Tax is calculated at 25% of the estimated taxable profit for both years, and also includes supplementary PRC tax on Overseas Branches as determined in accordance with the relevant PRC income tax rules and regulations. Pre-tax deduction items of enterprise income tax are governed by the relevant tax regulations in Chinese mainland. Taxation arising in other jurisdictions (including Hong Kong SAR) is calculated at the rates prevailing in the relevant jurisdictions.

As at 31 December 2024, Pillar Two legislation has come into effect in countries where some of the Group's subsidiaries are located. The Group is subject to the global minimum top-up tax under Pillar Two legislation in those jurisdictions. The Group has applied the temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current income tax when it occurs. For the year ended 31 December 2024, the impact of the top-up tax on the Group's current income tax expense is not material.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9 Income tax expense (Continued)

The tax charges for the years ended 31 December 2024 and 31 December 2023 can be reconciled to the profit per the consolidated statement of profit or loss as follows:

		Year ended 31 December	
	Note	**2024**	2023
Profit before tax		**319,201**	307,419
Tax calculated at applicable PRC statutory tax rate of 25%		**79,800**	76,855
Tax effect of income not taxable for tax purpose	(1)	**(60,683)**	(51,884)
Tax effect of costs, expenses and losses not deductible for tax purpose		**21,228**	16,106
Tax effect of perpetual bonds interest expense		**(3,805)**	(3,484)
Effect of different tax rates in other jurisdictions		**(10)**	6
Income tax expense		**36,530**	37,599

(1) Non-taxable income primarily includes interest income from PRC treasury bonds and municipal government bonds.

10 Dividends

		Year ended 31 December	
	Notes	**2024**	2023
Dividends on ordinary shares declared and unpaid			
Cash dividend related to 2024	(1)	**40,738**	–
Dividends on ordinary shares declared and paid			
Cash dividend related to 2023	(2)	**80,811**	–
Cash dividend related to 2022	(3)	**–**	77,766
		121,549	77,766
Dividends on preference shares declared and paid	(4)	**4,064**	2,128
Interest on perpetual bonds declared and paid	(5)	**15,219**	13,935

(1) Distribution of dividend on ordinary shares for 2024

A cash dividend of RMB0.1164 (tax included) per ordinary share related to mid 2024, amounting to RMB40,738 million (tax included) in total which accounts for 30% of the net profit in the half year of 2024 was approved as determined in accordance with the relevant accounting rules and financial regulations applicable to PRC enterprises (the "PRC GAAP"), at the 2024 third extraordinary general meeting held on 29 November 2024.

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10 Dividends (Continued)

(1) Distribution of dividend on ordinary shares for 2024 (Continued)

The above dividend was recognized as distribution during the year ended 31 December 2024.

A final dividend of RMB0.1255 (tax included) per ordinary share related to the year ended 31 December 2024 totalling RMB43,923 million (tax included) has been proposed by the Board of Directors and is subject to approval by the ordinary equity holders in the annual general meeting.

The above dividend will be recognized as distribution after being approved in the annual general meeting.

(2) Distribution of dividend on ordinary shares for 2023

A cash dividend of RMB0.2309 (tax included) per ordinary share related to 2023, amounting to RMB80,811 million (tax included) in total was approved, after the required appropriations for the statutory surplus reserve and the general reserve for 2023 as determined in accordance with the PRC GAAP, at the annual general meeting held on 21 May 2024.

The above dividend was recognized as distribution and distributed during the year ended 31 December 2024.

(3) Distribution of dividend on ordinary shares for 2022

A cash dividend of RMB0.2222 (tax included) per ordinary share related to 2022, amounting to RMB77,766 million (tax included) in total was approved, after the required appropriations for the statutory surplus reserve and the general reserve for 2022 as determined in accordance with the PRC GAAP, at the annual general meeting held on 29 June 2023.

The above dividend was recognized as distribution and distributed during the year ended 31 December 2023.

(4) Distribution of dividend on preference shares

Distribution of dividend on preference shares for 2024

A cash dividend at the dividend rate of 4.84% per annum related to the second tranche of preference shares of 2023 to 2024 amounting to RMB1,936 million (tax included) in total was approved at the Board of Directors' Meeting held on 31 January 2024 and distributed on 11 March 2024.

A cash dividend at the dividend rate of 5.32% per annum related to the first tranche of preference shares of 2023 to 2024 amounting to RMB2,128 million (tax included) in total was approved at the Board of Directors' Meeting held on 30 August 2024 and distributed on 5 November 2024.

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10 Dividends (Continued)

(4) ***Distribution of dividend on preference shares*** *(Continued)*

Distribution of dividend on preference shares for 2023

A cash dividend at the dividend rate of 5.32% per annum related to the first tranche of preference shares of 2022 to 2023 amounting to RMB2,128 million (tax included) in total was approved at the Board of Directors' Meeting held on 29 August 2023 and distributed on 6 November 2023.

(5) Distribution of interest on perpetual bonds

Distribution of interest on perpetual bonds for 2024

An interest at the interest rate of 3.49% per annum related to the 2022-first tranche of perpetual bonds of RMB50 billion amounting to RMB1,745 million in total was declared on 20 February 2024 and distributed on 22 February 2024.

An interest at the interest rate of 3.48% per annum related to the 2020-first tranche of perpetual bonds of RMB85 billion amounting to RMB2,958 million in total was declared on 10 May 2024 and distributed on 13 May 2024.

An interest at the interest rate of 4.39% per annum related to the 2019-first tranche of perpetual bonds of RMB85 billion amounting to RMB3,732 million in total was declared on 8 August 2024 and distributed on 20 August 2024.

An interest at the interest rate of 4.50% per annum related to the 2020-second tranche of perpetual bonds of RMB35 billion amounting to RMB1,575 million in total was declared on 14 August 2024 and distributed on 26 August 2024.

An interest at the interest rate of 3.21% per annum related to the 2023-first tranche of perpetual bonds of RMB40 billion amounting to RMB1,284 million in total was declared on 14 August 2024 and distributed on 28 August 2024.

An interest at the interest rate of 3.17% per annum related to the 2022-second tranche of perpetual bonds of RMB30 billion amounting to RMB951 million in total was declared on 20 August 2024 and distributed on 5 September 2024.

An interest at the interest rate of 4.20% per annum related to the 2019-second tranche of perpetual bonds of RMB35 billion amounting to RMB1,470 million in total was declared on 27 August 2024 and distributed on 5 September 2024.

An interest at the interest rate of 3.76% per annum related to the 2021-first tranche of perpetual bonds of RMB40 billion amounting to RMB1,504 million in total was declared on 14 November 2024 and distributed on 16 November 2024.

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10 Dividends (Continued)

(5) ***Distribution of interest on perpetual bonds*** *(Continued)*

Distribution of interest on perpetual bonds for 2023

An interest at the interest rate of 3.49% per annum related to the 2022-first tranche of perpetual bonds of RMB50 billion amounting to RMB1,745 million in total was declared on 20 February 2023 and distributed on 22 February 2023.

An interest at the interest rate of 3.48% per annum related to the 2020-first tranche of perpetual bonds of RMB85 billion amounting to RMB2,958 million in total was declared on 10 May 2023 and distributed on 12 May 2023.

An interest at the interest rate of 4.39% per annum related to the 2019-first tranche of perpetual bonds of RMB85 billion amounting to RMB3,732 million in total was declared on 17 August 2023 and distributed on 20 August 2023.

An interest at the interest rate of 4.50% per annum related to the 2020-second tranche of perpetual bonds of RMB35 billion amounting to RMB1,575 million in total was declared on 22 August 2023 and distributed on 24 August 2023.

An interest at the interest rate of 4.20% per annum related to the 2019-second tranche of perpetual bonds of RMB35 billion amounting to RMB1,470 million in total was declared on 31 August 2023 and distributed on 5 September 2023.

An interest at the interest rate of 3.17% per annum related to the 2022-second tranche of perpetual bonds of RMB30 billion amounting to RMB951 million in total was declared on 31 August 2023 and distributed on 5 September 2023.

An interest at the interest rate of 3.76% per annum related to the 2021-first tranche of perpetual bonds of RMB40 billion amounting to RMB1,504 million in total was declared on 14 November 2023 and distributed on 16 November 2023.

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11 Earnings per share

The calculation of basic and diluted earnings per share is as follows:

	Year ended 31 December	
	2024	2023
Earnings:		
Profit for the year attributable to equity holders of the Bank	**282,083**	269,356
Less: profit for the year attributable to other equity instruments holders of the Bank	**(19,283)**	(16,063)
Profit for the year attributable to ordinary equity holders of the Bank	**262,800**	253,293
Number of shares:		
Weighted average number of ordinary shares in issue (in millions)	**349,983**	349,983
Basic and diluted earnings per share (RMB yuan)	**0.75**	0.72

For the years ended 31 December 2015 and 31 December 2014, the Bank issued two non-cumulative preference shares, respectively, and the specific terms are included in Note IV 33 Other equity instruments.

From 2019 to 2024, the Bank issued eleven non-cumulative undated tier 1 capital bonds(the bank has exercised the redemption right and redeemed the 2019 undated additional tier 1 capital bonds), respectively, and the specific terms are included in Note IV 33 other equity instruments.

For the purpose of calculating basic earnings per share, cash dividends of RMB4,064 million (tax included) of non-cumulative preference shares declared in respect of the year of 2024 and interests of RMB15,219 million of non-cumulative undated tier 1 capital bonds in respect of 2024 were deducted from the profit for the year attributable to ordinary equity holders of the Bank (2023: cash dividends of RMB2,128 million (tax included) of non-cumulative preference shares and interests of RMB13,935 million of non-cumulative undated tier 1 capital bonds).

The conversion feature of preference shares is considered to fall within contingently issuable ordinary shares. The triggering events of conversion did not occur for the years ended 31 December 2024 and 31 December 2023, and therefore the conversion feature of preference shares has no dilutive effect on earnings per share calculation.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12 Cash and balances with central banks

	Notes	As at 31 December 2024	2023
Cash		**67,208**	71,140
Mandatory reserve deposits with central banks	(1)	**1,887,408**	2,359,006
Surplus reserve deposits with central banks	(2)	**46,885**	338,123
Other deposits with central banks	(3)	**131,855**	152,582
Subtotal		**2,133,356**	2,920,851
Accrued interest		**1,096**	1,196
Total		**2,134,452**	2,922,047

(1) The Group places mandatory reserve deposits with the PBOC and overseas regulatory bodies. These include RMB reserve deposits and foreign currency reserve deposits that are not available for use in the Group's daily operations.

As at 31 December 2024, the mandatory deposit reserve ratios of the domestic branches of the Bank in respect of customer deposits denominated in RMB and foreign currencies were consistent with the requirement of the PBOC. The mandatory reserve funds placed with the central bank of domestic subsidiaries of the Group are determined by the PBOC. The amounts of mandatory reserve deposits placed with the central banks of those countries or regions outside Chinese mainland are determined by local jurisdictions.

(2) Surplus reserve deposits with central banks include funds for the purpose of cash settlement and other kinds of unrestricted deposits.

(3) Other deposits with central banks primarily represent fiscal deposits and foreign exchange risk reserve placed with the PBOC that are not available for use in the Group's daily operations.

13 Deposits with banks and other financial institutions

	As at 31 December 2024	2023
Deposits with:		
Domestic banks	**518,355**	1,008,493
Other domestic financial institutions	**11,635**	15,980
Overseas banks	**40,621**	49,994
Subtotal	**570,611**	1,074,467
Accrued interest	**2,799**	6,988
Allowance for impairment losses	**(1,454)**	(1,379)
Carrying amount	**571,956**	1,080,076

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14 Placements with and loans to banks and other financial institutions

	As at 31 December	
	2024	2023
Placements with and loans to:		
Domestic banks	**161,157**	142,828
Other domestic financial institutions	**119,800**	157,965
Overseas banks and other financial institutions	**247,172**	214,983
Subtotal	**528,129**	515,776
Accrued interest	**3,491**	3,539
Allowance for impairment losses	**(1,853)**	(3,134)
Carrying amount	**529,767**	516,181

15 Derivative financial instruments and hedge accounting

The Group primarily enters into foreign exchange rate, interest rate and precious metal derivative contracts related to trading, asset and liability management, and customer initiated transactions.

The contractual/notional amounts and fair values of the derivative financial instruments entered into by the Group are set out in the following tables. The contractual/notional amounts of derivative financial instruments provide a basis for comparison with fair values of instruments recognized in the consolidated statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair values of the instruments and, therefore, do not indicate the Group's exposure to credit or market risks. The fair value of derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates, foreign exchange rates or precious metal prices relative to their terms. The aggregated fair values of derivative financial assets and liabilities can fluctuate significantly in different periods.

Certain financial assets and financial liabilities of the Group are subject to enforceable master net arrangements or similar agreements. The agreement between the Group and the counterparty generally allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and financial liabilities will be settled on a gross basis. However, each party to the master netting arrangements or similar agreements will have the option to settle all such amounts on a net basis in the event of default of the other party. The Group did not offset these financial assets and financial liabilities on a net basis. As at 31 December 2024 and 31 December 2023, the Group did not hold any other financial assets or liabilities, other than derivatives, that are subject to master netting arrangements or similar agreements.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 Derivative financial instruments and hedge accounting (Continued)

	31 December 2024		
	Contractual/ notional amount	**Fair value**	
		Assets	**Liabilities**
Exchange rate derivatives			
Currency forwards and swaps, and cross-currency interest rate swaps	**3,858,877**	**59,145**	**(43,670)**
Currency options	**283,541**	**1,687**	**(2,428)**
Subtotal		**60,832**	**(46,098)**
Interest rate derivatives			
Interest rate swaps	**540,534**	**3,500**	**(2,551)**
Precious metal derivatives and others	**188,098**	**1,588**	**(9,497)**
Total		**65,920**	**(58,146)**

	31 December 2023		
	Contractual/ notional amount	Fair value	
		Assets	Liabilities
Exchange rate derivatives			
Currency forwards and swaps, and cross-currency interest rate swaps	2,201,349	20,701	(19,287)
Currency options	161,055	1,450	(1,226)
Subtotal		22,151	(20,513)
Interest rate derivatives			
Interest rate swaps	362,817	2,502	(1,420)
Precious metal derivatives and others	141,712	220	(5,884)
Total		24,873	(27,817)

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 Derivative financial instruments and hedge accounting (Continued)

Credit risk weighted amount for derivative transaction counterparties represents the counterparty credit risk associated with derivative transactions and is calculated in accordance with the "Capital Rules for Commercial Banks" issued by the NFRA which was effective from 1 January 2024, and is dependent on, among other factors, creditworthiness of customers and maturity characteristics of each type of contract.

	As at 31 December	
	2024	2023
Counterparty credit default risk-weighted assets	**24,609**	54,728
Credit value adjustment risk-weighted assets	**9,485**	6,846
Total	**34,094**	61,574

Fair value hedges

The following designated fair value hedging instruments are included in the derivative financial instruments disclosed above.

	31 December 2024		
	Contractual/ notional amount	**Fair value**	
		Assets	**Liabilities**
Interest rate swaps	**49,738**	**1,183**	**(199)**

	31 December 2023		
	Contractual/ notional amount	Fair value	
		Assets	Liabilities
Interest rate swaps	42,853	882	(336)

The Group uses interest rate swaps to hedge against changes arising from changes in interest rates in fair value of loans and advances to customers and other debt instrument investments at fair value through other comprehensive income.

The Group's net (losses)/gains on fair value hedges are as follow:

	Year ended 31 December	
	2024	2023
Net (losses)/gains on		
— hedging instruments	**(24)**	(666)
— hedged items	**(3)**	723
Ineffective portion recognized in net trading gains	**(27)**	57

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 Derivative financial instruments and hedge accounting (Continued)

Fair value hedges *(Continued)*

The following table shows maturity details with notional amount of hedging instruments disclosed above:

	Fair value hedges					
	Less than 1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Total
31 December 2024	**129**	**144**	**2,586**	**41,536**	**5,343**	**49,738**
31 December 2023	2,351	8,768	3,115	26,835	1,784	42,853

The following table sets out the details of the hedged items covered by the Group's fair value hedging strategies:

	31 December 2024				
	Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged items		Line items in the statement of financial position
	Assets	Liabilities	Assets	Liabilities	
Bonds	**46,821**	**–**	**–**	**–**	**Other debt instrument investments at fair value through other comprehensive income**
Loans	**2,528**	**–**	**(45)**	**–**	**Loans and advances to customers**
Total	**49,349**	**–**	**(45)**	**–**	

	31 December 2023				
	Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged items		Line items in the statement of financial position
	Assets	Liabilities	Assets	Liabilities	
Bonds	42,465	–	–	–	Other debt instrument investments at fair value through other comprehensive income
Loans	2,474	–	(83)	–	Loans and advances to customers
Total	44,939	–	(83)	–	

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16 Financial assets held under resale agreements

	As at 31 December	
	2024	2023
Analyzed by collateral type:		
Debt securities	**1,302,198**	1,743,760
Bills	**71,150**	67,904
Subtotal	**1,373,348**	1,811,664
Accrued interest	**424**	1,470
Allowance for impairment losses	**(2,201)**	(3,575)
Carrying amount	**1,371,571**	1,809,559

The collateral received in connection with financial assets held under resale agreements is disclosed in Note IV 42 Contingent liabilities and commitments – Collateral.

17 Loans and advances to customers

17.1 Analyzed by measurement basis

		As at 31 December	
	Notes	**2024**	2023
Measured at amortized cost	(1)	**22,159,675**	20,237,841
Measured at fair value through other comprehensive income	(2)	**1,817,338**	1,493,925
Total		**23,977,013**	21,731,766

(1) Measured at amortized cost:

	As at 31 December	
	2024	*2023*
Corporate loans and advances		
Loans and advances	***14,208,469***	*12,993,815*
Personal loans	***8,830,444***	*8,076,529*
Subtotal	***23,038,913***	*21,070,344*
Accrued interest	***49,936***	*50,352*
Allowance for impairment losses	***(929,174)***	*(882,855)*
Carrying amount of loans and advances to customers measured at amortized cost	***22,159,675***	*20,237,841*

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17 Loans and advances to customers (Continued)

17.1 Analyzed by measurement basis (Continued)

(2) Measured at fair value through other comprehensive income:

	As at 31 December	
	2024	2023
Corporate loans and advances		
Loans and advances	***309,417***	*183,178*
Discounted bills	***1,507,921***	*1,310,747*
Carrying amount of loans and advances to customers measured at fair value through other comprehensive income	***1,817,338***	*1,493,925*

17.2 Analyzed by ECL assessment method

	31 December 2024			
	Stage I	Stage II	Stage III	
	12 months ECL	Lifetime ECL		Total
Gross loans and advances to customers measured at amortized cost	22,349,632	417,224	321,993	23,088,849
Allowance for impairment losses	(625,897)	(97,859)	(205,418)	(929,174)
Loans and advances to customers measured at amortized cost, net	21,723,735	319,365	116,575	22,159,675
Loans and advances to customers measured at fair value through other comprehensive income	1,803,322	13,844	172	1,817,338
Allowance for impairment losses of loans and advances to customers measured at fair value through other comprehensive income	(33,430)	(2,529)	(93)	(36,052)

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17 Loans and advances to customers (Continued)

17.2 Analyzed by ECL assessment method (Continued)

	31 December 2023			
	Stage I	Stage II	Stage III	
	12 months ECL	Lifetime ECL		Total
Gross loans and advances to customers measured at amortized cost	20,424,619	395,527	300,550	21,120,696
Allowance for impairment losses	(604,532)	(92,521)	(185,802)	(882,855)
Loans and advances to customers measured at amortized cost, net	19,820,087	303,006	114,748	20,237,841
Loans and advances to customers measured at fair value through other comprehensive income	1,483,097	10,618	210	1,493,925
Allowance for impairment losses of loans and advances to customers measured at fair value through other comprehensive income	(28,798)	(2,202)	(63)	(31,063)

The ECL for corporate loans and advances in Stage I and Stage II, as well as personal loans, were measured in accordance with the risk parameters modelling method. The ECL for corporate loans and advances in Stage III were calculated using the discounted cash flow method. For details, see Note IV 44.1 Credit risk.

17.3 Analyzed by movements in loss allowance

The movements of loss allowance are mainly affected by:

— Transfers between stages due to loans and advances to customers experiencing significant increases (or decreases) in credit risk or becoming credit-impaired, and the corresponding transfer of the measurement basis of the loss allowance between 12 months and the entire lifetime ECL;

— Allowance for new loans and advances to customers recognized;

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17 Loans and advances to customers (Continued)

17.3 Analyzed by movements in loss allowance (Continued)

— Remeasurement includes the impact of changes in model assumptions, updates of model parameters, changes in probability of default and loss given default; changes in ECL due to transfer of loans and advances to customers between stages; changes in ECL due to unwinding of discount over time; changes in foreign exchange translations for assets denominated in foreign currencies and other movements;

— The reversal of allowances caused by repayment, transfer out and write-offs of loans and advances to customers.

The following table shows the impact of above factors on the allowance for impairment losses:

	Year ended 31 December 2024			
	Stage I	Stage II	Stage III	
Corporate loans and advances	12 months ECL (i)	Lifetime ECL (ii)		Total
1 January 2024	461,708	68,916	148,403	679,027
Transfer:				
Stage I to Stage II	(8,078)	8,078	–	–
Stage II to Stage III	–	(20,447)	20,447	–
Stage II to Stage I	9,878	(9,878)	–	–
Stage III to Stage II	–	16,138	(16,138)	–
Originated or purchased financial assets	127,386	–	–	127,386
Remeasurement	(27,500)	19,693	54,848	47,041
Repayment or transfer out	(87,311)	(12,676)	(18,873)	(118,860)
Write-offs	–	–	(39,796)	(39,796)
31 December 2024	476,083	69,824	148,891	694,798

	Year ended 31 December 2024			
	Stage I	Stage II	Stage III	
Personal loans	12 months ECL (iii)	Lifetime ECL (iv)		Total
1 January 2024	171,622	25,807	37,462	234,891
Transfer:				
Stage I to Stage II	(5,519)	5,519	–	–
Stage II to Stage III	–	(19,073)	19,073	–
Stage II to Stage I	8,847	(8,847)	–	–
Stage III to Stage II	–	2,767	(2,767)	–
Originated or purchased financial assets	89,118	–	–	89,118
Remeasurement	(18,934)	33,114	65,904	80,084
Repayment or transfer out	(61,890)	(8,723)	(27,070)	(97,683)
Write-offs	–	–	(35,982)	(35,982)
31 December 2024	183,244	30,564	56,620	270,428

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17 Loans and advances to customers (Continued)

17.3 Analyzed by movements in loss allowance (Continued)

The following table shows the impact of above factors on the allowance for impairment losses: (Continued)

	Year ended 31 December 2023			
	Stage I	Stage II	Stage III	
Corporate loans and advances	12 months ECL (v)	Lifetime ECL (vi)		Total
1 January 2023	415,071	55,734	131,227	602,032
Transfer:				
Stage I to Stage II	(13,931)	13,931	–	–
Stage II to Stage III	–	(25,130)	25,130	–
Stage II to Stage I	13,258	(13,258)	–	–
Stage III to Stage II	–	9,746	(9,746)	–
Originated or purchased financial assets	157,429	–	–	157,429
Remeasurement	(32,918)	38,741	50,394	56,217
Repayment or transfer out	(77,201)	(10,848)	(23,853)	(111,902)
Write-offs	–	–	(24,749)	(24,749)
31 December 2023	461,708	68,916	148,403	679,027

	Year ended 31 December 2023			
	Stage I	Stage II	Stage III	
Personal loans	12 months ECL (vii)	Lifetime ECL (viii)		Total
1 January 2023	160,093	25,110	32,993	218,196
Transfer:				
Stage I to Stage II	(4,097)	4,097	–	–
Stage II to Stage III	–	(12,501)	12,501	–
Stage II to Stage I	8,696	(8,696)	–	–
Stage III to Stage II	–	2,998	(2,998)	–
Originated or purchased financial assets	73,149	–	–	73,149
Remeasurement	(7,650)	23,782	27,796	43,928
Repayment or transfer out	(58,569)	(8,983)	(10,212)	(77,764)
Write-offs	–	–	(22,618)	(22,618)
31 December 2023	171,622	25,807	37,462	234,891

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17 Loans and advances to customers (Continued)

17.3 Analyzed by movements in loss allowance (Continued)

(i) In 2024, the changes of the Group's loss allowance of corporate loans and advances in Stage I, were mainly driven by the net increase of about 11% in the book balance of the corporate loans and advances compared with 1 January 2024.

(ii) In 2024, the changes of the Group's loss allowance of corporate loans and advances in Stage II were mainly driven by a small increase of the provision rate of the Group's corporate loans and advances in Stage II. There was no significant change in the gross amount of Stage II corporate loans and advances as of 31 December 2024 compared to 1 January 2024.

In 2024, the changes of Group's loss allowance of corporate loans and advances in Stage III were mainly driven by both the net transfer between stages which led to a net decrease of nearly 3% in the corresponding gross amount compared with 1 January 2024, and the increase of provision ratio caused by the transfer of relevant loans and advances from Stage II to Stage III. This impact was partially offset by the repayment, transfer out and write-offs of corporate loans and advances.

(iii) In 2024, the changes of the Group's loss allowance of personal loans in Stage I were mainly driven by the net increase of about 9% in the book balance of the personal loans compared with 1 January 2024.

(iv) In 2024, the changes in loss allowance of the Group's personal loans in Stage II were mainly driven by the net transfer between stages which led to a net increase of nearly 37% in the corresponding gross amount. This impact was partially offset by the decrease of provision ratio in Stage II.

In 2024, the changes in loss allowance of the Group's personal loans in Stage III were mainly driven by both the net transfer between stages which led to a net increase of nearly 54% in the corresponding gross amount and increase in the provision ratio resulting from transfer of relevant loans and advances from Stage II to Stage III. This impact was partially offset by the repayment, transfer out and write-offs of relevant loans and advances.

(v) In 2023, the changes of the Group's loss allowance of corporate loans and advances in Stage I, were mainly driven by the net increase of about 19% in the book balance of the corporate loans and advances compared with 1 January 2023.

(vi) In 2023, the changes of the Group's loss allowance of corporate loans and advances in Stage II were mainly driven by the net increase of about 28% in the book balance of the corporate loans and advances in Stage II compared with 1 January 2023, driven by net transfer between stages. This impact was partially offset by the decrease of provision ratio in Stage II.

In 2023, the changes of Group's loss allowance of corporate loans and advances in Stage III were mainly driven by both the net transfer between stages which led to a net increase of nearly 9% in the corresponding gross amount compared with 1 January 2023, and the increase of provision ratio caused by the transfer of relevant loans and advances from Stage II to Stage III. This impact was partially offset by the repayment, transfer out and write-offs of corporate loans and advances.

(vii) In 2023, the changes of the Group's loss allowance of personal loans in Stage I were mainly driven by both the net increase of about 7% in the book balance of the personal loans compared with 1 January 2023, and the increase of the provision ratio.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17 Loans and advances to customers (Continued)

17.3 Analyzed by movements in loss allowance (Continued)

(viii) In 2023, the changes in loss allowance of the Group's personal loans in Stage II were mainly driven by the net transfer between stages which led to a net increase of nearly 6% in the corresponding gross amount. This impact was partially offset by the decrease of provision ratio in Stage II.

In 2023, the changes in loss allowance of the Group's personal loans in Stage III were mainly driven by both the net transfer between stages which led to a net increase of nearly 21% in the corresponding gross amount and increase in the provision ratio resulting from transfer of relevant loans and advances from Stage II to Stage III. This impact was partially offset by the repayment, transfer out and write-offs of relevant loans and advances.

18 Financial investments

		As at 31 December	
	Notes	**2024**	2023
Financial assets at fair value through profit or loss	18.1	**513,306**	547,407
Debt instrument investments at amortized cost	18.2	**9,905,633**	8,463,255
Other debt instrument and other equity investments at fair value through other comprehensive income	18.3	**3,430,164**	2,203,051
Total		**13,849,103**	11,213,713

18.1 Financial assets at fair value through profit or loss

		As at 31 December	
	Notes	**2024**	2023
Financial assets held for trading	(1)	**176,349**	197,649
Financial assets designated at fair value through profit or loss	(2)	**631**	812
Other financial assets at fair value through profit or loss	(3)	**336,326**	348,946
Total		**513,306**	547,407
Analyzed as:			
Listed in Hong Kong		**13,760**	10,499
Listed outside Hong Kong	(i)	**339,305**	370,407
Unlisted		**160,241**	166,501
Total		**513,306**	547,407

(i) Debt securities traded on the China Domestic Inter-bank Bond Market are included in "Listed outside Hong Kong".

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18 Financial investments (Continued)

18.1 Financial assets at fair value through profit or loss (Continued)

(1) Financial assets held for trading

	As at 31 December	
	2024	2023
Debt securities issued by:		
Governments	**9,975**	9,342
Public sector and quasi-governments	**37,473**	77,220
Financial institutions	**48,523**	55,489
Corporates	**35,468**	15,558
Subtotal	**131,439**	157,609
Precious metal contracts	**20,967**	15,487
Equity	**7,174**	7,605
Fund and others	**16,769**	16,948
Total	**176,349**	197,649

(2) Financial assets designated at fair value through profit or loss (ii)

	As at 31 December	
	2024	2023
Debt securities issued by:		
Financial institutions	**469**	654
Corporates	**162**	158
Total	**631**	812

(ii) In order to eliminate or significantly reduce accounting mismatches, the Group designates certain debt securities as financial assets at fair value through profit or loss.

(3) Other financial assets at fair value through profit or loss (iii)

	As at 31 December	
	2024	2023
Debt securities issued by:		
Public sector and quasi-governments	**18,202**	22,284
Financial institutions	**163,561**	167,756
Corporates	**1,733**	2,400
Subtotal	**183,496**	192,440
Equity	**108,844**	115,306
Fund and others	**43,986**	41,200
Total	**336,326**	348,946

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18 Financial investments (Continued)

18.1 Financial assets at fair value through profit or loss (Continued)

(3) Other financial assets at fair value through profit or loss (iii) (Continued)

(iii) Other financial assets at fair value through profit or loss refer to financial assets that do not qualify for measurement at AC or FVOCI and are not held for trading, including bond investments, equity interests, funds, trust plans and asset management products of the Group.

18.2 Debt instrument investments at amortized cost

	Notes	As at 31 December 2024	As at 31 December 2023
Debt securities issued by:			
Governments		**7,325,911**	5,747,715
Public sector and quasi-governments		**1,552,603**	1,953,312
Financial institutions		**407,880**	161,595
Corporates		**79,527**	62,409
Subtotal of debt securities		**9,365,921**	7,925,031
Receivable from the MOF	(i)	**290,891**	290,891
Special government bond	(ii)	**93,315**	93,326
Others	(iii)	**21,888**	17,761
Subtotal		**9,772,015**	8,327,009
Accrued interest		**157,187**	150,788
Allowance for impairment losses		**(23,569)**	(14,542)
Debt instrument investments at amortized cost, net		**9,905,633**	8,463,255
Analyzed as:			
Listed in Hong Kong		**29,607**	30,403
Listed outside Hong Kong	(iv)	**9,448,580**	7,981,978
Unlisted		**427,446**	450,874
Total		**9,905,633**	8,463,255

(i) The Group received a notice from the MOF in January 2020, clarifying that from 1 January 2020, the interest rate of the unpaid payments will be verified year by year based on the rate of return of the five-year treasury bond of the previous year.

(ii) Special government bond refers to the non-transferable bond issued by the MOF in 1998 in the aggregated principal amount of RMB93.3 billion to the Predecessor Entity for capital replenishment. The bond will mature in 2028 and bears interest at a fixed rate of 2.25% per annum, starting from 1 December 2008.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18 Financial investments (Continued)

18.2 Debt instrument investments at amortized cost (Continued)

(iii) Other debt instrument investments at amortized cost are primarily related to investment in unconsolidated structured entities held by the Group (Note IV 41 (2)).

(iv) Debt securities traded on the China Domestic Inter-bank Bond Market are included in "Listed outside Hong Kong".

(1) Analyzed by ECL assessment method

	31 December 2024			
	Stage I	Stage II	Stage III	
	12 months ECL	Lifetime ECL		Total
Gross debt instrument investments at amortized cost	**9,927,191**	**599**	**1,412**	**9,929,202**
Allowance for impairment losses	**(22,546)**	**(16)**	**(1,007)**	**(23,569)**
Debt instrument investments at amortized cost, net	**9,904,645**	**583**	**405**	**9,905,633**

	31 December 2023			
	Stage I	Stage II	Stage III	
	12 months ECL	Lifetime ECL		Total
Gross debt instrument investments at amortized cost	8,476,120	368	1,309	8,477,797
Allowance for impairment losses	(13,253)	–	(1,289)	(14,542)
Debt instrument investments at amortized cost, net	8,462,867	368	20	8,463,255

Debt instrument investments at amortized cost in Stage II and Stage III mainly included corporates bonds and other debt instrument investments.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18 Financial investments (Continued)

18.2 Debt instrument investments at amortized cost (Continued)

(2) Analyzed by movements in loss allowance (v)

	Year ended 31 December 2024			
	Stage I	Stage II	Stage III	
	12 months ECL	Lifetime ECL		Total
1 January 2024	**13,253**	**–**	**1,289**	**14,542**
Transfer:				
Stage I to Stage II	**(4)**	**4**	**–**	**–**
Originated or purchased financial assets	**3,876**	**–**	**–**	**3,876**
Remeasurement	**6,335**	**12**	**5**	**6,352**
Maturities or transfer out	**(914)**	**–**	**(287)**	**(1,201)**
31 December 2024	**22,546**	**16**	**1,007**	**23,569**

	Year ended 31 December 2023			
	Stage I	Stage II	Stage III	
	12 months ECL	Lifetime ECL		Total
1 January 2023	19,150	–	1,285	20,435
Originated or purchased financial assets	3,409	–	–	3,409
Remeasurement	(7,023)	–	4	(7,019)
Maturities or transfer out	(2,283)	–	–	(2,283)
31 December 2023	13,253	–	1,289	14,542

(v) As at 31 December 2024, the increases of the Group's loss allowance of debt instrument investments at amortized cost were mainly due to the remeasurement of remained debt instrument investments and the increase of debt instrument investments.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18 Financial investments (Continued)

18.3 Other debt instrument and other equity investments at fair value through other comprehensive income

		31 December 2024			
	Notes	**Amortized cost of debt instruments/ cost of equity instruments**	**Fair value**	**Cumulative amount of change in fair value that is accrued to other comprehensive income**	**Cumulative amount of impairment**
Other debt instrument investments	(1)	**3,336,449**	**3,418,609**	**82,160**	**(4,916)**
Other equity investments	(2)	**9,118**	**11,555**	**2,437**	**N/A**
Total		**3,345,567**	**3,430,164**	**84,597**	**(4,916)**

		31 December 2023			
	Notes	Amortized cost of debt instruments/ cost of equity instruments	Fair value	Cumulative amount of change in fair value that is accrued to other comprehensive income	Cumulative amount of impairment
Other debt instrument investments	(1)	2,174,855	2,195,685	20,830	(3,870)
Other equity investments	(2)	5,930	7,366	1,436	N/A
Total		2,180,785	2,203,051	22,266	(3,870)

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18 Financial investments (Continued)

18.3 Other debt instrument and other equity investments at fair value through other comprehensive income (Continued)

(1) Other debt instrument investments

(a) Analyzed by types of issuers

	Note	As at 31 December 2024	As at 31 December 2023
Debt securities:			
Governments		**1,890,398**	**1,102,019**
Public sector and quasi-governments		**268,036**	**243,852**
Financial institutions		**1,116,984**	**703,570**
Corporates		**109,288**	**120,006**
Subtotal		**3,384,706**	**2,169,447**
Others	(i)	**8,330**	**9,178**
Subtotal of debt instruments		**3,393,036**	**2,178,625**
Accrued interest		**25,573**	**17,060**
Total		**3,418,609**	**2,195,685**
Analyzed as:			
Listed in Hong Kong		**125,115**	**128,173**
Listed outside Hong Kong		**3,201,369**	**1,938,190**
Unlisted		**92,125**	**129,322**
Total		**3,418,609**	**2,195,685**

(i) Others primarily include investments in unconsolidated structured entities held by the Group (Note IV 41 (2)), such as trust investment plans and debt investment plans.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18 Financial investments (Continued)

18.3 Other debt instrument and other equity investments at fair value through other comprehensive income (Continued)

(1) Other debt instrument investments (Continued)

(b) Analyzed by ECL assessment method

	31 December 2024			
	Stage I	**Stage II**	**Stage III**	
	12 months ECL	**Lifetime ECL**		**Total**
Carrying amount of other debt instrument investments at fair value through other comprehensive income	**3,418,021**	**588**	**–**	**3,418,609**
Allowance for impairment losses	**(4,906)**	**(10)**	**–**	**(4,916)**

	31 December 2023			
	Stage I	Stage II	Stage III	
	12 months ECL	Lifetime ECL		Total
Carrying amount of other debt instrument investments at fair value through other comprehensive income	2,194,783	885	17	2,195,685
Allowance for impairment losses	(3,848)	(7)	(15)	(3,870)

Other debt instrument investments at fair value through other comprehensive income in Stage II and Stage III mainly included corporates bonds and financial institutions bonds.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18 Financial investments (Continued)

18.3 Other debt instrument and other equity investments at fair value through other comprehensive income (Continued)

(1) Other debt instrument investments (Continued)

(c) Analyzed by movements in loss allowance (ii)

	Year ended 31 December 2024			
	Stage I	Stage II	Stage III	
	12 months ECL	Lifetime ECL		Total
1 January 2024	**3,848**	**7**	**15**	**3,870**
Originated or purchased financial assets	**1,705**	**–**	**–**	**1,705**
Remeasurement	**34**	**4**	**–**	**38**
Maturities or transfer out	**(681)**	**(1)**	**–**	**(682)**
Write-offs	**–**	**–**	**(15)**	**(15)**
31 December 2024	**4,906**	**10**	**–**	**4,916**

	Year ended 31 December 2023			
	Stage I	Stage II	Stage III	
	12 months ECL	Lifetime ECL		Total
1 January 2023	6,078	9	256	6,343
Transfer:				
Stage I transfer to Stage II	(1)	1	–	–
Stage III transfer to Stage II	–	77	(77)	–
Originated or purchased financial assets	981	–	–	981
Remeasurement	(1,224)	(77)	–	(1,301)
Maturities or transfer out	(1,986)	(3)	(164)	(2,153)
31 December 2023	3,848	7	15	3,870

(ii) As at 31 December 2024, the increases of the Group's loss allowance of other debt instrument investments at fair value through other comprehensive income were mainly due to the increase of debt instrument investments.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18 Financial investments (Continued)

18.3 *Other debt instrument and other equity investments at fair value through other comprehensive income (Continued)*

(2) *Other equity instruments*

	As at 31 December	
	2024	2023
Financial institutions	**8,775**	6,636
Other enterprises	**2,780**	730
Total	**11,555**	7,366

The Group designates certain non-trading equity investments as financial investments at fair value through other comprehensive income. In 2024, dividend income from such equity investments of the Group was RMB213 million (2023: RMB242 million). The value of disposed of such equity investments was RMB785 million (2023: RMB612 million) and the cumulative gains transferred into retained earnings from other comprehensive income after disposal was RMB5 million (2023: cumulative gains of RMB1 million).

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19 Investment in subsidiaries and structured entities

(1) Investment in subsidiaries

The following are the principal subsidiaries of the Bank as at 31 December 2024:

Name of entity	Notes	Date of incorporation/ establishment	Place of incorporation/ establishment	Authorized capital	Percentage of equity interest (%)	Percentage of voting rights (%)	Principal activities
China Agricultural Finance Co., Ltd.		1 November 1988	Hong Kong, PRC	HKD588,790,000	100.00	100.00	Investment holding
ABC International Holdings Limited		11 November 2009	Hong Kong, PRC	HKD4,113,392,450	100.00	100.00	Investment holding
ABC Financial Leasing Co., Ltd.		29 September 2010	Shanghai, PRC	RMB9,500,000,000	100.00	100.00	Financial leasing
Agricultural Bank of China (UK) Limited	(i)	29 November 2011	London, United Kingdom	USD100,000,002	100.00	100.00	Banking
ABC-CA Fund Management Co., Ltd.		18 March 2008	Shanghai, PRC	RMB1,750,000,001	51.67	51.67	Fund management
ABC Hexigten Rural Bank Limited Liability Company		12 August 2008	Inner Mongolia, PRC	RMB19,600,000	51.02	51.02	Banking
ABC Hubei Hanchuan Rural Bank Limited Liability Company	(ii)	12 August 2008	Hubei, PRC	RMB31,000,000	50.00	66.67	Banking
ABC Jixi Rural Bank Limited Liability Company	(iii)	25 May 2010	Anhui, PRC	RMB29,400,000	56.02	56.02	Banking
ABC Ansai Rural Bank Limited Liability Company		30 March 2010	Shaanxi, PRC	RMB40,000,000	51.00	51.00	Banking
ABC Zhejiang Yongkang Rural Bank Limited Liability Company		20 April 2012	Zhejiang, PRC	RMB210,000,000	51.00	51.00	Banking
ABC Xiamen Tong'an Rural Bank Limited Liability Company		24 May 2012	Fujian, PRC	RMB150,000,000	51.00	51.00	Banking
ABC Life Insurance Co., Ltd.	(iv)	19 December 2005	Beijing, PRC	RMB2,949,916,475	51.00	51.00	Life insurance
Agricultural Bank of China (Luxembourg) Limited		26 November 2014	Luxembourg, Luxembourg	EUR20,000,000	100.00	100.00	Banking
Agricultural Bank of China (Moscow) Limited		23 December 2014	Moscow, Russia	RUB7,556,038,271	100.00	100.00	Banking
ABC Financial Asset Investment Co., Ltd.		1 August 2017	Beijing, PRC	RMB20,000,000,000	100.00	100.00	Debt-to-equity swap and related services
Agricultural Bank of China Wealth Management Co., Ltd.		25 July 2019	Beijing, PRC	RMB12,000,000,000	100.00	100.00	Wealth management

During the year ended 31 December 2024, there were no changes in the proportion of equity interest or voting rights the Bank held in its subsidiaries other than ABC Jixi Rural Bank Limited Liability Company.

(i) Agricultural Bank of China (UK) Limited has been undertaking the dissolution procedures.

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19 Investment in subsidiaries and structured entities (Continued)

(1) Investment in subsidiaries (Continued)

(ii) Two of the three directors on the board of ABC Hubei Hanchuan Rural Bank Limited Liability Company were appointed by the Bank. The Bank concluded that it has effective control over and has included this entity in its consolidation scope.

(iii) In 2024, The Bank obtained 5% of the issued share capital of ABC Jixi Rural Bank Limited Liability Company through participating in judicial auctions and public bidding.

(iv) On 31 December 2012, the Bank acquired 51% of the issued share capital of Jiahe Life Insurance Co., Ltd. and renamed it as ABC Life Insurance Co., Ltd. ("ABC Life Insurance"). As at 31 December 2012, the Group recognized goodwill of RMB1,381 million as a result of this acquisition. During the year ended 31 December 2016, the Bank and other investors contributed additional capital totalling RMB3,761 million to ABC Life Insurance, comprising registered capital of RMB917 million and capital reserve of RMB2,844 million. After the capital injection, the proportion of equity interest and voting rights the Bank held in ABC Life Insurance remained at 51%.

The Bank tests the impairment of goodwill annually. When performing the impairment test, the Bank compares the carrying amount of the assets (including goodwill and the value of the mergers and acquisitions after deduction of amortization) with the recoverable amount. The excess of carrying amount over recoverable amount is recognized in profit or loss of the current period.

The recoverable amount of the assets is based on adjusted net assets, value of in-force business, value of one year of new business, new business multiplier, and other data approved by the management of ABC Life Insurance. The actuarial valuation method is applied and the risk discount rate, return on investment, valuation discount rate, and other assumptions adopted to forecast cash flows respectively reflect the specific risks associated with them.

As at 31 December 2024 and 31 December 2023, there was no objective evidence noted for any goodwill impairment, and no impairment loss was recognized.

(2) Structured entities

The Group also consolidated structured entities as disclosed in Note IV 41 Structured entities.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20 Investment in associates and joint ventures

(1) Investment in associates

Name of entity	Notes	Date of establishment	Place of incorporation/ business	Authorized capital	Percentage of equity interest (%)	Percentage of voting rights (%)	Principal activities
Sino-Congolese Bank of Africa	(i)	2015	Brazzaville, Congo	XAF53,342,800,000	50.00	50.00	Bank
Shenzhen Yuanzhifuhai No. 6 Investment Enterprise (Limited Partnership)	(ii)	2015	Guangdong, PRC	RMB313,000,000	31.95	33.33	Equity investment, investment management and investment advisory service
Beijing Guofa Aero Engine Industry Investment Fund Center (Limited Partnership)	(ii)	2018	Beijing, PRC	RMB6,343,200,000	15.61	11.11	Non-securities investment activities and related advisory services
Jilin Hongqizhiwang New Energy Automobile Fund Investment Management Center (Limited Partnership)	(ii)	2019	Jilin, PRC	RMB3,885,500,000	25.26	20.00	Non-securities investment activities and related advisory services
Xinyuan (Beijing) Debt-to-Equity Special Equity Investment Center (Limited Partnership)	(ii)	2020	Beijing, PRC	RMB6,000,000,000	15.67	14.29	Equity investment
National Green Development Fund Co., Ltd.	(iii)	2020	Shanghai, PRC	RMB88,500,000,000	9.04	9.04	Equity investment, project investment and investment management
National Social Endowment Insurance Co., Ltd.	(iv)	2022	Beijing, PRC	RMB11,150,000,000	8.97	8.97	Insurance
BNP Paribas ABC Wealth Management Co., Ltd.	(iv)	2023	Shanghai, PRC	RMB1,000,000,000	49.00	49.00	Wealth management
China Integrated Circuit Industry Investment Fund Phase III Co., Ltd.	(v)	2024	Beijing, PRC	RMB344,000,000,000	6.25	6.25	Equity investment, investment management and asset management

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20 Investment in associates and joint ventures (Continued)

(1) Investment in associates (Continued)

(i) *On 28 May 2015, the Sino-Congolese Bank of Africa (La Banque Sino-Congolaise pour I'Afrique, hereinafter referred to as BSCA. Bank), established by the Bank and other investors with authorized capital denominated in Central African CFA franc ("XAF"), was granted the required banking license by the local regulatory authority. The Bank holds 50% equity interest and voting rights in BSCA. Bank, and has the right to participate in the financial and operational decisions of BSCA. Bank, but does not constitute control or joint control over those decisions.*

(ii) *The Bank's wholly-owned subsidiary, ABC Financial Asset Investment Co., Ltd. and other investors invested in the above mentioned enterprises. The Group has the right to participate in the financial and operational decisions of these enterprises, but does not constitute control or joint control over those decisions.*

(iii) *The Bank was approved to participate in the investment in National Green Development Fund Co., Ltd. in 2021. The Bank holds 9.04% equity interest and has the right to participate in the financial and operational decisions, but does not constitute control or joint control over those decisions.*

(iv) *The Bank's wholly-owned subsidiary, Agricultural Bank of China Wealth Management Co., Ltd. and other investors invested in the above mentioned enterprises. The Group has the right to participate in the financial and operational decisions of the enterprise, but does not constitute control or joint control over those decisions.*

(v) *The Bank was approved to participate in the investment in China Integrated Circuit Industry Investment Fund Phase III Co., Ltd. in 2024. The Bank holds 6.25% equity interest and has the right to participate in the financial and operational decisions, but does not constitute control or joint control over those decisions.*

(vi) *The interests of the Group in the above-mentioned associates does not have a significant impact on the Group.*

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20 Investment in associates and joint ventures (Continued)

(2) Investment in joint ventures

Name of entity	Date of establishment	Place of incorporation/ business	Authorized capital	Percentage of equity interest (%)	Percentage of voting rights (%)	Principal activities
Jiangsu Jiequansuihe State-owned Enterprise Mixed Ownership Reform Fund (Limited Partnership)	2018	Jiangsu, PRC	RMB1,000,000,000	69.00	28.57	Equity investment, debt-to-equity and related supporting services
Nongjin Gaotou (Hubei) Debt-to-Equity Investment Fund (Limited Partnership)	2018	Hubei, PRC	RMB500,000,000	74.00	33.33	Non-securities equity investment activities and related advisory services
Jiaxing Suihe New Silk Road Investment Fund (Limited Partnership)	2018	Zhejiang, PRC	RMB1,500,000,000	66.67	50.00	Industrial investment and equity investment
Inner Mongolia Mengxingzhuli Development Fund Investment Center (Limited Partnership)	2018	Inner Mongolia, PRC	RMB2,000,000,000	50.00	50.00	Equity investment, investment management and investment advisory service
Jianyuan Infrastructure Equity Investment (Tianjin) Fund (Limited Partnership)	2019	Tianjin, PRC	RMB3,500,000,000	20.00	20.00	Equity investment and investment management
Shaanxi Suihe Equity Investment Fund Partnership (Limited Partnership)	2019	Shaanxi, PRC	RMB1,000,000,000	50.00	50.00	Equity investment

The wholly-owned subsidiary of the Bank, ABC Financial Asset Investment Co., Ltd. and other investors established the above-mentioned entities. According to the agreements, matters considered at the Meeting of Partners or investment decision-making committee shall be approved by the unanimous consent of all the partners or all the committee members. The Group constitutes joint control over the financial and operational decisions of these limited partnerships with the other investors.

The interests of the Group in the above-mentioned joint ventures does not have a significant impact on the Group.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21 Property and equipment

	Buildings	Machinery and equipment	Motor vehicles	Construction in progress	Total
Cost:					
1 January 2024	198,006	73,344	16,452	12,386	300,188
Additions	2,680	5,746	3,187	6,412	18,025
Transfers in/(out)	2,977	2,039	–	(5,016)	–
Other movements	(2,857)	(7,920)	(190)	(67)	(11,034)
31 December 2024	200,806	73,209	19,449	13,715	307,179
Accumulated depreciation:					
1 January 2024	(89,514)	(49,003)	(4,588)	–	(143,105)
Charge for the year	(7,367)	(7,462)	(854)	–	(15,683)
Other movements	934	5,157	320	–	6,411
31 December 2024	(95,947)	(51,308)	(5,122)	–	(152,377)
Allowance for impairment losses:					
1 January 2024	(261)	(27)	(22)	(34)	(344)
Impairment loss	–	(0)	–	–	(0)
Other movements	5	21	–	–	26
31 December 2024	(256)	(6)	(22)	(34)	(318)
Carrying amount:					
1 January 2024	108,231	24,314	11,842	12,352	156,739
31 December 2024	104,603	21,895	14,305	13,681	154,484

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21 Property and equipment (Continued)

	Buildings	Machinery and equipment	Motor vehicles	Construction in progress	Total
Cost:					
1 January 2023	193,356	68,966	15,253	10,064	287,639
Additions	1,868	8,073	1,395	9,563	20,899
Transfers in/(out)	5,148	2,087	–	(7,235)	–
Other movements	(2,366)	(5,782)	(196)	(6)	(8,350)
31 December 2023	198,006	73,344	16,452	12,386	300,188
Accumulated depreciation:					
1 January 2023	(83,439)	(47,128)	(4,186)	–	(134,753)
Charge for the year	(7,211)	(7,044)	(726)	–	(14,981)
Other movements	1,136	5,169	324	–	6,629
31 December 2023	(89,514)	(49,003)	(4,588)	–	(143,105)
Allowance for impairment losses:					
1 January 2023	(263)	(5)	(12)	(34)	(314)
Impairment loss	(1)	(22)	(10)	–	(33)
Other movements	3	–	–	–	3
31 December 2023	(261)	(27)	(22)	(34)	(344)
Carrying amount:					
1 January 2023	109,654	21,833	11,055	10,030	152,572
31 December 2023	108,231	24,314	11,842	12,352	156,739

According to the relevant laws and regulations, subsequent to the Bank's transformation into a joint stock company, the legal title of properties previously held by the Predecessor Entity are to be transferred to the Bank. As at 31 December 2024, the registration transfer process of these transferred properties and other certain properties has not been completed. Management believes that the incomplete registration transfer process does not affect the rights of the Bank as the legal successor to those assets or adversely affect the Bank's operation.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22 Deferred taxation

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following is the analysis of the deferred tax balances:

	As at 31 December	
	2024	2023
Deferred tax assets	**148,009**	160,750
Deferred tax liabilities	**(309)**	(14)
Net	**147,700**	160,736

(1) The following are the movements and major deferred tax assets and liabilities recognized:

	Allowance for impairment losses	**Accrued but unpaid staff cost**	**Early retirement benefits**	**Provision**	**Fair value changes of financial instruments**	**Others**	**Total**
1 January 2024	**151,050**	**16,714**	**134**	**10,919**	**(19,007)**	**926**	**160,736**
Credit/(charge) to the consolidated statement of profit or loss	**969**	**2,230**	**(33)**	**(2,002)**	**(1,061)**	**(709)**	**(606)**
(Charge)/credit to other comprehensive income	**–**	**–**	**–**	**–**	**(15,574)**	**3,144**	**(12,430)**
31 December 2024	**152,019**	**18,944**	**101**	**8,917**	**(35,642)**	**3,361**	**147,700**

	Allowance for impairment losses	Accrued but unpaid staff cost	Early retirement benefits	Provision	Fair value changes of financial instruments	Others	Total
31 December 2022	138,684	14,807	189	10,197	(14,750)	794	149,921
Changes in accounting policies	–	–	–	–	(337)	–	(337)
1 January 2023	138,684	14,807	189	10,197	(15,087)	794	149,584
Credit/(charge) to the consolidated statement of profit or loss	12,366	1,907	(55)	722	(2,131)	(790)	12,019
(Charge)/credit to other comprehensive income	–	–	–	–	(1,789)	922	(867)
31 December 2023	151,050	16,714	134	10,919	(19,007)	926	160,736

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22 Deferred taxation (Continued)

(2) Deferred tax assets/(liabilities) and related temporary differences, before offsetting qualifying amounts, are attributable to the following items:

	31 December 2024		31 December 2023	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets				
Allowance for impairment losses	**608,108**	**152,019**	604,204	151,050
Fair value changes of financial instruments	**90,239**	**22,556**	49,280	12,317
Accrued but unpaid staff cost	**75,777**	**18,944**	66,858	16,714
Provision	**35,669**	**8,917**	43,674	10,919
Early retirement benefits	**404**	**101**	537	134
Others	**24,035**	**6,007**	17,693	4,422
Subtotal	**834,232**	**208,544**	782,246	195,556
Deferred tax liabilities				
Fair value changes of financial instruments	**(233,013)**	**(58,198)**	(125,487)	(31,324)
Others	**(10,609)**	**(2,646)**	(14,006)	(3,496)
Subtotal	**(243,622)**	**(60,844)**	(139,493)	(34,820)
Net	**590,610**	**147,700**	642,753	160,736

23 Other assets

	Notes	As at 31 December	
		2024	2023
Accounts receivable and temporary payments		**247,297**	130,940
Land use rights	(1)	**18,479**	19,191
Right-of-use assets	(2)	**11,109**	11,502
Intangible assets	(3)	**10,626**	9,483
Interest receivable		**4,479**	4,157
Long-term deferred expenses		**3,211**	3,286
Investment properties		**2,247**	2,211
Foreclosed assets		**1,207**	1,405
Insurance services receivable		**301**	240
Others		**9,938**	10,747
Total		**308,894**	193,162

(1) According to relevant laws and regulations, subsequent to the Bank's transformation into a joint stock company, land use rights previously held by the Predecessor Entity are to be transferred to the Bank. As at 31 December 2024, the registration transfer process of certain land use rights has not been completed. Management believes that the incomplete registration transfer process does not affect the rights of the Bank as the legal successor to those land use rights.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23 Other assets (Continued)

(2) Right-of-use assets

	Buildings	***Others***	***Total***
Cost:			
1 January 2024	***22,941***	***135***	***23,076***
Additions	***3,960***	***12***	***3,972***
Other movements	***(3,143)***	***(17)***	***(3,160)***
31 December 2024	***23,758***	***130***	***23,888***
Accumulated depreciation:			
1 January 2024	***(11,488)***	***(86)***	***(11,574)***
Additions	***(3,877)***	***(21)***	***(3,898)***
Other movements	***2,679***	***14***	***2,693***
31 December 2024	***(12,686)***	***(93)***	***(12,779)***
Carrying amount:			
1 January 2024	***11,453***	***49***	***11,502***
31 December 2024	***11,072***	***37***	***11,109***

	Buildings	*Others*	*Total*
Cost:			
1 January 2023	*21,418*	*147*	*21,565*
Additions	*4,891*	*38*	*4,929*
Other movements	*(3,368)*	*(50)*	*(3,418)*
31 December 2023	*22,941*	*135*	*23,076*
Accumulated depreciation:			
1 January 2023	*(10,589)*	*(99)*	*(10,688)*
Additions	*(3,895)*	*(22)*	*(3,917)*
Other movements	*2,996*	*35*	*3,031*
31 December 2023	*(11,488)*	*(86)*	*(11,574)*
Carrying amount:			
1 January 2023	*10,829*	*48*	*10,877*
31 December 2023	*11,453*	*49*	*11,502*

(3) In 2024, the Group's capitalized research and development expenditure amounted to RMB2,268 million (2023: RMB1,874 million), and the Group's capitalized research and development expenditure of the projects that had been closed and transferred to intangible assets amounted to RMB1,591 million (2023: RMB1,884 million).

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24 Borrowings from central banks

	As at 31 December	
	2024	2023
Borrowings from central banks	**836,668**	1,114,768
Accrued interest	**10,656**	12,301
Total	**847,324**	1,127,069

25 Deposits from banks and other financial institutions

	As at 31 December	
	2024	2023
Deposits from:		
Domestic banks	**301,737**	403,012
Other domestic financial institutions	**4,272,991**	3,173,103
Overseas banks	**4,399**	4,256
Other overseas financial institutions	**59,739**	54,920
Subtotal	**4,638,866**	3,635,291
Accrued interest	**28,695**	18,206
Total	**4,667,561**	3,653,497

26 Placements from banks and other financial institutions

	As at 31 December	
	2024	2023
Placements from:		
Domestic banks and other financial institutions	**112,502**	126,162
Overseas banks and other financial institutions	**248,311**	253,066
Subtotal	**360,813**	379,228
Accrued interest	**3,209**	3,062
Total	**364,022**	382,290

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

27 Financial liabilities at fair value through profit or loss

	As at 31 December	
	2024	2023
Financial liabilities held for trading		
Precious metal contracts	**15,254**	11,987
Financial liabilities designated at fair value through profit or loss		
Liabilities of the controlled structured entities	**587**	530
Others	**–**	80
Subtotal	**587**	610
Total	**15,841**	12,597

For the current and prior year, there were no significant changes in the fair value of the Group's financial liabilities designated at fair value through profit or loss attributable to the changes in the Group's own credit risk.

28 Financial assets sold under repurchase agreements

	As at 31 December	
	2024	2023
Analyzed by type of collateral:		
Debt securities	**611,013**	96,182
Bills	**3,522**	3,621
Subtotal	**614,535**	99,803
Accrued interest	**1,190**	718
Total	**615,725**	100,521

The collateral pledged under repurchase agreements is disclosed in Note IV 42 Contingent liabilities and commitments – Collateral.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

29 Due to customers

	Note	As at 31 December	
		2024	2023
Demand deposits			
Corporate customers		**5,233,764**	5,538,382
Individual customers		**6,942,779**	6,666,150
Time deposits			
Corporate customers		**4,989,108**	5,068,105
Individual customers		**11,760,561**	10,453,689
Pledged deposits	(1)	**708,129**	568,312
Others		**152,338**	144,657
Subtotal		**29,786,679**	28,439,295
Accrued interest		**518,678**	459,173
Total		**30,305,357**	28,898,468

(1) Analyzed by activity to which pledged deposits are related to:

	As at 31 December	
	2024	2023
Bank acceptance	**405,425**	190,331
Trade finance	**71,186**	194,523
Letters of credit	**58,127**	76,684
Letters of guarantee and guarantees	**43,724**	49,486
Others	**129,667**	57,288
Total	**708,129**	568,312

(2) As at 31 December 2024, due to customers measured at amortized cost of the Group amounted to RMB30,277,605 million (31 December 2023: RMB28,889,726 million), due to customers measured at fair value through profit or loss of the Group amounted to RMB27,752 million (31 December 2023: RMB8,742 million). As at 31 December 2024 and 31 December 2023, the difference between the fair value of the structured deposits designated at fair value through profit or loss issued by the Group and the contractual amount payable to the holders of these products upon maturity was not material.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 Debt securities issued

	Notes	As at 31 December 2024	As at 31 December 2023
Bonds issued	(1)	**680,217**	616,699
Certificates of deposit issued	(2)	**375,031**	296,543
Other debt securities issued	(3)	**1,610,049**	1,369,771
Subtotal		**2,665,297**	2,283,013
Accrued Interest		**13,212**	12,908
Total		**2,678,509**	2,295,921

As at 31 December 2024 and 31 December 2023, there was no default on the principal, interest or redemption related to any debt securities issued by the Group.

(1) Bonds issued

	Notes	As at 31 December 2024	As at 31 December 2023
2.40% CNY fixed rate Green Bonds maturing in October 2025	(i)	**15,000**	15,000
2.80% CNY fixed rate Green Bonds maturing in October 2027	(ii)	**5,000**	5,000
1.25% USD fixed rate Green Bonds maturing in January 2026	(iii)	**2,157**	2,125
2.00% USD fixed rate Green Bonds maturing in January 2027	(iv)	**2,157**	2,125
SOFR+0.63% USD float rate Green Bonds maturing in November 2026	(v)	**2,157**	2,125
4.28% Tier-two capital fixed rate bonds maturing in March 2029	(vi)	**–**	50,000
4.30% Tier-two capital fixed rate bonds maturing in April 2029	(vii)	**–**	40,000
3.10% Tier-two capital fixed rate bonds maturing in May 2030	(viii)	**40,000**	40,000
3.45% Tier-two capital fixed rate bonds maturing in June 2032	(ix)	**40,000**	40,000
3.03% Tier-two capital fixed rate bonds maturing in September 2032	(x)	**50,000**	50,000
3.49% Tier-two capital fixed rate bonds maturing in March 2033	(xi)	**45,000**	45,000

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 Debt securities issued (Continued)

(1) Bonds issued (Continued)

	Notes	As at 31 December	
		2024	2023
3.25% Tier-two capital fixed rate bonds maturing in September 2033	(xii)	**30,000**	30,000
3.45% Tier-two capital fixed rate bonds maturing in October 2033	(xiii)	**30,000**	30,000
2.76% Tier-two capital fixed rate bonds maturing in February 2034	(xiv)	**35,000**	–
2.32% Tier-two capital fixed rate bonds maturing in April 2034	(xv)	**30,000**	–
4.53% Tier-two capital fixed rate bonds maturing in March 2034	(xvi)	**10,000**	10,000
4.63% Tier-two capital fixed rate bonds maturing in April 2034	(xvii)	**20,000**	20,000
3.65% Tier-two capital fixed rate bonds maturing in June 2037	(xviii)	**20,000**	20,000
3.34% Tier-two capital fixed rate bonds maturing in September 2037	(xix)	**20,000**	20,000
3.61% Tier-two capital fixed rate bonds maturing in March 2038	(xx)	**25,000**	25,000
3.35% Tier-two capital fixed rate bonds maturing in September 2038	(xxi)	**30,000**	30,000
3.55% Tier-two capital fixed rate bonds maturing in October 2038	(xxii)	**30,000**	30,000
2.80% Tier-two capital fixed rate bonds maturing in February 2039	(xxiii)	**35,000**	–
2.49% Tier-two capital fixed rate bonds maturing in April 2039	(xxiv)	**30,000**	–
Medium term notes issued	(xxv)	**41,887**	48,414
3.38% fixed rate financial bonds maturing in April 2024	(xxvi)	**–**	20,000
2.65% fixed rate financial bonds maturing in June 2026	(xxvii)	**20,000**	20,000
2.18% fixed rate Total Loss-Absorbing Capacity non-capital bonds maturing in August 2028	(xxviii)	**35,000**	–
2.24% fixed rate Total Loss-Absorbing Capacity non-capital bonds maturing in August 2030	(xxix)	**10,000**	–
2.39% fixed rate Total Loss-Absorbing Capacity non-capital bonds maturing in August 2035	(xxx)	**5,000**	–
3.06% fixed rate financial bonds maturing in August 2024	(xxxi)	**–**	2,500

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 Debt securities issued (Continued)

(1) Bonds issued (Continued)

		As at 31 December	
	Notes	**2024**	2023
2.80% fixed rate financial bonds maturing in November 2026	(xxxii)	**2,400**	2,400
2.50% fixed rate financial bonds maturing in February 2027	(xxxiii)	**2,890**	–
2.25% fixed rate financial bonds maturing in April 2027	(xxxiv)	**1,600**	–
2.70% fixed rate corporate bonds maturing in April 2027	(xxxv)	**1,300**	–
2.40% fixed rate corporate bonds maturing in June 2027	(xxxvi)	**2,700**	–
3.40% fixed rate financial bonds maturing in September 2024	(xxxvii)	**–**	2,000
2.75% fixed rate financial bonds maturing in March 2025	(xxxviii)	**6,000**	6,000
4.10% fixed rate corporate bonds maturing in April 2026	(xxxix)	**–**	1,099
3.80% fixed rate corporate bonds maturing in June 2026	(xl)	**–**	2,998
3.60% fixed rate capital replenishment bonds maturing in March 2030	(xli)	**1,500**	1,500
3.67% fixed rate capital replenishment bonds maturing in March 2033	(xlii)	**3,500**	3,500
Total nominal value		**680,248**	616,786
Less: Unamortized issuance cost and discounts		**(31)**	(87)
Total		**680,217**	616,699

Pursuant to the approval by relevant regulatory authorities, the bonds issued by the Group are set out as below:

(i) *The CNY green bonds issued in October 2022 have a maturity of 3 years, with a fixed coupon rate 2.40%, payable annually.*

(ii) *The CNY green bonds issued in October 2022 have a maturity of 5 years, with a fixed coupon rate 2.80%, payable annually.*

(iii) *The USD green bonds issued in January 2021 have a maturity of 5 years, with a fixed coupon rate 1.25%, payable semi-annually.*

(iv) *The USD green bonds issued in January 2022 have a maturity of 5 years, with a fixed coupon rate 2.00%, payable semi-annually.*

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 Debt securities issued (Continued)

(1) Bonds issued (Continued)

(v) The USD green bonds issued in November 2023 have a maturity of 3 years, with a float coupon rate SOFR+0.63%, payable quarterly.

(vi) The Tier-two capital bonds issued in March 2019 have a maturity of 10 years, with a fixed coupon rate of 4.28% payable annually. The Bank has an option to redeem part or all of the bonds at face value in March 2024 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory recognition. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements. The Bank redeemed all of the bonds at face value on 19 March 2024.

(vii) The Tier-two capital bonds issued in April 2019 have a maturity of 10 years, with a fixed coupon rate of 4.30% payable annually. The Bank has an option to redeem part or all of the bonds at face value in April 2024 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory recognition. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements. The Bank redeemed all of the bonds at face value on 11 April 2024.

(viii) The Tier-two capital bonds issued in April 2020 have a maturity of 10 years, with a fixed coupon rate of 3.10% payable annually. The Bank has an option to redeem part or all of the bonds at face value in May 2025 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory recognition. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.

(ix) The Tier-two capital bonds issued in June 2022 have a maturity of 10 years, with a fixed coupon rate of 3.45% payable annually. The Bank has an option to redeem part or all of the bonds at face value in June 2027 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory recognition. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.

(x) The Tier-two capital bonds issued in September 2022 have a maturity of 10 years, with a fixed coupon rate of 3.03% payable annually. The Bank has an option to redeem part or all of the bonds at face value in September 2027 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory recognition. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.

(xi) The Tier-two capital bonds issued in March 2023 have a maturity of 10 years, with a fixed coupon rate of 3.49% payable annually. The Bank has an option to redeem part or all of the bonds at face value in March 2028 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory recognition. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 Debt securities issued (Continued)

(1) Bonds issued (Continued)

(xii) The Tier-two capital bonds issued in September 2023 have a maturity of 10 years, with a fixed coupon rate of 3.25% payable annually. The Bank has an option to redeem part or all of the bonds at face value in September 2028 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory recognition. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.

(xiii) The Tier-two capital bonds issued in October 2023 have a maturity of 10 years, with a fixed coupon rate of 3.45% payable annually. The Bank has an option to redeem part or all of the bonds at face value in October 2028 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory recognition. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.

(xiv) The Tier-two capital bonds issued in February 2024 have a maturity of 10 years, with a fixed coupon rate of 2.76% payable annually. The Bank has an option to redeem part or all of the bonds at face value in February 2029 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory recognition. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.

(xv) The Tier-two capital bonds issued in April 2024 have a maturity of 10 years, with a fixed coupon rate of 2.32% payable annually. The Bank has an option to redeem part or all of the bonds at face value in April 2029 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory recognition. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.

(xvi) The Tier-two capital bonds issued in March 2019 have a maturity of 15 years, with a fixed coupon rate of 4.53% payable annually. The Bank has an option to redeem part or all of the bonds at face value in March 2029 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory recognition. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.

(xvii) The Tier-two capital bonds issued in April 2019 have a maturity of 15 years, with a fixed coupon rate of 4.63% payable annually. The Bank has an option to redeem part or all of the bonds at face value in April 2029 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory recognition. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.

(xviii) The Tier-two capital bonds issued in June 2022 have a maturity of 15 years, with a fixed coupon rate of 3.65% payable annually. The Bank has an option to redeem part or all of the bonds at face value in June 2032 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory recognition. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 Debt securities issued (Continued)

(1) Bonds issued (Continued)

(xix) The Tier-two capital bonds issued in September 2022 have a maturity of 15 years, with a fixed coupon rate of 3.34% payable annually. The Bank has an option to redeem part or all of the bonds at face value in September 2032 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory recognition. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.

(xx) The Tier-two capital bonds issued in March 2023 have a maturity of 15 years, with a fixed coupon rate of 3.61% payable annually. The Bank has an option to redeem part or all of the bonds at face value in March 2033 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory recognition. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.

(xxi) The Tier-two capital bonds issued in September 2023 have a maturity of 15 years, with a fixed coupon rate of 3.35% payable annually. The Bank has an option to redeem part or all of the bonds at face value in September 2033 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory recognition. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.

(xxii) The Tier-two capital bonds issued in October 2023 have a maturity of 15 years, with a fixed coupon rate of 3.55% payable annually. The Bank has an option to redeem part or all of the bonds at face value in October 2033 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory recognition. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.

(xxiii) The Tier-two capital bonds issued in February 2024 have a maturity of 15 years, with a fixed coupon rate of 2.80% payable annually. The Bank has an option to redeem part or all of the bonds at face value in February 2034 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory recognition. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.

(xxiv) The Tier-two capital bonds issued in April 2024 have a maturity of 15 years, with a fixed coupon rate of 2.49% payable annually. The Bank has an option to redeem part or all of the bonds at face value in April 2034 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory recognition. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 Debt securities issued (Continued)

(1) Bonds issued (Continued)

(xxv) The medium term notes ("MTNs") were issued by the Overseas Operations of the Group and are measured at amortized cost. The details of MTNs issued were as follows:

	31 December 2024		
	Maturity dates ranging from	Coupon rates (%)	Outstanding balance
Fixed rate RMB MTNs	January 2025 to July 2027	2.80–2.99	4,912
Fixed rate HKD MTNs	November 2025	4.75	1,389
Fixed rate USD MTNs	January 2025 to March 2027	1.20–2.25	25,522
Floating rate USD MTNs	August 2025 to April 2027	SOFR+48bps to SOFR+63bps	10,064
Total			41,887

	31 December 2023		
	Maturity dates ranging from	Coupon rates (%)	Outstanding balance
Fixed rate RMB MTNs	March 2024 to September 2026	2.70–2.99	4,584
Fixed rate HKD MTNs	November 2025	4.75	1,359
Fixed rate USD MTNs	January 2024 to March 2027	0.70–2.25	35,400
Floating rate USD MTNs	August 2025	SOFR+50bps	7,071
Total			48,414

(xxvi) The fixed rate financial bonds issued by ABC in April 2021 have a maturity of 3 years, with a fixed coupon rate of 3.38%, payable annually. The bonds matured on 13 April 2024.

(xxvii) The fixed rate financial bonds issued by ABC in June 2023 have a maturity of 3 years, with a fixed coupon rate of 2.65%, payable annually.

(xxviii) The Total Loss-Absorbing Capacity non-capital bonds issued in August 2024 have a maturity of 4 years, with a fixed coupon rate of 2.18% payable annually. The Bank has an option to redeem part or all of the bonds at face value in August 2027 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory recognition.

(xxix) The Total Loss-Absorbing Capacity non-capital bonds issued in August 2024 have a maturity of 6 years, with a fixed coupon rate of 2.24% payable annually. The Bank has an option to redeem part or all of the bonds at face value in August 2029 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory recognition.

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 Debt securities issued (Continued)

(1) Bonds issued (Continued)

(xxx) The Total Loss-Absorbing Capacity non-capital bonds issued in August 2024 have a maturity of 11 years, with a fixed coupon rate of 2.39% payable annually. The Bank has an option to redeem part or all of the bonds at face value in August 2034 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory recognition.

(xxxi) The fixed rate financial bonds issued by ABC Financial Leasing Co., Ltd. in August 2021 have a maturity of 3 years, with a fixed coupon rate of 3.06%, payable annually. The bonds matured on 18 August 2024.

(xxxii) The fixed rate financial bonds issued by ABC Financial Leasing Co., Ltd. in November 2023 have a maturity of 3 years, with a fixed coupon rate of 2.80%, payable annually.

(xxxiii) The fixed rate financial bonds issued by ABC Financial Leasing Co., Ltd. in February 2024 have a maturity of 3 years, with a fixed coupon rate of 2.50%, payable annually.

(xxxiv) The fixed rate financial bonds issued by ABC Financial Leasing Co., Ltd. in April 2024 have a maturity of 3 years, with a fixed coupon rate of 2.25%, payable annually.

(xxxv) The fixed rate corporate bonds issued by ABCI Investment Suzhou Corporation Limited in April 2024 have a maturity of 3 years, with a fixed coupon rate of 2.70%, payable annually.

(xxxvi) The fixed rate corporate bonds issued by ABCI China Investment Corporation Limited in June 2024 have a maturity of 3 years, with a fixed coupon rate of 2.40%, payable annually.

(xxxvii) The fixed rate financial bonds issued by ABC Financial Asset Investment Co., Ltd. in September 2019 have a maturity of 5 years, with a fixed coupon rate of 3.40%, payable annually. The bonds matured on 1 September 2024.

(xxxviii) The fixed rate financial bonds issued by ABC Financial Asset Investment Co., Ltd. in March 2020 have a maturity of 5 years, with a fixed coupon rate of 2.75%, payable annually. The bonds matured on 1 March 2025.

(xxxix) The fixed rate corporate bonds issued by ABCI Investment Suzhou Corporation Limited in April 2021 have a maturity of 5 years, with a fixed coupon rate of 4.10%, payable annually. ABCI Investment Suzhou Corporation Limited redeemed all of the bonds at face value on 22 April 2024.

(xl) The fixed rate corporate bonds issued by ABCI China Investment Corporation Limited in June 2021 have a maturity of 5 years, with a fixed coupon rate of 3.80%, payable annually. ABCI China Investment Corporation Limited redeemed all of the bonds at face value on 11 June 2024.

(xli) The fixed rate capital replenishment bonds issued by ABC Life Insurance in March 2020 have a maturity of 10 years, with a fixed coupon rate of 3.60%, payable annually. ABC Life Insurance has an option to redeem all of the bonds at face value in March 2025. If ABC Life Insurance does not exercise this option, the coupon rate of the bonds would increase to 4.60% per annum from 30 March 2025 onwards.

(xlii) The fixed rate capital replenishment bonds issued by ABC Life Insurance in March 2023 have a maturity of 10 years, with a fixed coupon rate of 3.67%, payable annually. ABC Life Insurance has an option to redeem all of the bonds at face value in March 2028. If ABC Life Insurance does not exercise this option, the coupon rate of the bonds would increase to 4.67% per annum from 31 March 2028 onwards.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 Debt securities issued (Continued)

(2) The certificates of deposit were issued by the Overseas Operations of the Group and were measured at amortized cost. As at 31 December 2024, the terms of the certificates of deposit ranged from nine days to five years, with interest rates ranging from 0.00% to 5.65% per annum. (As at 31 December 2023, the terms of the certificates of deposit ranged from seven days to five years, with interest rates ranging from 0.00% to 6.06% per annum.)

(3) Other debt securities issued by the Group are commercial papers and interbank certificates of deposit.

(i) The commercial papers were issued by the Overseas Operations of the Group and were measured at amortized cost. As at 31 December 2024, the terms of the commercial papers ranged from three months to one year, with interest rates ranging from 4.42% to 5.45% per annum (As at 31 December 2023, the terms of the commercial papers ranged from one month to eight months, with interest rates ranging from 0.00% to 5.84% per annum.)

(ii) The interbank certificates of deposit were issued by the Bank's Head Office. As at 31 December 2024, the terms of the interbank certificates of deposit ranged from one month to one year, with interest rates ranging from 1.60% to 2.34% per annum (As at 31 December 2023, the terms of the interbank certificates of deposit ranged from one month to one year, with interest rates ranging from 2.18% to 2.75% per annum.)

31 Other liabilities

		As at 31 December	
	Notes	**2024**	2023
Insurance liabilities		**179,519**	138,292
Clearing and settlement		**156,786**	96,067
Staff costs payable	(1)	**87,803**	78,601
Income taxes payable		**5,761**	39,523
Provision	(2)	**35,669**	43,674
Lease liabilities	(3)	**10,809**	11,699
VAT and other taxes payable		**9,414**	9,752
Amount payable to the MOF		**266**	302
Other payable		**29,345**	25,543
Others		**31,958**	34,475
Total		**547,330**	477,928

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31 Other liabilities (Continued)

(1) Staff costs payable

	Notes	As at 31 December 2024	2023
Short-term employee benefits	(i)	**85,581**	76,127
Defined contribution benefits	(ii)	**1,818**	1,937
Early retirement benefits	(iii)	**404**	537
Total		**87,803**	78,601

(i) Short-term employee benefits

		2024			
	Note	1 January	Increase	Decrease	31 December
Salaries, bonuses, allowances and subsidies	(a)	**58,165**	**107,895**	**(100,120)**	**65,940**
Housing funds	(a)	**120**	**11,126**	**(11,169)**	**77**
Social insurance including:	(a)	**321**	**6,863**	**(6,886)**	**298**
— Medical insurance		**294**	**6,487**	**(6,507)**	**274**
— Maternity insurance		**15**	**183**	**(186)**	**12**
— Employment injury insurance		**12**	**193**	**(193)**	**12**
Labor union fees and staff education expenses		**11,123**	**3,766**	**(3,592)**	**11,297**
Others		**6,398**	**11,317**	**(9,746)**	**7,969**
Total		**76,127**	**140,967**	**(131,513)**	**85,581**

		2023			
	Note	1 January	Increase	Decrease	31 December
Salaries, bonuses, allowances and subsidies	(a)	51,985	102,144	(95,964)	58,165
Housing funds	(a)	177	10,326	(10,383)	120
Social insurance including:	(a)	338	6,463	(6,480)	321
— Medical insurance		310	6,100	(6,116)	294
— Maternity insurance		15	189	(189)	15
— Employment injury insurance		13	174	(175)	12
Labor union fees and staff education expenses		10,698	3,885	(3,460)	11,123
Others		5,622	10,572	(9,796)	6,398
Total		68,820	133,390	(126,083)	76,127

(a) Salaries, bonuses, allowances and subsidies, housing funds and social insurance are timely distributed and paid in accordance with relevant laws and regulations and the Group's policy.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31 Other liabilities (Continued)

(1) Staff costs payable (Continued)

(ii) Defined contribution benefits

	2024			
	1 January	**Increase**	**Decrease**	**31 December**
Basic pensions	**607**	**13,071**	**(13,127)**	**551**
Unemployment insurance	**45**	**480**	**(477)**	**48**
Annuity Scheme	**1,285**	**8,511**	**(8,577)**	**1,219**
Total	**1,937**	**22,062**	**(22,181)**	**1,818**

	2023			
	1 January	Increase	Decrease	31 December
Basic pensions	628	11,973	(11,994)	607
Unemployment insurance	64	415	(434)	45
Annuity Scheme	1,199	8,051	(7,965)	1,285
Total	1,891	20,439	(20,393)	1,937

The defined contribution benefits are timely distributed and paid in accordance with the relevant laws and regulations and the Group's policy. There was no forfeited contribution available to reduce the contribution payable by the Group under the above schemes.

(iii) Early retirement benefits

	2024			
	1 January	**Increase**	**Decrease**	**31 December**
Early retirement benefits	**537**	**13**	**(146)**	**404**

	2023			
	1 January	Increase	Decrease	31 December
Early retirement benefits	758	13	(234)	537

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31 Other liabilities (Continued)

(1) *Staff costs payable* (Continued)

(iii) *Early retirement benefits* (Continued)

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	As at 31 December	
	2024	2023
Discount rate	**1.18%**	2.39%
Annual average medical expense growth rate	**8.00%**	8.00%
Annual subsidies growth rate	**8.00%**	8.00%
Normal retirement age		
— Male	**60**	60
— Female	**55**	55

Assumptions regarding future mortality experience are based on the China Life Insurance Mortality Table (published historical statistics in China).

Any difference arising from the actual result or changes in assumptions may affect the amount of expense recognized in the consolidated statement of profit or loss.

(2) *Provision*

		As at 31 December	
	Note	**2024**	2023
Loan commitments and financial guarantee contracts	(i)	**22,185**	27,485
Litigation provision		**5,228**	5,629
Others		**8,256**	10,560
Total		**35,669**	43,674

(i) *Analyzed by movements in loss allowance for loan commitments and financial guarantee contracts*

		Year ended 31 December 2024			
		Stage I	Stage II	Stage III	
	Note	12 months ECL	Lifetime ECL		Total
1 January 2024		**25,212**	**1,839**	**434**	**27,485**
Transfer:					
Stage I transfer to Stage II		**(274)**	**274**	**–**	**–**
Stage II transfer to Stage III		**–**	**(591)**	**591**	**–**
Stage II transfer to Stage I		**90**	**(90)**	**–**	**–**
Stage III transfer to Stage II		**–**	**27**	**(27)**	**–**
Increase	(a)	**14,302**	**–**	**–**	**14,302**
Remeasurement		**(2,211)**	**740**	**155**	**(1,316)**
Decrease	(a)	**(17,174)**	**(750)**	**(362)**	**(18,286)**
31 December 2024		**19,945**	**1,449**	**791**	**22,185**

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31 Other liabilities (Continued)

(2) ***Provision*** *(Continued)*

(i) Analyzed by movements in loss allowance for loan commitments and financial guarantee contracts (Continued)

		Year ended 31 December 2023			
		Stage I	Stage II	Stage III	
	Note	12 months ECL	Lifetime ECL		Total
1 January 2023		25,637	1,061	1,353	28,051
Transfer:					
Stage I transfer to Stage II		(187)	187	–	–
Stage II transfer to Stage III		–	(139)	139	–
Stage II transfer to Stage I		121	(121)	–	–
Stage III transfer to Stage II		–	564	(564)	–
Increase	(a)	17,703	–	–	17,703
Remeasurement		(4,632)	937	215	(3,480)
Decrease	(a)	(13,430)	(650)	(709)	(14,789)
31 December 2023		25,212	1,839	434	27,485

(a) The impact of loss allowance driven by new loan commitments and financial guarantee contracts signed in 2024 and 2023 is disclosed as "Increase". The impact of loss allowance driven by withdrawals, advances or expiration of loan commitments and financial guarantee contracts in 2024 and 2023 are disclosed as "Decrease". The changes of loss allowance for loan commitments and financial guarantee contracts in 2024 and 2023 are mainly driven by the decrease of provision ratio.

(3) ***Lease liabilities***

The tables below summarize the maturity analysis of lease liabilities:

	As at 31 December	
	2024	2023
Less than 1 year	**3,915**	3,996
1– 5 years	**6,669**	7,174
Over 5 years	**1,088**	1,290
Total undiscounted lease liabilities	**11,672**	12,460
Lease liabilities	**10,809**	11,699

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32 Ordinary shares

	31 December 2024	
	Number of shares (millions)	**Nominal value**
Domestic listed A shares, par value RMB1.00 per share	**319,244**	**319,244**
Overseas listed H shares, par value RMB1.00 per share	**30,739**	**30,739**
Total	**349,983**	**349,983**

	31 December 2023	
	Number of shares (millions)	Nominal value
Domestic listed A shares, par value RMB1.00 per share	319,244	319,244
Overseas listed H shares, par value RMB1.00 per share	30,739	30,739
Total	349,983	349,983

(1) A shares refer to the ordinary shares listed in the Chinese mainland. They are offered and traded in RMB. H shares refer to the ordinary shares listed in Hong Kong SAR. Their par value is denominated in RMB when they were initially offered and are currently traded in HKD.

(2) As at 31 December 2024 and 31 December 2023, the Bank's A Shares and H Shares were not subject to lock-up restriction.

33 Other equity instruments

(1) Preference shares

Preference shares	Notes	Dividend rate	Issued price (RMB yuan)	Issued number of shares (millions)	Issued nominal value (millions)	Maturity date	Conversion
First tranche	(a)	6.00% per annum for the first 5 years after issuance, and re-priced every 5 years as stated below	100	400	40,000	No maturity date	No conversion during the period
Second tranche	(b)	5.50% per annum for the first 5 years after issuance, and re-priced every 5 years as stated below	100	400	40,000	No maturity date	No conversion during the period
Total					80,000		

The Bank was authorized to issue no more than 800 million preference shares of RMB100 each, pursuant to the approval by its ordinary equity holders and relevant regulatory authorities.

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

33 Other equity instruments (Continued)

(1) Preference shares (Continued)

(a) The first tranche of 400 million preference shares was issued at par in November 2014. The first tranche of preference shares bears a dividend rate of 6.00% per annum; dividends are non-cumulative and where payable, are paid annually, for the first five years from issuance. The dividend rate will be re-priced every five years thereafter with reference to the five-year PRC treasury bonds yield plus a fixed premium of 2.29%. The first five-year dividend period expired on 1 November 2019. During the second dividend period beginning from 5 November 2019, the base rate and fixed premium is 3.03% and 2.29%, respectively, and the coupon rate is 5.32%. The dividend is paid annually. The second five-year dividend period expired on 1 November 2024. During the third dividend period beginning from 5 November 2024, the base rate and fixed premium is 1.83% and 2.29%, respectively, and the coupon rate is 4.12%. The dividend is paid annually.

(b) The second tranche of 400 million preference shares was issued at par in March 2015. The second tranche of preference shares bears a dividend rate of 5.50% per annum; dividends are non-cumulative and where payable, are paid annually, for the first five years from issuance. The dividend rate will be re-priced every five years thereafter with reference to the five-year PRC treasury bonds yield plus a fixed premium of 2.24%. The first five-year dividend period expired on 6 March 2020. During the second dividend period beginning from 11 March 2020, the base rate and fixed premium is 2.60% and 2.24%, respectively, and the coupon rate is 4.84%. The dividend is paid annually.

As authorized by the ordinary equity holders in the annual general meeting, the Board of Directors has the sole discretion to declare and distribute dividends on preference shares. The Bank shall not distribute any dividends to its ordinary equity holders before it declares such dividends to preference shareholders for the relevant period. The distribution of preference shares dividend is at the Bank's discretion and is non-cumulative. Preference shareholders are not entitled to participate in the distribution of retained earnings except for the dividends stated above.

The Bank has a redemption option when specified conditions as stipulated in the offering documents are met, subject to regulatory approval, whereas preference shareholders have no right to request the Bank to redeem the preference shares.

Upon liquidation, the claims of preference shareholders have priority over ordinary equity holders on the residual assets of the Bank, but are subordinated to those of depositors, general creditors, Tier-two Capital Instruments holders or any other subordinated debt holders with equivalent rights.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

33 Other equity instruments (Continued)

(1) Preference shares (Continued)

Upon occurrence of the triggering events as stipulated in paragraph 2 (1) of the Guidance of the NFRA on Amendments to Commercial Banks' Innovation on Capital Instruments (NFRA No. 42 [2019]) and subject to regulatory approval, the first tranche of preference shares and the second tranche of preference shares shall be mandatorily converted into ordinary A shares of the Bank at the conversion price agreed, partially or entirely. The initial conversion price of the preference shares issued by the Bank was RMB2.43 per share. In June 2018, the Bank has issued 25,189 million ordinary A shares to specific investors. The conversion price of the preference shares will be adjusted where certain events occur including bonus issues, rights issue, capitalization of reserves and new issuances of ordinary shares, subject to terms and formulas provided in the offering documents, to maintain the relative interests between preference shareholders and ordinary equity holders. Upon completion of the private placement of ordinary shares by the Bank, the mandatory conversion price of the first tranche of preference shares and the second tranche of preference shares issued by the Bank will be adjusted from RMB2.43 per share to RMB2.46 per share.

These preference shares are classified as equity instruments and presented as equity in the consolidated statement of financial position, and are qualified as additional tier-one capital instruments in accordance with the NFRA requirements.

The carrying amount of the preference shares issued by the Bank, net of direct issuance expenses, was RMB79,899 million as at 31 December 2024 (31 December 2023: RMB79,899 million).

(2) Perpetual bonds

Perpetual bonds	Notes	Interest rate	Issued price (RMB yuan)	Issued number of shares (millions)	Issued nominal value (millions)	Maturity date	Conversion	31 December 2023 (millions)	31 December 2024 (millions)
Undated tier 1 capital bonds in 2019-first tranche	(a)(i)	4.39% per annum for the first 5 years after issuance, and re-priced every 5 years as stated below	100	850	85,000	No maturity date	Not Applicable	85,000	-
Undated tier 1 capital bonds in 2019-second tranche	(a)(ii)	4.20% per annum for the first 5 years after issuance, and re-priced every 5 years as stated below	100	350	35,000	No maturity date	Not Applicable	35,000	-
Undated tier 1 capital bonds in 2020-first tranche	(b)(i)	3.48% per annum for the first 5 years after issuance, and re-priced every 5 years as stated below	100	850	85,000	No maturity date	Not Applicable	85,000	85,000
Undated tier 1 capital bonds in 2020-second tranche	(b)(ii)	4.50% per annum for the first 5 years after issuance, and re-priced every 5 years as stated below	100	350	35,000	No maturity date	Not Applicable	35,000	35,000

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

33 Other equity instruments (Continued)

(2) Perpetual bonds (Continued)

Perpetual bonds	Notes	Interest rate	Issued price (RMB yuan)	Issued number of shares (millions)	Issued nominal value (millions)	Maturity date	Conversion	31 December 2023 (millions)	31 December 2024 (millions)
Undated tier 1 capital bonds in 2021-first tranche	(c)(i)	3.76% per annum for the first 5 years after issuance, and re-priced every 5 years as stated below	100	400	40,000	No maturity date	Not Applicable	40,000	40,000
Undated tier 1 capital bonds in 2022-first tranche	(c)(ii)	3.49% per annum for the first 5 years after issuance, and re-priced every 5 years as stated below	100	500	50,000	No maturity date	Not Applicable	50,000	50,000
Undated tier 1 capital bonds in 2022-second tranche	(c)(iii)	3.17% per annum for the first 5 years after issuance, and re-priced every 5 years as stated below	100	300	30,000	No maturity date	Not Applicable	30,000	30,000
Undated tier 1 capital bonds in 2023-first tranche	(d)(i)	3.21% per annum for the first 5 years after issuance, and re-priced every 5 years as stated below	100	400	40,000	No maturity date	Not Applicable	40,000	40,000
Undated tier 1 capital bonds in 2024-first tranche	(d)(ii)	2.73% per annum for the first 5 years after issuance, and re-priced every 5 years as stated below	100	400	40,000	No maturity date	Not Applicable	–	40,000
Undated tier 1 capital bonds in 2024-second tranche	(d)(iii)	2.46% per annum for the first 5 years after issuance, and re-priced every 5 years as stated below	100	600	60,000	No maturity date	Not Applicable	–	60,000
Undated tier 1 capital bonds in 2024-third tranche	(d)(iv)	2.29% per annum for the first 5 years after issuance, and re-priced every 5 years as stated below	100	400	40,000	No maturity date	Not Applicable	–	40,000
Total					540,000			400,000	420,000

Perpetual bonds, as shown in the balance sheet, are capital bonds with no fixed maturity issued by the Bank.

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

33 Other equity instruments (Continued)

(2) Perpetual bonds (Continued)

(a) With the approval from the annual general meeting and regulatory authorities in 2019, the Bank was permitted to issue undated additional tier 1 capital bonds ("Perpetual bonds" or the "Bonds") of an amount no more than RMB120 billion.

(i) The Bank issued undated additional tier 1 capital bonds (first tranche) with the amount of RMB85 billion in the national interbank bond market on 16 August 2019, and the issuance was completed on 20 August 2019. The denomination of the Bonds is RMB100 each. The Bonds do not have any step-up mechanism or any other incentive to redeem. The distribution rate of the Bonds will be adjusted at defined intervals and determined by a benchmark rate plus a fixed spread, with a distribution rate adjustment period every 5 years, and the annual coupon rate for the first five years is 4.39%. The bank has exercised the redemption right and redeemed the undated additional tier 1 capital bonds on 20 August 2024.

(ii) The Bank issued undated additional tier 1 capital bonds (second tranche) with the amount of RMB35 billion in the national interbank bond market on 3 September 2019, and the issuance was completed on 5 September 2019. The denomination of the Bonds is RMB100 each. The Bonds do not have any step-up mechanism or any other incentive to redeem. The distribution rate of the Bonds will be adjusted at defined intervals and determined by a benchmark rate plus a fixed spread, with a distribution rate adjustment period every 5 years, and the annual coupon rate for the first five years is 4.20%. The bank has exercised the redemption right and redeemed the undated additional tier 1 capital bonds on 5 September 2024.

(b) With the approval from the annual general meeting and regulatory authorities in 2020, the Bank was granted to issue undated additional tier 1 capital bonds of an amount no more than RMB120 billion.

(i) The Bank issued undated additional tier 1 capital bonds (first tranche) with the amount of RMB85 billion in the national interbank bond market on 8 May 2020, and the issuance was completed on 12 May 2020. The denomination of the Bonds is RMB100 each. The Bonds do not have any step-up mechanism or any other incentive to redeem. The distribution rate of the Bonds will be adjusted at defined intervals and determined by a benchmark rate plus a fixed spread, with a distribution rate adjustment period every 5 years, and the annual coupon rate for the first five years is 3.48%.

(ii) The Bank issued undated additional tier 1 capital bonds (second tranche) with the amount of RMB35 billion in the national interbank bond market on 20 August 2020, and the issuance was completed on 24 August 2020. The denomination of the Bonds is RMB100 each. The Bonds do not have any step-up mechanism or any other incentive to redeem. The distribution rate of the Bonds will be adjusted at defined intervals and determined by a benchmark rate plus a fixed spread, with a distribution rate adjustment period every 5 years, and the annual coupon rate for the first five years is 4.50%.

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

33 Other equity instruments (Continued)

(2) Perpetual bonds (Continued)

(c) With the approval from the annual general meeting and regulatory authorities in 2021, the Bank was granted to issue undated additional tier 1 capital bonds of an amount no more than RMB120 billion.

(i) The Bank issued undated additional tier 1 capital bonds (first tranche) with the amount of RMB40 billion in the national interbank bond market on 12 November 2021, and the issuance was completed on 16 November 2021. The denomination of the Bonds is RMB100 each. The Bonds do not have any step-up mechanism or any other incentive to redeem. The distribution rate of the Bonds will be adjusted at defined intervals and determined by a benchmark rate plus a fixed spread, with a distribution rate adjustment period every 5 years, and the annual coupon rate for the first five years is 3.76%.

(ii) The Bank issued undated additional tier 1 capital bonds (first tranche) with the amount of RMB50 billion in the national interbank bond market on 18 February 2022, and the issuance was completed on 22 February 2022. The denomination of the Bonds is RMB100 each. The Bonds do not have any step-up mechanism or any other incentive to redeem. The distribution rate of the Bonds will be adjusted at defined intervals and determined by a benchmark rate plus a fixed spread, with a distribution rate adjustment period every 5 years, and the annual coupon rate for the first five years is 3.49%.

(iii) The Bank issued undated additional tier 1 capital bonds (second tranche) with the amount of RMB30 billion in the national interbank bond market on 1 September 2022, and the issuance was completed on 5 September 2022. The denomination of the Bonds is RMB100 each. The Bonds do not have any step-up mechanism or any other incentive to redeem. The distribution rate of the Bonds will be adjusted at defined intervals and determined by a benchmark rate plus a fixed spread, with a distribution rate adjustment period every 5 years, and the annual coupon rate for the first five years is 3.17%.

(d) With the approval from the annual general meeting and regulatory authorities in 2023, the Bank was granted to issue undated additional tier 1 capital bonds of an amount no more than RMB200 billion.

(i) The Bank issued undated additional tier 1 capital bonds (first tranche) with the amount of RMB40 billion in the national interbank bond market on 24 August 2023, and the issuance was completed on 28 August 2023. The denomination of the Bonds is RMB100 each. The Bonds do not have any step-up mechanism or any other incentive to redeem. The distribution rate of the Bonds will be adjusted at defined intervals and determined by a benchmark rate plus a fixed spread, with a distribution rate adjustment period every 5 years, and the annual coupon rate for the first five years is 3.21%.

(ii) The Bank issued undated additional tier 1 capital bonds (first tranche) with the amount of RMB40 billion in the national interbank bond market on 13 March 2024, and the issuance was completed on 15 March 2024. The denomination of the Bonds is RMB100 each. The Bonds do not have any step-up mechanism or any other incentive to redeem. The distribution rate of the Bonds will be adjusted at defined intervals and determined by a benchmark rate plus a fixed spread, with a distribution rate adjustment period every 5 years, and the annual coupon rate for the first five years is 2.73%.

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

33 Other equity instruments (Continued)

(2) Perpetual bonds (Continued)

(iii) The Bank issued undated additional tier 1 capital bonds (second tranche) with the amount of RMB60 billion in the national interbank bond market on 3 June 2024, and the issuance was completed on 5 June 2024. The denomination of the Bonds is RMB100 each. The Bonds do not have any step-up mechanism or any other incentive to redeem. The distribution rate of the Bonds will be adjusted at defined intervals and determined by a benchmark rate plus a fixed spread, with a distribution rate adjustment period every 5 years, and the annual coupon rate for the first five years is 2.46%.

(iv) The Bank issued undated additional tier 1 capital bonds (third tranche) with the amount of RMB40 billion in the national interbank bond market on 26 November 2024, and the issuance was completed on 28 November 2024. The denomination of the Bonds is RMB100 each. The Bonds do not have any step-up mechanism or any other incentive to redeem. The distribution rate of the Bonds will be adjusted at defined intervals and determined by a benchmark rate plus a fixed spread, with a distribution rate adjustment period every 5 years, and the annual coupon rate for the first five years is 2.29%.

The duration of the Perpetual bonds is the same as the continuing operation of the Bank. Subject to the satisfaction of the redemption conditions and having obtained the prior recognition of the NFRA, the Bank may redeem the Bonds in whole or in part on each distribution payment date from the fifth anniversary since the issuance date of the Bonds. Upon the occurrence of a trigger event for write-downs, with the approval of the NFRA and without the need for the consent of the holders of the Bonds, the Bank has the right to write down all or part of the aggregate amount of the Bonds then issued and outstanding. The claims of the holders of the Bonds will be subordinated to the claims of depositors, general creditors and subordinated indebtedness that ranks senior to the Bonds; and shall rank in priority to all classes of shares held by shareholders and will 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 distributions on the Perpetual bonds are non-cumulative. The Bank shall have the right to cancel distributions on the Bonds in whole or in part and any such cancellation shall not constitute an event of default. The Bank may at its discretion use the proceeds from the cancelled distribution to meet other obligations as they fall due. But the Bank shall not make any distribution to ordinary shareholders until its decision to resume the distribution payments in whole to the holders of the Bonds.

The net proceeds from the issuance of the Perpetual bonds were used to replenish the Bank's additional tier 1 capital.

The carrying amount of the undated additional tier 1 capital bonds issued by the Bank, net of direct issuance expenses, was RMB419,977 million as at 31 December 2024 (31 December 2023: RMB399,968 million).

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

34 Capital reserve

The capital reserve mainly represents the premium related to ordinary shares publicly issued by the Bank in 2010 and private placement of ordinary shares to the specific shareholders in 2018. Share premium was recorded in the capital reserve after deducting direct issuance expenses, which consisted primarily of underwriting fees and professional fees.

35 Other comprehensive income

	2024		
	Gross carrying amount	Tax effect	Net effect
31 December 2023	54,514	(13,008)	41,506
Fair value changes on debt instruments at fair value through other comprehensive income:			
— Amount of gains recognized directly in other comprehensive income	55,432	(13,765)	41,667
— Amount removed from other comprehensive income and recognized in profit or loss	(2,841)	710	(2,131)
Loss allowance on debt instruments at fair value through other comprehensive income	6,036	(1,452)	4,584
Fair value changes on other equity investments at fair value through other comprehensive income:			
— Amount of gains recognized directly in other comprehensive income	641	(159)	482
— Transferred to retained earnings	(5)	–	(5)
Foreign currency translation reserve	469	–	469
Others	(6,343)	1,587	(4,756)
31 December 2024	**107,903**	**(26,087)**	**81,816**

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

35 Other comprehensive income (Continued)

	2023		
	Gross carrying amount	Tax effect	Net effect
31 December 2022	47,542	(11,655)	35,887
Changes in accounting policies	665	(157)	508
1 January 2023	48,207	(11,812)	36,395
Fair value changes on debt instruments at fair value through other comprehensive income:			
— Amount of gains recognized directly in other comprehensive income	16,153	(4,117)	12,036
— Amount removed from other comprehensive income and recognized in profit or loss	(521)	130	(391)
Loss allowance on debt instruments at fair value through other comprehensive income	(8,821)	2,488	(6,333)
Fair value changes on other equity investments at fair value through other comprehensive income:			
— Amount of gains recognized directly in other comprehensive income	612	(167)	445
— Transferred to retained earnings	(1)	–	(1)
Foreign currency translation reserve	766	–	766
Others	(1,881)	470	(1,411)
31 December 2023	54,514	(13,008)	41,506

36 Surplus reserve

Under PRC Law, the Bank is required to transfer 10% of its net profit determined under the PRC GAAP to a non-distributable statutory surplus reserve. Appropriation to the statutory surplus reserve may cease when the balance of this reserve has reached 50% of share capital. Pursuant to the resolution of the Board of Directors' Meeting held on 28 March 2025, an appropriation of 10% of the profit for the current year, determined under the generally accepted accounting principles of the PRC, to the statutory surplus reserve, in the amount of RMB27,500 million (2023: RMB26,240 million) was approved. In addition, certain subsidiaries and overseas branches also appropriated surplus reserves in accordance with local requirements.

Subject to the approval of the ordinary equity holders, the statutory surplus reserves can be used for replenishing accumulated losses or increasing the Bank's ordinary share capital. The statutory surplus reserves amount used to increase the ordinary share capital is limited to a level where the balance of the statutory surplus reserves after such capitalization is not less than 25% of the ordinary share capital.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

37 General reserve

Pursuant to Caijin [2012] No. 20 "Requirements on Impairment Allowance for Financial Institutions" (the "Requirement") issued by the MOF, effective on 1 July 2012, in addition to impairment allowance, the Bank establishes a general reserve within ordinary equity holders' equity through the appropriation of profit to address unidentified potential losses. The general reserve should not be less than 1.5% of the aggregate amount of risk assets as defined by the Requirement. The general reserve includes regulatory reserve appropriated by the Bank's overseas branches pursuant to local regulatory requirements.

Pursuant to relevant PRC domestic regulatory requirements, some domestic subsidiaries of the Bank are required to appropriate certain amounts of their net profit as general reserves.

During the year ended 31 December 2024, the Group transferred RMB76,791 million (2023: RMB67,600 million) to the General Reserve pursuant to the regulatory requirements in the PRC and overseas jurisdictions. Of this amount, RMB75,629 million (2023: RMB67,557 million) related to the appropriation proposed for the year ended 31 December 2023 which was approved in the annual general meeting held on 21 May 2024.

On 28 March 2025, the Board of Directors' meeting approved a proposal of appropriation of RMB37,268 million to general reserve. Such appropriation will be recognized in the Group's consolidated financial statements after approval by ordinary equity holders in the forthcoming annual general meeting.

38 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include the following balances with an original maturity of three months or less:

	As at 31 December	
	2024	2023
Cash	**67,208**	71,140
Balance with central banks	**46,885**	338,123
Deposits with banks and other financial institutions	**191,562**	156,452
Placements with and loans to banks and other financial institutions	**187,085**	143,220
Financial assets held under resale agreements	**1,353,872**	1,803,790
Total	**1,846,612**	2,512,725

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

39 Operating segments

Operating segments are identified on the basis of internal organizational structure, management requirements and internal management reporting rules of the Group that are regularly reviewed by the Board and relevant management committees, which constitute the chief operating decision makers, for the purposes of allocating resources to segments and assessing their performance. The Group's chief operating decision makers review three different sets of financial information based on (i) geographical locations, (ii) business activities and (iii) County Area and Urban Area banking business.

The measurement of segment assets and liabilities, as well as segment revenue, expense and results are based on the Group's accounting policies. There is no difference between the accounting policies used in the preparation of the consolidated financial statements and those used in preparing the operating segment information.

Transactions between segments are conducted under normal commercial terms and conditions. Internal charges and transfer pricing are determined with reference to market rates and have been reflected in the performance of each segment.

Segment revenue, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Geographical operating segments

The details of the geographical operating segments are as follows:

Head Office	
Yangtze River Delta:	Shanghai, Jiangsu, Zhejiang, Ningbo
Pearl River Delta:	Guangdong, Shenzhen, Fujian, Xiamen
Bohai Rim:	Beijing, Tianjin, Hebei, Shandong, Qingdao
Central China:	Shanxi, Hubei, Henan, Hunan, Jiangxi, Hainan, Anhui
Western China:	Chongqing, Sichuan, Guizhou, Yunnan, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang (including Xinjiang Production and Construction Corps Branch), Tibet, Inner Mongolia, Guangxi
Northeastern China:	Liaoning, Heilongjiang, Jilin, Dalian
Overseas and Others:	Subsidiaries and overseas branches

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

39 Operating segments (Continued)

Geographical operating segments (Continued)

	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and Others	Eliminations	Consolidated total
For the year ended 31 December 2024										
External interest income	435,886	204,370	128,353	108,777	137,162	183,016	23,265	54,851	–	1,275,680
External interest expense	(114,773)	(141,547)	(89,186)	(98,893)	(85,839)	(90,028)	(26,908)	(47,814)	–	(694,988)
Inter-segment net interest (expense)/income	(437,812)	101,096	68,932	96,446	74,641	65,028	30,075	1,594	–	–
Net interest (expense)/income	(116,699)	163,919	108,099	106,330	125,964	158,016	26,432	8,631	–	580,692
Fee and commission income	40,846	13,213	8,753	6,909	7,747	8,844	1,316	2,337	–	89,965
Fee and commission expense	(4,518)	(1,897)	(1,691)	(1,559)	(2,359)	(2,096)	(447)	169	–	(14,398)
Net fee and commission income	36,328	11,316	7,062	5,350	5,388	6,748	869	2,506	–	75,567
Net trading gain	16,307	125	79	70	55	90	28	8,751	–	25,505
Net gain/(loss) on financial investments	12,249	(131)	42	(106)	222	19	61	8,259	–	20,615
Net gain/(loss) on derecognition of financial assets measured at amortized cost	7,294	–	–	–	–	–	–	(127)	–	7,167
Other operating (expenses)/income	(3,571)	1,024	639	650	410	1,338	116	1,264	–	1,870
Operating income	(48,092)	176,253	115,921	112,294	132,039	166,211	27,506	29,284	–	711,416
Operating expenses	(18,309)	(44,065)	(31,054)	(36,942)	(45,101)	(59,422)	(15,445)	(10,842)	–	(261,180)
Credit impairment losses	(12,619)	(16,318)	(21,885)	(14,315)	(27,972)	(31,987)	(4,151)	(1,593)	–	(130,840)
Impairment losses on other assets	–	–	–	(76)	(6)	(109)	(23)	(53)	–	(267)
Operating (loss)/profit	(79,020)	115,870	62,982	60,961	58,960	74,693	7,887	16,796	–	319,129
Share of results of associates and joint ventures	119	–	–	–	–	–	–	(47)	–	72
(Loss)/profit before tax	(78,901)	115,870	62,982	60,961	58,960	74,693	7,887	16,749	–	319,201
Income tax expense										(36,530)
Profit for the year										282,671
Depreciation and amortization included in operating expenses	4,155	3,314	2,428	3,410	3,661	4,497	1,193	211	–	22,869
Capital expenditure	5,794	3,096	990	1,800	2,209	4,166	565	4,170	–	22,790
As at 31 December 2024										
Segment assets	8,977,880	8,768,577	6,026,055	7,290,704	6,359,444	7,760,397	1,923,391	1,494,791	(5,511,113)	43,090,126
Including: Investment in associates and joint ventures	4,323	–	–	–	–	–	–	6,009	–	10,332
Unallocated assets										148,009
Total assets										43,238,135
Including: Non-current assets (1)	25,049	29,998	18,351	28,481	27,376	42,956	9,368	30,290	–	211,869
Segment liabilities	(5,858,397)	(8,787,161)	(6,074,550)	(7,314,968)	(6,405,138)	(7,847,114)	(1,938,570)	(1,419,980)	5,511,086	(40,134,792)
Unallocated liabilities										(6,070)
Total liabilities										(40,140,862)
Loan commitments and financial guarantee contracts	96,771	704,451	539,770	509,058	420,872	372,972	98,763	131,694	–	2,874,351

(1) Non-current assets include property and equipment, investment properties, right-of-use assets, land use rights, intangible assets and other long-term assets.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

39 Operating segments (Continued)

Geographical operating segments *(Continued)*

	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and Others	Eliminations	Consolidated total
For the year ended 31 December 2023										
External interest income	397,593	200,502	132,037	108,658	132,866	179,421	23,223	49,398	–	1,223,698
External interest expense	(90,200)	(142,182)	(85,091)	(96,130)	(82,364)	(88,601)	(25,613)	(41,767)	–	(651,948)
Inter-segment net interest (expense)/income	(382,914)	90,684	55,519	85,900	66,662	58,628	26,476	(955)	–	–
Net interest (expense)/income	(75,521)	149,004	102,465	98,428	117,164	149,448	24,086	6,676	–	571,750
Fee and commission income	39,613	13,708	10,710	7,998	8,291	10,646	1,581	2,163	–	94,710
Fee and commission expense	(4,179)	(2,255)	(1,940)	(1,405)	(2,164)	(1,977)	(432)	(265)	–	(14,617)
Net fee and commission income	35,434	11,453	8,770	6,593	6,127	8,669	1,149	1,898	–	80,093
Net trading gain	19,723	318	47	52	31	84	21	2,848	–	23,124
Net gain/(loss) on financial investments	9,687	(26)	(234)	(337)	(95)	(1,245)	(158)	9,172	–	16,764
Net gain on derecognition of financial assets measured at amortized cost	1,019	–	–	–	–	–	–	19	–	1,038
Other operating (expenses)/income	(5,912)	1,146	708	667	542	1,447	141	3,960	–	2,699
Operating income	(15,570)	161,895	111,756	105,403	123,769	158,403	25,239	24,573	–	695,468
Operating expenses	(17,486)	(42,981)	(30,754)	(35,379)	(42,790)	(57,153)	(15,183)	(10,579)	–	(252,305)
Credit impairment reversal/(losses)	2,259	(33,117)	(28,405)	(13,904)	(25,486)	(32,508)	(3,619)	(927)	–	(135,707)
Impairment losses on other assets	–	–	–	(6)	(3)	(152)	(7)	(58)	–	(226)
Operating (loss)/profit	(30,797)	85,797	52,597	56,114	55,490	68,590	6,430	13,009	–	307,230
Share of results of associates and joint ventures	62	–	–	–	–	–	–	127	–	189
(Loss)/profit before tax	(30,735)	85,797	52,597	56,114	55,490	68,590	6,430	13,136	–	307,419
Income tax expense										(37,599)
Profit for the year										269,820
Depreciation and amortization included in operating expenses	3,191	3,322	2,424	3,306	3,565	4,332	1,205	276	–	21,621
Capital expenditure	5,896	4,403	1,132	1,747	2,766	4,324	601	4,618	–	25,487
As at 31 December 2023										
Segment assets	7,558,728	8,474,485	5,518,775	7,096,125	5,829,445	7,199,820	1,702,189	1,324,190	(4,991,518)	39,712,239
Including: Investment in associates and joint ventures	2,151	–	–	–	–	–	–	6,235	–	8,386
Unallocated assets										160,750
Total assets										39,872,989
Including: Non-current assets (1)	22,161	31,104	19,109	29,538	28,509	43,033	9,911	28,814	–	212,179
Segment liabilities	(4,656,956)	(8,489,977)	(5,527,881)	(7,115,660)	(5,869,208)	(7,268,814)	(1,714,337)	(1,285,316)	4,991,564	(36,936,585)
Unallocated liabilities										(39,537)
Total liabilities										(36,976,122)
Loan commitments and financial guarantee contracts	6,248	764,394	516,437	522,572	425,483	414,311	96,407	109,913	–	2,855,765

(1) *Non-current assets include property and equipment, investment properties, right-of-use assets, land use rights, intangible assets and other long-term assets.*

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

39 Operating segments (Continued)

Business operating segments

The details of the business operating segments are as follows:

Corporate banking

The corporate banking segment provides financial products and services to corporations, government agencies and financial institutions. The range of products and services includes corporate loans and advances, trade finance, deposit products, corporate wealth management services and other types of corporate intermediary services.

Personal banking

The personal banking segment provides financial products and services to individual customers. The range of products and services includes personal loans, personal deposit, card business, personal wealth management services and other types of personal intermediary services.

Treasury operations

The Group's treasury operations conduct money market and repurchase transactions, debt instruments investments, precious metal transactions and derivative transactions for its own accounts or on behalf of customers.

Others

Others comprise components of the Group that are not attributable to any of the above segments, along with certain assets, liabilities, income or expenses of the Head Office that could not be allocated on a reasonable basis.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

39 Operating segments (Continued)

***Business operating segments** (Continued)*

	Corporate banking	Personal banking	Treasury operations	Others	Consolidated total
For the year ended 31 December 2024					
External interest income	496,875	319,168	450,167	9,470	1,275,680
External interest expense	(206,521)	(277,452)	(205,287)	(5,728)	(694,988)
Inter-segment net interest (expense)/income	(42,513)	306,676	(264,163)	–	–
Net interest income/ (expense)	247,841	348,392	(19,283)	3,742	580,692
Fee and commission income	37,954	47,836	796	3,379	89,965
Fee and commission expense	(6,954)	(6,988)	(45)	(411)	(14,398)
Net fee and commission income	31,000	40,848	751	2,968	75,567
Net trading gain	–	–	23,361	2,144	25,505
Net (loss)/gain on financial investments	(1,035)	(11)	13,469	8,192	20,615
Net gain/(loss) on derecognition of financial assets measured at amortized cost	–	–	7,317	(150)	7,167
Other operating income/ (expenses)	1,072	630	(6,643)	6,811	1,870
Operating income	278,878	389,859	18,972	23,707	711,416
Operating expenses	(84,459)	(137,061)	(28,450)	(11,210)	(261,180)
Credit impairment losses	(43,723)	(78,831)	(7,736)	(550)	(130,840)
Impairment losses on other assets	(267)	–	–	–	(267)

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

39 Operating segments (Continued)

Business operating segments *(Continued)*

	Corporate banking	Personal banking	Treasury operations	Others	Consolidated total
Operating profit/(loss)	150,429	173,967	(17,214)	11,947	319,129
Share of results of associates and joint ventures	–	–	–	72	72
Profit/(loss) before tax	150,429	173,967	(17,214)	12,019	319,201
Income tax expense					(36,530)
Profit for the year					282,671
Depreciation and amortization included in operating expenses	5,939	12,400	4,225	305	22,869
Capital expenditure	3,961	10,420	4,225	4,184	22,790
As at 31 December 2024					
Segment assets	15,499,878	8,739,885	18,317,472	532,891	43,090,126
Including: Investment in associates and joint ventures	–	–	–	10,332	10,332
Unallocated assets					148,009
Total assets					43,238,135
Segment liabilities	(11,344,305)	(19,238,312)	(9,081,221)	(470,954)	(40,134,792)
Unallocated liabilities					(6,070)
Total liabilities					(40,140,862)
Loan commitments and financial guarantee contracts	1,972,767	901,584	–	–	2,874,351

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

39 Operating segments (Continued)

Business operating segments *(Continued)*

	Corporate banking	Personal banking	Treasury operations	Others	Consolidated total
For the year ended 31 December 2023					
External interest income	473,888	334,386	407,274	8,150	1,223,698
External interest expense	(217,604)	(270,601)	(158,505)	(5,238)	(651,948)
Inter-segment net interest (expense)/income	(36,887)	276,058	(239,171)	–	–
Net interest income	219,397	339,843	9,598	2,912	571,750
Fee and commission income	59,445	31,114	693	3,458	94,710
Fee and commission expense	(6,873)	(7,261)	(44)	(439)	(14,617)
Net fee and commission income	52,572	23,853	649	3,019	80,093
Net trading gain/(loss)	–	–	23,688	(564)	23,124
Net (loss)/gain on financial investments	(1,943)	(81)	9,616	9,172	16,764
Net gain on derecognition of financial assets measured at amortized cost	–	–	1,019	19	1,038
Other operating income/ (expenses)	1,498	1,222	(5,356)	5,335	2,699
Operating income	271,524	364,837	39,214	19,893	695,468
Operating expenses	(81,675)	(130,482)	(29,268)	(10,880)	(252,305)
Credit impairment (losses)/ reversal	(100,615)	(41,347)	6,188	67	(135,707)
Impairment losses on other assets	(181)	(3)	–	(42)	(226)

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

39 Operating segments (Continued)

***Business operating segments** (Continued)*

	Corporate banking	Personal banking	Treasury operations	Others	Consolidated total
Operating profit	89,053	193,005	16,134	9,038	307,230
Share of results of associates and joint ventures	–	–	–	189	189
Profit before tax	89,053	193,005	16,134	9,227	307,419
Income tax expense					(37,599)
Profit for the year					269,820
Depreciation and amortization included in operating expenses	5,521	11,549	4,220	331	21,621
Capital expenditure	4,482	11,484	4,902	4,619	25,487
As at 31 December 2023					
Segment assets	13,958,729	8,025,832	17,257,302	470,376	39,712,239
Including: Investment in associates and joint ventures	–	–	–	8,386	8,386
Unallocated assets					160,750
Total assets					39,872,989
Segment liabilities	(11,715,620)	(17,803,059)	(7,042,912)	(374,994)	(36,936,585)
Unallocated liabilities					(39,537)
Total liabilities					(36,976,122)
Loan commitments and financial guarantee contracts	1,946,877	908,888	–	–	2,855,765

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

39 Operating segments (Continued)

County Area and Urban Area segments

The Group's operating segments organized by County Area and Urban Area banking business are set out as follows:

County Area banking business

The Group's County Area banking business provides a broad range of financial products and services to customers in designated County Area, through its operating branches in the counties or county-level cities throughout the PRC. The products and services mainly comprise loans, deposits, bank cards, and other types of intermediary services.

Urban Area banking business

The Group's Urban Area banking business comprises all banking activities outside of the County Area banking business, overseas branches and subsidiaries.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

39 Operating segments (Continued)

County Area and Urban Area segments *(Continued)*

	County Area banking business	Urban Area banking business	Eliminations	Consolidated total
For the year ended 31 December 2024				
External interest income	331,861	943,819	–	1,275,680
External interest expense	(201,480)	(493,508)	–	(694,988)
Inter-segment net interest income/(expense)	181,944	(181,944)	–	–
Net interest income	312,325	268,367	–	580,692
Fee and commission income	36,754	53,211	–	89,965
Fee and commission expense	(6,007)	(8,391)	–	(14,398)
Net fee and commission income	30,747	44,820	–	75,567
Net trading gain	406	25,099	–	25,505
Net gain on financial investments	153	20,462	–	20,615
Net gain on derecognition of financial assets measured at amortized cost	–	7,167	–	7,167
Other operating income/(expense)	5,916	(4,046)	–	1,870
Operating income	349,547	361,869	–	711,416
Operating expenses	(120,273)	(140,907)	–	(261,180)
Credit impairment losses	(43,201)	(87,639)	–	(130,840)
Impairment losses on other assets	(134)	(133)	–	(267)
Operating profit	185,939	133,190	–	319,129
Share of results of associates and joint ventures	–	72	–	72
Profit before tax	185,939	133,262	–	319,201
Income tax expense				(36,530)
Profit for the year				282,671
Depreciation and amortization included in operating expenses	9,474	13,395	–	22,869
Capital expenditure	3,531	19,259	–	22,790
As at 31 December 2024				
Segment assets	14,756,722	28,866,082	(532,678)	43,090,126
Including: Investment in associates and joint ventures	–	10,332	–	10,332
Unallocated assets				148,009
Total assets				43,238,135
Segment liabilities	(13,735,194)	(26,932,276)	532,678	(40,134,792)
Unallocated liabilities				(6,070)
Total liabilities				(40,140,862)
Loan commitments and financial guarantee contracts	781,291	2,093,060	–	2,874,351

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

39 Operating segments (Continued)

***County Area and Urban Area segments** (Continued)*

	County Area banking business	Urban Area banking business	Eliminations	Consolidated total
For the year ended 31 December 2023				
External interest income	316,890	906,808	–	1,223,698
External interest expense	(196,647)	(455,301)	–	(651,948)
Inter-segment net interest income/(expense)	174,218	(174,218)	–	–
Net interest income	294,461	277,289	–	571,750
Fee and commission income	38,726	55,984	–	94,710
Fee and commission expense	(6,051)	(8,566)	–	(14,617)
Net fee and commission income	32,675	47,418	–	80,093
Net trading (loss)/gain	(648)	23,772	–	23,124
Net (loss)/gain on financial investments	(51)	16,815	–	16,764
Net gain on derecognition of financial assets measured at amortized cost	–	1,038	–	1,038
Other operating income/(expense)	5,174	(2,475)	–	2,699
Operating income	331,611	363,857	–	695,468
Operating expenses	(117,196)	(135,109)	–	(252,305)
Credit impairment losses	(61,821)	(73,886)	–	(135,707)
Impairment losses on other assets	(45)	(181)	–	(226)
Operating profit	152,549	154,681	–	307,230
Share of results of associates and joint ventures	–	189	–	189
Profit before tax	152,549	154,870	–	307,419
Income tax expense				(37,599)
Profit for the year				269,820
Depreciation and amortization included in operating expenses	8,805	12,816	–	21,621
Capital expenditure	4,655	20,832	–	25,487
As at 31 December 2023				
Segment assets	13,702,772	26,178,127	(168,660)	39,712,239
Including: Investment in associates and joint ventures	–	8,386	–	8,386
Unallocated assets				160,750
Total assets				39,872,989
Segment liabilities	(12,735,059)	(24,370,186)	168,660	(36,936,585)
Unallocated liabilities				(39,537)
Total liabilities				(36,976,122)
Loan commitments and financial guarantee contracts	1,016,655	1,839,110	–	2,855,765

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

40 Related party transactions

(1) The Group and the MOF

As at 31 December 2024, the MOF directly owned 35.29% (31 December 2023: 35.29%) of the ordinary shares of the Bank.

The MOF is a Chinese government ministry, primarily responsible for managing state fiscal revenue and expenditure, and establishing and enforcing taxation policies. It reports to the Chinese State Council.

The Group enters into transactions with the MOF in its ordinary course of business under normal commercial terms. Details of the major balances and transactions are as follows:

	31 December 2024		31 December 2023	
	Balance	**Ratio to similar transactions**	Balance	Ratio to similar transactions
Assets				
Treasury bonds and special government bond	**3,023,971**	**21.84%**	1,345,831	12.00%
Receivable from the MOF	**348,136**	**2.51%**	340,595	3.04%
Liabilities				
Due to customers	**3,414**	**0.01%**	2,935	0.01%
Other liabilities				
— Redemption of treasury bonds on behalf of the MOF	**–**	**–**	4	0.00%
— Amount payable to the MOF	**266**	**0.05%**	302	0.06%

	Year ended 31 December			
	2024		2023	
	Amount	**Ratio to similar transactions**	Amount	Ratio to similar transactions
Interest income	**77,261**	**6.06%**	44,768	3.66%
Interest expense	**(74)**	**0.01%**	(338)	0.05%
Fee and commission income	**1,646**	**1.83%**	1,707	1.80%
Net trading gain	**135**	**0.53%**	143	0.62%

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

40 Related party transactions (Continued)

(1) The Group and the MOF (Continued)

Interest rate ranges for transactions with the MOF during the year are as follows:

	Year ended 31 December	
	2024	2023
	%	%
Treasury bonds and receivable from the MOF	**0.00–9.00**	0.00–9.00
Due to customers	**0.0001–3.96**	0.0001–5.49

The Group's redemption commitment for treasury bonds underwriting is disclosed in Note IV 42 Contingent liabilities and commitments.

(2) The Group and Huijin

Central Huijin Investment Ltd. ("Huijin") is a wholly state-owned company through state investment in accordance with the Company Law of the PRC, which is incorporated with authorized capital of RMB828,209 million in Beijing, PRC. The State Council has authorized Huijin to make equity investments in major state-owned financial institutions to preserve and increase the value of these state-owned financial assets. Huijin can exercise rights and shall assume obligations on major state-owned financial institutions as an investor on behalf of the state to the extent of its capital contribution. Huijin does not engage in other commercial activities nor intervene in the normal operations of major state-owned financial institutions which are controlled by Huijin.

As at 31 December 2024, Huijin directly owned 40.14% (31 December 2023: 40.14%) of the ordinary shares of the Bank.

Transactions with Huijin

The Group enters into transactions with Huijin in its ordinary course of business. These balances and transactions are priced based on market prices and conducted under normal commercial terms. Details of the major balances and transactions are as follows:

	31 December 2024		31 December 2023	
	Balance	**Ratio to similar transactions**	Balance	Ratio to similar transactions
Assets				
Loans and advances to customers	**61,634**	**0.26%**	12,009	0.06%
Financial investments	**51,922**	**0.37%**	36,044	0.32%
Liabilities				
Due to customers	**34,257**	**0.11%**	13,566	0.05%

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

40 Related party transactions (Continued)

(2) The Group and Huijin (Continued)

Transactions with Huijin (Continued)

	Year ended 31 December			
	2024		2023	
	Amount	**Ratio to similar transactions**	Amount	Ratio to similar transactions
Interest income	**2,186**	**0.17%**	1,218	0.10%
Interest expense	**(247)**	**0.04%**	(138)	0.02%
Net trading gain	**1**	**0.00%**	3	0.01%

Interest rate ranges for transactions with Huijin during the year are as follows:

	Year ended 31 December	
	2024 %	2023 %
Loans and advances to customers	**2.35**	2.70
Financial investments	**1.90–4.20**	2.28–4.23
Due to customers	**0.15–1.90**	1.40–1.90

Transactions with companies under Huijin

Huijin has equity interests in certain other banks and financial institutions under the direction of the Central Government. The Group enters into transactions with these banks and financial institutions in the ordinary course of business. These balances and transactions are priced based on market prices and conducted under normal commercial terms. Details of the major balances and transactions are as follows:

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

40 Related party transactions (Continued)

(2) The Group and Huijin (Continued)

Transactions with companies under Huijin (Continued)

	31 December 2024		31 December 2023	
	Balance	**Ratio to similar transactions**	Balance	Ratio to similar transactions
Assets				
Deposits with banks and other financial institutions	**265,209**	**46.37%**	381,644	35.33%
Placements with and loans to banks and other financial institutions	**106,782**	**20.16%**	90,166	17.47%
Derivative financial assets	**10,604**	**16.09%**	3,964	15.94%
Financial assets held under resale agreements	**119,950**	**8.75%**	78,375	4.33%
Loans and advances to customers	**36,024**	**0.15%**	27,397	0.13%
Financial investments	**1,171,357**	**8.46%**	1,072,258	9.56%
Liabilities				
Deposits from banks and other financial institutions	**138,487**	**2.97%**	169,162	4.63%
Placements from banks and other financial institutions	**114,657**	**31.50%**	120,656	31.56%
Derivative financial liabilities	**9,277**	**15.95%**	5,040	18.12%
Financial assets sold under repurchase agreements	**27,533**	**4.47%**	5,902	5.87%
Due to customers	**910**	**0.00%**	473	0.00%
Equity				
Other equity instruments	**1,913**	**0.38%**	2,000	0.42%
Off-balance sheet items				
Letters of guarantee and guarantees	**379**	**0.09%**	444	0.12%

	Year ended 31 December			
	2024		2023	
	Amount	**Ratio to similar transactions**	Amount	Ratio to similar transactions
Interest income	**18,148**	**1.42%**	15,820	1.29%
Interest expense	**(3,274)**	**0.47%**	(1,878)	0.29%
Net trading gain/(loss)	**1,873**	**7.34%**	(1,077)	N/A
Net gain on financial investments	**4,149**	**20.13%**	2,352	14.03%

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

40 Related party transactions (Continued)

(2) *The Group and Huijin (Continued)*

Transactions with companies under Huijin (Continued)

Interest rate ranges for transactions with companies under Huijin during the year are as follows:

	Year ended 31 December	
	2024	2023
	%	%
Deposits with banks and other financial institutions	**-0.45–4.40**	-0.60–4.23
Placements with and loans to banks and other financial institutions	**0.55–5.77**	-0.15–6.58
Derivative financial assets	**-0.002–5.20**	-0.004–5.00
Financial assets held under resale agreements	**1.55–2.28**	1.75–4.60
Loans and advances to customers	**0.00–5.10**	0.00–4.90
Financial investments	**0.00–6.69**	0.00–8.75
Deposits from banks and other financial institutions	**0.00–5.30**	0.00–6.10
Placements from banks and other financial institutions	**0.28–5.77**	2.75–6.02
Derivative financial liabilities	**0.02–5.20**	0.02–5.50
Financial assets sold under repurchase agreements	**1.65–2.20**	1.81–5.87
Due to customers	**0.0001–0.45**	0.05–1.55
Other equity instruments	**4.84**	4.84

(3) *The Group and National Council for Social Security Fund of the People's Republic of China*

As at 31 December 2024, the Bank's shares held by National Council for Social Security Fund of the People's Republic of China (the "SSF") accounted for 6.72% of the Bank's total share capital (31 December 2023: 6.72%). The Group enters into transactions with the SSF in the ordinary course of business. These balances and transactions are priced based on market prices and conducted under normal commercial terms. Details of the major balances and transactions are as follows:

	31 December 2024		31 December 2023	
	Balance	**Ratio to similar transactions**	Balance	Ratio to similar transactions
Assets				
Financial assets held under resale agreements	**33,960**	**2.48%**	36,114	2.00%
Liabilities				
Due to customers	**161,547**	**0.53%**	129,383	0.45%
Equity				
Other equity instruments	**1,250**	**0.25%**	1,250	0.26%

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

40 Related party transactions (Continued)

(3) The Group and National Council for Social Security Fund of the People's Republic of China (Continued)

	Year ended 31 December			
	2024		2023	
	Amount	**Ratio to similar transactions**	Amount	Ratio to similar transactions
Interest income	**7**	**0.00%**	31	0.00%
Interest expense	**(5,759)**	**0.83%**	(4,518)	0.69%

Interest rate ranges for transactions with SSF during the year are as follows:

	Year ended 31 December	
	2024 %	2023 %
Financial assets held under resale agreements	**1.95–2.15**	2.50–4.50
Due to customers	**0.10–4.26**	0.40–4.26
Other equity instruments	**4.84**	4.84

(4) The Group and other government related entities

Other than disclosed above, a significant portion of the Group's banking transactions are entered into with government authorities, agencies, affiliates and other State controlled entities. These transactions are entered into under normal commercial terms and conditions and mainly include provision of credit and guarantee, deposits, foreign exchange transactions, derivative transactions, agency services, underwriting and distribution of bonds issued by government agencies, purchase, sales and redemption of investment securities issued by government agencies.

Management considers that these transactions are activities conducted in the ordinary course of business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those entities are government related. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are government authorities, agencies, affiliates and other State controlled entities.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

40 Related party transactions (Continued)

(5) The Bank and its subsidiaries

The Bank had the following balances and transactions with its subsidiaries in its ordinary course of business. These balances and transactions are priced based on market prices and conducted under normal commercial terms. Details of the major balances and transactions are as follows:

	31 December 2024		31 December 2023	
	Balance	**Ratio to similar transactions**	Balance	Ratio to similar transactions
Assets				
Placements with and loans to banks and other financial institutions	**84,334**	**15.92%**	84,613	16.39%
Loans and advances to customers	**4,844**	**0.02%**	4,697	0.02%
Financial investments	**1,121**	**0.01%**	1,218	0.01%
Deposits with banks and other financial institutions	**51**	**0.01%**	3	0.00%
Other assets	**469**	**0.15%**	354	0.18%
Liabilities				
Deposits from banks and other financial institutions	**12,256**	**0.26%**	5,901	0.16%
Placements from banks and other financial institutions	**823**	**0.23%**	952	0.25%
Due to customers	**2,798**	**0.01%**	2,025	0.01%
Other liabilities	**510**	**0.09%**	44	0.01%
Off-balance sheet items				
Letters of guarantee and guarantees	**146**	**0.04%**	889	0.24%
Non-principal guaranteed wealth management products issued by the Group	**35**	**0.00%**	–	–

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

40 Related party transactions (Continued)

(5) The Bank and its subsidiaries (Continued)

	Year ended 31 December			
	2024		2023	
	Amount	Ratio to similar transactions	Amount	Ratio to similar transactions
Interest income	**1,575**	**0.12%**	1,625	0.13%
Net gain on financial investments	**13**	**0.06%**	17	0.10%
Fee and commission income	**1,707**	**1.90%**	2,006	2.12%
Other operating income	**199**	**10.64%**	196	7.26%
Interest expense	**(196)**	**0.03%**	(174)	0.03%
Fee and commission expense	**(485)**	**3.37%**	(101)	0.69%
Operating expense	**(744)**	**0.28%**	(335)	0.13%

Interest rate ranges for transactions with its subsidiaries during the year are as follows:

	Year ended 31 December	
	2024 %	2023 %
Placements with and loans to banks and other financial institutions	**1.62–5.50**	1.62–7.40
Loans and advances to customers	**3.95–4.65**	4.20–6.55
Financial investments	**2.25–2.80**	0.00–2.80
Deposits with banks and other financial institutions	**0.02**	0.00
Deposits from banks and other financial institutions	**0.00–5.27**	0.00–5.30
Placements from banks and other financial institutions	**0.00**	1.62–5.90
Due to customers	**0.01–1.45**	0.01–3.10

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

40 Related party transactions (Continued)

(6) The Group and its associates and joint ventures

The Group had the following balances and transactions with its associates and joint ventures in its ordinary course of business. These balances and transactions are priced based on market prices and conducted under normal commercial terms. Details of the major balances and transactions are as follows:

	31 December 2024		31 December 2023	
	Balance	**Ratio to similar transactions**	Balance	Ratio to similar transactions
Assets				
Loans and advances to customers	**985**	**0.00%**	996	0.00%
Liabilities				
Deposits from banks and other financial institutions	**27**	**0.00%**	47	0.00%
Due to customers	**3**	**0.00%**	66	0.00%

	Year ended 31 December			
	2024		2023	
	Amount	**Ratio to similar transactions**	Amount	Ratio to similar transactions
Interest income	**26**	**0.00%**	39	0.00%
Interest expense	**0**	**0.00%**	(1)	0.00%

Interest rate ranges for transactions with its associates and joint ventures during the year are as follows:

	Year ended 31 December	
	2024 %	2023 %
Loans and advances to customers	**3.45**	3.85
Deposits from banks and other financial institutions	**0.00–4.40**	0.00–1.55
Due to customers	**0.10**	0.20–1.75

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

40 Related party transactions (Continued)

(7) Key management personnel and related natural persons transactions

Key management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the Group. Key management personnel of the Group, their close relatives, and entities that are controlled, jointly controlled, or significantly influenced by either the key management personnel of the Group or their close relatives, are considered as related parties of the Group. The Group enters into banking transactions with above related parties in the normal course of business. As at 31 December 2024, the balance of loans and advances to the above related parties is RMB12.10 million (31 December 2023: RMB7.40 million).

The Bank issued loans and credit card business to related natural persons (as defined in the Administrative Measures on Information Disclosure of Listed Companies issued by the China Securities Regulatory Commission (the "CSRC")). As at 31 December 2024, the balance of such loans amounted to RMB12.26 million (31 December 2023: RMB12.56 million).

The remuneration of Directors and other members of key management during the years was as follows:

	Year ended 31 December	
	2024 (millions)	2023 (Restated) (millions)
Salaries, bonuses and staff welfare	**10.22**	13.87

According to the regulations of the relevant authorities in the PRC, the key management personnel's final emoluments for the year ended 31 December 2024 have not been finalized. Management of the Group believes that the difference between the final emoluments and that disclosed above will not have significant impact on the consolidated financial statements of the Group. The final compensation will be disclosed in a separate announcement when determined.

The compensation of key management personnel for the year ended 31 December 2023 was not decided at the time when the Group's 2023 consolidated financial statements were released and the amount of remuneration of key management personnel recognized in the consolidated statement of profit or loss for the year of 2023 was RMB10.86 million. Supplementary announcement on final compensation of RMB13.87 million was released by the Bank on 30 October 2024. The comparative figures for the year of 2023 have been restated accordingly.

(8) Related party transactions defined by NFRA

As at 31 December 2024, the Bank's balance of credit related transactions to the related parties as defined in the Rules on Related-Party Transactions of Banking and Insurance Institutions by the NFRA totalled RMB210,123 million (31 December 2023: RMB206,272 million) and the amount of non-credit transaction totalled RMB44,244 million (31 December 2023: 44,692 million).

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

40 Related party transactions (Continued)

(9) The Group and the Annuity Scheme

The Group had the following balances and transactions with the Annuity Scheme set up by the Bank apart from the obligation for defined contribution to the Annuity Scheme:

	31 December 2024		31 December 2023	
	Balance	**Ratio to similar transactions**	Balance	Ratio to similar transactions
Liabilities				
Deposits from Annuity Scheme	**959**	**0.00%**	7,290	0.03%
Equity				
Other equity instruments	**7,500**	**1.50%**	7,500	1.56%

	Year ended 31 December			
	2024		2023	
	Amount	**Ratio to similar transactions**	Amount	Ratio to similar transactions
Interest expense	**(62)**	**0.01%**	(298)	0.05%

Interest rate ranges for transactions with the Annuity Scheme during the year are as follows:

	Year ended 31 December	
	2024 **%**	2023 %
Deposits from Annuity Scheme	**0.00–4.80**	0.00–5.00
Other equity instruments	**4.84–5.32**	4.84–5.32

(10) Proportion of transactions with major related parties

Related party transactions with subsidiaries have been offset in the process of preparing consolidated financial statements. When calculating the proportion of related party transactions, related party transactions do not include related party transactions with subsidiaries.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

40 Related party transactions (Continued)

(10) Proportion of transactions with major related parties (Continued)

(i) Transaction balance

	31 December 2024		31 December 2023	
	Related party transactions	Proportion	Related party transactions	Proportion
Deposits with banks and other financial institutions	**265,209**	**46.37%**	381,644	35.33%
Placements with and loans to banks and other financial institutions	**106,782**	**20.16%**	90,166	17.47%
Derivative financial assets	**10,604**	**16.09%**	3,964	15.94%
Financial assets held under resale agreements	**153,910**	**11.22%**	114,489	6.33%
Loans and advances to customers	**98,643**	**0.41%**	40,402	0.19%
Financial investments	**4,595,386**	**33.18%**	2,794,728	24.92%
Deposits from banks and other financial institutions	**138,514**	**2.97%**	169,209	4.63%
Placements from banks and other financial institutions	**114,657**	**31.50%**	120,656	31.56%
Derivative financial liabilities	**9,277**	**15.95%**	5,040	18.12%
Financial assets sold under repurchase agreements	**27,533**	**4.47%**	5,902	5.87%
Due to customers	**201,090**	**0.66%**	153,713	0.53%
Other liabilities	**266**	**0.05%**	306	0.06%
Other equity instruments	**10,663**	**2.13%**	10,750	2.24%
Letters of guarantee and guarantees	**379**	**0.09%**	444	0.12%

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

40 Related party transactions (Continued)

(10) Proportion of transactions with major related parties (Continued)

(ii) Transaction amount

	Year ended 31 December			
	2024		2023	
	Related party transactions	**Proportion**	Related party transactions	Proportion
Interest income	**97,628**	**7.65%**	61,876	5.06%
Interest expense	**(9,416)**	**1.35%**	(7,171)	1.10%
Net trading gian/(loss)	**2,009**	**7.88%**	(931)	N/A
Net gain on financial investments	**4,149**	**20.13%**	2,352	14.03%
Fee and commission income	**1,646**	**1.83%**	1,707	1.80%

41 Structured entities

(1) Consolidated structured entities

Structured entities consolidated by the Group include certain asset management plans, funds and securitization products issued, managed and/or invested by the Group. The Group controls these entities because the Group has power over, is exposed to, or has rights to, variable returns from its involvement with these entities and has the ability to use its power over these entities to affect the amount of the Group's returns.

(2) Unconsolidated structured entities

Unconsolidated structured entities sponsored and managed by the Group

Unconsolidated structured entities sponsored and managed by the Group mainly include non-principal guaranteed WMPs, which are not subject to any guarantee by the Group of the principal invested or interest to be paid. The WMPs invest in a range of assets, most typically money market instruments, debt securities and non-standardized debt assets. As the manager of these WMPs, the Group, on behalf of the investors in these WMPs, invests the funds raised from investors to the assets as described in the investment plan related to each WMP and distributes profits to investors based on product performance.

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

41 Structured entities (Continued)

(2) Unconsolidated structured entities (Continued)

Unconsolidated structured entities sponsored and managed by the Group (Continued)

As at 31 December 2024, the total assets invested by these non-principal guaranteed WMPs amounted to RMB2,068,000 million (31 December 2023: RMB1,774,790 million) and the corresponding outstanding WMPs issued by the Group amounted to RMB1,985,401 million (31 December 2023: RMB1,685,287 million). During the year ended 31 December 2024, the Group's interest in these WMPs included net fee and commission income of RMB4,018 million (2023: RMB3,440 million). The Group enters into placements and repo transactions at market interest rates with these WMPs, and the outstanding balance of these transactions represented the Group's maximum exposure to the WMPs. These transactions did not occur during the year ended 31 December 2024 (2023: the average exposure and the weighted average maturity period for the above-mentioned transactions were RMB4,105.5 thousand and 3 days respectively, and net interest income related to placements and repo transactions enter by the Group with these WMPs of RMB84.2 thousand). And there was no outstanding balance for the above-mentioned transactions at 31 December 2024 and 31 December 2023. The Group was under no obligation to enter into these transactions.

There were no contractual liquidity arrangements, guarantees or other commitments between the Group and any third parties that could increase the level of the Group's risk from WMPs disclosed above during the years ended 31 December 2024 and 31 December 2023. The Group was not required to absorb any losses incurred by WMPs.

In addition, other unconsolidated structured entities sponsored and managed by the Group included funds, asset management plans and asset-backed securities. As at 31 December 2024, the total assets of these products amounted to RMB295,296 million (31 December 2023: RMB308,643 million). During the year ended 31 December 2024, the Group's interest in these products mainly included net fee and commission income of RMB992 million (2023: RMB1,166 million).

Other unconsolidated structured entities held by the Group

The Group invests in other unconsolidated structured entities which are sponsored and managed by other entities for investment return, and records trading gains or losses and interest income therefrom. These unconsolidated structured entities primarily include asset management plans, WMPs, funds, trust plans, asset-backed securities and debt investment plans. etc. As at 31 December 2024, the related carrying amount of investments and the maximum exposure by the Group to these other unconsolidated structured entities was RMB77,636 million (31 December 2023: RMB80,049 million), included under the financial assets at fair value through profit or loss, debt instrument investments at amortized cost and other debt instrument and other equity investments at fair value through other comprehensive income categories in the consolidated statement of financial position. The information on the size of total assets of these unconsolidated structured entities was not readily available in the public domain.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

42 Contingent liabilities and commitments

Legal proceedings and others

The Bank and its subsidiaries are involved as demandants/defendants in certain lawsuits arising from their normal business operations. As at 31 December 2024, provisions of RMB5,228 million were made by the Group (31 December 2023: RMB5,629 million) based on court judgments or advice of legal counsel, and included in Note IV 31 Other liabilities. Management of the Group believes that the final result of these lawsuits will not have a material impact on the financial position or operations of the Group.

Capital commitments

	As at 31 December	
	2024	2023
Contracted but not provided for	**4,079**	4,914

Loan commitments and financial guarantee contracts

	As at 31 December	
	2024	2023
Loan commitments		
— With an original maturity of less than 1 year	**10,249**	66,608
— With an original maturity of 1 year or above	**233,504**	299,239
Subtotal	**243,753**	365,847
Bank acceptances	**1,127,316**	1,024,150
Credit card commitments	**883,311**	873,029
Letters of guarantee and guarantees	**399,920**	373,915
Letters of credit	**220,051**	218,824
Total	**2,874,351**	2,855,765

Loan commitments and financial guarantee contracts represent credit cards and general credit facility limits granted to customers. These general credit facilities may be drawn in the form of loans or through the issuance of letters of credit, letters of guarantee and guarantees or bank acceptances.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

42 Contingent liabilities and commitments (Continued)

Credit risk weighted amount for credit commitments

Credit risk weighted amount for credit commitments represents the counterparty credit risk associated with credit commitments and is calculated in accordance with the "Capital Rules for Commercial Banks" issued by the NFRA which was effective on 1 January 2024 and is dependent on, among other factors, creditworthiness of counterparties and maturity characteristics of each type of contract.

	As at 31 December	
	2024	2023
Credit risk weighted amount for credit commitments	**1,524,062**	1,155,402

Collateral

Assets as collateral

At the end of each reporting period, the carrying amounts of assets pledged as collateral under repurchase agreements are as follows:

	As at 31 December	
	2024	2023
Debt securities	**632,614**	103,516
Bills	**3,524**	3,623
Total	**636,138**	107,139

As at 31 December 2024, the financial assets sold under repurchase agreements (disclosed in Note IV 28 Financial assets sold under repurchase agreements) by the Group amounted to RMB615,725 million (31 December 2023: RMB100,521 million). Repurchase agreements are primarily due within 1 year from the effective dates of these agreements.

Financial assets sold under repurchase agreements include certain transactions under which the title of the pledged securities has been transferred to counterparties. These transactions have been disclosed in Note IV 43 Transferred financial assets.

In addition, debt securities and deposits with banks and other financial institutions pledged in accordance with regulatory requirements as collateral for derivative transactions or borrowings from central banks etc. by the Group as at 31 December 2024 amounted to RMB1,318,868 million in total (31 December 2023: RMB1,558,063 million).

Collateral accepted

The Group received debt securities and bills as collateral in connection with the securities lending transactions and the purchase of assets under resale agreements (Note IV 16 Financial assets held under resale agreements). As at 31 December 2024, the Group has accepted collateral that can be resold or re-pledged with a fair value of RMB2,266 million and the Group did not resell or re-pledge any of these collateral accepted. As at 31 December 2023, the Group did not hold any collateral that can be resold or re-pledged.

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

42 Contingent liabilities and commitments (Continued)

Redemption commitment for treasury bonds

The Group is entrusted by the MOF to underwrite certain treasury bonds. The investors of these treasury bonds have a right to redeem the bonds at any time prior to maturity and the Group is committed to honor such redemption requests. The redemption price is calculated as the nominal value of the bond plus payable interest in accordance with the terms of the related early redemption arrangement.

As at 31 December 2024, the nominal value of treasury bonds the Group was obligated to redeem prior to maturity was RMB46,052 million (31 December 2023: RMB48,783 million). The original maturities of these bonds vary from 3 to 5 years. Management of the Group expects the amount of redemption before the maturity dates of these bonds will not be material.

Commitment on security underwriting

As at 31 December 2024, the Group did not have unexpired securities underwriting obligations (31 December 2023: Nil).

43 Transferred financial assets

The Group enters into transactions in the normal course of business whereby it transfers recognized financial assets to third parties or to structured entities. In some cases these 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 retains substantially all the risks and rewards of these assets, the Group continues to recognize the transferred assets.

Securitization transactions

The Group enters into securitization transactions in the normal course of business by which it transfers loans to structured entities which issue asset-backed securities to investors. The Group assessed, among other factors, whether or not to derecognize the transferred assets by evaluating the extent to which it retains the risks and rewards of the assets and whether it has relinquished its control over these assets based on the criteria as detailed in Note II 8.7 Derecognition of financial assets and Note III 6 Derecognition of financial assets transferred.

As at 31 December 2024, the total amount of unexpired asset-backed securities included accumulative loans transferred by the Group before impairment allowance was RMB122,382 million (31 December 2023: RMB116,040 million). RMB39,508 million of this balance (31 December 2023: RMB24,238 million) was in respect of non-performing loans and the Group concluded that these loans transferred were qualified for full derecognition. The remaining balance of RMB82,874 million (31 December 2023: RMB91,802 million) was in respect of performing loans and the Group concluded that it had continuing involvement in these assets. As at 31 December 2024, the Group continued to recognize assets of RMB7,887 million (31 December 2023: RMB8,519 million) under loans and advances to customers. The Group also recognized other assets and other liabilities of the same amount arising from such continuing involvement.

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

43 Transferred financial assets (Continued)

Transfer of non-performing loans

During the year ended 31 December 2024, the Group transferred non-performing loans through disposal to third parties or issuing asset-back securities, with gross loan balance of RMB23,219 million (2023: RMB18,516 million). The Group carried out an assessment based on the criteria as detailed in Note II 8.7 and Note III 6 and concluded that these transferred assets were qualified for full derecognition.

Financial assets sold under repurchase agreements

The Group did not derecognize financial assets transferred as collateral in connection with repurchase agreements. As at 31 December 2024, the book value of the debt securities whereby legal title has been transferred to counterparties was RMB411,300 million (31 December 2023: RMB46,884 million), and these collateral pledged is disclosed in Note IV 42 Contingent liabilities and commitments – Collateral.

Securities lending transactions

For debt securities lent to counterparties under securities lending agreements, the counterparties are allowed to sell 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 derecognized them. As at 31 December 2024, the carrying amount of debt securities lent to counterparties was RMB27,790 million (31 December 2023: RMB26,400 million).

44 Financial risk management

Overview

The Group's primary risk management objective is to meet the requirements of stable operation from regulators, depositors and other stakeholders, as well as to maximize return for investors within an acceptable level of risk.

The Group has designed risk management policies, which address, among other things, the establishment of risk limits and controls to identify, analyze, monitor and report risks. Relevant and timely information used to conduct these risk management activities is provided through information systems maintained by the Group. The Group regularly reviews its risk management policies and systems to address changes in markets, products and emerging best practices.

The most significant types of risk to which the Group is exposed are credit risk, market risk and liquidity risk. Market risk includes foreign exchange rate risk, interest rate risk and other price risk.

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

Risk management framework

The Board of Directors of the Group is responsible for formulating the Group's overall risk appetite, reviewing and approving the Group's major risk management policies and procedures.

Senior Management of the Group is responsible for the implementation of risk management, including implementing risk appetite and risk management strategies, formulating risk management policies and procedures, and establishing a risk management organizational structure to manage the Group's major risks.

44.1 Credit risk

Credit risk management

Credit risk represents the potential loss that may arise from a customer or counterparty's failure to meet its obligations when due. Credit risk can also arise from operational failures that result in an unauthorized or inappropriate loans and advances, commitment or investment. The Group's major credit risks arise from loans and advances, treasury operations and off-balance sheet related credit risk exposures.

The Group's credit risk management and governance structure comprise the Board of Directors and its Risk Management and Consumer Protection Committee, Senior Management and its Risk Management and Internal Control Committee, Credit Approval Committee and Asset Disposal Committee, Credit Management Department, Credit Approval Department and related front-office customer departments. The Group's credit risk management function operates under centralized management and authorization under a range of specified limits.

The Group performs standardized credit management procedures, including credit due diligence and proposal submission, credit underwriting review, loan disbursement, post-lending monitoring and non-performing loan management. The Group enhances its credit risk management by strictly complying with its credit management procedures; strengthening customer investigation, credit rating, lending approval and post-lending monitoring measures; enhancing risk mitigation effect of loans through collateral; accelerating disposal process of non-performing loans and continuously upgrading the credit management system.

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include: (1) ceasing enforcement activity and (2) where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.1 Credit risk (Continued)

Credit risk management (Continued)

During the reporting period, the Group continued to improve the comprehensive risk management system to ensure effective risk management. The Group strengthened credit risk management in key areas and asset quality control and accelerated the disposal of non-performing loans to ensure the stability of assets quality.

Apart from the credit risk exposures on credit-related assets, the credit risk arising from treasury operation business is managed by selecting counterparties with acceptable credit quality, balancing credit risk and return, referencing to both internal and external credit rating information where available and applying appropriate limits subject to different level of management authority, and timely reviewing and adjusting those limits in credit system. In addition, the Group also provides loan commitments and financial guarantee services to customers which may require the Group to make payments on behalf of customers upon their failure to perform under the terms of the related contract. Risks arising from loan commitments and financial guarantees are similar to those associated with loans and advances. These transactions are, therefore, subject to the same risk management policies and procedures.

Measurement of ECL

The Group applies the ECL model to calculate loss allowances for its debt financial instruments measured at amortized cost and FVOCI, as well as loan commitments and financial guarantee contracts.

Methods applied by the Group in assessing the expected credit losses of its financial assets include risk parameters model and the discounted cash flow ("DCF") model. Retail credit assets and Stage I and Stage II wholesale credit assets are assessed using risk parameters, while Stage III wholesale credit assets are subject to the discounted cash flow method.

The Group assesses ECL in light of forward-looking information and uses models and assumptions in calculating the expected credit losses. These models and assumptions relate to the future macroeconomic conditions and the borrowers' creditworthiness (e. g., the likelihood of default by customers and the corresponding losses). In assessing the expected credit risks in accordance with accounting standards, the Group uses the judgements, assumptions and estimates where appropriate, including:

— Portfolio segmentation of credit risk exposures

— Parameters for measuring ECL

— Criteria for significant increase in credit risk and default definition

— Definition of credit-impaired financial assets

— Forward-looking information

— Estimation of future cash flows for Stage III wholesale credit assets

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.1 Credit risk (Continued)

***Measurement of ECL** (Continued)*

Portfolio segmentation of credit risk exposures

For measurement of ECL, portfolio segmentation is based on similar credit risk characteristics. In performing the portfolio segmentation of credit assets, the Group considers product types, customer types, industry, customer size, risk mitigation method and market distribution. The Group retests and revises the rationality of portfolio segmentation of credit risk exposures every year.

Parameters for measuring ECL

According to whether there is a significant increase in credit risk and whether a financial asset has become credit-impaired, the Group recognizes an impairment allowance based on the expected credit loss for the next 12 months or the entire lifetime of the financial asset. The relevant parameters of ECL measurement include probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Group establishes its PD models, LGD models and EAD models based on the internal rating based system as currently used for its risk management purpose, in accordance with the requirements of IFRS 9, in light of quantitative analysis of historical statistics (such as counterparty ratings, guarantee methods and collateral types, repayment methods, etc.) and forward-looking information.

The parameters are defined as follows:

— PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months ("12 months 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 ("12 months EAD") or over the remaining lifetime ("Lifetime EAD");

— LGD represents the Group's expectation of the extent of loss on defaulted exposure. It varies depending on the type of counterparty, method of recourse and priority, and the availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default.

Criteria for significant increase in credit risk ("SICR") and default definition

The Group assesses whether the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each reporting date. For the purpose of staging assessment of its financial assets, the Group thoroughly considers various reasonable and supportable information that may reflect whether there has been a significant change in their credit risk, including forward-looking information. Key factors considered include regulatory and operating environments, internal and external credit ratings, solvency, viability as a going concern, terms of loan contracts, repayment behaviors, among others. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments on the reporting date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments. The definition of default refers to the failure to pay the debt as agreed in the contract, or other violations of the debt contract and have a significant impact on the normal debt repayment.

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.1 Credit risk (Continued)

Measurement of ECL (Continued)

Criteria for significant increase in credit risk ("SICR") and default definition (Continued)

The Group sets quantitative and qualitative criteria to determine whether the credit risk of a financial instrument has increased significantly since its initial recognition. The criteria includes changes in its credit risk classification, changes in the borrower's PD, overdue status and other factors. In particular, when the credit risk classification changes from Normal upon initial recognition to Special Mention, there has been SICR. When the wholesale clients' PD rises to a certain level, there has been a SICR. Criteria to determine SICR varied based on the original PD upon initial recognition. If the borrower's original PD is relatively low (for example, lower than 3%), there has been SICR when the credit grade falls at least 5 notches. When retail clients' PD exceeds a certain level, there has been SICR. According to IFRS 9, a backstop is applied and the financial instrument is considered to have experienced SICR if the borrower is more than 30 days past due on its contractual payments.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. The Group recognizes a financial instrument as having low credit risk if its internal rating is consistent with the globally accepted definition for low credit risk (e. g. external "investment grade" rating).

Definition of credit-impaired financial assets

The criteria adopted by the Group to determine whether a credit impairment occurs under IFRS 9 is consistent with the internal credit risk management objectives for relevant financial instruments, in addition to consideration of quantitative and qualitative indicators. In assessing whether a borrower has become credit-impaired, the Group mainly considers the following factors:

— Significant financial difficulty of the issuer or the borrower;

— A breach of contract, such as a default or past due event in relation to interest or principal payment;

— The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

— It is becoming probable that the borrower will enter bankruptcy or other financial reorganization;

— The disappearance of an active market for that financial asset because of financial difficulties;

— The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses;

— The borrower is overdue for more than 90 days in any principal, advances, interest or investment in bonds due to the Group.

The credit impairment of a financial asset may be caused by the combined effect of multiple events rather than any single discrete event.

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.1 Credit risk (Continued)

Measurement of ECL (Continued)

Forward-looking information

The assessment of whether there has been a significant increase in credit risk and the calculation of ECL both involve forward-looking information. Through the analysis of historical data, the Group identifies the forward-looking information that affect the credit risk and ECL of various portfolio. Forward-looking information include Gross Domestic Product (GDP), Consumer Price Index (CPI) and Producer Price Index (PPI), etc.

The impact of these forward-looking information 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 forward-looking information and the PDs and LGDs. The Group assesses and forecasts these forward-looking information at least every six months, calculates the best estimates for the future, and regularly reviews and assesses results.

As at 31 December 2024, the Group has assessed and forecasted the relevant forward-looking information for 2025, of which the forecast value of 2025 GDP growth rate under each scenario is as follows: 5.00% under base scenario,5.52% under upside scenario, and 4.48% under downside scenario.

Based on statistical analysis and expert judgements, the Group determines the weightings of multiple scenarios and the corresponding forward-looking information forecast under each scenario. The weighting of base scenario is greater than the aggregated weightings of the other two scenarios. At 31 December 2024, the weightings of the Group's base, upside and downside scenarios have not changed from 31 December 2023. The Group uses the weighted 12 months ECL (Stage I) or weighted lifetime ECL (Stage II and Stage III) to measure relevant impairment allowances. These weighted credit losses are calculated by multiplying the expected credit loss under each scenario by the assigned scenario weighting.

A sensitivity analysis is performed on scenario and indicators used in forward-looking measurement. When the assigned weightings of upside scenario and downside scenario change by 10% or major indicators change by 10% under base scenario, the impact on the allowance of expected credit loss is less than 5%.

Estimation of future cash flows for Stage III wholesale credit assets

The Group measures the ECL for Stage III wholesale credit assets using DCF method. Under DCF method, the loss allowance is calculated based on the estimation of future cash flows. At each measurement date, the Group projects the future cash inflows of relevant assets under different scenarios to estimate the probability weighted cash flow of each future period. The cash flows are discounted and aggregated to get the present value of the assets' future cash flows.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.1 Credit risk (Continued)

Maximum exposure to credit risk without taking account of any collateral held or other credit enhancements

The maximum exposure to credit risk represents the worst credit risk exposure at the end of each reporting period, without taking account of any collateral held or other credit enhancements. The credit risk exposure to the Group at the end of each reporting period primarily arises from credit and treasury operations. In addition, off-balance sheet items such as loan commitments, credit card commitments, bank acceptances, letters of guarantee and guarantees and letters of credit also include credit risks.

A summary of the maximum exposure to credit risk as at the end of the reporting period is as follows:

		As at 31 December	
	Notes	**2024**	2023
Balances with central banks		**2,067,244**	2,850,907
Deposits with banks and other financial institutions		**571,956**	1,080,076
Placements with and loans to banks and other financial institutions		**529,767**	516,181
Derivative financial assets		**65,920**	24,873
Financial assets held under resale agreements		**1,371,571**	1,809,559
Loans and advances to customers	(i)	**23,977,013**	21,731,766
Financial investments			
Financial assets at fair value through profit or loss		**364,130**	392,939
Debt instrument investments at amortized cost	(ii)	**9,905,633**	8,463,255
Other debt instrument investments at fair value through other comprehensive income	(iii)	**3,418,609**	2,195,685
Other financial assets		**260,021**	143,663
Subtotal		**42,531,864**	39,208,904
Loan commitments and financial guarantee contracts	(iv)	**2,852,166**	2,828,280
Total		**45,384,030**	42,037,184

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.1 Credit risk (Continued)

Maximum exposure to credit risk without taking account of any collateral held or other credit enhancements (Continued)

(i) *Maximum exposure to credit risk for loans and advances disclosed in credit risk levels*

The Group classified the credit risk levels of financial assets measured by ECL into "Low" (credit risk in good condition), "Medium" (increased credit risk), and "High" (credit risk in severe condition), based on the quality of assets. The credit risk level is used for the purpose of the Group's internal credit risk management. "Low" refers to assets with good credit quality. There is no sufficient reason to doubt that the assets are not expected to fulfill its contractual obligation to repay or if there is any other behaviors breaching the debt contracts that would significantly impact the repayment of debt according to contract terms. "Medium" refers to assets facing obvious negative factors impacting its repayment capacity, but not yet have non-repayment behaviors. "High" refers to non-repayment according to the debt contract terms, or other behaviors breaching the debt contracts or having significant impact on the repayment of debt according to contract terms.

Corporate loans and advances	As at 31 December 2024		
	Stage I 12 months ECL	Stage II & Stage III Lifetime ECL	Total
Credit risk grade			
Low	15,541,041	54,112	15,595,153
Medium	–	227,196	227,196
High	–	230,918	230,918
Gross carrying amount	15,541,041	512,226	16,053,267
Allowance for impairment losses	(442,653)	(216,093)	(658,746)
Net amount	15,098,388	296,133	15,394,521

Personal Loans	As at 31 December 2024		
	Stage I 12 months ECL	Stage II & Stage III Lifetime ECL	Total
Credit risk grade			
Low	8,611,913	29,269	8,641,182
Medium	–	120,491	120,491
High	–	91,247	91,247
Gross carrying amount	8,611,913	241,007	8,852,920
Allowance for impairment losses	(183,244)	(87,184)	(270,428)
Net amount	8,428,669	153,823	8,582,492

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.1 Credit risk (Continued)

***Maximum exposure to credit risk without taking account of any collateral held or other credit enhancements** (Continued)*

(i) Maximum exposure to credit risk for loans and advances disclosed in credit risk levels (Continued)

Corporate loans and advances	As at 31 December 2023		
	Stage I 12 months ECL	Stage II & Stage III Lifetime ECL	Total
Credit risk grade			
Low	13,977,605	51,293	14,028,898
Medium	–	245,659	245,659
High	–	241,556	241,556
Gross carrying amount	13,977,605	538,508	14,516,113
Allowance for impairment losses	(432,910)	(215,054)	(647,964)
Net amount	13,544,695	323,454	13,868,149

Personal Loans	As at 31 December 2023		
	Stage I 12 months ECL	Stage II & Stage III Lifetime ECL	Total
Credit risk grade			
Low	7,930,111	34,735	7,964,846
Medium	–	74,458	74,458
High	–	59,204	59,204
Gross carrying amount	7,930,111	168,397	8,098,508
Allowance for impairment losses	(171,622)	(63,269)	(234,891)
Net amount	7,758,489	105,128	7,863,617

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.1 Credit risk (Continued)

***Maximum exposure to credit risk without taking account of any collateral held or other credit enhancements** (Continued)*

(ii) Maximum exposure to credit risk for debt instrument investments at amortized cost disclosed in credit risk levels

	As at 31 December 2024		
	Stage I 12 months ECL	Stage II & Stage III Lifetime ECL	Total
Credit risk grade			
Low	9,927,191	–	9,927,191
Medium	–	599	599
High	–	1,412	1,412
Gross carrying amount	9,927,191	2,011	9,929,202
Allowance for impairment losses	(22,546)	(1,023)	(23,569)
Net amount	9,904,645	988	9,905,633

	As at 31 December 2023		
	Stage I 12 months ECL	Stage II & Stage III Lifetime ECL	Total
Credit risk grade			
Low	8,476,120	–	8,476,120
Medium	–	368	368
High	–	1,309	1,309
Gross carrying amount	8,476,120	1,677	8,477,797
Allowance for impairment losses	(13,253)	(1,289)	(14,542)
Net amount	8,462,867	388	8,463,255

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.1 Credit risk (Continued)

Maximum exposure to credit risk without taking account of any collateral held or other credit enhancements (Continued)

(iii) Maximum exposure to credit risk for other debt instrument investments at fair value through other comprehensive income disclosed in credit risk levels

	As at 31 December 2024		
	Stage I 12 months ECL	**Stage II & Stage III Lifetime ECL**	**Total**
Credit risk grade			
Low	**3,418,021**	**285**	**3,418,306**
Medium	**–**	**303**	**303**
High	**–**	**–**	**–**
Carrying amount	**3,418,021**	**588**	**3,418,609**

	As at 31 December 2023		
	Stage I 12 months ECL	Stage II & Stage III Lifetime ECL	Total
Credit risk grade			
Low	2,194,783	554	2,195,337
Medium	–	331	331
High	–	17	17
Carrying amount	2,194,783	902	2,195,685

(iv) Maximum exposure to credit risk for loan commitments and financial guarantee contracts is balance after estimated contingent liabilities. Majority of loan commitments and financial guarantee contracts is in Stage I with credit risk grade as "Low".

(v) As at 31 December 2024 and 31 December 2023, in its deposits with banks and other financial institutions, placements with and loans to banks and other financial institutions, and financial assets held under resale agreements, the Group had insignificant balances with "Medium" and "High" credit risk grade and classified as Stage II and Stage III assets.

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.1 Credit risk (Continued)

Maximum exposure to credit risk without taking account of any collateral held or other credit enhancements (Continued)

(vi) The Group has implemented specific policies and credit enhancement practices to mitigate credit risk exposure to an acceptable level. The most typical practice is obtaining guarantee deposits, collateral and guarantees. The amount and type of acceptable collateral are determined through the assessment of credit risk of borrowers or counterparties. The Group implements guidelines on the acceptability of specific classes of collateral and evaluation parameters.

The main types of collateral obtained are as follows:

— Mortgage loans to retail customers are generally collateralized by mortgages over residential properties;

— Other personal lending and corporate loans and advances are primarily collateralized by charges over land and properties or other assets of the borrowers; and

— Financial assets held under resale agreements transactions are primarily collateralized by debt securities and bills, etc.

The Group monitors the market value of collateral periodically and requests for additional collateral in accordance with the underlying agreement when necessary.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.1 Credit risk (Continued)

Loans and advances to customers

The below information does not include accrued interests of loans and advances to customers.

(1) *The composition of loans and advances to customers by geographical area is analyzed as follows:*

	As at 31 December			
	2024		2023	
	Amount	% of total	Amount	% of total
Corporate loans and advances				
Head Office	**570,025**	**3.6**	559,690	3.9
Yangtze River Delta	**4,258,989**	**26.5**	3,733,534	25.7
Pearl River Delta	**2,208,655**	**13.8**	2,038,897	14.1
Bohai Rim	**2,142,403**	**13.4**	1,983,918	13.7
Central China	**2,479,386**	**15.5**	2,161,883	14.9
Western China	**3,481,138**	**21.7**	3,155,050	21.8
Northeastern China	**511,328**	**3.2**	468,891	3.2
Overseas and Others	**373,883**	**2.3**	385,877	2.7
Subtotal	**16,025,807**	**100.0**	14,487,740	100.0
Personal loans				
Head Office	**350,336**	**4.0**	45	0.0
Yangtze River Delta	**1,770,702**	**20.1**	1,804,749	22.4
Pearl River Delta	**1,686,622**	**19.1**	1,643,329	20.3
Bohai Rim	**1,212,201**	**13.7**	1,158,539	14.3
Central China	**1,593,044**	**18.0**	1,458,634	18.1
Western China	**1,942,783**	**22.0**	1,758,985	21.8
Northeastern China	**258,524**	**2.9**	235,634	2.9
Overseas and Others	**16,232**	**0.2**	16,614	0.2
Subtotal	**8,830,444**	**100.0**	8,076,529	100.0
Gross loans and advances to customers	**24,856,251**		22,564,269	

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.1 Credit risk (Continued)

Loans and advances to customers (Continued)

(2) *The composition of loans and advances to customers by industry is analyzed as follows:*

	As at 31 December			
	2024		2023	
	Amount	% of total	Amount	% of total
Corporate loans and advances				
Transportation, logistics and postal services	**3,043,610**	**18.9**	2,736,603	18.9
Manufacturing	**2,694,054**	**16.8**	2,499,350	17.3
Leasing and commercial services	**2,380,813**	**14.9**	2,148,952	14.8
Production and supply of power, heat, gas and water	**1,677,005**	**10.5**	1,487,779	10.3
Retail and wholesale	**1,315,312**	**8.2**	1,131,128	7.8
Water, environment and public utilities management	**1,269,111**	**7.9**	1,145,331	7.9
Finance	**1,109,225**	**6.9**	968,329	6.7
Real estate	**913,134**	**5.7**	918,851	6.3
Construction	**569,371**	**3.6**	496,062	3.4
Mining	**308,667**	**1.9**	283,272	2.0
Others	**745,505**	**4.7**	672,083	4.6
Subtotal	**16,025,807**	**100.0**	14,487,740	100.0
Personal loans				
Residential mortgage	**4,984,594**	**56.4**	5,170,827	64.0
Personal business	**2,495,466**	**28.3**	1,849,476	22.9
Personal consumption	**491,414**	**5.6**	356,018	4.4
Credit cards	**858,811**	**9.7**	700,031	8.7
Others	**159**	**0.0**	177	0.0
Subtotal	**8,830,444**	**100.0**	8,076,529	100.0
Gross loans and advances to customers	**24,856,251**		22,564,269	

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.1 Credit risk (Continued)

Loans and advances to customers (Continued)

(3) *The composition of loans and advances to customers by contractual maturity and security type is analyzed as follows:*

	31 December 2024			
	Less than 1 year	**1–5 years**	**Over 5 years**	**Total**
Unsecured loans	**4,009,848**	**3,799,571**	**2,687,228**	**10,496,647**
Guaranteed loans	**769,295**	**793,657**	**1,440,682**	**3,003,634**
Loans secured by mortgages	**1,208,521**	**1,498,825**	**6,195,934**	**8,903,280**
Pledged loans	**315,051**	**296,843**	**1,840,796**	**2,452,690**
Total	**6,302,715**	**6,388,896**	**12,164,640**	**24,856,251**

	31 December 2023			
	Less than 1 year	1–5 years	Over 5 years	Total
Unsecured loans	4,082,548	1,908,519	2,597,474	8,588,541
Guaranteed loans	810,939	613,035	1,492,090	2,916,064
Loans secured by mortgages	1,618,549	735,402	6,265,124	8,619,075
Pledged loans	365,530	137,767	1,937,292	2,440,589
Total	6,877,566	3,394,723	12,291,980	22,564,269

(4) *Overdue loans (i)*

	31 December 2024					
	Overdue 1–30 days	**Overdue 31–90 days**	**Overdue 91 to 360 days**	**Overdue 361 days to 3 years**	**Overdue over 3 years**	**Total**
Unsecured loans	**13,503**	**14,159**	**34,888**	**10,253**	**3,639**	**76,442**
Guaranteed loans	**4,990**	**2,239**	**9,515**	**9,147**	**3,984**	**29,875**
Loans secured by mortgages	**29,180**	**33,911**	**63,894**	**42,927**	**8,871**	**178,783**
Pledged loans	**2,040**	**118**	**1,529**	**3,995**	**315**	**7,997**
Total	**49,713**	**50,427**	**109,826**	**66,322**	**16,809**	**293,097**

	31 December 2023					
	Overdue 1–30 days	Overdue 31–90 days	Overdue 91 to 360 days	Overdue 361 days to 3 years	Overdue over 3 years	Total
Unsecured loans	11,473	8,353	21,779	9,247	4,155	55,007
Guaranteed loans	4,029	1,201	8,065	11,702	1,295	26,292
Loans secured by mortgages	46,465	36,278	39,491	27,138	5,799	155,171
Pledged loans	2,145	1,083	1,440	2,965	427	8,060
Total	64,112	46,915	70,775	51,052	11,676	244,530

(i) *When either loan principal or interest is past due by one day (inclusive) in any period, the whole loan is classified as overdue loan.*

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.1 Credit risk (Continued)

Loans and advances to customers (Continued)

(5) Credit quality of loans and advances to customers

Within the credit-impaired loans and advances, the portions covered and not covered by collaterals held are as follows:

	As at 31 December	
	2024	2023
Portion covered	**202,304**	188,740
Portion not covered	**119,861**	112,020
Total	**322,165**	300,760

(6) Modification of contractual cash flows

A modification or re-negotiation of a contract between the Group and a counterparty may result in a change to the contractual cash flows without resulting in the derecognition of the financial assets. Such restructuring activities include extended payment term arrangements, repayment schedule modifications and changes to the interest settlement method. The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The gross carrying amount of the financial asset is recalculated and the related gain or loss is recognized in profit and loss. The gross carrying amount of the financial asset is determined based on the present value of the renegotiated or modified contractual cash flows discounted at the financial asset's original effective interest rate.

The Group monitors the subsequent performance of modified assets. If the Group determines that the credit risk has significantly improved after modified, the relevant loans and advances will be transferred from Stage III to Stage I or Stage II to Stage I, the impairment allowance of these assets will be measured on the basis of 12 months ECL instead of the lifetime ECL. Assets can be recalled only after they have been observed for at least six consecutive months and reach specific criteria.

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.1 Credit risk (Continued)

Loans and advances to customers (Continued)

(7) Rescheduled Loans

According to the Rules on Risk Classification of Financial Assets of Commercial Banks issued by the NFRA and the People's Bank of China, which came into force on 1 July 2023, rescheduled loans refer to the loans provided by the Group in response to the financial difficulties of the borrower, aiming at facilitating the borrower in repaying debts, involving favourable adjustments to the loan contracts for the benefit the borrowers, or providing refinancing for the borrower's existing loans, including rollover or additional debt financing. Rescheduled loans and advances of the Group as at 31 December 2024 amounted to RMB105,510 million (31 December 2023: RMB44,525 million).

(8) Debt-for-equity swaps of bankruptcy reorganization

During the year ended 31 December 2024, as a result of debt-for-equity swaps of bankruptcy reorganization, the Group recognized ordinary shares with a fair value of RMB445 million (year ended 31 December 2023: RMB3,299 million). The loss associated with the debt-for-equity swaps of bankruptcy reorganization was not significant.

Debt instruments

Credit quality of debt instruments

(1) Analysis of the expected credit loss stages of debt instrument investments at amortized cost and other debt instrument investments at fair value through other comprehensive income were disclosed in Notes IV18.2 and 18.3, respectively.

(2) Debt instruments analyzed by credit rating

The Group adopts a credit rating approach to manage the credit risk of the debt instruments portfolio held. The Group classified the credit risk levels of financial assets measured by ECL into "Low" (credit risk in good condition), "Medium" (increased credit risk), and "High" (credit risk in severe condition), based on the quality of assets. The credit risk level is used for the purpose of the Group's internal credit risk management. "Low" refers to assets with good credit quality. There is no sufficient reason to doubt that the assets are not expected to fulfill its contractual obligation to repay or if there are any other behaviors breaching the debt contracts that would significantly impact the repayment of debt according to contract terms. "Medium" refers to assets facing obvious negative factors impacting its repayment capacity, but not yet have non-repayment behaviors. "High" refers to non-repayment according to the debt contract terms, or other behaviors breaching the debt contracts and having significant impact on the repayment of debt according to contract terms.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.1 Credit risk (Continued)

Debt instruments (Continued)

Credit quality of debt instruments (Continued)

(2) Debt instruments analyzed by credit rating (Continued)

The carrying amounts of debt instruments investments at amortized cost and other debt instrument investments at fair value through other comprehensive income analyzed by their credit rating as at the end of the reporting period are as follows (i):

		31 December 2024			
Credit grade	**Note**	**Low**	**Medium**	**High**	**Total**
Debt securities issued by					
— Governments		**9,278,676**	**–**	**–**	**9,278,676**
— Public sector and quasi-governments		**1,855,002**	**–**	**–**	**1,855,002**
— Financial institutions		**1,528,425**	**–**	**–**	**1,528,425**
— Corporates	(ii)	**190,453**	**303**	**–**	**190,756**
Special government bond		**94,097**	**–**	**–**	**94,097**
Receivable from the MOF		**348,136**	**–**	**–**	**348,136**
Others		**28,162**	**583**	**405**	**29,150**
Total		**13,322,951**	**886**	**405**	**13,324,242**

		31 December 2023			
Credit grade	Note	Low	Medium	High	Total
Debt securities issued by					
— Governments		6,904,528	–	–	6,904,528
— Public sector and quasi-governments		2,240,058	–	–	2,240,058
— Financial institutions		869,390	–	–	869,390
— Corporates	(ii)	184,608	331	17	184,956
Special government bond		94,106	–	–	94,106
Receivable from the MOF		340,595	–	–	340,595
Others		24,919	368	20	25,307
Total		10,658,204	699	37	10,658,940

(i) The ratings above were internal ratings obtained from the Group and the Bank, financial assets at fair value through profit or loss were not included in the credit grade table as at 31 December 2024 and 31 December 2023.

(ii) As at 31 December 2024, the ratings of super short-term commercial papers of the Group amounted to RMB5,577 million (31 December 2023: RMB2,409 million) included in corporate bonds above were based on issuer rating for this credit risk analysis.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.2 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset.

The Group's Assets and Liabilities Management Department manages its liquidity risk through:

— Optimizing asset and liability structure;

— Maintaining stability of deposit base;

— Making projections of future cash flows, and evaluating the appropriate liquid asset position;

— Maintaining an efficient internal funds transfer mechanism within the Group; and

— Performing stress testing on a regular basis.

Analysis of the remaining contractual maturity of financial assets and financial liabilities

The tables below summarize the maturity analysis of financial assets and financial liabilities by remaining contractual maturities based on the carrying amount at the end of each reporting period:

	31 December 2024								
	Past due	On demand	Less than 1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Undated	Total
Cash and balances with central banks	–	114,093	494	1,096	14,910	–	–	2,003,859	2,134,452
Deposits with banks and other financial institutions	–	151,891	47,228	117,934	238,139	16,764	–	–	571,956
Placements with and loans to banks and other financial institutions	–	–	220,778	58,203	179,070	70,084	1,632	–	529,767
Derivative financial assets	–	–	10,783	14,630	36,473	3,599	435	–	65,920
Financial assets held under resale agreements	3,872	–	1,348,884	11,744	7,071	–	–	–	1,371,571
Loans and advances to customers	54,585	–	1,032,708	1,505,023	4,796,794	5,413,569	11,174,334	–	23,977,013
Financial assets at fair value through profit or loss	–	1,648	3,442	26,079	93,780	41,497	218,445	128,415	513,306
Debt instrument investments at amortized cost	696	–	63,399	175,703	967,182	2,746,512	5,952,141	–	9,905,633
Other debt instrument and other equity investments at fair value through other comprehensive income	–	–	203,038	288,408	874,749	1,347,570	704,844	11,555	3,430,164
Other financial assets	4,479	241,115	2,672	243	3,612	123	7,777	–	260,021
Total financial assets	63,632	508,747	2,933,426	2,199,063	7,211,780	9,639,718	18,059,608	2,143,829	42,759,803

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.2 Liquidity risk (Continued)

Analysis of the remaining contractual maturity of financial assets and financial liabilities (Continued)

The tables below summarize the maturity analysis of financial assets and financial liabilities by remaining contractual maturities based on the carrying amount at the end of each reporting period: (Continued)

	31 December 2024								
	Past due	On demand	Less than 1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Undated	Total
Borrowings from central banks	–	(30)	(119,708)	(170,668)	(556,918)	–	–	–	(847,324)
Deposits from banks and other financial institutions	–	(2,481,038)	(219,913)	(740,743)	(661,272)	(539,686)	(24,909)	–	(4,667,561)
Placements from banks and other financial institutions	–	–	(129,452)	(147,003)	(75,755)	(9,515)	(2,297)	–	(364,022)
Financial liabilities at fair value through profit or loss	–	(15,254)	–	–	(362)	(225)	–	–	(15,841)
Derivative financial liabilities	–	–	(13,011)	(13,246)	(29,096)	(2,763)	(30)	–	(58,146)
Financial assets sold under repurchase agreements	–	–	(193,314)	(191,758)	(230,653)	–	–	–	(615,725)
Due to customers	–	(12,930,887)	(1,209,168)	(2,594,225)	(5,738,699)	(7,830,453)	(1,925)	–	(30,305,357)
Debt securities issued	–	–	(108,465)	(587,991)	(1,300,988)	(141,042)	(540,023)	–	(2,678,509)
Other financial liabilities	–	(184,076)	(2,566)	(780)	(3,491)	(10,449)	(20,640)	–	(222,002)
Total financial liabilities	–	(15,611,285)	(1,995,597)	(4,446,414)	(8,597,234)	(8,534,133)	(589,824)	–	(39,774,487)
Net position	63,632	(15,102,538)	937,829	(2,247,351)	(1,385,454)	1,105,585	17,469,784	2,143,829	2,985,316

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.2 Liquidity risk (Continued)

Analysis of the remaining contractual maturity of financial assets and financial liabilities (Continued)

The tables below summarize the maturity analysis of financial assets and financial liabilities by remaining contractual maturities based on the carrying amount at the end of each reporting period: (Continued)

	31 December 2023								
	Past due	On demand	Less than 1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Undated	Total
Cash and balances with central banks	–	409,263	–	1,196	10,524	–	–	2,501,064	2,922,047
Deposits with banks and other financial institutions	–	146,973	145,871	97,137	672,860	17,235	–	–	1,080,076
Placements with and loans to banks and other financial institutions	–	–	155,745	78,951	222,321	59,164	–	–	516,181
Derivative financial assets	–	–	5,635	7,568	8,773	2,542	355	–	24,873
Financial assets held under resale agreements	3,872	–	1,793,874	10,333	1,480	–	–	–	1,809,559
Loans and advances to customers	26,167	–	860,084	1,426,659	4,863,202	4,883,398	9,672,256	–	21,731,766
Financial assets at fair value through profit or loss	–	3,083	2,767	36,500	105,554	41,950	226,153	131,400	547,407
Debt instrument investments at amortized cost	387	–	81,055	179,635	572,798	2,502,672	5,126,708	–	8,463,255
Other debt instrument and other equity investments at fair value through other comprehensive income	17	–	84,594	291,167	596,560	641,529	581,818	7,366	2,203,051
Other financial assets	4,157	125,775	1,827	302	3,025	883	7,694	–	143,663
Total financial assets	34,600	685,094	3,131,452	2,129,448	7,057,097	8,149,373	15,614,984	2,639,830	39,441,878

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.2 Liquidity risk (Continued)

Analysis of the remaining contractual maturity of financial assets and financial liabilities (Continued)

The tables below summarize the maturity analysis of financial assets and financial liabilities by remaining contractual maturities based on the carrying amount at the end of each reporting period: (Continued)

	31 December 2023								
	Past due	On demand	Less than 1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Undated	Total
Borrowings from central banks	–	(30)	(123,464)	(180,958)	(822,617)	–	–	–	(1,127,069)
Deposits from banks and other financial institutions	–	(2,346,706)	(213,026)	(347,853)	(509,181)	(229,323)	(7,408)	–	(3,653,497)
Placements from banks and other financial institutions	–	–	(138,121)	(134,140)	(104,937)	(2,724)	(2,368)	–	(382,290)
Financial liabilities at fair value through profit or loss	–	(11,987)	(80)	–	(321)	(209)	–	–	(12,597)
Derivative financial liabilities	–	–	(7,353)	(8,024)	(10,492)	(1,948)	–	–	(27,817)
Financial assets sold under repurchase agreements	–	–	(18,776)	(40,684)	(41,061)	–	–	–	(100,521)
Due to customers	–	(14,159,827)	(875,952)	(1,846,343)	(4,566,756)	(7,441,935)	(7,655)	–	(28,898,468)
Debt securities issued	–	–	(166,810)	(496,344)	(1,018,088)	(129,703)	(484,976)	–	(2,295,921)
Other financial liabilities	–	(125,567)	(1,799)	(768)	(4,204)	(11,433)	(16,223)	–	(159,994)
Total financial liabilities	–	(16,644,117)	(1,545,381)	(3,055,114)	(7,077,657)	(7,817,275)	(518,630)	–	(36,658,174)
Net position	34,600	(15,959,023)	1,586,071	(925,666)	(20,560)	332,098	15,096,354	2,639,830	2,783,704

Analysis of the undiscounted contractual cash flows

Assets available to meet obligations related to the Group's liabilities and outstanding credit commitments primarily include cash and balances with central banks, deposits with banks and other financial institutions, placements with and loans to banks and other financial institutions, financial assets at fair value through profit or loss, and financial assets held under resale agreements. In the normal course of business, the majority of customer deposits repayable on demand or on maturity are expected to be retained. In addition, the Group is able to sell the other debt instrument and other equity investments at fair value through other comprehensive income to repay matured liabilities, if necessary.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.2 Liquidity risk (Continued)

Analysis of the undiscounted contractual cash flows (Continued)

The tables below present the undiscounted cash flows of non-derivative financial assets and financial liabilities by remaining contractual maturities at the end of each reporting period:

	31 December 2024								
	Past due	On demand	Less than 1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Undated	Total
Non-derivative financial assets									
Cash and balances with central banks	–	114,093	494	1,096	14,910	–	–	2,003,859	2,134,452
Deposits with banks and other financial institutions	–	152,281	47,400	118,586	240,602	17,842	–	–	576,711
Placements with and loans to banks and other financial institutions	–	–	221,734	58,857	182,456	77,057	1,732	–	541,836
Financial assets held under resale agreements	3,915	–	1,351,184	11,788	7,115	–	–	–	1,374,002
Loans and advances to customers	121,563	–	1,129,863	1,656,571	5,327,497	7,278,533	14,871,422	–	30,385,449
Financial assets at fair value through profit or loss	–	1,648	3,498	26,275	98,838	65,478	231,236	128,415	555,388
Debt instrument investments at amortized cost	1,379	–	65,622	190,054	1,135,894	3,630,725	7,036,406	–	12,060,080
Other debt instrument and other equity investments at fair value through other comprehensive income	–	–	207,349	303,249	957,652	1,544,911	818,087	11,555	3,842,803
Other financial assets	5,064	243,823	2,682	245	3,647	123	7,863	–	263,447
Total non-derivative financial assets	131,921	511,845	3,029,826	2,366,721	7,968,611	12,614,669	22,966,746	2,143,829	51,734,168

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.2 Liquidity risk (Continued)

Analysis of the undiscounted contractual cash flows (Continued)

The tables below present the undiscounted cash flows of non-derivative financial assets and financial liabilities by remaining contractual maturities at the end of each reporting period: (Continued)

	31 December 2024								
	Past due	On demand	Less than 1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Undated	Total
Non-derivative financial liabilities									
Borrowings from central banks	–	(30)	(119,829)	(171,345)	(564,558)	–	–	–	(855,762)
Deposits from banks and other financial institutions	–	(2,481,038)	(223,379)	(748,964)	(678,517)	(601,510)	(25,533)	–	(4,758,941)
Placements from banks and other financial institutions	–	–	(130,235)	(147,837)	(76,368)	(10,750)	(2,587)	–	(367,777)
Financial liabilities at fair value through profit or loss	–	(15,254)	–	–	(362)	(225)	–	–	(15,841)
Financial assets sold under repurchase agreements	–	–	(193,334)	(192,311)	(232,440)	–	–	–	(618,085)
Due to customers	–	(12,930,887)	(1,210,281)	(2,602,388)	(5,808,331)	(8,220,640)	(2,088)	–	(30,774,615)
Debt securities issued	–	–	(108,605)	(591,599)	(1,327,178)	(217,450)	(636,167)	–	(2,880,999)
Other financial liabilities	–	(184,076)	(2,567)	(783)	(3,544)	(10,909)	(20,887)	–	(222,766)
Total non-derivative financial liabilities	–	(15,611,285)	(1,988,230)	(4,455,227)	(8,691,298)	(9,061,484)	(687,262)	–	(40,494,786)
Net position	131,921	(15,099,440)	1,041,596	(2,088,506)	(722,687)	3,553,185	22,279,484	2,143,829	11,239,382

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.2 Liquidity risk (Continued)

Analysis of the undiscounted contractual cash flows (Continued)

The tables below present the undiscounted cash flows of non-derivative financial assets and financial liabilities by remaining contractual maturities at the end of each reporting period: (Continued)

	31 December 2023								
	Past due	On demand	Less than 1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Undated	Total
Non-derivative financial assets									
Cash and balances with central banks	–	409,263	–	1,196	10,524	–	–	2,501,064	2,922,047
Deposits with banks and other financial institutions	–	147,065	146,068	97,971	684,001	18,570	–	–	1,093,675
Placements with and loans to banks and other financial institutions	–	–	157,148	80,361	226,642	66,027	–	–	530,178
Financial assets held under resale agreements	3,915	–	1,797,692	10,367	1,491	–	–	–	1,813,465
Loans and advances to customers	75,740	–	951,092	1,599,552	5,619,928	7,135,383	14,229,993	–	29,611,688
Financial assets at fair value through profit or loss	–	3,083	2,814	37,014	111,317	71,775	249,678	131,400	607,081
Debt instrument investments at amortized cost	1,302	–	82,127	190,919	721,280	3,324,226	6,097,362	–	10,417,216
Other debt instrument and other equity investments at fair value through other comprehensive income	21	–	84,849	295,971	632,303	747,610	681,570	7,366	2,449,690
Other financial assets	5,111	128,432	1,828	302	3,026	883	7,695	–	147,277
Total non-derivative financial assets	86,089	687,843	3,223,618	2,313,653	8,010,512	11,364,474	21,266,298	2,639,830	49,592,317

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.2 Liquidity risk (Continued)

Analysis of the undiscounted contractual cash flows (Continued)

The tables below present the undiscounted cash flows of non-derivative financial assets and financial liabilities by remaining contractual maturities at the end of each reporting period: (Continued)

	31 December 2023								
	Past due	On demand	Less than 1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Undated	Total
Non-derivative financial liabilities									
Borrowings from central banks	–	(30)	(123,611)	(181,679)	(837,139)	–	–	–	(1,142,459)
Deposits from banks and other financial institutions	–	(2,346,706)	(215,353)	(350,315)	(519,072)	(243,566)	(7,735)	–	(3,682,747)
Placements from banks and other financial institutions	–	–	(139,279)	(135,438)	(106,075)	(3,732)	(2,816)	–	(387,340)
Financial liabilities at fair value through profit or loss	–	(11,987)	(80)	–	(321)	(209)	–	–	(12,597)
Financial assets sold under repurchase agreements	–	–	(18,798)	(41,123)	(41,957)	–	–	–	(101,878)
Due to customers	–	(14,159,827)	(876,853)	(1,853,472)	(4,626,084)	(7,843,250)	(8,637)	–	(29,368,123)
Debt securities issued	–	–	(167,159)	(500,902)	(1,042,618)	(205,960)	(572,154)	–	(2,488,793)
Other financial liabilities	–	(125,567)	(1,824)	(802)	(4,370)	(11,836)	(16,283)	–	(160,682)
Total non-derivative financial liabilities	–	(16,644,117)	(1,542,957)	(3,063,731)	(7,177,636)	(8,308,553)	(607,625)	–	(37,344,619)
Net position	86,089	(15,956,274)	1,680,661	(750,078)	832,876	3,055,921	20,658,673	2,639,830	12,247,698

Derivative cash flows

Derivatives settled on a net basis

The tables below present the undiscounted contractual cash flows of the Group's net derivative positions based on their remaining contractual maturities:

	31 December 2024					
	Less than 1 month	**1–3 months**	**3–12 months**	**1–5 years**	**Over 5 years**	**Total**
Derivatives settled on a net basis	**1,668**	**1,527**	**(7,244)**	**(43)**	**–**	**(4,092)**

	31 December 2023					
	Less than 1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Total
Derivatives settled on a net basis	(26)	(549)	(1,443)	(42)	–	(2,060)

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.2 Liquidity risk (Continued)

Derivative cash flows (Continued)

Derivatives settled on a gross basis

The tables below present the undiscounted contractual cash flows of the Group's gross derivative positions based on their remaining contractual maturities:

	31 December 2024					
	Less than 1 month	**1–3 months**	**3–12 months**	**1–5 years**	**Over 5 years**	**Total**
Derivatives settled on a gross basis						
— Cash inflow	**795,257**	**551,217**	**1,401,479**	**95,497**	**5,584**	**2,849,034**
— Cash outflow	**(799,152)**	**(551,362)**	**(1,386,804)**	**(94,586)**	**(5,115)**	**(2,837,019)**
Total	**(3,895)**	**(145)**	**14,675**	**911**	**469**	**12,015**

	31 December 2023					
	Less than 1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Total
Derivatives settled on a gross basis						
— Cash inflow	468,867	343,763	753,701	52,155	828	1,619,314
— Cash outflow	(472,545)	(344,648)	(753,886)	(49,782)	(464)	(1,621,325)
Total	(3,678)	(885)	(185)	2,373	364	(2,011)

Off-balance sheet items

The off-balance sheet items primarily include loan commitments, bank acceptances, credit card commitments, letters of guarantee and guarantees and letters of credit. The tables below summarize the amounts of credit commitments by remaining maturity. Financial guarantees are also included below at notional amounts and based on the earliest contractual maturity date.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.2 Liquidity risk (Continued)

Off-balance sheet items (Continued)

	31 December 2024			
	Less than 1 year	**1–5 years**	**Over 5 years**	**Total**
Loan commitments	**41,341**	**91,032**	**111,380**	**243,753**
Bank acceptances	**1,127,316**	**–**	**–**	**1,127,316**
Credit card commitments	**883,311**	**–**	**–**	**883,311**
Letters of guarantee and guarantees	**206,900**	**170,985**	**22,035**	**399,920**
Letters of credit	**183,032**	**37,019**	**–**	**220,051**
Total	**2,441,900**	**299,036**	**133,415**	**2,874,351**

	31 December 2023			
	Less than 1 year	1–5 years	Over 5 years	Total
Loan commitments	100,012	108,100	157,735	365,847
Bank acceptances	1,024,150	–	–	1,024,150
Credit card commitments	873,029	–	–	873,029
Letters of guarantee and guarantees	177,954	174,552	21,409	373,915
Letters of credit	196,217	22,257	350	218,824
Total	2,371,362	304,909	179,494	2,855,765

44.3 Market risk

Market risk represents the potential loss arising from changes in market rates of interest and foreign exchange, as well as commodity and equity prices. Market risk arises from both the Group's proprietary positions and customer driven transactions, in both cases related to on-and off-balance sheet activities.

The Group is primarily exposed to interest rate risk through corporate, personal banking and treasury operations. Interest rate risk is inherent in many of the Group's businesses and this situation is common among large banks. It fundamentally arises through mismatches between the maturity and re-pricing dates of interest-earning assets and interest-bearing liabilities.

Foreign exchange rate risk is the potential loss related to changes in foreign exchange rates affecting the translation of foreign currency denominated assets and liabilities. The risk of loss results from movements in foreign currency exchange rates.

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.3 Market risk (Continued)

The Group is also exposed to commodity risk, primarily related to gold and other precious metals. The risk of loss results from movements in commodity price. The Group manages the risk related to gold price together with foreign exchange rate risk.

The Group has determined that the levels of market risk related to changes in equity prices and commodity prices other than gold, with respect to the related exposures in its trading and investment portfolios, are immaterial.

Segregation of Trading Book and Banking Book

In accordance with the requirements of *the Capital Rules for Commercial Banks* (2023 No. 4 of the NFRA) issued by the NFRA, the Group manages market risk separately by segregation of trading book and banking book. The trading book is comprised of financial instruments, foreign currency and commodity positions held for trading or risk hedging. Any other positions are included in the banking book.

Market Risk Management for Trading Book

The Group manages market risk in the trading book through methodologies that include stress testing, Value at Risk (VaR), monitoring and management of established limits, sensitivity analysis, duration analysis and exposure analysis.

Based on changes in the external market and business operations, the Group formulates annual financial market business risk management strategy, and further clarifies the admission standards and specific management requirements to be followed for bond trading and derivatives trading. Meanwhile, the Group establishes market risk exposure limits for the trading book, measuring and monitoring the risk limits through the market risk management system.

The Bank has adopted an historical simulation method, with a confidence level of 99% based on holding period of 1 day and historical data for 250 days to calculate the VaR of the trading book, which includes the Head Office, domestic branches and overseas branches. Based on the differences between domestic and overseas markets, the Bank selected applicable parameters for model and risk factors in order to reflect the actual market risk levels. The Bank verified the accuracy and reliability of market risk measurement models through data analysis, parallel modeling, and back-testing of the market risk measurement models.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.3 Market risk (Continued)

Market Risk Management for Trading Book (Continued)

VaR Analysis for the Trading Book

Bank

		2024			
	Note	**At the end of the year**	**Average**	**Maximum**	**Minimum**
Interest rate risk		**60**	**53**	**136**	**30**
Exchange rate risk	(1)	**96**	**377**	**516**	**59**
Commodity risk		**12**	**22**	**37**	**11**
Overall VaR		**99**	**373**	**508**	**83**

Bank

		2023			
	Note	At the end of the year	Average	Maximum	Minimum
Interest rate risk		37	63	102	8
Exchange rate risk	(1)	252	236	327	120
Commodity risk		14	32	42	14
Overall VaR		249	246	347	142

(1) VaR related to gold is recognized as a component of foreign exchange rate risk.

The Bank calculates VaR for its trading book (excluding RMB foreign currency settlement contracts with customers under relevant regulations). The Bank conducts stress testing for its trading book quarterly. The specific areas subject to this testing include the major areas of exposure, such as bonds, interest rate derivatives, foreign exchange derivatives and precious metal. The stress testing uses a range of scenarios to assess the potential impact on profit and loss.

Market Risk Management for Banking Book

The Group manages market risk related to the banking book by consistently applying techniques across the Group that include exposure limit management, stress testing, scenario analysis and gap analysis.

Interest Rate Risk Management

Interest rate risk refers to the risk that the adverse changes in interest rate levels and maturity structures will cause the economic value of the banking book or overall income to suffer losses. The Group's book interest rate risk mainly comes from the mismatch of maturity or repricing periods of interest-sensitive assets and liabilities in the Group's book and the inconsistent changes in the benchmark interest rate on which assets and liabilities are based.

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.3 Market risk (Continued)

Market Risk Management for Banking Book (Continued)

Interest Rate Risk Management (Continued)

Since the People's Bank of China's RMB Loan Prime Rate (LPR) reform, the Group has implemented relevant policies in accordance with regulatory requirements, promoted business system transformation, modified system loan contracts, improved internal and external interest rate pricing mechanisms, strengthened staff training for branches, comprehensively promoted LPR applications, and basically realized the entire system and the entire process of loan pricing application of LPR pricing. After the People's Bank of China reforms LPR, the connection between the benchmark interest rate on loans and the market interest rate will be closer, and the frequency and amplitude of volatility will increase relatively. To this end, the Group strengthened the monitoring and prejudgment of the external interest rate environment, adjusted internal and external pricing strategies in a timely manner, optimized the asset and liability product structure and maturity structure, and proactively adjusted the risk structure to reduce the economic value and overall impact of interest rate changes and the adverse impact of earnings. During the reporting period, the Group's interest rate risk level was generally stable, and all quota indicators were controlled within the scope of regulatory requirements and management objectives.

Foreign Exchange Rate Risk Management

Foreign exchange rate risk relates to the mismatch of foreign currency denominated assets and liabilities, and the potential loss related to changes in foreign exchange rates, which largely arises through operational activities.

The Group performs monitoring and sensitivity analysis of foreign exchange rate risk exposure, manages the mismatch of foreign currency denominated assets and liabilities to effectively manage foreign exchange rate risk exposure within acceptable limits.

Market Risk Exposure Limit Management

Market risk exposure limits of the Group are classified as either directive limits or indicative limits, including position limits, stop-loss limits, VaR limits, and stress testing limits.

The Group is committed to continuous improvement of its market risk exposure limit management. The Group establishes exposure limits reflecting its risk appetite and continuously refines the categorization of market risk exposure limits. Further, it regularly monitors, reports, refines, and implements improvements to the market risk exposure limit process.

Foreign exchange rate risk

The Group primarily conducts its business activities in RMB, with certain transactions denominated in USD, HKD and, to a lesser extent, other currencies.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.3 Market risk (Continued)

Foreign exchange rate risk (Continued)

The composition of all financial assets and liabilities at the end of each reporting period analyzed by currency is as follows:

	31 December 2024				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	Total
Cash and balances with central banks	2,016,139	74,140	7,127	37,046	2,134,452
Deposits with banks and other financial institutions	433,544	64,693	3,132	70,587	571,956
Placements with and loans to banks and other financial institutions	228,796	222,322	61,989	16,660	529,767
Derivative financial assets	56,054	3,971	3,039	2,856	65,920
Financial assets held under resale agreements	1,369,311	2,260	–	–	1,371,571
Loans and advances to customers	23,556,818	284,976	49,829	85,390	23,977,013
Financial assets at fair value through profit or loss	496,828	13,931	1,362	1,185	513,306
Debt instrument investments at amortized cost	9,789,420	90,346	18,260	7,607	9,905,633
Other debt instrument and other equity investments at fair value through other comprehensive income	3,100,343	276,412	1,523	51,886	3,430,164
Other financial assets	208,316	47,315	2,838	1,552	260,021
Total financial assets	41,255,569	1,080,366	149,099	274,769	42,759,803
Borrowings from central banks	(847,324)	–	–	–	(847,324)
Deposits from banks and other financial institutions	(4,606,053)	(33,322)	(27,649)	(537)	(4,667,561)
Placements from banks and other financial institutions	(96,102)	(199,089)	(48,117)	(20,714)	(364,022)
Financial liabilities at fair value through profit or loss	(15,479)	–	(362)	–	(15,841)
Derivative financial liabilities	(50,083)	(4,348)	(1,776)	(1,939)	(58,146)
Financial assets sold under repurchase agreements	(587,496)	(13,782)	–	(14,447)	(615,725)
Due to customers	(29,576,531)	(364,160)	(196,540)	(168,126)	(30,305,357)
Debt securities issued	(2,344,644)	(257,582)	(39,011)	(37,272)	(2,678,509)
Other financial liabilities	(198,961)	(18,799)	(2,153)	(2,089)	(222,002)
Total financial liabilities	(38,322,673)	(891,082)	(315,608)	(245,124)	(39,774,487)
Net on-balance sheet position	2,932,896	189,284	(166,509)	29,645	2,985,316
Net notional amount of derivatives	238,761	(226,519)	197,711	(36,954)	172,999
Loan commitments and financial guarantee contracts	2,561,743	231,757	632	80,219	2,874,351

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.3 Market risk (Continued)

Foreign exchange rate risk (Continued)

The composition of all financial assets and liabilities at the end of each reporting period analyzed by currency is as follows: (Continued)

	31 December 2023				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	Total
Cash and balances with central banks	2,817,659	75,462	1,439	27,487	2,922,047
Deposits with banks and other financial institutions	952,425	34,206	3,914	89,531	1,080,076
Placements with and loans to banks and other financial institutions	273,973	176,696	51,847	13,665	516,181
Derivative financial assets	16,718	2,715	2,849	2,591	24,873
Financial assets held under resale agreements	1,809,559	–	–	–	1,809,559
Loans and advances to customers	21,190,871	367,196	68,569	105,130	21,731,766
Financial assets at fair value through profit or loss	528,956	15,633	1,453	1,365	547,407
Debt instrument investments at amortized cost	8,325,508	117,301	14,656	5,790	8,463,255
Other debt instrument and other equity investments at fair value through other comprehensive income	1,871,112	257,247	11,189	63,503	2,203,051
Other financial assets	129,292	10,424	2,370	1,577	143,663
Total financial assets	37,916,073	1,056,880	158,286	310,639	39,441,878
Borrowings from central banks	(1,126,049)	–	–	(1,020)	(1,127,069)
Deposits from banks and other financial institutions	(3,577,419)	(50,430)	(23,448)	(2,200)	(3,653,497)
Placements from banks and other financial institutions	(88,192)	(204,480)	(56,710)	(32,908)	(382,290)
Financial liabilities at fair value through profit or loss	(12,276)	–	(321)	–	(12,597)
Derivative financial liabilities	(20,395)	(2,315)	(1,507)	(3,600)	(27,817)
Financial assets sold under repurchase agreements	(7,216)	(83,654)	–	(9,651)	(100,521)
Due to customers	(28,200,270)	(483,686)	(45,842)	(168,670)	(28,898,468)
Debt securities issued	(1,995,351)	(231,691)	(34,002)	(34,877)	(2,295,921)
Other financial liabilities	(139,636)	(17,544)	(1,171)	(1,643)	(159,994)
Total financial liabilities	(35,166,804)	(1,073,800)	(163,001)	(254,569)	(36,658,174)
Net on-balance sheet position	2,749,269	(16,920)	(4,715)	56,070	2,783,704
Net notional amount of derivatives	132,838	20,198	26,915	(60,272)	119,679
Loan commitments and financial guarantee contracts	2,580,632	217,252	13,818	44,063	2,855,765

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.3 Market risk (Continued)

Foreign exchange rate risk (Continued)

The table below indicates the potential effect on profit before tax and other comprehensive income arising from a 5% appreciation or depreciation of RMB spot and forward foreign exchange rates against a basket of all other currencies on the net positions of foreign currency monetary assets and liabilities and derivative instruments in the consolidated statement of financial position of the Group.

	31 December 2024		31 December 2023	
	Profit before tax	**Other comprehensive income**	Profit before tax	Other comprehensive income
5% appreciation	**519**	**238**	(1,368)	341
5% depreciation	**(519)**	**(238)**	1,368	(341)

The effect on profit before tax and other comprehensive income is calculated based on the assumption that the Group's foreign currency sensitive exposures and foreign currency derivative instruments net position at the end of each reporting period remain unchanged. The Group mitigates its foreign exchange rate risk through active management of its foreign currency exposures and the appropriate use of derivative instruments, based on management expectation of future foreign currency exchange rate movements. Such analysis does not take into account the correlation effect of changes in different foreign currencies, nor any further actions that could be taken by management to mitigate the effect of foreign exchange differences. Therefore, the sensitivity analysis above may differ from actual results occurring through changes in foreign exchange rates.

Interest rate risk

The Group's interest rate risk arises from the mismatches between contractual maturities or re-pricing dates of interest-generating assets and interest-bearing liabilities, as well as the inconsistent variations in the benchmark interest rate on which the assets and liabilities are based. The Group's interest-generating assets and interest-bearing liabilities are primarily denominated in RMB. The PBOC stipulated the benchmark interest rate for RMB deposits. The deposit interest rate floating ceiling was removed by the PBOC with effect from 24 December 2015 for commercial banks. Since 16 August 2019, the PBOC established LPR to replace RMB benchmark interest rates for loan as a pricing benchmark of new loan whereby financial institutions are in a position to price their loans based on commercial and market factors.

The Group manages its interest rate risk by:

— Strengthen the pre-judgment of the situation and analyze the macroeconomic factors that may affect the LPR interest rate, the benchmark deposit interest rate and the market interest rate;

— Strengthen strategy transmission and optimize the repricing term structure of interest-earning assets and interest-bearing liabilities;

— Implement limit management to control the impact of interest rate changes on the economic value and overall income of banking books within the limits.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.3 Market risk (Continued)

Interest rate risk (Continued)

The tables below summarize the contractual maturity or re-pricing date, whichever is earlier, of the Group's financial assets and liabilities at the end of each reporting period:

	31 December 2024						
	Less than 1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Non-interest bearing	Total
Cash and balances with central banks	1,911,637	–	14,910	–	–	207,905	2,134,452
Deposits with banks and other financial institutions	195,748	117,319	236,931	16,133	–	5,825	571,956
Placements with and loans to banks and other financial institutions	279,108	52,438	164,040	29,059	1,631	3,491	529,767
Derivative financial assets	–	–	–	–	–	65,920	65,920
Financial assets held under resale agreements	1,348,509	11,716	7,050	–	–	4,296	1,371,571
Loans and advances to customers	5,348,957	4,589,977	12,748,572	940,884	298,687	49,936	23,977,013
Financial assets at fair value through profit or loss	3,277	25,764	99,738	41,468	177,371	165,688	513,306
Debt instrument investments at amortized cost	57,480	143,914	932,207	2,719,950	5,895,133	156,949	9,905,633
Other debt instrument and other equity investments at fair value through other comprehensive income	219,425	326,842	865,002	1,279,338	702,429	37,128	3,430,164
Other financial assets	–	–	–	–	–	260,021	260,021
Total financial assets	9,364,141	5,267,970	15,068,450	5,026,832	7,075,251	957,159	42,759,803
Borrowings from central banks	(116,910)	(167,237)	(552,134)	–	–	(11,043)	(847,324)
Deposits from banks and other financial institutions	(2,696,125)	(735,647)	(654,109)	(528,085)	(24,900)	(28,695)	(4,667,561)
Placements from banks and other financial institutions	(128,355)	(146,007)	(74,670)	(9,493)	(2,288)	(3,209)	(364,022)
Financial liabilities at fair value through profit or loss	–	–	(362)	(225)	–	(15,254)	(15,841)
Derivative financial liabilities	–	–	–	–	–	(58,146)	(58,146)
Financial assets sold under repurchase agreements	(193,156)	(191,314)	(230,065)	–	–	(1,190)	(615,725)
Due to customers	(14,084,599)	(2,512,097)	(5,578,773)	(7,609,342)	(1,868)	(518,678)	(30,305,357)
Debt securities issued	(127,023)	(610,209)	(1,285,498)	(102,544)	(540,023)	(13,212)	(2,678,509)
Other financial liabilities	–	–	–	–	–	(222,002)	(222,002)
Total financial liabilities	(17,346,168)	(4,362,511)	(8,375,611)	(8,249,689)	(569,079)	(871,429)	(39,774,487)
Interest rate gap	(7,982,027)	905,459	6,692,839	(3,222,857)	6,506,172	85,730	2,985,316

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.3 Market risk (Continued)

Interest rate risk (Continued)

The tables below summarize the contractual maturity or re-pricing date, whichever is earlier, of the Group's financial assets and liabilities at the end of each reporting period: (Continued)

	31 December 2023						
	Less than 1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Non-interest bearing	Total
Cash and balances with central banks	2,673,721	–	10,524	–	–	237,802	2,922,047
Deposits with banks and other financial institutions	285,086	96,101	670,690	16,947	–	11,252	1,080,076
Placements with and loans to banks and other financial institutions	184,543	98,819	211,918	17,362	–	3,539	516,181
Derivative financial assets	–	–	–	–	–	24,873	24,873
Financial assets held under resale agreements	1,792,438	10,303	1,476	–	–	5,342	1,809,559
Loans and advances to customers	5,377,071	3,660,201	11,355,552	821,121	467,469	50,352	21,731,766
Financial assets at fair value through profit or loss	3,120	41,560	108,124	37,472	218,534	138,597	547,407
Debt instrument investments at amortized cost	80,170	148,416	518,797	2,488,081	5,077,004	150,787	8,463,255
Other debt instrument and other equity investments at fair value through other comprehensive income	90,533	309,528	585,803	614,968	577,793	24,426	2,203,051
Other financial assets	–	–	–	–	–	143,663	143,663
Total financial assets	10,486,682	4,364,928	13,462,884	3,995,951	6,340,800	790,633	39,441,878
Borrowings from central banks	(120,354)	(177,111)	(816,714)	–	–	(12,890)	(1,127,069)
Deposits from banks and other financial institutions	(2,554,534)	(344,236)	(505,377)	(223,744)	(7,400)	(18,206)	(3,653,497)
Placements from banks and other financial institutions	(137,162)	(133,058)	(103,998)	(2,673)	(2,337)	(3,062)	(382,290)
Financial liabilities at fair value through profit or loss	(80)	–	(321)	(209)	–	(11,987)	(12,597)
Derivative financial liabilities	–	–	–	–	–	(27,817)	(27,817)
Financial assets sold under repurchase agreements	(18,690)	(40,398)	(40,715)	–	–	(718)	(100,521)
Due to customers	(14,978,192)	(1,774,052)	(4,446,867)	(7,232,534)	(7,650)	(459,173)	(28,898,468)
Debt securities issued	(175,187)	(536,137)	(997,562)	(89,151)	(484,976)	(12,908)	(2,295,921)
Other financial liabilities	–	–	–	–	–	(159,994)	(159,994)
Total financial liabilities	(17,984,199)	(3,004,992)	(6,911,554)	(7,548,311)	(502,363)	(706,755)	(36,658,174)
Interest rate gap	(7,497,517)	1,359,936	6,551,330	(3,552,360)	5,838,437	83,878	2,783,704

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.3 Market risk (Continued)

Interest rate risk (Continued)

The following table illustrates the potential pre-tax impact, of a parallel upward or downward shift of 100 basis points in relevant interest rate curves on the Group's net interest income and other comprehensive income for the next twelve months from the reporting date, based on the Group's positions of interest-earning assets and interest-bearing liabilities at the end of each reporting period. This analysis assumes that interest rates of all maturities move by the same amount, and does not reflect the potential impact of unparalleled yield curve movements.

The sensitivity analysis on net interest income is based on reasonably possible changes in interest rates with the assumption that the structure of financial assets and financial liabilities held at the period end remains unchanged, and does not take changes in customer behavior, basis risk or any prepayment options on debt securities into consideration.

The sensitivity analysis on other comprehensive income reflects only the effect of changes in fair value of those financial instruments classified as other debt instrument investments and other equity investments at fair value through other comprehensive income held, whose fair value changes are recorded as an element of other comprehensive income.

	31 December 2024		31 December 2023	
	Net interest income	Other comprehensive income	Net interest income	Other comprehensive income
+100 basis points	(43,851)	(95,502)	(35,951)	(69,135)
-100 basis points	43,851	95,502	35,951	69,135

The assumptions do not reflect actions that might be taken under the Group's capital and interest rate risk management policy to mitigate changes to the Group's interest rate risk. Therefore the above analysis may differ from the actual situation.

In addition, the presentation of interest rate sensitivity above is for illustration purposes only, showing the potential impact on net interest income and other comprehensive income of the Group under different parallel yield curve movements, relative to their position at period-end, excluding the derivative positions.

44.4 Country risk

Country risk represents the risk due to changes and incidents occurred in the economy, politics and society of a specific country or region, which results in the debtors in that country or region incapable of or unwilling to pay their debts owed to the Bank or otherwise leads to business losses or other losses to the Bank in that country or region.

According to the regulatory requirements of NFRA, the Bank managed country risk through tools and approaches such as country risk rating, limit approval, exposure analysis and stress testing. Meanwhile, we made adequate, reasonable and prudent provision for country risk in accordance with regulatory requirements.

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44 Financial risk management (Continued)

44.5 Insurance risk

The Group engages in its insurance business primarily in Chinese mainland. Insurance risk refers to the financial impact resulting from the unexpected occurrence of insured events. These risks are actively managed by the Group through effective sales management, underwriting control, reinsurance management and claim management. Through effective sales management, the risk of mis-selling could be reduced and the accuracy of information used for underwriting is improved. Through underwriting control, risk of adverse selection could be reduced and moreover differential pricing policy based on the level of each kind of risk could be utilized. Through reinsurance, the Group's insurance capacity could be enhanced and targeted risks could be mitigated. Effective claims management is designed to ensure that insurance payments are controlled according to established criteria.

Uncertainty in the estimation of future benefit payments and premium receipts for long-term life insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality. The Group conducts experience analysis of mortality rate and surrender rate, in order to improve its risk assessment and as a basis for reasonable estimates.

45 Capital management

The Group's capital management objectives are as follows:

— maintain an adequate capital base to support the development of its business;

— support the Group's financial stability and profitable growth;

— allocate capital through an efficient and risk based approach to optimize risk-adjusted return to shareholders; and

— safeguard the long-term sustainability of the Group's franchise so that it can continue to provide sufficient shareholder returns and benefits for other stakeholders.

In April 2014, the NFRA officially approved the Group to adopt advanced capital management approach. Within the scope of the approval, the Internal Ratings-Based approach is adopted to Credit Risk-weighted Assets for both retail and non-retail risk exposures, and the Standardized approach for both Operational Risk-weighted Assets and Market Risk-weighted Assets. In January 2017, the NFRA has officially approved the Group to adopt the Internal Models approach to measure its Market Risk-weighted Assets for qualified risk exposures.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

45 Capital management (Continued)

The Group calculates the capital adequacy ratio in accordance with "Capital Rules for Commercial Banks" and its relevant provisions issued by the NFRA since 1 January 2024. Regulatory requirements for capital adequacy ratio of commercial banks includes, among other things, requirements for minimum capital, capital conservation buffer, additional capital surcharge for systemically important banks, countercyclical buffer and Pillar II capital as follows:

— minimum regulatory requirements for Common Equity Tier-one Capital Adequacy Ratio, Tier-one Capital Adequacy Ratio and Capital Adequacy Ratio are 5%,6% and 8%, respectively;

— capital conservation buffer requires additional 2.5% of Common Equity Tier-one Capital Adequacy Ratio;

— additional capital surcharge for systemically important banks requires additional 1% of Common Equity Tier-one Capital Adequacy Ratio;

— should the regulators require countercyclical buffer under particular circumstances or regulators impose additional Pillar II capital requirements for specific banks, these requirements shall be met within the specified time limits.

Capital adequacy and the utilization of regulatory capital are closely monitored by the Group's management in accordance with the guidelines developed by the Basel Committee and relevant regulations promulgated by the NFRA. Required information related to capital levels and utilization is filed quarterly with the NFRA.

The Group's capital adequacy ratio calculated in accordance with the "Capital Rules for Commercial Banks" issued by the NFRA as at 31 December 2024 is as follows (the data as at 31 December 2023 was not restated):

	Notes	31 December 2024	31 December 2023
Common Equity Tier-one Capital Adequacy Ratio	(1)	**11.42%**	10.72%
Tier-one Capital Adequacy Ratio	(1)	**13.63%**	12.87%
Capital Adequacy Ratio	(1)	**18.19%**	17.14%
Common Equity Tier-one Capital	(2)	**2,592,674**	2,409,743
Deductible Items from Common Equity Tier-one Capital	(3)	**(10,369)**	(14,803)
Net Common Equity Tier-one Capital		**2,582,305**	2,394,940
Additional Tier-one Capital	(4)	**499,559**	480,009
Net Tier-one Capital		**3,081,864**	2,874,949
Tier-two Capital	(5)	**1,030,789**	953,222
Net Capital		**4,112,653**	3,828,171
Risk-weighted Assets	(6)	**22,603,866**	22,338,078

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

45 Capital management (Continued)

As of 31 December 2024, the Group's Common Equity Tier-one Capital Adequacy Ratio, Tier-one Capital Adequacy Ratio and Capital Adequacy Ratio all meet the requirements set forth in *the Capital Rules for Commercial Banks* and other relevant regulations. For more information regarding capital, please refer to *the 2024 Pillar 3 Report* published by the Bank on official website.

Pursuant to the "Capital Rules for Commercial Banks":

(1) The scope of consolidation related to the calculation of the Group's Capital Adequacy Ratios includes Domestic Institutions, Overseas Institutions and affiliated financial subsidiaries specified in the Regulation.

The Common Equity Tier-one Capital Adequacy Ratio is calculated as Net Common Equity Tier-one Capital divided by Risk-weighted Assets. The Tier-one Capital Adequacy Ratio is calculated as Net Tier-one Capital divided by Risk-weighted Assets. The Capital Adequacy Ratio is calculated as Net Capital divided by Risk-weighted Assets.

(2) The Group's Common Equity Tier-one Capital includes: ordinary share capital, capital reserve (subject to regulatory limitations), surplus reserve, general reserve, retained earnings, accumulated other comprehensive income and non-controlling interests (to the extent permitted in the Common Equity Tier-one Capital under the Regulation).

(3) The Group's Deductible Items from Common Equity Tier-one Capital include: other intangible assets (excluding land-use rights), and Common Equity Tier-one Capital investments made in financial institutions over which the Group has control but are outside the regulatory consolidation scope for the Capital Adequacy Ratios calculation.

(4) The Group's Additional Tier-one Capital includes: other equity instruments issued and non-controlling interests (to the extent permitted in the Additional Tier-one Capital definition under the Regulation).

(5) The Group's Tier-two Capital includes: Tier-two capital instruments and related premium (to the extent allowed under the Regulation), excessive allowance for impairment losses, and minority interests (to the extent permitted in the Tier-two Capital definition under the Regulation).

(6) Risk-weighted Assets include Credit Risk-weighted Assets, Market Risk-weighted Assets and Operational Risk-weighted Assets.

46 Fair value of financial instruments

The majority of the Group's assets and liabilities in the consolidated statement of financial position are financial assets and financial liabilities. Fair value measurement of non-financial assets and non-financial liabilities does not have a material impact on the Group's financial position and operations, taken as a whole.

The Group does not have any financial assets or financial liabilities subject to non-recurring fair value measurements for the years ended 31 December 2024 and 31 December 2023.

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

46 Fair value of financial instruments (Continued)

46.1 Valuation technique, input and process

The fair value of the Group's financial assets and financial liabilities are determined as follows:

— If traded in active markets, fair values of financial assets and financial liabilities with standard terms and conditions are determined with reference to quoted market bid prices and ask prices, respectively;

— If not traded in active markets, fair values of financial assets and financial liabilities are determined by using valuation techniques. These valuation techniques include the use of recent transaction prices of the same or similar instruments, discounted cash flow analysis and generally accepted pricing models.

The Group has established an independent valuation process for financial assets and financial liabilities. The Financial Accounting Department of head office establishes the valuation models for financial assets and financial liabilities of head office and its branches in China and independently implements the valuation on a regular basis; and the Risk Management Department is responsible for validating the valuation model, the Operations Departments records the accounting for these items. Overseas branches and sub-branches designate departments or personnel that are independent from the front trading office to perform valuation in accordance with the local regulatory requirements and their own department settings.

The Board of Directors shall be responsible for establishing and improving the internal control system related to the valuation of financial instruments and approving valuation policies.

For the years ended 31 December 2024 and 31 December 2023, there were no significant changes in the valuation techniques or inputs used to determine fair value measurements.

46.2 Fair value hierarchy

The level in which fair value measurement is categorized is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement:

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in an active market for identical assets or liabilities;

Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly; and

Level 3: fair value measurements are not based on observable market data.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

46 Fair value of financial instruments (Continued)

46.3 Financial assets and financial liabilities not measured at fair value in the consolidated statement of financial position

The tables below summarize the carrying amounts and fair values of those financial assets and financial liabilities not measured in the consolidated statement of financial position at their fair value. Financial assets and financial liabilities for which the carrying amounts approximate fair value, such as balances with central banks, deposits with banks and other financial institutions, placements with and loans to banks and other financial institutions, financial assets held under resale agreements, loans and advances to customers, receivable from the MOF, special government bond, borrowings from central banks, deposits and placements from banks and other financial institutions, due to customers, financial assets sold under repurchase agreements and certificates of deposit issued, interbank certificate of deposits issued and commercial papers issued are not included in the tables below.

	31 December 2024				
	Carrying amount	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets					
Debt instrument investments at amortized cost (excluding receivable from the MOF and special government bond)	**9,463,400**	**10,199,648**	**73,827**	**10,074,667**	**51,154**
Financial liabilities					
Bonds issued	**690,922**	**723,294**	**40,118**	**683,176**	**–**

	31 December 2023				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Debt instrument investments at amortized cost (excluding receivable from the MOF and special government bond)	8,028,554	8,296,564	72,433	8,161,452	62,679
Financial liabilities					
Bonds issued	627,615	624,941	45,222	579,719	–

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

46 Fair value of financial instruments (Continued)

46.4 Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position

The tables below summarize the fair values of the financial assets and financial liabilities measured in the consolidated statement of financial position at their fair value.

	31 December 2024			
	Level 1	Level 2	Level 3	Total
Derivative financial assets				
— Exchange rate derivatives	–	60,832	–	60,832
— Interest rate derivatives	–	3,500	–	3,500
— Precious metal derivatives and others	–	1,588	–	1,588
Subtotal	–	65,920	–	65,920
Loans and advances to customers				
— Discounted bills and forfeiting	–	1,817,338	–	1,817,338
Subtotal	–	1,817,338	–	1,817,338
Financial investment				
Financial assets at fair value through profit or loss				
— Held for trading				
Bonds	4,196	127,243	–	131,439
Precious metal contracts	–	20,967	–	20,967
Equity	7,174	–	–	7,174
Fund and others	2,384	14,385	–	16,769
— Other financial assets at fair value through profit or loss				
Bonds	2,212	178,611	2,673	183,496
Equity	7,640	3,337	97,867	108,844
Fund and others	–	20,628	23,358	43,986
— Financial assets designated at fair value through profit or loss				
Bonds	631	–	–	631
Subtotal	24,237	365,171	123,898	513,306
Other debt instruments and other equity investments at fair value through other comprehensive income				
— Debt instruments				
Bonds	237,583	3,172,686	–	3,410,269
Others	–	8,340	–	8,340
— Equity instruments	7,085	47	4,423	11,555
Subtotal	244,668	3,181,073	4,423	3,430,164
Total assets	268,905	5,429,502	128,321	5,826,728

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

46 Fair value of financial instruments (Continued)

46.4 Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position (Continued)

The tables below summarize the fair values of the financial assets and financial liabilities measured in the consolidated statement of financial position at their fair value. (Continued)

	31 December 2024			
	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss				
Held for trading				
— Financial liabilities related to precious metals	–	(15,254)	–	(15,254)
Financial liabilities designated at fair value through profit or loss				
— Liabilities of the controlled structured entities	–	–	(587)	(587)
Subtotal	–	(15,254)	(587)	(15,841)
Derivative financial liabilities				
— Exchange rate derivatives	–	(46,098)	–	(46,098)
— Interest rate derivatives	–	(2,551)	–	(2,551)
— Precious metal derivatives and others	–	(9,497)	–	(9,497)
Subtotal	–	(58,146)	–	(58,146)
Due to customers				
Due to customers measured at fair value through profit or loss	–	(27,752)	–	(27,752)
Total liabilities	–	(101,152)	(587)	(101,739)

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

46 Fair value of financial instruments (Continued)

46.4 Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position (Continued)

The tables below summarize the fair values of the financial assets and financial liabilities measured in the consolidated statement of financial position at their fair value. (Continued)

	31 December 2023			
	Level 1	Level 2	Level 3	Total
Derivative financial assets				
— Exchange rate derivatives	–	22,151	–	22,151
— Interest rate derivatives	–	2,502	–	2,502
— Precious metal derivatives and others	–	220	–	220
Subtotal	–	24,873	–	24,873
Loans and advances to customers				
— Discounted bills and forfeiting	–	1,493,925	–	1,493,925
Subtotal	–	1,493,925	–	1,493,925
Financial investment				
Financial assets at fair value through profit or loss				
— Held for trading				
Bonds	7,038	150,571	–	157,609
Precious metal contracts	–	15,487	–	15,487
Equity	7,272	333	–	7,605
Fund and others	8,175	8,773	–	16,948
— Other financial assets at fair value through profit or loss				
Bonds	1,952	188,675	1,813	192,440
Equity	7,403	8,563	99,340	115,306
Fund and others	410	19,458	21,332	41,200
— Financial assets designated at fair value through profit or loss				
Bonds	772	40	–	812
Subtotal	33,022	391,900	122,485	547,407
Other debt instruments and other equity investments at fair value through other comprehensive income				
— Debt instruments				
Bonds	227,807	1,958,686	–	2,186,493
Others	–	9,192	–	9,192
— Equity instruments	2,968	–	4,398	7,366
Subtotal	230,775	1,967,878	4,398	2,203,051
Total assets	263,797	3,878,576	126,883	4,269,256

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

46 Fair value of financial instruments (Continued)

46.4 Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position (Continued)

The tables below summarize the fair values of the financial assets and financial liabilities measured in the consolidated statement of financial position at their fair value. (Continued)

	31 December 2023			
	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss				
Held for trading				
— Financial liabilities related to precious metals	–	(11,987)	–	(11,987)
Financial liabilities designated at fair value through profit or loss				
— Liabilities of the controlled structured entities	–	–	(530)	(530)
— Others	–	(80)	–	(80)
Subtotal	–	(12,067)	(530)	(12,597)
Derivative financial liabilities				
— Exchange rate derivatives	–	(20,513)	–	(20,513)
— Interest rate derivatives	–	(1,420)	–	(1,420)
— Precious metal derivatives and others	–	(5,884)	–	(5,884)
Subtotal	–	(27,817)	–	(27,817)
Due to customers				
Due to customers measured at fair value through profit or loss	–	(8,742)	–	(8,742)
Total liabilities	–	(48,626)	(530)	(49,156)

Substantially all financial instruments classified within Level 2 of the fair value hierarchy are debt investments, currency forwards, currency swaps, interest rate swaps, currency options, precious metal contracts and structured deposit measured at fair value. Fair value of debt investments denominated in RMB is determined based upon the valuation published by the China Central Depository & Clearing Co., Ltd. Fair value of debt investments denominated in foreign currencies is determined based upon the valuation results published by Bloomberg. The fair value of currency forwards, currency swaps, interest rate swaps, currency options and structured deposit measured at fair value are calculated by applying discounted cash flow analysis or the Black Scholes Pricing Model. The fair value of precious metal contracts that are related to the Group's trading activities is determined with reference to the relevant observable market parameters. All significant inputs are observable in the market.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

46 Fair value of financial instruments (Continued)

46.4 Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position (Continued)

Level 3 financial assets of the Group mainly represented unlisted equity investments. As not all of the inputs needed to estimate the fair value of these assets and liabilities are observable, the Group classified these investment products within Level 3 of the fair value measurement hierarchy. The significant unobservable inputs related to these assets and liabilities are those parameters relating to credit risk, liquidity and discount rate. Management has made assumptions on unobservable inputs based on observed indicators of impairment, significant changes in yield, external credit ratings and comparable credit spreads, but the fair value of these underlying assets and liabilities could be different from those disclosed.

The reconciliation of Level 3 classified financial assets and financial liabilities presented at fair value in the consolidated statement of financial position is as follows:

	2024		
	Financial assets at fair value through profit or loss	Other debt instrument and other equity investments at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss
1 January 2024	122,485	4,398	(530)
Purchases	21,548	–	(1)
Settlements/disposals/transfer out of Level 3	(21,184)	–	–
Total gain/(loss) recognized in			
— Profit or loss	1,049	–	(56)
— Other comprehensive income	–	25	–
31 December 2024	123,898	4,423	(587)
Change in unrealized profit or loss for the year included in profit or loss for assets/liabilities held at the end of the year	179	–	–

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

46 Fair value of financial instruments (Continued)

46.4 Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position (Continued)

The reconciliation of Level 3 classified financial assets and financial liabilities presented at fair value in the consolidated statement of financial position is as follows: (Continued)

	2023		
	Financial assets at fair value through profit or loss	Other debt instrument and other equity investments at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss
1 January 2023	113,844	3,471	(248)
Purchases	24,498	901	(362)
Settlements/disposals/transfer out of Level 3	(15,621)	–	–
Total (loss)/gain recognized in			
— Profit or loss	(236)	(244)	80
— Other comprehensive income	–	270	–
31 December 2023	122,485	4,398	(530)
Change in unrealized profit or loss for the year included in profit or loss for assets/liabilities held at the end of the year	(34)	–	–

In Level 3 of the fair value hierarchy, total gains or losses included in profit or loss for the year are presented in net gain on financial investments (Note IV 4) of the consolidated statement of profit or loss.

47 Events after the reporting period

47.1 Profit appropriation

(1) A cash dividend at the dividend rate of 4.84% per annum related to the second tranche of preference shares amounting to RMB1,936 million (tax included) in total was approved at the Board of Directors' Meeting held on 14 February 2025 and was distributed on 11 March 2025.

(2) An interest at the interest rate of 3.49% per annum related to the 2022-first tranche of perpetual bonds of RMB50 billion amounting to RMB1,745 million in total was declared on 20 February 2025 and distributed on 22 February 2025.

(3) Upon approval at the 2024 Third Extraordinary General Meeting, the Group distributed 2024 interim cash dividend of RMB0.1164 (tax inclusive) per ordinary share, with a total amount of RMB40,738 million (tax inclusive), to shareholders of ordinary shares on our registers of members after close of the market on 7 January 2025.

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

48 Comparative figures

The Group adjusted certain comparative figures in notes to the consolidated financial statements to meet the reporting requirements during this reporting period.

49 Statement of financial position of the Bank

	As at 31 December	
	2024	2023
Assets		
Cash and balances with central banks	**2,133,890**	2,921,494
Deposits with banks and other financial institutions	**536,695**	1,054,822
Precious metals	**115,253**	54,356
Placements with and loans to banks and other financial institutions	**612,521**	600,339
Derivative financial assets	**65,920**	24,873
Financial assets held under resale agreements	**1,364,302**	1,807,717
Loans and advances to customers	**23,884,470**	21,637,777
Financial investments		
Financial assets at fair value through profit or loss	**346,320**	375,809
Debt instrument investments at amortized cost	**9,870,492**	8,432,030
Other debt instrument and other equity investments at fair value through other comprehensive income	**3,292,912**	2,105,474
Investment in subsidiaries	**51,522**	51,521
Investment in associates and joint ventures	**4,323**	2,151
Property and equipment	**137,947**	142,045
Deferred tax assets	**147,104**	159,899
Other assets	**304,332**	188,308
Total assets	**42,868,003**	39,558,615
Liabilities		
Borrowings from central banks	**847,324**	1,127,068
Deposits from banks and other financial institutions	**4,679,817**	3,659,398
Placements from banks and other financial institutions	**266,842**	293,716
Financial liabilities at fair value through profit or loss	**15,254**	12,067
Derivative financial liabilities	**58,146**	27,817
Financial assets sold under repurchase agreements	**600,578**	95,345
Due to customers	**30,304,622**	28,897,264
Dividends payable	**40,738**	–
Debt securities issued	**2,647,697**	2,261,597
Other liabilities	**350,511**	323,634
Total liabilities	**39,811,529**	36,697,906

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

49 Statement of financial position of the Bank (Continued)

	As at 31 December	
	2024	2023
Equity		
Ordinary shares	**349,983**	349,983
Other equity instruments	**500,000**	480,000
Preference shares	**80,000**	80,000
Perpetual bonds	**420,000**	400,000
Capital reserve	**173,215**	173,226
Other comprehensive income	**84,447**	42,846
Surplus reserve	**298,981**	271,475
General reserve	**524,641**	448,479
Retained earnings	**1,125,207**	1,094,700
Total equity	**3,056,474**	2,860,709
Total equity and liabilities	**42,868,003**	39,558,615

Approved and authorized for issue by the Board of Directors on 28 March 2025.

Gu Shu	**Wang Zhiheng**
Chairman	*Vice Chairman*

(Amounts in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

50 Statement of changes in equity of the Bank

	Ordinary shares	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Total
As at 31 December 2023	**349,983**	**480,000**	**173,226**	**42,846**	**271,475**	**448,479**	**1,094,700**	**2,860,709**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**275,004**	**275,004**
Other comprehensive income	**-**	**-**	**-**	**41,604**	**-**	**-**	**-**	**41,604**
Total comprehensive income for the year	**-**	**-**	**-**	**41,604**	**-**	**-**	**275,004**	**316,608**
Capital contribution from equity holders	**-**	**20,000**	**(11)**	**-**	**-**	**-**	**-**	**19,989**
Appropriation to surplus reserve	**-**	**-**	**-**	**-**	**27,506**	**-**	**(27,506)**	**-**
Appropriation to general reserve	**-**	**-**	**-**	**-**	**-**	**76,162**	**(76,162)**	**-**
Dividends paid to ordinary equity holders	**-**	**-**	**-**	**-**	**-**	**-**	**(121,549)**	**(121,549)**
Dividends paid to other equity instruments holders	**-**	**-**	**-**	**-**	**-**	**-**	**(19,283)**	**(19,283)**
Other comprehensive income transferred to retained earnings	**-**	**-**	**-**	**(3)**	**-**	**-**	**3**	**-**
As at 31 December 2024	**349,983**	**500,000**	**173,215**	**84,447**	**298,981**	**524,641**	**1,125,207**	**3,056,474**

	Ordinary shares	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Total
As at 31 December 2022	349,983	440,000	173,227	37,409	245,235	381,222	1,019,630	2,646,706
Profit for the year	–	–	–	–	–	–	262,396	262,396
Other comprehensive income	–	–	–	5,437	–	–	–	5,437
Total comprehensive income for the year	–	–	–	5,437	–	–	262,396	267,833
Capital contribution from equity holders	–	40,000	(1)	–	–	–	–	39,999
Appropriation to surplus reserve	–	–	–	–	26,240	–	(26,240)	–
Appropriation to general reserve	–	–	–	–	–	67,257	(67,257)	–
Dividends paid to ordinary equity holders	–	–	–	–	–	–	(77,766)	(77,766)
Dividends paid to other equity instruments holders	–	–	–	–	–	–	(16,063)	(16,063)
As at 31 December 2023	349,983	480,000	173,226	42,846	271,475	448,479	1,094,700	2,860,709

According to Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Banking (Disclosure) Rules, the Group discloses the following supplementary information:

1 LIQUIDITY COVERAGE RATIOS

	Three months ended			
	31 March 2024	**30 June 2024**	**30 September 2024**	**31 December 2024**
Average Liquidity Coverage Ratio	**131.2%**	**120.3%**	**126.7%**	**131.0%**

	Three months ended			
	31 March 2023	30 June 2023	30 September 2023	31 December 2023
Average Liquidity Coverage Ratio	124.5%	126.5%	126.9%	123.9%

The liquidity coverage ratios were also in accordance with the Rules on Liquidity Risk Management of Commercial Banks issued by the NFRA and applicable calculation requirements, and based on the data determined under the PRC GAAP.

2 CURRENCY CONCENTRATIONS

	Equivalent in millions of RMB			
	USD	**HKD**	**Other**	**Total**
31 December 2024				
Spot assets	**1,210,566**	**152,261**	**292,792**	**1,655,619**
Spot liabilities	**(976,949)**	**(317,126)**	**(255,038)**	**(1,549,113)**
Forward purchases	**1,805,609**	**255,770**	**197,316**	**2,258,695**
Forward sales	**(1,984,656)**	**(58,742)**	**(253,434)**	**(2,296,832)**
Net options position	**(89,925)**	**683**	**(5,285)**	**(94,527)**
Net (short)/long position	**(35,355)**	**32,846**	**(23,649)**	**(26,158)**
Net structural position	**(3,687)**	**4,196**	**(4,626)**	**(4,117)**

	Equivalent in millions of RMB			
	USD	HKD	Other	Total
31 December 2023				
Spot assets	1,130,419	160,483	316,031	1,606,933
Spot liabilities	(1,161,549)	(161,577)	(253,171)	(1,576,297)
Forward purchases	1,117,602	71,148	212,257	1,401,007
Forward sales	(1,029,953)	(45,004)	(275,451)	(1,350,408)
Net options position	(82,231)	771	2,922	(78,538)
Net (short)/long position	(25,712)	25,821	2,588	2,697
Net structural position	(3,884)	2,022	(3,586)	(5,448)

(Amounts in millions of Renminbi, unless otherwise stated)

3 OVERDUE AND RESCHEDULED ASSETS

(1) Gross carrying amount of overdue loans and advances to customers

	As at 31 December	
	2024	2023
Overdue		
Within 3 months	**100,140**	111,027
Between 3 and 6 months	**48,045**	30,518
Between 6 and 12 months	**61,781**	40,257
Over 12 months	**83,131**	62,728
Total	**293,097**	244,530
Percentage of overdue loans and advances to customers in total loans		
Within 3 months	**0.40%**	0.48%
Between 3 and 6 months	**0.19%**	0.14%
Between 6 and 12 months	**0.26%**	0.18%
Over 12 months	**0.33%**	0.28%
Total	**1.18%**	1.08%

(2) Rescheduled loans and advances to customers

	As at 31 December	
	2024	2023
Total rescheduled loans and advances to customers	**105,510**	44,525
Including: rescheduled loans and advances to customers overdue for not more than 3 months	**9,298**	5,845
Percentage of rescheduled loans and advances to customers overdue for not more than 3 months in total loans	**0.04%**	0.03%

(3) Gross carrying amount of overdue placements with and loans to banks and other financial institutions.

As at 31 December 2024 and 31 December 2023, the Group's gross carrying amounts of overdue placements with and loans to banks and other financial institutions were not significant.

中国农业银行

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