



# 鄭州銀行股份有限公司

BANK OF ZHENGZHOU CO., LTD.

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

Stock Code: 6196



**2024**  
ANNUAL REPORT

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\* This Report is prepared in both Chinese and English. If there are any discrepancies between the Chinese and English versions, the Chinese shall prevail.

## IMPORTANT NOTICE

The Board of Directors, Board of Supervisors and Directors, Supervisors and senior management of the Bank hereby warrant the truthfulness, accuracy and completeness of the contents of this annual report and that there are no false representations, misleading statements or material omissions, and jointly and severally assume liability for the information hereof.

The full text and the summary of the 2024 annual report (the “**Report**”) were reviewed and approved at the Bank’s first meeting of the eighth session of the Board of Directors on 27 March 2025. Nine Directors were eligible to attend the meeting, eight of whom attended in person, and Mr. ZHAO Fei entrusted Ms. LI Hong to attend and vote on his behalf due to business meeting arrangement. All Supervisors of the Bank attended the meeting.

Unless otherwise specified, the financial information set out in this Report represents data from the consolidated financial statements of the Bank and its subsidiaries, namely Henan Jiuding Financial Leasing Co., Ltd., Fugou Zhengyin County Bank Co., Ltd., Xinmi Zhengyin County Bank Co., Ltd., Xunxian Zhengyin County Bank Co., Ltd., Queshan Zhengyin County Bank Co., Ltd. and Xinzheng Zhengyin County Bank Co., Ltd.

The Bank prepared the 2024 annual financial report in accordance with the Chinese Accounting Standards for Business Enterprises and International Financial Reporting Standards, which was audited by ShineWing Certified Public Accountants LLP and SHINEWING (HK) CPA Limited under the PRC and Hong Kong standards on auditing, respectively. The two firms issued an audit report and an independent auditor’s report respectively, which were both standard and unqualified.

Mr. ZHAO Fei, the legal representative and the chairman of the Bank, Ms. LI Hong, the president of the Bank, Mr. ZHANG Houlin, the person-in-charge of accounting of the Bank, and Mr. FU Qiang, the head of accounting department of the Bank, hereby declare and warrant the truthfulness, accuracy and completeness of the financial statements in this Report.

The Board of the Bank recommended to distribute a cash dividend of RMB0.20 (tax inclusive) for every 10 shares to the Ordinary Shareholders whose names appeared on the register of Shareholders of the Bank as at the dividend distribution registration date, and not to issue bonus Shares or new Shares by way of capitalization issue. The profit distribution proposal will be proposed at the general meeting of the Bank for approval.

Forward-looking statements such as future plans mentioned in this Report do not constitute actual commitments of the Bank to investors. Investors and parties concerned should be fully aware of the risks, and understand the differences among plans, estimates and commitments.

During the Reporting Period, the Bank was not aware of any material risk that would adversely affect its future development strategies and business targets. The major risks to which the Bank was exposed in its operations and management and the corresponding measures adopted by the Bank are detailed in this Report. For further information, please refer to the relevant information in the sections headed “Risk Management” and “Outlook” in the chapter headed “Management Discussion and Analysis” of this Report.

# DEFINITIONS

In this Report, unless the context otherwise requires, the following terms shall have the meanings set forth below:

2023 AGM	the annual general meeting of the Bank convened on 27 June 2024
Articles of Association	the articles of association of the Bank, as amended from time to time
A Share(s)	ordinary shares with a nominal value of RMB1.00 each in the share capital of the Bank, which are listed and traded on the SZSE (stock code: 002936)
A Shareholder(s)	holder(s) of A Share(s)
Bank, Bank of Zhengzhou, or We	Bank of Zhengzhou Co., Ltd.* (鄭州銀行股份有限公司), a joint stock company incorporated in the PRC with limited liability on 16 November 1996 in accordance with the PRC laws, and, if the context requires, includes its predecessors, subsidiaries, branches and sub-branches
Board or Board of Directors	the board of Directors of the Bank
Board of Supervisors	the board of Supervisors of the Bank
Company Law	Company Law of the People's Republic of China
Corporate Governance Code	Corporate Governance Code set out in Appendix C1 to the Stock Exchange Listing Rules
CSRC	China Securities Regulatory Commission
Director(s)	the director(s) of the Bank
Fugou Zhengyin County Bank	Fugou Zhengyin County Bank Co., Ltd. (扶溝鄭銀村鎮銀行股份有限公司)
Group	the Bank and its subsidiaries
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
H Share(s)	overseas-listed shares in the share capital of the Bank, with a nominal value of RMB1.00 each, which are listed and traded on the Main Board of the Hong Kong Stock Exchange (stock code: 6196)
H Shareholder(s)	holder(s) of H Share(s)
Jiuding Financial Leasing Company	Henan Jiuding Financial Leasing Co., Ltd. (河南九鼎金融租賃股份有限公司)

## DEFINITIONS (Continued)

Latest Practicable Date	27 March 2025, being the latest practicable date prior to the printing of this Report for the purpose of ascertaining certain information contained hereof
Law on Commercial Banks	Law on Commercial Banks of the People's Republic of China
Queshan Zhengyin County Bank	Queshan Zhengyin County Bank Co., Ltd. (確山鄭銀村鎮銀行股份有限公司)
Reporting Period	the year from 1 January 2024 to 31 December 2024
RMB or Renminbi	Renminbi, the lawful currency of the PRC
Securities Law	Securities Law of the People's Republic of China
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
Share(s) or Ordinary Share(s)	the A Shares and the H Shares
Shareholder(s) or Ordinary Shareholder(s)	holder(s) of the Ordinary Share(s)
Stock Exchange Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Supervisor(s)	the supervisor(s) of the Bank
SZSE	Shenzhen Stock Exchange
SZSE Listing Rules	Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange
Xinmi Zhengyin County Bank	Xinmi Zhengyin County Bank Co., Ltd. (新密鄭銀村鎮銀行股份有限公司)
Xinzheng Zhengyin County Bank	Xinzheng Zhengyin County Bank Co., Ltd. (新鄭鄭銀村鎮銀行股份有限公司)
Xunxian Zhengyin County Bank	Xunxian Zhengyin County Bank Co., Ltd. (浚縣鄭銀村鎮銀行股份有限公司)
Yanling Zhengyin County Bank	Yanling Zhengyin County Bank Co., Ltd. (鄆陵鄭銀村鎮銀行股份有限公司)
Zhongmu Zhengyin County Bank	Zhongmu Zhengyin County Bank Co., Ltd. (中牟鄭銀村鎮銀行股份有限公司)

\* *The Bank is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), and not subject to the supervision of the Hong Kong Monetary Authority, nor being authorized to carry out banking and/or deposit-taking business in Hong Kong.*

# CHAIRMAN'S STATEMENT

2024 is a crucial year for deeply implementing the spirit of the 20th National Congress of the Communist Party of China and achieving the goals of the "14th Five-Year Plan". It is also an important year for Bank of Zhengzhou to comprehensively deepen reforms and deepen and advance high-quality development. We thoroughly studied Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, earnestly implemented the spirit of the 20th National Congress and the 3rd Plenary Session of the 20th Central Committee of the Communist Party of China, and resolutely implemented the decisions and deployments of the Central Economic and Financial Work Conference. Under the strong leadership of the Henan Provincial Party Committee, Provincial Government, Zhengzhou Municipal Party Committee, and Municipal Government, we have fully implemented the new development concept and steadfastly advanced along the path of developing Chinese-style finance.

In this year, we adhered to the overall principle of seeking progress while maintaining stability, actively responded to various internal and external challenges and difficulties, significantly increased the growth rate of assets, deposits, and loans, and achieved profit growth. We have handed in a solid performance that synergizes reform and development, and simultaneously improves quality and efficiency. As of the end of 2024, the total assets of the Bank were RMB676,365 million, representing an increase of 7.24% compared to the end of the previous year; total deposits were RMB404,538 million, representing an increase of 12.07% compared to the end of the previous year; total loans were RMB387,690 million, representing an increase of 7.51% compared to the end of the previous year; operating income was RMB12,890 million, and net profit was RMB1,863 million, representing a year-on-year increase of 0.21%. The non-performing loan ratio was 1.79%, and the provision coverage ratio was 182.99%.

**We have adhered to returning to our roots, strengthening our main business, and consolidating the foundation for "stability".** We have adhered to the market positioning of serving the local economy, small and medium-sized enterprises, and urban and rural residents as a city commercial bank. Leveraging our regional network advantages, we have dedicated ourselves to excelling in the "five major areas" of science and technology finance, green finance, inclusive finance, elderly care finance, and digital finance through the development of characteristic, differentiated, and professional financial products and services. We have fully fulfilled our responsibility as the policy-oriented financial operation entity in Henan Province, established a "six special" mechanism for science and technology finance, established specialized science and technology branches, adhered to the principles of early-stage, small-scale and long term investments, and achieved a balance of policy-oriented science and technology finance loans of RMB48,269 million, representing an increase of 44.50%. We have also developed a green finance development plan and achieved a balance of green finance loans of RMB9,146 million, representing an increase of 123.73%. We have actively promoted the expansion and effectiveness of the real estate financing coordination mechanism, and made every effort to promote the implementation of the financing coordination mechanism for small and micro enterprises. We have also established a expedited green approval process, ensuring that loans are provided to all eligible borrowers in a timely manner, and we have been awarded the "Supporting Small and Micro Enterprises Model" by the Science and Technology Department of Henan Province. We have closely focused on the "7+28+N" industrial chain clusters and the "three batches" projects in Henan Province and Zhengzhou City, and effectively channeled financial resources into key areas and weak links in the local economic and social development.

# CHAIRMAN'S STATEMENT

**Adhering to innovation and seeking change, transforming for breakthroughs, and accumulating the strength of “progress”.** We have deeply embedded the political and people-oriented nature of financial work, strengthened the capabilities of financial services, identified the key areas of financial services, and promoted the transformation and upgrading of our business. We have regarded financial support for county-level economies as an “experimental field”, “growth pole”, and “incubator” for serving the regional economy, and launched a special action for the high-quality development of county-level finance. We have started the digital transformation, adhering to the concept of “putting external customer experience first and improving internal efficiency first”, focusing on reshaping a business operation system centered on customer needs, establishing a data-driven operational and management framework, and creating a strong engine for the new round of high-quality development. We have actively fulfilled our social responsibilities, with 400 community volunteer service stations and 23 inclusive financial service ports established. We have extended our financial services from “windows of the branch” to “village lanes” and extended agricultural services to 2,363 villages.

**Adhering to the bottom line of security, preventing and controlling risks, and improving the quality and effectiveness of “solidification”.** We have always prioritized preventing and mitigating financial risks, adhered to the risk management concept of “prudence, stability, and compliance”, continuously strengthened the foundation of risk and compliance system construction and talent team building, and continuously improved the comprehensive risk management system. We have combined problem-oriented and goal-oriented approaches, taken credit risk management as the entry point, closely monitored “key individuals”, “key matters”, and “key behaviors”, and promoted the “modular” reshaping of management architecture, processes, and mechanisms in key areas such as credit approval, loan supervision, and post-loan management. We have actively promoted the upgrading of the market risk and operational risk management system, built an intelligent management platform, comprehensively improved the efficiency of risk management and prevention capabilities, and strengthened the bottom line of financial security.

The path to simplicity is through hard work. Looking ahead to 2025, we will adhere to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as our guide, deeply understand the decisive significance of the “two consolidations”, firmly uphold the “two upholds”, anchor our strategic vision to “strive to become a first-class commercial bank with distinct characteristics in policy-oriented scientific and technological innovation finance”, expedite the transformation of our institutional mechanisms and business transformation, fully stimulate the vitality of enterprise development, and improve the quality and effectiveness of our services for the real economy. Focusing on “four high and four leading”, anchoring the “two guarantees”, and comprehensively deepening the “three standards” activities, we will contribute our financial contributions to the development of a Chinese-style modernized Henan and the construction of Zhengzhou as a national central city. With the actual achievements of high-quality development, we will comprehensively promote the construction of a strong nation and the national rejuvenation!

**ZHAO Fei**  
*Chairman*

# CHAPTER I CORPORATE INFORMATION AND MAJOR FINANCIAL INDICATORS

## 1 BASIC INFORMATION

Legal name in Chinese:	鄭州銀行股份有限公司(Abbreviation: 鄭州銀行)
Legal name in English:	Bank of Zhengzhou Co., Ltd. (Abbreviation: ZHENGZHOU BANK)
Legal representative:	Mr. ZHAO Fei
Authorized representatives:	Mr. ZHAO Fei, Ms. HAN Huili <sup>(Note)</sup>
Board secretary and contact details:	Ms. HAN Huili <sup>(Note)</sup> Contact address: 22 Shangwu Waihuan Road, Zhengdong New District, Zhengzhou, Henan Province, China Tel: +86-371-6700 9199 Fax: +86-371-6700 9898 E-mail: ir@zzbank.cn
Joint company secretaries:	Ms. HAN Huili, Dr. NGAI Wai Fung <sup>(Note)</sup>
Securities affairs representative and contact details:	Mr. CHEN Guang Contact address: 22 Shangwu Waihuan Road, Zhengdong New District, Zhengzhou, Henan Province, China Tel: +86-371-6700 9199 Fax: +86-371-6700 9898 E-mail: ir@zzbank.cn
Places of listing, stock short names and codes:	A Shares: SZSE BANK OF ZHENGZHOU 002936 H Shares: Hong Kong Stock Exchange BANK OF ZHENGZHOU 6196
Unified Social Credit Code:	914100001699995779
Financial licence number:	B1036H241010001
Registered address and office address:	22 Shangwu Waihuan Road, Zhengdong New District, Zhengzhou, Henan Province, China
Postal codes of the registered address and office address:	450018

*Note:* The Board of the Bank considered and approved to appoint Ms. HAN Huili as the secretary to the Board of the Bank on 29 April 2024, and she officially took office after her qualification was approved by the National Financial Regulatory Administration Henan Office (國家金融監督管理總局河南監管局) on 7 June 2024; at the same time, Ms. HAN Huili was appointed as the joint company secretary and authorized representative of the Bank under Rule 3.05 of the Stock Exchange Listing Rules. She officially assumed her duties on 2 May 2024 upon obtaining the waiver granted by the Hong Kong Stock Exchange for the qualification of company secretary. In the meantime, Dr. NGAI Wai Fung resigned as the authorized representative of the Bank, acted as an alternate to the authorized representative and acted as the other joint company secretary of the Bank on 2 May 2024.

## CHAPTER I CORPORATE INFORMATION AND MAJOR FINANCIAL INDICATORS (Continued)

Historical change of registered address:	The registered address of the Bank was changed from “55 Mianfang Road, Erqi District, Zhengzhou” to “Hezhong Zonghe Building, 1 Yousheng North Road, Zhengzhou” on 17 December 2000, and from “Hezhong Zonghe Building, 1 Yousheng North Road, Zhengzhou” to “22 Shangwu Waihuan Road, Zhengdong New District, Zhengzhou” on 28 December 2010.
Principal place of business in Hong Kong:	40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong
Contact address:	22 Shangwu Waihuan Road, Zhengdong New District, Zhengzhou, Henan Province, China
Tel:	+86-371-6700 9199
Fax:	+86-371-6700 9898
E-mail:	ir@zzbank.cn
Website:	www.zzbank.cn
Newspapers for information disclosure:	Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily
Websites for information disclosure:	Website for publishing the annual report of A Shares: www.cninfo.com.cn Website for publishing the annual report of H Shares: www.hkexnews.hk
Place where the annual report can be obtained:	The General Office of the Board of the Bank
Domestic auditor:	ShineWing Certified Public Accountants LLP
Address of domestic auditor:	8/F, Block A, Fuhua Mansion, 8 Chaoyangmen Beidajie, Dongcheng District, Beijing
Undersigned accountants:	Mr. ZHANG Yuhu, Mr. GUO Feng
International auditor:	SHINEWING (HK) CPA Limited
Address of international auditor:	17/F, Chubb Tower, Windsor House, 311 Gloucester Road, Causeway Bay, Hong Kong
Undersigned accountant:	Mr. Wong Chuen Fai
PRC legal advisor:	King & Wood Mallesons
Hong Kong legal advisor:	King & Wood Mallesons
Registrar for A Shares:	China Securities Depository and Clearing Corporation Limited, Shenzhen Branch
Registrar for H Shares:	Computershare Hong Kong Investor Services Limited

## CHAPTER I CORPORATE INFORMATION AND MAJOR FINANCIAL INDICATORS (Continued)

### 2 MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

The financial data and indicators set forth in this Report are prepared in accordance with the International Financial Reporting Standards. Unless otherwise specified, such information represents the data of the Group stated in RMB.

Unit: RMB'000

Major accounting data	2024	2023	Year-on-year increase/ decrease (%)	2022	2021	2020
<b>Operating results</b>						
Operating income <sup>(1)</sup>	<b>12,890,323</b>	13,699,410	(5.91)	15,225,843	14,810,905	14,579,669
Total profit	<b>1,786,431</b>	1,739,636	2.69	2,807,230	3,988,138	4,012,467
Net profit attributable to Shareholders of the Bank	<b>1,875,762</b>	1,850,117	1.39	2,422,304	3,226,192	3,167,567
Net cash flow generated from operating activities	<b>8,765,356</b>	1,648,102	431.85	(31,350,017)	(42,619,059)	(11,179,309)
<b>Calculated on a per Share basis (RMB/Share)</b>						
Basic earnings per Share <sup>(2)</sup>	<b>0.15</b>	0.15	–	0.16	0.33	0.36
Diluted earnings per Share <sup>(2)</sup>	<b>0.15</b>	0.15	–	0.16	0.33	0.36
Net assets per Share attributable to Ordinary Shareholders of the Bank <sup>(3)</sup>	<b>4.89</b>	4.67	4.71	4.93	4.83	4.88

## CHAPTER I CORPORATE INFORMATION AND MAJOR FINANCIAL INDICATORS (Continued)

Scale indicators	As at the end of 2024	As at the end of 2023	Year-on-year increase/ decrease (%)	As at the end of 2022	As at the end of 2021	As at the end of 2020
Total assets	<b>676,365,240</b>	630,709,429	7.24	591,513,618	574,979,662	547,813,444
Gross loans and advances to customers (excluding accrued interest)	<b>387,690,452</b>	360,608,206	7.51	330,921,097	289,027,668	237,959,190
Provision for impairment losses on loans and advances to customers <sup>(4)</sup>	<b>12,668,553</b>	11,815,080	7.22	10,311,525	8,369,541	7,931,775
Total liabilities	<b>620,070,469</b>	576,394,573	7.58	538,888,382	515,568,122	501,841,523
Total deposits from customers (excluding accrued interest)	<b>404,537,898</b>	360,961,439	12.07	337,708,162	318,813,450	314,230,420
Share capital	<b>9,092,091</b>	9,092,091	–	8,265,538	8,265,538	7,514,125
Shareholders' equity Including: equity attributable to Shareholders of the Bank	<b>56,294,771</b> <b>54,445,031</b>	54,314,856 52,452,824	3.65 3.80	52,625,236 50,772,566	59,411,540 57,766,182	45,971,921 44,494,897
Net capital base <sup>(5)</sup>	<b>60,173,707</b>	56,372,605	6.74	55,291,681	63,166,634	52,679,369
Including: net tier-one capital <sup>(5)</sup>	<b>53,937,488</b>	50,718,655	6.35	50,566,245	57,931,340	44,492,918
Total risk-weighted assets <sup>(5)</sup>	<b>498,780,953</b>	455,490,556	9.50	434,769,547	421,013,820	409,505,750

## CHAPTER I CORPORATE INFORMATION AND MAJOR FINANCIAL INDICATORS (Continued)

Major financial indicators	2024	2023	Year-on-year Change	2022	2021	2020
<b>Capital adequacy ratio (%)</b>						
Core tier-one capital adequacy ratio <sup>(5)</sup>	8.76	8.90	(0.14)	9.29	9.49	8.92
Tier-one capital adequacy ratio <sup>(5)</sup>	10.81	11.13	(0.32)	11.63	13.76	10.87
Capital adequacy ratio <sup>(5)</sup>	12.06	12.38	(0.32)	12.72	15.00	12.86
<b>Asset quality indicators (%)</b>						
Non-performing loan ratio <sup>(6)</sup>	1.79	1.87	(0.08)	1.88	1.85	2.08
Allowance to non-performing loans <sup>(6)</sup>	182.99	174.87	8.12	165.73	156.58	160.44
Allowance to total loans <sup>(6)</sup>	3.27	3.28	(0.01)	3.12	2.90	3.33
<b>Profitability indicators (%)</b>						
Weighted average return on net assets <sup>(2)</sup>	3.21	3.29	(0.08)	3.53	7.17	8.37
Return on total assets <sup>(7)</sup>	0.29	0.30	(0.01)	0.45	0.61	0.63
Cost-to-income ratio <sup>(8)</sup>	29.00	27.05	1.95	22.98	23.06	22.53
Net interest spread <sup>(9)</sup>	1.63	2.00	(0.37)	2.18	2.24	2.46
Net interest margin <sup>(10)</sup>	1.72	2.08	(0.36)	2.27	2.31	2.40
<b>Other financial indicators (%)</b>						
Leverage ratio <sup>(11)</sup>	7.19	7.60	(0.41)	7.69	8.72	6.63
Liquidity ratio <sup>(11)</sup>	83.07	59.10	23.97	72.34	63.72	70.41
Liquidity coverage ratios <sup>(11)</sup>	305.04	265.83	39.21	300.13	339.61	353.94
Loan-to-deposit ratio <sup>(11)</sup>	95.84	99.90	(4.06)	97.99	90.66	82.63
Percentage of loans to the single largest customer <sup>(11)</sup>	4.89	5.32	(0.43)	5.18	4.75	3.61
Percentage of loans to the top ten single customers <sup>(11)</sup>	38.24	35.36	2.88	34.06	27.66	26.17
Percentage of credit granted to the single largest group customer <sup>(11)</sup>	11.44	9.32	2.12	5.63	4.93	6.15
Normal loan migration ratio <sup>(11)</sup>	3.69	1.98	1.71	1.33	4.58	4.68
Special mention loan migration ratio <sup>(11)</sup>	15.65	11.38	4.27	16.92	48.26	33.16
Substandard loan migration ratio <sup>(11)</sup>	81.18	85.59	(4.41)	25.19	1.35	68.76
Doubtful loan migration ratio <sup>(11)</sup>	73.34	47.40	25.94	9.33	4.27	0.00

## CHAPTER I CORPORATE INFORMATION AND MAJOR FINANCIAL INDICATORS (Continued)

### Notes:

1. Operating income includes net interest income, net fee and commission income, net gains arising from investments, net trading gains and other operating income, etc.
2. Basic earnings per Share, diluted earnings per Share and weighted average return on net assets were calculated according to Compilation Rules for Information Disclosures by Companies that Offer Securities to the Public (No.9): Calculation and Disclosure of Rate of Return on Equity and Earnings per Share (2010 Revision).

The Bank distributed interest on indefinite-term capital bonds in November 2024. In calculating basic earnings per Share, diluted earnings per Share and weighted average return on net assets, the distributed interest on indefinite-term capital bonds for the period have been deducted from the "net profit attributable to Ordinary Shareholders of the Bank", and the indefinite-term capital bonds have been deducted from the "weighted average net assets".

3. Representing the equity attributable to Ordinary Shareholders of the Bank after deducting other equity instruments divided by the number of Ordinary Shares at the end of the period.
4. Including the provision for impairment losses on the loans and advances to customers measured at amortized costs and the loans and advances to customers at fair value through other comprehensive income.
5. Starting from 2024, the capital adequacy ratio is calculated in accordance with the relevant requirements of the Administrative Measures for Capital of Commercial Banks (商業銀行資本管理辦法) of the National Financial Regulatory Administration. Previously, the capital adequacy ratio were calculated in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) (商業銀行資本管理辦法(試行)) of the Former CBIRC and relevant requirements.
6. Non-performing loan ratio was calculated by dividing total non-performing loan principal (excluding accrued interests) by gross loan and advance principal to customers (excluding accrued interest); the allowance to non-performing loans was calculated by dividing allowance for impairment losses on loans and advances to customers by the total non-performing loan principal (excluding accrued interest); and the allowance to total loans was calculated by dividing allowance for impairment losses on loans and advances to customers by the gross loan and advance principal to customers (excluding accrued interest).
7. Representing the percentage of net profit for the Reporting Period to the average balance of total assets at the beginning and the end of the period.
8. Calculated by dividing total operating expenses (excluding tax and surcharges) by operating income.
9. Calculated as the difference between the average yield on total interest-earning assets and the average cost of total interest-bearing liabilities based on daily average of the interest-earning assets and the interest-bearing liabilities.
10. Calculated by dividing net interest income by the daily average interest-earning assets based on daily average interest earning assets.
11. Percentage of loans to the single largest customer and percentage of loans to the top ten single customers were recalculated in accordance with regulatory criteria based on audited data. Loan-to-deposit ratio was recalculated as per audited total loan principal divided by total deposit principal. Other indicators represented data reported to regulatory authorities. Loan migration ratio was based on the criteria of the parent of the Bank.

# CHAPTER I CORPORATE INFORMATION AND MAJOR FINANCIAL INDICATORS (Continued)

## 3 DIFFERENCES IN ACCOUNTING DATA UNDER DOMESTIC AND INTERNATIONAL ACCOUNTING STANDARDS

The Bank's net assets as at the end of the Reporting Period and the net profit during the Reporting Period as calculated in accordance with the Accounting Standards for Business Enterprises of the PRC is the same as that calculated in accordance with International Financial Reporting Standards.

## 4 MAJOR FINANCIAL INDICATORS BY QUARTER

Unit: RMB'000

Item	Fourth quarter of 2024	Third quarter of 2024	Second quarter of 2024	First quarter of 2024
Operating income	3,829,288	2,655,893	2,997,558	3,407,584
Net profit attributable to Shareholders of the Bank	(368,370)	650,271	626,416	967,445
Net cash flow generated from operating activities	(2,848,058)	16,018,136	(4,302,379)	(102,343)

Note: There is no substantial difference between the aforesaid financial indicators or their sum and those disclosed in the quarterly reports and interim report of the Bank.

# CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS

## 1 REVIEW OF THE ECONOMIC ENVIRONMENT AND INDUSTRY

2024 was a crucial year for achieving the objectives and tasks set out in the “14th Five-Year Plan”. In the face of the complex and severe situation of increased external pressures and growing internal difficulties, China’s economic operation remained generally stable with steady progress, and new advancements were made in high-quality development. The gross domestic product increased by 5.0% year-on-year, and the primary, secondary and tertiary sectors recorded a year-on-year growth of 3.5%, 5.3% and 5.0%, respectively. Firstly, the industrial production maintained steady and rapid growth, while the manufacturing industry was accelerating its transformation and upgrading. The added value of China’s industrial enterprises above designated size increased by 5.8% year-on-year, with the growth rate accelerating by 1.2 percentage points compared to the previous year. The added value of the equipment manufacturing industry above designated size increased by 7.7% year-on-year, accounting for 34.6% of the total industrial output above designated size. Secondly, the service industry achieved rapid growth, with the quality and efficiency of development continuously improving. The added value of the service industries increased by 5.0% year-on-year, contributing 56.2% to the growth of the national economy and driving the gross domestic product to increase by 2.8 percentage points. The leading role of modern service industry has been strengthened. The added value of information transmission, software and information technology services, leasing and business services, and financial industry increased by 10.9%, 10.4% and 5.6% year-on-year, respectively, collectively driving the growth of the add value of the service industry by 2.3 percentage points. Thirdly, market sales maintained growth, with online retail sales being quite active. The total retail sales of consumer goods increased by 3.5% year-on-year, with a good momentum of growth in the sales of basic necessities and upgraded goods. The online retail sales grew by 7.2% year-on-year, with online retail sales of physical commodities growing by 6.5%, 3 percentage points faster than that of total retail sales of consumer goods. Fourthly, the scale of investments in fixed assets expanded, with investments in manufacturing industry experiencing rapid growth. China’s investments in fixed assets (excluding rural households) increased by 3.2% year-on-year. Investments in manufacturing industry increased by 9.2% year-on-year, 6.0 percentage points faster than that of the overall investment. Investments in high-tech industries increased by 8.0% year-on-year, 4.8 percentage points faster than that of the overall investment. Fifthly, the import and export of goods experienced rapid growth, with the trade structure continuously optimizing. The import and export of goods throughout the year increased by 5.0% year-on-year, of which exports reached RMB25,454.5 billion, growing by 7.1%, while imports amounted to RMB18,392.3 billion, increasing by 2.3%.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

In 2024, confronted with the dual challenges of a complex external environment and arduous tasks of reform and development, Henan Province continued to exert efforts in stabilizing growth, strengthening innovation, adjusting structures, benefit people's livelihoods, and preventing risks, driving the provincial economy to exhibit a positive trend of steady improvement, innovation, and optimization. The GDP in Henan Province grew by 5.1% year-on-year, in which the primary, secondary and tertiary sectors recorded a year-on-year growth of 3.3%, 6.8% and 4.1%, respectively. Firstly, the industrial economy operated steadily with the manufacturing industry playing a significant supporting role. The added value of industries above the designated size in the province increased by 8.1% year-on-year, accelerating by 3.1 percentage points compared to the previous year. The province's added value of manufacturing enterprises above the designated size increased by 9.1% year-on-year, 1.0 percentage point faster than that of the industrial added value above designated size in the province, contributing 89.0% to the growth of the industrial added value above designated size in the province. Secondly, the service industry recovered steadily, with the cultural and tourism market remaining consistently active. In 2024, Henan Province received over 1 billion tourist visits for the first time, and the comprehensive tourism revenue surpassed RMB1 trillion for the first time. Thirdly, the fixed assets investment showed stable growth, with major projects playing a prominent supporting role. The province's fixed assets investment increased by 7.0% year-on-year, 4.9 percentage points faster than that of the previous year. The completed investment in 11,318 projects (including the Zhongyuan Science and Technology City Digital Research Industrial Park) of RMB100 million or above increased by 7.6% year-on-year, driving the investment growth in the province by 4.9 percentage points, and contributing 70.0% to the province's investment growth. Fourthly, the consumer market showed a steady rise, with trade-in policy of old consumer goods accelerating the release of related demand. The province's retail sales of consumer goods increased by 6.1% year-on-year. The retail sales of goods such as new energy vehicles, household appliances, and audio-visual equipment by units above the designated size in the province increased by 30.8% and 15.7% year-on-year, respectively. Fifthly, foreign trade imports and exports showed an upward trend against the odds, with further optimization of the foreign trade structure. The total value of foreign trade imports and exports in the province reached RMB820.17 billion, marking a year-on-year increase of 1.2%. The province's imports and exports conducted through general trade amounted to RMB331.44 billion, up 3.9% year-on-year, accounting for 40.4% of the province's total value of foreign trade imports and exports.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

In 2024, the People's Bank of China adhered to a supportive monetary policy stance, optimized and adjusted monetary policies, and proactively boosted the economic recovery and improvement, injecting strong momentum into the high-quality development of the economy. As of the end of 2024, the balance of social financing in China stood at RMB408.34 trillion, an increase of 8.0% year-on-year; the annual increment in social financing was RMB32.26 trillion, remaining at a historically high level. The credit structure continued to optimize, with increasing support for key areas and weak links. As of the end of 2024, the medium and long-term loans to the manufacturing industry grew by 11.9% year-on-year, the loans to specialized, sophisticated, unique and novel enterprises increased by 13% year-on-year, the inclusive loans to the small and micro enterprises increased by 14.6% year-on-year, and the agriculture-related loans increased by 9.8% year-on-year, significantly higher than the growth rate of loans during the same period. Financing costs remained consistently low. In December 2024, the weighted average interest rate for newly issued corporate loans was approximately 3.43%, about 36 basis points lower than that of the same period in the previous year; the interest rate of residential mortgage was approximately 3.11%, about 88 basis points lower than that of the same period in the previous year, both at historically low levels.

In 2024, faced with profound changes in the internal and external environment, the banking industry maintained strategic determination, continuously deepened reforms, as well as firmly grasped business development opportunities, achieving overall stable operations. Firstly, total assets maintained growth. As at the end of 2024, the total local and foreign currency assets of banking institutions amounted to RMB444.6 trillion, representing a year-on-year increase of 6.5%. Secondly, financial services continued to strengthen. As at the end of 2024, the loan balance of banking financial institutions for small and micro enterprises amounted to RMB81.4 trillion, of which the loan balance for inclusive small and micro enterprises with a total credit line of RMB10 million or less per household amounted to RMB33.3 trillion, representing a year-on-year increase of 14.7%. Thirdly, the quality of credit assets remained generally stable. As at the end of 2024, the non-performing loan balance of commercial banks amounted to RMB3.3 trillion, with a non-performing loan ratio of 1.50%. Fourthly, the overall risk coverage capability was sufficient. As at the end of 2024, the provision coverage ratio of commercial banks was 211.19% and the loan provision ratio was 3.18%. Fifthly, the liquidity indicators of commercial banks remained stable. As at the end of 2024, the liquidity coverage ratio of commercial banks was 154.73%, the liquidity ratio was 76.74%, the RMB excess reserve ratio was 1.20%, and the loan-to-deposit ratio was 80.35%.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 2 BUSINESS REVIEW

#### 2.1 Primary Business

Bank of Zhengzhou, established in November 1996, went public on the Hong Kong Stock Exchange in December 2015 and was listed on the SZSE in September 2018, becoming the first domestic city commercial bank listed on both the A-share and H-share markets. In April 2022, Bank of Zhengzhou was approved by the Henan Provincial Party Committee and the Provincial Government as the principal operator of policy-based technological innovation finance in Henan Province. As a regional joint stock commercial bank, Bank of Zhengzhou always adheres to the market positioning of “serving local economy, serving small and medium enterprises and serving urban and rural residents”, rooted in Henan, especially Zhengzhou. Adhering to the strategic vision of “striving to become a first-class commercial bank with distinctive features in policy-based technological innovation finance”, the Bank promotes in-depth business transformation, continues to shape characteristic, differentiated and specialized competitive advantages, and continuously enhances the effectiveness of services for the development of the real economy.

The Bank is primarily engaged in corporate banking, retail banking and treasury business. The Bank provides corporate banking customers with diversified financial products and services, including corporate loans (including trade finance), international business and services, corporate deposits, and products and services involving handling fees and commissions. The Bank provides retail banking customers with a wide range of products and services, including loans, deposits, bank cards and products and services involving handling fees and commissions. The Bank's treasury business seeks to maximize the return on funds for non-loan purposes while meeting its liquidity needs. The Bank's treasury business mainly includes money market transactions, investment in securities and other financial assets, bond underwriting and distribution, inter-bank discounting and rediscounting of bills, and treasury business conducted on behalf of customers.

#### 2.2 Operational Performance

As at the end of the Reporting Period, the Bank had total assets of RMB676,365 million, representing an increase of 7.24% from the end of the previous year; total deposits from customers of RMB404,538 million, representing an increase of 12.07% from the end of the previous year; and gross loans and advances to customers of RMB387,690 million, representing an increase of 7.51% from the end of the previous year. During the Reporting Period, the Bank recorded an operating income of RMB12,890 million, representing a year-on-year decrease of 5.91%; a net profit of RMB1,863 million, representing a year-on-year increase of 0.21%, a net interest margin of 1.72% and a cost-to-income ratio of 29.00%. The Bank's capital adequacy ratio, NPL ratio and allowance to NPL ratio were 12.06%, 1.79% and 182.99% respectively, major regulatory indicators meeting the regulatory requirements.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

As a local incorporated bank, Bank of Zhengzhou always adheres to high-quality Party building to guide high-quality development of businesses, deeply understands the decisive significance of “two establishments”, resolutely implements “two safeguarding”, continuously facilitates the integration of high-quality Party building with high-quality development, and always be integrated and coexisted with the local economy. In the tide of serving the Chinese-style modernization in Henan, we anchored on major national strategic plans and the work requirements of the provincial and municipal governments such as the “strategy on ecological protection and high-quality development of the Yellow River basin” and “construction of Zhengzhou as a national central city”, strongly support “three batches” projects in Zhengzhou and in the Henan province and construction of “7+28+N” key industrial chains and clusters, and fully implement the coordination mechanism for real estate financing and the coordination mechanism for small and micro enterprise financing, and spare no efforts to contribute financial strength to ensure stability and benefit people’s livelihood.

### 2.3 Analysis of Core Competitiveness

Clear strategic objectives and distinctive business characteristics. With the strategic vision of “striving to become a first-class commercial bank with distinctive features in policy-based technological innovation finance”, the Bank adheres to the market positioning of “serving local economy, serving small and medium enterprises and serving urban and rural residents” and continuously promotes the characteristic business development. Upholding the philosophy of innovative development, the Bank steadily promotes business transformation, initiatively thinks about, seeks and mulls changes, and consolidates the foundations of high-quality development to better fulfill the mission of serving real economies.

Sound regional economic development bringing important development opportunities. As a local legal person bank, the Bank has been rooted in Henan, especially Zhengzhou, and always strives to achieve a close integration with the local economy for common development. With the improvement in the quality and efficiency of economic development in Henan and the launching of various national strategic plans and platforms in recent years, the strategic position and comprehensive competitive advantages of Henan have become increasingly prominent. Zhengzhou, the provincial capital, enjoys various regional advantages such as an important national transportation hub and a national central city, and boasts strong development potential. The bright regional development prospects have provided important policy and historical opportunities for the high-quality development of the Bank.

Further leveraging on advantages in technological innovation finance and creating a role model of “finance supporting technology”. As the principal operator of policy-based technological innovation finance in Henan Province, the Bank gets deeply involved in the technological innovation efforts in Henan, deeply develops technological innovation finance and focuses on the frontiers and priorities in the development of technological innovation enterprises, being the first to resolve problems and making precise efforts. It continues to improve the capability to serve technological innovation through strengthening the top-level layout, forming a synergy between the government and the bank, enriching financial products and building innovative ecosystems, and serves the strategic layout of technological innovation in the province with financial measures, creating a role model of “finance supporting technology”.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Managing compliance risks carefully to ensure sound operations. The Bank has set the bottom-line of “compliance-based development”, created a good atmosphere for “compliance-based operations and sound development”, and continuously improved internal control and compliance management. In particular, the Bank regularly reviews relevant measures and compliance issues, and inspects all aspects of operational and managerial activities from the beginning to end, thus consolidating the foundation for internal control and compliance; promotes employee behaviour management, and implements swindle prevention responsibilities at all levels to develop an inclination for proactive compliance; strengthens employees’ compliance awareness and compliance skills education to build the cornerstone of compliance-based development and promote the healthy development of various business lines; continuously strengthens the construction of the three lines of defense, increases accountability for violations, and eliminates hidden risks in a timely manner.

Cultivating a strong leadership team and optimizing the leadership and support of talents. To address the shortage of personnel in business and management roles, the Bank actively seeks to attract top-tier talent and professionals under a flexible recruitment mechanism, and employs various methods to identify and select outstanding leader candidates who demonstrate strong political integrity and significant contributions. Moreover, the Bank is committed to reforming its leadership structure comprehensively by prioritizing loyalty, integrity, and accountability in its hiring practices. It focuses on improving its business training systems and developing a learning-empowered and expert workforce to ensure professional and dedicated services for its customers.

Creating a corporate culture and adhering to the corporate vision. By embracing the values of professionalism, dedication, diligence, entrepreneurship, and business acumen, the Bank has enhanced the professional capabilities of its employees across the board. In its pursuit of excellence, the Bank has fostered a meticulous, rigorous, and detail-oriented mindset, encouraging all employees to embody the “spirit of craftsmanship.” Its goal is to cultivate an iron army marked by unwavering faith, steadfast commitment, and strict discipline, ensuring that its team remains politically engaged, resolute, and highly skilled.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 2.4 Major Awards

In April 2024, the Bank was granted the “Best Retail Bank for Customer Experience of the Year Award” by Shine Consultant International Ltd. and Shanghai Pudong International Finance Institute;

In July 2024, the Bank was granted the “Annual ESG Green Finance Award” by Shanghai United Media Group (jiemian.com);

In October 2024, the Bank was ranked No. 6 in “Top 100 Henan Service Enterprises in 2024” and No. 26 in “Top 100 Henan Enterprises in 2024” in the joint list of Henan Enterprise Confederation and Henan Enterprise Directors Association;

In November 2024, the Bank was granted the “2024 21st Century Financial Competitiveness Outstanding Case – Socially Responsible Financial Institution of the Year” by 21st Century Business Herald;

In December 2024, the Bank was granted the “2024 Excellent Competitive Value Growth Bank” by China Business Journal;

In December 2024, the Bank was granted the “2024 Crystal Ball Award for Listed Companies – Best Listed Company for ESG Management” by Securities Market Weekly;

In December 2024, the Bank received the “Jinqiao Prize • Outstanding Social Responsibility Enterprise of the Year” jointly issued by Thinking Finance and Investor China;

In December 2024, the Bank was granted the “2024 Excellent Practice Example of High-Quality Development of Listed Companies – Excellent Example of ESG Practice” by Chinese Securities Journal;

In December 2024, the Bank was granted the “2024 Regional Service Leading Bank” by hexun.com;

In December 2024, the Bank was granted the “2024 Best Service Bank in Central China” and “2024 Most Socially Responsible Bank in Central China” by Zhengzhou Media Group Co., Ltd.;

In December 2024, the Bank was granted the “Wonderful Central China • 2024 Outstanding Institution for ‘Science and Technology Finance’” by Henan Broadcasting System and Elephant News;

In December 2024, the Bank was granted the “2024 ‘Amazing Henan Finance’ Most Innovative Service Institution Award” and “2024 ‘Amazing Henan Finance’ Most Influential IP Award” by news.sohu.com;

In December 2024, the Bank was granted the “2024 Yinshi • Trusted Financial Institution Award” by Zhejiang Daily Press Group (yinsfinance).

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 3 FINANCIAL STATEMENTS ANALYSIS

#### 3.1 Income Statement Analysis

During the Reporting Period, facing complex and changeable macroeconomic situation, the Bank returned to its original financial function of serving the real economy, actively pushed forward business development, and maintained solid operating results. During the Reporting Period, the Bank recorded operating income of RMB12,890 million, representing a year-on-year decrease of 5.91%; net profit of RMB1,863 million, representing a year-on-year increase of 0.21%; and net profit attributable to Shareholders of the Bank of RMB1,876 million, representing a year-on-year increase of 1.39%. Major items of and changes in the Bank's income statement are set out as follows:

Unit: RMB'000

Item	For the year ended 31 December			
	2024	2023	Change	Rate of Change (%)
Net interest income	10,364,605	11,739,613	(1,375,008)	(11.71)
Non-interest income	2,525,718	1,959,797	565,921	28.88
Operating income	12,890,323	13,699,410	(809,087)	(5.91)
Less: Operating expenses	3,904,214	3,858,566	45,648	1.18
Less: Credit impairment losses	7,183,476	8,075,323	(891,847)	(11.04)
Less: Other operating costs	15,088	8,535	6,553	76.78
Operating profit	1,787,545	1,756,986	30,559	1.74
Share of losses of associates	(1,114)	(17,350)	16,236	(93.58)
Profit before taxation	1,786,431	1,739,636	46,795	2.69
Less: Income tax expense	(77,039)	(119,843)	42,804	(35.72)
Net profit	1,863,470	1,859,479	3,991	0.21
Including: Shareholders of the				
Bank	1,875,762	1,850,117	25,645	1.39
Non-controlling interests	(12,292)	9,362	(21,654)	N/A

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 3.1.1 Net Interest Income, Net Interest Spread and Net Interest Margin

During the Reporting Period, the Bank recorded net interest income of RMB10,365 million, representing a year-on-year decrease of RMB1,375 million or 11.71% and accounting for 80.41% of the operating income. Specifically, business scale adjustments resulted in an increase of RMB1,043 million in net interest income and changes in yield or cost rate resulted in a decrease of RMB2,418 million in net interest income.

The following table sets forth the average balance of the Bank's interest-earning assets and interest-bearing liabilities, interest income and expenses from these assets, average yield of these interest-earning assets and average cost rate of these interest-bearing liabilities during the Reporting Period:

Unit: RMB'000

Item	For the year ended 31 December					
	Average balance <sup>(6)</sup>	2024 Interest income/expense	Average yield/interest rate (%)	Average balance <sup>(6)</sup>	2023 Interest income/expense	Average yield/interest rate (%)
<b>Interest-earning assets</b>						
Loans and advances to customers	371,216,726	15,491,858	4.17	346,423,320	16,436,252	4.74
Investment securities and other financial assets <sup>(1)</sup>	161,413,928	5,024,760	3.11	145,746,529	5,424,984	3.72
Deposits with central bank	23,310,971	325,934	1.40	22,448,807	304,159	1.35
Amounts due from banks and other financial institutions <sup>(2)</sup>	14,043,258	325,896	2.32	17,801,087	381,136	2.14
Lease receivables	33,743,359	2,187,411	6.48	32,590,659	2,213,273	6.79
<b>Total interest-earning assets</b>	<b>603,728,242</b>	<b>23,355,859</b>	<b>3.87</b>	<b>565,010,402</b>	<b>24,759,804</b>	<b>4.38</b>
<b>Interest-bearing liabilities</b>						
Deposits from customers	377,425,127	8,171,878	2.17	347,437,682	7,803,132	2.25
Amounts due to banks and other financial institutions <sup>(3)</sup>	68,451,214	1,652,635	2.41	73,459,940	1,966,922	2.68
Debt securities issued	103,162,461	2,469,014	2.39	99,947,050	2,589,620	2.59
Due to central bank	29,682,358	697,727	2.35	25,672,925	660,517	2.57
<b>Total interest-bearing liabilities</b>	<b>578,721,160</b>	<b>12,991,254</b>	<b>2.24</b>	<b>546,517,597</b>	<b>13,020,191</b>	<b>2.38</b>
Net interest income		10,364,605			11,739,613	
Net interest spread <sup>(4)</sup>			1.63			2.00
Net interest margin <sup>(5)</sup>			1.72			2.08

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

*Notes:*

1. Consisting of financial investments at amortized cost and bonds at fair value through other comprehensive income.
2. Consisting of deposits and placements with banks and other financial institutions and financial assets held under resale agreements.
3. Consisting of deposits and placements from banks and other financial institutions, and financial assets sold under repurchase agreements.
4. Calculated as the difference between the average yield on total interest-earning assets and the average cost of total interest-bearing liabilities based on the average daily interest-earning assets and interest-bearing liabilities.
5. Calculated by dividing net interest income by the average balance of total interest-earning assets based on the average daily interest-earning assets.
6. Calculated as the average daily balance of the Bank.

During the Reporting Period, the net interest spread and net interest margin of the Bank were subject to the combined effects of changes in volume and interest rates. Changes in volume are measured by changes in the average balance of the interest-earning assets and interest-bearing liabilities while changes in rate are measured by changes in the average rate of the interest-earning assets and interest-bearing liabilities.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Unit: RMB'000

Item	For the year ended 31 December		
	2024 vs. 2023		Net increase/ (decrease) <sup>(3)</sup>
	Increase/(decrease) due to Volume <sup>(1)</sup>	Rate <sup>(2)</sup>	
<b>Interest-earning assets</b>			
Loans and advances to customers	1,176,337	(2,120,731)	(944,394)
Investments securities and other financial assets	583,173	(983,397)	(400,224)
Deposits with central bank	11,681	10,094	21,775
Amounts due from banks and other financial institutions	(80,458)	25,218	(55,240)
Lease receivables	78,281	(104,143)	(25,862)
<b>Changes in interest income</b>	1,769,014	(3,172,959)	(1,403,945)
<b>Interest-bearing liabilities</b>			
Deposits from customers	673,491	(304,745)	368,746
Amounts due to banks and other financial institutions	(134,111)	(180,176)	(314,287)
Debt securities issued	83,311	(203,917)	(120,606)
Due to central bank	103,155	(65,945)	37,210
<b>Change in interest expenses</b>	725,846	(754,783)	(28,937)

Notes:

1. Represents the average balance for the Reporting Period minus the average balance for the previous period, multiplied by the average yield/cost rate for the previous period.
2. Represents the average revenue/(expenses) for the Reporting Period minus the average revenue/(expenses) for the previous period, multiplied by the average balance for the Reporting Period.
3. Represents interest income/(expenses) for the Reporting Period minus interest income/(expenses) for the previous period.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### *Net interest spread and net interest margin*

During the Reporting Period, the Bank's net interest spread amounted to 1.63%, representing a year-on-year decrease of 0.37 percentage point, while the Bank's net interest margin amounted to 1.72%, representing a year-on-year decrease of 0.36 percentage point. The main reason for the decrease in net interest spread and net interest margin was the Bank proactively responded to state policies to support the real economy and it was subject to factors such as LPR re-pricing.

### **3.1.2 Interest Income**

During the Reporting Period, the Bank achieved interest income of RMB23,356 million, representing a year-on-year decrease of RMB1,404 million or 5.67%, mainly as a result of LPR re-pricing and changes in market interest rates.

### *Interest income from loans*

During the Reporting Period, the Bank steadily promoted credit granting. The average balance of loans and advances to customers increased by RMB24,793 million as compared to the same period of the previous year. Interest income from loans amounted to RMB15,492 million, representing a decrease of RMB944 million or 5.75% as compared to the same period of the previous year. Set out below are the average balance, interest income and average yield for each component of the Bank's loans and advances to customers for the Reporting Period:

*Unit: RMB'000*

item	For the year ended 31 December					
	Average balance	2024 Interest income	Average yield (%)	Average balance	2023 Interest income	Average yield (%)
Corporate loans	263,912,707	11,895,307	4.51	241,960,011	12,494,500	5.16
Personal loans	86,246,191	3,298,009	3.82	82,931,687	3,538,674	4.27
Discounted bills	21,057,828	298,542	1.42	21,531,622	403,078	1.87
<b>Gross loans and advances to customers</b>	<b>371,216,726</b>	<b>15,491,858</b>	<b>4.17</b>	<b>346,423,320</b>	<b>16,436,252</b>	<b>4.74</b>

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### *Interest income from investment securities and other financial assets*

During the Reporting Period, the Bank's interest income from investment securities and other financial assets of the Bank amounted to RMB5,025 million, representing a year-on-year decrease of RMB400 million or 7.38%, which was principally attributable to the decrease in the average yield of investment securities and other financial assets.

### *Interest income from amounts due from banks and other financial institutions*

During the Reporting Period, the Bank's interest income from amounts due from banks and other financial institutions amounted to RMB326 million, representing a decrease of RMB55 million or 14.49% as compared to the same period of the previous year, which was primarily attributable to the decrease in the size of such assets.

### *Interest income from lease receivables*

During the Reporting Period, the Bank's interest income from lease receivables decreased by RMB26 million or 1.17% to RMB2,187 million as compared to the same period of the previous year, which was primarily attributable to the decrease in the average yield of lease receivables of Jiuding Financial Leasing Company, a subsidiary of the Bank.

### **3.1.3 Interest Expense**

During the Reporting Period, the Bank's interest expense decreased by RMB29 million or 0.22% to RMB12,991 million as compared to the same period of the previous year, which was affected by comprehensive factors including changes in the scale of liabilities and interests.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### *Interest expense on deposits from customers*

During the Reporting Period, the Bank's interest expense on deposits from customers amounted to RMB8,172 million, representing an increase of RMB369 million or 4.73% as compared to the same period of the previous year, and accounted for 62.90% of all interest expenses.

*Unit: RMB'000*

Item	For the year ended 31 December					
	Average balance	2024 Interest expenses	Average cost rate (%)	Average balance	2023 Interest expenses	Average cost rate (%)
<b>Corporate deposits</b>						
Demand	69,231,158	538,670	0.78	80,599,061	609,090	0.76
Time	81,303,006	1,952,442	2.40	73,386,508	1,969,962	2.68
Subtotal	150,534,164	2,491,112	1.65	153,985,569	2,579,052	1.67
<b>Personal deposits</b>						
Demand	31,660,168	149,737	0.47	34,855,820	142,462	0.41
Time	163,361,979	4,996,739	3.06	123,072,830	4,483,109	3.64
Subtotal	195,022,147	5,146,476	2.64	157,928,650	4,625,571	2.93
<b>Others</b>	31,868,816	534,290	1.68	35,523,463	598,509	1.68
<b>Total deposits from customers</b>	<b>377,425,127</b>	<b>8,171,878</b>	<b>2.17</b>	<b>347,437,682</b>	<b>7,803,132</b>	<b>2.25</b>

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### *Interest expense on amounts due to banks and other financial institutions*

During the Reporting Period, the Bank's interest expense on amounts due to banks and other financial institutions amounted to RMB1,653 million, representing a year-on-year decrease of RMB314 million or 15.98% as compared to the same period of the previous year, which was primarily attributable to the decrease in both the size and average interest rate of amounts due to banks and other financial institutions during the Reporting Period.

### *Interest expense on debt securities issued*

During the Reporting Period, the Bank's interest expense on debt securities issued amounted to RMB2,469 million, representing a decrease of RMB121 million or 4.66% as compared to the same period of the previous year, which was primarily attributable to the decrease in the average interest rate of bonds and interbank deposits issued during the Reporting Period.

### *Interest expense arising from amounts due to central bank*

During the Reporting Period, the Bank's interest expense arising from amounts due to central bank amounted to RMB698 million, representing an increase of RMB37 million or 5.63% as compared to the same period of the previous year, which was primarily attributable to the increase in medium-term lending facilities and small enterprises supporting re-lending during the Reporting Period as compared to the same period of the previous year.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 3.1.4 Non-interest Income

During the Reporting Period, the Bank achieved non-interest income of RMB2,526 million, representing an increase of RMB566 million or 28.88% as compared to the same period of the previous year and accounted for 19.59% of the operating income. Such income includes net fee and commission income of RMB472 million, representing a decrease of RMB107 million as compared to the previous year. The Bank recorded other non-interest income of RMB2,054 million, representing an increase of RMB673 million as compared to the same period of the previous year.

*Net fee and commission income*

*Unit: RMB'000*

Item	For the year ended 31 December			
	2024	2023	Change	Rate of change (%)
<b>Fee and commission income</b>				
Agency and custody services fees	<b>335,566</b>	379,892	(44,326)	(11.67)
Underwriting and advisory fees	<b>71,138</b>	116,713	(45,575)	(39.05)
Acceptance and guarantee services fees	<b>52,179</b>	82,493	(30,314)	(36.75)
Bank card services fees	<b>98,990</b>	110,227	(11,237)	(10.19)
Others	<b>64,589</b>	46,550	18,039	38.75
<b>Subtotal</b>	<b>622,462</b>	735,875	(113,413)	(15.41)
<b>Fee and commission expense</b>	<b>(150,200)</b>	(156,949)	6,749	(4.30)
<b>Net fee and commission income</b>	<b>472,262</b>	578,926	(106,664)	(18.42)

During the Reporting Period, the Bank's net fee and commission income amounted to RMB472 million, representing a decrease of RMB107 million or 18.42% as compared to the same period of the previous year, which was primarily attributable to the decrease in fees and commissions for wealth management, fund management, securities underwriting and acceptance services during the Reporting Period.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Other non-interest income

Unit: RMB'000

Item	For the year ended 31 December			
	2024	2023	Change	Rate of change (%)
Net trading gains	<b>1,054,470</b>	781,745	272,725	34.89
Net gains arising from investment	<b>912,723</b>	493,881	418,842	84.81
Other operating income	<b>86,263</b>	105,245	(18,982)	(18.04)
<b>Total</b>	<b>2,053,456</b>	1,380,871	672,585	48.71

During the Reporting Period, other non-interest income amounted to RMB2,054 million, representing an increase of RMB673 million or 48.71% as compared to the same period of the previous year, which was primarily due to the change in gains arising from financial investments at fair value through profit or loss.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 3.1.5 Operating Expenses

During the Reporting Period, the Bank strengthened financial resources allocation to record operating expenses of RMB3,904 million, representing an increase of RMB46 million or 1.18% as compared to the same period of the previous year.

Unit: RMB'000

Item	For the year ended 31 December			
	2024	2023	Change	Rate of change (%)
Staff costs	2,147,517	2,163,429	(15,912)	(0.74)
Depreciation and amortization	435,027	450,316	(15,289)	(3.40)
Rental and property management expenses	86,944	91,972	(5,028)	(5.47)
Office expenses	21,370	42,139	(20,769)	(49.29)
Tax and surcharges	166,074	153,309	12,765	8.33
Others	1,047,282	957,401	89,881	9.39
<b>Total operating expenses</b>	<b>3,904,214</b>	<b>3,858,566</b>	<b>45,648</b>	<b>1.18</b>

The following table sets forth the major components of staff costs of the Bank during the Reporting Period:

Unit: RMB'000

Item	For the year ended 31 December			
	2024	2023	Change	Rate of change (%)
Salaries, bonuses and allowances	1,498,761	1,510,160	(11,399)	(0.75)
Social insurance and annuity	318,387	304,106	14,281	4.70
Supplementary retirement benefits	14,304	15,591	(1,287)	(8.25)
Staff welfare	86,480	94,616	(8,136)	(8.60)
Housing allowances	132,478	128,607	3,871	3.01
Others	97,107	110,349	(13,242)	(12.00)
<b>Total</b>	<b>2,147,517</b>	<b>2,163,429</b>	<b>(15,912)</b>	<b>(0.74)</b>

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 3.1.6 Credit Impairment Losses

During the Reporting Period, the Bank provided for credit impairment losses of RMB7,183 million based on changes in market operating environment and asset risks, representing a decrease of RMB892 million or 11.04% from the same period of the previous year.

Unit: RMB'000

Item	For the year ended 31 December			
	2024	2023	Change	Rate of change (%)
Impairment losses on loans and advances to customers	5,137,927	5,891,940	(754,013)	(12.80)
Impairment losses on financial investments at amortized cost	1,176,441	1,420,455	(244,014)	(17.18)
Impairment losses on lease receivables	936,153	698,763	237,390	33.97
Impairment losses on off-balance sheet credit commitments	1,491	17,955	(16,464)	(91.70)
Impairment losses on financial investments at fair value through other comprehensive income	340	(66,190)	66,530	(100.51)
Others <sup>(Note)</sup>	(68,876)	112,400	(181,276)	(161.28)
<b>Total provision for credit impairment losses</b>	<b>7,183,476</b>	<b>8,075,323</b>	<b>(891,847)</b>	<b>(11.04)</b>

Note: Others consist of impairment losses on items such as deposits with banks and other financial institutions, financial assets held under resale agreements, placements with banks and other financial institutions, etc.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 3.1.7 Income Tax Expense

During the Reporting Period, the Bank's income tax expense amounted to RMB-77 million, representing an increase of RMB43 million as compared to the same period of the previous year, which was mainly due to the increase in the number of non-deductible items for tax purposes.

Unit: RMB'000

Item	For the year ended 31 December			
	2024	2023	Change	Rate of change (%)
Current tax	(83,886)	1,383,050	(1,466,936)	N/A
Deferred tax	6,847	(1,502,893)	1,509,740	N/A
<b>Total income tax expense</b>	<b>(77,039)</b>	<b>(119,843)</b>	<b>42,804</b>	<b>(35.72)</b>

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 3.2 Balance Sheet Analysis

#### 3.2.1 Assets

As at the end of the Reporting Period, the Bank's total assets amounted to RMB676,365 million, representing an increase of RMB45,656 million or 7.24% from the end of the previous year. The increase in total assets was mainly due to the increase in loans and advances to customers, financial investments at amortized cost, and placements with banks and other financial institutions. The balances (after provision) and breakdowns of the components of the Bank's total assets are as follows:

Unit: RMB'000

Item	As at 31 December 2024		As at 31 December 2023		Change	
	Amount	% of total (%)	Amount	% of total (%)	Amount	% of total (%)
<b>Assets</b>						
Cash and deposits with central bank	29,008,339	4.29	26,369,865	4.18	2,638,474	0.11
Deposits with banks and other financial institutions	1,797,835	0.27	1,244,162	0.20	553,673	0.07
Placements with banks and other financial institutions	14,099,825	2.08	6,227,699	0.99	7,872,126	1.09
Financial assets held under resale agreements	5,885,781	0.87	10,689,146	1.69	(4,803,365)	(0.82)
Loans and advances to customers	376,048,659	55.60	350,325,297	55.54	25,723,362	0.06
Lease receivables	30,657,280	4.53	32,817,168	5.20	(2,159,888)	(0.67)
Financial asset investments						
– Financial investments at fair value through profit or loss						
– Financial investments at fair value through other comprehensive income	32,484,947	4.80	40,723,996	6.46	(8,239,049)	(1.66)
– Financial investments at amortized cost	21,447,481	3.17	22,872,676	3.63	(1,425,195)	(0.46)
Investments in associates	147,416,874	21.80	122,756,433	19.46	24,660,441	2.34
Property and equipment	607,767	0.09	604,401	0.10	3,366	(0.01)
Deferred tax assets	3,404,238	0.50	3,424,145	0.54	(19,907)	(0.04)
Other assets	6,066,105	0.90	6,278,278	1.00	(212,173)	(0.10)
	7,440,109	1.10	6,376,163	1.01	1,063,946	0.09
<b>Total assets</b>	<b>676,365,240</b>	<b>100.00</b>	<b>630,709,429</b>	<b>100.00</b>	<b>45,655,811</b>	<b>–</b>

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Loans and advances to customers

As at the end of the Reporting Period, the Bank's total loans and advances to customers amounted to RMB387,690 million, representing an increase of RMB27,082 million or 7.51% as compared with the end of the previous year. The Bank's loans and advances to customers are mainly composed of corporate loans, personal loans and discounted bills. Set out below is a breakdown of the Bank's loans by business line:

Unit: RMB'000

Item	As at 31 December 2024		As at 31 December 2023	
	Amount	% of total (%)	Amount	% of total (%)
Corporate loans <sup>(1)</sup>	268,943,624	69.37	253,460,203	70.29
Personal loans	90,956,747	23.46	84,146,734	23.33
Discounted bills	27,790,081	7.17	23,001,269	6.38
<b>Gross loans and advances to customers</b>	<b>387,690,452</b>	<b>100.00</b>	360,608,206	100.00
Add: Accrued interest	1,014,709		1,526,725	
Less: Provision for impairment losses <sup>(2)</sup>	12,656,502		11,809,634	
<b>Book value of loans and advances to customers</b>	<b>376,048,659</b>		350,325,297	

#### Notes:

1. Forfeiting is included in the corporate loans.
2. Excluding provision for impairment losses on forfeiting and discounted bills, provision for impairment losses on forfeiting and discounted bills was included in other comprehensive income.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### (1) Corporate loans

Corporate loan is the largest component of the Bank's loans and advances to customers. As at the end of the Reporting Period, the Bank's corporate loans amounted to RMB268,944 million, accounted for 69.37% of the Bank's total loans and advances to customers and representing an increase of RMB15,483 million or 6.11% from the end of the previous year. During the Reporting Period, the Bank continued to enhance its ability to serve the real economy, thereby achieving steady growth in corporate loans.

The following table sets forth a breakdown of the Bank's corporate loans by collateral:

Unit: RMB'000

Item	As at 31 December 2024		As at 31 December 2023	
	Amount	% of total (%)	Amount	% of total (%)
Unsecured loans	63,481,795	23.60	57,582,114	22.71
Guaranteed loans	164,198,550	61.05	154,061,416	60.78
Loans secured by tangible assets other than monetary assets	17,479,616	6.50	23,042,386	9.09
Loans secured by intangible assets or monetary assets	23,783,663	8.85	18,774,287	7.42
<b>Total corporate loan principal</b>	<b>268,943,624</b>	<b>100.00</b>	253,460,203	100.00

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### (2) Personal loans

As at the end of the Reporting Period, the Bank's total personal loans amounted to RMB90,957 million, accounting for 23.46% of the Bank's total loans and advances to customers and representing an increase of RMB6,810 million or 8.09% from the end of the previous year, which was mainly due to the increases in the size of the personal business loan and consumption loan business compared with the beginning of the year.

The following table sets forth a breakdown of the Bank's personal loans by product type:

Unit: RMB'000

Item	As at 31 December 2024		As at 31 December 2023	
	Amount	% of total (%)	Amount	% of total (%)
Personal business loans	38,343,283	42.16	35,102,789	41.71
Personal residential mortgage loans	31,914,959	35.09	33,562,120	39.89
Personal consumption loans	17,142,102	18.84	12,336,833	14.66
Credit card loans	3,556,403	3.91	3,144,992	3.74
<b>Total personal loan principal</b>	<b>90,956,747</b>	<b>100.00</b>	<b>84,146,734</b>	<b>100.00</b>

### (3) Discounted bills

As at the end of the Reporting Period, the Bank's discounted bills amounted to RMB27,790 million, representing an increase of RMB4,789 million or 20.82% from the end of the previous year. During the Reporting Period, the Bank flexibly adjusted the scale of bill financing according to the needs of business development and the financing needs of customers.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### *Investments in securities and other financial assets*

As at the end of the Reporting Period, the Bank's total investments in securities and other financial assets amounted to RMB203,122 million, representing an increase of RMB14,605 million or 7.75% from the end of the previous year. Details are set out as follows:

*Unit: RMB'000*

Item	As at 31 December 2024		As at 31 December 2023	
	Amount	% of total (%)	Amount	% of total (%)
Financial investments at amortized cost	149,395,276	73.55	125,195,830	66.41
Financial investments at fair value through other comprehensive income	21,242,093	10.46	22,597,088	11.99
Financial investments at fair value through profit or loss	32,484,947	15.99	40,723,996	21.60
<b>Total investment securities and other financial assets</b>	<b>203,122,316</b>	<b>100.00</b>	188,516,914	100.00
Add: Accrued interest	1,668,388		1,895,093	
Less: Provision for impairment losses <sup>(Note)</sup>	3,441,402		4,058,902	
<b>Book value of investment securities and other financial assets</b>	<b>201,349,302</b>		186,353,105	

*Note:* Excluding provision for impairment losses on financial investments at fair value through other comprehensive income.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

The Bank's investments in securities are classified into debt instruments and equity instruments. Set out below is a breakdown of the Bank's investment in securities by product:

Unit: RMB'000

Item	As at 31 December 2024		As at 31 December 2023	
	Amount	% of total (%)	Amount	% of total (%)
<b>Debt securities investments</b>				
Government bonds	61,083,217	30.20	65,744,474	35.00
Debt securities issued by policy banks	38,068,665	18.82	34,908,073	18.58
Debt securities issued by banks and other financial institutions	20,825,451	10.30	8,247,396	4.39
Debt securities issued by corporate issuers	23,047,013	11.40	9,285,893	4.94
<b>Subtotal</b>	<b>143,024,346</b>	<b>70.72</b>	<b>118,185,836</b>	<b>62.91</b>
Investment products under trust schemes	35,182,196	17.40	37,910,402	20.18
Investment products managed by securities companies	23,462,463	11.60	30,497,609	16.24
Others <sup>(Note)</sup>	584,528	0.28	1,248,293	0.67
<b>Total debt instruments</b>	<b>202,253,533</b>	<b>100.00</b>	<b>187,842,140</b>	<b>100.00</b>
Equity instruments	868,783		674,774	
<b>Total investments securities and other financial assets</b>	<b>203,122,316</b>		<b>188,516,914</b>	

Note: Others consist of debt financing schemes.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

The following table sets forth a breakdown of the top ten financial bonds by nominal value balance held by the Bank:

*Unit: RMB'000*

No.	Type of bonds	Nominal value balance	Interest rate (%)	Maturity date	Impairment
1	2016 financial bonds	3,250,000	3.33	2026/02/22	—
2	2016 financial bonds	2,490,000	3.33	2026/01/06	—
3	2024 financial bonds	2,480,000	2.17	2034/08/16	—
4	2020 financial bonds	2,440,000	3.09	2030/06/18	—
5	2020 financial bonds	2,220,000	3.07	2030/03/10	—
6	2020 financial bonds	1,870,000	3.79	2030/10/26	—
7	2019 financial bonds	1,360,000	3.45	2029/09/20	—
8	2019 financial bonds	1,170,000	3.74	2029/07/12	—
9	2016 financial bonds	1,150,000	3.18	2026/04/05	—
10	2024 financial bonds	1,120,000	2.26	2034/07/19	—

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 3.2.2 Liabilities

During the Reporting Period, the Bank fully implemented the decisions and deployments of the CPC Central Committee, continuously strengthening liability business management from multiple dimensions, including the stability of liability sources, the diversity of liability structures, the rationality of liability-asset matching, the proactiveness in acquiring liabilities, the appropriateness of liability costs, and the authenticity of liability items. These efforts have enhanced the efficiency and level of services provided to the real economy.

As at the end of the Reporting Period, the Bank's total liabilities amounted to RMB620,070 million, representing an increase of RMB43,676 million or 7.58% from the end of the previous year, which was mainly due to the increase in liabilities including deposits from customers, due to central bank and debt securities issued.

Unit: RMB'000

Item	As at 31 December 2024		As at 31 December 2023		Change	
	Amount	% of total (%)	Amount	% of total (%)	Amount	% of total (%)
Due to central bank	35,037,760	5.65	30,960,269	5.37	4,077,491	0.28
Deposits from banks and other financial institutions	12,380,094	2.00	14,307,609	2.48	(1,927,515)	(0.48)
Placements from banks and other financial institutions	28,727,216	4.63	33,246,902	5.77	(4,519,686)	(1.14)
Financial assets sold under repurchase agreements	16,699,143	2.69	25,131,941	4.36	(8,432,798)	(1.67)
Deposits from customers	413,096,026	66.62	366,521,910	63.59	46,574,116	3.03
Tax payable	418,069	0.07	1,092,496	0.19	(674,427)	(0.12)
Debt securities issued	110,242,221	17.78	102,068,783	17.71	8,173,438	0.07
Other liabilities <sup>(note)</sup>	3,469,940	0.56	3,064,663	0.53	405,277	0.03
<b>Total</b>	<b>620,070,469</b>	<b>100.00</b>	<b>576,394,573</b>	<b>100.00</b>	<b>43,675,896</b>	<b>-</b>

Note: Other liabilities primarily consist of items in the process of clearance and settlement, staff costs payable and estimated liabilities.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### *Deposits from customers*

As at the end of the Reporting Period, the Bank's gross deposits from customers amounted to RMB404,538 million, representing an increase of RMB43,576 million or 12.07% from the end of the previous year. The steady growth in the Bank's deposits from customers was mainly attributable to the overall growth of the deposit business as a result of the Bank's vigorous efforts in building its customer base. Set out below is a breakdown of the Bank's deposits from customers by product type and maturity profile:

*Unit: RMB'000*

Item	As at 31 December 2024		As at 31 December 2023	
	Amount	% of total (%)	Amount	% of total (%)
<b>Corporate deposits</b>				
Demand	74,067,481	18.31	85,668,796	23.73
Time	85,731,919	21.19	71,870,379	19.91
<b>Subtotal</b>	<b>159,799,400</b>	<b>39.50</b>	<b>157,539,175</b>	<b>43.64</b>
<b>Personal deposits</b>				
Demand	29,393,888	7.27	32,011,191	8.87
Time	188,785,501	46.66	136,632,026	37.85
<b>Subtotal</b>	<b>218,179,389</b>	<b>53.93</b>	<b>168,643,217</b>	<b>46.72</b>
<b>Other deposits</b>	<b>26,559,109</b>	<b>6.57</b>	<b>34,779,047</b>	<b>9.64</b>
<b>Gross deposits from customers</b>	<b>404,537,898</b>	<b>100.00</b>	<b>360,961,439</b>	<b>100.00</b>
<b>Add: Accrued interest</b>	<b>8,558,128</b>		<b>5,560,471</b>	
<b>Total deposits from customers</b>	<b>413,096,026</b>		<b>366,521,910</b>	

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 3.2.3 Shareholders' Equity

As at the end of the Reporting Period, the Bank's total Shareholders' equity reached RMB56,295 million, representing an increase of RMB1,980 million or 3.65% from the end of the previous year. The total equity attributable to Shareholders of the Bank reached RMB54,445 million, representing an increase of RMB1,992 million or 3.80% from the end of the previous year, which was mainly due to sustained profit of the Bank.

Unit: RMB'000

Item	As at 31 December 2024		As at 31 December 2023	
	Amount	% of total (%)	Amount	% of total (%)
<b>Shareholders' equity</b>				
Share capital	9,092,091	16.15	9,092,091	16.74
Capital reserve	5,985,102	10.63	5,985,102	11.02
Surplus reserve	3,875,978	6.89	3,689,605	6.79
General risk reserve	9,143,233	16.24	8,266,509	15.22
Fair value reserve	809,842	1.43	189,386	0.35
Remeasurement of net defined benefit liability	(98,054)	(0.17)	(74,043)	(0.14)
Retained earnings	15,637,984	27.78	15,305,319	28.18
Other equity instruments	9,998,855	17.76	9,998,855	18.41
<b>Total equity attributable to Shareholders of the Bank</b>	<b>54,445,031</b>	<b>96.71</b>	<b>52,452,824</b>	<b>96.57</b>
Non-controlling interests	1,849,740	3.29	1,862,032	3.43
<b>Total Shareholders' equity</b>	<b>56,294,771</b>	<b>100.00</b>	<b>54,314,856</b>	<b>100.00</b>

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 3.2.4 Off-balance Sheet Commitments

The following table sets forth a breakdown of the Bank's off-balance sheet credit commitments as at the end of the Reporting Period:

Unit: RMB'000

Item	As at 31 December 2024	As at 31 December 2023
<b>Credit commitments</b>		
Bank acceptances	51,346,071	59,793,479
Letters of credit	7,416,763	8,941,953
Guarantees	369,023	885,185
Unused credit card commitments	10,051,341	7,747,672
Loan commitments	2,638,276	2,783,237
Total	71,821,474	80,151,526

In addition, as at the end of the Reporting Period, there was no material litigation in which the Bank or any of its subsidiaries is a defendant. As at the date of this Report, the Bank had no significant contingent liabilities. Details of off-balance sheet commitments are disclosed in "Credit commitments" of Commitments and contingent liabilities in Note 45 to the financial statements of the chapter headed "Independent Auditor's Report" of this Report.

### 3.2.5 Asset Right Restriction as at the End of the Reporting Period

Details of pledged assets of the Bank are disclosed in "Pledged assets" of Commitments and contingent liabilities in Note 45 to the financial statements of the chapter headed "Independent Auditor's Report" of this Report.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 3.3 Loan Quality Analysis

During the Reporting Period, the Bank continuously strengthened credit risk management and accelerated the disposal of non-performing assets, keeping the overall quality of loans under control. As at the end of the Reporting Period, the balance of NPL amounted to RMB6,923 million, and the NPL ratio was 1.79%, down by 0.08 percentage point from the end of the previous year.

#### 3.3.1 Distribution of Loans by Five-Category Loan Classification

Unit: RMB'000

Item	As at 31 December 2024		As at 31 December 2023	
	Amount	% of total (%)	Amount	% of total (%)
Normal	372,929,164	96.19	346,468,982	96.08
Special mention	7,838,250	2.02	7,382,722	2.05
Substandard	3,128,467	0.81	3,674,439	1.02
Doubtful	1,866,947	0.48	1,292,407	0.36
Loss	1,927,624	0.50	1,789,656	0.49
<b>Total loans and advances to customers</b>	<b>387,690,452</b>	<b>100.00</b>	<b>360,608,206</b>	<b>100.00</b>
<b>NPLs and NPL ratio <sup>(Note)</sup></b>	<b>6,923,038</b>	<b>1.79</b>	<b>6,756,502</b>	<b>1.87</b>

Note: NPL ratio is calculated by dividing total NPL principal (excluding accrued interest) by total loan and advanced principal to customers (excluding accrued interest).

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

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 3.3.2 Classification of Loans and Non-Performing Loans by Product Type

Unit: RMB'000

Item	As at 31 December 2024				As at 31 December 2023			
	Amount	% of total (%)	NPL amount	NPL ratio (%)	Amount	% of total (%)	NPL amount	NPL ratio (%)
<b>Corporate loans</b>								
Short-term loans	90,377,568	23.31	1,226,637	1.36	68,514,853	19.00	1,525,221	2.23
Medium and long-term loans	178,566,056	46.06	4,277,750	2.40	184,945,350	51.29	3,783,881	2.05
<b>Subtotal</b>	<b>268,943,624</b>	<b>69.37</b>	<b>5,504,387</b>	<b>2.05</b>	<b>253,460,203</b>	<b>70.29</b>	<b>5,309,102</b>	<b>2.09</b>
<b>Discounted bills</b>	<b>27,790,081</b>	<b>7.17</b>	<b>–</b>	<b>–</b>	<b>23,001,269</b>	<b>6.38</b>	<b>–</b>	<b>–</b>
<b>Personal loans</b>								
Personal business loans	38,343,283	9.89	862,988	2.25	35,102,789	9.73	856,327	2.44
Personal residential mortgage loans	31,914,959	8.23	332,291	1.04	33,562,120	9.31	391,487	1.17
Personal consumption loans	17,142,102	4.42	132,696	0.77	12,336,833	3.42	133,349	1.08
Credit card loans	3,556,403	0.92	90,676	2.55	3,144,992	0.87	66,237	2.11
<b>Subtotal</b>	<b>90,956,747</b>	<b>23.46</b>	<b>1,418,651</b>	<b>1.56</b>	<b>84,146,734</b>	<b>23.33</b>	<b>1,447,400</b>	<b>1.72</b>
<b>Total</b>	<b>387,690,452</b>	<b>100.00</b>	<b>6,923,038</b>	<b>1.79</b>	<b>360,608,206</b>	<b>100.00</b>	<b>6,756,502</b>	<b>1.87</b>

During the Reporting Period, the Bank continued to enhance its perspectiveness and risk management, and strengthened the effort on the collection and disposal of non-performing assets. As at the end of the Reporting Period, the NPL ratio of corporate loans (excluding discounted bills) was 2.05%, down by 0.04 percentage point from the end of the previous year; the NPL ratio of personal loans was 1.56%, down by 0.16 percentage point from the end of the previous year.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 3.3.3 Classification of Loans and Non-Performing Loans by Industry

Unit: RMB'000

Item	As at 31 December 2024				As at 31 December 2023			
	Amount	% of total (%)	NPL amount	NPL ratio (%)	Amount	% of total (%)	NPL amount	NPL ratio (%)
Leasing and commercial services	67,081,072	17.30	708,107	1.06	63,228,460	17.53	704,567	1.11
Wholesale and retail	52,474,645	13.54	1,276,732	2.43	46,762,339	12.97	1,299,719	2.78
Water, environment and public facility management	45,663,106	11.78	6,074	0.01	44,633,596	12.38	4,474	0.01
Construction	29,765,864	7.68	433,621	1.46	25,121,959	6.97	252,046	1.00
Real estate	22,215,825	5.73	2,122,660	9.55	29,167,987	8.09	1,890,752	6.48
Finance	15,097,011	3.89	–	–	9,369,613	2.60	–	–
Manufacturing	13,911,729	3.59	425,184	3.06	15,304,020	4.24	793,529	5.19
Transportation, storage and postal services	6,210,898	1.60	20,757	0.33	3,910,370	1.08	18,379	0.47
Mining	3,866,257	1.00	–	–	3,299,948	0.92	–	–
Production and supply of electricity, heat, gas and water	3,602,227	0.93	3,058	0.08	3,142,391	0.87	2,490	0.08
Agriculture, forestry, animal husbandry and fishery	2,149,359	0.55	133,337	6.20	1,840,607	0.51	11,776	0.64
Culture, sports and entertainment	1,183,893	0.31	1,182	0.10	1,190,817	0.33	620	0.05
Accommodation and catering	750,697	0.19	328,803	43.80	1,121,046	0.31	293,475	26.18
Others	4,971,041	1.28	44,872	0.90	5,367,050	1.49	37,275	0.69
<b>Total corporate loans</b>	<b>268,943,624</b>	<b>69.37</b>	<b>5,504,387</b>	<b>2.05</b>	<b>253,460,203</b>	<b>70.29</b>	<b>5,309,102</b>	<b>2.09</b>
<b>Total personal loans</b>	<b>90,956,747</b>	<b>23.46</b>	<b>1,418,651</b>	<b>1.56</b>	<b>84,146,734</b>	<b>23.33</b>	<b>1,447,400</b>	<b>1.72</b>
<b>Discounted bills</b>	<b>27,790,081</b>	<b>7.17</b>	<b>–</b>	<b>–</b>	<b>23,001,269</b>	<b>6.38</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>387,690,452</b>	<b>100.00</b>	<b>6,923,038</b>	<b>1.79</b>	<b>360,608,206</b>	<b>100.00</b>	<b>6,756,502</b>	<b>1.87</b>

As at the end of the Reporting Period, the non-performing corporate loans of the Bank were mainly concentrated in the real estate, wholesale and retail, and leasing and commercial services, with NPL ratios of 9.55%, 2.43% and 1.06%, respectively.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 3.3.4 Classification of Loans and Non-Performing Loans by Collateral

The following table sets forth a breakdown of the Bank's loans and NPL by collateral:

Unit: RMB'000

Item	As at 31 December 2024				As at 31 December 2023			
	Amount	% of total (%)	NPL amount	NPL ratio (%)	Amount	% of total (%)	NPL amount	NPL ratio (%)
Unsecured loans	79,043,252	20.39	949,208	1.20	68,759,100	19.07	899,739	1.31
Guaranteed loans	166,911,477	43.05	3,560,447	2.13	156,899,690	43.51	2,684,885	1.71
Loans secured by tangible assets other than monetary assets	87,460,703	22.56	2,393,914	2.74	91,491,982	25.37	3,080,937	3.37
Loans secured by intangible assets or monetary assets	54,275,020	14.00	19,469	0.04	43,457,434	12.05	90,941	0.21
<b>Total</b>	<b>387,690,452</b>	<b>100.00</b>	<b>6,923,038</b>	<b>1.79</b>	<b>360,608,206</b>	<b>100.00</b>	<b>6,756,502</b>	<b>1.87</b>

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 3.3.5 Borrower Concentration

As at the end of the Reporting Period, the Bank's loan balance to any single borrower did not exceed 10% of the Bank's net capital. The following table sets forth, as at the end of the Reporting Period, the Bank's loan balance to the ten largest single borrowers (excluding group borrowers), all of which were classified as normal.

Unit: RMB'000

Item	Industry	As at 31 December 2024		
		Principal Balance	% of total loans (%)	% of net capital (%)
Borrower A	Leasing and commercial services	2,945,000	0.76	4.89
Borrower B	Water, environment and public facility management	2,749,641	0.71	4.57
Borrower C	Leasing and commercial services	2,702,200	0.70	4.49
Borrower D	Transportation, storage and postal services	2,482,890	0.64	4.13
Borrower E	Water, environment and public facility management	2,445,889	0.63	4.06
Borrower F	Real estate	2,268,700	0.59	3.77
Borrower G	Construction	2,157,947	0.56	3.59
Borrower H	Water, environment and public facility management	1,791,700	0.46	2.98
Borrower I	Construction	1,768,920	0.46	2.94
Borrower J	Water, environment and public facility management	1,699,717	0.44	2.82
<b>Total</b>		<b>23,012,604</b>	<b>5.95</b>	<b>38.24</b>

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 3.3.6 Overdue Loans

Unit: RMB'000

Item	As at 31 December 2024		As at 31 December 2023	
	Amount	% of total (%)	Amount	% of total (%)
Current loans	<b>368,152,815</b>	<b>94.96</b>	345,784,540	95.89
Loans past due for <sup>(Note)</sup> 3 months (inclusive) or less	<b>6,393,379</b>	<b>1.65</b>	8,508,222	2.36
3 months to 1 year (inclusive)	<b>6,849,191</b>	<b>1.77</b>	2,162,135	0.60
More than 1 year	<b>6,295,067</b>	<b>1.62</b>	4,153,309	1.15
<b>Subtotal</b>	<b>19,537,637</b>	<b>5.04</b>	14,823,666	4.11
<b>Gross loans</b>	<b>387,690,452</b>	<b>100.00</b>	360,608,206	100.00

Note: Representing the principal amount of the loans on which principal or interest is overdue.

As at the end of the Reporting Period, the Bank's overdue loans amounted to RMB19,538 million, representing an increase of RMB4,714 million or 31.80% as compared with the end of the previous year. Overdue loans accounted for 5.04% of the total loans, increased by 0.93 percentage point as compared with the end of the previous year.

### 3.3.7 Repossessed assets and provision for impairment

As at the end of the Reporting Period, the book value of the Bank's repossessed assets was RMB2,857 million and no impairment provision was made.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 3.3.8 Provision and Write-off of Allowance for Losses on Loans

During the Reporting Period, the Bank made a total reserve for losses on loans of RMB5,138 million, with RMB5,131 million provided for loans and advances to customers measured at amortized cost, and RMB7 million for loans and advances to customers measured at fair value through other comprehensive income. RMB4,054 million of non-performing loans was written off and disposed, and RMB134 million of written-off loans was recovered. As at the end of the Reporting Period, the balance of the Bank's provision for losses on loans was RMB12,669 million, of which the balance of impairment losses on loans and advances to customers measured at amortized cost was RMB12,657 million and the balance of the impairment losses on loans and advances to customers measured at fair value through other comprehensive income was RMB12 million.

Changes in provision for impairment losses on loans and advances to customers measured at amortized cost are set out as follows:

Unit: RMB'000

Item	For the year ended 31 December	
	2024	2023
Opening balance	11,809,634	10,308,636
Increase in the period	5,131,322	5,889,383
Write-offs and disposals for the period	(4,054,449)	(4,766,864)
Recovery of written-off loans	133,900	378,479
Other changes	(363,905)	—
<b>Closing balance</b>	<b>12,656,502</b>	<b>11,809,634</b>

Changes in provision for impairment losses on loans and advances to customers at fair value through other comprehensive income are set out as follows:

Unit: RMB'000

Item	For the year ended 31 December	
	2024	2023
Opening balance	5,446	2,889
Provision for the period	6,605	2,557
Write-offs and disposals for the period	—	—
<b>Closing balance</b>	<b>12,051</b>	<b>5,446</b>

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 3.4 Cash Flow Statement Analysis

During the Reporting Period, the Bank's net cash inflow generated from operating activities was RMB8,765 million, where the cash inflow was RMB77,470 million, representing an increase of RMB5,006 million from the same period of the previous year, mainly due to the increases in net increment of deposits from customers; and the cash outflow was RMB68,705 million, representing a decrease of RMB2,111 million from the same period of the previous year, mainly due to the decrease in deposits from banks and other financial institutions.

During the Reporting Period, the Bank's net cash outflow used in investing activities was RMB11,960 million, where the cash inflow was RMB75,978 million, representing a decrease of RMB17,847 million from the same period of the previous year, mainly due to a decrease in cash inflow received from the recovery of investments; and the cash outflow was RMB87,938 million, representing a decrease of RMB9,918 million from the same period of the previous year, mainly due to a decrease in payments on acquisition of investments.

During the Reporting Period, the Bank's net cash inflow from financing activities was RMB5,096 million, where the cash inflow was RMB163,041 million, representing an increase of RMB23,651 million from the same period of the previous year, mainly due to an increase in cash inflows received from the issuance of bonds; and the cash outflow was RMB157,945 million, representing an increase of RMB22,441 million from the same period of the previous year, mainly due to the increase in interest paid on debt securities issued.

Unit: RMB'000

Item	For the year ended 31 December		
	2024	2023	Year-on-year change
Subtotal of cash inflows from operating activities	77,470,406	72,464,153	5,006,253
Subtotal of cash outflows from operating activities	(68,705,050)	(70,816,051)	2,111,001
<b>Net cash flows generated from operating activities</b>	<b>8,765,356</b>	1,648,102	7,117,254
Subtotal of cash inflows from investing activities	75,977,816	93,825,053	(17,847,237)
Subtotal of cash outflows from investing activities	(87,938,285)	(97,856,717)	9,918,432
<b>Net cash flows generated from investing activities</b>	<b>(11,960,469)</b>	(4,031,664)	(7,928,805)
Subtotal of cash inflows from financing activities	163,041,068	139,390,217	23,650,851
Subtotal of cash outflows from financing activities	(157,944,925)	(135,504,130)	(22,440,795)
<b>Net cash flows generated from financing activities</b>	<b>5,096,143</b>	3,886,087	1,210,056
Effect of exchange rate changes on cash and cash equivalents	1,274	2,117	(843)
<b>Net increase in cash and cash equivalents</b>	<b>1,902,304</b>	1,504,642	397,662

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 3.5 Business Segment Report

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

Unit: RMB'000

Item	2024		2023	
	Amount	% of total (%)	Amount	% of total (%)
Corporate banking business	8,256,826	64.06	9,978,436	72.84
Retail banking business	1,414,264	10.97	1,249,728	9.12
Treasury business	3,132,970	24.30	2,366,001	17.27
Others <sup>(Note)</sup>	86,263	0.67	105,245	0.77
<b>Total operating income</b>	<b>12,890,323</b>	<b>100.00</b>	<b>13,699,410</b>	<b>100.00</b>

*Note:* This segment consists primarily of equity investment and relevant income, and any other businesses that cannot constitute a reporting segment alone.

### 3.6 Significant Accounting Policies, Accounting Estimates and Accounting Methods

#### 3.6.1 Explanation of changes in accounting policies, accounting estimates and accounting methods as compared with the financial report of the previous year

During the Reporting Period, the Bank's significant accounting policies, accounting estimates and accounting methods had not been changed.

#### 3.6.2 Explanation of major accounting errors correction during the Reporting Period that require retrospective restatement

During the Reporting Period, the Bank did not have any major accounting errors correction that need to be retrospectively restated.

#### 3.6.3 Explanation of changes in the scope of the consolidated statements as compared with the financial report of the previous year

There are no changes in the consolidation scope for the current period as compared to the financial report for the previous year.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 3.7 Assets and Liabilities at Fair Value

Unit: RMB'000

Item	Opening balance for the Reporting Period	Gains and losses from changes in fair value for the Reporting Period	Accumulated changes in fair value recognized in equity	Impairment accrued during the Reporting Period	Closing balance for the Reporting Period
Financial investments at fair value through profit or loss (excluding derivative financial assets)	40,723,996	(8,239,049)	–	–	32,484,947
Financial investments at fair value through other comprehensive income	22,872,676	–	(1,424,855)	(340)	21,447,481
<b>Subtotal of financial assets</b>	<b>63,596,672</b>	<b>(8,239,049)</b>	<b>(1,424,855)</b>	<b>(340)</b>	<b>53,932,428</b>
Derivative financial liability	–	–	–	–	–
<b>Total financial liability</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

### 3.8 Major Statement Items and Financial Indicators with Changes of More Than 30% and the Main Reasons for the Changes

Unit: RMB'000

Item	For the year ended 31 December			Main reason analysis
	2024	2023	Change compared to the same period of the previous year (%)	
Net trading gains	1,054,470	781,745	34.89	Mainly due to an increase in net gains and losses of financial assets at fair value through profit or loss.
Net gains arising from investment	912,723	493,881	84.81	Mainly due to an increase in net gains and losses of financial investments at fair value through other comprehensive income.
Share of loss of associates	(1,114)	(17,350)	(93.58)	Mainly due to the changes in the operating results of invested associates.
Other operating cost	(15,088)	(8,535)	76.78	Mainly due to an increase in operating leasing business
Income tax expense	77,039	119,843	(35.72)	Mainly due to the increase in the number of non-deductible items for tax purposes.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Unit: RMB'000

Item	As at 31 December 2024	As at 31 December 2023	Changes compared to the end of the previous year (%)	Main reason analysis
Deposits with banks and other financial institutions	<b>1,797,835</b>	1,244,162	44.50	
Placements with banks and other financial institutions	<b>14,099,825</b>	6,227,699	126.41	Mainly due to the fact that the Bank adjusted the structure of such assets after comprehensive consideration of asset and liability matching and market liquidity situation.
Financial assets held under resale agreements	<b>5,885,781</b>	10,689,146	(44.94)	
Financial assets sold under repurchase agreements	<b>16,699,143</b>	25,131,941	(33.55)	
Tax payable	<b>418,069</b>	1,092,496	(61.73)	Mainly due to the decrease in income tax payable during the Reporting Period.
Fair value reserve	<b>809,842</b>	189,386	327.61	Mainly due to changes in the fair value of loans and advances to customers and securities assets measured at fair value through other comprehensive income.
Remeasurement of net defined benefit liability	<b>(98,054)</b>	(74,043)	32.43	

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 4 INVESTMENT ANALYSIS

#### 4.1 Overview

The following table sets out details of the Bank's equity investment as at the end of the Reporting Period:

Unit: RMB'000

Item	As at 31 December 2024	As at 31 December 2023	The Bank's share of the interest in the investee (%)
Jiuding Financial Leasing Company	1,020,000	1,020,000	51.00
Fugou Zhengyin County Bank	30,120	30,120	50.20
Xinmi Zhengyin County Bank	64,000	64,000	51.20
Xunxian Zhengyin County Bank	51,000	51,000	51.00
Queshan Zhengyin County Bank	25,500	25,500	51.00
Xinzheng Zhengyin County Bank	53,960	53,960	51.00
Zhongmu Zhengyin County Bank	555,870	555,870	49.51
Yanling Zhengyin County Bank	34,950	34,950	49.58
China UnionPay Co., Ltd.	27,200	27,200	0.27
Funds Clearing Centre for City Commercial Banks	400	400	1.29
<b>Total</b>	<b>1,863,000</b>	<b>1,863,000</b>	

For details of the Bank's other investments as at the end of the Reporting Period, please refer to the paragraph headed "Balance Sheet Analysis" in the chapter headed "Management Discussion and Analysis" of this Report.

#### 4.2 Significant Equity Investments Made During the Reporting Period

During the Reporting Period, the Bank did not make any significant equity investment.

#### 4.3 Significant Non-equity Investments in Progress During the Reporting Period

During the Reporting Period, the Bank did not have any significant non-equity investment in progress.

#### 4.4 Use of Proceeds

During the Reporting Period, there was no use of proceeds by the Bank. The Bank did not retain any unused proceeds from past periods for use in the Reporting Period.

### 4.5 Operations of Subsidiaries

#### 4.5.1 Operations of Subsidiaries

##### *Jiuding Financial Leasing Company*

As at the end of the Reporting Period, the Bank held 51.00% equity interest in Jiuding Financial Leasing Company, a subsidiary of the Bank with a registered capital of RMB2 billion. Jiuding Financial Leasing Company was established in China and incorporated as a joint-stock limited company where it carries out its business. Its principal businesses include: (1) financial leasing business; (2) outward or inward transfer of financial leasing assets; (3) fixed income securities investment business; (4) acceptance of leasing deposits from lessees; (5) taking time deposits with a term of three months or more from non-banking shareholders; (6) interbank lending; (7) borrowing from financial institutions; (8) offshore borrowing; (9) sale and disposal of leased assets; (10) economic consultancy; (11) other business approved by the CBIRC (business activities subject to approval according to law may be carried out only after being approved by the competent authorities). As at the end of the Reporting Period, Jiuding Financial Leasing Company had total assets of RMB35,165 million, net assets of RMB3,985 million, and total financial leasing of RMB30,657 million. During the Reporting Period, it recorded operating income of RMB1,326 million, operating profit of RMB289 million, and net profit of RMB206 million.

##### *Fugou Zhengyin County Bank*

As at the end of the Reporting Period, the Bank held 50.20% equity interest in Fugou Zhengyin County Bank, a subsidiary of the Bank with a registered capital of RMB60 million. Fugou Zhengyin County Bank was established in China and incorporated as a joint-stock limited company where it carries out its business. Its principal businesses include: (1) taking deposits from the public; (2) issuing short-term, medium-term and long-term loans; (3) domestic settlement; (4) bill acceptance and discounting; (5) interbank lending; (6) debit card business; (7) acting as issuing agent, cashing agent and underwriter of government bonds; (8) acting as collection and payment agent; (9) other business approved by the banking regulatory authority of the PRC (business activities requiring licensing shall be carried out with valid permits or qualification certificates).

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### *Xinmi Zhengyin County Bank*

As at the end of the Reporting Period, the Bank held 51.20% equity interest in Xinmi Zhengyin County Bank, a subsidiary of the Bank with a registered capital of RMB125 million. Xinmi Zhengyin County Bank was established in China and incorporated as a joint-stock limited company where it carries out its business. Its principal businesses include: (1) taking deposits from the public; (2) issuing short-term, medium-term and long-term loans; (3) domestic settlement; (4) bill acceptance and discounting; (5) interbank lending; (6) banking card business; (7) acting as issuing agent, cashing agent and underwriter of government bonds; (8) acting as collection and payment agent and insurance agent; (9) other business approved by the banking regulatory authority (business activities subject to approval according to law may be carried out only after being approved by the competent authorities).

### *Xunxian Zhengyin County Bank*

As at the end of the Reporting Period, the Bank held 51.00% equity interest in Xunxian Zhengyin County Bank, a subsidiary of the Bank with a registered capital of RMB100 million. Xunxian Zhengyin County Bank was established in China and incorporated as a joint-stock limited company where it carries out its business. Its principal businesses include: (1) taking deposits from the public; (2) issuing short-term, medium-term and long-term loans; (3) domestic settlement; (4) bill acceptance and discounting; (5) acting as issuing agent, cashing agent and underwriter of government bonds; (6) interbank lending; (7) debit card business; (8) acting as collection and payment agent and insurance agent; (9) other business approved by the banking regulatory authority (business operations requiring permits shall be carried out after obtaining relevant permits from the competent authorities) (business activities subject to approval according to law may be carried out only after being approved by the competent authorities).

### *Queshan Zhengyin County Bank*

As at the end of the Reporting Period, the Bank held 51.00% equity interest in Queshan Zhengyin County Bank, a subsidiary of the Bank with a registered capital of RMB50 million. Queshan Zhengyin County Bank was established in China and incorporated as a joint-stock limited company where it carries out its business. Its principal businesses include: (1) taking deposits from the public; (2) issuing short-term, medium-term and long-term loans; (3) domestic settlement; (4) bill acceptance and discounting; (5) interbank lending; (6) banking card business; (7) acting as issuing agent, cashing agent and underwriter of government bonds; (8) acting as collection and payment agent and insurance agent; (9) other business approved by the banking regulatory authority (business activities subject to approval according to law may be carried out only after being approved by the competent authorities).

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### *Xinzheng Zhengyin County Bank*

As at the end of the Reporting Period, the Bank held 51.00% equity interest in Xinzheng Zhengyin County Bank, a subsidiary of the Bank with a registered capital of RMB105.8 million. Xinzheng Zhengyin County Bank was established in China and incorporated as a joint-stock limited company where it carries out its business. Its principal businesses include: (1) taking deposits from the public; (2) issuing short-term, medium-term and long-term loans; (3) domestic settlement; (4) bill acceptance and discounting; (5) interbank lending; (6) banking card business; (7) acting as issuing agent, cashing agent and underwriter of government bonds; (8) acting as collection and payment agent; (9) other business approved by the banking regulatory authority (business activities subject to approval according to law may be carried out only after being approved by the competent authorities).

#### **4.5.2 Operations of Investee Companies**

As at the end of the Reporting Period, the Bank held 49.51% and 49.58% equity interest in Zhongmu Zhengyin County Bank and Yanling Zhengyin County Bank, respectively. Zhengyin county banks were committed to the marketing positioning of “supporting rural and small enterprises”, focused on their principal businesses and responsibilities, provided services in rural areas and empowered “agriculture, farmers and rural areas” with more financial resources, injecting financial “vitality” to rural revitalization. The Bank continuously enhanced compliance awareness and gradually improved the ability to prevent risks, safeguarding the sound development of county banks.

#### **4.5.3 Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures During the Reporting Period**

During the Reporting Period, the Bank had no material acquisitions or disposals of subsidiaries, associates and joint ventures.

#### **4.5.4 Management and Control of Subsidiaries During the Reporting Period**

The Bank continued to strengthen the performance of duties as a principal promoter based on regulatory requirements to practically safeguard the interests of the Bank and Shareholders. It provided subsidiaries with guidance and assistance using its management experience and resource advantages as the principal promoter. The Bank continuously improved its management mechanism over subsidiaries, comprehensively strengthened the management of subsidiaries in terms of strengthening the Party's leadership, standardizing corporate governance and enhancing risk management, and guided subsidiaries to establish correct views on operation, performance and risks and devote to serving regional economic development.

### **4.6 Structured Entities Controlled by the Bank**

Details of the structured entities controlled by the Bank are set out in Note 46 Structured Entities to the financial statements of the chapter headed “Independent Auditor's Report” of this Report.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 5 CAPITAL MANAGEMENT

The Bank's goals of capital management include: (1) satisfying regulatory requirements on an ongoing basis, and making reasonable room for normal operations and development from a capital perspective; (2) ensuring that the capital level is commensurate with major risk exposure and risk management capacity; (3) ensuring that capital planning is in line with the status of operation, risk movement trends, and long-term development strategy; (4) comprehensively using a variety of capital tools to optimize the scale and structure of capital, continuously strengthening the endogenous capacity of capital, and controlling the cost of capital with the support of reasonable financing strategies; (5) implementing Bank-wide capital performance evaluation, enhancing the efficiency of capital use, and fully guaranteeing the level of return on capital through capital allocation, risk pricing and performance evaluation; (6) appropriately implementing counter-cyclical capital management, and mitigating the impact of cyclical fluctuations on sustainable and stable operations through active capital management.

During the Reporting Period, the Bank actively organized and advanced the implementation of the Administrative Measures for Capital of Commercial Banks. This included data analysis, policy revisions, and the formulation of plans for the measurement of three major risks. The Bank successfully completed regulatory reporting and third-pillar information disclosure under the new regulations. In line with the requirements for capital-intensive development, the Bank, on the one hand, strived to optimize the capital allocation strategy, strengthen the management of asset and liability portfolios, improve the capital structure, improve the efficiency of capital use, and strengthen capital constraints and value return management; and on the other hand, the Bank strengthened the endogenous growth of capital; strived to realize the balance and coordination between self-development, profitability, and capital constraints; replenished capital via measures like profit growth, keeping surplus reserve and allocating sufficient provision for impairment losses; optimized capital structure, and improved capital adequacy ratios. These efforts further strengthened the foundation for serving the real economy and promoted high-quality business development.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

In accordance with the latest requirements of the Administrative Measures for Capital of Commercial Banks, the Bank continuously improves the ICAAP work mechanism by conducting a comprehensive diagnosis of current risks and scientifically identifying and assessing various types of risks. This process enables us to determine the additional capital requirements for the second pillar of the Bank and apply these results to capital planning, thereby integrating risk management, stress testing, and capital planning. First, the Bank enhances the construction of the internal capital adequacy assessment procedures by expanding the coverage of key risk dimensions, optimizing the risk assessment system, and ensuring that all major risks are fully identified, measured, monitored, and reported. This will strengthen the foundation for capital and risk management. Second, the Bank carries out the 2024–2026 capital planning in accordance with the relevant requirements of the regulatory authorities and the needs of the Bank's future development strategy. When conducting capital planning, the Bank prudently evaluates asset quality, profit growth and capital market volatility, fully considers factors that may have a significant negative impact on capital levels, including contingent risk exposure, severe and prolonged market recession, and other events exceeding risk tolerance, ensures that the target capital level is commensurate with the business development strategy, risk appetite, risk management capability, and external operating environment, balances short-term and long-term capital needs, and considers the long-term sustainability of various sources of capital replenishment. Third, following the requirements of external regulatory authorities and internal risk management requirements, the Bank conducts stress tests on capital adequacy ratio on a regular or irregular basis as an important part of the internal capital adequacy assessment procedures to evaluate the risk exposures of the Bank under stressful conditions, the interaction between risks, the ability of capital to absorb losses and support business continuity, as well as the reasonableness of capital management objectives, capital replenishment arrangements and response measures. The results of stress tests are applied in medium and long-term capital planning. For severe stress scenarios, the Bank formulates contingency capital plans to meet unplanned capital needs, specifying corresponding capital replenishment policies and response measures to ensure stable operations.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 5.1 Capital Adequacy Ratio Analysis

The Bank continued to refine its business structure and strengthen its capital management. Set out below are the Bank's capital adequacy ratios as at the end of the Reporting Period and the end of the previous year calculated in accordance with the Administrative Measures for Capital of Commercial Banks 《(商業銀行資本管理辦法)》 issued by the National Financial Regulatory Administration and other relevant requirements issued:

Unit: RMB'000

Item	As at 31 December 2024	As at 31 December 2023
<b>Core tier-one capital</b>		
Share capital	9,092,091	9,092,091
Valid portion of capital reserve	5,985,102	5,985,102
Fair value reserve	814,800	189,386
Remeasurement of net defined benefit liability	(98,054)	(74,043)
Surplus reserve	3,875,978	3,689,605
General reserve	9,243,217	8,266,509
Retained earnings	15,537,398	15,305,319
Valid portion of minority interests	1,686,766	1,449,620
<b>Total core tier-one capital</b>	<b>46,137,298</b>	<b>43,903,589</b>
Core tier-one capital deductions	(2,437,921)	(3,377,072)
<b>Net core tier-one capital</b>	<b>43,699,377</b>	<b>40,526,517</b>
<b>Additional tier-one capital</b>		
Additional tier-one capital instruments and related premium	9,998,855	9,998,855
Valid portion of minority interests	239,256	193,283
<b>Net tier-one capital</b>	<b>53,937,488</b>	<b>50,718,655</b>
<b>Tier-two capital</b>		
Surplus provision for loan impairment	5,757,707	5,257,125
Valid portion of minority interests	478,512	396,825
<b>Net tier-two capital</b>	<b>6,236,219</b>	<b>5,653,950</b>
<b>Net capital base</b>	<b>60,173,707</b>	<b>56,372,605</b>
<b>Total risk-weighted assets</b>	<b>498,780,953</b>	<b>455,490,556</b>
<b>Core tier-one capital adequacy ratio (%)</b>	<b>8.76</b>	<b>8.90</b>
<b>Tier-one capital adequacy ratio (%)</b>	<b>10.81</b>	<b>11.13</b>
<b>Capital adequacy ratio (%)</b>	<b>12.06</b>	<b>12.38</b>

Note: For details, please refer to the column headed "Financial Summary" under Investor Relations on the Bank's website.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 5.2 Leverage Ratio Analysis

Unit: RMB'000

Item	31 December 2024	30 September 2024	30 June 2024	31 March 2024
Net tier-one capital	53,937,488	53,784,291	54,254,716	53,042,929
Balance of on/off-balance sheet assets after adjustment	750,061,754	743,550,418	723,014,496	705,091,526
Leverage ratio (%)	7.19	7.23	7.50	7.52

*Note:* Starting from 2024, indicators related to leverage ratio are calculated based on the requirements of the Administrative Measures for the Capital of Commercial Banks published by National Financial Regulatory Administration. For details, please refer to the column headed “Financial Summary” under Investor Relations on the Bank’s website.

## 6 BUSINESS OPERATION

### 6.1 Corporate Banking Business

During the Reporting Period, the Bank remained steadfast in serving the overall economic and social development of Henan Province, actively implemented the important strategic deployments in the province and the city, fully supported various financial service needs of key sectors and industries in the province and the city, thereby contributing to promoting the high-quality development of the local economy.

#### 6.1.1 Corporate Loans

During the Reporting Period, the Bank resolutely followed the path of financial development with Chinese characteristics, focusing on five major areas: technological finance, green finance, inclusive finance, pension finance and digital finance. It fully supported local economic development, providing strong backing for small and micro enterprises, rural revitalization, and the development of key industrial chains. Centered around the “7+28+N” industrial chains and the “three batches” projects, the Bank continuously strengthened industry research and enhanced financial service capabilities. The Bank actively promoted the implementation and effectiveness of the real estate financing coordination mechanism, implemented the financing coordination mechanism for small and micro enterprises, promptly identified corporate financing needs, and achieved precise and rapid fulfillment of these needs. It consistently optimized financial supply for technology innovation enterprises, proactively laid out strategies for emerging and future industries, and leveraged financial innovation to better support the development of new productive forces and the construction of a modern industrial system. As at the end of the Reporting Period, the total principal of corporate loans (including advances, forfeiting and discounted bills) of the Bank amounted to RMB296,734 million, representing an increase of RMB20,272 million or 7.33% from the end of the previous year.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 6.1.2 Corporate Deposit

The Bank continued to advance the refined customer management, reviewed and improved the standards for customer classification and stratification, and matched deposit products and services according to the differentiated needs of customers. While actively meeting customer needs, the Bank gradually promoted the optimization of corporate liability structure and cost reduction, and persistently enhanced service functions such as treasury management and scenario-based settlement to improve client experience and satisfaction. The Bank constantly improved the public financial product system, and continuously expanded coverage of key institutional clients. The Bank established a “Six in One” promotion model that focused on assisting customers in resolving their pain points and difficult issues, empowering and supporting the front-line operations, thereby enhancing the quality of customer service.

### 6.1.3 Investment Banks

During the Reporting Period, the Bank’s underwriting business of non-financial corporate debt financing instruments saw rapid growth. The Bank issued 39 types of debt financing instruments throughout the year, totaling RMB26.029 billion. It ranked 7th in underwriting share and 3th in the number of issuances within the province. In response to the instructions under the Opinions on Further Accelerating the Using of Bond Market Financing by Henan Enterprises 《(關於進一步加快推進河南企業利用債券市場融資的意見)》 issued by Henan Provincial Government, the Bank invested RMB12,370 million in credit bonds throughout the year, contributing to the development of the real economy in Henan Province, “Credit Henan” and “Credit Zhengzhou”. By establishing a syndicated loan circle both within and outside the province, the Bank newly signed 13 transactions of syndicated loan businesses throughout the year, with 28 loans disbursed, totaling RMB1,847 million, and focused wholeheartedly on the expansion and maintenance of high-quality customer resources. In addition, the Bank actively supported enterprises within the province to broaden their access to finance by revitalizing the resources of various financial institutions through facilitating business, which facilitated 55 transactions amounting to RMB16,769 million, maintaining relationship with core customers and increasing their stickiness.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### **6.1.4 Transaction Banks**

The Bank's transaction banking business focused on supply chain finance during the Reporting Period. It offered products such as factoring, letters of credit, and merchant bills to serve customers across entire industry chains. Centered around key provincial and municipal industry chains, the Bank better understood client needs to provided various financing services to micro, small and medium-sized enterprises within the industry chains thereby contributing to the stabilization and strengthening of these chains. The Bank continuously optimized and iterated its products such as Cloud Business, Zhenghaofu (鄭好付) and commercial acceptance bills, to enhance customer experience and risk monitoring capabilities. In the realm of cross-border finance, the Bank successfully launched and implemented products to "finance exporting orders", established a foreign exchange clearing service platform, and improved the customer journey experience within the cross-border product system. It developed centralized operations management for corporate foreign exchange remittances and promoted the transformation of its foreign exchange services. During the Reporting Period, the Bank provided RMB23,310 million in loans to more than 1,600 industry chain customers.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 6.1.5 Technological Innovation Finance

During the Reporting Period, the Bank put in practice the mission of being a local policy financial operation body serving technological innovation in Henan Province and continued to enhance the targeted support for technology enterprises through a series of measures like refining the science and technology financial service system, constructing a comprehensive evaluation system for technological innovation capabilities, advancing the online transformation of business processes for technological financial products, and enriching the life-cycle technological financial product system. It established technology sub-branches to facilitate the transformation of scientific research achievements from Henan Academy of Sciences and key laboratories, bridging the “last mile” from technological development to market application. It developed a comprehensive evaluation system for technological innovation capabilities and formulated the Management Measures for Comprehensive Evaluation of Scientific and Technological Innovation Capabilities of Technological Innovation Enterprises (《科創企業科技創新能力綜合評價管理辦法》), providing a “measuring stick” for the identification and assessment of technological innovation enterprises. It advanced the online transformation of the business processes for technological innovation products, forming an operational path of “online signing + online independent withdrawal”, thereby opening up mobile business channels for such products. It enriched the life-cycle technological financial product system, focusing on the cultivation chain of technological innovation enterprises covering the full lifecycle, and launched a range of products such as “Talent e Loan”, “Stock Option Loan”, “Tech Loan”, “Intellectual Property Right Pledge Loan”, “R&D Loan” and “Loan Enterprises that Apply Special, Sophisticated Techniques to Produce Unique and Novel Products” for technology enterprises at various stages. As at the end of the Reporting Period, the balance of the Bank’s policy-based technological innovation financial loans was RMB48,269 million, representing an increase of RMB14,866 million or 44.50% from the end of the previous year, enabling the Bank to be recognized by the Henan Provincial Science and Technology Department and Department of Industry and Information Technology of Henan Province as excellent cooperative bank for the “Tech Loan” and “Loan Enterprises that Apply Special, Sophisticated Techniques to Produce Unique and Novel Products” business, and awarded the “Support for Small and Micro Enterprises Model Award” by the Henan Provincial Science and Technology Department.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 6.2 Retail Banking Business

During the Reporting Period, the Bank resolutely implemented the requirements on high-quality development, adhered to the “customer-centred” philosophy, and focused on building four steward services, namely “Citizen Steward”, “Financing Steward”, “Wealth Steward” and “Rural Steward”, and steadily promoted the development of the retail business. As at the end of the Reporting Period, the Bank’s total balance of personal deposits amounted to RMB218,179 million, representing an increase of 29.37% from the end of the previous year. The Bank’s personal loans amounted to RMB90,957 million, representing an increase of 8.09% from the end of the previous year. The size of wealth financial assets reached RMB52,287 million, representing an increase of 5.65% from the end of the previous year. The Bank had issued a total of 8,260,700 debit cards, representing an increase of 469,900 cards from the end of the previous year. The Bank had issued a total of 825,800 Shangding credit cards, representing an increase of 101,100 cards from the end of the previous year. The Bank issued 258,500 Rural Revitalization Cards, representing an increase of 86,600 cards from the end of the previous year.

#### 6.2.1 Citizen Steward

During the Reporting Period, the Bank steadfastly maintained its market positioning of “serving urban and rural residents”, focusing on the needs and expectations of citizens in their daily lives. The Bank optimized service channels, enhanced product functions, and improved service levels and customer experiences to better shape the role of “Citizen Steward”.

Enhancing customer service levels. From the customer perspective, the Bank deeply understood customer needs, expectations, pain points, and preferences, systematically optimized products and service processes. During the Reporting Period, through a series of measures such as establishing a leadership group for customer experience enhancement, advancing the transformation of hall services, constructing a user experience monitoring system, and conducting online journey reviews and transformations for customers, the Bank focused on improving its customer experience and service levels, and adhered to the original intention of serving the people through retail finance, making financial services “warmer”.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Improving consumption experience for citizens. During the Reporting Period, the Bank thoroughly implemented policies aimed at boosting consumption and promoting trade-ins, conducting interest rate discount activities for consumer credit products. By benefiting the public, the Bank supported residents' consumption needs. Focusing on high-frequency consumption demands and penetrating into community scenarios, the Bank continuously built three credit card consumption brands, namely "Zheng Hao Every Week" (鄭好每一週), "Happy Fridays, Saturdays and Sundays" (歡樂五六日) and "Whole Day of Bank of Zhengzhou" (鄭銀十二時辰), to improve the credit card use experience of customers. The Bank optimized small-amount installment products for credit cards, to facilitate an enhanced consumption experience.

As at the end of the Reporting Period, the Bank's core retail credit product, Zheng e loan (consumption), saw an increase of RMB3,940 million over the whole year, representing an increase of 56.68% from the end of the previous year. The Bank had issued a total of 825,800 Shangding credit cards, representing an increase of 101,100 cards from the end of the previous year. The Bank recorded an operating income of RMB1,255 million. In the selection of the 2024 Financial Digital Development Golden Ranking Awards, the Bank was honored with the "Annual Consumer Finance Innovation Award".

### **6.2.2 Financing Steward**

During the Reporting Period, the Bank rooted in the regional economy. By enriching the inclusive product system, optimizing online service processes, thoroughly serving distinctive customer groups and providing financial support for innovation and entrepreneurship, the Bank boosted high-quality development of the regional economy with high-quality financial services, to continuously enhance the publicity of the characteristic "Financing Steward".

Enriching the inclusive product system. The Bank launched "Zheng e loan (operation)" and "Zheng e loan (consumption)" products. Through product digitization, online process and community grid services, the Bank expanded service coverage and comprehensively enhanced product competitiveness, to provide financing services to small and micro customers as well as consumer groups. As at the end of the Reporting Period, the net increase for the Zheng e loan products (including consumption and operation) amounted to RMB4,578 million.

Optimizing online service processes. The Housing e-finance (房e融) product was actively interfaced with real estate across various regions, enabling online processing in areas such as Nanyang, Xuchang and Puyang. As at the end of the Reporting Period, the Housing e-finance product issued RMB18,028 million throughout the year, with an increase of RMB3,807 million.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Thoroughly serving distinctive customer groups. The Bank registered 33 specialized markets within the province, covering local agricultural and sideline products, clothing, fruits and vegetables, food, textiles, building materials, and small commodities and other industries. In conjunction with regional characteristic industries, the Bank successively launched specialized and distinctive credit products such as Chili Loan (辣椒貸) and Garlic Loan (大蒜貸).

Providing financial support for innovation and entrepreneurship. The Bank offered the “Entrepreneurship Guarantee Loan” (創業擔保貸) services to entrepreneurial organizations such as entrepreneurs of all kinds, individual businesses and small and micro enterprises in Zhengzhou City. As at the end of the Reporting Period, the balance of the “Entrepreneurship Guarantee Loan” amounted to RMB340 million, supporting 6,227 entrepreneurial entities, with 23 inclusive financial service harbors already established.

As at the end of the Reporting Period, the balance of the Bank’s inclusive loans to small and micro enterprises amounted to RMB53,685 million, representing an increase of 7.46% from the end of the previous year and 0.61 percentage point higher than the Bank’s growth in general loans. The number of small and micro enterprises receiving inclusive loans with loan balance stood at 69,996, representing an increase of 1,852 from the end of the previous year, marking the achievement of the regulatory goals of “two increases”. The interest rate for inclusive loans issued to small and micro enterprises in the current year was 3.67%, a decrease of 76 basis points from the end of the previous year, effectively reducing the financing costs for inclusive small and micro enterprises and continuously improving the quality and efficiency of financial services for small and micro enterprises.

### **6.2.3 Wealth Steward**

During the Reporting Period, the Bank remained committed to excelling in the wealth management sector, centered on customers, continuously enhanced product management and customer service capabilities, focused on upgrading and building the “Zhenghao Wealth (鄭好財富)” service brand, and strived to be the trusted “wealth steward” for Henan people.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Enriching wealth management product matrix. During the Reporting Period, the Bank continuously enriched its short and medium-term wealth management products, launched exclusive wealth management products for county customers as well as middle-aged and old customers, and consistently rolled out specialized products such as union cards, social security cards, new citizens, and “Zhengyin Marathon (鄭銀馬拉松)”. The Bank strengthened cooperation with leading consignment agencies, partnered with over 40 consignment agencies and introduced nearly 300 new retail consigned products, thereby continuously improving the product system. In 2024, the Bank’s Jinwutong Xingyuan Series New Customer Exclusive Monthly Profit Net Value Wealth Management Product (金梧桐行遠系列新客尊享月月盈淨值型理財產品) received the “Excellent Fixed Income Bank Wealth Management Product” award issued by Pystandard, an external authoritative evaluation agency; the Jinwutong Dingli Series FOF Mixed 202301 Wealth Management Product (金梧桐鼎利系列FOF混合202301期理財產品) received the “Excellent Mixed Bank Wealth Management Product” award; Jinwutong Xingwen Series, Dingxin Series and Xingyuan Series collectively received the “Golden Bull Award” for 5-star wealth management products seven times, as recognized by the Golden Bull Asset Management Research Center.

Building a wealth service system. During the Reporting Period, the Bank prioritized customer service experience and continuously optimized the customer value-added service system, upgrading the “Zhenghao Wealth” service brand. Firstly, focusing on the four major benefit sectors such as “Zhenghao Caizhihui (鄭好財智薈)”, “Zhenghao Travel (鄭好出行)”, “Zhenghao Health (鄭好健康)” and “Zhenghao Courtesy (鄭好禮遇)”, the Bank strived to provide customers with comprehensive, personalized, and one-stop wealth management solutions. Secondly, the Bank established a “1+N” customer service system, namely “1 wealth advisor” + “an investment research service team composed of N experts”, to coordinate internal resources and deliver integrated and tailored financial service solutions to customers. In 2024, the Bank was honored with awards such as “Outstanding Transformation and Development Bank”, “Outstanding Wealth Service Capability Bank” issued by Pystandard and the “Outstanding Retail Bank Innovation Award” at the 2024 Retail Banking Jiepu Award. As at the end of the Reporting Period, the Bank’s scale of financial assets in the wealth management category was RMB52,287 million, representing an increase of 5.65% from the end of the previous year, and the number of customers with AUM over RMB50,000 per day on average reached 645,600, representing an increase of 30.37% from the end of the previous year.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 6.2.4 Rural Steward

During the Reporting Period, the Bank vigorously implemented China's rural revitalization strategy, focusing on key areas of rural revitalization in the province. By optimizing financial service channels, improving financial service experience in rural areas, publicizing financial literacy in rural areas, and implementing a county-led development strategy, the Bank aimed to develop and perfect the "rural steward" and facilitate the full rural revitalization.

Optimizing financial service channels in rural areas. In terms of online channels, the Bank focused on addressing challenges such as rural customers' difficulty in accessing financial services and using smart devices by promoting a rural revitalization version of mobile banking, and transformed self-service into online intelligent services by leveraging tools like intelligent voice assistants and smart search. The Bank thoroughly analyzed the usage habits of rural customer groups, designed a dedicated UI interface, and placed high-frequency transactions on the homepage, integrating life information such as weather, calendar, and location. In terms of offline channels, the Bank prioritized filling the gaps in financial services in rural villages and continued to optimize the efficiency of rural inclusive financial payment service sites.

Improving financial service experience in rural areas. The Bank carried out the construction of "rural service sites+" scenarios, relying on service site construction areas to focus on the basic necessities, medical treatment and entertainment of rural residents and other non-financial scenarios. The Bank expanded merchants in rural areas to enrich the card usage environment for rural residents. As at the end of the Reporting Period, the Bank continuously conducted over 524 activities aimed at providing benefits and convenience services for rural residents, including free diagnosis, cultural performances, discounts at agricultural benefit merchants, and preferential social security payment, and the Bank expanded 5,179 merchants in rural areas, and issued a total of 258,500 rural revitalization cards, representing an increase of 86,600 cards from the end of the previous year.

Publicizing financial literacy in rural areas. The Bank paid attention to groups in lack of knowledge in rural areas, and highlighted the prompts for avoiding phone frauds in the mobile banking. The Bank publicized financial knowledge on anti-counterfeit money, saying no to illegal fundraising and the prevention of phone frauds among villagers, and guided them to download the national anti-fraud APP. Through widespread propaganda and education, the Bank aimed to help rural residents more accurately identify false and fraudulent information, stay away from illegal financial activities, and maintain the stability of rural financial order. During the Reporting Period, the Bank conducted more than 180 promotional activities on popularization of financial knowledge, prevention of phone frauds, and rejection of illegal fundraising, as well as visiting activities targeting groups such as the elderly people living alone and left-behind children.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Implementing a county-led development strategy. The Bank actively responded to the national rural revitalization strategy, focusing on the development of county-level economy. During the Reporting Period, the Bank proposed a county-led high-quality development strategy, and regarded the vast counties of Henan as the Bank's "test field", "growth pole" and "incubator" for serving regional economy, so as to provide crucial financial support for county-level economy and rural revitalization. Meanwhile, the Bank proactively established close cooperative relationships with county governments and enterprises. By integrating each county's development strategies and considering their industrial characteristics, development plans, and resource endowments, the Bank tailored financial service solutions to provide multi-field, multi-level, and diversified financial services to support the high-quality development of county economy.

### 6.3 Financial Market Business

#### 6.3.1 Money Market Transactions

In 2024, the Central Bank maintained a stable monetary policy stance, increased the intensity of monetary policy adjustments, enhanced the precision of monetary policy, and guided the interest rates in the money market to fluctuate steadily around the policy rate benchmark, ensuring overall balance and stability in funding. The Bank adopt multiple measures to optimize the liability structure, strengthened market analysis capabilities, and increased sensitivity to changes in the money market. It reasonably controlled and reduced financing costs while simultaneously enriching customer reserves and broadening financing channels to ensure that the Bank's liquidity remained stable. As at the end of the Reporting Period, the balance of the Bank's deposits with banks and other financial institutions and financial assets held under resale agreements was RMB21,783 million, accounting for 3.22% of the Bank's total assets; and the balance of deposits from banks and other financial institutions and financial assets sold under repurchase agreements was RMB57,806 million, accounting for 9.32% of the Bank's total liabilities.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 6.3.2 Investment in Securities and Other Financial Assets

In 2024, the global economy experienced a moderate recovery, with inflation receding and major economies initiating a wave of interest rate cuts, thereby increasing the space for accommodative monetary policy in China. Domestically, a series of credit-easing policies were introduced, leading to a comprehensive decline in bond market yields. The Bank's bond business increased its investment income by strengthening macro market forecasting and analysis as well as seizing market opportunities; the Bank invested in offshore RMB assets through the "Southbound Bond Connect" channel to increase business income through multiple channels; and the interbank investment business consistently optimized its layout to increase its investment income. As at the end of the Reporting Period, the Bank's total investment in bonds, investment products under trust schemes, investment products managed by securities companies and other securities financial assets amounted to RMB202,254 million, representing an increase of RMB14,411 million or 7.67% from the end of the previous year. Among them, the Bank's total investment in bonds was RMB143,024 million, representing a year-on-year increase of 21.02%; and the investment products under trust schemes, investment products managed by securities companies and other securities-based financial assets was RMB59,229 million, representing a year-on-year decrease of 14.97%.

## 6.4 Distribution Channels

### 6.4.1 Physical Outlets

As at the end of the Reporting Period, the Bank established its head office in Zhengzhou, Henan, 14 branches in Nanyang, Xinxiang, Luoyang, Anyang, Xuchang, Shangqiu, Luohe, Xinyang, Puyang, Pingdingshan, Zhumadian, Kaifeng, Zhoukou and Hebi of Henan Province, 167 sub-branches and one special entity. The Bank established a network of 192 internal and external self-service equipment outlets, providing convenient 7\*24-hour services.

### 6.4.2 Electronic Banking

#### *Personal channel*

The Bank's mobile banking continued to uphold the service concept of "customer-centric", and made sustainable efforts in four major areas: the construction of a wealth product matrix, the digitization of business, the optimization of basic service experiences, and the enrichment of non-financial scenarios. Through meticulous development and refinement in these areas, the Bank aimed to provide customers with one-stop financial and lifestyle services. As at the end of the Reporting Period, the Bank had signed up 3,759,600 personal mobile banking customers, and the number of transactions completed increased by 10.89% year-on-year. The Bank continued to provide high-quality and efficient customer service. 952,800 times of service were provided via the customer service hotline of 95097, with a customer satisfaction rate of 99.69%. At the same time, the Bank continued to enhance the service capabilities of online channels, providing 836,800 times of services by means of text and remote video, and intelligent robot responses accounted for 91.22%.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### *Corporate channel*

During the Reporting Period, the Bank adhered to the business philosophy of “customer-centered”, implemented the service principle of “prioritizing customer experience externally”, and continuously promoted the development of corporate e-channels in three areas including user experience, product function, and value-added services. As of the end of the Reporting Period, the number of corporate e-channel customers exceeded 100,000, with a total of 6,559,400 account-related transactions amounting to RMB1,174.88 billion.

## 7 RISK MANAGEMENT

During the Reporting Period, the Bank actively responded to changes in the market environment, proactively adapted to regulatory requirements, closely adhered to the concept of high-quality development, established a “prudent and steady” risk management concept, continuously improved a comprehensive risk management system, reshaped risk and compliance culture, continuously enriched and optimized risk management tools, steadily improved risk management capabilities, and continuously strengthened the refinement and effectiveness of risk management during its operations. The main risks and risk management situations faced by the Bank are as follows:

### 7.1 Credit Risk

Credit risk refers to the risk of loss caused by the failure by a debtor or counterparty to perform its contractual obligations or responsibilities. The main measures adopted by the Bank for credit risk management are as follows:

Firstly, it continues to optimize the allocation of credit resources, closely following the direction of macroeconomic policies, conducting in-depth market trend analysis, accurately formulating annual credit policies, and guiding credit resources to areas with controllable risks and in line with strategic direction. Secondly, it continues to establish a sound credit decision-making mechanism, strictly implement credit review and approval separation, scientifically implement hierarchical approval, continuously optimize the credit approval process, and comprehensively strengthen the foundation of credit risk control.

As at the end of the Reporting Period, the Bank’s single customer loan concentration was 4.89%, which met the regulatory requirement of not more than 10%; single group customer credit concentration was 11.44%, which met the regulatory requirement of not more than 15%; the balance of loans to the top ten customers was RMB23,013 million, and the loan concentration of the top ten customers was 38.24%; the balance of credit facilities to a single related party customer was RMB3,208 million, and the loan concentration of a single related party customer was 5.33%, which met the regulatory requirement of not more than 10%; and the credit concentration of all related parties was 37.40%, which met the regulatory requirement of not more than 50%.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 7.2 Market Risk

Market risk refers to the risk of on-or off-balance sheet loss arising from adverse changes in market prices. The market risks that the Bank is exposed to are mainly interest rate risk and exchange rate risk. For details of exchange rate risks, please refer to “Market risk” in “Risk management” (b) in note 43 to the financial statements in the “Independent auditor’s report” section of this report. The Bank’s market risk management objective is to ensure that potential market losses are controlled at an acceptable level based on risk tolerance while striving to obtain maximum risk-adjusted returns. The Bank’s market risk management covers the whole process of identifying, measuring and monitoring market risks. For market risk management, we mainly adopt the following measures:

Firstly, the Bank has continuously improved its system. It has established a clear hierarchical market risk management mechanism, with a system covering limit management, book segmentation, risk reporting, stress testing, and special business risk management, clearly defining the functions of the board of directors, senior management, and the three lines of defense. Secondly, it has also strengthened the rigidity of limits, established a hierarchical market risk limit system, and implemented risk control in the pre-, during, and post-transaction stages through process approval. It has also improved the breadth and depth of monitoring, tracked underlying assets in investment businesses, and monitored and analyzed various dimensions such as market value, rating, and asset structure to improve the quality and effectiveness of market risk monitoring for both on- and off-balance sheet businesses. Thirdly, it has improved its emergency management system by revising the emergency management system, drafting special emergency plans, conducting emergency drills for market risk across the Bank, and standardizing disposal procedures. It has also promoted the construction of management systems, continuously improved the market risk management platform, and enhanced the intelligent level of limit control, stress testing, and authorization monitoring.

### 7.3 Operational Risk

Operational risk refers to the risk of loss caused by problematic internal procedures, personnel or information technology systems, and external events, including legal risk but excluding strategic risk and reputational risk. The Bank is committed to improving its operational risk management framework and system, strengthening governance responsibilities, refining management procedures and tools, and continuously improving its operational risk management capabilities. During the Reporting Period, the main tasks of operational risk management at the Bank were as follows:

Firstly, it strengthened the foundation of the operational risk management system and internalized new regulatory requirements. Secondly, it promoted the smooth transition of operational risk capital measurement methods, improved operational risk loss standards, reporting requirements, and processing procedures, and improved the quality of data for management and measurement. Thirdly, it continued to carry out operational risk identification and assessment to prevent risks in advance. Fourthly, it systematically promoted the construction of an operational risk information management system, established a new standard method for measuring operational risks, and accelerated the digitization and online management of operations. Fifthly, it deepened legal support to empower business transformation, focusing on basic services such as contract document review, legal consultation, and legal risk training, continuously improving the legal literacy and risk awareness of all staff, and helping the Bank achieve compliant and stable operations.

### 7.4 Liquidity Risk

Liquidity risk refers to the risk of failure to obtain sufficient funds in time or failure to obtain sufficient funds at a reasonable cost to pay off debts falling due, to perform other payment obligations and to meet other capital requirements for normal business operations. The objective of the Bank's liquidity risk management is to ensure sufficient fund positions to satisfy repayment obligations and capital requirements for business settlement. The Bank observes changes in liquidity closely, monitors the surplus and deficiency of funds on a real-time basis, sets the term structure in a rational manner, gradually optimizes the term structure of assets and liabilities and steps up liquidity risk adjustment to assure liquidity is safe and under control. For liquidity risk management, we mainly adopt the following measures:

Firstly, we stepped up daily liquidity management. We closely monitored the changes of macro and monetary policies as well as the source and use of funds, and arranged the financing term structure in a rational manner to meet the daily requirement of position settlement. Secondly, we optimized the allocation of assets and liabilities, and strengthened the balanced management of assets and liabilities plans and liquidity risks. We focused on the structure of assets and liabilities and duration management to maintain a safe and reasonable level of maturity mismatch. Thirdly, we strengthened liquidity risk limits management. We improved the liquidity limits management systems, strengthened the alert on risk limit monitoring and timely adjusted the risk indicators according to the assets and liabilities plans in order to ensure the liquidity limit indicators operate within a safe level. Fourthly, we conducted liquidity stress tests and emergency drills. Stress tests are carried out on a regular basis to assess potential liquidity risk level and the results from the stress tests are applied to the assets and liabilities plans. Meanwhile, we conducted emergency liquidity drills after taking into account the results from stress tests to assess processes such as emergency responses, command coordination and emergency handling, so as to enhance emergency management and improve the ability to respond to risks.

As at the end of the Reporting Period, the Bank's liquidity ratio was 83.07%, which met the regulatory requirement of not less than 25%; its liquidity coverage rate was 305.04%, which met the regulatory requirement of not less than 100%; the net stable funding ratio was 117.65%, which met the regulatory requirement of not less than 100%. Overall, the Bank's key regulatory liquidity indicators met the regulatory requirements and its liquidity risk was under control.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 7.5 Information Technology Risk

Information technology risk refers to the operational, legal, reputational and other risks caused by natural factors, human factors, technical loopholes and management flaws in the course of applying information technology. During the Reporting Period, the overall operation of the Bank's information technology was stable, and there were no major information technology risk events throughout the year, and information technology risks were under control. The Bank strengthened information technology risk management in the following areas:

Firstly, the Bank has continuously implemented information technology risk assessments. According to regulatory requirements, the Bank conducts annual special risk assessments for information technology risks, objectively evaluates the Bank's risk situation in relevant areas, and establishes a mechanism for continuous monitoring and mitigation of risk items identified in the risk assessment. Secondly, it also implemented information technology risk monitoring and optimized monitoring indicators. In case of any incidents, it promptly conducts retrospective diagnosis and takes mitigation measures. Thirdly, it has also diligently implemented risk management measures for outsourcing of information technology. During the Reporting Period, it strengthened the management of outsourced personnel and process monitoring of outsourced services, conducted emergency drills for outsourced services, and conducted on-site inspections of outsourced contractors. Fourthly, it has solidly carried out emergency drills for information technology systems and effectively verified the business carrying capacity and feasibility of disaster recovery switching steps at the same city disaster recovery center. It has also verified the availability and independent operation capability of the same city disaster recovery system.

### 7.6 Reputational Risk

Reputational risk refers to the risk of negative comments of stakeholders, the public and the media about the Bank due to its operation and management, employees' behaviour or external events which damage the Bank's brand value and adversely affect its normal operation and even market and social stability. The Bank manages reputational risk on a forward-looking, compatible, full-covered and effective basis. It established whole-process management mechanisms comprising pre-evaluation, monitoring, identification, tiered response, reporting, assessment, and summary evaluation to continuously promote the normalization and long-term effectiveness of joint prevention and control.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

During the Reporting Period, the Bank strictly implements the requirements of the “Measures for the Management of Reputation Risks of Banks and Insurance Institutions (Trial Implementation) (銀行保險機構聲譽風險管理辦法(試行))”, establishes and improves a reputation risk management system, optimizes reputation risk assessment, contingency plans, and public opinion monitoring and disposal mechanisms, regularly conducts reputation risk scenario simulations and emergency drills, and strengthens the full process management of reputation risks. It also strengthens public opinion monitoring and hazard investigation, actively promotes brand publicity, and creates a positive public opinion environment. During the Reporting Period, the overall reputation risk situation of the Bank remained stable.

### 7.7 Anti-Money Laundering Management

The Bank strictly abides by the Anti-Money Laundering Law of the PRC 《(中華人民共和國反洗錢法)》 and other relevant applicable laws and regulations, and it conscientiously implements regulatory requirements, adheres to the work philosophy of “risk-based”, and builds a comprehensive and effective anti-money laundering risk management system to fulfill its obligations in anti-money laundering. The main tasks of anti-money laundering management at the Bank are as follows:

Firstly, it established sound anti-money laundering risk management policies and procedures and continuously improves the anti-money laundering working mechanism. Secondly, it evaluated and optimized suspicious transaction monitoring models and improves the quality and effectiveness of suspicious transaction monitoring and analysis. Thirdly, it improved the anti-money laundering risk assessment index system and working process, continuously enhances the level of anti-money laundering risk management. Fourthly, it strengthened inspection and supervision to enhance the efficiency of anti-money laundering risk management. Fifthly, it actively carried out anti-money laundering publicity and training to improve the anti-money laundering awareness and capabilities of the Bank’s employees and the public.

## 8 RECEIVING RESEARCH DELEGATIONS, COMMUNICATION AND INTERVIEW ACTIVITIES

During the Reporting Period, the Bank did not receive any research delegations, and had no communication and interview activities.

## 9 IMPLEMENTATION OF THE VALUATION IMPROVEMENT PLAN

For details of the valuation improvement plan, please refer to the Valuation Improvement Plan of Bank of Zhengzhou Co., Ltd. dated 28 March 2025 published by the Bank on the website of CNINFO ([www.cninfo.com.cn](http://www.cninfo.com.cn)).

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 10 ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

#### 10.1 Significant Environmental Protection Issues

The Bank and its subsidiaries are not recognised as key waste discharge units as disclosed by the environmental protection authorities. During the Reporting Period, no administrative punishment was imposed on the Bank for environmental issues.

#### 10.2 Social Responsibility

For details, please refer to the 2024 Corporate Social Responsibility (ESG) Report dated 28 March 2025 published on the website of CNINFO ([www.cninfo.com.cn](http://www.cninfo.com.cn)), the overseas regulatory announcement dated 28 March 2025 published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)), and the “Announcements and Circulars” under Investor Relations on the Bank’s website ([www.zzbank.cn](http://www.zzbank.cn)).

#### 10.3 Consolidation and Expansion of Poverty Alleviation Achievements and Rural Revitalization

The Bank has effectively implemented policies for rural revitalization and inclusive small and micro loans. Focusing on customer needs, clarifying business directions, and strengthening support efforts, it provides preferential pricing for agricultural loans and inclusive agricultural loans, and achieves steady growth in agricultural loans and inclusive agricultural loans. As of the end of the Reporting Period, the Bank’s balance of agricultural loans was RMB48,235 million, an increase of RMB6,373 million from the end of the previous year, with a growth rate of 15.22%, 8.04 percentage points higher than the growth rate of all loans, achieving continuous growth in agricultural loans. Among them, the balance of inclusive agricultural loans was RMB9,338 million, an increase of RMB1,294 million from the end of the previous year, with a growth rate of 16.09%, 9.24 percentage points higher than the growth rate of general loans, and achieving the regulatory indicator for inclusive agricultural loans.

The Bank vigorously develops inclusive finance. It continues to set up rural inclusive financial payment service points, improves the rural financial service environment, and builds “finance + non-finance” various life scenarios around villagers’ daily needs, constructing an “ecosystem” to serve rural revitalization, solving the pain points and difficulties of rural finance, and connecting the “last mile” of financial services for rural areas.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

It has solidly promoted rural revitalization. Adhering to the leadership of the Party, sorting out work ideas, coordinating various forces, based on the actual situation of helping villages, focusing on improving the entire strawberry industry chain, actively promoting the construction of connected greenhouse seedling bases, strawberry grading centers, and other projects, and completing the construction of a strawberry industrial chain integrating seedling cultivation, planting, sales, storage, and deep processing, continuously strengthening collective economy, and expanding income sources for villagers.

## 11 OUTLOOK

### 11.1 Industry Landscape and Trends

The year 2025 marks the end of the “14th Five-Year Plan”, with a stable and growing economic situation and an “active and effective” policy direction, which will provide a good development foundation for the Bank. At the same time, domestic financial regulation might continue to be strict and will impose stricter demands for bank capital management and risk control. In this context, the Bank needs to respond flexibly to policy changes, accelerate reform and innovation, continuously improve the quality and efficiency of financial services in key areas and weak links, and further consolidate its core competitiveness. Firstly, it is necessary to optimize and improve the financial supply to support the economic recovery and improvement. The Bank shall continue to increase support for the real economy, improve the quality and efficiency of services, and maintain a high credit growth rate for key industries such as new production forces and “five major areas”. Secondly, it is necessary to deepen reform and innovation and enhance business vitality. The Bank shall accelerate digital transformation, utilize technologies such as big data, cloud computing, and artificial intelligence to improve business processing efficiency, and enhance customer experience. It shall also continuously innovate financial products and service models to meet the diverse needs of customers. Thirdly, it is necessary to prevent and resolve risks and ensure stable operation. The Bank shall establish a sound risk management system and improve its risk identification and prevention capabilities. In particular, it must continue to address credit risks in key areas such as real estate and local government debt, and actively prevent and control risks in inclusive retail businesses. Compliance with laws and regulations and regulatory requirements must also be given more attention. Fourthly, it is necessary to strengthen inter-bank cooperation and exchanges to jointly respond to market competition and risk challenges. The Bank can achieve resource sharing and complementary advantages through interbank lending, asset securitization, and other means, and improve the industry’s overall risk resistance and its ability to serve the real economy. At the same time, the Bank aims to strengthen cooperation with non-bank financial institutions and expand business areas and service scope.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 11.2 Corporate Development Strategy

In 2025, the Bank will continue to strengthen Party building leadership, use high-quality Party building to guide business operations and transformation, adhere to the strategic vision of “efforts to become a first-class commercial bank with distinctive characteristics in policy-oriented science and technology finance”, and adhere to the market positioning of “serving local economy, serving small and medium-sized enterprises, and serving urban and rural residents”. It will closely follow national macroeconomic policies and regional economic development plans, continuously improve its ability to serve the real economy, and enhance the quality and efficiency of financial services.

Firstly, the Bank will comprehensively strengthen the foundation of various businesses. In terms of retail banking business, the Bank will continue to deepen the local market, use digitalization to drive business and operational reforms, and strive to transform business online and services comprehensively. In terms of corporate banking business, the Bank will focus on government affairs finance and industrial finance, develop featured science and technology finance business, provide customised comprehensive financial services, and help the high-quality development of the regional economy. Secondly, the Bank will use digital thinking to reshape business models and management mechanisms, use technology to lead and empower business development, and focus on rebuilding a “customer-centric” business operation system and constructing a management method of “data-driven business development”. Thirdly, the Bank will continue to deepen its local roots and resonate with local economic development. It will focus on seven major industrial clusters in provinces and cities, “7+28+N” key industrial chains, as well as “three batches” major projects in the province, and strengthen list-based and account-based management, and regularly conduct exchanges to provide high-quality financial services for key industries and leading enterprises. Fourthly, the Bank will actively fulfill its social responsibilities and proactively reach out to underdeveloped markets. It will continuously optimize its initiative, innovation, and convenience in financial services related to agriculture and small businesses to support rural revitalization. Fifthly, the Bank will actively respond to the national call for carrying out “five major areas” related to technology finance, green finance, inclusive finance, pension finance, and digital finance, and continue to optimize financial services and product supply to effectively channel financial resources towards major strategic, key areas, and weak links in the province and city.

### 11.3 Operating Plan

In 2025, the Bank will conscientiously implement the spirit of the Third Plenary Session of the 20th Central Committee of the Communist Party of China and the Central Economic Work Conference, deeply study the series of new ideas, viewpoints, and judgments of General Secretary Xi Jinping on comprehensively deepening reform, fully implement the work requirements of the Provincial Party Committee and Provincial Government as well as Municipal Party Committee and Municipal Government, adhere to seeking progress while maintaining stability and promote progress while maintaining stability, adhere to the correct direction and innovate, comprehensively strengthen Party building, and make every effort to promote business transformation and reshaping and high-quality development. It will also accelerate its pace towards becoming a “first-class commercial bank with distinctive characteristics in policy-oriented science and technology finance” and contribute greater financial strength to the high-quality development of the local economy and society.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Firstly, the Bank will adhere to Party building leadership and gather development forces. The Bank will continue to promote the standardization and standardization construction of grassroots Party organizations, strengthen the exemplary role of Party members and cadres, and the fighting fortress role of Party organizations. The Bank will also adhere to the “integration of goals, responsibilities, and assessments” to more closely integrate Party building work into all stages of the entire process of enterprise reform and development. The Bank will comprehensively advance the strict governance of the Party to drive the strict governance of the Party from top to bottom, and cultivate and promote a culture of integrity, and create a clean and positive atmosphere of working and entrepreneurship.

Secondly, the Bank will deepen reform and innovation, and improve governance capabilities. The Bank will accelerate the restructuring of its organizational structure, management mechanisms, and systems and processes, and deepen the implementation of flat management to further enhance its internal operation and management. By implementing measures such as “talent self-recommendation” and “competitive selection for positions,” the Bank will continuously strengthen its cadre team and comprehensively release development vitality. Taking advantage of the continuous improvements related to incentives and constraints mechanism, the Bank will stimulate the initiative and entrepreneurial spirit of its cadres and employees to boost its corporate internal vitality.

Thirdly, the Bank will adhere to the essence of finance and enhance the service efficiency. The Bank will always bear the political and people-oriented nature of financial work, consciously integrate corporate development into the overall economic and social development of the Henan Province and Zhengzhou City, and continuously improve its ability and level of financial services to the real economy. With a focus on policy-oriented science and technology finance, the Bank will make every effort to do well in the “five major areas” of finance. The Bank will effectively implement incremental policies to improve the quality and effectiveness of financial services.

Fourthly, the Bank will adhere to compliance management and strengthen risk prevention and control. Taking comprehensive risk management as the guide, the Bank will steadily promote the reform of risk management framework, processes, and mechanisms, accelerate the construction of digital risk control system, continuously strengthen the dynamic control of credit risk, market risk, liquidity risk, and other risks, as well as consistently increase the intensity of risk disposal, effectively enhancing the professionalism and refinement of risk management.

## CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 11.4 Potential Risks

In 2024, there were more uncertainties in the world, and monetary policy entered a rate-cutting cycle, increasing the risk of economic downturn. In 2025, China's economy still faces many difficulties and challenges, mainly due to insufficient domestic demand, difficulties in production and operation of some enterprises, and pressure on employment and income growth for the masses. China's economy has a stable foundation, multiple advantages, strong resilience, and great potential, and the long-term support conditions and basic trend of sustained improvement have not changed. Henan Province will solidly promote high-quality development, anchor the "two guarantees", continue to implement the "Ten Major Strategies", boost consumption, expand investment, strengthen the stability of the real estate market, promote deep integration of technology and industrial innovation, build a modern industrial system, and promote the sustained and positive recovery of the economy.

The Bank will closely monitor and continuously evaluate the macroeconomic policies, economic and financial operations, as well as the impact of extreme weather on business, and take proactive measures to ensure the stability of financial conditions and business performance. At the same time, it will continue to track industries and enterprises that are more affected by the economic downturn, strengthen risk prevention and control in key areas, adhere to high-quality development, innovation-driven development, connotative development, and differentiated development, continuously optimize the asset-liability structure, and achieve a balanced development of scale, profitability, and risk.

# CHAPTER III CHANGES IN SHARE AND INFORMATION ON SHAREHOLDERS

## 1 CHANGES IN ORDINARY SHARES

### 1.1 Table of Changes in Ordinary Shares

Unit: Shares

	As at 31 December 2023		Increase/decrease during the Reporting Period (+/-)					As at 31 December 2024	
	Number	Proportion (%)	Issuance of new shares	Bonus shares	Capitalization issue	Others	Sub-total	Number	Proportion (%)
<b>I. Shares subject to trading moratorium</b>	372,981,017	4.10	-	-	-	-2,063,401	-2,063,401	<b>370,917,616</b>	<b>4.08</b>
1. State-owned shares	-	-	-	-	-	-	-	-	-
2. Shares held by state-owned legal persons	207,515,000	2.28	-	-	-	-	-	<b>207,515,000</b>	<b>2.28</b>
3. Shares held by other domestic investors	165,466,017	1.82	-	-	-	-2,063,401	-2,063,401	<b>163,402,616</b>	<b>1.80</b>
Including: Shares held by domestic legal persons	143,525,238	1.58	-	-	-	-57,339	-57,339	<b>143,467,899</b>	<b>1.58</b>
Shares held by domestic natural persons	21,940,779	0.24	-	-	-	-2,006,062	-2,006,062	<b>19,934,717</b>	<b>0.22</b>
4. Shares held by foreign investors	-	-	-	-	-	-	-	-	-
Including: Shares held by overseas legal persons	-	-	-	-	-	-	-	-	-
Shares held by overseas natural persons	-	-	-	-	-	-	-	-	-
<b>II. Shares not subject to trading moratorium</b>	8,719,110,341	95.90	-	-	-	+2,063,401	+2,063,401	<b>8,721,173,742</b>	<b>95.92</b>
1. Ordinary Shares denominated in RMB	6,698,652,341	73.68	-	-	-	+2,063,401	+2,063,401	<b>6,700,715,742</b>	<b>73.70</b>
2. Domestically-listed foreign shares	-	-	-	-	-	-	-	-	-
3. Overseas-listed foreign shares	2,020,458,000	22.22	-	-	-	-	-	<b>2,020,458,000</b>	<b>22.22</b>
4. Others	-	-	-	-	-	-	-	-	-
<b>III. Total shares</b>	<b>9,092,091,358</b>	<b>100.00</b>	-	-	-	-	-	<b>9,092,091,358</b>	<b>100.00</b>

Notes:

- The minor differences in the last digits are caused by rounding.
- During the Reporting Period, the Bank did not conduct any Share repurchase.

As at the end of the Reporting Period, the Bank issued 9,092,091,358 Ordinary Shares, including 7,071,633,358 A Shares and 2,020,458,000 H Shares.

## CHAPTER III CHANGES IN SHARE AND INFORMATION ON SHAREHOLDERS (Continued)

### 1.2 Description of Changes in Ordinary Shares

Changes in Ordinary Shares were mainly due to: (1) changes in shares subject to trading moratorium held by resigned directors, supervisors, and senior management during the Reporting Period; (2) in September 2024, for certain Shares issued prior to the initial public offering of A Shares of the Bank without completing the procedures for equity custody confirmation, such procedures were completed and the Shares were listed for circulation; (3) in September 2024, some of the Shares held by then Directors, Supervisors and senior managers holding Shares in the Bank and natural persons holding more than 50,000 internal employee shares before the initial public offering of A Shares of the Bank were lifted from trading moratorium and listed for circulation.

### 1.3 The Impact of Changes in Ordinary Shares on Financial Indicators Such as Earnings per Share and Net Assets per Share in the Previous Year and the Latest Period

During the Reporting Period, there was no change in the total number of shares of the Ordinary Shares of the Bank, and the changes in shares as shown in “1.1 Table of Changes in Ordinary Shares” in this section had no impact on the financial indicators such as earnings per share and net assets per share for the latest one year and the latest period.

## CHAPTER III CHANGES IN SHARE AND INFORMATION ON SHAREHOLDERS (Continued)

### 1.4 Changes in Shares Subject to Trading Moratorium during the Reporting Period

*Unit: Shares*

Name of Shareholder	Number of Shares subject to trading moratorium at the beginning of the Reporting Period	Increase in the number of Shares subject to trading moratorium during the Reporting Period	Number of Shares lifted from trading moratorium during the Reporting Period	Number of Shares subject to trading moratorium at the end of the Reporting Period	Reasons for trading moratorium	Date of lifting from trading moratorium
4 natural persons shareholders including MAO Zhigao (毛志高)	57,339	–	57,339	–	Initial public offering	19 September 2024
311 natural persons shareholders who held more than 50,000 internal employee shares before the initial public offering of A Shares of the Bank	20,884,935	–	1,823,812 <sup>(1)</sup>	19,061,123	Initial public offering	–
Directors, supervisors and senior managers of the Bank (including directors, supervisors and senior managers before the initial public offering of A Shares)	259,671	–	22,672 <sup>(1)</sup>	236,999	Initial public offering	–
	796,173	–	159,578 <sup>(2)</sup>	636,595	Lockup shares of senior management	–
<b>Total</b>	<b>21,998,118</b>	<b>–</b>	<b>2,063,401</b>	<b>19,934,717</b>		

*Notes:*

- On 19 September 2024, 1,846,484 A Shares held by 311 natural person shareholders who held more than 50,000 internal employee shares before the initial public offering of A Shares and 8 natural person shareholders who were directors, supervisors and senior management before the initial public offering of A Shares were lifted from trading moratorium and listed for circulation.
- The locking and unlocking of the shares held by directors, supervisors and senior management shall be carried out in accordance with the requirements of the No. 1 Self-discipline and Regulation Guideline for Listed Companies of Shenzhen Stock Exchange – Standard Operation of Listed Companies on the Main Board 《(深圳證券交易所上市公司自律監管指引第1號—主板上市公司規範運作)》.

## CHAPTER III CHANGES IN SHARE AND INFORMATION ON SHAREHOLDERS (Continued)

### 2 ISSUANCE AND LISTING OF SECURITIES

#### 2.1 Issuance of Securities during the Reporting Period

During the Reporting Period, the Bank had neither newly issued ordinary shares and preference shares nor corporate bonds which were publicly issued and listed on any stock exchanges.

For details of the bond issuance of the Bank and its subsidiaries, please refer to “Issuance and Repurchase of Bonds” in the chapter headed “Significant Events” of this Report.

#### 2.2 Description of Changes in the Total Number of Ordinary Shares and the Composition of Shareholders, and Changes in the Structure of Corporate Assets and Liabilities

During the Reporting Period, there was no change in the total number of Ordinary Shares of the Bank. For the changes in the composition of Shareholders, please refer to “1.1 Table of Changes in Ordinary Shares” of this chapter. For the changes in the structure of assets and liabilities of the Bank, please refer to “3 Financial Statements Analysis” in the chapter headed “Management Discussion and Analysis” of this Report.

#### 2.3 Existing Internal Employee Shares

The existing internal employee Shares are mainly, among others, acquired by shareholders of the original urban credit cooperatives and the joint urban credit cooperative through taking part in the establishment of the Bank in 1996, and through succession. As at the end of the Reporting Period, certain Shares of the Bank were lifted from trading moratorium and listed for circulation. To date, the date of issuance, offering price and shareholdings after the circulation of the internal employee Shares could not be accurately verified.

### 3 INFORMATION ON ORDINARY SHAREHOLDERS

#### Number of Ordinary Shareholders and Their Shareholdings

As at the end of the Reporting Period, the total number of Ordinary Shareholders of the Bank was 111,710, among which 111,660 were A Shareholders and 50 were H Shareholders. As at the end of the month prior to the publication date of this Report, the total number of Ordinary Shareholders was 108,286, among which 108,236 were A Shareholders and 50 were H Shareholders.

## CHAPTER III CHANGES IN SHARE AND INFORMATION ON SHAREHOLDERS (Continued)

The direct shareholdings of the top 10 Ordinary Shareholders of the Bank at the end of the Reporting Period are set out as follows:

*Unit: Shares*

Name of Shareholder	Nature of Shareholder	Shares type	Shareholdings percentage (%)	Number of Ordinary Shares held at the end of the Reporting Period	Changes over the Reporting Period (+/-)	Number of Ordinary Shares held subject to trading moratorium	Number of Ordinary Shares held not subject to trading moratorium	Pledged, labelled or frozen Status of Shares	Number
HKSCC Nominees Limited	Overseas legal person	H Shares	22.22	2,020,255,294	+2,241	–	2,020,255,294	Unknown	–
Zhengzhou Finance Bureau (鄭州市財政局)	State-owned	A Shares	7.23	657,246,311	–	–	657,246,311	Pledged	93,278,900
Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司)	State-owned legal person	A Shares	6.69	608,105,180	–	207,515,000	400,590,180	–	–
Bridge Trust Co., Ltd. (百瑞信託有限責任公司)	State-owned legal person	A Shares	4.24	385,930,906	–	–	385,930,906	–	–
Henan Guoyuan Trade Co., Ltd. (河南國原貿易有限公司)	Domestic non state-owned legal person	A Shares	3.53	320,590,857	-9,406,572	121,000,000	199,590,857	Pledged Frozen	198,984,500 320,590,857
Zhongyuan Trust Co., Ltd. (中原信託有限公司)	State-owned legal person	A Shares	3.50	318,676,633	–	–	318,676,633	–	–
Yutai International (Henan) Real Estate Development Co., Ltd. (豫泰國際(河南)房地產開發有限公司)	Domestic non state-owned	A Shares	2.85	258,722,000	-90,000,000	–	258,722,000	Pledged Frozen	258,722,000 258,722,000
Henan Shengrun Holding Group Co., Ltd. (河南盛潤控股集團有限公司)	Domestic non state-owned	A Shares	1.46	133,100,000	–	–	133,100,000	Pledged Frozen	133,100,000 133,100,000

## CHAPTER III CHANGES IN SHARE AND INFORMATION ON SHAREHOLDERS (Continued)

Name of Shareholder	Nature of Shareholder	Shares type	Shareholdings percentage (%)	Number of Ordinary Shares held at the end of the Reporting Period	Changes over the Reporting Period (+/-)	Number of Ordinary Shares held subject to trading moratorium	Number of Ordinary Shares held not subject to trading moratorium	Pledged, labelled or frozen	Status of Shares	Number
Henan Investment Group Co., Ltd. (河南投資集團有限公司)	State-owned legal person	A Shares	1.31	119,482,821	-	-	119,482,821	-	-	-
Henan Chendong Industry Co., Ltd. (河南晨東實業有限公司)	Domestic non state-owned	A Shares	1.12	101,404,992	-58,967,229	-	101,404,992	Pledged		101,404,992
Strategic investors or ordinary legal persons becoming top 10 Shareholders by way of placing of new Shares (if any)			None							
Description of related party relationships or concerted actions of the above Shareholders			Zhengzhou Finance Bureau (鄭州市財政局) indirectly held 100% equity interest in Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司). Henan Investment Group Co., Ltd. (河南投資集團有限公司) holds 64.93% equity interest in Zhongyuan Trust Co., Ltd. (中原信託有限公司). The Bank is not aware of any related party relationship among the above other Shareholders or whether they are parties acting in concert under the Administrative Measures on the Acquisition of Listed Companies (《上市公司收購管理辦法》).							
Description of entrusting/being entrusted voting rights or waiving voting rights of the above Shareholders			Henan Investment Group Co., Ltd. (河南投資集團有限公司) and Zhongyuan Trust Co., Ltd. signed the Voting Rights Entrustment Agreement, entrusting the corresponding voting rights of 98,746,133 A Shares (the number of shares before the Bank implemented the capitalization issuance plan in December 2021 and June 2023) held by Henan Investment Group Co., Ltd. (河南投資集團有限公司) to Zhongyuan Trust Co., Ltd. (中原信託有限公司).							
Special description of top 10 shareholders having repurchase accounts			None							
Description of the top 10 Ordinary Shareholders participating in margin financing and securities lending business (if any)			Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司) holds 429,905,180 A Shares through ordinary securities account and 178,200,000 A Shares through the customer credit transaction guaranteed securities account of CSC Financial Co., Ltd. (中信建投證券股份有限公司), holding a total of 608,105,180 A Shares.							

## CHAPTER III CHANGES IN SHARE AND INFORMATION ON SHAREHOLDERS (Continued)

The direct shareholdings of the top 10 Ordinary Shareholders not subject to trading moratorium of the Bank as at the end of the Reporting Period are set out as follow:

*Unit: Shares*

Name of Shareholder	Number of Ordinary Shares held not subject to trading moratorium at the end of the Reporting Period	Type of Shares	
		Class of Shares	Number
HKSCC Nominees Limited	2,020,255,294	H Shares	2,020,255,294
Zhengzhou Finance Bureau (鄭州市財政局)	657,246,311	A Shares	657,246,311
Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司)	400,590,180	A Shares	400,590,180
Bridge Trust Co., Ltd. (百瑞信託有限責任公司)	385,930,906	A Shares	385,930,906
Zhongyuan Trust Co., Ltd. (中原信託有限公司)	318,676,633	A Shares	318,676,633
Yutai International (Henan) Real Estate Development Co., Ltd. (豫泰國際(河南)房地產開發有限公司)	258,722,000	A Shares	258,722,000
Henan Guoyuan Trade Co., Ltd. (河南國原貿易有限公司)	199,590,857	A Shares	199,590,857
Henan Shengrun Holding Group Co., Ltd. (河南盛潤控股集團有限公司)	133,100,000	A Shares	133,100,000
Henan Investment Group Co., Ltd. (河南投資集團有限公司)	119,482,821	A Shares	119,482,821
Henan Chendong Industry Co., Ltd. (河南晨東實業有限公司)	101,404,992	A Shares	101,404,992
Description of related party relationships or concerted actions among the top 10 Ordinary Shareholders not subject to trading moratorium, and between the top 10 Ordinary Shareholders not subject to trading moratorium and the top 10 Ordinary Shareholders	Please refer to the line headed "Description of related party relationships or concerted actions of the above Shareholders" in the table of the direct shareholdings of the top 10 Ordinary Shareholders.		

*Notes:*

- The data above is obtained from the register of Shareholders of the Bank as at 31 December 2024.
- The Shares held by HKSCC Nominees Limited are held by it in the capacity of agent and represents the aggregate number of H Shares held by all institutional and individual investors registered in HKSCC Nominees Limited as at the end of the Reporting Period.

During the Reporting Period, no shares were lent out by the Shareholders holding more than 5% of the Bank's Shares, the top 10 Shareholders of the Bank and the top 10 holders of circulating shares not subject to trading moratorium to involve in the margin refinancing business. There was no change in the top 10 Shareholders of the Bank and the top 10 holders of circulating shares not subject to trading moratorium as compared with the previous period due to lending/returning of shares.

During the Reporting Period, none of the top 10 Ordinary Shareholders and the top 10 Ordinary Shareholders not subject to trading moratorium carried out any agreed buy-back transactions.

## CHAPTER III CHANGES IN SHARE AND INFORMATION ON SHAREHOLDERS (Continued)

### 4 INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES UNDER HONG KONG LAWS AND REGULATIONS

Based on the knowledge of the Directors, Supervisors and chief executive of the Bank, as at the end of the Reporting Period, the following persons, other than Directors, Supervisors and chief executive of the Bank, had, or were deemed or taken to have interests or short positions in the Shares and underlying shares which would fall to be disclosed to the Bank and the Hong Kong Stock Exchange under provisions of Divisions 2 and 3 of Part XV of the SFO or, which were recorded in the register required to be kept by the Bank under section 336 of the SFO, details of which are set out as follows:

Name of substantial Shareholder	Class of Shares	Long/ Short positions	Capacity	Number of Shares held directly or indirectly (Shares)	Percentage of issued Shares of the relevant class (%)	Percentage of total issued Ordinary Shares (%)
Zhengzhou Finance Bureau (鄭州市財政局)	A Shares	Long	Beneficial owner and Interest of controlled corporation <sup>(1)</sup>	1,418,761,196	20.06	15.60
Zhengzhou Development & Investment Group Co., Ltd. (鄭州發展投資集團有限公司)	A Shares	Long	Beneficial owner and Interest of controlled corporation <sup>(1)</sup>	694,964,885	9.83	7.64
Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司)	A Shares	Long	Beneficial owner	608,105,180	8.60	6.69
Zhengzhou Zhongrongchuang Industrial Investment Co., Ltd. (鄭州市中融創產業投資有限公司)	A Shares	Long	Interest of controlled corporation <sup>(1)</sup>	608,105,180	8.60	6.69
Zhengzhou Talent Development Group Co., Ltd. (鄭州人才發展集團有限公司)	A Shares	Long	Interest of controlled corporation <sup>(1)</sup>	608,105,180	8.60	6.69
Zhengzhou Investment Group Limited (鄭州市投資集團有限公司)	A Shares	Long	Interest of controlled corporation <sup>(1)</sup>	608,105,180	8.60	6.69
Henan Investment Group Co., Ltd. (河南投資集團有限公司)	A Shares	Long	Beneficial owner and Interest of controlled corporation <sup>(2)</sup>	438,159,454	6.20	4.82
Bridge Trust Co., Ltd. (百瑞信託有限公司)	A Shares	Long	Beneficial owner	385,930,906	5.46	4.24
SPIC Capital Holding Co., Ltd. (國家電投集團資本控股有限公司)	A Shares	Long	Interest of controlled corporation <sup>(3)</sup>	385,930,906	5.46	4.24
SPIC Industry-Finance Holding Co., Ltd. (國家電投集團產融控股股份有限公司)	A Shares	Long	Interest of controlled corporation <sup>(3)</sup>	385,930,906	5.46	4.24
State Power Investment Corporation Limited (國家電力投資集團有限公司)	A Shares	Long	Interest of controlled corporation <sup>(3)</sup>	385,930,906	5.46	4.24
China Goldjoy Securities Limited (中國金洋證券有限公司)	H Shares	Long	Custodian	502,018,594	24.85	5.52

## CHAPTER III CHANGES IN SHARE AND INFORMATION ON SHAREHOLDERS (Continued)

Name of substantial Shareholder	Class of Shares	Long/ Short positions	Capacity	Number of Shares held directly or indirectly (Shares)	Percentage of issued Shares of the relevant class (%)	Percentage of total issued Ordinary Shares (%)
CITIC Securities Company Limited	H Shares	Short	Interest of controlled corporation <sup>(4)</sup>	326,292,751	16.15	3.59
Yuanta Finance (Hong Kong) Limited	H Shares	Long	Person having a security interest in shares <sup>(5)</sup>	262,359,650	12.99	2.89
Yuanta Securities (Hong Kong) Company Limited	H Shares	Long	Person having a security interest in shares and interest of controlled corporation <sup>(5)</sup>	262,359,650	12.99	2.89
Yuanta Securities Asia Financial Services Ptd. Ltd.	H Shares	Long	Person having a security interest in shares and interest of controlled corporation <sup>(5)</sup>	262,359,650	12.99	2.89
Yuanta Securities Co., Ltd.	H Shares	Long	Person having a security interest in shares and interest of controlled corporation <sup>(5)</sup>	262,359,650	12.99	2.89
Yuanta Financial Holding Co., Ltd.	H Shares	Long	Person having a security interest in shares and interest of controlled corporation <sup>(5)</sup>	262,359,650	12.99	2.89
Yunnan International Holding Group Limited	H Shares	Long	Beneficial owner	262,359,650	12.99	2.89
Yunnan Energy Investment (HK) Co., Limited	H Shares	Long	Interest of controlled corporation <sup>(6)</sup>	262,359,650	12.99	2.89
Yunnan Provincial Energy Investment Group Co., Ltd.	H Shares	Long	Interest of controlled corporation <sup>(6)</sup>	262,359,650	12.99	2.89
Beijing Shang Finance Management Co., Ltd. (北京尚融資本管理有限公司)	H Shares	Long	Interest of controlled corporation <sup>(7)</sup>	171,699,000	8.50	1.89
WEI Lidong (尉立東)	H Shares	Long	Interest of controlled corporation <sup>(7)</sup>	171,699,000	8.50	1.89
Hong Kong Xingrui International Investment Co., Ltd. (香港興瑞國際投資有限公司)	H Shares	Long	Beneficial owner	133,167,881	6.59	1.46
Henan Zhenyiyuan Industrial Co., Ltd. (河南臻益遠實業有限公司)	H Shares	Long	Interest of controlled corporation <sup>(8)</sup>	133,167,881	6.59	1.46
Zhengzhou Xingqian Trading Co., Ltd. (鄭州興謙商貿有限公司)	H Shares	Long	Interest of controlled corporation <sup>(8)</sup>	133,167,881	6.59	1.46
CHEN Xingming (陳星明)	H Shares	Long	Interest of controlled corporation <sup>(8)</sup>	133,167,881	6.59	1.46
Zhengzhou Zhengdong New District Construction Development Investment Co., Ltd. (鄭州市鄭東新區建設開發投資總公司)	H Shares	Long	Beneficial owner <sup>(9)</sup>	133,100,000	6.59	1.46
Goncius I Limited	H Shares	Long	Beneficial owner <sup>(10)</sup>	115,501,859	5.72	1.27
	H Shares	Short	Beneficial owner <sup>(10)</sup>	115,501,859	5.72	1.27

## CHAPTER III CHANGES IN SHARE AND INFORMATION ON SHAREHOLDERS (Continued)

As far as the Bank is aware, the above number of Shares represents the respective Shareholders' interests and short positions as at the end of the Reporting Period, but the relevant number of Shares and information may be different from the summary of DI Forms submitted to the Hong Kong Stock Exchange by relevant Shareholders. This is mainly because the Bank made the calculation based on public information disclosed such as summary of DI Forms and the register of members of the Bank, and the previous capitalization issue plans.

### Notes:

1. These 1,418,761,196 Shares are directly or indirectly held by Zhengzhou Finance Bureau, including 657,246,311 Shares directly held by Zhengzhou Finance Bureau, 608,105,180 Shares held by Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司), 86,859,705 Shares held by Zhengzhou Development & Investment Group Co., Ltd. (鄭州發展投資集團有限公司) and 66,550,000 Shares held by Zhengzhou City Sanitation & Cleaning Co., Ltd. (鄭州市環衛清潔有限公司). Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司) is owned as to 54.49% by Zhengzhou Development & Investment Group Co., Ltd. (鄭州發展投資集團有限公司). Zhengzhou Development & Investment Group Co., Ltd. (鄭州發展投資集團有限公司) is deemed to be interested in the Shares held by Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司) under the SFO. Meanwhile, Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司) is owned as to 45.51% by Zhengzhou Zhongrongchuang Industrial Investment Co., Ltd. (鄭州市中融創產業投資有限公司). Zhengzhou Zhongrongchuang Industrial Investment Co., Ltd. is wholly-owned by Zhengzhou Talent Development Group Co., Ltd. (鄭州人才發展集團有限公司), which is wholly-owned by Zhengzhou Investment Group Limited (鄭州市投資集團有限公司). Zhengzhou Zhongrongchuang Industrial Investment Co., Ltd. (鄭州市中融創產業投資有限公司), Zhengzhou Talent Development Group Co., Ltd. (鄭州人才發展集團有限公司) and Zhengzhou Investment Group Limited (鄭州市投資集團有限公司) are deemed to be interested in the Shares held by Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司) under the SFO. Zhengzhou Development & Investment Group Co., Ltd. (鄭州發展投資集團有限公司) and Zhengzhou Investment Group Limited (鄭州市投資集團有限公司) are directly and wholly owned by Zhengzhou Finance Bureau (鄭州市財政局). Zhengzhou City Sanitation & Cleaning Co., Ltd. (鄭州市環衛清潔有限公司) is directly and wholly owned by Zhengzhou Finance Bureau (鄭州市財政局). By virtue of the SFO, Zhengzhou Finance Bureau is deemed to be interested in the Shares held by Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司), Zhengzhou Development & Investment Group Co., Ltd. (鄭州發展投資集團有限公司) and Zhengzhou City Sanitation & Cleaning Co., Ltd. (鄭州市環衛清潔有限公司). Ms. ZHANG Jihong (張繼紅), a non-executive Director, serves as the director, chief accountant of Zhengzhou Zhongrongchuang Industrial Investment Co., Ltd. and Mr. LIU Bingheng (劉炳恒), a non-executive Director, works for Financial Operation Centre of Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司).
2. These 438,159,454 Shares are directly or indirectly held by Henan Investment Group Co., Ltd. (河南投資集團有限公司), including 119,482,821 Shares directly held by Henan Investment Group Co., Ltd. (河南投資集團有限公司) and 318,676,633 Shares held through Zhongyuan Trust Co., Ltd. (中原信託有限公司). Zhongyuan Trust Co., Ltd. (中原信託有限公司) is held as to approximately 64.93% by Henan Investment Group Co., Ltd. (河南投資集團有限公司). By virtue of the SFO, Henan Investment Group Co., Ltd. (河南投資集團有限公司) is deemed to be interested in the Shares held by Zhongyuan Trust Co., Ltd. (中原信託有限公司). Mr. WEI Zhigang (衛志剛), a non-executive Director, has been appointed as the deputy secretary of the Party Committee of Zhongyuan Trust Co., Ltd. (中原信託有限公司).
3. Bridge Trust Co., Ltd. (百瑞信託有限責任公司) is owned as to 50.24% by SPIC Capital Holdings Co., Ltd. (國家電投集團資本控股有限公司), which is in turn wholly-owned by SPIC Industry-Finance Holding Co., Ltd. (國家電投集團產融控股股份有限公司), while SPIC Industry-Finance Holding Co., Ltd. (國家電投集團產融控股股份有限公司) is owned as to 50.26% by State Power Investment Corporation Limited (國家電力投資集團有限公司). By virtue of the SFO, SPIC Capital Holdings Co., Ltd. (國家電投集團資本控股有限公司), SPIC Industry-Finance Holding Co., Ltd. (國家電投集團產融控股股份有限公司) and State Power Investment Corporation Limited (國家電力投資集團有限公司) are deemed to be interested in the Shares held by Bridge Trust Co., Ltd. (百瑞信託有限責任公司).

## CHAPTER III CHANGES IN SHARE AND INFORMATION ON SHAREHOLDERS (Continued)

4. CITIC Securities Company Limited held a total of 326,292,751 H Shares (short position) of the Bank through certain of its wholly-owned subsidiaries. These 326,292,751 H Shares (short position) involve derivatives in the classes below:

326,292,751 H Shares (short position)

– Settled in cash (curb trading)

As the relevant interests involve derivatives, the information disclosed has not taken into account the capitalization issue plans implemented in June 2023 by the Bank.

5. Yuanta Finance (Hong Kong) Limited has a security interest in these 262,359,650 Shares, Yuanta Finance (Hong Kong) Limited is owned-wholly by Yuanta Securities (Hong Kong) Company Limited, Yuanta Securities (Hong Kong) Company Limited is owned-wholly by Yuanta Securities Asia Financial Services Ptd. Ltd., Yuanta Securities Asia Financial Services Ptd. Ltd. is owned-wholly by Yuanta Securities Co., Ltd., Yuanta Securities Co., Ltd. is owned-wholly by Yuanta Financial Holding Co., Ltd.. By virtue of the SFO, Yuanta Securities (Hong Kong) Company Limited, Yuanta Securities Asia Financial Services Ptd. Ltd., Yuanta Securities Co., Ltd. and Yuanta Financial Holding Co., Ltd. are deemed to be interested in the Shares held by Yuanta Finance(Hong Kong) Limited.
6. These 262,359,650 Shares are directly held by Yunnan International Holding Group Limited, which is owned as to 40% by Yunnan Energy Investment (HK) Co., Limited, while Yunan Energy Investment (HK) Co., Limited is wholly-owned by Yunnan Provincial Energy Investment Group Co., Ltd. By virtue of the SFO, Yunnan Energy Investment (HK) Co., Limited and Yunnan Provincial Energy Investment Group Co., Ltd. are deemed to be interested in the Shares held by Yunnan International Holding Group Limited.
7. Beijing Shang Finance Management Co., Ltd. (北京尚融資本管理有限公司) is owned as to 99.90% by Mr. WEI Lidong (尉立東) and Beijing Shang Finance Management Co., Ltd. (北京尚融資本管理有限公司) holds a total of 171,699,000 Shares through certain subsidiaries. By virtue of the SFO, Mr. WEI Lidong (尉立東) is deemed to be interested in the Shares held by Beijing Shang Finance Management Co., Ltd. (北京尚融資本管理有限公司).
8. Hong Kong Xingrui International Investment Co., Ltd. (香港興瑞國際投資有限公司) is wholly-owned by Henan Zhenyiyuan Industrial Co., Ltd. (河南臻益遠實業有限公司), which is owned as to 99% and 1% by Zhengzhou Xingqian Trading Co., Ltd. (鄭州興謙商貿有限公司) and Mr. CHEN Xingming (陳星明) respectively. Zhengzhou Xingqian Trading Co., Ltd. (鄭州興謙商貿有限公司). is held as to 98% by Mr. CHEN Xingming (陳星明) and 2% by Mr. LI Jie (李傑). By virtue of the SFO, Henan Zhenyiyuan Industrial Co., Ltd. (河南臻益遠實業有限公司), Zhengzhou Xingqian Trading Co., Ltd. (鄭州興謙商貿有限公司). and Mr. CHEN Xingming (陳星明) are all deemed to be interested in the Shares held by Hong Kong Xingrui International Investment Co., Ltd. (香港興瑞國際投資有限公司).
9. Zhengzhou Zhengdong New District Construction Development Investment Co., Ltd. (鄭州市鄭東新區建設開發投資總公司) was established by the Zhengzhou Zhengdong New District Management Committee (鄭州市鄭東新區管理委員會).
10. These 115,501,859 H Shares (long position) and 115,501,859 H Shares (short position) held by Goncius I Limited involve derivatives in the classes below:

115,501,859 H Shares (long position)

– Convertible instruments (on-exchange trading)

115,501,859 H Shares (short position)

– Settled in cash (off-exchange trading)

As the relevant interests involve derivatives, the information disclosed has not taken into account the previous capitalization issue plans by the Bank.

Save as disclosed above, as at the end of the Reporting Period, the Bank is not aware of any other person (other than the Directors, Supervisors and the chief executive of the Bank) having any interests or short positions in the Shares or underlying shares as recorded in the register required to be kept by the Bank pursuant to section 336 of the SFO.

## CHAPTER III CHANGES IN SHARE AND INFORMATION ON SHAREHOLDERS (Continued)

### 5 INFORMATION ON CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS

As at the end of the Reporting Period, the Bank did not have any controlling Shareholders or de facto controllers.

### 6 SUBSTANTIAL SHAREHOLDERS

Zhengzhou Finance Bureau: Unified Social Credit Code is 11410100005252522X; the person in charge is Mr. GENG Yongjun (耿勇軍). As at the end of the Reporting Period, Zhengzhou Finance Bureau directly held 657,246,311 A Shares, accounting for 7.23% of the total issued Ordinary Shares of the Bank. In addition, Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司), Zhengzhou Development & Investment Group Co., Ltd. (鄭州發展投資集團有限公司) and Zhengzhou City Sanitation & Cleaning Co., Ltd. (鄭州市環衛清潔有限公司) which are directly or indirectly wholly-owned by Zhengzhou Finance Bureau hold a total of 761,514,885 A Shares. These Shares in total accounted for 1,418,761,196 A Shares, representing 15.60% of the total issued Ordinary Shares of the Bank. Ms. ZHANG Jihong, a non-executive Director, serve as the director, chief accountant of Zhengzhou Zhongrongchuang Industrial Investment Co., Ltd., which is indirectly wholly-owned by Zhengzhou Finance Bureau. The related parties of Zhengzhou Finance Bureau include Zhengzhou Development & Investment Group Co., Ltd. (鄭州發展投資集團有限公司), Zhengzhou City Sanitation & Cleaning Co., Ltd. (鄭州市環衛清潔有限公司), and Zhengzhou Zhongrongchuang Industrial Investment Co., Ltd. (鄭州市中融創產業投資有限公司). The ultimate beneficiary of Zhengzhou Finance Bureau is itself.

Zhengzhou Development & Investment Group Co., Ltd.: Unified Social Credit Code is 91410100775145889U; the person in charge is Mr. XU Hanfu (徐漢甫). As at the end of the Reporting Period, Zhengzhou Development & Investment Group Co., Ltd. directly held 86,859,705 A Shares, accounting for 0.96% of the total issued Ordinary Shares of the Bank. In addition, Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司) controlled by Zhengzhou Development & Investment Group Co., Ltd. held 608,105,180 A Shares. These Shares in total accounted for 694,964,885 A Shares, representing 7.64% of the total issued Ordinary Shares of the Bank. Zhengzhou Development & Investment Group Co., Ltd. is wholly-owned by Zhengzhou Finance Bureau. The related parties of Zhengzhou Development & Investment Group Co., Ltd. include Zhengzhou Investment Holdings Co., Ltd., Zhengzhou Transportation Development Investment Group Co., Ltd. (鄭州交通發展投資集團有限公司), and Henan Zhongyuan Financial Holding Co.. The ultimate beneficiary of Zhengzhou Development & Investment Group Co., Ltd. is itself.

## CHAPTER III CHANGES IN SHARE AND INFORMATION ON SHAREHOLDERS (Continued)

Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司): incorporated on 25 October 2005; the registered capital is RMB7,776.54 million; the Unified Social Credit Code is 91410100780545414U; the legal representative is Mr. YU Jianwei; the main business scope covers investment and management of state-owned assets, real estate development and sales as well as house leasing. As at the end of the Reporting Period, Zhengzhou Investment Holdings Co., Ltd. held 608,105,180 A Shares, accounting for 6.69% of the total issued Ordinary Shares of the Bank. Mr. LIU Bingheng (劉炳恒), a non-executive Director, works for Zhengzhou Investment Holding Co., Ltd. (鄭州投資控股有限公司). The controlling shareholder of Zhengzhou Investment Holdings Co., Ltd. is Zhengzhou Development & Investment Group Co., Ltd. (鄭州發展投資集團有限公司), and the de facto controller is Zhengzhou Finance Bureau. Related parties include Zhengzhou State-owned Holding Xicheng Construction Co., Ltd. (鄭州國控西城建設有限公司), Zhengzhou National Investment Real Estate Co., Ltd. (鄭州國投置業有限公司) and Zhengzhou Industry Development Guidance Fund Co., Ltd. (鄭州市產業發展引導基金有限公司), etc. The ultimate beneficial owner of Zhengzhou Investment Holdings Co., Ltd. is itself.

### **7 RESTRICTIONS ON REDUCTION OF SHAREHOLDINGS OF CONTROLLING SHAREHOLDERS, DE FACTO CONTROLLERS, PARTIES TO RESTRUCTURING OR OTHER ENTITIES WITH UNDERTAKINGS**

During the Reporting Period, the Bank had no cases involving restrictions on reduction of shareholdings of controlling Shareholders, de facto controllers, parties to restructuring or other entities with undertakings.

### **8 PLEDGE AND FREEZING OF SHARES OF THE BANK**

As at the end of the Reporting Period, to the knowledge of the Bank, 1,556,263,184 A Shares (accounting for 17.12% of the total issued Ordinary Shares) were subject to pledges and 741,429,600 A Shares were subject to freezing. The Bank has no controlling Shareholders and therefore, there is no pledging of Shares of the Bank by controlling Shareholders.

# CHAPTER IV DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, STAFF AND INSTITUTIONS

## 1 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT AND THEIR DIRECT SHAREHOLDINGS

### Directors

Name	Gender	Date of birth	Position	Status	Term of office	Class of Shares	Number of Shares held as at the beginning of the Reporting Period (Shares)	Increase in the number of Shares held during the Reporting Period (Shares)	Decrease in the number of Shares held during the Reporting Period (Shares)	Other increase and decrease (Shares)	Number of Shares held as at the end of the Reporting Period (Shares)
ZHAO Fei (趙飛)	M	February 1975	Chairman	In office	2023.7.14-2027.12.17						
			Executive Director	In office	2023.5.25-2027.12.17	-	-	-	-	-	-
LI Hong (李紅)	F	October 1970	Executive Director	In office	2025.1.24-2027.12.17	-	-	-	-	-	-
ZHANG Jihong (張繼紅)	F	October 1971	Non-executive Director	In office	2025.3.3-2027.12.17	-	-	-	-	-	-
LIU Bingheng (劉炳恒)	M	September 1969	Non-executive Director	In office	2021.11.9-2027.12.17	-	-	-	-	-	-
WEI Zhigang (衛志剛)	M	October 1976	Non-executive Director	In office	2025.3.3-2027.12.17	-	-	-	-	-	-
LI Xiaojian (李小建)	M	August 1954	Independent non-executive Director	In office	2021.12.20-2027.12.17	-	-	-	-	-	-
WANG Ning (王寧)	M	March 1983	Independent non-executive Director	In office	2025.3.3-2027.12.17	-	-	-	-	-	-
LIU Yatian (劉亞天)	M	April 1963	Independent non-executive Director	In office	2025.3.20-2027.12.17	-	-	-	-	-	-
SIU Chi Hung (蕭志雄)	M	March 1971	Independent non-executive Director	In office	2025.3.3-2027.12.17	-	-	-	-	-	-
WANG Dan (王丹)	F	January 1978	Non-executive Director	Resigned	2021.11.8-2025.3.3	-	-	-	-	-	-
WANG Shihao (王世豪)	M	April 1950	Non-executive Director	Resigned	2018.7.5-2025.3.3	A Shares	24,200	-	-	-	24,200
LI Yanyan (李燕燕)	F	January 1968	Independent non-executive Director	Resigned	2018.7.5-2025.3.3	-	-	-	-	-	-
LI Shuk Yin Edwina (李淑賢)	F	December 1962	Independent non-executive Director	Resigned	2021.12.20-2025.3.3	-	-	-	-	-	-
SONG Ke (宋科)	M	April 1982	Independent non-executive Director	Resigned	2022.1.19-2025.3.20	-	-	-	-	-	-

*Note:* The starting dates of the term of office represent the dates on which the relevant qualifications are approved by the banking regulatory authority.

# CHAPTER IV DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, STAFF AND INSTITUTIONS

## Supervisors

Name	Gender	Date of birth	Position	Status	Term of office	Class of Shares	Number of Shares held as at the beginning of the Reporting Period (Shares)	Increase in the number of Shares held during the Reporting Period (Shares)	Decrease in the number of Shares held during the Reporting Period (Shares)	Other increase and decrease (Shares)	Number of Shares held as at the end of the Reporting Period (Shares)
XU Changsheng (徐長生)	M	October 1963	External Supervisor	In office	2021.6.17-2026.1.11	-	-	-	-	-	-
GENG Mingzhai (耿明齋)	M	February 1952	External Supervisor	In office	2023.6.15-2027.12.17	-	-	-	-	-	-
HUANG Jinju (黃金菊)	F	February 1974	Employee Supervisor	In office	2024.7.18-2027.12.17	-	-	-	-	-	-
HU Yue (胡躍)	M	January 1980	Employee Supervisor	In office	2024.7.18-2027.12.17	-	-	-	-	-	-
LI Huaibin (李懷斌)	M	September 1969	Employee Supervisor	Resigned	2018.6.15-2024.3.28	A Shares	59,620	-	-	-	59,620
CHEN Xinxiu (陳新秀)	F	June 1973	Employee Supervisor	Resigned	2021.6.17-2024.6.16	A Shares	52,030	-	-	-	52,030
ZHU Zhihui (朱志輝)	M	August 1969	Shareholder Supervisor	Resigned	2015.6.18-2024.12.18	-	-	-	-	-	-

# CHAPTER IV DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, STAFF AND INSTITUTIONS

## Senior Management

Name	Gender	Date of birth	Position	Status	Term of office	Class of Shares	Number of Shares held as at the beginning of the Reporting Period (Shares)	Increase in the number of Shares held during the Reporting Period (Shares)	Decrease in the number of Shares held during the Reporting Period (Shares)	Other increase and decrease (Shares)	Number of Shares held as at the end of the Reporting Period (Shares)
LI Hong (李紅)	F	October 1970	President	In office	2025.1.24 to present	-	-	-	-	-	-
HAN Huili (韓慧麗)	F	October 1973	Secretary to the Board	In office	2024.6.7 to present	-	-	-	-	-	-
SUN Haigang (孫海剛)	M	August 1977	Vice President	In office	2018.2.28 to present	A Shares	52,470	-	-	-	52,470
SUN Runhua (孫潤華)	M	May 1972	Vice President	In office	2022.5.20 to present	-	-	-	-	-	-
LI Lei (李磊)	M	August 1973	Assistant to President	In office	2017.11.21 to present	A Shares	149,408	-	-	-	149,408
ZHANG Houlin (張厚林)	M	June 1976	Assistant to President	In office	2017.11.21 to present	A Shares	46,222	-	-	-	46,222
WANG Yanli (王艷麗)	F	October 1970	Chief Risk Officer	Resigned	2018.2.12-2024.9.25	A Shares	191,986	-	-	-	191,986
FU Chungiao (傅春喬)	M	October 1973	Vice President	Resigned	2019.3.29-2025.1.24	A Shares	53,020	-	-	-	53,020
LI Hong (李紅)	F	February 1973	Assistant to President	Resigned	2019.3.29-2025.1.24	A Shares	86,419	-	-	-	86,419
LIU Jiuqing (劉久慶)	M	March 1978	Assistant to President	Resigned	2019.3.29-2025.2.12	A Shares	54,450	-	-	-	54,450
GUO Zhibin (郭志彬)	M	October 1968	Vice President	Resigned	2015.12.30-2025.3.25	A Shares	102,914	-	-	-	102,914

**Note:** The starting dates of the term of office represent the dates on which the relevant qualifications are approved by the banking regulatory authority.

The table above discloses the Shares directly held by the Directors, Supervisors and senior management of the Bank. For the interests and short positions that the Directors, Supervisors and chief executive have in the Bank under the SFO and in accordance with the Stock Exchange Listing Rules, please refer to the chapter headed “Report of the Board of Directors” of this Report.

## CHAPTER IV DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, STAFF AND INSTITUTIONS

### 2 CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Position	Type	Date	Reason
LI Hong (李紅)	Executive Director	Elected	2025.1.24	
	President	Appointed	2025.1.24	
ZHANG Jihong (張繼紅)	Non-executive Director	Elected	2025.3.3	
WEI Zhigang (衛志剛)	Non-executive Director	Elected	2025.3.3	
WANG Ning (王寧)	Independent non-executive Director	Elected	2025.3.3	
SIU Chi Hung (蕭志雄)	Independent non-executive Director	Elected	2025.3.3	
LIU Yatian (劉亞天)	Independent non-executive Director	Elected	2025.3.20	
WANG Dan (王丹)	Non-executive Director	Resigned due to expiration of term of office	2025.3.3	
WANG Shihao (王世豪)	Non-executive Director	Resigned due to expiration of term of office	2025.3.3	
LI Yanyan (李燕燕)	Independent non-executive Director	Resigned due to expiration of term of office	2025.3.3	
LI Shuk Yin Edwina (李淑賢)	Independent non-executive Director	Resigned due to expiration of term of office	2025.3.3	
SONG Ke (宋科)	Independent non-executive Director	Resigned due to expiration of term of office	2025.3.20	
HUANG Jinju (黃金菊)	Employee Supervisor	Elected	2024.7.18	
HU Yue (胡躍)	Employee Supervisor	Elected	2024.7.18	
LI Huaibin (李懷斌)	Employee Supervisor	Resigned	2024.3.28	
CHEN Xinxu (陳新秀)	Employee Supervisor	Resigned due to expiration of term of office	2024.6.16	
ZHU Zhihui (朱志暉)	Shareholder Supervisor	Resigned due to expiration of term of office	2024.12.18	
HAN Huili (韓慧麗)	Secretary to the Board	Appointed	2024.6.7	
WANG Yanli (王豔麗)	Chief Risk Officer	Resigned	2024.9.25	Resignation due to health reasons
FU Chunqiao (傅春喬)	Vice President	Resigned	2025.1.24	Resignation due to work adjustment
LI Hong (李紅)	Assistant to President	Resigned	2025.1.24	Resignation due to work adjustment
LIU Jiuqing (劉久慶)	Assistant to President	Resigned	2025.2.12	Resignation due to personal reasons
GUO Zhibin (郭志彬)	Vice President	Resigned	2025.3.25	Resignation due to health reasons

## CHAPTER IV DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, STAFF AND INSTITUTIONS (Continued)

The term of office of the seventh session of the Board of Directors of the Bank expired and on 18 December 2024, a total of nine Directors were elected to the eighth session of the Board of Directors through re-election or election at the 2024 second extraordinary general meeting of the Bank, of which Mr. ZHAO Fei and Ms. LI Hong are executive Directors, Ms. ZHANG Jihong, Mr. LIU Bingheng and Mr. WEI Zhigang are non-executive Directors, and Mr. LI Xiaojian, Mr. WANG Ning, Mr. LIU Yatian and Mr. SIU Chi Hung are independent non-executive Directors. On 24 January 2025, the qualification of Ms. LI Hong as a Director was approved. On 13 January 2025, Ms. LI Hong obtained the legal opinion required under Rule 3.09D of the Stock Exchange Listing Rules and confirmed that she understood her obligations as a Director of the Bank. On 3 March 2025, the qualification of Ms. ZHANG Jihong and Mr. WEI Zhigang as Directors and the qualification of Mr. WANG Ning and Mr. SIU Chi Hung as independent Directors were approved. On 26 February 2025, they obtained the legal opinion required under Rule 3.09D of the Stock Exchange Listing Rules and confirmed that they understood their obligations as Directors of the Bank. On 20 March 2025, the qualification of Mr. LIU Yatian as an independent Director was approved. On 18 March 2025, he obtained the legal opinion required under Rule 3.09D of the Stock Exchange Listing Rules and confirmed that he understood his obligations as a Director of the Bank. The Directors who have not been re-elected for the seventh session of the Board of Directors of the Bank ceased to hold office. For details, please refer to the announcements of the Bank dated 28 November 2024, 19 December 2024, 25 January 2025, 7 March 2025, 25 March 2025 published on the website of CNINFO and the announcements dated 28 November 2024, 18 December 2024, 24 January 2025, 7 March 2025, 25 March 2025, and the circular dated 28 November 2024 published on the website of the Hong Kong Stock Exchange.

On 18 July 2024, upon consideration and approval at the meeting of the Labour Union Committee of the Bank, the Labour Union Committee of the Bank elected Ms. HUANG Jinju and Mr. HU Yue as employee supervisors of the seventh session of the Board of Supervisors. The appointments were made to fill the vacancies of the employee supervisors of the Bank, including Mr. LI Huaibin, who resigned for personal reasons, and Ms. CHEN Xinxu, who resigned upon expiry of her term of office. The term of office of the seventh session of the Board of Supervisors of the Bank expired. On 3 December 2024, upon consideration and approval at the meeting of the Labour Union Committee of the Bank, elected Ms. HUANG Jinju and Mr. HU Yue as the employee supervisors of the eighth session of the Board of Supervisors. On 18 December 2024, a total of two supervisors were elected to the eighth session of the Board of Supervisors through re-election at the 2024 second extraordinary general meeting of the Bank, and Mr. XU Changsheng and Mr. GENG Mingzhai are both external supervisors. The supervisors who have not been re-elected for the seventh session of the Board of Supervisors of the Bank shall cease to hold office. For details, please refer to the announcements dated 29 March 2024, 21 July 2024, 28 November 2024, 4 December 2024 and 19 December 2024 published by the Bank on the website of CNINFO, and the announcements dated 28 March 2024, 21 July 2024, 28 November 2024, 4 December 2024 and 18 December 2024 and the circular dated 28 November 2024 published by the Bank on the website of the Hong Kong Stock Exchange.

On 29 April 2024, the Board of the Bank, upon deliberation and approval, agreed to appoint Ms. HAN Huili as the Secretary to the Board of the Bank. On 7 June 2024, her qualification was approved. For details, please refer to the announcements dated 30 April 2024 and 13 June 2024 published by the Bank on the website of CNINFO and the announcements dated 29 April 2024 and 13 June 2024 published by the Bank on the website of the Hong Kong Stock Exchange.

## CHAPTER IV DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, STAFF AND INSTITUTIONS (Continued)

On 27 November 2024, the Board of Directors of the Bank considered and approved the appointment of Ms. LI Hong as the president of the Bank and on 24 January 2025, her qualification for appointment was approved. For details, please refer to the announcements of the Bank dated 28 November 2024 and 25 January 2025 published on the website of CNINFO and the announcements dated 28 November 2024 and 24 January 2025 published on the website of the Hong Kong Stock Exchange.

On 25 September 2024, Ms. WANG Yanli resigned as the chief risk officer of the Bank due to health reasons. For details, please refer to the announcement of the Bank dated 27 September 2024 published on the website of CNINFO and the website of the Hong Kong Stock Exchange.

On 24 January 2025, Mr. FU Chunqiao resigned as the vice president of the Bank and Ms. LI Hong resigned as assistant to the president of the Bank due to work adjustment. For details, please refer to the announcement of the Bank dated 25 January 2025 published on the website of CNINFO and the announcement dated 27 January 2025 published on the website of the Hong Kong Stock Exchange.

On 12 February 2025, Mr. LIU Jiuqing resigned from his position as assistant to the president of the Bank due to personal reasons. For details, please refer to the announcement of the Bank dated 13 February 2025 published on the website of CNINFO and the website of the Hong Kong Stock Exchange.

On 25 March 2025, Mr. GUO Zhibin resigned from his position as deputy bank manager due to health reasons. For details, please refer to the announcement of the Bank dated 27 March 2025 published on the website of CNINFO and the website of the Hong Kong Stock Exchange.

### 3 CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS DURING AND AFTER THE REPORTING PERIOD

Mr. LIU Bingheng, ceased to be the director of the financial operation center of Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司) in April 2024.

Ms. LI Yanyan has served as the director of the Academic Committee Office of Zhengzhou University since January 2024.

Mr. SONG Ke ceased to serve as the deputy director of the Academic Affairs Office of Renmin University of China in March 2024, and has served as the executive vice president of the Shenzhen Research Institute of Renmin University of China and the executive president of the Institute of Advanced Social Sciences (Shenzhen) since March 2024.

Ms. LI Shuk Yin Edwina ceased to serve as an external supervisor of PICC Property and Casualty Company Limited in June 2024.

Ms. HUANG Jinju, has been the deputy general manager of the legal compliance department of the head office of the Bank since December 2024 and ceased to be the deputy general manager of the asset security department of the Bank.

## CHAPTER IV DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, STAFF AND INSTITUTIONS (Continued)

### 4 POSITIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

#### 4.1 Biographies of Current Directors, Supervisors and Senior Management

##### *Directors*

**Mr. ZHAO Fei** is an economist with a bachelor's degree.

Mr. ZHAO has served as an executive Director of the Bank since May 2023 and the chairman of the Bank since July 2023, primarily responsible for the overall work of the Board. Mr. ZHAO joined the Bank in September 2022 and served as the president of the Bank from November 2022 to July 2023. Prior to that, Mr. ZHAO had served as the president of the Nanle County Sub-branch, the deputy director of the risk management department, the investment department and the poverty alleviation business department of the Henan Branch, the secretary of the Party branch and president of the Jiyuan Sub-branch, and the secretary of the Party committee and president of the Pingdingshan Branch at the Agricultural Development Bank of China in Henan Province.

**Ms. LI Hong** holds a MBA degree.

Ms. LI has served as an executive Director and the president of the Bank since January 2025 and is primarily responsible for presiding over the general operation and management of the Bank. Ms. LI has worked in Beijing Branch of Postal Savings Bank of China for 16 years since 2008, where she served as the general manager of planning and finance department, senior business manager, a member of the Party Committee, vice president, chairwoman of the labor union, etc., and was in charge of major tasks from front-, middle – and back-end, including business sector, interbank financial sector, risk management, credit review, laws and compliance, operation and management, accounting, finance, assets, liabilities, and office affair.

**Ms. ZHANG Jihong** is a senior accountant with a bachelor's degree.

Ms. Zhang has served as a non-executive Director of the Bank since March 2025. She has been a director of Zhengzhou Zhongrongchuang Industrial Investment Co., Ltd. since March 2020, and has been serving as the chief accountant of Zhengzhou Zhongrongchuang Industrial Investment Co., Ltd. (鄭州市中融創產業投資有限公司) since May 2020. Ms. Zhang had served as a staff member at Zhengzhou State-owned Assets Administration Bureau (鄭州市國有資產管理局), a staff member and senior staff member of the Human Resource Division, the Office of Foreign Investment and Economic Cooperation and the Government Debt Management Office of Zhengzhou Finance Bureau, and a deputy director (section chief rank) of the Government Debt Management Office of Zhengzhou Finance Bureau.

## CHAPTER IV DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, STAFF AND INSTITUTIONS (Continued)

**Mr. LIU Bingheng** is an accountant with a college degree.

Mr. LIU has served as a non-executive Director of the Bank since November 2021. He served as the director of the financial operation center of Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司) from October 2015 to April 2024. Mr. LIU had served as deputy general manager and chief financial officer of Henan Baihe International Highway Technology Co., Ltd. (河南百和國際公路科技有限公司) and chief financial officer of China Electronics Technology Information Industry Co., Ltd. (中電科信息產業有限公司).

**Mr. WEI Zhigang** is an economist with a master's degree.

Mr. WEI has served as a non-executive Director of the Bank since March 2025. He has been serving as the deputy secretary of the Party committee of Zhongyuan Trust Co., Ltd. since February 2024 and a director of Great Wall Fund Management Co., Ltd. (長城基金管理有限公司) since June 2024. Mr. WEI had served as a staff of Xinxiang Post Bureau (新鄉市郵政局), an assistant director and deputy director of Merchants Bureau, a deputy director of Economic Development Bureau and a director of Financial Service Bureau under Zhengdong New District Management Committee (鄭東新區管委會) in Zhengzhou City, a deputy director of general office (deputy county-level) of the leading group (建設領導小組辦公室副主任(副縣級)) for Zhengzhou Airport Economy Zone (鄭州航空港經濟綜合實驗區), a director of general office and director of the office of the Party committee of Zhongyuan Bank Co., Ltd. (01216.HK), and a deputy Party secretary and vice president, director of Party and Mass Work Department (Labor Union Office), the head of organization department of the Party Committee, and general manager of HR Department of Shangqiu Branch of Zhongyuan Bank Co., Ltd.

**Mr. LI Xiaojian** is a professor with a doctor's degree.

Mr. LI has served as an independent non-executive Director of the Bank since December 2021. Mr. LI had served as the vice principal of Henan University, the principal of Henan College of Finance and the principal of Henan University of Economics and Law, external supervisor of Zhongyuan Bank Co., Ltd. (01216.HK). In addition, Mr. LI was granted the special allowance from the State Council in 1997, accredited as a National Young and Middle-aged Expert with Outstanding Contributions (國家有突出貢獻中青年專家) in 1998 and granted the title of "Accomplished Entrepreneurs among the New Generation of Overseas Chinese (新橋成功創業人士)" by All-China Federation of Returned Overseas Chinese (中華全國歸國華僑聯合會) in 2003.

**Mr. WANG Ning** is a professor with a doctor's degree.

Mr. WANG has served as an independent non-executive Director of the Bank since March 2025. He has been serving as a teacher at the Business School of Zhengzhou University since July 2013 and the executive dean since January 2024, and had served as the deputy dean.

## CHAPTER IV DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, STAFF AND INSTITUTIONS (Continued)

**Mr. LIU Yatian** is a professor with a postgraduate degree.

Mr. LIU has served as an independent non-executive Director of the Bank since March 2025. Mr. LIU had served as a teacher at China University of Political Science and Law, a member of the Academic Committee of the School of Continuing Education and a member of the Party Committee of the School, member of the Expert Group in the Legislation of the Contract Section of the Civil Code of the PRC (中國民法典合同編立法專家組), an arbitrator of the Tianjin Arbitration Commission (天津仲裁委員會) and a member of the Expert Committee of the Pinggu District Procuratorate of Beijing (北京市平谷區檢察院).

**Mr. SIU Chi Hung** is a member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants with a bachelor's degree.

Mr. SIU has served as an independent non-executive Director of the Bank since March 2025. He has been serving as an independent non-executive director of Dongjiang Environmental Company Limited (002672.SZ;00895.HK) and an independent non-executive director of CHINA GAS INDUSTRY INVESTMENT HOLDINGS CO. LTD. (01940.HK) since December 2020, an independent non-executive director of China Aluminum International Engineering Corporation Limited (601068.SH;02068.HK) since April 2022, and an independent non-executive director of Sichuan Energy Investment Development Co., Ltd. (01713.HK) since August 2024. Mr. SIU had served as a partner of KPMG (Hong Kong), the principal partner of the real estate business of KPMG (China) and the principal partner of Capital Markets Development (Southern China) of KPMG (China), an executive director of LVGEM (China) Real Estate Investment Company Limited (00095.HK), and an independent non-executive director of Roiserv Lifestyle Services Co., Ltd. (02146.HK), Central China Management Company Limited (09982.HK) and MicroPort NeuroScientific Corporation (02172.HK).

### ***Supervisors***

**Mr. XU Changsheng** is a professor with a doctor's degree.

Mr. XU has served as an external supervisor of the Bank since June 2021. He has been teaching in Huazhong University of Science and Technology School of Economics since July 1987, serving as a professor since September 1997 and has been a doctoral supervisor since September 1999. Mr. XU was the dean of the School of Economics at Huazhong University of Science and Technology, and is currently the vice-president of the Zhang Peigang Development Economics Research Foundation. He has long been engaged in scientific research and teaching in the fields of macroeconomics and development economics.

## CHAPTER IV DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, STAFF AND INSTITUTIONS (Continued)

**Mr. GENG Mingzhai** is a professor with a master's degree.

Mr. GENG has served as an external Supervisor of the Bank since June 2023. He has been working at Henan University since July 1985; he has been a teacher since July 1985; he has served as the honorary director of the School of Economics and the chief expert of the Henan Central China Development Research Institute since September 2019. Mr. GENG has served as an independent director of Yutong Heavy Industries Co., Ltd. (宇通重工股份有限公司) since January 2019 and an independent director of Central China Futures Co., Ltd. (中原期貨股份有限公司) since May 2019. He is currently a member of the 14th National People's Congress of Henan Province, a researcher of the Advisory Group of the Henan Provincial Committee of the Communist Party of China, a member of the Expert Advisory Committee of the Henan Provincial Government and a director of the China Center for International Economic Exchanges. Mr. GENG had served as the director of the School of Economics of Henan University, the director of the Central China Development Research Institute, an independent director of Henan Shuanghui Group Finance Co., Ltd. (河南雙匯集團財務有限公司) and an independent director of Henan Bianjing Rural Commercial Bank Company Limited (河南汴京農村商業銀行股份有限公司).

**Ms. HUANG Jinju** holds a master's degree.

Ms. HUANG has served as an employee supervisor of the Bank since July 2024. She joined the Bank in July 2008 and has successively served as a bank teller of the Funiu Road Sub-branch of the Bank, a member of the risk management department, the head and deputy general manager of the legal affairs department, and the deputy general manager of the legal and compliance department, and the deputy general manager of the asset security department of the Bank, currently serving as the deputy general manager of the legal compliance department of the Bank. Prior to joining the Bank, Ms. HUANG served as a teacher at Liu Hudong Middle School of Erqi District in Zhengzhou.

**Mr. HU Yue** holds a bachelor's degree.

Mr. HU has served as an employee supervisor of the Bank since July 2024. He joined the Bank in September 2023 and has been serving as the deputy director (temporary person-in-charge) of the party affairs department and concurrently as the deputy director of the inspection office of the party committee of the Bank. Prior to joining the Bank, Mr. HU served as an executive editor of JIYUAN DAILY, and the senior deputy director and deputy office director of the Jiyuan Subbranch and the deputy administrative manager of Henan Branch of Agricultural Development Bank of China.

## CHAPTER IV DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, STAFF AND INSTITUTIONS (Continued)

### ***Senior Management***

Please refer to the section headed “Directors” in this chapter for the biographical details of **Ms. LI Hong**.

**Ms. HAN Huili** is a senior economist with a bachelor’s degree.

Ms. HAN has served as the secretary of the Board of Directors of the Bank since June 2024. Ms. HAN joined the Bank in August 1996 and successively served as deputy general manager of the accounting and settlement department of the head office, deputy general manager (at the general manager level) of the operation and management department of the head office, director of the training centre of the head office, director of the internal audit office of the Board and head of the party committee inspection office. Prior to joining the Bank, Ms. HAN worked at Yufa Credit Union (豫發信用社) in Henan Province.

**Mr. SUN Haigang** is senior economist with a doctor’s degree.

Mr. SUN has served as a vice president of the Bank since February 2018. Mr. SUN joined the Bank in October 2009 and served as an assistant to the president of the Bank and the general manager of the strategic development department of the Board, and an assistant to the president of the Bank and the president of the Luoyang branch. Prior to joining the Bank, Mr. SUN had worked at Baoshan Iron & Steel Co., Ltd. (寶山鋼鐵股份有限公司).

**Mr. SUN Runhua** is an economist with a master’s degree.

Mr. SUN has served as the vice president of the Bank since May 2022. Prior to that, Mr. SUN had served in the People’s Bank of China as a deputy principal staff member of the Zhengzhou regulatory office of Jinan Office, served in Former CBIRC as chief of the office secretary department and chief of the general department of Henan Office, deputy director and a party member of Jiaozuo Sub-Office, office deputy director and deputy chief of the statistical information department of Henan Office, director of the Jiyuan regulatory office, director and the party secretary of the Puyang regulatory bureau, and director of the case inspection department of Henan Office.

## CHAPTER IV DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, STAFF AND INSTITUTIONS (Continued)

**Mr. LI Lei** is an assistant accountant with a bachelor's degree.

Mr. LI has served as an assistant to the president of the Bank since November 2017. Mr. LI joined the Bank in September 1996, and had served as deputy manager of the asset security department and the credit department, deputy general manager of the risk management department, deputy general manager of the credit approval department of the head office, president of the Zidong sub-branch, president of the Baolongcheng sub-branch, president of the Xinzheng sub-branch, general manager of the corporate business department of the head office, president of the Xinxiang branch and president of the Luoyang branch. Prior to joining the Bank, Mr. LI had worked at Zhengzhou Urban Credit Cooperatives.

**Mr. ZHANG Houlin** is an accountant with a master's degree.

Mr. ZHANG has served as an assistant to the president of the Bank since November 2017. Mr. ZHANG joined the Bank in August 1999, and served as president of the Longhai East Road sub-branch, president of the Dengfeng sub-branch, president of the Anyang branch, and president of the Nanyang branch.

For further information on the current Directors, Supervisors and senior management, please also refer to the section headed "1 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT AND THEIR DIRECT SHAREHOLDINGS" of this chapter. For the positions of each Director in each special committee of the Board of the Bank, please also refer to the section headed "5 THE SPECIAL COMMITTEES OF THE BOARD OF DIRECTORS" in the chapter headed "CORPORATE GOVERNANCE" of this Report.

## CHAPTER IV DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, STAFF AND INSTITUTIONS (Continued)

### *Joint Company Secretaries*

**Ms. HAN Huili**, one of the joint company secretaries of the Bank, was appointed in May 2024 and her biographical details are set out in the section headed “Senior Management” in this chapter.

**Dr. NGAI Wai Fung** holds an honours bachelor's degree in law from University of Wolverhampton (U. K.), a master's degree in business administration from Andrews University (U. S.), a master's degree in corporate finance from Hong Kong Polytechnic University, and a doctoral degree in finance from Shanghai University of Finance and Economics. He is a fellow of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries), a fellow of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators), a member of The Hong Kong Institute of Certified Public Accountants, a fellow of The Association of Chartered Certified Accountants in the United Kingdom, and a member of The Chartered Institute of Arbitrators.

Dr. NGAI has served as one of the joint company secretaries of the Bank since May 2024, and served as the company secretary of the Bank from July 2023 to May 2024 and one of the joint company secretaries of the Bank from February 2022 to July 2023. Dr. NGAI is a director and the chief executive officer of SWCS Corporate Services Group (Hong Kong) Limited.

### **4.2 Positions of Current Directors, Supervisors and Senior Management Held in Shareholder Units**

Name of the Incumbent	Name of Shareholder Unit	Position Held in Shareholder Unit	Term of Office	Remuneration Allowance from Shareholder Unit
LIU Bingheng (劉炳恒)	Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司)	Director of the financial operation center	From October 2015 to April 2024	Yes
WEI Zhigang (衛志剛)	Zhongyuan Trust Co., Ltd. (中原信託有限公司)	Deputy secretary of the Party committee	Since February 2024	Yes

*Note:* Mr. LIU Bingheng ceased to be the director of the financial operation center of Zhengzhou Investment Holdings Co., Ltd. since April 2024 and is still working for the company.

## CHAPTER IV DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, STAFF AND INSTITUTIONS (Continued)

### 4.3 Positions of Current Directors, Supervisors and Senior Management Held in Other Units (Excluding Shareholder Units)

Name of the Incumbent	Name of Other Unit	Position Held in Other Unit	Term of Office	Remuneration Allowance from Other Unit
ZHANG Jihong (張繼紅)	Zhengzhou Zhongrongchuang Industrial Investment Co., Ltd. (鄭州市中融創產業投資有限公司)	Director Chief accountant	Since March 2020 Since May 2020	No Yes
WEI Zhigang (衛志剛)	Great Wall Fund Management Co., Ltd. (長城基金管理有限公司)	Director	Since June 2024	No
WANG Ning (王寧)	Zhengzhou University	Executive dean of Business School	Since January 2024	Yes
SIU Chi Hung (蕭志雄)	Dongjiang Environmental Company Limited	Independent non-executive director	Since December 2020	Yes
SIU Chi Hung (蕭志雄)	CHINA GAS INDUSTRY INVESTMENT HOLDINGS CO. LTD.	Independent non-executive director	Since December 2020	Yes
SIU Chi Hung (蕭志雄)	China Aluminum International Engineering Corporation Limited (中鋁國際工程股份有限公司)	Independent non-executive director	Since April 2022	Yes
SIU Chi Hung (蕭志雄)	Sichuan Energy Investment Development Co., Ltd. (四川能投發展股份有限公司)	Independent non-executive director	Since August 2024	Yes
SIU Chi Hung (蕭志雄)	CENTRAL CHINA MANAGEMENT COMPANY LIMITED (中原建業有限公司)	Independent non-executive director	From May 2021 to May 2024	Yes
SIU Chi Hung (蕭志雄)	MicroPort NeuroScientific Corporation (微創腦科學有限公司)	Independent non-executive director	From July 2021 to June 2024	Yes
XU Changsheng (徐長生)	Huazhong University of Science and Technology School of Economics	Teacher Professor Doctoral supervisor Director	Since July 1987 Since September 1997 Since September 1999 Since January 1995	Yes No No No
XU Changsheng (徐長生)	Chinese Association of Foreign Economics Research	Vice-president of the Development Economics Association	Since September 2007	No
XU Changsheng (徐長生)	China Productivity Society	Director	Since January 1998	No
XU Changsheng (徐長生)	China Private Economic Research Association	Director	Since January 2014	No
XU Changsheng (徐長生)	Zhang Peigang Development Economics Research Foundation (張培剛發展經濟學研究基金會)	Vice president	Since July 2005	No
GENG Mingzhai (耿明齋)	Henan University	Teacher	Since July 1985	Yes

## CHAPTER IV DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, STAFF AND INSTITUTIONS (Continued)

Name of the Incumbent	Name of Other Unit	Position Held in Other Unit	Term of Office	Remuneration Allowance from Other Unit
		Honorary director of the School of Economics, director of the Academic Committee of the Central China Development Research Institute and chief expert of the Henan Central China Development Research Institute	Since September 2019	Yes
GENG Mingzhai (耿明齋)	Yutong Heavy Industries Co., Ltd. (宇通重工股份有限公司)	Independent director	Since January 2019	Yes
GENG Mingzhai (耿明齋)	Central China Futures Co., Ltd. (中原期貨股份有限公司)	Independent director	Since May 2019	Yes
GENG Mingzhai (耿明齋)	Advisory Group of the Henan Provincial Committee of the Communist Party of China	Researcher	Since June 2023	No
GENG Mingzhai (耿明齋)	Expert Advisory Committee of the Henan Provincial Government	Member	Since December 2021	No
GENG Mingzhai (耿明齋)	China Center for International Economic Exchanges	Director	Since January 2016	No
GENG Mingzhai (耿明齋)	Henan Private Economy Research Association	Chairman	From December 2022 to December 2024	No

### 4.4 Penalties Imposed by Securities Regulatory Authorities on Directors, Supervisors and Senior Management Who Currently Hold Positions or Resigned During the Reporting Period in the Past Three Years

The Directors, Supervisors and senior management of the Bank who currently hold positions or resigned during the Reporting Period did not have any punishments by the securities regulatory authorities in the past three years.

## CHAPTER IV DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, STAFF AND INSTITUTIONS (Continued)

### 5 REMUNERATION POLICY AND ANNUAL REMUNERATION FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

#### 5.1 Remuneration Policy

##### 5.1.1 *The Decision-making Process*

The Bank's general meeting decides on the remuneration of Directors and Supervisors, considers and approves the remuneration measures for Directors and Supervisors, and authorizes the Remuneration and Assessment Committee of the Board to formulate the remuneration plan for the relevant Directors and Supervisors and carry out performance appraisal for final determination of remuneration. Among the Directors, Supervisors and senior management of the Bank, the remuneration and appraisal of those included in the scope of responsible persons of state-owned enterprises under the municipal administration of Zhengzhou City is implemented in accordance with relevant provisions on the remuneration and appraisal of responsible persons of state-owned enterprises under the municipal administration of Zhengzhou City; and the remuneration and appraisal of those not included in the scope of responsible persons of state-owned enterprises under the municipal administration of Zhengzhou City is subject to consideration by the Board or the Board of Supervisor in accordance with the provisions of relevant remuneration and appraisal systems of the Bank. The remuneration and appraisal of employee Supervisors serving as middle management is implemented based on the decision-making procedures provided in the staff remuneration management systems of the Bank.

##### 5.1.2 *Determination Basis*

Among the Directors, Supervisors and senior management, the remuneration of those included in the scope of responsible persons of state-owned enterprises under the municipal administration of Zhengzhou City is implemented in accordance with the remuneration management regulations on responsible persons of state-owned enterprises under the municipal administration; and the remuneration of those not included in the scope of responsible persons of state-owned enterprises under the municipal administration of Zhengzhou City is implemented in accordance with relevant remuneration and appraisal of the Bank. The remuneration of employee Supervisors serving as middle management is implemented in accordance with relevant provisions of the staff remuneration management systems of the Bank.

The Bank remunerates non-executive Directors and independent non-executive Directors according to the payment plan for allowances of the non-executive Directors and remuneration of independent non-executive Directors, and remunerates the Shareholder Supervisors and external Supervisors based on the payment plan for allowances of Shareholder Supervisors and remuneration of external Supervisors. The remuneration standard of other Supervisors is implemented in accordance with relevant measures of the Bank.

## CHAPTER IV DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, STAFF AND INSTITUTIONS (Continued)

### **5.1.3 Actual Payments**

Among the Directors, Supervisors and senior management, the remuneration of those included in the scope of responsible persons of state-owned enterprises under the municipal administration of Zhengzhou City in 2024 is subject to the appraisal of superior authorities; and the remuneration of those not included in the scope of responsible persons of state-owned enterprises under the municipal administration of Zhengzhou City in 2024 is subject to appraisal after the annual financial audit report of the Bank is considered and approved by the Board. The remuneration of employee Supervisors serving as middle management is determined in accordance with the remuneration management measures and appraisal results of the Bank.

The allowances of non-executive Directors, independent non-executive Directors, Shareholder Supervisors and external Supervisors are paid monthly according to the allowance standards.

## CHAPTER IV DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, STAFF AND INSTITUTIONS (Continued)

### 5.2 Remuneration for Directors, Supervisors and Senior Management

Unit: RMB'000

Name	Position	Status	Total remuneration from the Bank (before tax) during the Reporting Period	Whether obtained remuneration from the related parties of the Bank
ZHAO Fei	Chairman and Executive Director	In office	701	No
LI Hong	President and Executive Director	In office	444	No
LIU Bingheng	Non-executive Director	In office	–	Yes
LI Xiaojian	Independent Non-executive Director	In office	210	No
XU Changsheng	External Supervisor	In office	180	No
GENG Mingzhai	External Supervisor	In office	180	Yes
HUANG Jinju	Employee Supervisor	In office	394	No
HU Yue	Employee Supervisor	In office	337	No
HAN Huili	Secretary to the Board	In office	892	No
SUN Haigang	Vice President	In office	1,277	No
SUN Runhua	Vice President	In office	1,337	No
LI Lei	Assistant to President	In office	1,256	No
ZHANG Houlin	Assistant to President	In office	1,086	No
WANG Dan	Non-executive Director	Resigned	–	Yes
WANG Shihao	Non-executive Director	Resigned	192	Yes
LI Yanyan	Independent Non-executive Director	Resigned	210	No
SONG Ke	Independent Non-executive Director	Resigned	210	Yes
LI Shuk Yin Edwina	Independent Non-executive Director	Resigned	210	Yes
ZHU Zhihui	Shareholder Supervisor	Resigned	60	Yes
LI Huaibin	Employee Supervisor	Resigned	114	No
CHEN Xinxiu	Employee Supervisor	Resigned	714	No
FU Chungqiao	Vice President	Resigned	1,331	No
GUO Zhibin	Vice President	Resigned	1,151	No
LI Hong	Assistant to President	Resigned	1,091	No
LIU Jiuqing	Assistant to President	Resigned	1,200	No
WANG Yanli	Chief Risk Officer	Resigned	819	No
Total	–	–	15,596	–

### 5.3 Share Incentives Granted to Directors, Supervisors and Senior Management During the Reporting Period

There is no share option scheme in place for the Bank. During the Reporting Period, the Directors, Supervisors and senior management personnel of the Bank neither held any options nor were granted restricted share units or any forms of share incentives.

## CHAPTER IV DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, STAFF AND INSTITUTIONS (Continued)

### 6 STAFF

#### 6.1 Composition

As at the end of the Reporting Period, the following table sets out the composition of employees of the Bank:

	Number
Number of in-service employees of the Bank	5,623
Number of in-service employees of the subsidiaries	557
Total number of in-service employees	6,180
Total number of employees receiving remuneration during the period	6,180
Number of resigned and retired employees with costs borne	1,275

*Note:* The number of employees excludes dispatched employees.

#### ***By department/function***

Job category	Number of employees	Percentage (%)
Corporate banking	802	12.98
Retail banking	2,165	35.03
Risk management, internal audit and legal compliance	627	10.15
Finance and accounting	1,243	20.11
I.T.	335	5.42
Business management and support	1,008	16.31
Total	6,180	100.00

#### ***By age***

Age group	Number of employees	Percentage (%)
30 or below	1,304	21.10
31 – 40	3,752	60.71
41 – 50	752	12.17
Over 50	372	6.02
Total	6,180	100.00

## CHAPTER IV DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, STAFF AND INSTITUTIONS (Continued)

### *By level of education*

Highest level of education	Number of employees	Percentage (%)
Master's degree or above	1,360	22.01
Bachelor's degree	4,438	71.81
Associate degree	350	5.66
Others	32	0.52
Total	6,180	100.00

### *By gender*

Gender	Number of employees	Percentage (%)
Male	2,964	47.96
Female	3,216	52.04
Total	6,180	100.00

## 6.2 Employee Diversity

The Bank attaches importance to employee diversity, treats employees of different gender, party, religion, nationality and race equally, and fully ensures that employees enjoy equal rights in recruitment, post adjustment, training and promotion. We appreciate and encourage differences in the workplace and create a professional, inclusive and diversified working environment. The Bank has a balanced structure of male and female employees, and will continue to maintain this to achieve the goal of gender diversity.

## CHAPTER IV DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, STAFF AND INSTITUTIONS (Continued)

### 6.3 Staff Training Plan

Based on the annual development strategy, the Bank vigorously promoted transformation, and enhanced the comprehensive and innovative abilities of all cadres and employees, so as to provide strong talent and system support to complete the Bank's various tasks with high quality. During the Reporting Period, the Bank developed a training system construction plan to clarify the vision and objectives of the training system, aligning with the Provincial Party Committee's goal of establishing a first-class city commercial bank. This plan also presents targeted solutions to address current training challenges and outlines the design of the training system in terms of training content and format and project design, intending to deeply and effectively support the Bank's reform and transformation efforts. The Bank formulated and revised the training management system to continuously improve the institutional framework and lay a solid foundation for training management. The Bank formulated and released the Rules Governing Training Vendors of the Bank, and updated and revised the Management Measures for Reimbursement of Professional (Vocational) Qualification Certificate Fees to adapt to changes and support the needs of training management and business development. It conducted training sessions for talent teams at all levels to enhance the relevance and timeliness of talent development, and also organized specialized party classes focused on party discipline learning and education, collective integrity education, and policy transmission training for all employees at the supervisory level and above of the whole bank. These training initiatives include thematic party classes, integrity education, strategy interpretation, and explanations of party discipline and regulations. The Bank organized and launched special training for middle and senior management on digital transformation, offering an in-depth insight into the ways in which digitalization has changed business thinking, and a targeted analysis of the specific methods of enterprise structure design, the overall process, and the implementation path of digitalization cases. The Bank carried out reserve talent training, which covers specialized knowledge in science and technology, office skills, and practical tools for reserve talents. The Bank conducted the selection, training and certification of junior internal trainers for 2024 utilizing the cultivation and selection method that combines "pain point identification, one-on-one coaching, course refinement, and on-site assessment", with a focus on "curriculum development and the cultivation of internal trainers". It conducted professional training for corporate, retail, risk and other teams to improve their professional ability, and laid a sound talent foundation for the business development of the whole bank.

## CHAPTER IV DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, STAFF AND INSTITUTIONS (Continued)

### 6.4 Remuneration Policy for Staff

The Bank adheres to the principles of “fairness, competition and incentivization” in formulating its remuneration policy. In other words, the remuneration policy shall be able to reflect external fairness, internal fairness and individual fairness of salary; it shall be conducive to enhancing our market competitiveness and attractiveness to talented people. When adjusting its remuneration structure, the Bank makes corresponding adjustments for positions whose remunerations are far below the market level based on the results of a market salary survey. The remuneration policy shall also be able to make our salary more incentivized, namely to motivate our employees by incorporating floating wages and performance-linked bonus and other incentive components into our salary packages, and to provide employees at different positions with equal promotion opportunities by designing different promotion channels. In accordance with regulatory requirements and business management needs, the Bank has established mechanisms related to deferred payment of salary and recourse and deduction of bonus and salary, so as to improve the salary-based incentive and restraint mechanism and mitigate various business and management risks. The Bank makes social insurance contributions and housing provident fund contributions and provides other employee benefit packages for employees in accordance with applicable laws, rules and regulations of the PRC, and establishes a corporate annuity system and a supplementary medical fund to improve the pension payment and medical security of employees. For details, please refer to Accrued staff costs in Note 34 Other liabilities to the financial statements in the chapter headed “Independent Auditor's Report” of this Report.

### 6.5 Labor Outsourcing

As at the end of the Reporting Period, the Bank had 293 dispatched employees. The positions assigned to dispatched employees were mainly auxiliary positions such as integrated tellers, lobby managers, voucher scanning personnel, file input personnel and drivers. The Bank's unified management systems on vacation, induction, training, etc., also apply to the dispatched employees. The salaries of the dispatched employees were determined based on their performance assessment results. The Bank assesses the dispatched employees regularly and transfers the dispatched employees to official staff in proportion based on merit.

## CHAPTER IV DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, STAFF AND INSTITUTIONS (Continued)

### 7 BASIC INFORMATION OF INSTITUTIONS UNDER THE BANK

The following table sets out the branches and sub-branches of the Bank as at the end of the Reporting Period:

Region	Name of institutions	Business address (China)	Number of its affiliated institutions	Number of employees	Asset size (RMB'000)
Zhengzhou, Henan	Headquarters	22 Shangwu Waihuan Road, Zhengdong New District, Zhengzhou City, Henan Province	116 branch institutions in district of Zhengzhou for conducting external business and 66 institutions in other prefectural-level cities in Henan for conducting external business	5,623	639,213,879
Zhengzhou, Henan	Headquarter and branch institutions in Zhengzhou for conducting external businesses directly managed by the headquarters	–	99 institutions for conducting external business	3,882	475,391,287
Zhengzhou, Henan	Small Business Financial Service Centre	Room 102, 1-2/F and Room 301-309, 3/F, 4A, North of Longhu Zhonghuan South Road and East of Jiuru Road, Zhengdong New District, Zhengzhou City, Henan Province	17 institutions for conducting external business	333	26,814,488
Nanyang, Henan	Nanyang branch	The junction of Zhongjing Road and Fanli Road, Wancheng District, Nanyang City, Henan Province	10 institutions for conducting external business	185	11,016,315
Xinxiang, Henan	Xinxiang branch	No. 278, Xiangyang Road, Xinxiang City, Henan Province	7 institutions for conducting external business	133	10,588,662
Luoyang, Henan	Luoyang branch	Room 101, 201 and 301, Building 1, No. 210 Kaiyuan Avenue, Luolong District, Luoyang City, Henan Province	8 institutions for conducting external business	152	17,478,735

## CHAPTER IV DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, STAFF AND INSTITUTIONS (Continued)

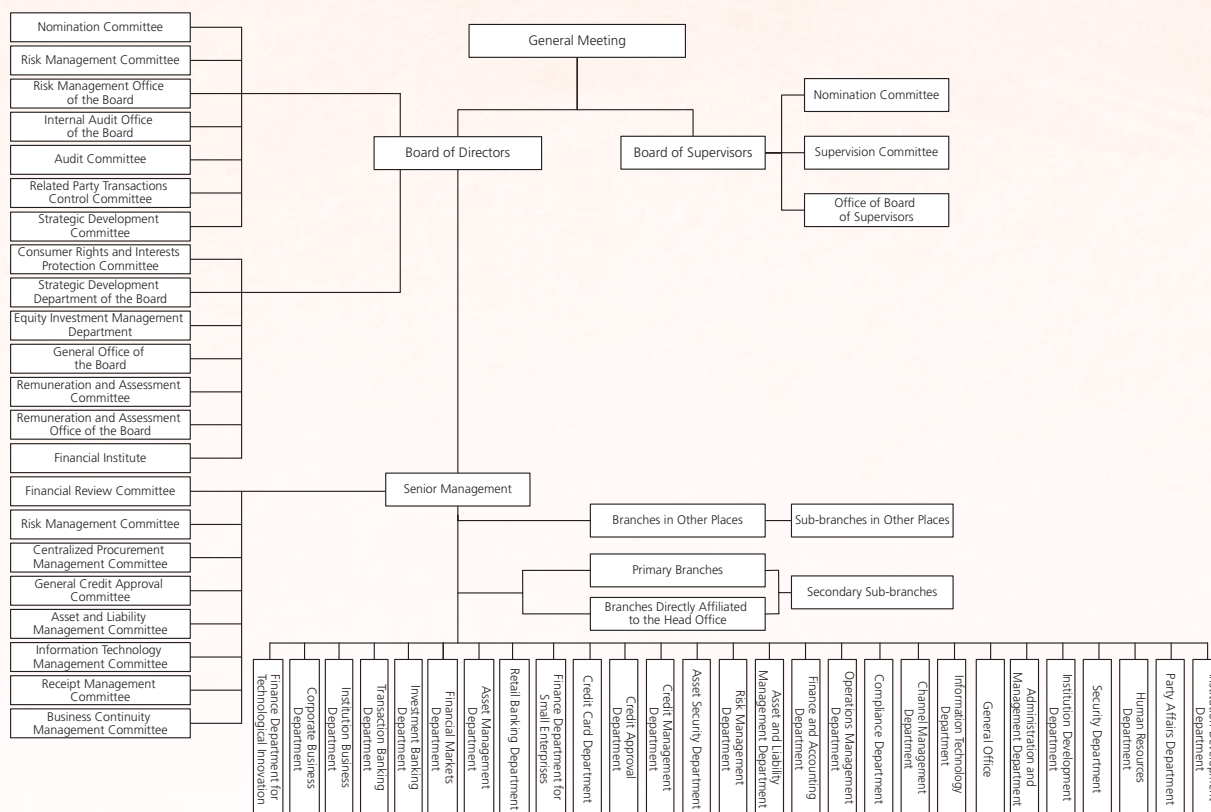
Region	Name of institutions	Business address (China)	Number of its affiliated institutions	Number of employees	Asset size (RMB'000)
Anyang, Henan	Anyang branch	Yiwu International Business & Trade Mansion, the junction of Zhonghua Road and Delong Street, Andong New District, Anyang City, Henan Province	7 institutions for conducting external business	116	9,620,634
Shangqiu, Henan	Shangqiu branch	Xinfa Building (新發大廈), the northeast of the junction of Fushang Avenue and Songcheng Road, Demonstration District, Shangqiu City, Henan Province	7 institutions for conducting external business	126	10,914,136
Xuchang, Henan	Xuchang branch	Juncheng International Building (亨通君成國際大廈), the southwest of the junction of Liancheng Avenue and Weiwen Road, Weidu District, Xuchang City, Henan Province	4 institutions for conducting external business	97	12,021,986
Luohe, Henan	Luohe branch	Floor 1-5, Changjian International (昌建國際), the junction of Songsshan West Branch Road and Mudanjiang Road, Yancheng District, Luohe City, Henan Province	3 institutions for conducting external business	81	5,901,832
Xinyang, Henan	Xinyang branch	Floor 1-2, Zhongle Baihua Mansion (中樂百花公館), the junction of Xinqi Avenue and Xinba Street, Yangshan New District, Xinyang City, Henan Province	5 institutions for conducting external business	106	7,958,108
Puyang, Henan	Puyang branch	The northwest of junction of Renmin Road and Kaizhou Road, Hualong District, Puyang City, Henan Province	3 institutions for conducting external business	89	8,291,189
Pingdingshan, Henan	Pingdingshan branch	The southeast of junction of Kaiyuan Road and Qinggong Road, Zhanhe District, Pingdingshan City, Henan Province	3 institutions for conducting external business	74	9,833,132

## CHAPTER IV DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, STAFF AND INSTITUTIONS (Continued)

Region	Name of institutions	Business address (China)	Number of its affiliated institutions	Number of employees	Asset size (RMB'000)
Zhumadian, Henan	Zhumadian branch	The southwest of junction of Huaihe Avenue and Tianzhongshan Avenue, Zhumadian City, Henan Province	2 institutions for conducting external business	60	7,508,440
Kaifeng, Henan	Kaifeng branch	The southeast of junction of Jinming Avenue and Hanxing Road, Kaifeng City, Henan Province	4 institutions for conducting external business	80	10,643,827
Zhoukou, Henan	Zhoukou branch	The southeast of junction of Traffic Avenue and Bayi Avenue, Zhoukou City, Henan Province	2 institutions for conducting external business	61	9,727,364
Hebi, Henan	Hebi branch	The northeast of junction of Qishui Avenue and Zihuai Lane, Qibin District, Hebi City, Henan Province	1 institution for conducting external business	48	5,503,744

# CHAPTER V CORPORATE GOVERNANCE

## 1 COMPANY STRUCTURE DIAGRAM



*Note:* In October 2024, according to the needs of our business development, the functions of the Information Technology Management Committee and the Product Innovation Management Committee was combined, hence the Product Innovation Management Committee was cancelled.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### 2 OVERVIEW OF CORPORATE GOVERNANCE

The Bank has established a relatively sound corporate governance structure, including the general meeting, the Board, the Board of Supervisors, and senior management, to regulate operation, specify duties and maintain effective balance, so as to fully protect and safeguard the legitimate rights and interests of domestic and international Shareholders and other stakeholders. During the Reporting Period, the Bank continued to promote the construction of corporate governance system and mechanism, and promote the effective operation of corporate governance in strict accordance with the requirements of the Company Law, the Securities Law, the Corporate Governance Guidelines for Listed Companies issued by the CSRC, the SZSE Listing Rules, the Self-regulatory Guidelines for the Companies Listed on the Shenzhen Stock Exchange No. 1 – Standardized Operation of the Companies Listed on the Main Board, the Stock Exchange Listing Rules, and the Corporate Governance Code together with the Bank's corporate governance practice. As at the end of the Reporting Period, there was no significant inconsistency between the Bank's actual corporate governance and the Company Law and relevant provisions of the CSRC; the Bank did not receive relevant documents on rectifying the administrative supervision measures from the regulatory department within a time limit. Meanwhile, the Bank strictly abided by the code provisions set out in Part 2 of the Corporate Governance Code stipulated in Appendix C1 to the Stock Exchange Listing Rules and the provisions relating to inside information disclosure. Except as disclosed in this Report and other announcements of the Bank, the Directors are not aware of any information indicating that the Bank had not complied with the code provisions set out in Part 2 of the Corporate Governance Code during the Reporting Period.

During the Reporting Period, the Bank adhered to a corporate governance system under the guidance of Party building, maintaining the political and financial direction under Party's administration, integrating Party's leadership into all links of corporate governance, and standardizing the procedures, duties and responsibilities of each decision-making body. Moreover, the Bank has coordinated and optimized the construction of its corporate governance system, and amended the Articles of Association in accordance with relevant laws and regulations as well as policy updates of the supervisory guidelines, as well as revised and perfected the Rules for the Management of the Independent Directors of the Bank, with a view to providing effective institutional support for the performance of duties and commencement of work of the independent non-executive Directors, and promoting the professional decision-making ability of the independent non-executive Directors in full play. The Bank also successfully completed the re-election of the Board of Directors and Board of Supervisors, thus to further optimize the structure of the Board of Directors and Board of Supervisors by introducing theoretical and practical expertise to improve the efficacy in performing duties of the Board of Directors and Board of Supervisors. The Bank disclosed information in a true, accurate, complete and timely manner in accordance with laws, regulations, the Articles of Association and the Bank's information disclosure measures, and ensures that all Shareholders have equal access to such information. The Bank attaches great importance to the management of inside information, strictly controls the scope of personnel having access to inside information, and registers the list of personnel knowing the Bank's inside information in a timely manner. No person with knowledge of inside information has been found to illegally use inside information to trade in the Bank's Shares.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

The Bank will continue to review and strengthen corporate governance in order to ensure consistent compliance with the regulatory provisions and the SZSE Listing Rules and the Stock Exchange Listing Rules and meet the higher expectations of Shareholders and investors.

### **The Bank's Independence from Shareholders Holding More Than 5% of the Bank's Shares in Terms of Operations, Staff, Assets, Institutional Structure and Finance**

During the Reporting Period, the Bank did not have any controlling Shareholder.

- (I) Operations: The Bank operates independently from Shareholders holding more than 5% of the Bank's Shares.
- (II) Staff: The Bank operates independently in terms of staff and salary management.
- (III) Assets: The Bank has independent places of business and supporting facilities.
- (IV) Structure: The Bank has a sound institutional structure through which the Board, the Board of Supervisors and various functional departments operate independently with clear powers and functions and have no subordinate relations with the functional departments of corporate Shareholders holding more than 5% of the Bank's Shares.
- (V) Finance: The Bank sets up the independent finance department and audit department equipped with special financial and audit personnel, and established an independent accounting system and financial management system.

### **Horizontal Competition**

The Bank does not have controlling Shareholders or horizontal competition with controlling Shareholders, the de facto controllers and other companies controlled by them.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### 3 GENERAL MEETINGS

Number, session and type	Investor participation ratio	Date of convening	Date of disclosure	Resolution of the meeting
2023 AGM	40.60%	27 June 2024	28 June 2024	Please refer to the announcement published on the website of CNINFO by the Bank
			27 June 2024	Please refer to the announcement published on the website of Hong Kong Stock Exchange by the Bank
2024 first EGM	34.76%	26 September 2024	27 September 2024	Please refer to the announcement published on the website of CNINFO by the Bank
			26 September 2024	Please refer to the announcement published on the website of Hong Kong Stock Exchange by the Bank
2024 second EGM	35.42%	18 December 2024	19 December 2024	Please refer to the announcement published on the website of CNINFO by the Bank
			18 December 2024	Please refer to the announcement published on the website of Hong Kong Stock Exchange by the Bank

During the Reporting Period, the Bank held 1 annual general meeting, 2 extraordinary general meetings, the particulars of which are as follows:

On 27 June 2024, the Bank held the 2023 AGM in Zhengzhou, Henan. In the meeting, 11 resolutions regarding the 2023 Board of Directors' work report, the 2023 Board of Supervisors' work report, the 2023 financial final accounts report, the 2023 annual report and its summary, the 2023 profit distribution and etc. were considered and approved;

On 26 September 2024, the Bank held the 2024 first extraordinary general meeting in Zhengzhou, Henan. In the meeting, 2 resolutions regarding the asset disposal and amendment to the Articles of Association of the Company were considered and approved; and

On 18 December 2024, the Bank held the 2024 second extraordinary general meeting in Zhengzhou, Henan. In the meeting, 5 resolutions regarding the general mandate to issue shares, the change of external auditing body, and the election of Directors of the eighth session of the Board of Directors and external Supervisors of the eighth session of the Board of Supervisors were considered and approved.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

The convening of the above general meetings, the notices, the holding and voting procedures were in line with the relevant provisions of the relevant laws and regulations and the Articles of Association.

During the Reporting Period, the Bank did not have any situation in which the shareholders of preference shares whose voting rights were resumed requested to convene extraordinary general meetings, convened and presided over the general meetings, or submitted provisional proposals for general meetings.

### 4 BOARD OF DIRECTORS

#### 4.1 Responsibilities of the Board of Directors

As the decision-making body of the Bank, the Board of Directors is accountable to the general meeting and mainly exercises the following powers and rights: convening and reporting at the shareholders' general meeting; implementing the resolutions approved at general meetings; deciding on the business development strategies, business plans and investment proposals of the Bank and supervising the implementation of strategies; formulating annual budgets, final accounts, profit distribution plans and loss recovery plans of the Bank; formulating proposals on the increase or reduction of the Bank's registered capital and the issue of bonds and other securities and the listing of the Bank; formulating proposals on material acquisitions by the Bank, repurchase of the Shares or merger, division, dissolution or change of the corporate form; deciding on mergers where the price paid by the Bank does not exceed 10% of the net assets of the Bank; deciding on matters within the scope authorized at a shareholders' general meeting, including external investments, asset acquisition and sales, asset disposal and write-off, pledge of assets, data processing, external guarantees and entrustment of wealth management and external donation; examining and approving the related party transactions which require approval by the Board of Directors as stipulated by the laws, administrative regulations, departmental rules, regulatory documents and regulations of securities regulatory authorities of the locality where the Bank's stocks are listed; deciding on the establishment of the Bank's internal management departments; deciding on appointing or removing the Bank's president and secretary to the Board of Directors and other senior management and their remuneration, rewards and punishment deciding to appoint or removing the Bank's senior management personnel including the vice presidents, assistants to the president and chief financial officer of the Bank in accordance with the recommendations of the president, and determining their remunerations, rewards and punishment; supervising the performance of duties and responsibilities of senior management; formulating the capital planning of the Bank and assuming the ultimate responsibilities of capital or solvency capability management; formulating the basic management systems of the Bank, deciding on the policies on risk management, internal control and compliance policy of the Bank; formulating amendment plans on amendments to the Articles of Association, the rules of procedures of general meetings and Board meetings; considering and approving the terms of reference of the special committees of the Board of Directors; proposing to the shareholders' general meeting the appointment or dismissal of the accounting firm that conduct the regular statutory audit of the Bank's financial reports; supervising the performance of the senior management, receiving the president's work report and examining the president's work; managing the information disclosure of the Bank and taking

## CHAPTER V CORPORATE GOVERNANCE (Continued)

ultimate responsibility for the truthfulness, completeness and accuracy and timeliness of the Bank's accounting and financial reporting systems; evaluating and improving the corporate governance of the Bank on a regular basis; protecting the legitimate rights and interests of financial consumers and other stakeholders; establishing a mechanism to identify, review and manage conflicts of interest between the Bank and its shareholders, especially substantial shareholders; assuming responsibility for the management of shareholders' affairs; developing the Bank's risk tolerance, risk management and internal control policies and assuming the ultimate responsibility for overall risk management; reviewing any material capital expenditure, contract and commitment which exceeds the expenditure limit for senior management set by the Board of Directors; other powers and rights stipulated by laws, administrative regulations, departmental rules or the Articles of Association, and those conferred by the general meetings.

The Board of Directors has set up a special office, to take charge of the daily affairs of the Board of Directors and the relevant special committees, provide support to such committees in connection with the exercise of their rights and duties, and assist the secretary to the Board of Directors in carrying out their duties.

### 4.2 Operating Model of the Board of Directors

The Board of Directors holds at least 4 regular meetings every year and convenes extraordinary meetings when necessary. Meetings of the Board of Directors are held in the form of physical meetings or by way of written resolution voting. The notices of regular Board meetings and the materials of the meeting should be sent to each Director within the specified period in accordance with the related corporate governance requirements under the regulatory provisions and the SZSE Listing Rules and the Stock Exchange Listing Rules and the Articles of Association. The detailed minutes of the meetings of the Board of Directors will be provided to all attending Directors for their review subsequent to the meetings, and shall be signed by all Directors for confirmation after proposing amendments. A good communication and reporting mechanism has been established among the Board of Directors, the Directors and senior management of the Bank. Senior management provides sufficient information for the Board and its special committees to make decisions. All Directors may seek independent professional advice with the cost borne by the Bank. The president of the Bank regularly reports to the Board and is subject to its supervision. Relevant members of senior management are invited to participate in meetings of the Board and its special committees from time to time to provide explanations or answers to inquiries. At the meetings of the Board of Directors, all Directors can present their opinions freely, and decisions on important matters should only be made after a detailed discussion. Directors with material interest or conflict in relevant proposals shall refrain from voting. Independent non-executive Directors who, together with their close associates, have no material interest in the transaction should attend the relevant Board meetings.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### 4.3 Members of the Board of Directors and the Board Diversity Policy

The Bank believes that the diversity of the members of the Board of Directors can improve the performance of the Bank. In designing the Board's composition, Board diversity has been considered from a number of aspects, including (but not limited to) gender, regional and industry experience, skills, knowledge and educational background, so as to ensure that the Board possesses diverse and balanced talents, skills, experience, and backgrounds. All appointments of the Directors will be based on merits and candidates will be considered against objective criteria, having due regard to the benefits of diversity to the Board.

The Nomination Committee of the Board will review and assess this policy as and when appropriate to ensure its effectiveness, and consider the structuring, size and composition of the Board on an annual basis as well as set the following measurable objectives, to ensure the effective implementation of this policy:

The Board should ensure that there is no gender limitation in selecting Directors;

At least one-third, and no less than 3 in total of the Board members are independent non-executive Directors;

Board members should possess knowledge and skills in different areas;

At least 1 member of the Board of Directors has a professional in finance or accounting.

The Board will maintain a proper balance in the composition of male and female members with due regards to the expectations of stakeholders and with reference to international and local recommended best practices. The Board also strives to ensure that an appropriate proportion of the Directors possess direct experience in the core markets of the Bank and its subsidiaries as well as different ethnic backgrounds, and that such composition reflects the Bank's strategy. The Nomination Committee of the Board of Directors will discuss any amendments or amendments that may need to be made, and then submit these proposed amendments to the Board of Directors for approval. The selection of candidates for Directors by the Nomination Committee will be based on a series of diverse fields and with reference to the Bank's business model and specific needs. For the nomination policy as well as procedures for selection of Directors, please refer to the paragraph headed "Nomination Policy and Procedures for Selection of Directors" in this chapter.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

As at the Latest Practicable Date, the Board comprised a total of 9 Directors, including 2 executive Directors, namely Mr. ZHAO Fei (Chairman) and Ms. LI Hong; 3 non-executive Directors, namely Ms. ZHANG Jihong, Mr. LIU Bingheng and Mr. WEI Zhigang; and 4 independent non-executive Directors, namely Mr. LI Xiaojian, Mr. WANG Ning, Mr. LIU Yatian and Mr. SIU Chi Hung, including:

7 males and 2 females;

2 Directors aged under 50, 5 Directors aged 50 to 59, and 2 Directors aged 60 or above; and

2 Directors specialising in banking, 3 Directors specialising in investment and trust fund, 3 Directors specialising in teaching and research, 1 Director specialising in accounting.

Accordingly, the Board considers its members have generally achieved diversity in different aspects and they can provide the Board with independent and diverse opinions, which will promote the balanced development of the Board.

For details of each Director's term of office and changes of Directors during and after the Reporting Period as well as the overall diversity of the Bank's employees, please refer to the chapter headed "Directors, Supervisors, Senior Management, Staff and Institutions" of this Report.

In addition, leveraging the above methods, the Bank reviewed the structure, size and composition of the Board, and implemented effective nomination policies to select and appoint Directors who represent different ages, backgrounds, professions and functions, so as to ensure that the Board of the Bank can provide independent judgments and perspectives. During the Reporting Period, all Directors of the Bank devoted themselves to their duties, brought diverse and independent perspectives to the Board, and contributed to the sound development of the Bank. The Board achieved and effectively maintained independence.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### 4.4 Chairman and President

The roles and duties of the chairman of the Board of Directors and the president are taken up by different individuals. There is a clear division of responsibilities in compliance with the requirements and recommendations of regulatory provisions and the SZSE Listing Rules and the Stock Exchange Listing Rules.

Mr. ZHAO Fei as the chairman of the Board of Directors, is mainly in charge of chairing general meetings, convening and chairing meetings of the Board of Directors; supervising and reviewing the implementation of resolutions of the Board of Directors; signing share certificates, bonds and other marketable securities of the Bank; signing important documents of the Board of Directors and other documents required to be signed by the legal representative of the Bank; exercising the duties and powers of the legal representative; ensuring that appropriate steps are taken to maintain effective contact with Shareholders and that Shareholders' opinions are conveyed to the Board; and promoting Directors (especially non-executive Directors) to make contributions to the Board, and ensuring a constructive relationship between executive Directors and non-executive Directors.

Ms. LI Hong as the president of the Bank, is mainly in charge of managing operations of the Bank, arranging the implementation of the resolutions of the meetings of the Board of Directors and reporting the work to the Board of Directors; submitting annual business plans and investment proposals to the Board of Directors and arranging the implementation upon approval by the Board of Directors; and drafting proposals on the establishment of the internal management departments, basic management systems and specific regulations of the Bank.

### 4.5 Responsibilities of Directors

During the Reporting Period, all Directors carefully, earnestly and diligently attended relevant meetings as specified and required by relevant laws and regulations and the Articles of Association, exercised their rights regarding the operation of the Board and resolutions of the meeting of the Board, and duly considered and voted on its resolutions and actively offered responsible suggestions and advice, which facilitated the Bank's sound and sustainable development and perfectly completed the tasks and objectives of the Board. While duly exercising their rights as Directors, they were performing their corresponding obligations to fully protect various rights of Shareholders and investors. Directors acknowledge their responsibilities for preparing the financial statements of the Bank for the year ended 31 December 2024.

The Board of Supervisors conducted evaluation of the performance of duties of the Directors during the Reporting Period and reported the results of the evaluation to the general meeting.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### 4.6 Independence and Performance of Duties of Independent Non-executive Directors

#### 4.6.1 Confirmation of the Independence for Independent Non-executive Directors

The Bank shall have no less than three independent non-executive Directors who shall account for no less than one-third of all Directors. The Bank has formulated the Management Measures for Independent Directors (《獨立董事管理辦法》), which specifies the rights of independent non-executive Directors. We provide the working requisites and personnel support for independent non-executive Directors to effectively perform their duties by designating specialised departments and specialised personnel to assist the independent non-executive Directors in performing their duties, keeping them informed of relevant information and bearing the costs of engaging professional organisations other costs required for exercising their powers. At the annual general meeting, each independent non-executive Director shall report on his/her work to ensure that the Board can obtain independent views and opinions.

At present, the Board consists of 4 independent non-executive Directors who possess qualification of independency, the number and percentage of independent non-executive Directors satisfy the relevant requirements of the regulatory provisions and the SZSE Listing Rules and the Stock Exchange Listing Rules. None of the independent non-executive Directors are involved in any conflict which would bring their independence into question as described in Rule 3.13 of the Stock Exchange Listing Rules. The Bank had already received the letters of annual confirmation on independence submitted by each independent non-executive Director as required by the Stock Exchange Listing Rules, and the Board believes that all independent non-executive Directors are independent and in compliance with the relevant guidelines stipulated by Rule 3.13 of the Stock Exchange Listing Rules.

The independent non-executive Directors neither have any business or financial interests in the Bank nor hold any management position in the Bank. All the incumbent independent non-executive Directors were elected for a term of three years. They may continue to serve for three years after the expiration of the term, provided that the total consecutive terms must not exceed six years.

The independent non-executive Directors account for the majority of seats in and serve as chairman of the Related Party Transactions Control Committee, Audit Committee, Nomination Committee and Remuneration and Assessment Committee of the Board.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### **4.6.2 Performance of Duties of Independent Non-executive Directors**

As of the Latest Practicable Date, the Bank had four independent non-executive Directors, at least one of whom possessed appropriate accounting or related financial management expertise in compliance with Rules 3.10 and 3.10A of Stock Exchange Listing Rules.

During the Reporting Period, the Bank's independent non-executive Directors performed their duties diligently and faithfully with a responsible attitude towards the Bank and investors, and the duties performed were in strict compliance with the Company Law, the Securities Law, the Administrative Measures for Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》), the Self-regulatory Guidelines for the Companies Listed on the Shenzhen Stock Exchange No. 1 – Standardized Operation of the Companies Listed on the Main Board, the SZSE Listing Rules, the Stock Exchange Listing Rules and other laws and regulations as well as the Articles of Association and other relevant requirements. They actively attended Board meetings, general meetings and meetings of relevant committees, provided opinions and suggestions on relevant issues considered at the meetings, contributed valuable insights and recommendations for the development of the Bank, and fully leveraged the independent and professional role of independent non-executive Directors. The Bank carefully considered the suggestions proposed by independent non-executive Directors and adopted based actual situation of the Bank.

During the Reporting Period, the Bank's independent non-executive Directors expressed independent opinions on the profit distribution, internal control, related party transactions, appointment and change of external auditors, nomination of candidates for Directors and other matters of the Bank, earnestly safeguarding the rights and interests of Shareholders, especially those of the public Shareholders.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### 4.7 Performance of Duties by Directors

#### 4.7.1 Meetings Convened by the Board

During the Reporting Period, the Bank held 11 meetings of the Board. At the meetings, 60 major resolutions including the Annual Work Report of the Board, Final Accounts Report, Annual Profit Distribution and Election of the Directors were considered and approved.

Number and session	Date of convening	Date of disclosure	Resolutions of the meeting
The 2024 first extraordinary meeting of the seventh session of the Board	8 February 2024	–	Considered and approved proposals related to significant related party transactions in accordance with the regulations of the National Financial Regulatory Administration
The 2024 second extraordinary meeting of the seventh session of the Board	7 March 2024	–	Considered and approved the provisional mandate of the Board
The twelfth meeting of the seventh session of the Board	28 March 2024	29 March 2024	Considered and approved 2023 Board of Directors Work Report, Summary of Operation and Management Work in 2023 and work plan report in 2024, 2023 Final Accounts Report, the capital expense budget for 2024, 2023 annual report and its summary, 2023 profit distribution plan, 2023 Social Responsibility (ESG) Report, amendments to the Capital Management Measures, formulation of the Management Measures for Third-pillar Information Disclosure and the Medium-term Capital Planning (2024–2026), amendments to the Management Measures for Fair Value Valuation of Financial Instruments, amendments to the Basic Administrative Rules for Consumer Rights Protection, issuance of tier-two capital bonds, Internal Control Self-assessment Report for 2023, 2023 Internal Control Audit Report, the Engagement of External Audit Firm for 2024, the Special Report on Related Party Transactions in 2023, the Estimated Quota on Recurring Related Party Transactions for 2024, and the Special Report of the Board on the Self-examination of the Independence of Independent Non-Executive Directors

## CHAPTER V CORPORATE GOVERNANCE (Continued)

Number and session	Date of convening	Date of disclosure	Resolutions of the meeting
The thirteenth meeting of the seventh session of the Board	29 April 2024	30 April 2024	Considered and approved the First Quarterly Report on Operation and Management Work of 2024, the First Quarterly Report of 2024, the Third-pillar Information Disclosure Report for the first quarter of 2024, the appointment of the secretary of the Board, 2023 Internal Capital Adequacy Assessment and Capital Adequacy Ratio Management Report, 2023 Annual Report on the Implementation of Consolidated Financial Statements Management, 2023 Self-assessment Report on Green Finance and Additional Capital Expense Budget for 2024
The 2024 third extraordinary meeting of the seventh session of the Board	27 May 2024	28 May 2024	Considered and approved the Internal Audit Work Plan for 2024–2026, and convened the 2023 annual general meeting
The 2024 fourth extraordinary meeting of the seventh session of the Board	26 July 2024	–	Considered and approved the amendments to the Management Measures for Independent Directors, the 2024 Annual Statement on Risk Preference, and the amendments to the Internal Audit Charters
The fourteenth meeting of the seventh session of the Board	29 August 2024	30 August 2024	Considered and approved the Report on Operation and Management Work for the First Half of 2024, 2024 interim report and its summary, Third-pillar Information Disclosure Report for the First Half of 2024, amendments to the Articles of Association, etc.
The 2024 fifth extraordinary meeting of the seventh session of the Board	4 September 2024	5 September 2024	Considered and approved the disposal of assets and convened the 2024 first extraordinary general; Considered and approved proposals related to significant related party transactions in accordance with the regulations of the National Financial Regulatory Administration

## CHAPTER V CORPORATE GOVERNANCE (Continued)

Number and session	Date of convening	Date of disclosure	Resolutions of the meeting
The fifteenth meeting of the seventh session of the Board	30 October 2024	31 October 2024	Considered and approved the Third Quarterly Report on Operation and Management Work of 2024, the Third Quarterly Report of 2024, and the Third-pillar Information Disclosure Report for the third quarter of 2024, nomination of candidates for independent non-executive Directors of the seventh session of the Board, and amendments to the Implementation Rules for Expected Credit Loss Approach, amendments to the Terms of Reference of the Risk Management Committee, amendments to the Terms of Reference of the Consumer Rights Protection Committee
The 2024 sixth extraordinary meeting of the seventh session of the Board	27 November 2024	28 November 2024	Considered and approved the appointment of Ms. LI Hong as president, general mandate of share issuance, change of external auditor, nomination of candidates for executive Directors and non-executive Directors of the eighth session of the Board, nomination of candidates for independent non-executive Directors of the eighth session of the Board, and convening of the 2024 second extraordinary meeting, Comprehensive Risk Management Report for First Half of 2024; Considered and approved proposals related to significant related party transactions in accordance with the regulations of the National Financial Regulatory Administration
The 2024 first extraordinary meeting of the eighth session of the Board	18 December 2024	19 December 2024	Considered and approved the election of the chairman of the eighth session of the Board

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### 4.7.2 Directors' Attendance of General Meetings and Board Meetings

Director		Attendance of general meeting(s)	Required attendance for Board meetings	Attendance for Board meetings in person	Attendance for Board meetings by telecommunication	Number of attendance for Board meetings by proxy	Times of absence for Board meetings
Executive Directors	ZHAO Fei <sup>(1)</sup> (Chairman)	2	11	6	4	1	-
Non-executive Directors	WANG Dan	3	11	7	4	-	-
	LIU Bingheng	3	11	7	4	-	-
	WANG Shihao	3	11	7	4	-	-
Independent Non-executive Directors	LI Yanyan	3	11	7	4	-	-
	LI Xiaojian	3	11	7	4	-	-
	SONG Ke	3	11	7	4	-	-
	LI Shuk Yin Edwina	3	11	7	4	-	-

*Notes:* On 18 December 2024, Mr. ZHAO Fei, the chairman of the Board, was unable to attend the 2024 second extraordinary general meeting of the Bank due to official meeting arrangements.

During the Reporting Period, the chairman of the Board held meeting(s) with independent non-executive Directors without the presence of other Directors.

### 4.7.3 Circumstances in Which Directors Raise Objections to Relevant Matters

During the Reporting Period, the Directors did not raise objections to relevant matters of the Bank.

### 4.7.4 Other Explanations of Directors Performing Their Duties

During the Reporting Period, the recommendations made by the Directors were earnestly examined by the Bank, and adopted and implemented in accordance with the Bank's actual situation.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### 5 THE SPECIAL COMMITTEES OF THE BOARD OF DIRECTORS

#### 5.1 Strategic Development Committee

During the Reporting Period, the Strategic Development Committee of the Bank consists of 1 executive Director (Mr. ZHAO Fei) and 2 non-executive Directors (Ms. WANG Dan and Mr. LIU Bingheng).

The Strategic Development Committee is mainly responsible for researching the Bank's long-term development strategy and significant investment decisions, setting business and management objectives and long-term development strategy for the Bank, making recommendations for the Bank's significant investment decisions, supervising and checking the implementation of annual business plans and investment plans, communicating regularly with the senior management and heads of departments in relation to the operations and risks of the Bank, providing advice and suggestions, and other matters under the authority granted by the Board.

##### *Convening of Meetings*

During the Reporting Period, the Strategic Development Committee of the Bank held 1 meeting, the particular of which is as follows:

Name of meeting	Date of convening	Content of meeting	Important comments and suggestions	Other performance of duties	Details of objections
The eighth meeting of the Strategic Development Committee of the seventh session of the Board	16 April 2024	Considered and approved the Annual Work Report of the Strategic Development Committee of the Board of the Bank	–	–	–

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### *Directors' Attendance at the Meetings of the Strategic Development Committee*

Director	Required attendance	Actual attendance
ZHAO Fei	1	1
WANG Dan	1	1
LIU Bingheng	1	1

### 5.2 Risk Management Committee

During the Reporting Period, the Risk Management Committee of the Bank consists of 1 non-executive Director (Mr. WANG Shihao) and 2 independent non-executive Directors (Ms. LI Yanyan and Mr. LI Xiaojian). The chairman of the Risk Management Committee is Mr. WANG Shihao, a non-executive Director.

The Risk Management Committee is mainly responsible for controlling, managing, monitoring and assessing risks of the Bank, reviewing risk control principles, objectives and policies of the Bank and reporting them to the Board of Directors for consideration and approval; reviewing risk management measures of the Bank; examining and supervising the risk management work carried out by the senior management in all aspects; conducting surveys and evaluations on risk policies, management status and risk tolerance levels of the Bank on a regular basis and reporting to the Board of Directors; providing recommendations on improving risk management and internal control of the Bank; and formulating authorization management plan for the Bank and reporting to the Board of Directors and general meetings for consideration and approval.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### *Convening of Meetings*

During the Reporting Period, the Risk Management Committee of the Bank held 8 meetings, the particulars of which are as follows:

Name of meeting	Date of convening	Content of meeting	Important comments and suggestions	Other performance of duties	Details of objections
The twenty-first meeting of the Risk Management Committee of the seventh session of the Board, the twenty-second meeting of the Risk Management Committee of the seventh session of the Board, the twenty-third meeting of the Risk Management Committee of the seventh session of the Board, the twenty-fourth meeting of the Risk Management Committee of the seventh session of the Board, the twenty-fifth meeting of the Risk Management Committee of the seventh session of the Board, the twenty-sixth meeting of the Risk Management Committee of the seventh session of the Board, the twenty-seventh meeting of the Risk Management Committee of the seventh session of the Board, and the first meeting of the Risk Management Committee of the eighth session of the Board	6 March 2024, 25 April 2024, 26 June 2024, 30 August 2024, 5 September 2024, 15 October 2024, 16 December 2024, and 28 December 2024	Considered and approved the resolutions such as the Annual Work Report of the Risk Management Committee of the Board of the Bank, Report on Overall Risk Management, Risk Assessment Report, Report on the Implementation of Risk Preferences, amendments to the Working Rules for the Risk Management Committee of the Board, and the Disposal of Assets	-	-	-

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### *Directors' Attendance at the Meetings of the Risk Management Committee*

Director	Required attendance	Actual attendance
WANG Shihao	8	8
LI Yanyan	8	8
LI Xiaojian	8	8

### 5.3 Related Party Transactions Control Committee

During the Reporting Period, the Related Party Transactions Control Committee of the Bank consists of 3 independent non-executive Directors (Ms. LI Yanyan, Mr. LI Xiaojian and Mr. SONG Ke). The chairman of the Related Party Transactions Control Committee is Mr. SONG Ke, an independent non-executive Director.

The Related Party Transactions Control Committee is mainly responsible for the management, review and approval of related party transactions, focusing on the compliance, fairness and necessity of related party transactions and controlling the risk of related party transactions; formulating rules and management framework relating to related party transactions and submitting the same to the Board of Directors for approval; reviewing related party transactions subject to the approval of the Board of Directors and general meetings and other matters.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### ***Convening of Meetings***

During the Reporting Period, the Related Party Transactions Control Committee of the Bank held 6 meetings, the particulars of which are as follows:

Name of meeting	Date of convening	Content of meeting	Important comments and suggestions	Other performance of duties	Details of objections
The fifteenth meeting of the Related Party Transactions Control Committee of the seventh session of the Board, the sixteenth meeting of the Related Party Transactions Control Committee of the seventh session of the Board, the seventeenth meeting of the Related Party Transactions Control Committee of the seventh session of the Board, the eighteenth meeting of the Related Party Transactions Control Committee of the seventh session of the Board, the nineteenth meeting of the Related Party Transactions Control Committee of the seventh session of the Board, and the twentieth meeting of the Related Party Transactions Control Committee of the seventh session of the Board	8 February 2024, 25 March 2024, 15 May 2024, 29 August 2024, 24 October 2024, and 22 November 2024	Considered and approved the resolution relating to significant related party transactions in accordance with the regulations of the National Financial Regulatory Administration; considered and approved the estimated quota on annual recurring related party transactions, Special Report on Related Party Transactions, Annual Work Report of the Related Party Transactions Control Committee of the Board, etc.	-	-	-

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### ***Directors' Attendance at the Meetings of the Related Party Transactions Control Committee***

<b>Director</b>	<b>Required attendance</b>	<b>Actual attendance</b>
SONG Ke	6	6
LI Yanyan	6	6
LI Xiaojian	6	6

### **5.4 Audit Committee**

During the Reporting Period, the Audit Committee of the Bank consists of 1 non-executive Director (Mr. LIU Bingheng) and 2 independent non-executive Directors (Ms. LI Shuk Yin Edwina and Mr. LI Xiaojian). The chairman of the Audit Committee is Ms. LI Shuk Yin Edwina, an independent non-executive Director. This is in line with Rule 3.21 of the Stock Exchange Listing Rules.

The Audit Committee is mainly responsible for reviewing internal control and compliance management status, financial reporting procedures and financial position, the implementation of accounting policies of the Bank, auditing the financial information of the Bank, making judgment on audited financial report and submitting it to the Board for consideration; evaluating the quality and effectiveness of external auditor's work, making recommendations on the appointment and change of external audit firm, coordinating the communications between internal audit department and external auditors; taking charge of the Bank's annual audit and overseeing the senior management to rectify the issues raised in the audit and implement audit recommendations; reviewing the internal audit status on a regular basis, directing and supervising the implementation of internal audit.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### *Convening of Meetings*

During the Reporting Period, the Audit Committee of the Bank held 7 meetings, the particulars of which are as follows:

Name of meeting	Date of convening	Content of meeting	Important comments and suggestions	Other performance of duties	Details of objections
The twelfth meeting of the Audit Committee of the seventh session of the Board of Directors, the thirteenth meeting of the Audit Committee of the seventh session of the Board of Directors, the fourteenth meeting of the Audit Committee of the seventh session of the Board of Directors, the fifteenth meeting of the Audit Committee of the seventh session of the Board of Directors, the sixteenth meeting of the Audit Committee of the seventh session of the Board of Directors, the seventeenth meeting of the Audit Committee of the seventh session of the Board of Directors, the eighteenth meeting of the Audit Committee of the seventh session of the Board of Directors	18 March 2024, 24 April 2024, 21 May 2024, 19 July 2024, 24 August 2024, 23 October 2024, 21 November 2024	Considered and approved the periodic report, internal control self-assessment report, internal control audit report, appointment and change of external audit organisation, annual work report of the Audit Committee of the Board of Directors, and internal audit work planning and other resolutions of the Bank.	–	–	–

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### *Directors' Attendance at the Meetings of the Audit Committee*

Director	Required attendance	Actual attendance
LI Shuk Yin Edwina	7	7
LIU Bingheng	7	7
LI Xiaojian	7	7

### 5.5 Nomination Committee

During the Reporting Period, the Nomination Committee of the Bank consists of 1 non-executive Director (Ms. WANG Dan) and 2 independent non-executive Directors (Mr. LI Xiaojian and Mr. SONG Ke). The chairman of the Nomination Committee is Mr. LI Xiaojian, an independent non-executive Director.

The Nomination Committee is responsible for reviewing the structure, size and composition (including skills, knowledge, experience, diversity and independence) of the Board and the management every year, and advising the Board on proposed changes to the Board based on the strategy of the Bank; developing the criteria and procedures for selecting Directors and senior management personnel, and formulating or revising the Board diversity policy; searching for qualified candidates for Directors and submitting nominations to the Board; assessing the independence of independent non-executive Directors; conducting preliminary review of the qualifications of candidates for Directors and senior management personnel, and making recommendations to the Board; and widely searching for qualified candidates for Directors and senior management.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### *Convening of Meetings*

During the Reporting Period, the Nomination Committee of the Bank held 6 meetings, the particulars of which are as follows:

Name of meeting	Date of convening	Content of meeting	Important comments and suggestions	Other performance of duties	Details of objections
The twelfth meeting of the Nomination Committee of the seventh session of the Board of Directors, the thirteenth meeting of the Nomination Committee of the seventh session of the Board of Directors, the fourteenth meeting of the Nomination Committee of the seventh session of the Board of Directors, the fifteenth meeting of the Nomination Committee of the seventh session of the Board of Directors, the sixteenth meeting of the Nomination Committee of the seventh session of the Board of Directors, the seventeenth meeting of the Nomination Committee of the seventh session of the Board of Directors	10 April 2024, 28 April 2024, 13 August 2024, 29 October 2024, 26 November 2024, 17 December 2024	Considered and approved the annual report of the Nomination Committee of the Board of Directors of the Bank, the nomination of the Secretary of the Board of Directors, the nomination of the President, the re-election of the Board of Directors and the nomination of candidates for election as directors of the eighth session of the Board of Directors, and the nomination of the Chairman of the eighth session of the Board of Directors.	–	–	–

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### *Directors' Attendance at the Meetings of the Nomination Committee*

Director	Required attendance	Actual attendance
LI Xiaojian	6	6
WANG Dan	6	6
SONG Ke	6	6

### *Nomination Policy and Procedures for Selection of Directors*

In order to ensure a balance of skills, experience and diversity of perspectives in the Board of Directors appropriate to the Bank's business, the Nomination Committee of the Board of Directors recommends nominations of Directors to the Board of Directors in accordance with the principles of the Board diversity policy and the Bank's nomination policy. The main criteria and principles of the Bank's nomination policy include: (1) reviewing the structure, size and composition (including skills, knowledge, experience and diversity) of the Board of Directors and the management every year according to the operations and management situation, asset scale and equity structure of the Bank, and providing suggestions to the Board in relation to possible changes of the Board of Directors based on the strategy of the Bank; (2) formulating the criteria and procedures for selecting Directors and members of senior management, and providing suggestions to the Board; formulating or revising the Board diversity policy and developing the diversity of the Board of Directors in the process of personnel selection, taking into account, among other things, gender, age, culture, perspective, educational background and professional experience; (3) searching for qualified candidates for Directors and proposing nominations to the Board of Directors after due consideration of the Board diversity policy of the Bank, the requirements for being a Director of the Bank under the Articles of Association of the Bank, the Stock Exchange Listing Rules and applicable laws and regulations, as well as the contributions that relevant candidates can make to the Board of Directors in terms of qualifications, skills, experience, independence and gender diversity; (4) assessing the independence of independent non-executive Directors according to the factors set out in Rule 3.13 of the Stock Exchange Listing Rules and any other factors as may be considered appropriate by the Nomination Committee or the Board of Directors; where a proposed independent non-executive Director is proposed to serve as a director of five (or more) listed companies, whether he/she can devote enough time to the Board of Directors will be assessed.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

The main procedures for selection of Directors of the Bank are as follows: (1) the general office of the Board and the Nomination Committee of the Board of Directors actively communicate with relevant departments of the Bank to study the Bank's demand for appointment and re-election of Directors and senior management personnel and prepare relevant written documents; (2) the Nomination Committee of the Board of Directors may extensively search for candidates for Directors and senior management personnel within the Bank and its controlled (associate) companies and talent market; (3) the Nomination Committee of the Board of Directors, after due consideration of relevant requirements, including but not limited to the nomination policy and the Board diversity policy, identifies persons who are eligible to become Board members, and assess the independence of independent non-executive Directors as appropriate; the Nomination Committee of the Board of Directors collects and understands information on the candidates including their occupations, educational background, professional titles, detailed working experience, and full-time and part-time job experience, and formulates relevant written materials; (4) the Nomination Committee solicits the nominees' written consent to their nominations, otherwise they may not be put on the list of candidates for Directors, general manager and other senior management personnel; (5) the Nomination Committee convenes meetings to review the qualifications of proposed candidates according to the job qualifications required for Directors, general manager and other senior management personnel; (6) the Nomination Committee makes recommendations and submit relevant materials to the Board of Directors on candidates for Directors and senior management personnel within a reasonable time prior to the election and re-election of Directors and appointment of senior management personnel; and (7) the Nomination Committee follows up other matters according to the decisions and feedback of the Board of Directors.

The Directors (including non-executive Directors) of the Bank shall hold office for a term of three years, upon expiration of which, they may offer themselves for re-election.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### 5.6 Remuneration and Assessment Committee

During the Reporting Period, the Remuneration and Assessment Committee of the Bank consists of 1 non-executive Director (Mr. WANG Shihao) and 2 independent non-executive Directors (Ms. LI Yanyan and Ms. LI Shuk Yin Edwina). The chairman of the Remuneration and Assessment Committee is Ms. LI Yanyan, an independent non-executive Director.

The Remuneration and Assessment Committee is mainly responsible for reviewing the remuneration management system and policies of the Bank, studying the criteria for appraising Directors and senior management personnel, and conducting the appraisal and making proposals; making proposals to the Board in respect of the remuneration policies and structures for Directors and senior management of the Bank and the formulated remuneration policies with a view to establishing a set of formal and transparent procedures, supervising and modifying the implementation of the Bank's remuneration policies; making recommendations to the Board on the remuneration packages of individual executive Directors and senior management; reviewing the duties performed by Directors (including executive Directors) and senior management and conducting annual performance appraisal on them; reviewing and approving any share scheme (if any) of the Bank under the Stock Exchange Listing Rules.

#### *Convening of Meetings*

During the Reporting Period, the Remuneration and Assessment Committee of the Bank held 1 meeting, the particulars of which are as follows:

Name of meeting	Date of convening	Content of meeting	Important comments and suggestions	Other performance of duties	Details of objections
The sixth meeting of the Remuneration and Assessment Committee of the seventh session of the Board	10 April 2024	Considered and approved the Work Report of the Remuneration and Assessment Committee of the Board of the Bank	–	–	–

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### ***Directors' Attendance at the Meetings of the Remuneration and Assessment Committee***

Director	Required attendance	Actual attendance
LI Yanyan	1	1
WANG Shihao	1	1
LI Shuk Yin Edwina	1	1

### **5.7 Consumer Rights Protection Committee**

During the Reporting Period, the Consumer Rights Protection Committee of the Bank consists of 1 executive Director (Mr. ZHAO Fei) and 2 non-executive Directors (Ms. WANG Dan and Mr. LIU Bingheng).

The Consumer Rights Protection Committee is mainly responsible for formulating the Bank's development goals, strategies and plans for the protection of consumer rights, deploying and coordinating for the protection of consumer rights, supervising the effective execution and implementation of development goals, strategies and plans for the protection of consumer rights and conducting research on major issues concerning consumer rights protection, regularly communicating with the senior management and heads of departments about consumer rights protection of the Bank and giving comments and suggestions, directing and supervising the establishment and improvement of the management system for consumer rights protection; supervising and inspecting the implementation of annual strategies, policies and goals and the implementation of work, scrutinizing the annual plan, development, major issues, information disclosure for consumer rights protection and forming relevant resolutions, and other matters under the authority granted by the Board of Directors.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### *Convening of Meetings*

During the Reporting Period, the Consumer Rights Protection Committee of the Bank held 1 meeting, the particulars of which are as follows:

Name of meeting	Date of convening	Content of meeting	Important comments and suggestions	Other performance of duties	Details of objections
The eighth meeting of the Consumer Rights Protection Committee of the seventh session of the Board	14 August 2024	Considered and approved the Annual Work Report of the Consumer Rights Protection Committee of the Board of the Bank, the Terms of Reference of the Consumer Rights Protection Committee of the Board	–	–	–

### *Directors' Attendance at the Meetings of the Consumer Rights Protection Committee*

Director	Required attendance	Actual attendance
ZHAO Fei	1	1
WANG Dan	1	1
LIU Bingheng	1	1

## 6 CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for establishing sound corporate governance practices and procedures of the Bank. During the Reporting Period, the Board performed the following duties within its terms of reference: formulating and reviewing the Bank's corporate governance policies and practices; reviewing and monitoring the training and continuous professional development of Directors, Supervisors and senior management; reviewing and monitoring the Bank's policies and practices in respect of compliance with laws and regulatory requirements; formulating, reviewing and monitoring the codes of conduct for Directors, Supervisors and employees; and reviewing compliance with the Corporate Governance Code and the disclosure in the Corporate Governance Report.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### 7 BOARD OF SUPERVISORS

#### 7.1 Responsibilities of the Board of Supervisors

The Board of Supervisors, as the supervisory body of the Bank, aims to protect the legitimate rights of the Bank, Shareholders, staff, depositors and other stakeholders. It is accountable to the general meeting. The duties of the Board of Supervisors include: to examine the reports of the Bank regularly compiled by the Board of Directors and submit its opinions in writing on whether these reports are authentic, accurate and complete; to consider the Bank's profit distribution plan and express opinions on whether the profit distribution plan is compliant and reasonable; to supervise the performance by and due diligence of the Board of Directors and senior management personnel of their duties, and conduct a comprehensive evaluation of their performance of duties, and report the evaluation results to the general meeting of the Bank and the regulatory authorities; to inspect and supervise financial activities of the Bank; to supervise the Bank's internal control and compliance work, and review the internal control inspection report and self-assessment report; to supervise the compliance of the Bank's appointment, dismissal and reappointment of the external auditor, the fairness of the employment terms and remuneration, and the independence and effectiveness of the external audit work; to supervise and audit the business decision making, risk management and internal control of the Bank when necessary; to conduct an economic liability audit towards Directors and senior management when necessary; to make suggestions, prompts, interviews, inquiries and requests for answers to the Board, senior management and its members or other personnel in written or oral form when necessary; to require directors and senior management members to rectify their acts that are detrimental to the interests of the Bank, to propose the dismissal of directors or senior management personnel who violated the laws, administrative regulations, the Articles of Association or resolutions of the shareholders' general meeting, or initiate legal proceedings according to laws; to make proposals regarding the remuneration or allowance of the supervisors; to propose to convene an extraordinary general meeting and convene and preside over the shareholders' general meeting in the event that the Board of Directors has failed to fulfill its duties stipulated by the Company Law to convene and preside over the shareholders' general meeting; to make proposals to the shareholders' general meeting; to propose to convene an interim Board meeting; to examine financial information such as financial reports, business reports and profit distribution plans proposed to be submitted to the shareholders' general meeting by the Board of Directors, to conduct investigations if there are any doubts or irregularities in relation to the operation of the Bank, to appoint professional organs including accounting firms and law firms to assist its work when necessary and the relevant costs shall be borne by the Bank; and to exercise any other functions and powers conferred by applicable laws, administrative regulations, departmental rules, regulatory documents and the Articles of Association, and authorized by the shareholders' general meeting.

The Board of Supervisors has established an office as its daily work body, equipped with full-time staff responsible for the routine affairs and meeting organization of the Board of Supervisors and special committees.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### 7.2 Operating Model of the Board of Supervisors

This includes convening regular meetings of the Board of Supervisors, attending general meetings, attending the Board meetings, attending the relevant meetings of the senior management, reviewing various documents and materials from the senior management, receiving the work report and project report of the senior management, evaluating the annual performance of Directors and the senior management, conducting investigation and research on branch institutions, carrying out a variety of special investigations, etc. Through the above work, the Board of Supervisors monitors the Bank's operation and management, risk management and internal control, as well as the performance of duties of Directors and the senior management personnel. During the Reporting Period, the Board of Supervisors duly adhered to national economic and financial policies and regulatory requirements, further strengthened the Bank's practice in the key areas such as duty performance, risk management, financial management and internal control compliance based on strategic focus and actual needs of operation and development with an approach of insisting on the combination of target-orientation and issue-orientation. The Board of Supervisors performed its statutory supervising duties in an objective, impartial, scientific and effective manner, and played a positive role in the advancement of the Bank's quality development and the improvement of corporate governance.

### 7.3 Members of the Board of Supervisors

At the end of the Reporting Period, the Board of Supervisors consisted of a total of 4 Supervisors, including 2 external Supervisors: Mr. XU Changsheng (徐長生) and Mr. GENG Mingzhai (耿明齋); 2 employee Supervisors: Ms. HUANG Jinju (黃金菊) and Mr. HU Yue (胡躍). The members of the Board of Supervisors of the Bank are sufficiently professional and independent to perform their duties diligently and faithfully to ensure the effective performance of its supervisory role.

For details of the Supervisors and changes of Supervisors, please refer to the chapter headed "Directors, Supervisors, Senior Management, Staff and Institutions" of this Report.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### 7.4 Particulars of Meetings of the Board of Supervisors and Supervisor's Attendance

#### *Convening of Meetings*

During the Reporting Period, the Bank held a total of 8 Board of Supervisors meetings to consider and approved 23 major resolutions including the Annual Work Report of the Board of Supervisors, the Annual Work Report of the Special Committees of the Board of Supervisors, the Profit Distribution Plan, the Self-assessment Report on Internal Control and other matters.

Number and session of meeting	Date of convening	Date of disclosure	Resolutions of the meeting
The twelfth meeting of the seventh session of the Board of Supervisors	28 March 2024	29 March 2024	Considered and approved 2023 Work Report of the Board of Supervisors, 2023 Work Report of Nomination Committee of the Board of Supervisors, 2023 Work Report of the Supervision Committee of the Board of Supervisors, 2023 Annual Report and its summary, 2023 Profit Distribution Proposal, 2023 Social Responsibility (Environmental, Social and Governance) Report, Internal Control Self-assessment Report for 2023, 2023 Internal Control Audit Report and the Engagement of External Audit Firm for 2024
The thirteenth meeting of the seventh session of the Board of Supervisors	29 April 2024	30 April 2024	Considered and approved the Bank's First Quarterly Report of 2024, Assessment Report of the Board of Supervisors on the performance of the Board and its members in 2023, Assessment Report on the performance of the Board of Supervisors and its members in 2023, Assessment Report of the Board of Supervisors on the performance of the senior management and its members in 2023
The 2024 first extraordinary meeting of the seventh session of the Board of Supervisors	30 July 2024	31 July 2024	Considered and approved the Election of Interim Convener of the Seventh Session of the Board of Supervisors and the Adjustments to the Composition of the Special Committee of the Seventh Session of the Board of Supervisors

## CHAPTER V CORPORATE GOVERNANCE (Continued)

Number and session of meeting	Date of convening	Date of disclosure	Resolutions of the meeting
The fourteenth meeting of the seventh session of the Board of Supervisors	29 August 2024	30 August 2024	Considered and approved 2024 Interim Report and its Summary of the Bank
The 2024 second extraordinary meeting of the seventh session of the Board of Supervisors	4 September 2024	5 September 2024	Considered and approved the Disposal of Assets of the Bank
The fifteenth meeting of the seventh session of the Board of Supervisors	30 October 2024	31 October 2024	Considered and approved the Third Quarterly Report of 2024 of the Bank
The 2024 third extraordinary meeting of the seventh session of the Board of Supervisors	27 November 2024	28 November 2024	Considered and approved the nomination of candidates for external Supervisors of the Seventh Session of the Board of Supervisors of the Bank and the change of External Audit Firm
The 2024 first extraordinary meeting of the eighth session of the Board of Supervisors	18 December 2024	19 December 2024	Considered and approved the Election of Interim Convener of the Eighth Session of the Board of Supervisors of the Bank, the Election of the members of the Nomination Committee of the Eighth Session of the Board of Supervisors, the Election of members of the Supervision Committee of the Eighth Session of the Board of Supervisors

### ***Attendance at the General Meetings***

During the Reporting Period, Mr. ZHU Zhihui attended 2023 annual general meeting of the Bank and the remaining Supervisors attended the general meetings they were supposed to attend, and supervised the legal compliance of the procedures of meetings and the voting process on-site.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### ***Attendance at the Meetings of the Board of Supervisors***

Supervisor		Required attendance	Attendance in person	Attendance by proxy
External Supervisors	XU Changsheng	8	8	—
	GENG Mingzhai	8	8	—
Employee Supervisor	HUANG Jinju <sup>(1)</sup>	6	6	—
	HU Yue <sup>(1)</sup>	6	6	—
	LI Huaibin <sup>(2)</sup>	1	—	—
	CHEN Xinxiu <sup>(2)</sup>	2	2	—
	ZHU Zhihui <sup>(2)</sup>	7	3	3

#### *Notes:*

- On 18 July 2024, the meeting of the labour union committee of the Bank, upon deliberation and approval, elected Ms. HUANG Jinju and Mr. HU Yue as employee supervisors of the seventh session of the Board of Supervisors. During the Reporting Period, they should attend 6 meetings of the Board of Supervisors while they have actually attended 6 meetings.
- During the Reporting Period, Mr. LI Huaibin, who resigned for personal reasons, did not attend the twelfth meeting of the seventh session of the Board of Supervisors and did not appoint other Supervisors to vote on his behalf; Ms. CHEN Xinxiu, who resigned upon expiry of her term of office, should attend 2 meetings of the Board of Supervisors, while actually attended 2 meetings; Mr. ZHU Zhihui, who retired from the 2024 second extraordinary meeting, should attend 7 meetings of the Board of Supervisors, while actually did not attend the fourteenth meeting of the seventh session of the Board of Supervisors, nor appointed other Supervisors to vote on his behalf.

### ***Attendance at the Meetings of the Board and the Senior Management***

During the Reporting Period, the Board of Supervisors sent representatives to attend on-site meetings of the Board of Directors and supervised legal compliance of the meetings and procedures of voting as well as the attendance, speech and voting of Directors. The Board of Supervisors also sent representatives to attend the relevant meetings of the senior management and supervised the execution of resolutions of the Board of Directors by the senior management and the business conducted by the senior management according to the Articles of Association and the approval by the Board of Directors.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### 7.5 Special Committees of the Board of Supervisors

#### ***The Nomination Committee of the Board of Supervisors***

The Nomination Committee of the Board of Supervisors of the Bank consists of one external Supervisor and two employee Supervisors. The external Supervisor is Mr. GENG Mingzhai and the employee Supervisors are Ms. HUANG Jinju and Mr. HU Yue.

Primary duties of the Nomination Committee of the Board of Supervisors include: formulating the selection procedures and standards of Supervisors, preliminary reviewing the qualifications of supervisors and making recommendations to the Board of Supervisors; supervising the process of election and appointment of Directors; conducting overall assessment on the performance of duties by the Directors, Supervisors and senior management personnel and submitting reports to the Board of Supervisors; making proposals regarding the remuneration or allowance of the supervisors; any other matters under the authority granted by the Board of Supervisors.

During the Reporting Period, the Nomination Committee of the Board of Supervisors held a total of 4 meetings to consider and approve a number of resolutions including 2023 Work Report of the Nomination Committee of the Board of Supervisors, the Board of Supervisors' 2023 Assessment Report on the Duties Performed by the Board and Its Members, Board of Supervisors and Its Members and Senior Management and Its Members, nomination of candidates for employee Supervisors and external Supervisors.

#### ***Supervision Committee of the Board of Supervisors***

The Supervision Committee of the Board of Supervisors of the Bank consists of one external Supervisor and two employee Supervisors. The external Supervisor is Mr. XU Changsheng and the employee Supervisors are Ms. HUANG Jinju and Mr. HU Yue.

The primary duties of the Supervision Committee of the Board of Supervisors are supervising the Board of Directors to establish and adhere to prudent business philosophy and value standards and formulating development strategies that align with the actual situations of the Bank; monitoring the financial activities, business decision making, risk management and internal control of the Bank; conducting an economic liability audit towards directors and senior management when necessary; examining the periodic reports of the Bank prepared by the Board of Directors and submitting its written review opinions; supervising the scientific and reasonableness of the implementation of the remuneration management policy of the Bank and the remuneration plan for the senior management members; examining the financial information that shall be disclosed by the Bank to the public; guiding the work of the internal audit department of the Bank; other affairs authorized by the Board of Supervisors.

During the Reporting Period, the Supervision Committee of the Board of Supervisors held a total of 1 meeting, considered and approved a number of resolutions including 2023 Work Report of the Supervision Committee of the Board of Supervisors, and 2023 Annual Report and Its Summary of the Bank.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### 8 MANAGEMENT

#### 8.1 Duties and Powers

The management, as the executive body of the Bank, is responsible to the Board of Directors and subject to the supervision of the Board of Supervisors. The division of authority and powers between the management and the Board is determined in accordance with the Articles of Association and other corporate governance documents.

The Bank has 1 president and several vice presidents and assistants to the president, all of them are appointed or removed by the Board. The president is responsible to the Board. Approved and delegated by the Board of Directors, the president of the Bank exercises the following powers and rights: to take charge of the operations management of the Bank, arrange the implementation of the resolutions of the meetings of the Board of Directors and report the work to the Board of Directors; to submit annual business plans and investment proposals to the Board of Directors and arrange the implementation upon approval by the Board of Directors; to draft proposals on the establishment of the internal management departments and basic management systems of the Bank; to formulate specific regulations of the Bank; to propose to the Board of Directors to appoint or dismiss the vice presidents, assistants to the President, financial officers and other senior management personnel; to decide to appoint or dismiss persons in charge of the internal departments and branches of the Bank other than those to be appointed or dismissed by the Board of Directors, and determine their salaries, benefits, reward and punishment according to the remuneration reward and punishment scheme set up by the Board of Directors; to approve senior management members and persons in charge of internal departments and branches to conduct operational activities; to decide on the appointment and dismissal of the Bank's staff, and on matters relating to wages, benefits, reward and punishment; to adopt emergency measures when any material emergency occurs in the Bank and report them to the banking regulatory and administrative authorities under the State Council, the Board of Directors and the Board of Supervisors immediately; and to exercise other powers and rights conferred by applicable laws, administrative regulations, departmental rules, regulatory documents, regulations of the relevant regulatory authorities and the Articles of Association as well as those granted by the Board of Directors.

#### 8.2 Appraisal and Incentives

The Board of Directors determines the remuneration of senior management personnel of the Bank, deliberates and approves the remuneration packages for senior management personnel, and approves the Remuneration and Assessment Committee of the Board to formulate remuneration packages for senior management personnel and carry out performance appraisal for final determination of remuneration. The Bank determines the total annual remuneration of each senior management member based on the annual appraisal results on senior management in accordance with the relevant provisions of the Measures for Compensation and Performance Management of Senior Management Personnel.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### 9 JOINT COMPANY SECRETARY AND AUTHORIZED REPRESENTATIVES

On 29 April 2024, the Board of the Bank considered and approved to appoint Ms. HAN Huili as the joint company secretary and authorized representative of the Bank under Rule 3.05 of the Stock Exchange Listing Rules. She officially assumed her duties on 2 May 2024 upon obtaining the waiver granted by the Hong Kong Stock Exchange for the qualification of company secretary. In the meantime, Dr. NGAI Wai Fung resigned as the authorized representative of the Bank, acted as an alternate to the authorized representative and acted as the other joint company secretary of the Bank on 2 May 2024. Dr. NGAI Wai Fung's main liaison with the Bank is another joint company secretary, Ms. HAN Huili. Ms. HAN Huili and Dr. NGAI Wai Fung have undertaken no less than 15 hours of relevant professional training during the Reporting Period in accordance with Rule 3.29 of the Stock Exchange Listing Rules. For details, please refer to the announcements dated 29 April 2024 and 3 May 2024 published by the Bank on the website of the Hong Kong Stock Exchange.

### 10 SHAREHOLDERS' RIGHTS

#### 10.1 Convening of General Meetings

Pursuant to the Articles of Association and the Rules of Procedure of General Meetings, an extraordinary general meeting should be convened within two months upon request in writing by Shareholders holding individually or collectively 10% (inclusive) or more of the voting shares of the Bank (the "**Requesting Shareholders**").

General meetings should be convened by the Board. If the Board of Directors is unable to or unwilling to undertake its duties in convening a general meeting and the Board of Supervisors does not convene a general meeting, Shareholders individually or collectively holding more than 10% (inclusive) of the Bank's total voting Shares for more than 90 consecutive days (the "**Convening Shareholders**") may convene and preside over the meeting on a unilateral basis.

Any proposal to the Board of Directors for the convening of a general meeting should be made in writing. The Board of Directors should, in accordance with the laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of the meeting within 10 days after receiving such proposal.

In the event that the Board of Directors agrees to convene relevant meetings, the notice of relevant meetings should be issued within 5 days after the passing of the relevant resolution at the meeting of the Board of Directors. Any changes to the original proposal made in the notice require prior approval of the Shareholders concerned.

If the Board of Directors does not agree to convene such meetings or does not furnish any reply within 10 days after receiving such proposal, Requesting Shareholders have the right to propose to the Board of Supervisors for the convening of such meetings, provided that such proposal is made in writing.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

In the event that the Board of Supervisors agrees to convene relevant meetings, the notice of relevant meetings should be issued within 5 days after receiving such request. Any changes to the original proposal made in the notice require prior approval of the Shareholders concerned.

Failure of the Board of Supervisors to issue the notice of meeting within the required period is deemed a failure of the Board of Supervisors to convene and preside over it, and Convening Shareholders may convene and preside over the meeting on a unilateral basis.

### 10.2 Putting Forward Proposals at General Meetings

Shareholders individually or collectively holding 3% (inclusive) or more of the total outstanding voting shares (the “**Proposing Shareholders**”) have the right to put forward proposals in writing to the Bank. The Proposing Shareholders may submit provisional proposals in writing to the convener 10 days before the general meeting is convened. The convener should issue a supplementary notice of the general meeting within 2 days after receiving the provisional proposals.

### 10.3 Convening of Extraordinary Board Meeting

The chairman of the Board should convene and preside over an extraordinary board meeting within 10 days upon receipt of the proposal from Shareholders representing more than one-tenth (inclusive) voting rights.

### 10.4 Making Inquiries to the Board

Shareholders are entitled to supervise the business activities of the Bank and make recommendations or inquiries.

Shareholders are entitled to access relevant information in accordance with the laws, administrative regulations, departmental rules, regulatory documents, relevant regulations of the securities regulatory authorities of the places where the Shares of the Bank are listed, and the Articles of Association, including:

1. obtaining a copy of the Articles of Association upon payment of the costs thereof;

## CHAPTER V CORPORATE GOVERNANCE (Continued)

2. inspecting, free of charge, and photocopying, after paying a reasonable fee, the following documents:
  - (1) all parts of the register of Shareholders;
  - (2) personal information of Directors, Supervisors, the president and other senior management personnel of the Bank;
  - (3) the Bank's share capital;
  - (4) a report showing the total nominal value, quantity, highest and lowest prices of each class of Shares repurchased by the Bank since the previous fiscal year and all costs paid by the Bank in this regard;
  - (5) minutes of general meetings;
  - (6) special resolutions of the Bank;
  - (7) the latest audited financial statements, and reports of the Board of Directors, auditors and the Board of Supervisors; and
  - (8) a copy of the latest annual return filed with the PRC company register department or other competent authorities.

A Shareholder who requests to inspect any such information or obtain relevant data should provide written documentation to the Bank certifying the class and number of Shares held by him/her in the Bank. After verifying the identity of the Shareholder, the Bank should provide the Shareholder with the relevant information as requested.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### 11 COMMUNICATION WITH SHAREHOLDERS

#### Investor Relations

The Bank's Measures on Investor Relations Management aims to further standardize and strengthen the effective communication between the Bank and both existing and potential investors, enhance investors' understanding and recognition of the Bank, and standardize the Bank's investor relations management. Thus, we are able to refine our governance, enhance our investment value, and effectively protect the legitimate rights and interests of investors, especially minority investors. The Bank attaches importance to interactions with investors, and builds a bridge of communication for investors. The Bank communicates with investors through various channels including general meetings and results presentation conferences, and timely responds to investors' questions on the "EasyIR" platform of the SZSE. The Bank arranges special personnel to answer calls from investors, timely delivers the Bank's operation and development highlights to the market, so as to guide investors' reasonable expectations of the Bank and release the Bank's investment value. Therefore, upon annual review, the management is of the view that the Measures on Investor Relations Management of the Bank can be effectively implemented.

For enquiries to the Board, convening a general meeting or submitting a resolution to the general meeting according to the preceding paragraph or expressing opinions on matters affecting the Bank, investors may contact: The general office of Board of Directors of Bank of Zhengzhou Co., Ltd.

Address: 22 Shangwu Waihuan Road, Zhengdong New District, Zhengzhou City, Henan, PRC

Tel: +86-371-67009199 Fax: +86-371-67009898

Email: ir@zzbank.cn

#### Information Disclosure

The Board of Directors and senior management of the Bank place great importance on information disclosure. They rely on good corporate governance and sound internal control to ensure that investors have access to information in a timely and accurate manner.

In accordance with the Administrative Measures for Information Disclosure of Listed Companies 《(上市公司信息披露管理辦法)》, the Measures for Information Disclosure of Commercial Banks 《(商業銀行信息披露辦法)》, the SZSE Listing Rules and the Stock Exchange Listing Rules, the Bank performs its information disclosure obligation in accordance with the law and ensures the truthfulness, accuracy and completeness of the information disclosed. During the Reporting Period, the Bank published periodic reports and interim announcements on the websites of Hong Kong Stock Exchange, CNINFO (cninfo.com.cn) (巨潮資訊網), China Securities Journal 《(中國證券報)》, Shanghai Securities News 《(上海證券報)》, Securities Times 《(證券時報)》 and Securities Daily 《(證券日報)》 timely. Meanwhile, the full texts of the Bank's periodic reports and temporary announcements are available on the website of the Bank, and the annual reports are available for inspection by investors and stakeholders in the general office of the Board of Directors and main outlets of the Bank.

### 12 FINANCIAL, BUSINESS AND FAMILY RELATIONSHIP AMONG DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT PERSONNEL

The Directors, Supervisors and senior management personnel of the Bank do not have any relationship, including financial, business, family and other material relationships.

### 13 SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND RELEVANT EMPLOYEES

The Bank has adopted a code of conduct on terms no less exacting than the required standards in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Stock Exchange Listing Rules as the code governing securities transactions by Directors and Supervisors and relevant employees. After having made specific enquiries to all Directors and Supervisors, all Directors and Supervisors confirmed that they had complied with the above code during the Reporting Period.

The Bank is not aware of any Director, Supervisor and senior management personnel violating the restrictive share trading requirements under regulatory documents, including the Self-regulatory Guidelines for the Companies Listed on the Shenzhen Stock Exchange No. 1 – Standardized Operation of the Companies Listed on the Main Board, during the Reporting Period.

### 14 TRAINING AND RESEARCH OF DIRECTORS AND SUPERVISORS DURING THE REPORTING PERIOD

#### Training and Research of Directors

All Directors of the Bank are able to undertake their responsibilities, perform their duties, and learn the latest regulatory policies and related systems, so as to improve compliance awareness and ability to perform duties. During the Reporting Period, all Directors of the Bank participated in the capacity building training for independent directors held by China Association for Public Companies, and the special training on comprehensive punishment and prevention of financial fraud in the capital market of Henan held by Henan Association for Public Companies.

#### Training and Research of Supervisors

Each Supervisor of the Bank studied in depth the responsibilities and obligations of Directors, Supervisors and senior management personnel, coupled with research and learning on the latest regulatory policies and related systems, and continuously enhance supervision capabilities. During the Reporting Period, all Supervisors of the Bank participated in the thematic training of Supervisors organized by China Association of Public Companies on case analysis of supervisors of listed companies performing their financial-related duties and supervision and comprehensive punishment and prevention of financial fraud in Henan capital market organized by Henan Association for Public Companies, etc.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### 15 EXTERNAL AUDITORS

According to the Measures for State-owned Enterprises and Listed Companies to Select and Appoint Accounting Firms (Cai Kuai [2023] No.4) (《國有企業、上市公司選聘會計師事務所管理辦法》(財會[2023] 4號)), the Measures for State-owned Financial Enterprises to Select and Appoint Accounting Firms (Cai Jin [2020] No.6) (《國有金融企業選聘會計師事務所管理辦法》(財金[2020] 6號)), the disclosure rules of the stock exchange and relevant regulations, and comprehensively considering the business development, cost effectiveness and needs for audit services, as considered and approved at the 2024 second extraordinary general meeting of the Bank, the Bank appointed ShineWing Certified Public Accountants LLP to be responsible for providing audit, internal control audit and related services for its financial statements prepared in accordance with Chinese Accounting Standards for Enterprises in 2024, and appointed SHINEWING (HK) CPA Limited to be responsible for providing audit services for its financial statements prepared in accordance with International Financial Reporting Standards in 2024. The Bank's former accounting firms, Ernst & Young Hua Ming LLP and Ernst & Young ceased to serve as the external auditors of the Bank with effect from the date of consideration and approval at the Bank's 2024 second extraordinary general meeting. In 2024, the certified public accountants who signed the auditor's report of the financial statements, which was prepared in accordance with the Accounting Standards for Business Enterprises of the PRC by the Bank, were Mr. ZHANG Yuhu and Mr. GUO Feng; the certified public accountant who signed the auditor's report of the financial statements, which was prepared in accordance with the IFRS by the Bank, was Mr. Wong Chuen Fai. This was the first year ShineWing Certified Public Accountants LLP and SHINEWING (HK) CPA Limited provided audit services for the Bank.

During the Reporting Period, the Bank paid a total audit fee of RMB1.79 million to its former accounting firms, Ernst & Young Hua Ming LLP and Ernst & Young for the audit services of the first three quarters of 2024, and paid a total audit fee of RMB2.74 million (including internal control audit fee of RMB0.34 million) to ShineWing Certified Public Accountants LLP and SHINEWING (HK) CPA Limited for the audit services of 2024 in accordance with the allocation of audit resources and workload invested, and based on the principle of fairness and reasonableness. ShineWing Certified Public Accountants LLP's and SHINEWING (HK) CPA Limited's responsibility statements on the financial reports were set out in the auditor's reports of the A Share and H Share annual reports, respectively.

The Board and the Audit Committee of the Board agreed on the selection and appointment of the external auditors of the Bank without any disagreement.

The Audit Committee of the Board of the Bank strictly complied with relevant requirements of the CSRC, the SZSE and the Administrative Measures for State-owned Enterprises and Listed Companies to Select and Engage Accounting Firms (Caikuai [2023] No.4). By fully exerting the role of the special committee, it reviewed the relevant qualifications and ability to practice of the accounting firms conducting annual audits, fully discussed and communicated with the accounting firms during the audit period of the annual report, urged the accounting firms to issue their audit reports in a timely, accurate, objective and impartial manner, and effectively performed the supervisory responsibilities of the Audit Committee of the Board to accounting firms.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

Based on its assessment, the Bank considered that, in the course of conducting annual audits, ShineWing Certified Public Accountants LLP and SHINEWING (HK) CPA Limited had carried out independent audit in a fair and objective manner, demonstrated good professional ethics and professional competence, finished the relevant audits of the 2024 annual report of the Bank on time, their audit behaviors were standardized and orderly, and the reports issued were objective, complete, clear and timely.

### 16 RISK MANAGEMENT AND INTERNAL CONTROL

#### 16.1 Procedures for Identification, Assessment and Management of Material Risks

In order to handle major emergencies in the Bank in a timely and proper manner, effectively prevent and resolve risks, and maintain financial order and social stability, the Bank continuously enhanced its risk management system, strengthened its risk management policies and system construction, and improved the operational mechanisms of the risk management committee of the Board and the risk management committee of the senior management to play their roles on major risks and internal control matters, while improving the comprehensive assessment system on of risk management of the branches. The Bank has formulated the Administrative Measure for the Reporting of Major Emergencies 《(重大突發事件報告管理辦法)》, which provide that major emergencies should be classified by nature and business type and be reported, filed and managed by different departments accordingly in a timely, accurate, true and comprehensive manner.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### 16.2 Risk Management Responsibility of the Board

The Board of Directors is well aware of its responsibility for implementing risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable but not absolute guarantee against material misstatements or losses. In accordance with relevant laws and regulations including the Comprehensive Risk Management Guidelines for Financial Institutions in the Banking Industry 《(銀行業金融機構全面風險管理指引)》, the Guidelines for Internal Control of Commercial Banks 《(商業銀行內部控制指引)》, and code provisions D.2.1 and D.2.2 set out in Part 2 of the Corporate Governance Code, the Board has formulated the Basic Rules for Comprehensive Risk Management, the Measures for Risk Appetite Management, the Measures for Management of Risk Limits, the Measures for Management of Internal Control, and has established and implemented risk management and internal control systems. The Board is also responsible for timely reviewing the effectiveness of such measures and systems, reviewing risk control principles, objectives and policies of the Bank, determining the acceptable risk exposure, ensuring that the senior management takes necessary risk control measures, and supervising the senior management's monitoring and assessment of the adequacy and effectiveness of the risk management and internal control systems. The Bank reviews the effectiveness of the risk management and internal control systems of the Bank and its subsidiaries at least once a year. During the Reporting Period, the Bank revised the Measures for Information Technology Risk Management, the Implementation Rules for Information Technology Risk Monitoring, the Implementation Rules for Expected Credit Loss Approach, the Management Measures for Operational Continuation and other systems, further enhanced the institutional responsibilities for risk governance and management process. The Board of Directors has formulated the Risk Appetite Statement for the year 2024, which sets out clear management requirements for various types of risks and determines the direction of the Bank's risk management; meanwhile, the Board reviewed and listened to the Bank's comprehensive risk management report, risk assessment report and other reports, which has been reviewed by the risk management committee of the Board of the Bank, on a semi-annual or annual basis, which cover the occurrence, impact and countermeasures of various types of risks, such as credit risk, liquidity risk, etc., and provide important references for the Board of Directors' decision-making. During the Reporting Period, the Board believes that the risk management and internal control systems developed and implemented by the Bank were adequate and effective.

### 16.3 Characteristics of the Risk Management System

The Bank has continuously established comprehensive risk management systems, improved comprehensive risk management policies and procedures, ensured the implementation of policies, conducted self-assessment of comprehensive risk management systems, and enhanced self-discipline mechanisms. We combine qualitative and quantitative methods to identify, measure, evaluate, monitor, report, control or mitigate various risks including but not limited to credit risk, market risk, liquidity risk, operational risk, reputation risk, information technology risk and major ESG-related risk, while carefully evaluating the interrelated impact between various risks. The Bank's risk management system comprises the following elements: risk management framework, risk appetite and risk limits, risk management policies and procedures, management information system, internal control and audit systems, etc.

### 16.4 Development and Implementation of Internal Control

During the Reporting Period, the Bank continued to improve the internal control system, strengthened supervision and inspection and problem rectification, focused on advancing the execution competence of the systems. The Bank continued to promote and implement the compliance culture, and improved the compliance awareness of all employees. Firstly, we formulated and implemented the annual work plan, deployed and arranged the annual system sorting out, risk identification and assessment, compliance inspection, compliance training and culture construction, case prevention and control, etc.; secondly, we promoted system sorting, continued to establish rules and regulations, strictly controlled system review, and continuously improved the internal control system; thirdly, we organized risk identification and assessment, identified risks in business products and management processes, and evaluated the effectiveness of control measures; fourthly, we coordinated and promoted supervision and inspection, carried out the three lines of defense sequentially, coordinated and cooperated, focused on the rectification of root problems, advanced the execution competence of the systems, and improved internal control mechanisms; fifthly, we promoted and implemented the compliance culture by conducting self-examination on the implementation of the industry regulation such as the Self-Discipline Convention of the Banking Industry of China, signing responsibility letter for case prevention target, compiling and distributing special issues on legal compliance, formulating compliance red lines, and organizing legal compliance knowledge competitions, implementing legal compliance case prevention training, etc., so as to continue to improve the compliance awareness of all employees.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### 16.5 Internal Control Assessment

#### *Assessment of effectiveness*

##### **16.5.1 Particulars of Major Internal Control Defects Discovered During the Reporting Period**

During the Reporting Period, the Bank found no major defects on internal control.

##### **16.5.2 Self-assessment Report on Internal Control**

Date of full-text disclosure of internal control assessment report	28 March 2025
Websites for full-text disclosure of internal control assessment report	CNINFO (www.cninfo.com.cn) Website of the Bank (www.zzbank.cn)
The proportion of the total assets of entities covered by the assessment in the total assets in the consolidated financial statements of the Bank	100.00%
The proportion of the operating income of entities covered by the assessment in the operating income in the consolidated financial statements of the Bank	100.00%

#### **Defect recognition criteria**

<b>Category</b>	<b>Financial reports</b>	<b>Non-financial reports</b>
Qualitative criteria	Qualitative criteria for identifying a material weakness: a deficiency, or a combination of deficiencies, in internal control of financial reporting, such that there is a reasonable possibility that a material misstatement of financial statements will not be prevented or detected and corrected on a timely basis. Signs of material weaknesses include but are not limited to: directors, supervisors or senior management personnel commit fraud or other malpractice; there are material misstatements in the published financial statements; material or significant weaknesses in internal control of financial reporting have not been rectified; the supervision over internal control of financial reporting is ineffective.	Qualitative criteria for identifying a material weakness: a deficiency or a combination of deficiencies that has a material negative impact on legal compliance, asset safety, improvement of operating efficiency and effectiveness, achievement of development strategies and other internal control objectives. Signs of material weaknesses include but are not limited to: material decision-making mistakes; serious violations of national laws and regulations and consequent severe penalties; frequent and extensive negative news in the media; overall ineffective control systems for important business activities.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### Defect recognition criteria

Category	Financial reports	Non-financial reports
	<p>Qualitative criteria for identifying a significant weakness: a deficiency, or a combination of deficiencies, in internal control of financial reporting, such that there is a reasonable possibility that a misstatement of financial statements, which is not material but important enough to merit attention by the Board of Directors and the management, will not be prevented or detected and corrected on a timely basis. Signs of important weaknesses include but are not limited to: failure to select and apply accounting policies in accordance with generally accepted accounting standards, no anti-fraud procedures and control measures have been established; for the accounting treatment of unconventional or special transactions, the corresponding control mechanisms have yet to be established or implemented and there is a lack of remedial control measures; there are one or more deficiencies in the control of the financial reporting process at the end of each reporting period and there is no reasonable assurance that financial statements will be prepared in a true and complete manner.</p> <p>Qualitative criteria for identifying a general weakness: any other weakness in internal control of financial reporting that does not constitute a material or significant weakness.</p>	<p>Qualitative criteria for identifying a significant weakness: a deficiency or a combination of deficiencies that has a significant negative impact on legal compliance, asset safety, improvement of operating efficiency and effectiveness, achievement of development strategies and other internal control objectives. Signs of important weaknesses include but are not limited to: significant decision-making mistakes; serious losses arising from violation of internal rules and regulations; negative news in the media with limited impact; significant mistakes in the design and control of systems for important business activities.</p> <p>Qualitative criteria for identifying a general weakness: any other weakness in internal control over non-financial reporting activities that does not constitute a material or significant weakness.</p>

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### Defect recognition criteria

Category	Financial reports	Non-financial reports
Quantitative criteria	<p>Quantitative criteria for identifying a material weakness: the amount of misstatement in the financial statements that may be caused by the underlying internal control weakness meets the condition that the amount of misstatement <math>\geq 5\%</math> of the total profit before tax in the consolidated income statement for the current year.</p> <p>Quantitative criteria for identifying a significant weakness: the amount of misstatement in the financial statements that may be caused by the underlying internal control weakness meets the condition that <math>0.25\%</math> of the total profit before tax in the consolidated income statement for the current year <math>\leq</math> amount of misstatement <math>&lt; 5\%</math> of the total profit before tax in the consolidated income statement for the current year.</p> <p>Quantitative criteria for identifying a general weakness: the amount of misstatement in the financial statements that may be caused by the underlying internal control weakness meets the condition that the amount of misstatement <math>&lt; 0.25\%</math> of the total profit before tax in the consolidated income statement for the current year.</p>	<p>Quantitative criteria for identifying a material weakness: the direct property loss that may be caused by the underlying internal control weakness meets the condition that the direct property loss <math>\geq 5\%</math> of the total profit before tax in the consolidated income statement for the current year.</p> <p>Quantitative criteria for identifying a significant weakness: the direct property loss that may be caused by the underlying internal control weakness meets the condition that <math>0.25\%</math> of the total profit before tax in the consolidated income statement for the current year <math>\leq</math> direct property loss <math>&lt; 5\%</math> of the total profit before tax in the consolidated income statement for the current year.</p> <p>Quantitative criteria for identifying a general weakness: the direct property loss that may be caused by the underlying internal control weakness meets the condition that the direct property loss <math>&lt; 0.25\%</math> of the total profit before tax in the consolidated income statement for the current year.</p>
Number of major defects in financial reports	0	
Number of major defects in non-financial reports	0	
Number of important defects in financial reports	0	
Number of important defects in non-financial reports	0	

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### 16.6 Audit Report on Internal Control

Review opinions in the audit report on internal control

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ShineWing Certified Public Accountants LLP is of the view that as at 31 December 2024 Bank of Zhengzhou had maintained effective internal control over its financial reporting in all material aspects in accordance with the Basic Rules for Internal Control of Enterprises and other relevant regulations.

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Disclosure of the audit report on internal control	Disclosed
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Date of full-text disclosure of the audit report on internal control	28 March 2025
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Websites for full-text disclosure of the audit report on internal control	CNINFO (www.cninfo.com.cn) Website of the Bank (www.zzbank.cn)
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Type of opinion in the audit report on internal control	Standard unqualified opinion
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Whether there are major defects in non-financial reports	No
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The audit report on internal control issued by the accounting firm is consistent with the self-assessment report of the Board.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### 17 INTERNAL AUDIT

Pursuant to the requirements of the Guidelines for Internal Audit of Commercial Banks 《(商業銀行內部審計指引)》 and the Guidelines for Internal Control of Commercial Banks 《(商業銀行內部控制指引)》, the Bank has established an independent and vertical internal audit management system where an internal audit office of the Board is established to be responsible for the organization and management of the internal audit of the Bank. The internal audit office of the Board is subordinate to the Board of the Bank. Under the leadership of the Party Committee of the Board and the guidance of the Audit Committee of the Board, it conducts business operations, risk management and internal control compliance independently of the Bank.

The internal audit department of the Bank strictly implements the corporate culture of “professional, fine and iron army”, adheres to the working philosophy of “integrity, innovation, practicality and enthusiasm”, closely focuses on strategic guidance and the overall goal of the reform and development of the Bank. It also strictly performs the audit supervision responsibilities to inspect the business operation, risk management and internal control compliance of the whole bank. During the Reporting Period, the internal audit department of the Bank adhered to be risk-oriented and problem-oriented, actively adjusted to the needs for risk management situation, continuously expanded the coverage of audit and supervision, constantly strengthened audit supervision, followed up the correction of identified audit problems, and effectively improved the quality and efficiency of internal audit.

### 18 SELF-INSPECTION AND RECTIFICATION OF PROBLEMS IN THE SPECIAL ACTION ON GOVERNANCE OF LISTED COMPANIES

The Bank found no problems in the self-inspection of problems under the special action on governance of listed companies.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### 19 INSIDE INFORMATION MANAGEMENT

The Board is responsible for disclosing information of the Bank, which includes enacting standard procedures and methods in relation thereto and reviewing information to be disclosed, and it also assumes liabilities for the truthfulness, accuracy and completeness of the information disclosed. The information disclosure of the Bank is subject to the supervision of regulators and the Board of Supervisors. The chairman of the Board is the primary person responsible for implementing the management measures for information disclosure, while the secretary to the Board is in charge of its execution and the general office of the Board deals with the daily work thereof.

The Bank enacted the Management System for Information Disclosure Affairs 《(信息披露事務管理制度)》 and Insider Information and Insider Registration Management System 《(內幕信息及知情人登記管理制度)》 based on domestic and overseas laws, regulations and other regulatory documents such as the Company Law, the Securities Law, Measures for Information Disclosure of Commercial Banks 《(商業銀行信息披露辦法)》, and the SZSE Listing Rules and the Stock Exchange Listing Rules, in order to ensure confidentiality of the Bank's inside information, safeguard the fairness in information disclosure and protect the legal rights of investors.

The Bank makes information disclosure and manages inside information in strict compliance with the regulatory requirements and specifies the principles, contents, management and procedures for information disclosure in the Management System for Information Disclosure Affairs, which also provides for the coverage, insider limits and registration, and the security management of inside information as well as punishment for divulging inside information, etc.

During the Reporting Period, the Bank not only stringently complied with the regulatory requirements of domestic and overseas regulators, but also intensified its management rules and enhanced the security measures of its inside information as well as disclosing relevant information timely according to requirements. There was no incident of breaching the confidentiality of inside information.

### 20 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

During the Reporting Period, in accordance with the Company Law of the PRC, the Guidelines for the Articles of Association of Listed Companies, the Corporate Governance Standards for Banking and Insurance Institutions, and taking into account the actual situation of the Bank, the Bank amended certain provisions of the Articles of Association, which were considered and approved at the 2024 first extraordinary general meeting of the Bank.

The Articles of Association have been approved by the banking regulatory authorities. For the full text, please see the announcement dated 2 January 2025 published by the Bank on the website of CNINFO and the website of the Hong Kong Stock Exchange.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

### 21 PROTECTION OF CONSUMER RIGHTS

During the Reporting Period, the Bank conscientiously implemented the requirements of regulatory authorities and fully leveraged the coordination mechanism of various departments and actively carried out the protection of consumer rights. The Bank adhered to the people-centered development philosophy, implemented the concept of “serving the people with financial resources”, incorporated protection of consumer rights into corporate governance, construction of enterprise culture and operation and development strategies to take company development and social responsibilities into overall considerations, and constantly improved the construction of management system and system and mechanism for protection of consumer rights. The Bank penetrated the requirements on protection of consumer rights into all aspects of the business process, strengthened important measures on protection of consumer rights, constantly improved its management and services, so as to protect the legitimate rights and interests of financial consumers according to law and continue to improve the recognition and satisfaction of financial consumers.

The Bank further improved the working system and operation mechanism for protection of financial consumers' rights, and built a full range of working system for protection of consumer rights. During the Reporting Period, the Bank added and revised 9 rules and regulations on protection of consumer rights, and improved the working mechanisms for consumer rights protection review, diversified resolution of financial disputes, personal information protection, management of cooperative institutions, traceability of sales behavior, financial knowledge education and promotion, internal assessment and others. The Bank expanded the consumer rights protection team, sent the key staff involved in the protection of consumer rights and interests to attend special training courses for the protection of consumer rights and interests, carried out various training sessions related to the protection of consumer rights and interests according to the characteristics of front-line staff, and enhanced the professional competence and handling capabilities of staff involved in the protection of consumer rights and interests. The Bank strengthened the mechanism and system for complaint management, enhanced traceability governance, actively responded to customers' demands and addressed the problems reflected by customers, so as to enhance customers' satisfaction with products and services from banks. The Bank proactively assumed primary responsibility and strengthened the prevention and resolution of complaints. During the Reporting Period, the Bank handled 2,405 customer complaints with a complaint handling rate of 100%. The types of business received complaints were mainly focused on loans, bank cards and others. The regions that received complaints were mainly focused on Zhengzhou, Shangqiu, Xuchang and others.

## CHAPTER V CORPORATE GOVERNANCE (Continued)

The Bank proactively performed its social obligation of propaganda and education on financial consumer rights protection. Through the combination of online and offline propaganda and education model, the Bank focused on consumers' concerns and demands, continued to promote financial propaganda and education from multi-levels and multi-dimensions, so as to achieve forms with warmth, contents with depth and activities with strength. During the Reporting Period, the Bank arranged and rolled out a number of publicity campaigns such as education and publicity to financial consumer during the Spring Festival, promotion on Consumer Rights Day, financial knowledge promotion month, popularizing financial knowledge activity and delivering financial knowledge to community, to schools and to countries, County-wild Consumer Rights Protection Activity. Leveraging on WeChat public account, video accounts, official website and other platforms, the Bank continued to share cases online, such as Risk-Related Case Study: Beware of Illegal "Agency Rights Protection" and Risk-Related Case Study: Prevention of Telecom and Cyber Fraud, and sent welfare messages to "the elderly and the juvenile" and "new citizens." Offline and normalized educational propaganda was staged "in countries, in communities, on campus, in enterprises and in business districts", so as to actively fulfil social responsibilities and enhance the coverage of inclusive financial services. During the Reporting Period, 1.69 million of person-time were benefited from the educational propaganda for financial consumers by the Bank.

### 22 WHISTLE-BLOWING AND ANTI-CORRUPTION POLICIES

The Bank regarded the anti-corruption work as an important starting point to promote high-quality development of the Bank and safeguard financial security and stability, strictly complied with the Disciplinary Regulations of the Communist Party of China and other laws and regulations, and formulated the Administrative Measures for Employees of Bank of Zhengzhou, the Administrative Measures on Handling of and Punishment for Violations of Prohibitions, Rules and Disciplines by Staff of Bank of Zhengzhou and other regulations and rules, working on the establishment of punitive and preventive measures against corruption. The Bank improved the swindle prevention working mechanism, carried out special training on swindle prevention to cadres and employees to enhance their awareness of integrity and self-discipline and the ability to resist corruption and prevent changes.

The Bank designated a special department to collaborate in the establishment of a reporting mechanism to investigate and deal with violations of law and unusual behavior by employees, and case clues, and to implement protection for whistleblowers.

# CHAPTER VI REPORT OF THE BOARD OF DIRECTORS

## 1 PRINCIPAL BUSINESS AND BUSINESS REVIEW

The Bank is primarily engaged in the PRC banking and related financial services, including corporate banking, retail banking, treasury operation and other businesses.

Disclosure of major activities during the Reporting Period as required by section 390 of, and further discussion and analysis of the business review as required by Schedule 5 to the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including the key risks and uncertainties faced by the Group, the possible future development plan of the Group's business and the Bank's compliance with laws and regulations, are set out in the sections headed "Corporate Information and Major Financial Indicators", "Management Discussion and Analysis", "Significant Events" and "Report of the Board of Supervisors" of this Report. Such discussions form an integral part of this "Report of the Board of Directors".

## 2 PROFIT DISTRIBUTION

### 2.1 Formulation, Implementation or Adjustment of Profit Distribution Policy for Ordinary Shares

The Bank formulated and implemented the cash dividend policy in accordance with the requirements of laws and regulations and the Articles of Association, taking into account the Bank's actual situation and regulatory requirements. The decision-making procedures and mechanisms are well-established, in which the independent non-executive Directors have performed their duties and roles in good faith. Minority Shareholders have been given the opportunity to fully express their opinions and demands, and their legitimate rights and interests have been fully protected. During the Reporting Period, no adjustments or changes were made in cash dividend policy.

### 2.2 Profit Distribution and Capitalization Issue

The Bank's 2023 Profit Distribution Plan: After being considered and approved by the 2023 AGM, the Bank did not distribute any cash dividends, and did not issue bonus Shares or new Shares by way of capitalization issue in 2023.

The Bank's 2024 Profit Distribution Proposal:

Number of bonus shares for every 10 Shares (Shares)	–
Dividends for every 10 Shares (RMB) (tax inclusive)	0.20
Number of new Shares issued by way of capitalization for every 10 Shares (Shares)	–
Basis of share capital in distribution proposal (Shares)	9,092,091,358
Amount of cash dividends (RMB'000) (tax inclusive)	181,842
Amount of cash dividends paid by other means (e.g. share repurchase) (RMB'000)	–
Total cash dividends (including those paid by other means) (RMB'000)	181,842
Distributable profits (RMB'000)	16,300,675
Total cash dividends (including those paid by other means) as a percentage of total profit distribution (%)	100

## CHAPTER VI REPORT OF THE BOARD OF DIRECTORS (Continued)

### ***Cash dividends***

Where the company is in a developing stage with substantial capital expenditure arrangements, the dividend distributed in the form of cash shall be at least 20% of the profit distribution.

### ***Particulars of the profit distribution and capitalization issue plan***

In 2024, net profit attributable to Shareholders of the Bank under the consolidated financial statements of the Bank audited by ShineWing Certified Public Accountants LLP amounted to RMB1,875,762 thousand. In accordance with the requirements of the existing Accounting Standards for Business Enterprises and the Articles of Association, the audited net profit attributable to the parent company of the Bank amounted to RMB1,863,727 thousand; after deducting interests on indefinite-term capital bonds paid in November 2024 amounting to RMB480,000 thousand, the profit of the year available for distribution to Ordinary Shareholders amounted to RMB1,383,727 thousand. The proposed 2024 plan for profit distribution is as follows:

1. 10% of the net profit, equivalent to RMB186,373 thousand, will be appropriated as statutory surplus reserve.
2. RMB876,000 thousand will be appropriated as general risk reserve.
3. It is proposed to distribute a cash dividend of RMB0.20 (inclusive of tax) per 10 shares to the Ordinary Shareholders on the register of members as at the date of equity distribution. Based on the Bank's total Ordinary Share capital of 9,092,091,358 Shares as of 31 December 2024, the total cash dividends amounted to RMB181,842 thousand, representing 9.69% of the net profit attributable to Shareholders of the Bank in the consolidated statement during the year.
4. The remaining undistributed profit will be carried forward to next year.

The Bank's profit distribution plan for the 2024 fiscal year has been taken into consideration the following factors: Firstly, as the structural adjustment of the domestic economy continues to deepen, the Bank has fully implemented major national and provincial strategic deployments, firmly supporting the overall development of the local economy, and fully supporting local economic development. At the same time, the Bank's revenue level has been affected by factors such as a narrowing interest rate spread. Secondly, the Bank has effectively implemented government decision-making arrangements at all levels, increased efforts in disposing of risk assets, and retained undistributed profits in compliance with regulatory guidance to further enhance its risk resistance capabilities and provide strong support for stable operations. Thirdly, due to current regulatory policies, the Bank's external capital replenishment channels are limited, and retaining profits for internal replenishment is the main effective way to ensure an adequate level of capital. The Bank's retained undistributed profits will be used to supplement its core Tier 1 capital, improve its capital adequacy level, support the Bank's high-quality development, and protect the long-term interests of investors. The Bank's shareholders' meeting will also provide a network voting channel to facilitate the participation of small and medium shareholders in decision-making.

## CHAPTER VI REPORT OF THE BOARD OF DIRECTORS(Continued)

Looking forward, the Bank will continue to deepen high-quality development, effectively improve the quality and efficiency of financial services, contribute to the development of the local economy, and create long-term returns for investors. Firstly, we will closely follow national macroeconomic policies and regional economic development plans, increase lending to the real economy, enhance our ability to serve the real economy, optimize financial services and product offerings, and strengthen market competitiveness and sustainable development capabilities. Secondly, we will focus on managing interest rate spreads and expanding non-interest income, improve profitability, and maintain stable operating indicators. We will also optimize the asset-liability structure to stabilize interest rate spreads. On the asset side, we will control the loan structure, progress, and interest rates to improve asset returns. On the liability side, we will use measures such as optimizing the liability maturity structure and differentiated pricing by region to finely control the liability structure and reasonably reduce interest costs gradually. At the same time, we will enhance our ability to conduct financial market transactions and expand non-interest income. Thirdly, we will solidify asset quality by increasing the collection of risk assets and strengthening the management of write-off business to ensure the sustainability of profitability. We will adhere to a prudent and conservative risk culture and risk appetite, strengthen policy research, continuously improve the risk management framework that adapts to market positioning and business levels, and enhance risk prevention and control capabilities.

The proposal will be submitted to the general meeting of the Bank for deliberation.

### 2.3 Dividend Tax

The Bank's shareholders pay the relevant taxes in accordance with the tax regulations and enjoy possible tax deductions and exemptions according to the actual circumstances, and should consult professional tax and legal advisors for advice on specific payment matters. As of the end of 2024, the relevant tax regulations are as follows:

#### ***Holders of A Shares***

For individual shareholders, according to the provisions of the Circular on Issues Concerning the implementation of Differentiated Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (Cai Shui [2012] No. 85) and the Circular on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (Cai Shui [2015] No. 101) issued by the MOF, the State Administration of Taxation and the CSRC, where an individual acquires the shares of a listed company from public offering of the company or from the stock market, for a holding period of not more than one month (inclusive), the dividends and bonuses paid on such shares shall be included into his taxable income in full amount; for a holding period of more than one month but not more than one year (inclusive), 50% of the dividends and bonuses paid on such shares shall be included into his taxable income; for a holding period of more than one year, the dividends and bonuses paid on such shares are temporarily exempted from individual income tax. The above income is subject to a uniform 20% tax rate for individual income tax. For shareholders being securities investment funds, their dividend income shall also be subject to the above provisions.

## CHAPTER VI REPORT OF THE BOARD OF DIRECTORS (Continued)

For shareholders being resident enterprises, according to the provisions of paragraph (2) of Article 26 of the Corporate Income Tax Law, dividends, bonuses and other equity investment income between eligible resident enterprises are tax-free income. According to the provisions of Article 83 of the Regulations on the Implementation of the Corporate Income Tax Law, the “dividends, bonuses and other equity investment income between eligible resident enterprises” as mentioned in the provisions of paragraph (2) of Article 26 of the Corporate Income Tax Law refers to equity investment income, such as dividends and bonuses, from direct investment by resident enterprises in eligible resident enterprises, excluding the investment income obtained by continuously holding shares publicly issued and listed by resident enterprises for less than 12 months.

For non-resident enterprise shareholders, according to the provisions of the Corporate Income Tax Law” and the Regulations on the Implementation of the Corporate Income Tax Law, the dividend income obtained by non-resident enterprises shall be taxed at a reduced rate of 10%.

For Qualified Foreign Institutional Investors (QFIs), according to the Circular of the State Administration of Taxation on Issues Concerning the Withholding and Payment of Corporate Income Tax on Dividends, Bonus and Interest Paid by PRC Resident Enterprises to QFIs (Guo Shui Han [2009] No. 47), listed companies shall withhold and remit corporate income tax for QFIs at a rate of 10%. QFI shareholders who wish to enjoy tax treaty (arrangement) benefits may apply to the competent tax authority for tax benefits in accordance with the relevant provisions of the tax treaty, and the competent tax authority shall follow such provisions after verification thereof. Where tax refund is involved, an application for tax refund may be made to the competent tax authority in a timely manner after dividends and bonuses are obtained.

### ***Holders of H Shares***

For overseas non-resident enterprise shareholders, pursuant to the applicable provisions of the Corporate Income Tax Law of the People’s Republic of China and its implementing regulations and the Notice of the State Administration of Taxation on Issues Concerning the Withholding of Enterprise Income Tax on Dividends Paid by PRC Resident Enterprises to Offshore Non-resident Enterprise Holders of H Shares (Guo Shui Han [2008] No. 897) (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) and a letter from the Hong Kong Stock Exchange entitled Tax Arrangements for Hong Kong Residents Paying Dividends in Respect of Mainland Enterprises, the Bank shall withhold and remit corporate income tax at a rate of 10% when distributing final dividends to non-resident enterprise holders of H Shares (including H Shares registered in the name of HKSCC Nominees Limited).

## CHAPTER VI REPORT OF THE BOARD OF DIRECTORS(Continued)

For overseas non-resident individual shareholders, pursuant to the applicable provisions of the Individual Income Tax Law of the People's Republic of China and its implementing regulations as well as the Notice of the State Administration of Taxation on Issues 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) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), the overseas resident individual shareholders of a domestic non-foreign-invested enterprise which issued stocks in Hong Kong are entitled to relevant preferential tax treatments in accordance with the tax treaties entered into by and between the countries they are from and China as well as the taxation arrangement between the Mainland China and Hong Kong (Macau). An individual income tax shall be withheld at a preferential tax rate of 10% generally for dividends paid to overseas resident individual shareholders by the domestic non-foreign-invested enterprise which issued stocks in Hong Kong, unless otherwise required by the regulations of relevant tax laws and tax conventions.

Generally, the Bank will withhold and remit individual income tax for holders of H Shares in accordance with the above arrangements, but if the tax authorities require otherwise, the Bank will follow their requirements.

For tax issues concerning Shenzhen-Hong Kong Stock Connect, the provisions of the Circular on Taxation Policies Concerning the Pilot Program of a Mechanism for Mutual Stock Market Access Between Shenzhen and Hong Kong (Cai Shui [2016] No. 127) issued by the MOF, the State Administration of Taxation and the CSRC shall apply.

### 3 SHARE CAPITAL AND SUBSTANTIAL SHAREHOLDERS

For details of the share capital and substantial Shareholders of the Bank, please refer to the chapter headed "Changes in Share and Information on Shareholders" of this Report.

### 4 ISSUANCE OF DEBT SECURITIES

For details of the issuance of debt securities of the Bank, please refer to the paragraph headed "Issuance and Repurchase of Bonds" in the chapter headed "Significant Events" of this Report.

### 5 USE OF PROCEEDS

For details of the use of proceeds of the Bank, please refer to the chapter headed "Management Discussion and Analysis" of this Report.

### 6 RESERVES

Details of movements in the reserves of the Bank for the Reporting Period are set out in the consolidated statement of changes in Shareholders' equity. The total reserves available for profit distribution as at the end of the Reporting Period was RMB15,638 million.

### 7 FIXED ASSETS

Details of movements in the fixed assets of the Bank are set out in Note 25 Property and equipment to the chapter headed "Independent Auditor's Report" of this Report.

## CHAPTER VI REPORT OF THE BOARD OF DIRECTORS (Continued)

### 8 CONNECTED TRANSACTIONS

In the ordinary and usual course of business, the Bank offers commercial banking services and products to the public in China, including certain connected persons of the Bank such as the Shareholders, Directors, Supervisors, president and/or their respective associates. Pursuant to the Stock Exchange Listing Rules, such transactions, being conducted on normal commercial terms in the ordinary and usual course of the business of the Bank, shall be exempt from the reporting, annual review, disclosure and independent Shareholders' approval requirements under Chapter 14A of the Stock Exchange Listing Rules. The independent non-executive Directors of the Bank have reviewed all of their connected transactions and acknowledged that they had complied with the requirements under Chapter 14A of the Stock Exchange Listing Rules.

The definition of connected persons under Chapter 14A of the Stock Exchange Listing Rules is different from the definition of related parties under International Accounting Standard, and its interpretations by the International Accounting Standards Board. Some of the Bank's related party transactions also constitute connected transactions or continuing connected transactions as defined under the Stock Exchange Listing Rules, but none of them constitutes non-exempt, discloseable and connected transactions under the Stock Exchange Listing Rules.

### 9 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details regarding the Directors, Supervisors and senior management of the Bank are set out in the chapter headed "Directors, Supervisors, Senior Management, Staff and Institutions" of this Report, and constitute a part of this "Report of the Board of Directors".

### 10 INTERESTS OF DIRECTORS AND SUPERVISORS IN BUSINESS IN COMPETITION WITH THE BANK

None of the Directors or Supervisors of the Bank holds any interest in any business which competes or is likely to compete, whether directly or indirectly, with that of the Bank.

### 11 REMUNERATION OF THE DIRECTORS AND SUPERVISORS, AND RETIREMENT BENEFITS

Details of the remuneration of the Directors and Supervisors are set out in the chapter headed "Directors, Supervisors, Senior Management, Staff and Institutions" of this Report. Retirement benefits offered by the Bank to employees are set out in Accrued staff costs in Note 34 Other liabilities to the financial statements in the chapter headed "Independent Auditor's Report" of this Report.

### 12 SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

During the Reporting Period, none of the Directors or Supervisors entered into a service contract with the Bank which was not determined by the Bank within one year without payment of compensation (other than statutory compensation).

## CHAPTER VI REPORT OF THE BOARD OF DIRECTORS(Continued)

### 13 INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

As at the end of the Reporting Period, the interests of Directors, Supervisors and chief executive officer in the Shares, underlying Shares and debentures of the Bank or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Stock Exchange Listing Rules were set out as follows:

Name	Position	Class of Shares	Nature	Number of Shares held directly or indirectly (Shares) (Long position)	Percentage of the relevant class of Shares in issue (%)	Percentage of all Ordinary Shares in issue (%)
WANG Shihao <sup>(Note)</sup>	Director	A Shares	Beneficial owner	24,200	0.00034	0.00027

*Note:* In March 2025, Mr. WANG Shihao ceased to be a Director of the Bank.

Save as disclosed above, none of the Directors, Supervisors or chief executive held any interests or short positions in the Shares, underlying Shares and debentures of the Bank or its associated corporations as at the end of the Reporting Period.

### 14 MATERIAL INTERESTS OF DIRECTORS AND SUPERVISORS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During the Reporting Period, neither the Bank nor any of its subsidiaries entered into any significant transaction, arrangement or contract in which the Directors or Supervisors or entity connected with the Directors or Supervisors directly or indirectly had a material interest.

### 15 ARRANGEMENT FOR THE BANK'S ADVANCE TO ENTITIES

During the Reporting Period, the Bank did not provide any advance to entity that shall be disclosed under Rule 13.13 of the Stock Exchange Listing Rules.

### 16 ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

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

### 17 MANAGEMENT CONTRACTS

No management or administration contract in relation to all or substantial parts of the business of the Bank was entered into during the Reporting Period.

## CHAPTER VI REPORT OF THE BOARD OF DIRECTORS (Continued)

### 18 REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OR REDEEMABLE SECURITIES OF THE BANK

During the Reporting Period, the Bank and its subsidiaries had not repurchased, sold or redeemed any listed securities or redeemable securities of the Bank, including sales of treasury shares (as defined in the Stock Exchange Listing Rules). As at the end of the Reporting Period, the Bank did not hold any treasury shares (as defined in the Stock Exchange Listing Rules).

### 19 CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

As at the end of the Reporting Period, the Bank and its subsidiaries had not issued or granted any convertible securities, options, warrants or other similar rights, and there had been no exercise of conversion or subscription rights over the convertible securities, options, warrants or other similar rights issued or granted by the Bank and its subsidiaries at any time.

### 20 LOAN AGREEMENTS OR FINANCIAL ASSISTANCE OF THE BANK

During the Reporting Period, the Bank did not provide any of its affiliated companies with any financial assistance or guarantees required to be disclosed under Rule 13.16 of the Stock Exchange Listing Rules. The Bank does not have a controlling Shareholder or de facto controller, nor has it entered into any loan agreement with covenants relating to specific performance of the controlling Shareholder or breached the terms of any loan agreement.

### 21 PRE-EMPTIVE RIGHTS

During the Reporting Period, no provisions under the Articles of Association or relevant provisions of the PRC laws and regulations granted pre-emptive rights regarding the Bank.

### 22 DONATIONS

During the Reporting Period, the Bank did not make charitable and other donations.

### 23 EQUITY-LINKED AGREEMENTS

During the Reporting Period, the Bank neither had nor entered into any equity-linked agreements.

## CHAPTER VI REPORT OF THE BOARD OF DIRECTORS(Continued)

### 24 RELATIONS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Bank takes effective measures to safeguard the legitimate rights and interests of its employees, striving to establish a harmonious and stable labor relationship. The Bank enters into labor contracts with its employees in accordance with the relevant laws, and continuously improves the relevant labor employment system and employee security system. By conscientiously implementing the national policies and regulations on salary and welfare, the Bank has developed the “Administrative Measures on Salary and Welfare”, under which it paid employees full salaries on time, contributed various social insurance and housing provident fund in time and built a multi-level pension and medical security system. Assuming the responsibility of protecting the vital interests of employees, the Bank regularly arranges for employees to receive health check-ups, and purchases mutual aid protections for in-service employees. The Bank also keeps helping employees to enhance their value through enhancing position system for smooth career development path and providing them with a wide range of professional training to boost their rapid growth, actively pays attention to employees’ demands and takes good care of their daily well-being, and regularly organizes skill competitions, health knowledge lectures, and various cultural and sports activities.

To protect consumer rights, the Bank integrated the concept and requirements of consumer protection into its systems and established a consumer rights protection system involving consumer services, information privacy, education on financial knowledge, and customer complaints handling. The Bank pays attention to communication with customers. It keeps in touch with customers through letters, telephone, fax, direct visits, the internet and other forms of communication channels, provides customers with round-the-clock telephone banking services in China through the unified customer service telephone line, and offers online customer service to provide customers with intelligent online services.

The Bank adheres to the principles of openness, fairness, justice, honesty and efficiency during the course of centralized procurement, with a priority on purchasing green, energy-saving, and environmentally friendly products. Supplier management adheres to the principles of fairness, justice, mutual trust, and mutual benefit, ensuring the security, timeliness, and sustainability of centralized procurement supply.

### 25 PUBLIC FLOAT

As at the Latest Practicable Date, according to the data publicly available to the Bank and the Directors have been aware of, the Bank has complied with the public float requirements under the Stock Exchange Listing Rules.

## CHAPTER VI REPORT OF THE BOARD OF DIRECTORS (Continued)

### 26 CORPORATE GOVERNANCE

The Bank is committed to maintaining a high standard of corporate governance. During the Reporting Period, the Bank strictly abided by the code provisions set out in Part 2 of the Corporate Governance Code in Appendix C1 to the Stock Exchange Listing Rules and the relevant provisions on disclosure of inside information. Details of corporate governance of the Bank are set out in the chapter headed “Corporate Governance” of this Report.

### 27 MAJOR DEPOSITORS AND BORROWERS

The Bank is not dependent on a single major depositor/borrower. As at the end of the Reporting Period, the deposits balance of the five largest depositors and loan balance of the five largest borrowers of the Bank represented no more than 30% of the total deposits balance, gross loans and advances of the Bank. The Directors of the Bank and their close associates or any Shareholder which to the knowledge of the Directors own more than 5% of the number of issued Shares do not have any interest in the above five largest depositors/borrowers.

### 28 PERMITTED INDEMNITY PROVISION

According to code provision C.1.8 of the Corporate Governance Code, the Bank should arrange appropriate insurance cover in respect of legal action against the Directors. The Bank has purchased appropriate liability insurance for the Directors and provided them with an indemnity for liabilities incurred during the operations of the Bank for the Reporting Period.

## CHAPTER VI REPORT OF THE BOARD OF DIRECTORS(Continued)

### 29 OTHER MATTERS

As far as the Board is aware, the Bank has complied with the relevant laws and regulations that have a significant impact on the business and operation of the Bank in all material respects. In the meantime, the Bank is committed to the long-term sustainability of the environment and communities in which it operates. Acting in an environmentally responsible manner, the Bank endeavours to comply with laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction. For details and reports that meet the requirements of Appendix C2 to the Stock Exchange Listing Rules, please refer to the 2024 Environmental, Social and Governance (ESG) Report dated 28 March 2025 published on the website of CNINFO ([www.cninfo.com.cn](http://www.cninfo.com.cn)), the overseas regulatory announcement dated 28 March 2025 published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)), and the “Announcements and Circulars” under Investor Relations on the Bank’s website ([www.zzbank.cn](http://www.zzbank.cn)).

During the Reporting Period, the Bank was not aware of any Shareholders having waived or agreed to any arrangement to waive dividends.

During the Reporting Period, no Directors of the Bank waived or agreed to waive relevant remuneration arrangement.

During the Reporting Period, the Bank had not pledged any significant assets.

During the Reporting Period, the Bank had no controlling Shareholder or de facto controller. As a result, the Bank did not have any controlling Shareholder pledging the Bank’s shares to secure the Bank’s debts or to secure guarantees or other support of the Bank’s obligations.

The Bank is not aware of any applicable tax deductions to which shareholders may be entitled by reason of their holding of the Bank’s shares. Should shareholders have any questions about the tax implications of purchasing, holding, disposing of, dealing in or exercising any rights in relation to the shares, expert advice should be consulted.

As at the Latest Practicable Date, save as disclosed in this Report, there were no other significant subsequent events of the Bank requiring disclosure.

**Bank of Zhengzhou Co., Ltd.**  
*Board of Directors*  
27 March 2025

# CHAPTER VII REPORT OF THE BOARD OF SUPERVISORS

During the Reporting Period, the Board of Supervisors of the Bank was dedicated to performing its duties diligently based on its responsibility to the Shareholders and employees in accordance with the Company Law, Commercial Banks Law, the Articles of Association and the requirements of the rules and regulations to the Board of Supervisors, and formed a relatively complete supervisory system covering the supervision over meetings, financial affairs, and performance assessment, which was a positive driving force for steady business development, enhancement of risk control and improvement of the corporate governance structure of the Bank.

## 1 MAJOR WORK OF THE BOARD OF SUPERVISORS

During the Reporting Period, the Board of Supervisors attended all the meetings and activities of the “Three Boards and one Management” of the Bank. The Board of Supervisors convened eight meetings in total and nomination committee and supervision committee of the Board of Supervisors convened three meetings and one meeting respectively to consider 23 resolutions concerning business operation, internal control, profit distribution and performance assessment of the Directors and the Supervisors and review 48 reports concerning internal audit, green finance, data governance, related party transactions and risk management. The nomination committee of the Board of Supervisors held 4 meetings and the supervisory Committee held 1 meeting. Members of the Board of Supervisors attended the general meetings and were present at all the on-site meetings of the Board, and supervised the compliance with laws and regulations in relation to the convening of the general meetings and Board meetings, voting procedures, and the Directors' attendance, opinions expressed and voting at the general meetings and Board meetings. Members of the Board of Supervisors attended and presented at various meetings and activities to obtain information on the operations management of the Bank in all aspects in a timely manner, thereby substantially consolidating their supervision functions. The Board of Supervisors had no objection to the supervisory affairs during the Reporting Period.

As at the end of the Reporting Period, the eight session of the Board of Supervisors consists of four Supervisors (two external Supervisors and two employee Supervisors). Each of the supervisory committee and the nomination committee has three members, respectively, and members of the Board of Supervisors are professional and independent enough to perform their duties diligently and faithfully, so as to ensure that the Board of Supervisors effectively performs its supervisory functions.

During the Reporting Period, the external Supervisors actively acquainted themselves with the operations management of the Bank, and gave opinions or suggestions on significant matters by attending meetings of the Board of Supervisors, convening special committee meetings of the Board of Supervisors and being present at the Board meetings. During the adjournment of the Board of Directors and the Board of Supervisors, the external Supervisors were able to review various documents and reports of the Bank and exchange opinions with the Board of Directors and management on any problems found in a timely manner, playing an active role in performing the supervisory duties of the Board of Supervisors.

## CHAPTER VII REPORT OF THE BOARD OF SUPERVISORS (Continued)

### 2 INDEPENDENT OPINIONS ON RELEVANT MATTERS

#### **Performance of Duties by the Board of Directors and Senior Management and Its Members**

The Board of Supervisors completed the 2023 report of performance assessment of the Board of Directors, senior management and its members as required and reported the performance assessment results to the general meetings and regulatory authorities. The Board of Supervisors was of the view that the Board of Directors and senior management performed their duties according to the Company Law, Commercial Banks Law and the Articles of Association and gave full play to their strategic leadership functions to facilitate the Bank to achieve quality development. The senior management continued to improve their capability of implementing strategic decisions, established and finalized various measures, ensuring the smooth completion of various jobs throughout the year. The Board of Supervisors will conduct the 2024 annual assessment on the performance of duties by the Board, senior management and its members as required, and report the assessment results to the general meeting and regulatory departments.

#### **Compliance with Laws and Regulations in Operations**

During the Reporting Period, the Directors and senior management of the Bank were honest, trustworthy, diligent and conscientious, and committed to operating in accordance with the law and regulations. The decision-making procedures were legitimate and effective and in compliance with the relevant provisions of the Company Law, the Commercial Bank Law and the Articles of Association.

#### **Truthfulness of Financial Report**

Upon careful review of the 2024 annual report of the Bank by all Supervisors in a practical and responsible manner to all Shareholders, the Board of Supervisors was of the view that procedures for the preparation of the 2024 annual report by the Board complied with the laws, administrative regulations and requirements of the CSRC; the contents of the report truthfully, accurately and completely reflected the actual situation of the Bank; and there were no false representations, misleading statements or material omissions contained therein.

#### **Related Party Transactions**

During the Reporting Period, the Board of Supervisors supervised the related party transactions, and considered that the prices of the related party transactions of the Bank were fair and reasonable and no acts detrimental to the interests of the Bank and Shareholders were found by the Board of Supervisors.

## CHAPTER VII REPORT OF THE BOARD OF SUPERVISORS (Continued)

### Internal Control

The Board of Supervisors considered that the Bank had established a relatively comprehensive corporate governance structure, formulated relatively complete management systems relating to corporate governance and internal control, and was capable of improving the foregoing in accordance with the actual situation of the Bank and regulatory requirements. The internal control system of the Bank had been carried out smoothly, complied with the relevant standard requirements of laws and regulations on the management of corporate internal control systems, and completely, truthfully and objectively reflected the establishment and operation of the internal control system of the Bank. The Board of Supervisors reviewed the 2024 Internal Control Self-Assessment Report of the Bank and had no objection to its contents.

### Implementation of Resolutions of General Meetings

During the Reporting Period, the Board of Supervisors supervised the implementation of the resolutions of general meetings, and considered that the Board was capable of earnestly implementing the relevant resolutions of general meetings and did not take any action detrimental to the interests of Shareholders.

### Profit Distribution Proposal

The Board of Supervisors reviewed the Profit Distribution Proposal for 2024 of the Bank, and considered that the proposal complied with the relevant requirements of laws and regulations with due regards to factors such as the prevailing economic development and financial regulatory situation, and that it was in the long-term interests of the Bank and Shareholders as a whole and beneficial to the sustainable and sound development of the Bank.

### Information Disclosure Matters

During the Reporting Period, the Board of Supervisors oversaw the information disclosure matters of the Bank and was of the opinion that: the Bank had established a sound system for the management of information disclosure matters and had fulfilled its information disclosure duties in compliance with the provisions of relevant laws and regulations and regulatory requirements. The contents of disclosure are truthful, accurate and complete without any false representation, misleading statement or material omission.

Save as disclosed above, the Board of Supervisors had no objection to other supervisory affairs during the Reporting Period.

**Bank of Zhengzhou Co., Ltd.**  
*Board of Supervisors*  
27 March 2025

# CHAPTER VIII SIGNIFICANT EVENTS

## 1 ISSUANCE AND REPURCHASE OF BONDS

The Bank issued the 2021 innovative and entrepreneurial financial bonds (Bonds code: 2120070), whose book-building was recorded in the national interbank bond market in an amount of RMB5 billion on 19 August 2021. The bonds are fixed-rate bonds with a term of three years and a coupon rate of 3.16%. The proceeds from the issuance of the bonds will be specifically used for credit extension in the fields of innovation and entrepreneurship. The bonds were fully cashed on 23 August 2024.

The Bank issued 2021 indefinite-term capital bonds (Bonds code: 2120100), whose book-building was recorded in the national interbank bond market between 11 November and 12 November 2021, in an amount of RMB10 billion. The coupon rate is 4.80% for the first 5 years subject to adjustment on a 5-year basis. The Bank shall have conditional redemption option of the issuer on each value date of the 5th year and beyond.

The Bank has completed the issuance of its 2022 first tranche of green financial bonds (Bonds code: 2220064) in the national interbank bond market on 19 September 2022, in an amount of RMB3 billion, for a term of 3 years. The coupon rate is 2.65%. The raised proceeds were used for the green projects specified in the Green Bond Endorsed Project Catalogue 2021 in accordance with the applicable laws as approved by relevant regulatory authorities.

The Bank has completed the issuance of its 2022 first tranche of financial bonds (Bonds code: 2220082) in the national interbank bond market on 1 December 2022, in an amount of RMB5 billion, with a fixed rate for a term of 3 years and a coupon rate of 2.95%.

The Bank has completed the issuance of its 2023 first tranche of financial bonds (Bonds code: 2320008) in the national interbank bond market on 13 March 2023, in an amount of RMB5 billion, with a fixed rate for a term of 3 years and a coupon rate of 3.02%.

The Bank has completed the issuance of its 2024 green financial bonds (Bonds code: 2420020) in the national interbank bond market on 28 May 2024, in an amount of RMB2 billion, for a term of 3 years. The coupon rate is 2.25%. The proceeds will be specifically used for the green projects specified in the Green Bond Endorsed Project Catalogue 2021 in accordance with the applicable laws as approved by relevant regulatory authorities.

## CHAPTER VIII SIGNIFICANT EVENTS (Continued)

### 2 PERFORMANCE OF UNDERTAKINGS

#### 2.1 Undertakings Fully Performed by the Bank's de facto Controller, Shareholders, Related Parties, Purchasers and the Bank during the Reporting Period and Undertakings Not Fully Performed as at the End of the Reporting Period

Undertaking	Undertaking party	Undertaking type	Details of the undertaking	Date of undertakings	Term of undertakings	Performance
Undertakings made in initial public offering of A Shares	Zhengzhou Finance Bureau (鄭州市財政局)	Undertaking on shares with selling restrictions	Within 36 months since the date of the initial public offering of the Bank's A Shares on the SZSE, Zhengzhou Finance Bureau shall not transfer or entrust others to manage the issued Shares of the Bank held by it before this round of issue, and shall not allow the Bank to repurchase such Shares; if the closing price of the Shares issued in this round by the Bank is lower than the issue price for 20 consecutive trading days within six months, or the closing price is lower than the issue price as at the end of the six-month period upon the listing, the lockup period for the Bank's Shares held by Zhengzhou Finance Bureau shall be automatically extended by six months.	19 September 2018	Refer to the details of the undertakings	During the course of performance

## CHAPTER VIII SIGNIFICANT EVENTS (Continued)

Undertaking	Undertaking party	Undertaking type	Details of the undertaking	Date of undertakings	Term of undertakings	Performance
			<p>If it intends to reduce its shareholdings within two years after the expiry of the share lockup period, the annual reduced shareholdings shall be no more than 5% of the number of shares held by it; if it intends to reduce its shareholdings two years after the expiry of the share lockup period, the number of reduced shareholdings will be announced three trading days before it reduces its shareholding, the selling price shall be no less than the issue price of the initial public offering of the Bank's A Shares (if there is any dividend distribution, bonus issue of shares, capitalization of capital reserve, share placing, share subdivision and other ex-rights and ex-dividend events of the Bank's shares, the selling price will be adjusted accordingly by ex-rights and ex-dividend).</p>			

## CHAPTER VIII SIGNIFICANT EVENTS (Continued)

Undertaking	Undertaking party	Undertaking type	Details of the undertaking	Date of undertakings	Term of undertakings	Performance
Undertakings made in initial public offering of A Shares	Directors, Supervisors and senior management personnel of the Bank	Undertaking on shares with selling restrictions	<p>Within 36 months since the date of the initial public offering of the Bank's A Shares on the SZSE, they shall not transfer or entrust others to manage the issued Shares of the Bank held by them before this round of issue, and shall not allow the Bank to repurchase such Shares.</p> <p>After the expiry of the lockup period, they shall transfer no more than 15% of the total number of the Shares held by them annually during the term of office, and no more than 50% of the total number of the Shares held by them within five years, they shall not repurchase in six months after selling their shares or resell in six months after purchasing Shares; they shall not transfer the Shares of the Bank held by them within six months after they leave office.</p>	19 September 2018	Refer to the details of the undertakings	During the course of performance

## CHAPTER VIII SIGNIFICANT EVENTS (Continued)

Undertaking	Undertaking party	Undertaking type	Details of the undertaking	Date of undertakings	Term of undertakings	Performance
Undertakings made in initial public offering of A Shares	Directors, senior management personnel of the Bank	Undertaking on shares with selling restrictions	<p>If the closing price of the A Shares of the initial public offering of the Bank on the SZSE is lower than the issue price for 20 consecutive trading days within six months, or the closing price is lower than the issue price as at the end of the six-month period upon the listing, the lockup period for the Bank's Shares held by them shall be automatically extended by six months. During the extended lockup period, they shall not transfer or entrust others to manage the issued Shares of the Bank held by them before this round of issue, and shall not allow the Bank to repurchase such Shares.</p> <p>If the Shares are reduced within two years after the expiry of the lockup period, the selling price shall be no less than the issue price of the initial public offering of the Bank's A Shares.</p>	19 September 2018	Refer to the details of the undertakings	During the course of performance

## CHAPTER VIII SIGNIFICANT EVENTS (Continued)

Undertaking	Undertaking party	Undertaking type	Details of the undertaking	Date of undertakings	Term of undertakings	Performance
Undertakings made in initial public offering of A Shares	Individuals of the Bank holding more than 50,000 internal staff Shares	Undertaking on shares with selling restrictions	<p>Within three years since the listing date of the Bank on the SZSE, they shall not transfer the Shares of the Bank of Zhengzhou held by them.</p> <p>After the expiry of the above three-year Shares transfer lockup period, they shall transfer no more than 15% of the total number of the Shares held by them annually, and no more than 50% of the total number of the Shares held by them within five years.</p>	19 September 2018	Refer to the details of the undertakings	During the course of performance
Undertakings made in initial public offering of A Shares	Zhengzhou Finance Bureau (鄭州市財政局)	Undertakings on avoiding horizontal competition	<p>During the period for being a major Shareholder of the Bank, its subsidiary enterprises (including wholly-owned, controlled subsidiaries and effectively-controlled enterprises) will not engage in, directly or indirectly, any forms of business activities that will compete or likely to compete with the Bank's principal business. Zhengzhou Finance Bureau will supervise its subsidiary enterprises in accordance with this undertaking and exercise necessary rights to ensure them to comply with this undertaking.</p>	19 September 2018	Refer to the details of the undertakings	During the course of performance

## CHAPTER VIII SIGNIFICANT EVENTS (Continued)

Undertaking	Undertaking party	Undertaking type	Details of the undertaking	Date of undertakings	Term of undertakings	Performance
			Zhengzhou Finance Bureau will strictly comply with the relevant laws and regulations of China Securities Regulatory Commission and the stock exchanges where the Bank's Shares are listed and the requirements of company management policies such as the Article of Association and management policies on related party transactions of the Bank, exercise the Shareholder's rights and perform the Shareholder's obligations as equally as other Shareholders, and neither seek unfair interest by use of the position of major Shareholder, nor impair the legal interests of the Bank and other Shareholders.			
Undertakings made in non-public offering of A Shares	Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司)	Undertaking on shares with selling restrictions	It shall not transfer Shares under non-public issuance of the Bank within 60 months since the date of the listing thereof.	27 November 2020	Refer to the details of the undertakings	During the course of performance
Undertakings made in non-public offering of A Shares	Henan Guoyuan Trade Co., Ltd. (河南國原貿易有限公司)	Undertaking on shares with selling restrictions	It shall not transfer Shares under non-public issuance of the Bank within 60 months since the date of the listing thereof.	27 November 2020	Refer to the details of the undertakings	During the course of performance
Whether the undertakings are performed on time			Yes			
If the undertakings are not performed when overdue, explanations on reasons and working plans for the next step shall be stated in detail			Not applicable			

## CHAPTER VIII SIGNIFICANT EVENTS (Continued)

### 2.2 Existence of the Profit Forecast about Assets or Projects, and the Reporting Period Was Still in the Profit Forecast Period, the Bank's Explanation on the Profit of Assets or Projects Reaching the Goal and the Reasons

There was no existence of the profit forecast about assets or projects nor the Reporting Period was still in the forecast period for the Bank.

## 3 SIGNIFICANT RELATED PARTY TRANSACTIONS

In accordance with relevant provisions under the Administrative Measures for Related Party Transactions of Banking and Insurance Institutions 《(銀行保險機構關聯交易管理辦法)》, the SZSE Listing Rules, the Accounting Standards for Business Enterprises, and other laws, administrative rules, departmental regulations, and regulatory documents, the Bank continued to strengthen the management of the list of the related parties, imposed strict approval procedures on related party transactions, continuously enhanced the information and intelligence levels of managing related parties and related party transactions, and prudently carried out related party transactions to effectively prevent related party transaction risks. During the Reporting Period, related party transactions between the Bank and its related parties are conducted in the ordinary course of its business with terms and prices agreed in accordance with the fair and market-oriented principles and as well as on conditions no better than non-related party transactions of the same type. Such related party transactions had no significant impact on the operation results and financial conditions of the Bank and the indicators on the control of related party transactions were in compliance with the related regulations of regulatory authorities.

## CHAPTER VIII SIGNIFICANT EVENTS (Continued)

### 3.1 Related Shareholders Directly or Indirectly Holding 5% or more of the Shares of the Bank

Name of the related party	Relationship with the related party	Place of registration	Organization type	Registered capital	Principal business	Change(s) in shareholdings of the Bank during the Reporting Period
Zhengzhou Finance Bureau (鄭州市財政局)	Shareholder	N/A	Government department	N/A	N/A	Nil
Zhengzhou Development & Investment Group Co., Ltd. (鄭州發展投資集團有限公司)	Shareholder	Zhengzhou, Henan	Other limited liability company	RMB1,000 million	Corporate investment management; investment in enterprises with own funds; corporate investment information consulting.	Zhengzhou Development & Investment Group Co., Ltd. controls Zhengzhou Investment Holdings Co., Ltd. and indirectly holds more than 5% of the Shares of the Bank.
Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司)	Shareholder	Zhengzhou, Henan	Other limited liability company	RMB7,776.54 million	Investment and management of state-owned assets, real estate development and sale; house leasing.	Nil

## CHAPTER VIII SIGNIFICANT EVENTS (Continued)

### 3.2 Significant Related Party Transactions

According to the relevant provisions of the Administrative Measures for Related Party Transactions of Banking and Insurance Institutions 《(銀行保險機構關聯交易管理辦法)》 and the Administrative Measures for Related Party Transactions 《(關聯交易管理辦法)》 of the Bank, related party transactions are defined as follows:

“Significant related party transactions” shall refer to transactions between the Bank and a single related party that severally amount to 1% or more of the net capital of the Bank at the end of the previous quarter or collectively 5% or more of the net capital of the Bank at the end of the previous quarter. After the aggregate amount of transactions between the Bank and a single related party reaches the aforementioned standard, the subsequent related party transactions shall be re-designated as significant related party transactions for each aggregate amount of more than 1% of the net capital at the end of the previous quarter. “General related party transactions” shall refer to related party transactions other than significant related party transactions. For the specific calculation method, please refer to the announcement in relation to the Administrative Measures for Related Party Transactions published by the Bank on CNINFO and the website of the Hong Kong Stock Exchange on 30 August 2023.

### 3.3 Related Party Transactions

During the Reporting Period, the Bank strictly complied with regulatory requirements of the National Financial Regulatory Administration, CSRC and SZSE, and executed recurring operation related party transactions with related parties, within the estimated quota on recurring related party transactions approved by the general meeting. Details of the transactions are shown in the table below. Other than the following transactions, the Bank did not have other significant related party transactions that meet the above requirements.

## CHAPTER VIII SIGNIFICANT EVENTS (Continued)

### 3.3.1 Related party transactions of general associated corporation credit grant type

Unit: RMB'000

Number	Related client	Estimated quota on recurring related party transaction for 2024	Total credit granted as at the end of 2024	Related legal persons	Credit granted as at the end of 2024	Business line
1	Zhengzhou Development & Investment Group Co., Ltd. (鄭州發展投資集團有限公司) and its associated corporations	2,600,000	1,300,532	Zhengzhou Development & Investment Group Co., Ltd. (鄭州發展投資集團有限公司)	100,000	Investment business
				Henan Zhongyuan Financial Holding Co., Ltd. (河南中原金控有限公司)	1,200,532	Loan business and investment business
2	Zhengzhou Construction Investment Group Co., Ltd. (鄭州市建設投資有限公司) and its associated corporations	4,100,000	3,299,355	Zhengzhou Construction Investment Group Co., Ltd. (鄭州市建設投資集團有限公司)	1,051,300	Loan business
				Zhengzhou Songyue Highway Development Co., Ltd. (鄭州嵩岳公路開發有限公司)	564,800	Loan business and investment business
				Zhengzhou Highway Engineering Company (鄭州市公路工程公司)	136,575	Loan business
				Zhengzhou Road and Bridge Construction Investment Group Co., Ltd. (鄭州路橋建設投資集團有限公司)	1,546,680	Loan business
3	Zhengzhou Transportation Construction Investment Co., Ltd. (鄭州交通建設投資有限公司) and its associated corporations	1,200,000	1,083,582	Zhengzhou Transportation Construction Investment Co., Ltd. (鄭州交通建設投資有限公司)	1,083,582	Loan business and investment business
4	Zhengzhou Municipal Group Co., Ltd. (鄭州市政集團有限公司) and its associated corporations	400,000	381,150	Zhengzhou Municipal Group Co., Ltd. (鄭州市政集團有限公司)	279,150	Loan business and bill business
				Henan Kanghui Cement Products Co., Ltd. (河南康輝水泥製品有限公司)	102,000	Loan business

## CHAPTER VIII SIGNIFICANT EVENTS (Continued)

Number	Related client	Estimated quota on recurring related party transaction for 2024	Total credit granted as at the end of 2024	Related legal persons	Credit granted as at the end of 2024	Business line
5	Zhengzhou Transportation Development Investment Group Co., Ltd. (鄭州交通發展投資集團有限公司) and its associated corporations <sup>(1)</sup>	3,500,000	3,207,517	Zhengzhou Transportation Development Investment Group Co., Ltd. (鄭州交通發展投資集團有限公司)	3,207,517	Loan business and investment business
6	Zhengzhou Zhongrongchuang Industrial Investment Co., Ltd. (鄭州市中融創產業投資有限公司) and its associated corporations	7,000,000	2,611,562	Zhengzhou Zhongrongchuang Industrial Investment Co., Ltd. (鄭州市中融創產業投資有限公司)	770,000	Loan business and investment business
				Henan Guochuang Cultural Development Co., Ltd. (河南國創文化發展有限公司)	128,659	Loan business
				Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司)	1,416,500	Loan business and investment business
				Zhengzhou Investment Holdings Intelligent Logistics Industrial Park Co. Ltd. (鄭州投控智慧物流產業園有限公司)	97,500	Loan business
				Henan Digital Town Development and Construction Co., Ltd. (河南數字小鎮開發建設有限公司)	168,000	Loan business
				White Dove (Group) Company Limited (白鴿磨料磨具有限公司)	120	Bill business
				Zhengzhou Jinyang Electric Co., Ltd. (鄭州金陽電氣有限公司) <sup>(2)</sup>	30,783	Loan business and bill business
7	Henan Investment Group Co., Ltd. (河南投資集團有限公司) and its associated corporations	3,800,000	1,049,559	Henan Investment Group Co., Ltd. (河南投資集團有限公司)	200,000	Investment business
				Henan Tou Wisdom Energy Co., Ltd. (河南省投智慧能源有限公司)	13,773	Loan business
				Henan Yicheng Holdings Co., Ltd. (河南頤城控股有限公司)	435,000	Loan business
				Henan Urban Development Investment Co., Ltd. (河南城市發展投資有限公司)	300,000	Loan business
				Henan Yuneng Holdings Co., Ltd. (河南豫能控股股份有限公司)	100,786	Investment business

## CHAPTER VIII SIGNIFICANT EVENTS (Continued)

Number	Related client	Estimated quota on recurring related party transaction for 2024	Total credit granted as at the end of 2024	Related legal persons	Credit granted as at the end of 2024	Business line
8	Henan Guoyuan Trade Co., Ltd. (河南國原貿易有限公司) and its associated corporations	3,300,000	2,078,740	Likard (Zhengzhou) Hotel Management Co., Ltd. (麗卡德(鄭州)酒店管理有限公司)	31,920	Loan business
				Henan Kairui Real Estate Co., Ltd. (河南凱睿置業有限公司)	269,800	Loan business
				Zhengzhou Yingshou Trading Co., Ltd. (鄭州盈首商貿有限公司)	147,500	Loan business
				Xinxiang City Zhongkai Real Estate Co., Ltd. (新鄉市中開置業有限公司)	43,337	Loan business
				Henan Jianyuan Decoration Engineering Co., Ltd. (河南建苑裝飾工程有限公司)	145,200	Loan business
				Zhengzhou Huida Industrial Development Co., Ltd. (鄭州暉達實業發展有限公司)	497,370	Loan business
				Henan Huida Construction Investment Co., Ltd. (河南暉達建設投資有限公司)	943,613	Loan business
9	Henan Asset Management Company Limited (河南資產管理有限公司) and its associated corporations	3,000,000	1,476,900	Henan Asset Management Company Limited (河南資產管理有限公司)	1,476,900	Loan business and investment business

Note:

1. Zhengzhou Metro Group Co., Ltd. changed its name to Zhengzhou Transportation Development Investment Group Co., Ltd. in January 2025.
2. Zhengzhou Jinyang Electric Co., Ltd. is an enterprise controlled by Zhengzhou Investment Holdings Co., Ltd., which is a major shareholder of the Bank within the past 12 months.

## CHAPTER VIII SIGNIFICANT EVENTS (Continued)

### 3.3.2 Credit-grant-type Related Transactions among Financial Banks

Unit: RMB'000

Number	Related client	Estimated quota on recurring related party transactions for 2024	Total credit granted as at the end of 2024	Related legal persons	Credit granted as at the end of 2024	Business line
1	Central China Securities Co., Ltd. (中原證券股(中原證券股份有限公司)份有限公司) and its associated corporations	500,000	–	Central China Securities Co., Ltd.	–	–
2	Zhongyuan Trust Co., Ltd. (中原信託有限公司) and its associated corporations	1,000,000	700,000	Zhongyuan Trust Co., Ltd. (中原信託有限公司)	500,000	Interbank general credit, revolving throughout the validity period of the credit
				BOL Financial Leasing Co., Ltd. (洛銀金融租賃股份有限公司)	200,000	Interbank general credit, revolving throughout the validity period of the credit
3	Bank of Lanzhou Co., Ltd. (蘭州銀行股份有限公司)	2,000,000	1,000,000	Bank of Lanzhou Co., Ltd. (蘭州銀行股份有限公司)	1,000,000	Interbank general credit, revolving throughout the validity period of the credit
4	Zhongyuan Bank Co., Ltd. (中原銀行股份有限公司)	3,000,000	10,000,000 <sup>(Note)</sup>	Zhongyuan Bank Co., Ltd. (中原銀行股份有限公司)	10,000,000	Interbank general credit, revolving throughout the validity period of the credit
5	Great Wall Fund Management Co., Ltd. (長城基金管理有限公司)	300,000	–	Great Wall Fund Management Co., Ltd. (長城基金管理有限公司)	–	–

## CHAPTER VIII SIGNIFICANT EVENTS (Continued)

Number	Related client	Estimated quota on recurring related party transactions for 2024	Total credit granted as at the end of 2024	Related legal persons	Credit granted as at the end of 2024	Business line
6	Jiuding Financial Leasing Company (九鼎金融租賃公司)	5,000,000	5,000,000	Jiuding Financial Leasing Company(九鼎金融租賃公司)	5,000,000	Interbank general credit, revolving throughout the validity period of the credit
7	Zhongmu Zhengyin County Bank (中牟鄭銀村鎮銀行)	600,000	400,000	Zhongmu Zhengyin County Bank (中牟鄭銀村鎮銀行)	400,000	Interbank general credit, revolving throughout the validity period of the credit
8	Yanling Zhengyin County Bank (鄆陵鄭銀村鎮銀行)	500,000	200,000	Yanling Zhengyin County Bank (鄆陵鄭銀村鎮銀行)	200,000	Interbank general credit, revolving throughout the validity period of the credit

*Note:* In October 2024, Zhongyuan Bank Co., Ltd. (中原銀行股份有限公司) was no longer a related party of the Bank under the SZSE.

### 3.3.3 Credit-grant-type Related Transactions of Natural Persons

As at the end of the Reporting Period, the credit balance of natural person related parties in the Bank was RMB92,550,000, which did not exceed the limit of RMB300 million for the aggregate quota of natural person related parties under estimated quota on recurring related party transactions for 2024.

## CHAPTER VIII SIGNIFICANT EVENTS (Continued)

### 3.3.4 Other Related Party Transactions

During the Reporting Period, the largest single transaction of financial market transactions with open market price such as spot bond trading and pledge-style repo with each of Bank of Lanzhou Co., Ltd. (蘭州銀行股份有限公司), Zhongyuan Bank Co., Ltd. (中原銀行股份有限公司), Great Wall Fund Management Co., Ltd. (長城基金管理有限公司) and Central China Securities Co., Ltd. (中原證券股份有限公司) amounted to RMB800 million, RMB800 million, RMB400 million and RMB196.34 million respectively. There were no financial market transactions with open market price such as spot bond trading and pledge-style repo with Zhongyuan Trust Co., Ltd. (中原信託有限公司) and Jiuding Financial Leasing Company (九鼎金融租賃公司). The cumulative transaction volume of asset trading business between the Bank and Henan Asset Management Company Limited (河南資產管理有限公司) was RMB462,880,000; a total of service transaction amount such as trust custody and supervision fees of RMB59,480,000 was provided to Zhongyuan Trust Co., Ltd. (中原信託有限公司). The cumulative transaction volume of deposit business between the Bank and all related parties was RMB28,403,240,000. None of the above transactions exceeded the estimated quota on recurring related party transactions for 2024.

## 4 SIGNIFICANT CONTRACTS AND INFORMATION ON THEIR PERFORMANCE

### 4.1 Entrustment, Contracting and Leasing Matters

During the Reporting Period, the Bank had no significant contracts on significant entrustment, contracting and leasing matters.

### 4.2 Significant Guarantees

During the Reporting Period, the Bank did not have any material guarantee that needed to be disclosed save for the financial guarantees within the normal banking business scope.

### 4.3 Entrust Others to Manage Cash Assets

#### 4.3.1 Entrusted wealth management

During the Reporting Period, there was no event in respect of entrusted wealth management beyond the Bank's normal business.

#### 4.3.2 Entrusted Loans

During the Reporting Period, the Bank had no entrusted loans beyond its normal business scope.

## CHAPTER VIII SIGNIFICANT EVENTS (Continued)

### 4.4 Material Contracts in Day-to-day Operations

On 4 September 2024, the Bank entered into the asset transfer contract with Zhongyuan Asset Management Co., Ltd. (中原資產管理有限公司), under which the Bank disposed of its credit assets and other assets with the total carrying value of the principal and interest of approximately RMB15,011 million before deduction of provision for impairment losses to Zhongyuan Asset Management Co., Ltd. at a consideration of RMB10 billion. The Bank has received a cash payment of RMB5 billion from Zhongyuan Asset Management Co., Ltd. and trust beneficial rights with an aggregate value of RMB5 billion, and transferred all the relevant assets to Zhongyuan Asset Management Co., Ltd..

During the Reporting Period, save as disclosed in this Report and other announcements and circulars of the Bank, the Bank did not have other material contracts in day-to-day operations that are required to be disclosed.

### 4.5 Other Significant Contracts

During the Reporting Period, the Bank had no other significant contractual matters requiring disclosure, other than those disclosed in this Report, other announcements and circulars of the Bank.

## 5 SIGNIFICANT ACQUISITION, DISPOSAL OR ABSORPTION OF ASSETS AND EQUITY

During the Reporting Period, save as disclosed in this Report and other announcements and circulars of the Bank, the Bank had no significant acquisition, disposal or absorption of assets and equity.

## 6 SIGNIFICANT LITIGATION AND ARBITRATION

Case progress of financial loan contract dispute between the Bank's Xisihuan Sub-branch and Zhengzhou Changke Trading Co., Ltd. and other parties; case acceptance and progress of financial loan contract disputes between the Bank's Changchun Road Sub-branch and Zhengzhou Kangqiao Real Estate Development Co., Ltd. and other parties, and with Henan Meijing Xinrui Real Estate Development Co., Ltd. and other parties; case acceptance and progress of financial loan contract disputes between the Bank's Weier Road Sub-branch and Zhengzhou Xinying Real Estate Co., Ltd. and other parties. For details, please refer to the relevant announcements of the Bank published on CNINFO and the website of the Hong Kong Stock Exchange. Other significant litigation and arbitration previously involved by the Bank are detailed in the relevant litigation and arbitration announcements published by the Bank.

The Bank was involved in certain litigation and arbitration matters arising from its ordinary course of business due to the recovery of borrowings and other reasons. As at the end of the Reporting Period, the total amount of the pending litigation and arbitration of the Bank acting as the defendant or the respondent was RMB8 million. These litigation and arbitration matters are not expected to have material adverse impacts on the financial position and operating results of the Bank.

### **7 PUNISHMENT AND REMEDIAL ACTIONS OF THE BANK AND THE DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT OF THE BANK AND SHAREHOLDERS HOLDING MORE THAN 5% OF THE BANK'S SHARES**

In March 2024, the Bank received the resignation of Mr. LI Huaibin from his positions as an employee supervisor of the seventh session of the board of supervisors of the Bank and other positions due to personal reasons. The Bank has received a notice that he has been detained by relevant authorities. For details, please refer to the announcement of the Bank dated 29 March 2024 published on CNINFO and that dated 28 March 2024 published on the website of the Hong Kong Stock Exchange. Besides, during the Reporting Period, to the best knowledge of the Bank, none of the Bank and its Directors, Supervisors, senior management and Shareholders holding more than 5% of its Shares was investigated by competent authorities, subject to compulsory measures, transferred to judicial authorities or investigated for criminal responsibility by judicial or discipline inspection departments, filed for investigation or subject to administrative punishment or administrative supervision measures by the CSRC, or subject to disciplinary measures by any stock exchange. The Bank was not subject to any punishment by other regulatory authorities which had a material impact on the Bank's operation.

### **8 INTEGRITY OF THE BANK AND ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS**

As at the end of the Reporting Period, the Bank had no controlling Shareholders or de facto controllers. During the Reporting Period, the Bank and its biggest Shareholder had no failure to execute an effective court judgment, or any large amount of due outstanding debts.

### **9 ILLEGAL PROVISION OF EXTERNAL GUARANTEE**

During the Reporting Period, the Bank did not provide any external guarantee in violation of laws.

### **10 OCCUPATION OF CAPITAL BY THE CONTROLLING SHAREHOLDER AND OTHER RELATED PARTIES OF THE BANK FOR NON-OPERATING PURPOSES**

There was no occupation of capital of the Bank by the controlling Shareholder and other related parties for non-operating purposes.

## CHAPTER VIII SIGNIFICANT EVENTS (Continued)

### 11 IMPLEMENTATIONS OF SHARE INCENTIVE SCHEME, EMPLOYEE SHARE OWNERSHIP SCHEME OR OTHER EMPLOYEE INCENTIVE MEASURES

During the Reporting Period, the Bank did not implement any form of share incentive scheme, employee share ownership scheme, share scheme under Chapter 17 of the Stock Exchange Listing Rules or other employee incentive measures.

### 12 SUSPENSION IN TRADING OR DELISTING UPON DISCLOSURE OF THIS REPORT

The Bank is not exposed to any risk of suspension in trading or delisting upon disclosure of this Report.

### 13 MATTERS RELATED TO BANKRUPTCY AND RESTRUCTURING

There was no matter related to bankruptcy or restructuring of the Bank during the Reporting Period.

### 14 AUDIT REVIEW

The financial statements for the year ended 31 December 2024 were prepared by the Bank according to the Accounting Standards for Business Enterprises of the PRC/International Financial Reporting Standards and were audited by ShineWing Certified Public Accountants LLP and SHINEWING (HK) CPA Limited, respectively, which issued a standard unqualified audit report/independent auditor's report. The Report has been reviewed by the Audit Committee of the Board and the Board of Directors of the Bank.

### 15 EXPLANATION ON OTHER SIGNIFICANT EVENTS

During the Reporting Period, the Bank had no other significant events, other than those disclosed in this Report, other announcements and circulars of the Bank.

### 16 SIGNIFICANT EVENTS OF THE BANK'S SUBSIDIARIES

During the Reporting Period, the Bank's subsidiaries had no significant events.

# CHAPTER IX INDEPENDENT AUDITOR'S REPORT

***To the shareholders of Bank of Zhengzhou Co., Ltd.***

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

## OPINION

We have audited the consolidated financial statements of Bank of Zhengzhou Co., Ltd. (the "Bank") and its subsidiaries (the "Group") set out on pages 219 to 389, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of other 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 material accounting policy information.

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

## BASIS OF OPINION

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

## 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 year. 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.

## CHAPTER IX INDEPENDENT AUDITOR'S REPORT (Continued)

### KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How the matter was addressed in our audit
<i>Expected credit losses ("ECL") for loans and advances to customers, financial investments measured at amortised cost and lease receivables</i>	
Refer to notes 21, 22, 23, 43(a) to the consolidated financial statements and the accounting policies on pages 241 to 243.	
<p>As at 31 December 2024, the carrying amount of loans and advances to customers, lease receivables and financial investments measured at amortised cost (including accrued interest) in the Group's consolidated statement of financial position were RMB388,705 million, RMB32,065 million and RMB150,858 million, respectively. These balances were subject to ECL measurement and impairment allowances of RMB12,669 million, RMB1,407 million and RMB3,441 million were recognised by management as at 31 December 2024. The impairment losses to loans and advances to customers, lease receivables and financial investments measured at amortised cost recognised in the Group's consolidated statement of profit or loss for the year ended 31 December 2024 amounted to RMB5,138 million, RMB936 million and RMB1,176 million, respectively.</p> <p>The Group's management assessed whether the credit risk of loans and advances to customers, lease receivables and financial investments measured at amortised cost had increased significantly since their initial recognition, and applied a three-stage impairment model approach to calculate the ECL. For loans and advances to customers, lease receivables and financial investments measured at amortised cost that are classified as stage 1, and with relatively insignificant amounts in stages 2 and 3, the management assessed the ECL by using the risk parameter modelling approach that incorporated relevant key parameters, including probability of default ("PD"), loss given default ("LGD"), and exposure of default ("EAD").</p>	<p>We understood and evaluated management's internal control for the measurement of ECL for loans and advances to customers, financial investments measured at amortised cost and lease receivables. We assessed and tested the design and operating effectiveness of the key internal controls. These included model management and selection of modelling methodologies, approval and application of the key parameters, controls over the accuracy and completeness of key data used by the models; and the general controls of information technology, data interfaces, application of model parameters and control of automated information technology over the impairment calculations.</p> <p>For the carrying amount of loans and advances to customers, financial investments measured at amortised cost and lease receivables, we selected samples and assessed the appropriateness of management's judgments used in determining significant increases in credit risk and identification of default or credit-impaired assets based on the information provided by management and other external evidence.</p>

## CHAPTER IX INDEPENDENT AUDITOR'S REPORT (Continued)

### KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How the matter was addressed in our audit
<i>Expected credit losses ("ECL") for loans and advances to customers, financial investments measured at amortised cost and lease receivables (Continued)</i>	
Refer to notes 21, 22, 23, 43(a) to the consolidated financial statements and the accounting policies on pages 241 to 243.	
<p>For loans and advances to customers, lease receivables and financial investments measured at amortised cost with relatively significant amounts in stages 2 and 3, the management assessed loss allowances by using the discounted cash flow model that incorporated the estimation of the future cash flows from each individual balances.</p> <p>The ECL models involves significant management judgments and assumptions, mainly on:</p> <ol style="list-style-type: none"> <li>(1) Segmentation of portfolios based on credit risk characteristics, selection of appropriate models and determination of relevant key parameters;</li> <li>(2) Determination and application of criteria to identify significant increase in credit risks and default or credit-impaired assets;</li> <li>(3) Economic indicators, economic scenarios and weighting used in the forward looking measurement;</li> <li>(4) Estimation of future cash flows for individual assessment on loans and advances, lease receivables and financial investments measured at amortised cost that are impaired.</li> </ol>	<p>We assessed and tested the model methodologies, key parameters, management significant judgements and assumptions, which mainly include:</p> <ol style="list-style-type: none"> <li>(1) Reviewed the ECL modelling methodologies, assessed the appropriateness of portfolio segmentation, assessed the model methodologies for ECL measurement and the reasonableness of the portfolio segmentation, model selection, key parameters estimation, other significant judgments and assumptions in relation to the modelling;</li> <li>(2) Evaluated the forward looking information used by management in the ECL model, including reviewing the management's selection of economic indicator, economic scenarios and weighting employed and the reasonableness assessment of the prediction of the economic indicator. We also performed sensitivity analysis on the weighting of economic scenarios;</li> </ol>

## CHAPTER IX INDEPENDENT AUDITOR'S REPORT (Continued)

### KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How the matter was addressed in our audit
<i>Expected credit losses ("ECL") for loans and advances to customers, financial investments measured at amortised cost and lease receivables (Continued)</i>	
Refer to notes 21, 22, 23, 43(a) to the consolidated financial statements and the accounting policies on pages 241 to 243.	
We have identified the measurement of ECL for loans and advances to customers, financial investments measured at amortised cost and lease receivables as a key audit matter due to the material balances of the Group's impairment allowances for loans and advances to customers, financial investments measured at amortised cost and lease receivables; and the higher interest risk arises from the significant uncertainty in estimation, the adoption of complex models, the involvement of substantial management judgements and assumptions, and the use of numerous parameters and data inputs in such measurements.	<p>(3) For individual assessment over certain loans and advances to customers, financial investments measured at amortised cost and lease receivables, we examined, on sampling basis, the reasonableness of major parameters employed under the discounted cash flow model, including the forecasted future cash flows based on the financial information of the borrower and guarantor, latest collateral valuation and other available information together with discount rate;</p> <p>(4) Examined on sampling basis, the model's operations and evaluated management's application of the expected credit loss model in accordance with its methodologies.</p> <p>We evaluated the appropriateness of the disclosures related to the measurement of expected credit losses on loans and advances to customers, financial investments measured at amortised cost and lease receivables.</p>

## CHAPTER IX INDEPENDENT AUDITOR'S REPORT (Continued)

### KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How the matter was addressed in our audit
<i>Valuation of financial instruments</i>	
Refer to notes 21, 22 and 44 to the consolidated financial statements and the accounting policies on pages 256.	
<p>As at 31 December 2024, the carrying amount of financial assets measured at fair value amounted to RMB53,932 million, of which the carrying amount of financial instruments categorised within Level 3 of the fair value hierarchy amounted to RMB6,601 million.</p> <p>For the Level 3 financial instruments, the Group has applied valuation techniques to determine the fair values of the financial instruments, which required significant unobservable inputs and subjective assumption and judgment made by the management.</p> <p>Given the significantly of the balance and the significant judgements involved in fair value measurement of Level 3 financial instruments, we have determined it to be a key audit matter.</p>	<p>We assessed and tested the design and operating effectiveness of key controls related to the valuation of financial instruments.</p> <p>For fair value measurement of Level 1 financial instruments, we compared the fair value adopted by the Group with publicly available market data. For fair value measurement of Level 2 financial instruments, we understood the valuation model adopted by the management, evaluated the appropriateness of the valuation model and valuation parameters employed to the model and compared them with available market quotations. For fair value measurement of Level 3 financial instruments, we assessed independently, on sampling basis, the management's valuation model, the unobservable parameters used for valuation and compared the valuation results performed by the Group.</p> <p>We evaluated the appropriateness of the disclosures related to the fair value of the financial instruments.</p>

## CHAPTER IX INDEPENDENT AUDITOR'S REPORT (Continued)

### KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How the matter was addressed in our audit
<i>Transfer of structured entities</i>	
Refer to note 46 to the consolidated financial statements and the accounting policies on pages 232 to 237.	
<p>The Group holds interests in various structure entities, including wealth management products, investment funds, trust plans, asset management plans, etc. As at 31 December 2024, the unconsolidated structured entities invested by the Group mainly consist of wealth management products managed by the Group amounted to RMB40,428 million, and investment funds, trust plans and asset management plans established and managed by third parties amounted to RMB55,353 million.</p> <p>Management performed assessment on its controlling power over the structured entities, including the power to direct relevant activities of structured entities, exposure to its risk and variable returns and the Group's ability to use its power to affect its variable returns from the structure entities, so to determine whether the structure entities should be consolidated or not.</p>	<p>We evaluated and tested the design and operating effectiveness of the internal controls related to the Group's assessment on the controls over a structured entity, including the management's review and approval procedures regarding to the calculation of variable returns and the result of the consolidated assessment.</p> <p>We selected samples and performed following substantive procedures on the consolidation assessment of structured entities, mainly including:</p> <p>(1) By examining the contractual terms with the structured entity, we understood the purpose of establishment, examined the transaction structure and identified the decision-making mechanism of the relevant activities, and evaluated the contractual rights and obligations of the Group and other parties so to assess the power of the Group over the structured entity;</p> <p>(2) Based on the contractual terms, we examined the amount and nature of income that the Group received from the structured entity; and whether any liquidity support was provided to the structured entity or other arrangements existed, and performed independent variable return analysis and testing to assess the variable returns entitled to the Group;</p>

## CHAPTER IX INDEPENDENT AUDITOR'S REPORT (Continued)

### KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How the matter was addressed in our audit
<i>Transfer of structured entities</i>	
Refer to note 46 to the consolidated financial statements and the accounting policies on pages 232 to 237.	
In view of the significance, the assessment of the Group's control over structured entities involved consideration of multiple factors together with judgement made over various transaction terms and substance of the transactions. We identified the consolidated assessment of structured entities as key audit matters.	<p>(3) Analysed the extent of the Group's decision making power, the level of returns and the risk of variable returns due to holding other interests in the structured entities to assess whether the Group has the ability to use their power to influence the amount of returns from the structured entities. We also analysed the substantive rights held by other investors to assess whether the Group acted as a principal or an agent in structured entities related transactions.</p> <p>We evaluated the appropriateness of disclosures in related to consolidated structured entities.</p>

## CHAPTER IX INDEPENDENT AUDITOR'S REPORT (Continued)

### KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How the matter was addressed in our audit
<i>Transfer of Financial Assets</i>	
Refer to note 39 to the consolidated financial statements and the accounting policies on page 243.	
<p>During the year ended 31 December 2024, the Group transferred non-performing financial assets to an independent third party. The details of the accounting policy, critical accounting judgements and relevant information have been disclosed in notes 4, 5 and 39 to the consolidated financial statements.</p> <p>The management analysed the rights and obligations among the parties stipulated in the contract in the transaction arrangement in relation to the transfer of non-performing financial assets, evaluated the extent of the risk transferred and rewards of ownership of the non-performing financial assets, and determined whether the conditions for derecognition of the financial assets were met.</p> <p>In the process of assessing whether the transferred non-performing financial assets meet the requirements of derecognition, the Group made a significant judgment. In view of the reason, we identified the derecognition of transferred financial assets as a key audit matter.</p>	<p>We evaluated and tested the design and operating effectiveness of the internal controls implemented by management regarding the transfer of financial assets, including the approval of transactions, testing of the risks and rewards of transfer of ownership, and review and approval of the results of the accounting treatment assessment.</p> <p>For the non-performing financial assets transferred out during the year, we checked the supporting documents provided by the management in relation to the derecognition of such assets, understood the transaction arrangements stipulated in the contract, obtained the confirmations from the counterparties to confirm the execution of the relevant arrangements in accordance to the contracts and do not perform other arrangement which is not stated in the contracts. We reviewed the basis for the derecognition assessment made by the Group and checked the reasonableness of the models, parameters and assumptions used by the management in the testing of the risks and rewards of transfer of ownership and the accuracy of the calculations.</p> <p>We evaluated the appropriateness of the Group regarding the disclosures in related to derecognition of transferred financial assets.</p>

## CHAPTER IX INDEPENDENT AUDITOR'S REPORT (Continued)

### OTHER MATTER

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

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

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

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

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

### RESPONSIBILITIES OF THE DIRECTORS OF THE BANK AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Bank are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs 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 of the Bank are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Bank either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Audit committee are responsible for overseeing the Group's financial reporting process.

## CHAPTER IX INDEPENDENT AUDITOR'S REPORT (Continued)

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

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

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 of the Bank.
- Conclude on the appropriateness of the Bank's 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 Company 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.

## CHAPTER IX INDEPENDENT AUDITOR'S REPORT (Continued)

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

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

From the matters communicated with audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year 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 Chuen Fai.

#### **SHINEWING (HK) CPA Limited**

*Certified Public Accountants*

Wong Chuen Fai

Practising Certificate Number: P05589

Hong Kong

27 March 2025

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December, 2024

	Notes	2024 RMB'000	2023 RMB'000
Interest income		23,355,859	24,759,804
Interest expense		(12,991,254)	(13,020,191)
<b>Net interest income</b>	6	<b>10,364,605</b>	11,739,613
Fee and commission income		622,462	735,875
Fee and commission expense		(150,200)	(156,949)
<b>Net fee and commission income</b>	7	<b>472,262</b>	578,926
Net trading gains	8	1,054,470	781,745
Net gains arising from investments	9	912,723	493,881
Other operating income	10	86,263	105,245
<b>Operating income</b>		<b>12,890,323</b>	13,699,410
Operating expenses	11	(3,904,214)	(3,858,566)
Credit impairment losses	14	(7,183,476)	(8,075,323)
Other operating expenses		(15,088)	(8,535)
<b>Operating profit</b>		<b>1,787,545</b>	1,756,986
Share of losses of associates		(1,114)	(17,350)
<b>Profit before taxation</b>		<b>1,786,431</b>	1,739,636
Income tax credit	15	77,039	119,843
<b>Profit for the year</b>		<b>1,863,470</b>	1,859,479
<b>Net profit attributable to:</b>			
Equity shareholders of the Bank		1,875,762	1,850,117
Non-controlling interests		(12,292)	9,362
		<b>1,863,470</b>	1,859,479
<b>Profit for the year</b>		<b>1,863,470</b>	1,859,479

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

For the year ended 31 December, 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>Other comprehensive income:</b>			
Other comprehensive income net of tax attributable to equity shareholders of the Bank			
Items that may be reclassified subsequently to profit or loss			
– Change in fair value/credit losses from debt investments measured at fair value through other comprehensive income	37(d)	481,067	318,559
– Share of other comprehensive income of associates	37(d)	4,480	–
Items that will not be reclassified subsequently to profit or loss			
– Change in fair value from equity investments measured at fair value through other comprehensive income	37(d)	134,909	(3,010)
– Remeasurement of net defined benefits liability	37(e)	(24,011)	(5,408)
<b>Other comprehensive income net of tax</b>		<b>596,445</b>	<b>310,141</b>
<b>Total comprehensive income</b>		<b>2,459,915</b>	<b>2,169,620</b>
<b>Total comprehensive income attributable to:</b>			
Equity shareholders of the Bank		2,472,207	2,160,258
Non-controlling interests		(12,292)	9,362
		<b>2,459,915</b>	<b>2,169,620</b>
Basic and diluted earnings per share (in RMB)	16	0.15	0.15

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December, 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>Assets</b>			
Cash and deposits with Central Bank	17	29,008,339	26,369,865
Deposits with banks and other financial institutions	18	1,797,835	1,244,162
Placements with banks and other financial institutions	19	14,099,825	6,227,699
Financial assets held under resale agreements	20	5,885,781	10,689,146
Loans and advances to customers	21	376,048,659	350,325,297
Financial investments:			
Financial investments at fair value through profit or loss	22	32,484,947	40,723,996
Financial investments at fair value through other comprehensive income	22	21,447,481	22,872,676
Financial investments measured at amortised cost	22	147,416,874	122,756,433
Lease receivables	23	30,657,280	32,817,168
Interests in associates	24	607,767	604,401
Property and equipment	25	3,404,238	3,424,145
Deferred tax assets	26	6,066,105	6,278,278
Other assets	27	7,440,109	6,376,163
<b>Total assets</b>		<b>676,365,240</b>	<b>630,709,429</b>
<b>Liabilities</b>			
Due to Central Bank	28	35,037,760	30,960,269
Deposits from banks and other financial institutions	29	12,380,094	14,307,609
Placements from banks and other financial institutions	30	28,727,216	33,246,902
Financial assets sold under repurchase agreements	31	16,699,143	25,131,941
Deposits from customers	32	413,096,026	366,521,910
Tax payable		418,069	1,092,496
Debt securities issued	33	110,242,221	102,068,783
Other liabilities	34	3,469,940	3,064,663
<b>Total liabilities</b>		<b>620,070,469</b>	<b>576,394,573</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

For the year ended 31 December, 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>Equity</b>			
Share capital	35	9,092,091	9,092,091
Other equity instruments	36	9,998,855	9,998,855
Capital reserve	37	5,985,102	5,985,102
Surplus reserve	37	3,875,978	3,689,605
General reserve	37	9,143,233	8,266,509
Fair value reserve	37	809,842	189,386
Remeasurement of net defined benefit liability	37	(98,054)	(74,043)
Retained earnings	38	15,637,984	15,305,319
Total equity attributable to equity shareholders of the Bank		54,445,031	52,452,824
Non-controlling interests		1,849,740	1,862,032
<b>Total equity</b>		<b>56,294,771</b>	<b>54,314,856</b>
<b>Total liabilities and equity</b>		<b>676,365,240</b>	<b>630,709,429</b>

Approved and authorised for issue by the board of directors on 27 March, 2025.

**Zhao Fei**

*Chairman of the Board of Directors  
Executive Director*

**Li Hong**

*President  
Executive Director*

**Zhang Houlin**

*Person in Charge of Accounting Affairs*

**Fu Qiang**

*Head of Accounting Department*

**Bank of Zhengzhou Co., Ltd.**

*(Company Chop)*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December, 2024

Attributable to equity shareholders of the Bank												
Notes	Share capital RMB '000	Other equity instruments RMB '000	Capital reserve RMB '000	Surplus reserve RMB '000	General reserve RMB '000	Fair value reserve RMB '000	Remeasurement		Retained earnings RMB '000	Sub-total RMB '000	Non- controlling interests RMB '000	Total equity RMB '000
							of net defined benefit liability RMB '000					
Balance at 1 January 2024	9,092,091	9,998,855	5,985,102	3,689,605	8,266,509	189,386	(74,043)		15,305,319	52,452,824	1,862,032	54,314,856
Profit for the year	-	-	-	-	-	-	-	-	1,875,762	1,875,762	(12,292)	1,863,470
Other comprehensive income 37(d) & (e)	-	-	-	-	-	620,456	(24,011)		-	596,445	-	596,445
Total comprehensive income for the year	-	-	-	-	-	620,456	(24,011)		1,875,762	2,472,207	(12,292)	2,459,915
Appropriation of profit:												
Appropriation to surplus reserve 37(b)	-	-	-	186,373	-	-	-	-	(186,373)	-	-	-
Appropriation to general reserve 37(c)	-	-	-	-	876,724	-	-	-	(876,724)	-	-	-
Cash dividends on perpetual debits 38	-	-	-	-	-	-	-	-	(480,000)	(480,000)	-	(480,000)
Sub-total	-	-	-	186,373	876,724	620,456	(24,011)		332,665	1,992,207	(12,292)	1,979,915
Balance at 31 December 2024	9,092,091	9,998,855	5,985,102	3,875,978	9,143,233	809,842	(98,054)		15,637,984	54,445,031	1,849,740	56,294,771

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the year ended 31 December, 2024

Attributable to equity shareholders of the Bank												
	Notes	Share capital RMB'000	Other equity instruments RMB'000	Capital reserve RMB'000	Surplus reserve RMB'000	General reserve RMB'000	Fair value reserve RMB'000	Remeasurement		Non-controlling interests RMB'000	Total equity RMB'000	
								Retained earnings RMB'000	Sub-total RMB'000			
Balance at 1 January 2023		8,265,538	9,998,855	6,811,655	3,505,562	7,767,704	(126,163)	(68,635)	14,618,050	50,772,566	1,852,670	52,625,236
Profit for the year		-	-	-	-	-	-	-	1,850,117	1,850,117	9,362	1,859,479
Other comprehensive income	37(d) & (e)	-	-	-	-	-	315,549	(5,408)	-	310,141	-	310,141
Total comprehensive income for the year		-	-	-	-	-	315,549	(5,408)	1,850,117	2,160,258	9,362	2,169,620
Appropriation of profit:												
— Appropriation to surplus reserve	37(b)	-	-	-	184,043	-	-	-	(184,043)	-	-	-
— Appropriation to general reserve	37(c)	-	-	-	-	498,805	-	-	(498,805)	-	-	-
— Cash dividends on perpetual debits	38	-	-	-	-	-	-	-	(480,000)	(480,000)	-	(480,000)
— Conversion of capital reserve into share capital	36	826,553	-	(826,553)	-	-	-	-	-	-	-	-
Sub-total		826,553	-	(826,553)	184,043	498,805	315,549	(5,408)	687,269	1,680,258	9,362	1,689,620
Balance at 31 December 2023		9,092,091	9,998,855	5,985,102	3,689,605	8,266,509	189,386	(74,043)	15,305,319	52,452,824	1,862,032	54,314,856

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>Cash flows from operating activities</b>			
Profit before tax		1,786,431	1,739,636
<i>Adjustments for:</i>			
Credit impairment losses		7,183,476	8,075,323
Depreciation and amortisation		449,195	458,441
Unrealised foreign exchange gains		(274)	(56,155)
Net losses/(gains) from disposal of long-term assets		2,833	(10,304)
Net trading losses/(gains) of financial investments at fair value through profit or loss		78,883	(33,513)
Net gains arising from investments		(912,723)	(493,881)
Share of losses of associates		1,114	17,350
Interest expense on financing activities		2,475,334	2,599,417
Interest income on financial investments		(5,024,760)	(5,424,985)
		6,039,509	6,871,329
<i>Changes in operating assets</i>			
Net (increase)/decrease in deposits with Central Bank		(2,396,026)	700,596
Net increase in deposits and placements with banks and other financial institutions		(6,702,624)	(2,200,000)
Net decrease in financial investments at fair value through profit or loss		2,474,492	4,235,749
Net increase in loans and advances to customers		(31,825,144)	(36,248,929)
Net decrease in financial assets held under resale agreements		4,802,477	1,698,520
Net decrease/(increase) in lease receivables		1,246,699	(3,199,921)
Net decrease in other operating assets		27,120	533,229
		(32,373,006)	(34,480,756)
<i>Changes in operating liabilities</i>			
Net increase in amounts due to Central Bank		4,106,409	10,762,907
Net decrease in deposits and placements from banks and other financial institutions		(6,338,294)	(11,569,325)
Net (decrease)/increase in financial assets sold under repurchase agreements		(8,425,830)	6,030,831
Net increase in deposits from customers		43,576,457	23,253,277
Income tax paid		(940,651)	(818,268)
Net increase in other operating liabilities		3,120,762	1,598,107
		35,098,853	29,257,529

## CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>Net cash flows generated from operating activities</b>		<b>8,765,356</b>	1,648,102
<b>Cash flows from investing activities</b>			
Proceeds from disposal and redemption of investments		<b>69,046,447</b>	88,267,518
Proceeds from disposal of property and equipment and other assets		<b>3,177</b>	11,920
Payments on acquisition of investments		<b>(87,666,515)</b>	(96,986,311)
Return on investments		<b>6,928,192</b>	5,545,615
Payments on acquisition of property and equipment and other assets		<b>(271,770)</b>	(522,536)
Payment for the capital increase of the associated company		<b>—</b>	(347,870)
<b>Net cash flows used in investing activities</b>		<b>(11,960,469)</b>	(4,031,664)
<b>Cash flows from financing activities</b>	40(b)		
Proceeds received from debt securities issued		<b>163,041,068</b>	139,390,217
Repayment of debt securities issued		<b>(154,676,000)</b>	(132,422,300)
Interest paid on debt securities issued		<b>(2,660,644)</b>	(2,481,660)
Dividends paid		<b>(480,011)</b>	(480,049)
Cash flows used in other financing activities		<b>(128,270)</b>	(120,121)
<b>Net cash flows generated financing activities</b>		<b>5,096,143</b>	3,886,087
<b>Net increase in cash and cash equivalents</b>		<b>1,901,030</b>	1,502,525
<b>Cash and cash equivalents as at 1 January</b>		<b>12,019,973</b>	10,515,331
<b>Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>1,274</b>	2,117
<b>Cash and cash equivalents as at 31 December</b>	40(a)	<b>13,922,277</b>	12,019,973
<b>Net cash flows generated from operating activities include:</b>			
Interest received		<b>19,898,130</b>	20,574,761
Interest paid		<b>(7,669,376)</b>	(8,912,809)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December, 2024

## 1. BACKGROUND INFORMATION

Bank of Zhengzhou Co., Ltd. (the “Bank”), formerly known as City Commercial Bank of Zhengzhou Co., Ltd., is a joint-stock commercial bank established with the approval of the People’s Bank of China (the “PBOC”) in accordance with the notice of JiyinFu [2000] No. 64. The Bank changed its name to Bank of Zhengzhou Co., Ltd. in October 2009. The registered address is No.22 Business Waihuan Road, Zhengdong New District, Zhengzhou City, Henan Province. The Bank operates in Henan Province of the PRC.

The Bank obtained its financial institution licence No. B1036H241010001 from the former China Banking Regulatory Commission (“the former CBRC”), and obtained its business licence from Henan Province Administration for Market Regulation, the unified social credit code is 914100001699995779. The Bank is regulated by National Financial Regulatory Administration.

In December 2015, the Bank’s H-share was listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock code: 06196). In September 2018, the Bank’s A-share was listed on the SME Board of the Shenzhen Stock Exchange (Stock code: 002936).

The principal activities of the Bank and its subsidiaries (collectively the “Group”) include receiving deposits from the public; short, medium and long-term lending; domestic and international settlement; bill acceptance and discounting; issuing financial bonds; purchase and sale of government bonds and financial bonds; interbank lending and borrowing; financial leasing and other business activities.

These financial statements have been approved by the board of directors on 27 March 2025.

## 2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRSs”). 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 the Hong Kong Companies Ordinance.

The preparation of consolidated financial statements in conformity with IFRSs 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 5.

As a financial institution established in the PRC and listed on the Shenzhen Stock Exchange, the Group also prepared its consolidated financial statements for the reporting period in accordance with the “Accounting Standards for Business Enterprises – Basic Standard” issued by the Ministry of Finance of the People’s Republic of China (the “MOF”), additional specific accounting standards, the Application Guide and Interpretations of Accounting Standards and other relevant regulations (collectively known as the “PRC GAAP”), as well as the relevant regulations issued by the China Securities Regulatory Commission (“CSRC”) in relation to the disclosure of financial statements and notes of listed companies. There is no difference in the net profit for the year or total equity as at the end of the year between the Group’s consolidated financial statements prepared under IFRSs and those prepared under PRC GAAP.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 3. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSS”)

### Application of amendments to IFRSs

In the current year, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“ISAB”) which are effective for the Group’s financial year beginning on 1 January 2024:

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

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

### New and amendments to IFRSs issued but not yet effective

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

IFRS 18	<i>Presentation and Disclosure in Financial Statements<sup>3</sup></i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures<sup>3</sup></i>
Amendments to IAS 21	<i>Lack of Exchangeability<sup>1</sup></i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments<sup>2</sup></i>
Amendments to IFRS Accounting Standards	<i>Annual Improvements to IFRS Accounting Standards – Volume 11<sup>2</sup></i>
Amendments to IFRS 10 and IAS 28	<i>Sale of Contribution of Assets between an Investor and its Associate or Joint Venture<sup>4</sup></i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity<sup>2</sup></i>

<sup>1</sup>Effective for annual periods beginning on or after 1 January 2025

<sup>2</sup>Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup>Effective for annual periods beginning on or after 1 January 2027

<sup>4</sup>Effective for annual periods beginning on or after a date to be determined

The directors of the Bank anticipate that, the application of the new and amendments to IFRSs will have no material impact on the results and the financial position of the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 3. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSS”) (CONTINUED)

#### **New and amendments to IFRSs issued but not yet effective (Continued)**

##### ***IFRS 18 – Presentation and Disclosure in Financial Statements***

IFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 “Statement of Cash Flows” and IAS 33 “Earnings per Share” are also made. IFRS 18, and the consequential amendments to other IFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

##### ***IFRS 19 – Subsidiaries without Public Accountability: Disclosures***

IFRS 19 allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with HKFRS accounting standards. IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

##### ***Amendments to IAS 21 – Lack of Exchangeability***

The IASB has issued amendments to IAS 21 to clarify how an entity should assess whether a currency is convertible into another currency and, in the absence of convertibility, how an entity should estimate the spot rate at the measurement date. The amendments require disclosures that enable users of financial statements to understand the impact of currency non-convertibility. Early application is permitted. In applying these revisions, an entity cannot restate comparative information. Any cumulative effect of the initial application of the revisions shall be recognized as an adjustment to the opening balance of retained profits or an adjustment to the cumulative currency translation differences in a separate component of equity, if applicable, at the date of initial application.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 3. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSS”) (CONTINUED)

### New and amendments to IFRSs issued but not yet effective (Continued)

#### ***Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments***

The amendments include requirements on classification of financial assets with environmental, social or governance (“ESG”) targets and similar features; settlement of financial 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 amendments are effective for annual periods beginning on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for contingent features only.

#### ***Annual Improvements to IFRS Accounting Standards – Volume 11***

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying Guidance on implementing IFRS 7), IFRS 9, IFRS 10 and IAS 7.

- IFRS 7 Financial Instruments: Disclosures: The amendments remove an obsolete reference to paragraph 27A and update the wordings in paragraph B38 of IFRS 7 regarding “unobservable inputs” to be consistent with IFRS 13. The amendments to the accompanying guidance on implementing IFRS 7 clarify that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7, as well as update the wordings in paragraph IG14 of IFRS 7 regarding “fair value” consistent with other standards.
- IFRS 9 Financial Instruments: The amendments address a conflict between IFRS 9 and IFRS 15 over the initial measurement of trade receivables, and how a lessee accounts for the derecognition of a lease liability under IFRS 9.
- IFRS 10 Consolidated Financial Statements: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of a circumstance in which judgement is required to determine whether a party is acting as de facto agents.
- IAS 7 Statement of Cash Flows: The amendments replace the term “cost method” with “at cost” in paragraph 37 of IAS 7 following the prior deletion of the definition of “cost method”.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 3. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS(S)”) (CONTINUED)

#### **New and amendments to IFRSs issued but not yet effective (Continued)**

##### ***Annual Improvements to IFRS Accounting Standards – Volume 11 (Continued)***

*Amendments to IFRS 10 and IAS 28 – Sale of Contribution of Assets between an Investor and its Associate or Joint Venture*

The narrow-scope amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a “business” (as defined in IFRS 3 “Business Combinations”). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor’s investors in the associate or joint venture. The amendments apply prospectively.

*Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity*

The IASB published these amendments which clarifying the application of the ‘own-use’ requirements; permitting hedge accounting if these contracts are used as hedging instruments; and adding new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows. These amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted.

### 4. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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, regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The material accounting policies are set out below.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements;
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings

The Group reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and cease when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Basis of consolidation (Continued)

##### *Changes in the Group's ownership interests in existing subsidiaries*

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. The amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets and liabilities (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 "Financial Instruments" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

#### Business combinations

Acquisition 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 values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs incurred to effect a business combination are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to the acquiree's employee benefit arrangements are recognised and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits", respectively;
- liabilities or equity instruments related to share-based payment arrangement of the acquiree or the replacement of the acquiree's share-based payment transactions with the share-based payment transactions of the Group are measured in accordance with IFRS 2 "Share-based Payment" at the acquisition date (see the accounting policy below);

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Business combinations (Continued)

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments as if the acquired lease was a new lease at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at an amount equal to the lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group’s previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests are measured at acquisition-date fair value except for non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity’s net assets in the event of liquidation are initially measured either at fair value or at the present ownership instruments’ proportionate share in the recognised amounts of the acquiree’s identifiable net assets.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at each reporting date, and changes in fair value are recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Business combinations (Continued)

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. The provisional amounts recognised at the acquisition date are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

#### Subsidiaries

If the Group acquires a subsidiary through a merger of companies under common control, the difference between the book value of the net assets acquired by the merging parties and the book value of the merger consideration paid (or the total par value of shares issued) is adjusted to capital surplus; if capital surplus is not sufficient to offset the difference, retained earnings are adjusted.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the Bank's statement of financial position, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments, but does not include acquisition-related costs, which are expensed as incurred. The dividends or profits declared to distribute by the invested entity shall be recognised by the Bank as the current investment income of subsidiaries.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method, except for the investments classified as held for sale in which case it is accounted for in accordance with IFRS 5. Under the equity method, investments in associates are initially recognised at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. If the Group's share of losses of an associate equals or exceeds its interest in the associate, which includes any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

If an associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to make the associate's accounting policies conform to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the associate is recognised as goodwill and is included in the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 "Impairment of Assets" are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the net investment subsequently increases.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Associates (Continued)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate is disposed of.

When the Group's ownership interest in an associate is reduced, but the Group continues to apply the equity method, the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest is reclassified to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Gains and losses resulting from transactions between the Group and its associate are recognised in consolidated financial statements only to the extent of interests in the associate that are unrelated to the Group. The Group's share in the associate's gains or losses resulting from these transactions is eliminated.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an associate to which the equity method is not applied and which form part of the net investment in the investee. In applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 "Investments in Associates and Joint Ventures" (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

#### Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash, balances with banks and other financial institutions. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Foreign currency translation

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 exchanges 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 in terms of 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 recognised in profit or loss in the period in which they arise, except for those relating to foreign currency borrowings specifically for acquisition and construction of assets qualified for capitalisation, which are capitalised in accordance with the principle of capitalisation of borrowing costs.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in 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 recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

Cash flows arising from foreign currency transactions are translated using the spot exchange rates at the dates on which the transactions take place. The effect of exchange rate changes on cash is separately presented in the statement of cash flows.

### Financial instruments

#### ***Recognition and initial measurement of financial assets and financial liabilities***

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at fair value through profit or loss are recognised immediately in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the financial asset within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at amortised cost or fair value depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss.

#### *Classification of financial assets*

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

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

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

Financial assets not designated as fair value through profit or loss that meet the following conditions are classified as financial assets measured at amortised cost:

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Financial assets (Continued)

#### *Classification of financial assets (Continued)*

The Group classifies financial assets not designated as fair value through profit or loss that meet the following conditions as financial assets at fair value through other comprehensive income:

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

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Financial assets (Continued)

##### ***Subsequent measurement of financial assets***

(i) *Financial assets measured at amortised cost*

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

(ii) *Debt securities at fair value through other comprehensive income*

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

(iii) *Equity securities at fair value through other comprehensive income*

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

##### ***Impairment of financial assets***

The Group recognises loss allowance for expected credit losses on financial assets measured at amortised cost, debt securities at fair value through other comprehensive income, lease receivables and credit commitments.

Other financial assets measured at fair value, including financial assets at fair value through profit or loss, equity investments designated at fair value through other comprehensive income, are not subject to the expected credit loss assessment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Financial assets (Continued)

#### *Impairment of financial assets (Continued)*

##### *(i) Measurement of expected credit losses*

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

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

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

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

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

The Group's measurement of expected credit losses is described in Note 43.

##### *(ii) Presentation of expected credit losses*

Expected credit losses are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the amount of expected credit loss is recognised as an impairment gain or loss in profit or loss. For financial assets measured at amortised cost, provision is offset against their carrying amounts in the balance sheet. The Group recognises provision for debt instruments at fair value through other comprehensive income in other comprehensive income and does not deduct the carrying amount of the financial assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Financial assets (Continued)

##### *Impairment of financial assets (Continued)*

###### *(iii) Write-off*

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

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

##### *Derecognition of financial assets*

Financial assets are derecognised when one of the following conditions is met:

- the Group's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset;
- 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.

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Financial assets (Continued)

#### *Transfer of financial assets*

If the Group has transferred substantially all the risks and rewards of ownership of financial assets to the transferee, it shall de-recognise the financial assets; if it retains substantially all the risks and rewards of ownership of financial assets, it shall not derecognise the financial assets.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of financial assets, it shall deal with the following situations separately: if it abandons its control over the financial assets, it should derecognise the financial assets and recognise the assets and liabilities that arose; if it does not abandon its control over the financial assets, it shall recognise the relevant financial assets in accordance with the extent to which it continues to be involved in the transferred financial assets, and relevant liabilities are recognised accordingly.

If the Group continues to be involved in the transferred financial assets by providing a financial guarantee, the assets that arose from the continued involvement shall be determined at the lower of the book value of the financial assets and the amount of the financial guarantee. The amount of the financial guarantee refers to the maximum amount that will be required to be repaid among the consideration received.

### Financial liabilities and equity instruments

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

#### *Classification and subsequent measurement of financial liabilities*

The Group classifies financial liabilities into financial liabilities measured at amortised cost and financial liabilities at fair value through profit or loss.

##### *(i) Financial liabilities measured at amortised cost*

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

##### *(ii) Financial liabilities at fair value through profit or loss*

The financial liabilities includes trading financial liabilities and financial liabilities designated at fair value through profit or loss.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Financial assets (Continued)

##### *Derecognition of financial liabilities*

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

##### *Other equity instruments*

The preference shares issued by the Group do not include the contractual obligations to pay cash or other financial assets to other parties, or exchange financial assets or financial liabilities with other parties under potential adverse conditions. Meanwhile, these preferred shares are non-derivative financial instruments that must be settled with their own equity instruments in the future, but do not include the contractual obligation to deliver a variable number of their own equity instruments for settlement. The preference shares issued by the Group are equity instruments. The transaction costs such as handling fees and commissions incurred in issuing the preference shares are deducted from the equity. The interest on preference shares is recognised as profit distribution at the time of declaration.

The perpetual bonds issued by the Group do not include the contractual obligations to pay cash or other financial assets to other parties, or exchange financial assets or financial liabilities with other parties under potential adverse conditions. In addition, there are no terms and arrangement that the bonds must or will alternatively be settled in the Group's own equity instruments. The perpetual bonds issued by the Group are equity instruments. The handling fees, the transaction costs and commissions incurred in issuing the perpetual bonds are deducted from the equity. The interest on perpetual bond is recognised as profit distribution at the time of declaration.

#### Financial guarantee contracts

Financial guarantee contracts are those contracts that require a payment to be made by the issuer to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are measured at fair value at initial recognition. For financial guarantee contracts which are not designated as at fair value through profit or loss, they are subsequently measured at the higher of the expenditure determined by the expected credit loss model that is required to settle any financial obligation arising at the financial reporting date, and the value initially recognised less the accumulated amortisation recognised in accordance with the guidance for revenue recognition.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Derivative financial instruments

The Group uses derivative financial instruments, for example, to hedge exchange-rate risks through foreign exchange forward contracts, which are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Changes in the fair value of these derivatives are recognised in profit or loss unless it is related to hedge accounting.

### Offsetting financial instruments

Financial assets and liabilities of the Group are offset and the net amount presented in the consolidated statement of financial position when, and only when, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### Financial assets held under resale and repurchase agreements

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

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

The difference between purchase and sale price is recognised as “Interest expense” or “Interest income” in the statement of profit or loss over the life of the agreements using the effective interest method.

### Property, plant and equipment

Property, plant and equipment are recognised only when the economic benefits associated with the assets will probably flow to the Group and the cost of the assets can be measured reliably. Subsequent expenditures incurred for property, plant and equipment that meet the recognition criteria shall be included in its cost, and the carrying amount of the component of the property, plant and equipment that is replaced shall be de-recognised. Otherwise, such expenditures shall be recognised in profit or loss for the period during which they are incurred.

Property, plant and equipment are initially measured at cost. The cost of purchased property, plant and equipment comprise the purchase price, relevant taxes and any directly attributable costs for bringing the assets to expected working condition.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Property, plant and equipment (Continued)

##### *Premises, electronic equipment and others*

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

	Estimated useful lives (years)	Estimated rate of residual value (%)	Depreciation rate (%)
Premises	20 – 50	5	1.90-4.75
Electronic equipment	3 – 5	5	19.00-31.67
Vehicles	5	5	19.00
Office equipment and others	5 – 10	5	9.50-19.00
Operating leased fixed assets	8 – 10	0-5	9.50-11.88

##### *Construction in progress*

The cost of construction in progress is determined according to the actual costs incurred for the construction, including all necessary construction costs incurred during the construction period, and other relevant expenses.

Construction in progress is transferred to property, plant and equipment when the asset is ready for its intended use.

##### *Intangible assets*

Intangible assets are stated in the consolidated statement of financial position at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses. The cost of intangible assets less estimated residual value and accumulated impairment losses is amortised on a straight-line basis over the estimated useful lives.

The estimated useful lives are as follows:

	Estimated useful lives (years)
Software	5 – 10

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Property, plant and equipment (Continued)

#### *Impairment of non-financial assets*

At the end of the reporting period, the Group reviews the carrying amounts of its interests in associates, investment in subsidiaries, property and equipment, right-of-use assets, leasehold improvement, intangible assets and repossessed 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. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of the non-financial assets are estimated individually. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Employee benefits

Employee benefits refer to all forms of considerations or compensations given by the Group in exchange for services rendered by employees or for the termination of employment. Employee benefits include short-term benefits, post-employment benefits, termination benefits and other long-term employee benefits.

##### *Short-term employee benefits*

In the accounting period in which services are rendered by employees, the actual undiscounted amount of short-term benefits incurred is recognised as liabilities and charged to profit or loss for the current period or cost of underlying assets.

##### *Post-employment benefits-defined contribution plans*

The employees of the Group participate in (i) the pension insurance and unemployment insurance scheme administered by the local government and (ii) enterprise annuity, and the corresponding expenses are included in the costs of underlying assets or recognised in profit or loss for the current period when incurred.

##### *Post-employment benefits – defined benefit plan*

The Group sets benefit plans as supplementary retirement benefits, including early retirement plans and supplementary retirement plans. The plan requires payment of fees to independently managed funds. No capital has been injected into the plan. The benefits cost under the defined benefit plan is calculated using the projected accumulative benefit unit method.

The items to be remeasured as a result of the defined benefit pension plan, which include actuarial gains or losses, movements arising from assets cap (net of amounts included in net interest of liabilities in the defined benefit plan) and return on plan assets (net of amounts included in net interest of liabilities in the defined benefit plan), are all immediately recognised in the consolidated statement of financial position, and are included in shareholders' equity through other comprehensive income during the period in which they are incurred. They will not be reclassified to profit or loss in subsequent periods.

The past service costs are recognised as expenses for the current period when the defined benefit plan is modified or when the Group recognises relevant restructuring costs or termination benefits, whichever occurs earlier.

Net interest is calculated by multiplying net liabilities or net assets of the defined benefit plan by the discount rate. The Group recognises changes in net liabilities of the defined benefit plan under administrative expense and finance expenses in the income statement. Service costs include current service cost, past service cost and gains or losses on settlement; net interest includes interest income on plan assets, interest expenses on plan obligations and interest arising from assets cap.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Employee benefits (Continued)

#### *Termination benefits*

If the Group provides termination benefits to employees, the employee benefits liabilities arising from termination benefits are recognised in profit or loss for the current period at the earlier of the following dates: when the Group cannot unilaterally withdraw the offer of these termination benefits as a result of termination of employment plan or downsizing proposal, and when the Group recognises restructuring costs involving the payment of termination benefits.

#### *Other long-term employee benefits*

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

### Provisions and contingent liabilities

#### *Other provisions*

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined according to the following circumstances:

- Where the contingency involves a single item, the best estimate is the most likely outcome;
- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Provisions and contingent liabilities (Continued)

##### *Contingent liabilities*

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

##### **Income tax**

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to items that are recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable calculated at the applicable tax rate on the taxable income for the period, and any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset if the taxable entity has a legally enforceable right to set off them and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Income tax (Continued)

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

- When the taxable temporary differences arises from the initial recognition of goodwill or an asset or liability in a single transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and, the initial recognition of assets and liabilities do not result in equal taxable temporary differences or deductible temporary differences; and
- In respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deductible temporary differences arises from single transactions in which the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and, the initial recognition of assets and liabilities do not result in equal taxable temporary differences or deductible temporary differences; and
- In respect of deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Income tax (Continued)

Deferred tax assets and deferred tax liabilities are offset when the following conditions are satisfied: a legally enforceable right exists to set off current tax assets against current tax liabilities; the deferred taxes relate to the same taxable entity and the same taxation authority, or the involved taxable entities are intended to settle the current income tax assets and current income tax liabilities on a net basis or to simultaneously acquire assets and repay debts during each future period in which significant amounts of deferred income tax assets and deferred income tax liabilities are expected to be reversed.

#### Lease

On the contract start date, the Group assesses whether the contract is a lease or contains a lease. If one party in the contract transfers the right to control the use of one or more identified assets for a certain period of time in exchange for consideration, the contract is a lease or contains a lease.

##### *The Group as lessee*

The Group recognises the right-of-use assets and corresponding lease liabilities with respect to all lease arrangements in which it is the lessee, except for short-term leases and low-value asset leases.

##### *Right-of-use assets as lessee*

At the commencement date of the lease, the Group recognises its right to use the lease assets over the lease term as the right-of-use asset and initially measures it at cost. The cost of right-of-use assets includes: the amount of initial measurement of the lease liability; any lease payments made at or before the commencement date of the lease less any lease incentives received; the initial direct expenses incurred by the lessee; and an estimate of costs incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms of the lease. If the Group re-measures the lease liabilities due to the changes in lease payments, the book value of the right-of-use assets shall be adjusted accordingly. The right-of-use assets are depreciated on a straight-line basis subsequently by the Group. If the Group is reasonably certain that the ownership of the underlying asset will be transferred to the Group at the end of the lease term, the Group depreciates the asset from the commencement date to the end of the useful life of the asset. Otherwise, the Group depreciates the assets from the commencement date to the earlier of the end of the useful life of the asset and the lease term.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Lease (Continued)

#### *Lease liabilities as lessee*

On the commencement date of the lease term, the Group recognises the present value of the outstanding lease payments as lease liabilities, except for short-term leases and low-value asset leases. The amount of lease payment includes the amount of fixed payment and substantial fixed payment after deducting the lease incentive, the amount of variable lease payment depending on the index or ratio, the amount expected to be paid according to the guarantee residual value, and the exercise price of the purchase option or the payment amount to exercise the lease termination option, provided that the Group reasonably determines that the option will be exercised or the lease term reflects that the Group will exercise the lease termination option.

In calculating the present value of the lease payments, the Group uses the implicit interest rate in the lease as the discount rate; if the implicit interest rate of the lease cannot be determined, the lessee's incremental borrowing rate is used as the discount rate. The Group calculates the interest expense of the lease liabilities for each period of the lease term based on the fixed periodic interest rate and recognises it in profit or loss for the current period, unless otherwise stipulated to be recognised in related asset costs. The variable lease payments that are not included in the measurement of the lease liabilities are recognised in profit or loss when incurred, unless otherwise stipulated to be recognised in related asset costs.

After the commencement date of the lease term, the Group increases the carrying amount of the lease liability while recognising the interest, and decreases the carrying amount of the lease liability while paying the lease payment. If either (i) the substantially fixed payment amount changes; (ii) the expected amount payable of the guarantee residual value changes; (iii) the index or ratio used to determine the lease payment amount changes; or (iv) the assessment results or actual exercise of the purchase option, renewal option or termination option changes, the Group re-measures the lease liabilities based on the present value of the changed lease payments.

#### *Short-term leases and low-value asset leases*

The Group considers a lease that, at the commencement date of the lease, has a lease term of 12 months or less, and does not contain any purchase option as a short-term lease; and a lease for which the value of the individual underlying asset is lower at inception as a lease of a low-value asset. The Group chooses not to recognise the right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, and the rent is amortised on a straight-line basis in each period of the lease term and included in the statement of profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Lease (Continued)

##### *The Group as lessor*

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, except that a lease is classified as an operating lease at the inception date.

##### *The Group acts lessor under finance lease*

When the Group is a lessor under finance leases, at the commencement date of the lease, the Group recognises finance lease receivable and derecognises finance lease assets. In the initial measurement of the finance lease receivable, the Group recognises the net investment of the lease as the book value. The net investment in a lease is the sum of the unguaranteed residual value and the present value of the unreceived minimum lease payment receivable at the commencement date, which is discounted by the interest rate implicit in the lease, including initial direct costs. The Group calculates and recognises the interest income in each period during the lease term using the constant periodic rate of interest. Variable lease payments that are not measured as part of the net investment in the lease are recognised in profit or loss as incurred.

##### *The Group acts lessor under operating lease*

Rental income under an operating lease is recognised through profit or loss using the straight-line method for each period of the lease term. Variable lease payments not included in the measurement of the net investment in the lease are recognised in profit or loss as incurred. Initial direct costs are capitalised and amortised over the lease term on the same basis as rental income is recognised, and are charged to profit or loss.

##### *The Group acts as lessee under sale and leaseback transactions*

If the asset transfer under a sale and leaseback transaction belongs to sale, the Group, as a lessee, measures the right-of-use assets created by the sale and leaseback based on the portion of carrying amount of the original assets related to right of use obtained upon leaseback, and only recognise relevant profit or loss for the right transferred to the lessor. If the asset transfer under a sale and leaseback transaction does not belong to sale, the Group, as a lessee, will continue to recognise the transferred assets while recognise a financial liability equal to the transfer income.

##### *The Group acts as lessor under sale and leaseback transactions*

If the asset transfer under a sale and leaseback transaction belongs to sale, the Group, as a lessor, accounts for the purchase of the assets and the lease of the assets in accordance with the foregoing. If the asset transfer under a sale and leaseback transaction does not belong to sale, the Group, as a lessor, will not recognize the transferred asset while recognise a financial asset equal to the transfer income.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Profit distribution

Dividends are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders in general meetings and declared. Interim dividends are deducted from equity when they are approved and declared, and no longer at the discretion of the Bank. Dividend for the year that is approved after the end of the reporting period is disclosed as a subsequent event.

### Fair value measurement

When measuring fair value, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

- |         |   |   |
|---------|---|---|
| Level 1 | – | Quoted (unadjusted) market prices in active markets for identical assets or liabilities.  |
| Level 2 | – | Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable. |
| Level 3 | – | Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.                      |

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

### Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system, whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and assess its performance. Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting. Segment accounting policies are consistent with those for the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### **Fiduciary activities**

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

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

#### **Reposessed assets**

In the recovery of impaired loans and advances, the Group may take possession of assets held as collateral through court proceedings or voluntary delivery of possession by the borrowers. Reposessed assets in the form of financial assets are recognised and presented as the appropriate class of financial assets based on the business models and contractual cash flow characteristics, and reposessed assets that are not financial assets are recognised and reported in “other assets” in the consolidated statement of financial position when the Group intends to achieve an orderly realisation of the impaired assets and the Group is no longer seeking repayment from the borrower.

When using reposessed assets as compensation for losses on loans and advances to customers and interest receivable, the Group recognises reposessed assets in the form of financial assets at fair value, and records any taxes payable, advance payment for litigation fees, tax arrears and other transaction costs incurred to obtain reposessed assets in profit or loss or into the initial book value, respectively, depending on the type of financial assets.

Reposessed assets that are not financial assets are initially recognised at the fair value of the rights given up by creditors, and the Group records any taxes payable, advance payment for litigation fees, tax arrears and other transaction costs incurred to obtain the reposessed assets into the book value of reposessed assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Net interest income

#### *Interest income*

Interest income is calculated using the effective interest rate. The effective interest refers to the interest rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. If the Group's estimate of future income changes, the book value of financial assets may also be adjusted accordingly. Since the adjusted book value is calculated according to the original effective interest rate, the change is also recorded in interest income.

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

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

#### *Interest expense*

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

### Net fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. For those services that are provided over a period of time, fee and commission income is accrued in accordance with the terms and conditions of the service agreement. For other service fee and commission income, they are recognised when the transactions are completed.

Fee and commission expense with regards to service are accounted for as the services are received.

### Dividend income

Dividends are recognised when the right to receive the dividends is established.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Other income

Other income is recognised on an accrual basis.

#### Government grants

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets.

Government grants related to income are grants other than those related to assets. A government grant related to an asset is recognised as deferred income and amortised over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income. A grant that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred income, and included in other income or non-operating income in the periods in which the expenses or losses are recognised, or included in other income or non-operating income directly.

#### Related parties

If the Group has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where the Group and one or more parties are subject to common control or joint control from another party, these parties are considered to be related parties. Related parties may be individuals or enterprises. If the enterprises are only under common control from the State with the Group and have no other related party relationships, they are not regarded as related parties. Related parties of the Group include, but are not limited to:

- the Bank's subsidiary;
- the Bank's associate;
- investors that exercise significant influence over the Group;
- key management personnel of the Group and close family members of such individuals; and
- other enterprises that are controlled or jointly controlled by principal individual investors, key management personnel of the Group, and close family members of such individuals.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Bank are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

### **Critical judgments in applying accounting policies**

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Bank have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

#### ***Judgments in determining the business model***

The classification of financial assets at initial recognition is dependent on the Group's business model for managing financial assets. Factors considered by the Group in judging the business model include the method that the enterprise evaluate and report the performance of financial assets to key management members, risks affecting the results of financial assets and the method for managing such risks, as well as the form of remuneration received by related management of the businesses. In assessing whether the business model is aimed at receiving contract cash flows, the Group is required to analyse and exercise judgement in respect of the reasons, timing, frequency and values of any disposals prior to maturity.

#### ***Judgement in determining the characteristics of contract cash flows***

The classification of financial assets at initial recognition is dependent on the characteristics of the contract cash flows of the types of financial assets. Judgement is required to determine whether the contract cash flows represent principals and interest payments in relation to principal amounts based on outstanding principal amounts only, including judgement of whether it is significantly different from the benchmark cash flow when assessing modifications to the time value of currencies, and judgement of whether the fair value of early repayment features is minimal where the financial assets include such early repayment features.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

#### Critical judgments in applying accounting policies (Continued)

##### *Judgement in assessing control over structured entities*

For the structured entities involved in the Group's daily business, the Group needs to analyse and judge whether there is control over these structured entities to determine whether they shall be consolidated. When determining whether the Group has control over the structured entity, the Group takes into account the power arising from rights it directly owns or indirectly owns through subsidiaries (including controlled structured entities), variable returns, and the link between power and returns.

The Group gets variable returns from structured entities, including decision makers' remuneration (such as management fees and performance-related fees), as well as other benefits (such as direct investment income, remuneration and possible losses for providing credit enhancement or liquidity support, and variable returns from transactions with structured entities). When assessing whether the Group controls a structured entity, the Group not only considers applicable legal or regulations, and the essence of contractual agreements, but also considers other circumstances that may lead to the Group's ultimate bearing of the losses of the structured entity.

The Group reassesses whether to control the structured entity if changes in relevant facts and circumstances lead to changes in the relevant elements involved in the definition of control.

##### *Derecognition of financial assets*

In the normal course of business, the Group transfers financial assets through various types of transactions including regular way sales and transfers, securitisation, financial assets sold under repurchase agreements and etc., the Group applies significant judgement in assessing whether it has transferred these financial assets which qualify for a full or partial derecognition.

The Group analyses 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 qualified 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 by using appropriate models;
- where the Group neither retained nor transferred substantially all of the risks and rewards associated with their ownership, the Group analyses whether the Group has relinquished its controls over these financial assets, and if the Group has continuing involvement in these transferred financial assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

### **Key sources of estimation uncertainty**

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### ***Impairment of non-current assets other than financial assets***

The Group assesses whether there is any indication of impairment for all non-current assets other than financial assets at the end of the reporting period. Intangible assets with indefinite useful lives are tested for impairment annually and at other times when such indication exists. Other non-current assets other than financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable. Where the carrying amount of an asset or asset group is higher than its recoverable amount (i.e., the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from it), it is indicated that such asset or asset group is impaired. The fair value less costs to sell is determined with reference to the price in sales agreement or observable market price in arm's length transaction, adjusted for incremental costs that would be directly attributable to the disposal of the asset or asset group. Estimating the present value of the expected future cash flows requires the management to make an estimation of the expected future cash flows from an asset or asset group and also choose a suitable discount rate in order to calculate the present value of those future cash flows.

#### ***Impairment of financial instruments***

The Group uses expected credit losses model to assess the impairment of financial instruments. The application of expected credit losses model requires significant judgement and estimation, taking into account all reasonable and reliable information, including forward-looking information. When making such judgement and estimation, the Group deduces the expected changes in the debtor's credit risk based on the historical repayment data together with factors such as economic policy, macroeconomic indicators and industry risk. Differences in estimates may affect the impairment provision, and the impairment provision may not be equal to the actual amount of impairment losses in the future.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

#### Key sources of estimation uncertainty (Continued)

##### *Fair value of unlisted equities*

The fair values of unlisted equity investments are estimated using comparable approach. It contains uncertainty as it requires the Group to determine comparable listed equities, market ratios, liquidity discounts, etc.

##### *Fair value of financial instruments*

For financial instruments lacking active market, the Group uses valuation method to determine their fair value. The valuation method includes referring to the transaction price determined by the fair transaction between economic entities with complete information and willing to buy and sell in the market, referring to the fair value of another similar financial instrument in the market, or using the discounted cash flow analysis and option pricing model to estimate. The valuation method utilizes market information to the maximum extent. However, when market information is unavailable, the management will estimate the credit risk, market fluctuation and correlation of the Group and its counterparties. Changes in these relevant assumptions will affect the fair value of financial instruments.

##### *Deferred tax assets*

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates the tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised for temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 6. NET INTEREST INCOME

	2024 RMB'000	2023 RMB'000
<b>Interest income arising from</b>		
Deposits with Central Bank	325,934	304,158
Deposits and placements with banks and other financial institutions	227,063	160,776
Loans and advances to customers		
– Corporate loans and advances	11,895,307	12,494,500
– Personal loans and advances	3,298,009	3,538,674
– Discounted bills	298,542	403,078
Financial assets held under resale agreements	98,833	220,360
Financial investments	5,024,760	5,424,985
Lease receivables	2,187,411	2,213,273
Sub-total	23,355,859	24,759,804
<b>Interest expense arising from</b>		
Amounts due to Central Bank	(697,727)	(660,517)
Deposits and placements from banks and other financial institutions	(1,233,859)	(1,627,584)
Deposits from customers	(8,171,878)	(7,803,132)
Financial assets sold under repurchase agreements	(418,776)	(339,330)
Debt securities issued	(2,469,014)	(2,589,620)
Other interest expenses	–	(8)
Sub-total	(12,991,254)	(13,020,191)
<b>Net interest income</b>	<b>10,364,605</b>	<b>11,739,613</b>

All of the interest income and interest expense for the years ended 31 December 2024 and 2023 are calculated using the effective interest method for financial assets and financial liabilities which are not designated at fair value through profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 7. NET FEE AND COMMISSION INCOME

	2024 RMB'000	2023 RMB'000
<b>Fee and commission income</b>		
Agency and custody service fees	335,566	379,892
Underwriting and advisory fees	71,138	116,713
Acceptance and guarantee service fees	52,179	82,493
Bank card services fees	98,990	110,227
Others	64,589	46,550
Sub-total	622,462	735,875
<b>Fee and commission expense</b>	(150,200)	(156,949)
<b>Net fee and commission income</b>	472,262	578,926

## 8. NET TRADING GAINS

	Notes	2024 RMB'000	2023 RMB'000
Net gains from debt securities and investment funds	(a)	1,052,730	788,103
Net foreign exchange gains/(losses)	(b)	1,740	(6,358)
Total		1,054,470	781,745

- (a) Net gains from debt securities and funds include gains arising from buying, selling and holding of, net gains arising from and changes in the fair value of financial assets held for trading.
- (b) Net foreign exchange gains/(losses) mainly include gains or losses from purchase and sale of foreign currency spot, net gains or losses arising from and changes in the fair value of foreign currency derivatives, and translation of foreign currency monetary assets and liabilities into Renminbi.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 9. NET GAIN ARISING FROM INVESTMENTS

	2024 RMB'000	2023 RMB'000
Net gains from other debt instruments	479,737	533,155
Net gains/(losses) from debt securities	432,986	(39,274)
Total	912,723	493,881

## 10. OTHER OPERATING INCOME

	2024 RMB'000	2023 RMB'000
Rental income	2,267	3,761
Government grants (note)	34,213	58,964
Net (losses)/gains on disposal of property and equipment	(2)	10,299
Others	49,785	32,221
Total	86,263	105,245

*Note:* During the year 31 December 2024, the Group recognised government grants of RMB34.21 million primarily related to the subsidies from the People's Bank of China's loan support program.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 11. OPERATING EXPENSES

	Note	2024 RMB'000	2023 RMB'000
Staff costs (including directors and supervisors' emoluments)			
– Salaries, bonuses and allowances		(1,498,761)	(1,510,160)
– Social insurance and annuity		(318,387)	(304,106)
– Supplementary retirement benefits		(14,304)	(15,591)
– Staff welfare		(86,480)	(94,616)
– Housing allowances		(132,478)	(128,607)
– Others		(97,107)	(110,349)
Sub-total		(2,147,517)	(2,163,429)
Depreciation and amortisation		(435,027)	(450,316)
Rental and property management expenses		(86,944)	(91,972)
Office expenses		(21,370)	(42,139)
Tax and surcharges		(166,074)	(153,309)
Interest expense of lease liabilities		(6,457)	(9,797)
Other general and administrative expenses	(1)	(1,040,825)	(947,604)
Total		(3,904,214)	(3,858,566)

- (1) Auditor's remuneration of the Bank was RMB4.53 million for the year ended 31 December 2024 (2023: RMB5.09 million).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The emoluments of directors and supervisors of the Bank paid and/or payable by the Group during the years ended 31 December 2024 and 2023 are set out below:

		Year ended 31 December 2024				
				Discretionary	Social insurance and welfare plans, housing allowance, etc.	Total emoluments before tax
Name	Notes	Fees	Salaries	bonus		
		RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
<b>Executive directors</b>						
Zhao Fei		–	119	499	83	701
Li Hong	(1)	–	113	294	37	444
<b>Non-executive directors</b>						
Wang Shihao		192	–	–	–	192
Wang Dan		–	–	–	–	–
Liu Bingheng		–	–	–	–	–
<b>Independent non-executive directors</b>						
Li Yanyan		210	–	–	–	210
Song Ke		210	–	–	–	210
Li Xiaojian		210	–	–	–	210
Li Shuk Yin Edwina		210	–	–	–	210
<b>Supervisors</b>						
Zhu Zhihui		60	–	–	–	60
Li Huaibin	(3)	–	27	74	13	114
Chen Xinxiu	(3)	–	221	460	33	714
Xu Changsheng		180	–	–	–	180
Geng Mingzhai		180	–	–	–	180
Huang Jinju	(3)	49	–	305	40	394
Hu Yue	(3)	32	–	267	38	337
<b>Total</b>		<b>1,533</b>	<b>480</b>	<b>1,899</b>	<b>244</b>	<b>4,156</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

## 12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

The emoluments of directors and supervisors of the Bank paid and/or payable by the Group during the years ended 31 December 2024 and 2023 are set out below: (Continued)

Year ended 31 December 2023						
				Discretionary bonus	Social insurance and welfare plans, housing allowance, etc.	Total emoluments before tax
Name	Notes	Fees <i>RMB'000</i>	Salaries <i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Executive directors</b>						
Zhao Fei	(1)	–	77	333	52	462
Wang Tianyu	(1)	–	227	–	19	246
Xia Hua	(1)	–	381	390	39	810
<b>Non-executive directors</b>						
Ji Hongjun	(2)	–	–	–	–	–
Wang Shihao		192	–	–	–	192
Wang Dan		–	–	–	–	–
Liu Bingheng		–	–	–	–	–
<b>Independent non-executive directors</b>						
Li Yanyan		210	–	–	–	210
Song Ke		210	–	–	–	210
Li Xiaojian		210	–	–	–	210
Li Shuk Yin Edwina		210	–	–	–	210
<b>Supervisors</b>						
Zhao Lijuan	(3)	–	–	–	–	–
Ma Baojun	(3)	83	–	–	–	83
Zhu Zhihui		60	–	–	–	60
Li Huaibin	(3)	–	390	635	78	1,103
Chen Xinxiu	(3)	–	500	684	78	1,262
Xu Changsheng		180	–	–	–	180
Geng Mingzhai	(3)	98	–	–	–	98
<b>Total</b>		1,453	1,575	2,042	266	5,336

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

- (1) On 18 December 2024, Ms Li Hong was elected as an executive director at the 2024 Second Extraordinary General Meeting of Shareholders of the Bank, whose qualification for the position was approved by the National Financial Regulatory Administration Henan Office on 24 January 2025. On 11 July 2023, the executive director of the Bank, Mr. Xia Hua resigned due to work adjustment. On 14 April 2023, Mr. Zhao Fei was elected as an executive director at the 2023 First Extraordinary General Meeting of Shareholders of the Bank, whose qualification for the position was approved by the Henan Regulatory Bureau of the former CBRC on 25 May 2023. On 21 March 2023, the executive director and chairman of the Bank, Mr. Wang Tianyu, resigned due to work adjustment.
- (2) On 29 August 2023, Mr. Ji Hongjun, the non-executive director of the Bank, resigned due to reaching the retirement age.
- (3) On 18 July 2024, Ms. Huang Jinju was elected as the employee supervisor of the Bank at the fifth meeting of the third session of the labour union committee in 2024. On 18 July 2024, Mr. Hu Yue was elected as the employee supervisor of the Bank at the fifth meeting of the third session of the labour union committee in 2024. On 16 June 2024, Ms. Chen Xinxiu resigned as an employee supervisor of the bank upon expiry of her term of office. On 28 March 2024, Mr. Li Huaibin resigned as an employee supervisor of the bank due to personal reasons. On 18 April 2023, Mr. Ma Baojun resigned as an external supervisor of the bank due to personal reasons. On 31 March 2023, Mr. Geng Mingzhai was elected as the external supervisor of the Bank at the 2022 Annual General Meeting of Shareholders. On 21 March 2023, Ms Zhao Lijuan, the external supervisor of the Bank, resigned due to reaching the retirement age.

During the year, there was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration (2023: the same).

During the year, no emolument was paid by the Group to any of the directors or supervisors as an inducement to join or upon joining the Group or as a compensation for loss of office (2023: the same).

The total compensation packages (including discretionary bonus) for executive directors and supervisors for the year ended 31 December 2024 have not yet been finalised in accordance with the regulations of PRC relevant authorities. The amount of the compensation not provided is not expected to have any significant impact on the Group's consolidated financial statements for the year ended 31 December 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 13. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five individuals with highest emoluments exclude directors and supervisors, all of whom were senior executives, including 4 senior executives with equal emoluments (2023: exclude directors and supervisors, all of whom were senior executives, including 4 senior executives with equal emoluments) of the Group. Directors and supervisors' remuneration disclosed in Note 12. The emoluments of the remaining top five executives are listed below (the total remuneration of the senior executives with equal emoluments are disclosed as follows):

	2024 RMB'000	2023 RMB'000
Salaries and other emoluments	3,470	5,553
Discretionary bonuses	2,517	5,740
Contribution by the employer to social insurance and welfare plans, housing allowance, etc.	415	627
Total	6,402	11,920

The individuals' emoluments before individual income tax is within the following band:

	2024	2023
RMB1,000,001 – 1,500,000	8	4
RMB1,500,001 – 2,000,000	–	4

### 14. CREDIT IMPAIRMENT LOSSES

	2024 RMB'000	2023 RMB'000
Loans and advances to customers measured at amortised cost	(5,131,322)	(5,889,383)
Loans and advances to customers measured at fair value through other comprehensive income	(6,605)	(2,557)
Financial investments measured at amortised cost	(1,176,441)	(1,420,455)
Financial investments at fair value through other comprehensive income	(340)	66,190
Lease receivables	(936,153)	(698,763)
Financial assets held under resale agreements	1,813	1,133
Placements with banks and other financial institutions	(4,015)	(2,610)
Deposits with banks and other financial institutions	178	(677)
Off-balance sheet credit commitments	(1,491)	(17,955)
Others	70,900	(110,246)
Total	(7,183,476)	(8,075,323)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 15. INCOME TAX CREDIT

The Group's main applicable taxes and tax rates are as follows:

- Value-added tax: charged at 3% to 13% on taxable added value.
- City construction tax: calculated as 1% to 7% of VAT.
- Education surcharge: calculated as 3% of VAT.
- Local education surcharge: calculated as 2% of VAT.
- Income tax: calculated on taxable income at an income tax rate of 25% that is applicable to the Bank and its subsidiaries.

### (a) Income tax recognised in profit or loss for the year:

	2024 RMB'000	2023 RMB'000
Current tax		
– current year	77,185	(1,383,835)
– over-provision of prior years	6,701	785
Deferred tax	83,886 (6,847)	(1,383,050) 1,502,893
Total	77,039	119,843

### (b) Deferred tax recognised in consolidated statement of other comprehensive income for the year:

	2024 RMB'000	2023 RMB'000
Deferred tax		
– Allowance for impairment losses	(1,736)	15,908
– Fair value changes in financial instruments	(203,590)	(121,091)
Total	(205,326)	(105,183)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 15. INCOME TAX CREDIT (CONTINUED)

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

	Notes	2024 RMB'000	2023 RMB'000
Profit before tax		1,786,431	1,739,636
Statutory tax rate		25%	25%
Income tax calculated at statutory tax rate		(446,608)	(434,909)
Tax effect of expenses not deductible for tax purpose	(1)	(59,175)	(44,085)
Tax effect of income not taxable for tax purpose	(2)	691,039	628,457
Tax effect of deductible temporary differences not recognised		(114,918)	(30,405)
Over-provision in respect of prior years		6,701	785
Income tax credit		77,039	119,843

- (1) Non-deductible expenses are mainly include non-deductible employee benefits and entertainment expenses.
- (2) Tax effect of non-taxable income and deduction of interest expense mainly includes interest income from central and local government bonds which is exempted from corporate income tax in accordance with the tax law and interest expense from perpetual bonds issued by the Bank.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 16. BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic and diluted earnings per share of the Group is based on the following:

	Note	2024 RMB'000	2023 RMB'000
Earnings:			
Net profit attributable to equity shareholders of the bank:		1,875,762	1,850,117
Less: Profit for the year attributable to other equity instrument holders of the Bank		(480,000)	(480,000)
Profit for the year attributable to ordinary shareholders of the Bank		1,395,762	1,370,117
Shares:			
Weighted average number of ordinary shares (in thousand shares)	(a)	9,092,091	9,092,091
Basic and diluted earnings per share attributable to ordinary shareholders of the Bank (in RMB)		0.15	0.15

### (a) Weighted average number of ordinary shares (in thousand shares)

	2024 RMB'000	2023 RMB'000
Weighted average number of ordinary shares	9,092,091	9,092,091

The Bank implemented the 2022 equity distribution plan in June 2023, converting capital reserves into share capital. Accordingly, the earnings per share during the comparison period were recalculated based on the adjusted number of shares.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 17. CASH AND DEPOSITS WITH CENTRAL BANK

	Note	31 December 2024 RMB'000	31 December 2023 RMB'000
Cash on hand		757,394	908,846
Deposits with Central Bank			
– Statutory deposit reserves	(a)	19,819,559	17,380,273
– Surplus deposit reserves	(b)	8,160,698	7,768,889
– Fiscal deposits		260,156	303,416
Sub-total		28,997,807	26,361,424
Interest accrued		10,532	8,441
Total		29,008,339	26,369,865

- (a) The Bank and its subsidiaries place statutory deposit reserves with the PBOC in accordance with relevant regulations. The statutory deposit reserves are not available for the Group's daily business. As at the end of the reporting period, the statutory deposit reserve ratios applicable to the Bank were as follows:

	31 December 2024	31 December 2023
Reserve ratio for RMB deposits	5.00%	5.00%
Reserve ratio for foreign currency deposits	4.00%	4.00%

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

- (b) The surplus deposit reserves are maintained with the PBOC mainly for cash settlement purpose.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 18. DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 December 2024 RMB'000	31 December 2023 RMB'000
Deposits with banks in Mainland China	1,595,201	826,701
Deposits with other financial institutions in Mainland China	143,639	317,842
Deposits with banks outside Mainland China	60,244	97,450
Sub-total	1,799,084	1,241,993
Interest accrued	196	3,792
Less: Provision for impairment losses	(1,445)	(1,623)
Total	1,797,835	1,244,162

At 31 December 2024, the Group's and the Bank's deposits with banks and other financial institutions on Stage 2 were RMB10,174 thousand (2023: RMB3,719 thousand), with an expected credit impairment provision of RMB29 thousand (2023: RMB7 thousand). The remaining deposits with banks and other financial institutions were on Stage 1 at 31 December 2024 (At 31 December 2023: on Stage 1).

## 19. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 December 2024 RMB'000	31 December 2023 RMB'000
Placements with banks in Mainland China	805,101	–
Placements with other financial institutions in Mainland China	13,200,000	6,200,000
Sub-total	14,005,101	6,200,000
Interest accrued	102,482	31,442
Less: Provision for impairment losses	(7,758)	(3,743)
Total	14,099,825	6,227,699

At 31 December 2024, the Group's and the Bank's placements with banks and other financial institutions were on Stage 1 (At 31 December 2023: on Stage 1).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 20. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

### (a) Analysed by type and location of counterparty

	31 December 2024 RMB'000	31 December 2023 RMB'000
In mainland China		
– Banks	1,293,155	3,607,600
– Other financial institutions	4,591,921	7,079,953
Sub-total	5,885,076	10,687,553
Interest accrued	705	3,406
Less: Provision for impairment losses	–	(1,813)
Total	5,885,781	10,689,146

### (b) Analysed by type of collateral

	31 December 2024 RMB'000	31 December 2023 RMB'000
Debt securities	5,885,076	10,687,553
Interest accrued	705	3,406
Less: Provision for impairment losses	–	(1,813)
Total	5,885,781	10,689,146

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 21. LOANS AND ADVANCES TO CUSTOMERS

### (a) Analysed by nature

	31 December 2024 RMB'000	31 December 2023 RMB'000
Loans and advances to customers measured at amortised cost		
Corporate loans and advances	247,253,421	237,218,933
Personal loans and advances		
– Personal business loans	38,343,283	35,102,789
– Residential mortgage	31,914,959	33,562,120
– Personal consumption loans	17,142,102	12,336,833
– Credit card	3,556,403	3,144,992
Sub-total	90,956,747	84,146,734
Total amount of loans and advances to customers measured at amortised cost	338,210,168	321,365,667
Loans and advances to customers measured at fair value through other comprehensive income		
– Forfeiting	21,690,203	16,241,270
– Discounted bills	27,790,081	23,001,269
Sub-total	49,480,284	39,242,539
Gross loans and advances to customers	387,690,452	360,608,206
Interest accrued	1,014,709	1,526,725
Less: Provision for impairment losses on loans and advances to customers measured at amortised cost	(12,656,502)	(11,809,634)
Net loans and advances to customers	376,048,659	350,325,297

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

### (b) Analysed by economic sector

	31 December 2024		
	Amount RMB'000	Percentage	Loans and advances secured by collateral RMB'000
Leasing and commercial services	67,081,072	17.30%	6,827,902
Wholesale and retail	52,474,645	13.54%	12,461,373
Water, environment and public facility management	45,663,106	11.78%	3,527,202
Construction	29,765,864	7.68%	4,991,398
Real estate	22,215,825	5.73%	8,090,676
Financing	15,097,011	3.89%	34,550
Manufacturing	13,911,729	3.59%	2,033,967
Transportation, storage and postal services	6,210,898	1.60%	1,062,490
Mining	3,866,257	1.00%	374,375
Production and supply of electric and heating power, gas and water	3,602,227	0.93%	248,787
Agriculture, forestry, animal husbandry and fishery	2,149,359	0.55%	246,395
Culture, sports and entertainment	1,183,893	0.31%	29,555
Accommodation and catering	750,697	0.19%	383,742
Others	4,971,041	1.28%	950,868
Sub-total of corporate loans and advances	268,943,624	69.37%	41,263,280
Personal loans and advances	90,956,747	23.46%	72,682,361
Discounted bills	27,790,081	7.17%	27,790,081
Gross loans and advances to customers	387,690,452	100.00%	141,735,722

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

### (b) Analysed by economic sector (Continued)

	31 December 2023		
	Amount RMB'000	Percentage	Loans and advances secured by collateral RMB'000
Leasing and commercial services	63,228,460	17.53%	5,741,647
Wholesale and retail	46,762,339	12.97%	11,280,234
Water, environment and public facility management	44,633,596	12.38%	3,811,370
Real estate	29,167,987	8.09%	9,983,438
Construction	25,121,959	6.97%	4,570,147
Manufacturing	15,304,020	4.24%	2,147,758
Financing	9,369,613	2.60%	27,500
Transportation, storage and postal services	3,910,370	1.08%	1,539,896
Mining	3,299,948	0.92%	194,495
Production and supply of electric and heating power, gas and water	3,142,391	0.87%	197,549
Agriculture, forestry, animal husbandry and fishery	1,840,607	0.51%	393,406
Culture, sports and entertainment	1,190,817	0.33%	29,785
Accommodation and catering	1,121,046	0.31%	667,731
Others	5,367,050	1.49%	1,231,717
Sub-total of corporate loans and advances	253,460,203	70.29%	41,816,673
Personal loans and advances	84,146,734	23.33%	70,131,474
Discounted bills	23,001,269	6.38%	23,001,269
Gross loans and advances to customers	360,608,206	100.00%	134,949,416

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

### (c) Analysed by type of collateral

	31 December 2024 RMB'000	31 December 2023 RMB'000
Unsecured loans	79,043,252	68,759,100
Guaranteed loans	166,911,477	156,899,690
Loans secured by mortgages	87,460,703	91,491,982
Pledged loans	54,275,020	43,457,434
Gross loans and advances to customers	387,690,452	360,608,206
Interest accrued	1,014,709	1,526,725
Less: Provision for impairment losses on loans and advances to customers measured at amortised cost	(12,656,502)	(11,809,634)
Net loans and advances to customers	376,048,659	350,325,297

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

	31 December 2024				
	Overdue within three months (inclusive) RMB'000	Overdue more than three months to one year (inclusive) RMB'000	Overdue more than one year to three years (inclusive) RMB'000	Overdue more than three years RMB'000	Total RMB'000
Unsecured loans	147,777	299,228	1,030,465	141,272	1,618,742
Guaranteed loans	4,024,698	2,814,033	2,160,832	381,885	9,381,448
Loans secured by mortgages	1,849,536	3,623,290	1,045,406	839,357	7,357,589
Pledged loans	371,368	112,640	210,752	485,098	1,179,858
Total	6,393,379	6,849,191	4,447,455	1,847,612	19,537,637
As a percentage of gross loans and advances to customers	1.65%	1.77%	1.15%	0.47%	5.04%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

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

	31 December 2023				
	Overdue within three months (inclusive) <i>RMB'000</i>	Overdue more than three months to one year (inclusive) <i>RMB'000</i>	Overdue more than one year to three years (inclusive) <i>RMB'000</i>	Overdue more than three years <i>RMB'000</i>	Total <i>RMB'000</i>
Unsecured loans	825,838	792,902	230,151	47,801	1,896,692
Guaranteed loans	3,535,914	1,001,147	1,420,922	203,884	6,161,867
Loans secured by mortgages	3,736,032	287,203	1,536,337	291,006	5,850,578
Pledged loans	410,438	80,883	418,574	4,634	914,529
Total	8,508,222	2,162,135	3,605,984	547,325	14,823,666
As a percentage of gross loans and advances to customers	2.36%	0.60%	1.00%	0.15%	4.11%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

### (e) Loans and advances and provision for impairment losses

	31 December 2024			
	Stage 1 12-month ECL RMB'000	Stage 2 Lifetime ECL not credit impaired RMB'000	Stage 3 Lifetime ECL credit- impaired RMB'000	Total RMB'000
Total loans and advances to customers measured at amortised cost	303,822,215	14,761,474	19,626,479	338,210,168
Interest accrued	861,393	82,029	71,287	1,014,709
Less: Provision for impairment losses on loans and advances to customers measured at amortised cost	(2,839,735)	(2,523,851)	(7,292,916)	(12,656,502)
Carrying amount of loans and advances to customers measured at amortised cost	301,843,873	12,319,652	12,404,850	326,568,375
Carrying amount of loans and advances to customers measured at fair value through other comprehensive income	49,434,675	45,609	—	49,480,284
Total carrying amount of loans and advances to customers	351,278,548	12,365,261	12,404,850	376,048,659

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

### (e) Loans and advances and provision for impairment losses (Continued)

	31 December 2023			
	Stage 1	Stage 2	Stage 3	
		Lifetime ECL	Lifetime ECL	
	12-month	not credit	credit-	Total
	ECL	impaired	impaired	
	RMB'000	RMB'000	RMB'000	RMB'000
Total loans and advances to customers measured at amortised cost	289,260,776	20,378,370	11,726,521	321,365,667
Interest accrued	966,505	386,129	174,091	1,526,725
Less: Provision for impairment losses on loans and advances to customers measured at amortised cost	(3,219,275)	(3,295,512)	(5,294,847)	(11,809,634)
Carrying amount of loans and advances to customers measured at amortised cost	287,008,006	17,468,987	6,605,765	311,082,758
Carrying amount of loans and advances to customers measured at fair value through other comprehensive income	39,240,219	2,320	–	39,242,539
Total carrying amount of loans and advances to customers	326,248,225	17,471,307	6,605,765	350,325,297

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

## 21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

### (f) Movements of provision for impairment losses

- (i) Movements of provision for impairment losses on loans and advances to customers measured at amortised cost:

	31 December 2024			
	Stage 1 12-month ECL RMB'000	Stage 2 Lifetime ECL not credit impaired RMB'000	Stage 3 Lifetime ECL credit-impaired RMB'000	Total RMB'000
As at 1 January 2024	(3,219,275)	(3,295,512)	(5,294,847)	(11,809,634)
Transferred:				
– to Stage 1	(71,092)	59,360	11,732	–
– to Stage 2	122,163	(307,893)	185,730	–
– to Stage 3	131,389	2,032,783	(2,164,172)	–
Decrease/(increase) for the year	197,080	(1,012,589)	(4,315,813)	(5,131,322)
Write-offs and disposals	–	–	4,054,449	4,054,449
Recoveries of loans previously written off	–	–	(133,900)	(133,900)
Others	–	–	363,905	363,905
As at 31 December 2024	(2,839,735)	(2,523,851)	(7,292,916)	(12,656,502)

	31 December 2023			
	Stage 1 12-month ECL RMB'000	Stage 2 Lifetime ECL not credit impaired RMB'000	Stage 3 Lifetime ECL credit-impaired RMB'000	Total RMB'000
As at 1 January 2023	(3,284,478)	(2,206,004)	(4,818,154)	(10,308,636)
Transferred:				
– to Stage 1	(147,815)	130,889	16,926	–
– to Stage 2	255,947	(480,446)	224,499	–
– to Stage 3	67,245	786,822	(854,067)	–
Increase for the year	(110,174)	(1,526,773)	(4,252,436)	(5,889,383)
Write-offs and disposals	–	–	4,766,864	4,766,864
Recoveries of loans previously written off	–	–	(378,479)	(378,479)
As at 31 December 2023	(3,219,275)	(3,295,512)	(5,294,847)	(11,809,634)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

### (f) Movements of provision for impairment losses (Continued)

- (ii) Movements of provision for impairment of loans and advances to customers measured at fair value through other comprehensive income:

	31 December 2024			
	Stage 1 12-month ECL RMB'000	Stage 2 Lifetime ECL not credit impaired RMB'000	Stage 3 Lifetime ECL credit-impaired RMB'000	Total RMB'000
As at 1 January 2024	(5,440)	(6)	–	(5,446)
Increase for the year	(6,478)	(127)	–	(6,605)
As at 31 December 2024	(11,918)	(133)	–	(12,051)

	31 December 2023			
	Stage 1 12-month ECL RMB'000	Stage 2 Lifetime ECL not credit impaired RMB'000	Stage 3 Lifetime ECL credit-impaired RMB'000	Total RMB'000
As at 1 January 2023	(2,889)	–	–	(2,889)
Increase for the year	(2,551)	(6)	–	(2,557)
As at 31 December 2023	(5,440)	(6)	–	(5,446)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

### (g) Movements of gross amount of loans and advances to customers (excluding accrued interest)

- (i) Movements of gross amount of loans and advances to customers (excluding accrued interest) measured at amortised cost:

	31 December 2024			
	Stage 1 12-month ECL RMB'000	Stage 2 Lifetime ECL not credit impaired RMB'000	Stage 3 Lifetime ECL credit-impaired RMB'000	Total RMB'000
As at 1 January 2024	289,260,776	20,378,370	11,726,521	321,365,667
Transferred:				
– to Stage 1	279,943	(249,658)	(30,285)	–
– to Stage 2	(7,850,146)	8,303,448	(453,302)	–
– to Stage 3	(8,802,890)	(13,061,792)	21,864,682	–
Increase/(decrease) for the year	30,934,532	(608,894)	(775,889)	29,549,749
Write-offs and disposals	–	–	(12,705,248)	(12,705,248)
As at 31 December 2024	303,822,215	14,761,474	19,626,479	338,210,168

	31 December 2023			
	Stage 1 12-month ECL RMB'000	Stage 2 Lifetime ECL not credit impaired RMB'000	Stage 3 Lifetime ECL credit-impaired RMB'000	Total RMB'000
As at 1 January 2023	284,013,582	10,937,984	8,821,573	303,773,139
Transferred:				
– to Stage 1	682,924	(635,765)	(47,159)	–
– to Stage 2	(14,908,025)	15,368,452	(460,427)	–
– to Stage 3	(6,058,467)	(4,313,889)	10,372,356	–
Increase/(decrease) for the year	25,530,762	(978,412)	(1,080,793)	23,471,557
Write-offs and disposals	–	–	(5,879,029)	(5,879,029)
As at 31 December 2023	289,260,776	20,378,370	11,726,521	321,365,667

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

### (g) Movements of gross amount of loans and advances to customers (excluding accrued interest) (Continued)

- (ii) Movements of gross amount of loans and advances to customers measured at fair value through other comprehensive income:

	31 December 2024			
	Stage 1 12-month ECL RMB'000	Stage 2 Lifetime ECL not credit impaired RMB'000	Stage 3 Lifetime ECL credit-impaired RMB'000	Total RMB'000
As at 1 January 2024	39,240,219	2,320	–	39,242,539
Increase for the year	10,194,456	43,289	–	10,237,745
As at 31 December 2024	49,434,675	45,609	–	49,480,284

	31 December 2023			
	Stage 1 12-month ECL RMB'000	Stage 2 Lifetime ECL not credit impaired RMB'000	Stage 3 Lifetime ECL credit-impaired RMB'000	Total RMB'000
As at 1 January 2023	27,147,958	–	–	27,147,958
Increase for the year	12,092,261	2,320	–	12,094,581
As at 31 December 2023	39,240,219	2,320	–	39,242,539

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

## 22. FINANCIAL INVESTMENTS

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
Financial investments at fair value through profit or loss	(a)	32,484,947	40,723,996
Financial investments at fair value through other comprehensive income	(b)	21,447,481	22,872,676
Financial investments measured at amortised cost	(c)	147,416,874	122,756,433
Total		201,349,302	186,353,105

### (a) Financial investments at fair value through profit or loss:

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
Debt securities			
– Debt securities held for trading purpose	(1)	10,825,665	12,560,598
Investment funds and other investments			
– Investment funds held for trading purpose		15,032,167	12,864,889
– Other financial investments at fair value through profit or loss	(2)	6,627,115	15,298,509
Total		32,484,947	40,723,996

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 22. FINANCIAL INVESTMENTS (CONTINUED)

### (a) Financial investments at fair value through profit or loss: (Continued)

#### (1) Debt securities held for trading purpose

	31 December 2024 RMB'000	31 December 2023 RMB'000
Mainland China		
– Government	517,346	8,205,491
– Policy banks	2,094,915	3,254,280
– Banks and other financial institutions	4,174,349	588,853
– Corporate	4,039,055	511,974
Total	10,825,665	12,560,598
Analysed into		
– debt securities listed outside Hong Kong	6,369,267	7,140,334
– debt securities unlisted	4,456,398	5,420,264
Total	10,825,665	12,560,598

#### (2) Other financial investments at fair value through profit or loss

	31 December 2024 RMB'000	31 December 2023 RMB'000
Other financial investments at fair value through profit or loss		
– Investment management products managed by securities companies	342,332	7,692,610
– Investment management products under trust scheme	5,345,449	6,191,954
– Others	939,334	1,413,945
Total	6,627,115	15,298,509

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

## 22. FINANCIAL INVESTMENTS (CONTINUED)

### (b) Financial investments at fair value through other comprehensive income

	31 December 2024 RMB'000	31 December 2023 RMB'000
Debt securities		
– Government	12,901,896	14,546,239
– Policy banks	5,064,389	4,770,271
– Banks and other financial institutions	2,971,841	3,029,401
– Corporate	57,775	184,864
Sub-total	20,995,901	22,530,775
Interest accrued	205,388	275,588
Total of debt instruments	21,201,289	22,806,363
Equity instruments	246,192	66,313
Total	21,447,481	22,872,676
Debt securities by category		
– Listed outside Hong Kong	11,733,032	13,688,114
– Unlisted	9,262,869	8,842,661
Sub-total	20,995,901	22,530,775
Interest accrued	205,388	275,588
Total of debt instruments	21,201,289	22,806,363
Equity instrument investment by category		
– Unlisted	246,192	66,313
Total	21,447,481	22,872,676

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 22. FINANCIAL INVESTMENTS (CONTINUED)

### (b) Financial investments at fair value through other comprehensive income (Continued)

- (1) Fair value analysis of financial investments at fair value through other comprehensive income:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Amortised cost	20,425,705	22,622,117
Fair value	21,447,481	22,872,676
Accumulated changes in fair value through other comprehensive income	1,021,776	250,559
Amount of provision for impairment	(1,564)	(1,224)

- (2) Movements of provision for impairment of debt securities measured at fair value through other comprehensive income during the period:

	31 December 2024			
	Stage 1 12-month ECL RMB'000	Stage 2 Lifetime ECL not credit-impaired RMB'000	Stage 3 Lifetime ECL credit-impaired RMB'000	Total RMB'000
As at 1 January 2024	1,224	–	–	1,224
Increase for the year	340	–	–	340
As at 31 December 2024	1,564	–	–	1,564

	31 December 2023			
	Stage 1 12-month ECL RMB'000	Stage 2 Lifetime ECL not credit-impaired RMB'000	Stage 3 Lifetime ECL credit-impaired RMB'000	Total RMB'000
As at 1 January 2023	794	–	66,620	67,414
Increase/(decrease) for the year	430	–	(66,620)	(66,190)
As at 31 December 2023	1,224	–	–	1,224

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 22. FINANCIAL INVESTMENTS (CONTINUED)

### (b) Financial investments at fair value through other comprehensive income (Continued)

- (3) Fair value analysis of financial investments at fair value through other comprehensive income:

	31 December 2024			
	Stage 1 12-month ECL RMB'000	Stage 2 Lifetime ECL not credit-impaired RMB'000	Stage 3 Lifetime ECL credit-impaired RMB'000	Total RMB'000
As at 1 January 2024	22,530,775	–	–	22,530,775
Decrease for the year	(1,534,874)	–	–	(1,534,874)
As at 31 December 2024	20,995,901	–	–	20,995,901

	31 December 2023			
	Stage 1 12-month ECL RMB'000	Stage 2 Lifetime ECL not credit-impaired RMB'000	Stage 3 Lifetime ECL credit-impaired RMB'000	Total RMB'000
As at 1 January 2023	16,639,824	–	241,288	16,881,112
Increase/(decrease) for the year	5,890,951	–	(241,288)	5,649,663
As at 31 December 2023	22,530,775	–	–	22,530,775

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 22. FINANCIAL INVESTMENTS (CONTINUED)

### (c) Financial investments measured at amortised cost:

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
Debt securities	(1)	111,202,780	83,094,463
Investment management products under the trust scheme		29,836,747	31,718,448
Investment management products managed by securities companies		8,087,964	9,940,110
Others		267,785	442,809
Sub-total		38,192,496	42,101,367
Interest accrued		1,463,000	1,619,505
Less: Provision for impairment losses	(2)	(3,441,402)	(4,058,902)
Total		147,416,874	122,756,433

#### (1) Debt securities:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Debt securities		
– Government	47,663,975	42,992,744
– Policy banks	30,909,361	26,883,522
– Banks and other financial institutions	13,679,261	4,629,142
– Corporate	18,950,183	8,589,055
Sub-total	111,202,780	83,094,463
Interest accrued	1,412,295	1,288,838
Total	112,615,075	84,383,301

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 22. FINANCIAL INVESTMENTS (CONTINUED)

### (c) Financial investments measured at amortised cost: (Continued)

#### (1) Debt securities:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Analysed into		
– debt securities listed outside Hong Kong	54,373,015	36,233,040
– debt securities unlisted	56,829,765	46,861,423
Sub-total	111,202,780	83,094,463
Interest accrued	1,412,295	1,288,838
Total	112,615,075	84,383,301

#### (2) Movements of provision for impairment of financial investments measured at amortised cost is as follows:

	31 December 2024			
	Stage 1 12-month ECL RMB'000	Stage 2 Lifetime ECL not credit impaired RMB'000	Stage 3 Lifetime ECL credit-impaired RMB'000	Total RMB'000
As at 1 January 2024	(355,161)	(346,746)	(3,356,995)	(4,058,902)
Transferred:				
– to Stage 1	(4,488)	4,488	–	–
– to Stage 2	9,459	(9,459)	–	–
– to Stage 3	54,263	279,870	(334,133)	–
Decrease/(increase) for the year	24,799	(20,178)	(1,181,062)	(1,176,441)
Write-offs and disposals	–	–	1,950,487	1,950,487
Recovery of written-off financial investments	–	–	(156,546)	(156,546)
As at 31 December 2024	(271,128)	(92,025)	(3,078,249)	(3,441,402)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 22. FINANCIAL INVESTMENTS (CONTINUED)

### (c) Financial investments measured at amortised cost: (Continued)

#### (2) *Movements of provision for impairment of financial investments measured at amortised cost is as follows: (Continued)*

	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime ECL not	Lifetime ECL	
	ECL	credit impaired	credit-impaired	
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	(566,582)	(44,187)	(3,466,268)	(4,077,037)
Transferred:				
– to Stage 2	109,093	(109,093)	–	–
– to Stage 3	84,221	–	(84,221)	–
Decrease/(increase) for the year	18,107	(193,466)	(1,245,096)	(1,420,455)
Write-offs and disposals	–	–	1,438,590	1,438,590
As at 31 December 2023	(355,161)	(346,746)	(3,356,995)	(4,058,902)

#### (3) *Movements of gross amount (excluding accrued interest) of financial investments measured at amortised cost:*

	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime ECL not	Lifetime ECL	
	ECL	credit impaired	credit-impaired	
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024	107,867,443	3,710,451	13,617,936	125,195,830
Transferred:				
– to Stage 1	25,500	(25,500)	–	–
– to Stage 2	(361,800)	361,800	–	–
– to Stage 3	(2,456,101)	(2,759,805)	5,215,906	–
Increase/(decrease) for the year	29,194,280	(386,946)	(227,615)	28,579,719
Write-offs and disposals	–	–	(4,380,273)	(4,380,273)
As at 31 December 2024	134,269,322	900,000	14,225,954	149,395,276

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 22. FINANCIAL INVESTMENTS (CONTINUED)

### (c) Financial investments measured at amortised cost: (Continued)

#### (3) *Movements of gross amount (excluding accrued interest) of financial investments measured at amortised cost: (Continued)*

	31 December 2023			
	Stage 1 12-month ECL RMB'000	Stage 2 Lifetime ECL not credit impaired RMB'000	Stage 3 Lifetime ECL credit-impaired RMB'000	Total RMB'000
As at 1 January 2023	110,498,193	440,646	12,726,672	123,665,511
Transferred:				
– to Stage 2	(3,407,883)	3,407,883	–	–
– to Stage 3	(3,130,000)	–	3,130,000	–
Increase/(decrease) for the year	3,907,133	(138,078)	(725,118)	3,043,937
Write-offs and disposals	–	–	(1,513,618)	(1,513,618)
As at 31 December 2023	107,867,443	3,710,451	13,617,936	125,195,830

## 23. LEASE RECEIVABLES

	31 December 2024 RMB'000	31 December 2023 RMB'000
Finance lease receivables	3,058,518	1,350,577
Receivables arising from sales and leaseback arrangements	33,296,271	36,408,217
Sub-total	36,354,789	37,758,794
Less: Unearned finance lease income	(4,610,384)	(4,324,071)
Present value of lease receivables	31,744,405	33,434,723
Interest accrued	320,362	307,398
Less: Provision for impairment losses	(1,407,487)	(924,953)
Total	30,657,280	32,817,168

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 23. LEASE RECEIVABLES (CONTINUED)

- (a) Lease receivables, unearned finance lease income and minimum lease receivables analysed by remaining period are listed as follows:

	31 December 2024		
	Minimum lease receivables RMB'000	Unearned finance lease income RMB'000	Present value of lease receivables RMB'000
Less than 1 year	15,957,597	(2,256,624)	13,700,973
1 year to 2 years	10,549,138	(1,300,025)	9,249,113
2 years to 3 years	5,525,058	(666,402)	4,858,656
3 years to 5 years	4,147,252	(352,704)	3,794,548
More than 5 years	175,744	(34,629)	141,115
Total	36,354,789	(4,610,384)	31,744,405

	31 December 2023		
	Minimum lease receivables RMB'000	Unearned finance lease income RMB'000	Present value of lease receivables RMB'000
Less than 1 year	16,917,579	(2,395,492)	14,522,087
1 year to 2 years	11,992,873	(1,186,439)	10,806,434
2 years to 3 years	5,836,327	(530,024)	5,306,303
3 years to 5 years	3,010,273	(211,756)	2,798,517
More than 5 years	1,742	(360)	1,382
Total	37,758,794	(4,324,071)	33,434,723

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 23. LEASE RECEIVABLES (CONTINUED)

#### (b) Movements of provision for impairment losses:

	31 December 2024			
	12-month ECL RMB'000	Lifetime ECL not credit impaired RMB'000	Lifetime ECL credit-impaired RMB'000	Total RMB'000
As at 1 January 2024	(516,205)	(101,059)	(307,689)	(924,953)
Transferred:				
– to Stage 1	(7)	7	–	–
– to Stage 2	19,477	(19,477)	–	–
– to Stage 3	8,476	19,763	(28,239)	–
Decrease/(increase) for the year	109,844	(214,920)	(376,922)	(481,998)
Recovery of write-offs	–	–	(536)	(536)
As at 31 December 2024	(378,415)	(315,686)	(713,386)	(1,407,487)

	31 December 2023			
	12-month ECL RMB'000	Lifetime ECL not credit impaired RMB'000	Lifetime ECL credit-impaired RMB'000	Total RMB'000
As at 1 January 2023	(454,120)	(102,858)	(405,868)	(962,846)
Transferred:				
– to Stage 2	9,659	(9,659)	–	–
– to Stage 3	1,139	69,887	(71,026)	–
(Increase)/decrease for the year	(72,883)	(58,429)	326,204	194,892
Recovery of write-offs	–	–	(156,999)	(156,999)
As at 31 December 2023	(516,205)	(101,059)	(307,689)	(924,953)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 23. LEASE RECEIVABLES (CONTINUED)

### (c) Movements of present value of lease receivables

	31 December 2024			
	12-month ECL RMB'000	Lifetime ECL not credit impaired RMB'000	Lifetime ECL credit-impaired RMB'000	Total RMB'000
As at 1 January 2024	32,121,367	705,937	607,419	33,434,723
Transferred:				
– to Stage 1	42	(42)	–	–
– to Stage 2	(1,239,521)	1,239,521	–	–
– to Stage 3	(560,389)	(141,587)	701,976	–
Decrease for the year	(1,134,313)	(291,631)	(264,374)	(1,690,318)
As at 31 December 2024	29,187,186	1,512,198	1,045,021	31,744,405

	31 December 2023			
	12-month ECL RMB'000	Lifetime ECL not credit impaired RMB'000	Lifetime ECL credit-impaired RMB'000	Total RMB'000
As at 1 January 2023	29,732,239	677,303	878,052	31,287,594
Transferred:				
– to Stage 2	(636,159)	636,159	–	–
– to Stage 3	(72,143)	(427,484)	499,627	–
Increase/(decrease) for the year	3,097,430	(180,041)	(770,260)	2,147,129
As at 31 December 2023	32,121,367	705,937	607,419	33,434,723

## 24. INVESTMENTS IN SUBSIDIARIES AND INTEREST IN ASSOCIATES

### (a) Investments in subsidiaries of the Bank

	31 December 2024 RMB'000	31 December 2023 RMB'000
Cost	1,260,454	1,260,454
Less: Impairment	(59,801)	(27,659)
	1,200,653	1,232,795

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 24. INVESTMENTS IN SUBSIDIARIES AND INTEREST IN ASSOCIATES (CONTINUED)

### (a) Investments in subsidiaries of the Bank (Continued)

The Bank's subsidiaries as at the end of the reporting period are as follows:

Name	Proportion of equity interest		Proportion of voting rights		Paid-in capital	Amount invested by the Bank	Place incorporation/ registration	Principal activity
	31 December 2024 %	31 December 2023 %	31 December 2024 %	31 December 2023 %	31 December 2024 RMB'000	RMB'000		
Fugou Zhengyin County Bank Co., Ltd.	50.20	50.20	50.20	50.20	60,000	30,120	China	Banking
Henan Jiuding Financial Leasing Co., Ltd.	51.00	51.00	51.00	51.00	2,000,000	1,020,000	China	Leasing
Xinmi Zhengyin County Bank Co., Ltd.	51.20	51.20	51.20	51.20	125,000	74,033	China	Banking
Xunxian Zhengyin County Bank Co., Ltd.	51.00	51.00	51.00	51.00	100,000	51,000	China	Banking
Queshan Zhengyin County Bank Co., Ltd.	51.00	51.00	51.00	51.00	50,000	25,500	China	Banking
Xinzheng Zhengyin County Bank Co., Ltd.	51.00	51.00	51.00	51.00	105,800	59,801	China	Banking

Fugou Zhengyin County Bank Co., Ltd. was incorporated on 3 December 2015, Henan Jiuding Financial Leasing Co., Ltd. was incorporated on 23 March 2016, Xinmi Zhengyin County Bank Co., Ltd. has become a subsidiary of the Bank since 1 January 2017, Xunxian Zhengyin County Bank Co., Ltd. was incorporated on 6 November 2017, Queshan Zhengyin County Bank Co., Ltd. was incorporated on 14 November 2017, Xinzheng Zhengyin County Bank Co., Ltd. has become a subsidiary of the Bank since 31 July 2022. The non-controlling interest of each subsidiaries are no material to the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 24. INVESTMENTS IN SUBSIDIARIES AND INTEREST IN ASSOCIATES (CONTINUED)

### (b) Interests in associates

	31 December 2024 RMB'000	31 December 2023 RMB'000
Interests in associates	607,767	604,401
Total	607,767	604,401

There is no impairment recognised as at 31 December 2024 and 2023.

	Proportion of equity and voting right		Place of incorporation registration	Business section
	2024 %	2023 %		
Zhongmu Zhengyin County Bank Co., Ltd.	49.51	49.51	China	Banking
Yanling Zhengyin County Bank Co., Ltd.	49.58	49.58	China	Banking

- (1) The following table illustrates the aggregate information of the Group's associates that are not individually material:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Aggregate carrying amount of the individually immaterial associates in the consolidated statements of financial position of the Group	607,767	604,401
Aggregate amounts of the Group's share of results of the associates for the year		
– Profit from continuing operations	(1,114)	(17,350)
– Other comprehensive income	4,480	–
– Total comprehensive income	3,366	(17,350)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

## 25. PROPERTY AND EQUIPMENT

	Premises	Electronic equipment	Vehicles	Office equipment and others	Operating leased assets	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cost</b>							
As at 1 January 2022	2,528,891	832,846	14,306	253,913	–	877,896	4,507,852
Additions	20,662	27,475	–	6,079	143,983	337,338	535,537
Disposals	–	(19,483)	(5,650)	(8,606)	–	–	(33,739)
As at 31 December 2023	2,549,553	840,838	8,656	251,386	143,983	1,215,234	5,009,650
Additions	1,844	18,372	216	5,336	4,043	98,972	128,783
Disposals	–	(7,606)	–	(10,101)	–	–	(17,707)
As at 31 December 2024	2,551,397	851,604	8,872	246,621	148,026	1,314,206	5,120,726
<b>Accumulated depreciation</b>							
As at 1 January 2023	(549,109)	(669,860)	(11,449)	(223,623)	–	–	(1,454,041)
Additions	(78,599)	(53,176)	(644)	(17,611)	(8,739)	–	(158,769)
Disposal	–	18,498	4,773	8,038	–	–	31,309
As at 31 December 2023	(627,708)	(704,538)	(7,320)	(233,196)	(8,739)	–	(1,581,501)
Additions	(77,766)	(40,057)	(459)	(15,318)	(14,167)	–	(147,767)
Disposal	–	7,226	–	9,558	–	–	16,784
As at 31 December 2024	(705,474)	(737,369)	(7,779)	(238,956)	(22,906)	–	(1,712,484)
<b>Impairment</b>							
As at 31 December 2023							
and 31 December 2024	(1,355)	(1,893)	–	(756)	–	–	(4,004)
<b>Net book value</b>							
As at 31 December 2024	1,844,568	112,342	1,093	6,909	125,120	1,314,206	3,404,238
As at 31 December 2023	1,920,490	134,407	1,336	17,434	135,244	1,215,234	3,424,145

The carrying amount of premises without title deeds as at 31 December 2024 was RMB162 million (31 December 2023: RMB169 million). The Group is still in the progress of applying for the outstanding title deeds for the above premises. The Group expected that there would be no significant cost in obtaining the title deeds.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 25. PROPERTY AND EQUIPMENT (CONTINUED)

The net book values of premises at the end of the reporting period are analysed by the remaining term of the land lease as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Held in mainland China		
– Medium-term leases (10 to 50 years)	1,835,206	1,911,534
– Short-term leases (less than 10 years)	9,362	8,956
Total	1,844,568	1,920,490

## 26. DEFERRED TAX ASSETS

### (a) Analysed by nature

	31 December 2024		31 December 2023	
	Deductible/ (taxable) temporary difference RMB'000	Deferred income tax assets/ (liabilities) RMB'000	Deductible/ (taxable) temporary difference RMB'000	Deferred income tax assets/ (liabilities) RMB'000
Allowance for impairment losses	25,204,720	6,301,180	25,184,328	6,296,082
Accrued staff costs	456,480	114,120	344,360	86,090
Fair value changes in financial instruments	(1,596,796)	(399,199)	(463,472)	(115,868)
Provisions	90,397	22,599	88,906	22,227
Others	109,620	27,405	(41,010)	(10,253)
Total	24,264,421	6,066,105	25,113,112	6,278,278

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 26. DEFERRED TAX ASSETS (CONTINUED)

#### (b) Analysed by movements

	At 1 January 2024 <i>RMB'000</i>	Recognised in profit or loss <i>RMB'000</i>	Recognised in other comprehensive income <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
Allowance for impairment losses	6,296,082	6,834	(1,736)	6,301,180
Accrued staff costs	86,090	28,030	–	114,120
Fair value changes in financial instruments	(115,868)	(79,741)	(203,590)	(399,199)
Provisions	22,227	372	–	22,599
Others	(10,253)	37,658	–	27,405
Net deferred income tax assets	6,278,278	(6,847)	(205,326)	6,066,105

	At 1 January 2023 <i>RMB'000</i>	Recognised in profit or loss <i>RMB'000</i>	Recognised in other comprehensive income <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Allowance for impairment losses	4,754,784	1,525,390	15,908	6,296,082
Accrued staff costs	38,939	47,151	–	86,090
Fair value changes in financial instruments	80,501	(75,278)	(121,091)	(115,868)
Provisions	17,738	4,489	–	22,227
Others	(11,394)	1,141	–	(10,253)
Net deferred income tax assets	4,880,568	1,502,893	(105,183)	6,278,278

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 27. OTHER ASSETS

	Note	31 December 2024 RMB'000	31 December 2023 RMB'000
Interest receivables	(a)	1,621,557	1,900,667
Other receivables		1,033,986	591,061
Intangible assets	(b)	746,996	749,374
Continuously involved assets	(d)	695,077	588,853
Right-of-use assets	(c)	498,042	569,610
Leasehold improvements		70,628	79,958
Prepayments		190,363	213,139
Repossessioned assets	(e)	2,857,199	2,355,613
Others		327,475	–
Sub-total		8,041,323	7,048,275
Less: Allowance for impairment losses		(601,214)	(672,112)
Total		7,440,109	6,376,163

### (a) Interest receivables

	31 December 2024 RMB'000	31 December 2023 RMB'000
Interest receivables arising from:		
– Investments	1,440,346	1,680,119
– Loans and advances to customers	139,850	176,740
– Others	41,361	43,808
Sub-total	1,621,557	1,900,667
Less: Allowance for impairment losses	(473,624)	(549,178)
Total	1,147,933	1,351,489

Interest receivable only includes interest that has been due for the relevant financial instruments but not yet received at the end of the reporting period. Interest on financial instruments based on the effective interest method has been reflected in the balance of corresponding financial instruments.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 27. OTHER ASSETS (CONTINUED)

#### (b) Intangible assets

	2024 RMB'000	2023 RMB'000
<b>Cost</b>		
As at 1 January	1,317,578	1,231,620
Additions	136,709	86,552
Decrease	(1,961)	(594)
As at 31 December	1,452,326	1,317,578
<b>Accumulated amortisation</b>		
As at 1 January	(568,204)	(442,910)
Additions	(138,053)	(125,714)
Decrease	927	420
As at 31 December	(705,330)	(568,204)
<b>Net book value</b>		
As at 1 January	749,374	788,710
As at 31 December	746,996	749,374

Intangible assets of the Group mainly represent computer software.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 27. OTHER ASSETS (CONTINUED)

### (c) Right-of-use assets

	Premises RMB'000	Land use rights RMB'000	Vehicles RMB'000	Other equipment RMB'000	Total RMB'000
<b>Cost</b>					
As at 1 January 2023	553,982	370,216	10,611	2,138	936,947
Additions	70,287	–	1,881	3,527	75,695
Disposals	(85,155)	(917)	(3,539)	(3,641)	(93,252)
As at 31 December 2023	539,114	369,299	8,953	2,024	919,390
Additions	50,003	–	1,731	3,600	55,334
Disposals	(69,231)	–	(5,093)	(2,025)	(76,349)
As at 31 December 2024	519,886	369,299	5,591	3,599	898,375
<b>Accumulated depreciation</b>					
As at 1 January 2023	(257,133)	(47,542)	(5,654)	(840)	(311,169)
Provided for the year	(114,953)	(7,121)	(3,357)	(4,247)	(129,678)
Disposals	83,390	497	3,539	3,641	91,067
As at 31 December 2023	(288,696)	(54,166)	(5,472)	(1,446)	(349,780)
Provided for the year	(113,164)	(7,120)	(2,912)	(3,405)	(126,601)
Disposals	69,075	–	5,093	2,025	76,193
As at 31 December 2024	(332,785)	(61,286)	(3,291)	(2,826)	(400,188)
<b>Allowance for impairment losses</b>					
As at 31 December 2024	–	(145)	–	–	(145)
As at 31 December 2023	–	(145)	–	–	(145)
<b>Net book value</b>					
As at 31 December 2024	187,101	307,868	2,300	773	498,042
As at 31 December 2023	250,418	314,988	3,481	578	569,465

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

## 27. OTHER ASSETS (CONTINUED)

### (d) Continuously involved assets

In 2020, the Bank, as the initiator, entrusted part of the personal housing mortgage loans to Huaneng Guicheng Trust Co., Ltd., and established the first phase of Yuding's 2020 personal housing mortgage loan securitisation trust to issue asset-backed securities, among which, the total face value of the "priority asset-backed security" was RMB2,910 million, and the total face value of the "secondary asset-backed security" was RMB589 million.

The Bank neither transferred nor retained substantially all the risks (mainly include the credit risk, early repayment risk and interest rate risk of the transferred assets) and rewards of the ownership and retained the control and has continuing involvement in these financial assets. As at 31 December 2024, the Bank continued to recognise the financial assets with a carrying amount of RMB695 million (31 December 2023: RMB589 million) based on its extent of continuing involvement in the assets, and recognised assets and liabilities with continuing involvement as other assets and other liabilities.

### (e) Repossessed assets

	31 December 2024 RMB'000	31 December 2023 RMB'000
Premises	2,620,767	2,056,518
Land use rights	116,298	178,961
Others	120,134	120,134
Book value	2,857,199	2,355,613

The Group plans to dispose of the repossessed assets through auction, bidding, and transfer in the future.

	31 December 2024 RMB'000	31 December 2023 RMB'000
Medium-term lending facility	22,180,000	21,300,000
Small enterprises and agriculture supporting re-lending	12,596,752	8,426,792
Rediscounting	—	943,551
Sub-total	34,776,752	30,670,343
Interest accrued	261,008	289,926
Total	35,037,760	30,960,269

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 29. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 December 2024 RMB'000	31 December 2023 RMB'000
In mainland China		
– Banks	8,237,695	6,493,302
– Other financial institutions	4,114,223	7,721,613
Sub-total	12,351,918	14,214,915
Interest accrued	28,176	92,694
Total	12,380,094	14,307,609

## 30. PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 December 2024 RMB'000	31 December 2023 RMB'000
In mainland China		
– Banks	24,226,000	26,984,097
– Other financial institutions	3,712,800	5,430,000
Sub-total	27,938,800	32,414,097
Outside mainland China		
– Banks	500,000	500,000
Interest accrued	288,416	332,805
Total	28,727,216	33,246,902

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 31. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

### (a) Analysed by type and location of counterparty

	31 December 2024 RMB'000	31 December 2023 RMB'000
In mainland China		
– PBOC	9,000,000	16,900,000
– Banks	7,696,761	8,222,591
Sub-total	16,696,761	25,122,591
Interest accrued	2,382	9,350
Total	16,699,143	25,131,941

### (b) Analysed by type of collateral

	31 December 2024 RMB'000	31 December 2023 RMB'000
Debt securities	14,626,715	23,425,443
Bills	2,070,046	1,697,148
Sub-total	16,696,761	25,122,591
Interest accrued	2,382	9,350
Total	16,699,143	25,131,941

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 32. DEPOSITS FROM CUSTOMERS

	31 December 2024 RMB'000	31 December 2023 RMB'000
Demand deposits		
– Corporate deposits	74,067,481	85,668,796
– Personal deposits	29,393,888	32,011,191
Sub-total	103,461,369	117,679,987
Time deposits		
– Corporate deposits	85,731,919	71,870,379
– Personal deposits	188,785,501	136,632,026
Sub-total	274,517,420	208,502,405
Pledged deposits		
– Acceptances	22,354,770	29,270,248
– Letters of guarantees	266,749	304,415
– Letters of credit	3,126,365	4,201,599
– Others	437,047	671,857
Sub-total	26,184,931	34,448,119
Others	374,178	330,928
Interest accrued	8,558,128	5,560,471
Total	413,096,026	366,521,910

Deposits from customers are measured at amortised cost.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 33. DEBT SECURITIES ISSUED

	Note	31 December 2024 RMB'000	31 December 2023 RMB'000
Financial bonds	(a)	14,998,784	17,998,315
Interbank deposits		95,057,091	83,855,214
Sub-total		110,055,875	101,853,529
Interest accrued		186,346	215,254
Total		110,242,221	102,068,783

(a) Financial bonds

Fixed rate financial green bond of RMB3.0 billion with a term of three years was issued in September 2022. The coupon rate is 2.65% per annum.

Fixed rate financial bond of RMB5.0 billion with a term of three years was issued in November 2022. The coupon rate is 2.95% per annum.

Fixed rate financial bond of RMB5.0 billion with a term of three years was issued in March 2023. The coupon rate is 3.02% per annum.

Fixed rate financial green bond of RMB2.0 billion with a term of three years was issued in May 2024. The coupon rate is 2.25% per annum.

### 34. OTHER LIABILITIES

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
Accrued staff costs	(a)	1,255,367	1,161,938
Finance lease payable		145,841	210,979
Dormant accounts		41,414	41,797
Payment and collection clearance accounts		115,571	186,388
Dividend payable		26,573	26,584
Expected credit losses of credit commitment	(b)	90,397	88,906
Lease liabilities	(c)	177,379	243,455
Continuously involved liabilities	27(d)	695,077	588,853
Others		922,321	515,763
Total		3,469,940	3,064,663

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 34. OTHER LIABILITIES (CONTINUED)

### (a) Accrued staff costs

	Note	31 December 2024 RMB'000	31 December 2023 RMB'000
Salary, bonuses and allowances payable		1,020,491	954,743
Social insurance and annuity payable		264	228
Housing allowances payable		122	112
Labour union fees and education fees of staff and workers		6,587	5,420
Supplementary retirement benefits payable	(1)	226,404	201,435
Others		1,499	–
Total		1,255,367	1,161,938

#### (1) Supplementary retirement benefits (“SRB”)

The supplementary retirement benefits of the Group include early retirement plan and supplementary retirement plan. The early retirement benefits payments are provided to employees who voluntarily agreed to retire before the retirement age during the period from the date of early retirement to the statutory retirement date. The supplementary retirement plan is provided to the Group’s eligible employees.

The Group has not forfeited any retirement benefit scheme contributions (i.e., contributions which are processed by the employer on behalf of the employee after the employee has withdrawn from the scheme before the relevant contributions become his/her own). At 31 December 2024, there are no forfeited contributions under the Group’s retirement benefit plans which can be used to deduct contributions payable for future years.

The amount represents the present value of the total estimated amount of future benefits that the Group is committed to pay for eligible employees at the end of the reporting period. The Group’s obligations in respect of the SRB were assessed using projected unit credit method by qualified staff (a member of society of Actuaries in China) of an external independent actuary, namely Towers Watson Management Consulting (Shenzhen) Co., Ltd. The signed actuaries are North American Actuary (FSA) and Chinese Actuary (FCAA).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 34. OTHER LIABILITIES (CONTINUED)

### (a) Accrued staff costs (Continued)

#### (1) Supplementary retirement benefits ("SRB") (Continued)

(i) The balances of supplementary retirement benefits of the Group are as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Present value of early retirement plan	11,534	10,513
Present value of supplementary retirement plan	214,870	190,922
Total	226,404	201,435

(ii) The movements of supplementary retirement benefits of the Group are as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
As at 1 January	201,435	194,626
Benefits paid during the year	(13,346)	(14,190)
Defined benefit cost recognised in profit or loss	14,304	15,591
Defined benefit cost recognised in other comprehensive income	24,011	5,408
As at 31 December	226,404	201,435

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 34. OTHER LIABILITIES (CONTINUED)

### (a) Accrued staff costs (Continued)

#### (1) Supplementary retirement benefits ("SRB") (Continued)

(iii) Key actuarial assumptions and sensitivity analysis:

(1) Key actuarial assumptions of the Group are as follows:

Early retirement plan	31 December 2024	31 December 2023
Discount rate	1.25%	2.50%
Retired age		
– Male	63	60
– Female	58	55
Annual increase rate of internal salary	6.00%	6.00%
Supplementary retirement plan	31 December 2024	31 December 2023
Discount rate	1.75%	2.75%
Retired age		
– Male	63	60
– Female	58	55
Death rate for age 20 to 105	31 December 2024	31 December 2023
– Male	0.0248% – 100%	0.0248% – 100%
– Female	0.012% – 100%	0.012% – 100%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 34. OTHER LIABILITIES (CONTINUED)

#### (a) Accrued staff costs (Continued)

##### (1) Supplementary retirement benefits ("SRB") (Continued)

(iii) Key actuarial assumptions and sensitivity analysis: (Continued)

(2) As at the end of the reporting period, while keeping other assumptions unchanged, the reasonable possible changes in the following assumptions will result in a (decrease)/increase in the Group's defined benefit plan obligations as follows:

	2024		2023	
	Up 25 bps	Down 25 bps	Up 25 bps	Down 25 bps
Discount rate	(6,868)	7,232	(5,734)	6,027

#### (b) Expected credit losses of credit commitment

As at 31 December 2024, movements of expected credit losses of credit commitment during the year are as follows:

	31 December 2024			
	Stage 1 12-month ECL RMB'000	Stage 2 Lifetime ECL not credit impaired RMB'000	Stage 3 Lifetime ECL credit-impaired RMB'000	Total RMB'000
As at 1 January 2024	86,200	478	2,228	88,906
Transferred:				
– to Stage 1	698	(217)	(481)	–
– to Stage 2	(42)	166	(124)	–
– to Stage 3	(78)	(168)	246	–
(Decrease)/increase for the year	(2,024)	1,809	1,706	1,491
As at 31 December 2024	84,754	2,068	3,575	90,397

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 34. OTHER LIABILITIES (CONTINUED)

### (b) Expected credit losses of credit commitment (Continued)

As at 31 December 2023, movements of expected credit losses of credit commitment during the year are as follows:

	31 December 2023			Total RMB'000
	Stage 1 12-month ECL RMB'000	Stage 2 Lifetime ECL not credit impaired RMB'000	Stage 3 Lifetime ECL credit-impaired RMB'000	
As at 1 January 2023	68,796	305	1,850	70,951
Transferred:				
– to Stage 1	213	(123)	(90)	–
– to Stage 2	(41)	59	(18)	–
– to Stage 3	(65)	(107)	172	–
Increase for the year	17,297	344	314	17,955
As at 31 December 2023	86,200	478	2,228	88,906

### (c) Lease liabilities

The undiscounted maturity analysis of lease liabilities

	31 December 2024 RMB'000	31 December 2023 RMB'000
Within one year (inclusive)	89,713	108,203
Between one year and two years (inclusive)	58,707	72,714
Between two years and three years (inclusive)	21,536	47,372
Between three years and five years (inclusive)	9,241	25,581
More than five years	7,710	10,675
Total undiscounted lease liabilities	186,907	264,545
Carrying amount of lease liabilities	177,379	243,455

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 35. SHARE CAPITAL

#### Authorised and issued share capital

2024

	1 January 2024		Increase		Decrease		31 December 2024	
	Quantity (‘000)	Amount (RMB‘000)	Quantity (‘000)	Amount (RMB‘000)	Quantity (‘000)	Amount (RMB‘000)	Quantity (‘000)	Amount (RMB‘000)
Ordinary shares listed in Mainland China (A-share)	7,071,633	7,071,633	–	–	–	–	7,071,633	7,071,633
Ordinary shares listed in Hong Kong (H-share)	2,020,458	2,020,458	–	–	–	–	2,020,458	2,020,458
<b>Total</b>	<b>9,092,091</b>	<b>9,092,091</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>9,092,091</b>	<b>9,092,091</b>

2023

	1 January 2023		Increase		Decrease		31 December 2023	
	Quantity (‘000)	Amount (RMB‘000)	Quantity (‘000)	Amount (RMB‘000)	Quantity (‘000)	Amount (RMB‘000)	Quantity (‘000)	Amount (RMB‘000)
Ordinary shares listed in Mainland China (A-share)	6,428,758	6,428,758	642,875	642,875	–	–	7,071,633	7,071,633
Ordinary shares listed in Hong Kong (H-share)	1,836,780	1,836,780	183,678	183,678	–	–	2,020,458	2,020,458
<b>Total</b>	<b>8,265,538</b>	<b>8,265,538</b>	<b>826,553</b>	<b>826,553</b>	<b>–</b>	<b>–</b>	<b>9,092,091</b>	<b>9,092,091</b>

In June 2023, based on the total share capital of 8.27 billion ordinary shares as at 31 December 2022, the Bank converted capital reserve to share capital on the basis of 1 share for every 10 shares offered to all shareholders, and the total number of shares increased by 827 million.

All the above H-shares have been listed on the Stock Exchange of Hong Kong Limited since 20 January 2016. The H-shares rank pari passu in all respects with the existing A-shares listed in Mainland China including the right to receive all dividends and distributions declared or made.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 36 OTHER EQUITY INSTRUMENTS

### (a) Other equity instruments outstanding at the end of the period:

Financial instrument outstanding	Date issued	Classification	Dividend yield ratio interest rate	Issue price	Quantity	As at 31 December 2024 and 2023	Maturity	Conversion conditions
Undated additional tier 1 capital bonds (Note 36 b(i))	2021/11/11	Equity	4.8%	RMB100	100,000,000	10,000	perpetual	None
Less: Issuing cost						(2)		
Total						9,998		

### (b) Main clause

#### (i) Undated additional tier 1 capital bonds

##### (1) Issuance

With the approvals by relevant regulatory authorities, the Bank issued undated additional tier 1 capital bonds with the amount of RMB10,000 million in the national interbank bond market on 11 November 2021 (hereinafter referred to as "Perpetual Bonds"). Each Perpetual Bond has a par value of RMB100, and the annual coupon rate of the Bonds for the first five years is 4.80%, resetting every 5 years. The rate is determined by a benchmark rate plus a fixed spread. The fixed spread is the difference between the distribution rate and the benchmark rate as determined at the time of issuance. The fixed spread will not be adjusted once determined during the duration period.

##### (2) Conditional redemption

The duration of the Perpetual Bonds is the same as the continuing operation of the Bank. 5 years after the issuance date of the Perpetual Bonds, the Bank shall have the right to redeem the Perpetual Bonds in whole or in part on each distribution payment date (including the fifth distribution payment date since the issuance). Upon the issuance of the Perpetual Bonds, in the event that the Perpetual Bonds is not classified as other tier-one capital bonds due to unpredictable changes in regulations, the Bank shall have the right to redeem the Perpetual Bonds fully instead of partly.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 36. OTHER EQUITY INSTRUMENTS (CONTINUED)

#### (b) Main clause (Continued)

##### (i) *Undated additional tier 1 capital bonds (Continued)*

###### (3) *The claims of the holders of the Bonds*

The claims of the holders of the Bonds will be subordinated to the claims of depositors, general creditors and subordinated indebtedness that ranks prior 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.

###### (4) *Write-down clauses*

Upon the occurrence of the non-survival trigger event, 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 non-survival trigger event means the earlier of the following events: (1) the former CBRC having concluded that without a write-off of the Bank's capital, the Bank would become non-viable, and (2) the relevant authorities having concluded that without a public sector injection of capital or equivalent support, the Bank would become non-viable. The write-down is unrecoverable.

###### (5) *Distributions*

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. However, 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 is made.

The funds raised by the Bank from the above-mentioned Perpetual Bonds will be approved by applicable laws and regulatory agencies to supplement other Tier 1 capital of the Bank.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 37. RESERVES

### (a) Capital reserve

2024

	31 December 2023 RMB'000	Increase RMB'000	Decrease RMB'000	31 December 2024 RMB'000
Share premium	5,920,487	–	–	5,920,487
Others	64,615	–	–	64,615
Total	5,985,102	–	–	5,985,102

2023

	31 December 2022 RMB'000	Increase RMB'000	Decrease RMB'000	31 December 2023 RMB'000
Share premium	6,747,040	–	(826,553)	5,920,487
Others	64,615	–	–	64,615
Total	6,811,655	–	(826,553)	5,985,102

### (b) Surplus reserve

The surplus reserve at the end of the reporting period represented statutory surplus reserve fund and discretionary surplus reserve fund.

Pursuant to the Company Law of the PRC and the Article of Association of the Bank, the Bank is required to appropriate 10% of its net profit as on an annual basis determined under the PRC GAAP, after making good prior year's accumulated loss, to statutory surplus reserve fund until the reserve fund balance reaches 50% of its registered capital. In 2024, the Bank appropriated statutory surplus reserve of approximately RMB186 million (In 2023: RMB184 million).

The Bank may also appropriate discretionary surplus reserve fund in accordance with the resolution of the shareholders.

### (c) General reserve

With effect from 1 July 2012, pursuant to the Measures on Impairment Allowances for Financial Enterprises (Cai Jin [2012] No. 20) issued by the Ministry of Finance in 2012, the Bank is required to set aside a general reserve through profit appropriation which should not be lower than 1.5% of the ending balance of its gross risk-bearing assets. In 2024, the bank set aside a general reserve of approximately RMB876 million (In 2023: RMB451 million).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 36. OTHER EQUITY INSTRUMENTS (CONTINUED)

#### (d) Fair value reserve

	2024 RMB'000	2023 RMB'000
As at 1 January	189,386	(126,163)
Change in fair value/credit losses recognised in other comprehensive income	728,346	397,552
Transfer to profit or loss upon disposal	(86,923)	27,193
Less: Deferred income tax	(160,356)	(106,186)
Share of other comprehensive income of associates	4,480	–
Sub-total	485,547	318,559
Change in fair value of equity instruments recognised in other comprehensive income	179,879	(4,013)
Less: Deferred income tax	(44,970)	1,003
Sub-total	134,909	(3,010)
As at 31 December	809,842	189,386

#### (e) Remeasurement of net defined benefit liability

Remeasurement of net defined benefit liability represents actuarial gains or losses, net of tax from remeasuring the net defined benefit liability.

	2024 RMB'000	2023 RMB'000
As at 1 January	(74,043)	(68,635)
Remeasurement of net defined benefit liability	(24,011)	(5,408)
Less: Deferred income tax	–	–
Sub-total	(24,011)	(5,408)
As at 31 December	(98,054)	(74,043)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 37. RESERVES (CONTINUED)

### (f) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Bank's individual components of equity between the beginning and the end of the year are set out below:

#### The Bank

Notes	Share capital RMB'000	Other equity instruments RMB'000	Capital reserve RMB'000	Surplus reserve RMB'000	General reserve RMB'000	Fair value reserve RMB'000	Remeasurement of net defined benefit liability RMB'000	Retained earnings RMB'000	Sub-total RMB'000
Balance at 1 January 2024	9,092,091	9,998,855	5,985,160	3,689,605	7,950,752	189,386	(74,043)	14,916,948	51,748,754
Profit for the year	-	-	-	-	-	-	-	1,863,727	1,863,727
Other comprehensive income	-	-	-	-	-	620,456	(24,011)	-	596,445
Total comprehensive income	-	-	-	-	-	620,456	(24,011)	1,863,727	2,460,172
Capital invested and reduced by shareholders:									
Appropriation of profit:									
- Appropriation to surplus reserve 37(b)	-	-	-	186,373	-	-	-	(186,373)	-
- Appropriation to general reserve 37(c)	-	-	-	-	876,000	-	-	(876,000)	-
- Dividend for perpetual debts 38(a)	-	-	-	-	-	-	-	(480,000)	(480,000)
Sub-total	-	-	-	186,373	876,000	620,456	(24,011)	321,354	1,980,172
Balance at 31 December 2024	9,092,091	9,998,855	5,985,160	3,875,978	8,826,752	809,842	(98,054)	15,238,302	53,728,926

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 37. RESERVES (CONTINUED)

#### (f) Movements in components of equity (Continued)

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Bank's individual components of equity between the beginning and the end of the year are set out below: (Continued)

##### *The Bank (Continued)*

	Notes	Share capital RMB'000	Other equity instruments RMB'000	Capital reserve RMB'000	Surplus reserve RMB'000	General reserve RMB'000	Fair value reserve RMB'000	Remeasurement of net defined benefit liability RMB'000	Retained earnings RMB'000	Sub-total RMB'000
Balance at										
1 January 2023		8,265,538	9,998,855	6,811,713	3,505,562	7,500,200	(126,163)	(68,635)	14,191,117	50,078,187
Profit for the year		-	-	-	-	-	-	-	1,840,426	1,840,426
Other comprehensive income		-	-	-	-	-	315,549	(5,408)	-	310,141
Total comprehensive income		-	-	-	-	-	315,549	(5,408)	1,840,426	2,150,567
Capital invested and reduced by shareholders:										
Appropriation of profit:										
- Appropriation to surplus reserve	37(b)	-	-	-	184,043	-	-	-	(184,043)	-
- Appropriation to general reserve	37(c)	-	-	-	-	450,552	-	-	(450,552)	-
- Dividend for perpetual debts	38(a)	-	-	-	-	-	-	-	(480,000)	(480,000)
Conversion of capital reserves into share capital	35	826,553	-	(826,553)	-	-	-	-	-	-
Sub-total		826,553	-	(826,553)	184,043	450,552	315,549	(5,408)	725,831	1,670,567
Balance at										
31 December 2023		9,092,091	9,998,855	5,985,160	3,689,605	7,950,752	189,386	(74,043)	14,916,948	51,748,754

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 38. PROFIT DISTRIBUTION

### (a) Dividends for Perpetual Bond

The Bank distributed a dividend of 480 million to the perpetual bond holders in November 2024 and November 2023 respectively.

### (b) Retained earnings

As of 31 December 2024, retained earnings of the Group included the statutory surplus reserve of RMB116 million appropriated by the subsidiaries and attributable to the Bank (31 December 2023: RMB106 million).

### (c) Dividends for Ordinary Shares

In accordance with the resolution of the Bank's board of directors meeting held on 27 March 2025, cash dividend of RMB0.2 per ten shares before tax and in an aggregation amount of approximately RMB181,842 thousand to all existing A and H shareholders for the year ended 31 December 2024 has been proposed. The profit appropriation resolution mentioned above has yet to be approved by the Bank's shareholders.

## 39. TRANSFER OF FINANCIAL ASSETS

On 4 September 2024, the Group entered into an asset transfer agreement with Zhongyuan Asset Management Co., Ltd. to transfer a portfolio of non-performing financial assets. As of the transaction benchmark date, the total principal balance and interest of the portfolio was RMB15.01 billion. The transfer price was RMB10 billion, to be settled with RMB5 billion in cash and trust beneficial rights valued at RMB5 billion. The transaction is completed on 26 September 2024. For details in relation to above transaction, please also refer to the Bank's announcement dated 4 September 2024.

In addition to the above transaction during the year in 2024, the Group transferred non-performing loans with a principal balance of RMB1.25 billion (2023: RMB2.71 billion) to other third parties.

Regarding the aforementioned transfer of non-performing financial assets, the Group, based on the assessment of risk and reward transfer conditions mentioned in "Derecognition of financial assets" of Note 4 "Material Accounting Policy Information" and Note 5 "Critical Accounting Judgements and Key Sources of Estimation Uncertainty". The management assessed that the financial assets mentioned above meet the derecognition criteria.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 40. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

### (a) Cash and cash equivalents comprise:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Cash on hand	757,394	908,846
Surplus deposit reserves with Central Bank	8,160,698	7,768,889
Deposits with banks and other financial institutions with original maturity of three months or less	1,799,084	1,242,238
Placements with banks and other financial institutions with original maturity of three months or less	3,205,101	2,100,000
Total	13,922,277	12,019,973

### (b) Reconciliation of liabilities arising from financing activities

	Debt securities issued RMB'000	Lease liabilities RMB'000	Dividend payable RMB'000
As at 1 January 2023	94,992,906	279,903	26,633
Financing cash flows:			
– Proceeds received from debt securities issued	139,390,217	–	–
– Repayment of debt securities issued	(132,422,300)	–	–
– Interest paid	(2,481,660)	–	–
– Dividends paid	–	–	(480,049)
– Repayment of principal of lease liabilities	–	(120,121)	–
Non-cash changes:			
– Interest expenses	2,589,620	9,797	–
– New leases	–	73,876	–
– Dividend declared	–	–	480,000

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 40. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

### (b) Reconciliation of liabilities arising from financing activities (Continued)

	Debt securities issued <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Dividend payable <i>RMB'000</i>
As at 31 December 2023 and 1 January 2024	102,068,783	243,455	26,584
Financing cash flows:			
– Proceeds received from debt securities issued	163,041,068	–	–
– Repayment of debt securities issued	(154,676,000)	–	–
– Interest paid	(2,660,644)	–	–
– Dividends paid	–	–	(480,011)
– Repayment of principal of lease liabilities	–	(128,270)	–
Non-cash changes:			
– Interest expenses	2,469,014	6,457	–
– New leases	–	55,737	–
– Dividend declared	–	–	480,000
As at 31 December 2024	110,242,221	177,379	26,573

### (c) Major non-cash transactions

During the year ended 31 December 2024, the Bank completed a disposal of financial assets amounting to RMB10 billion. This transaction included a non-cash component, with RMB5 billion settled in cash and the remaining RMB5 billion through the issuance of Trust beneficial rights. The transaction details are in accordance with the relevant provisions outlined in the announcement dated 10 September 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 41. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

### (a) Relationship of related parties:

#### (i) Major shareholders

Major shareholders include shareholders of the Bank with shareholding of 5% or above.

Shareholding in the Bank:

	31 December 2024	31 December 2023
Zhengzhou Finance Bureau	7.23%	7.23%
Zhengzhou Investment Holdings Co., Ltd.	6.69%	6.69%

#### (ii) Subsidiaries and associates of the Bank

The detailed information of the Bank's subsidiaries and associates is set out in Note 24.

#### (iii) Other related parties

Other related parties can be individuals or enterprises, which include: members of the board of directors, the board of supervisors and senior management, and close family members of such individuals; entities (and their subsidiaries) controlled or jointly controlled by members of the board of directors, the board of supervisors and senior management, and close family members of such individuals; and entities controlled or jointly controlled by the major shareholders of the Bank as set out in Note 41(a) (i) or their controlling shareholders. Other related parties also include post-employment benefit plans of the Bank (Note 34(a)).

### (b) Related party transactions and balances

Related party transactions of the Group mainly refer to financial investments, loans and advances to customers and deposits, which are entered into in the normal course and terms of business, with consistent pricing policies as in transactions with independent third parties.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 41. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

### (b) Related party transactions and balances (Continued)

#### (i) Transactions with major shareholders

	31 December 2024 RMB'000	31 December 2023 RMB'000
Balances at the end of the year:		
Financial investments measured at amortised cost	587,539	977,228
Loans and advances to customers	831,108	–
Deposits from customers	2,150,877	3,640,008
Other liabilities	64,285	64,285
	2024 RMB'000	2023 RMB'000
Transactions during the year:		
Interest income	70,623	45,415
Interest expense	64,440	28,346

#### (ii) Transactions with subsidiaries

	31 December 2024 RMB'000	31 December 2023 RMB'000
Balances at the end of the year:		
Deposits/placements with banks and other financial institutions	2,888,982	2,706,690
Deposits from banks and other financial institutions	3,052,286	1,963,587
Guarantee for subsidiaries	163,110	257,690

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 41. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

### (b) Related party transactions and balances (Continued)

#### (ii) Transactions with subsidiaries (Continued)

	2024 RMB'000	2023 RMB'000
Transactions during the year:		
Interest income	85,729	35,124
Interest expense	62,085	48,490

The above balances and transactions with subsidiaries have been eliminated in full in the consolidated financial statements.

#### (iii) Transactions with associates

	31 December 2024 RMB'000	31 December 2023 RMB'000
Balances at the end of the year:		
Deposits/placements with banks and other financial institutions	958	951
Deposits from banks and other financial institutions	563,539	754,747
Transactions during the year:		
Interest income	7	7
Interest expense	14,745	14,422

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 41. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

### (b) Related party transactions and balances (Continued)

#### (iv) Transactions with other major related parties

	31 December 2024 RMB'000	31 December 2023 RMB'000
Balances at the end of the year:		
Loans and advances to customers	15,826,175	12,111,042
Financial assets held under resale agreements	200,010	699,895
Deposits with banks and other financial institutions	2,610	25,841
Financial investments measured at amortised cost	4,553,251	1,868,136
Financial investments at fair value through profit or loss	136,592	145,129
Financial investments at fair value through other comprehensive income	—	123,162
Other assets	39,816	—
Deposits from customers	3,373,706	2,322,603
Deposits from banks and other financial institutions	202,535	2,133,945
Other liabilities	300,000	—
Guarantees	131,580	1,000
Bank acceptances	58,053	311,591
Unused credit card commitments	82,511	80,751
Loan commitments	910,000	910,000
	2024 RMB'000	2023 RMB'000
Transactions during the year:		
Interest income	947,107	756,961
Interest expense	32,594	105,484
Fee and commission income	3,757	74,781
Asset trading	161,484	97,840

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 41. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

### (c) Key management personnel

#### (i) Transactions with key management personnel

	31 December 2024 RMB'000	31 December 2023 RMB'000
Balances at the end of the year:		
Deposits from customers	11,190	18,757
Unused credit card commitments	6,512	7,552
	2024 RMB'000	2023 RMB'000
Transactions during the year:		
Interest income	3,153	—
Interest expense	498	337

#### (ii) Key management personnel remuneration

	2024 RMB'000	2023 RMB'000
Salaries and other emoluments	15,802	10,376
Discretionary bonuses	6,261	18,487
Social insurance and welfare plans, housing allowance, etc.	1,013	1,131
Total	23,076	29,994

No post-employment benefits, termination benefits or other long-term benefits were provided to key management personnel for the year ended 31 December 2024 (31 December 2023: the same).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 41. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

### (c) Key management personnel (Continued)

#### (iii) *Loans to key officers*

The Group had no balance of loans to directors, supervisors and senior management as at the end of reporting period (31 December 2023: the same).

## 42. SEGMENT REPORTING

### (a) Business segment

The Group manages its business by business line. Consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group defines reporting segments based on the following operating segments:

#### ***Corporate banking***

This segment represents the provision of a range of financial products and services to corporations, government agencies and financial institutions. These products and services include corporate loans and advances, trade finance and deposit taking activities, financial leasing, agency services, and remittance and settlement services.

#### ***Retail banking***

This segment represents the provision of a range of financial products and services to retail customers. These products and services include personal loans and deposit taking activities, bank card business, personal wealth management services, remittance and settlement services, and collection and payment agency services.

#### ***Treasury business***

This segment covers the Group's treasury business including interbank money market transactions, repurchase transactions and bonds investments. The treasury segment also covers management of the Group's overall liquidity position, including issuance of debts.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

## 42. SEGMENT REPORTING (CONTINUED)

### (a) Business segment (Continued)

#### *Others*

These represent equity investments and related income and any other businesses which do not form a single reportable segment.

Measurement of segment assets and liabilities and of segment income, expenses and results is based on the Group's accounting policies.

Internal charges and transfer prices are determined with reference to market rates and have been reflected in the performance of each segment. Interest income and expense earned from third parties are referred to as "external net interest income/expense". Net interest income and expense arising from internal charges and transfer pricing adjustments are referred to as "internal net interest income/expense".

Segment income, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis, with the exception of deferred income tax assets. Segment income, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process. Segment capital expenditure is the total cost incurred during the reporting period to acquire property and equipment, intangible assets and other long-term assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 42. SEGMENT REPORTING (CONTINUED)

### (a) Business segment (Continued)

#### Others (Continued)

	Year ended 31 December 2024				
	Corporate banking RMB'000	Retail banking RMB'000	Treasury business RMB'000	Others RMB'000	Total RMB'000
Operating income					
Net interest income (Note 1)	7,981,689	1,340,184	1,042,732	–	10,364,605
Net fee and commission income	273,012	74,080	125,170	–	472,262
Net trading gains	2,125	–	1,052,345	–	1,054,470
Net gains arising from investments	–	–	912,723	–	912,723
Other operating income	–	–	–	86,263	86,263
Operating income	8,256,826	1,414,264	3,132,970	86,263	12,890,323
Operating expenses	(2,345,841)	(694,248)	(820,401)	(43,724)	(3,904,214)
Credit impairment losses	(5,557,544)	(518,026)	(1,107,906)	–	(7,183,476)
Other operating expenses	–	–	–	(15,088)	(15,088)
Operating profit	353,441	201,990	1,204,663	27,451	1,787,545
Share of losses of associates	–	–	–	(1,114)	(1,114)
Profit before taxation	353,441	201,990	1,204,663	26,337	1,786,431
Other segment information					
– Depreciation and amortisation	135,755	288,123	25,317	–	449,195
– Capital expenditure	162,662	48,259	59,494	1,355	271,770

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 42. SEGMENT REPORTING (CONTINUED)

### (a) Business segment (Continued)

	Year ended 31 December 2024				
	Corporate banking RMB'000	Retail banking RMB'000	Treasury business RMB'000	Others RMB'000	Total RMB'000
Segment assets	336,548,805	106,461,065	223,181,628	4,107,637	670,299,135
Deferred tax assets					6,066,105
Total assets					676,365,240
Segment liabilities/total liabilities	188,994,976	225,882,569	203,399,300	1,793,624	620,070,469
Credit commitments	61,770,133	10,051,341	—	—	71,821,474

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 42. SEGMENT REPORTING (CONTINUED)

### (a) Business segment (Continued)

	Year ended 31 December 2023				
	Corporate banking RMB'000	Retail banking RMB'000	Treasury business RMB'000	Others RMB'000	Total RMB'000
Operating income					
Net interest income (Note 1)	9,663,688	1,177,351	898,574	–	11,739,613
Net fee and commission income	305,544	72,377	201,005	–	578,926
Net trading gains	9,204	–	772,541	–	781,745
Net gains arising from investments	–	–	493,881	–	493,881
Other operating income	–	–	–	105,245	105,245
Operating income	9,978,436	1,249,728	2,366,001	105,245	13,699,410
Operating expenses	(2,626,959)	(613,980)	(591,101)	(26,526)	(3,858,566)
Credit impairment losses	(5,869,948)	(738,710)	(1,466,665)	–	(8,075,323)
Other operating expenses	–	–	–	(8,535)	(8,535)
Operating profit/(loss)	1,481,529	(102,962)	308,235	70,184	1,756,986
Share of losses of associates	–	–	–	(17,350)	(17,350)
Profit/(loss) before taxation	1,481,529	(102,962)	308,235	52,834	1,739,636
Other segment information					
– Depreciation and amortisation	153,109	276,771	28,561	–	458,441
– Capital expenditure	355,393	82,335	82,367	2,441	522,536

(1) The amount included 'external net interest income/expenses' and 'internal net interest income/expense'.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

## 42. SEGMENT REPORTING (CONTINUED)

### (a) Business segment (Continued)

	Year ended 31 December 2023				
	Corporate banking <i>RMB'000</i>	Retail banking <i>RMB'000</i>	Treasury business <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	316,444,875	99,315,995	207,194,419	1,475,862	624,431,151
Deferred tax assets					6,278,278
Total assets					630,709,429
Segment liabilities/total liabilities	194,928,725	173,586,447	206,324,909	1,554,492	576,394,573
Credit commitments	72,403,854	7,747,672	–	–	80,151,526

### (b) Geographical information

Geographically, the Group mainly conducts its business in Henan Province of the PRC and majority of its customers and assets are located in Henan Province of the PRC.

## 43. RISK MANAGEMENT

The Group is primarily exposed to credit, interest rate, currency and liquidity risks from its use of financial instruments in the normal course of the Group's operations. This note mainly presents information about the Group's exposure to each of the above risks and their sources, the Group's objectives, policies and processes for measuring and managing risks.

The Group aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and minimise potential adverse effects.

The Board of Directors (the "Board") is the highest decision-making authority within the Group in terms of risk management and oversees the Group's risk management functions through the Risk Management Committee. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 43. RISK MANAGEMENT (CONTINUED)

Senior management is the highest execution level in the risk management structure and reports directly to the Risk Management Committee of the Board. Based on the risk management strategies determined by the Board, senior management is responsible for formulating and implementing risk management policies and systems, as well as supervising, identifying and controlling the risks that various businesses are exposed to.

### (a) Credit risk

Credit risk refers to the risk that the Group's counterparties or creditors default on their contractual obligations resulting in financial losses to the Group. As at 31 December 2024, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

#### ***Credit business***

The Board is responsible for establishing the Group's risk management strategies and the overall risk tolerance level. The Board also monitors the Group's risk management process and regularly assesses the Group's risk position and risk management strategies, ensures that credit risk in various businesses are properly identified, assessed, calculated and monitored. The Credit Management Department is responsible for credit risk management. Departments such as the Credit Approval Department, the Corporate Business Department, the Retail Banking Department, the Financial Department of Small Business, Investment Bank Department, and the Financial Market Department carry out credit businesses and investment portfolio business according to the Group's risk management policies and procedures. The Group adopts a loan risk classification approach to manage its loans and advances portfolio risk.

#### ***Treasury Business***

The Group's treasury business are exposed to the credit risk associated with the investment business and interbank business. The Group manages the credit risk exposures by setting up credit on its treasury business and interbank business. Credit risk exposure is closely monitored on a systematic, real-time basis. Credit risk limits are reviewed and updated regularly.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 43. RISK MANAGEMENT (CONTINUED)

#### (a) Credit risk (Continued)

##### ***Measurement of ECL***

Based on whether there is a significant increase in credit risk and whether the asset has incurred credit impairment, the Group measures provision for loss of different assets with 12-month ECL or lifetime ECL respectively.

The Group measures loss provision of the financial instruments that meet the following conditions according to the amount of expected credit losses within next 12 months, and measures loss provision for other financial instruments in accordance with the amount of lifetime expected credit losses.

- The financial instruments that are determined to have low credit risk at the reporting date; or
- The financial instruments for which credit risk has not increased significantly since initial recognition.

##### *(i) Significant increase in credit risk*

When one or more quantitative, qualitative standards or upper limits are triggered, the Group assumes that credit risk on financial instruments has increased significantly.

If the borrower meets one or more of the following criteria:

- The credit spread increasing significantly
- Significant changes with an adverse effect that have taken place in the borrower's business, financial and economic status
- Application of a grace period or debt-restructuring
- Significant changes with an adverse effect in the borrower's business conditions
- Lower value of the collateral (for the collateral loans and pledged loans only)
- Early indicators of problems of cash flow/liquidity, such as late payment of accounts payable/repayment of loans
- The borrower being more than 30 days past due.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 43. RISK MANAGEMENT (CONTINUED)

### (a) Credit risk (Continued)

#### *Measurement of ECL(Continued)*

##### *(i) Significant increase in credit risk*

The Group uses watch lists to monitor credit risk of financial instruments related to loans and advances and treasury operations, and conducts regular assessments at the counterparty level. The standards used in determining whether credit risk increases significantly are regularly monitored and reviewed by the management for the appropriateness.

##### *(ii) Definition of “default” and “credit-impaired assets”*

When a financial instrument meets one or more of the following conditions, the Group considers the financial asset to be in default, and the criteria are consistent with the definition of credit-impaired assets.

##### *(1) Quantitative criterion*

The financial assets are more than 90 days past due.

##### *(2) Qualitative criterion*

The criterion of “the borrower having difficulty in repayment”, which indicates that the borrower has significant financial difficulty, including:

- the death of the borrower
- the borrower’s bankruptcy
- the borrower breaching (one or more) terms of the contract that the debtor shall be subject to
- the disappearance of an active market for the related financial asset because of financial difficulties faced by the borrower
- the creditor making concessions due to the economic or contracts about financial difficulties faced by the borrower, which the creditor will not make under any other circumstances
- becoming probable that the borrower will enter bankruptcy
- a higher discount was obtained during the acquisition of assets, and the assets has incurred credit loss when they are acquired

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 43. RISK MANAGEMENT (CONTINUED)

#### (a) Credit risk (Continued)

##### *Measurement of ECL (Continued)*

##### *(ii) Definition of “default” and “credit-impaired assets” (Continued)*

##### *(2) Qualitative criterion (Continued)*

The above criteria apply to all financial instruments of the Group and they are consistent with the definition of “default” adopted by the internal management of credit risk.

##### *(iii) Parameters, assumptions and valuation techniques*

The Group classifies credit risk exposures according to credit risk characteristics including product type, customer type, customer industry and market distribution.

The ECL is the result of the discounted product of probability of default (PD), exposure at default (EAD) and loss given default (LGD). The definitions of these terms are as follows:

- PD refers to the likelihood that a borrower will be unable to meet his repayment obligations over the next 12 months or the remaining lifetime of the loan.
- EAD is the amount that the Group should be reimbursed upon default of an obligor over the next 12 months or the remaining lifetime of the loan.
- LGD refers to the expected degree of loss arising from the exposure at default which is predicted by the Group. LGD varies according to different types of counterparties, methods and priority of recovering debts, and the availability of collateral or other credit support.

The Group determines the expected credit losses by estimating the PD, LGD and EAD of individual exposure or asset portfolios. The Group multiplies these three parameters and makes adjustments according to the probability of their continuance (i.e., there is no prepayment or default at an earlier period). By adopting this approach, the Group can calculate the expected credit losses for the future months. The results of calculation for each month are then discounted to the end of the reporting period and added up. The discount rate used in the calculation of ECL is the initial effective interest rate or its approximate value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 43. RISK MANAGEMENT (CONTINUED)

### (a) Credit risk (Continued)

#### *Measurement of ECL (Continued)*

##### *(iii) Parameters, assumptions and valuation techniques (Continued)*

The lifetime PD is deduced from using the maturity model or 12-month probability of default. The maturity model describes the development rule of the defaults of the asset portfolio over its lifetime. The model is developed based on historical observational data and applicable to all assets in the same portfolio with the same credit rating. The above method is supported by empirical analysis.

The relevant parameters for the measurement of expected credit losses include PD, LGD, and EAD. According to the requirements of the new financial instrument standards, the Group has established PD, LGD, and EAD models by considering quantitative analysis and forward-looking information of historical statistical data (such as counterparty ratings, guarantee methods, collateral types, and repayment methods).

- In respect of the loans and advances with instalment repayments and bullet repayment, the Group determines 12-month or lifetime EAD according to the repayment schedule agreed in the contract, and makes adjustment based on prediction of over-limit repayment and prepayments/refinancing made by the borrower.
- In respect of the products of revolving credit agreement, the Group estimates the remaining withdrawal within the limits by using the balance of the loans and advances after previous withdrawals and the “credit conversion factor”, so as to predict the exposure at default. Based on the Group’s analysis on recent default data, these assumptions vary based on differences in product type and utilisation rate of the limits.
- The Group determines the 12-month LGD and lifetime LGD based on the factors that affect post-default recovery. LGD for different product types are different.
- Forward-looking economic information should be considered when determining the 12-month and lifetime PD, EAD and LGD. Forward-looking information that needs to be considered is different due to different product types.

The Group quarterly monitors and reviews the assumptions related to the calculation of expected credit losses, including the changes in PD and collateral under different time limits.

There has been no significant changes in the valuation techniques and key assumptions during the reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 43. RISK MANAGEMENT (CONTINUED)

### (a) Credit risk (Continued)

#### (1) Maximum credit risk exposure

The maximum exposure to credit risk is represented by the carrying amount of each type of financial assets as at the end of each of the reporting period. The maximum exposure to credit risk in respect of those off-balance sheet items as at the end of each of the reporting period is disclosed in Note 45(a).

#### (2) Loans and advances to customers

(i) Loans and advances to customers were analysed as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Gross balance of loans and advances that are assessed for 12-month ECL		
– Overdue but not credit-impaired	2,322,849	724,150
– Neither overdue nor credit-impaired	350,934,041	327,776,845
Sub-total	353,256,890	328,500,995
Gross balance of loans advances that are not credit-impaired and assessed for lifetime ECL		
– Overdue but not credit-impaired	3,114,229	6,832,721
– Neither overdue nor credit-impaired	11,692,854	13,547,969
Sub-total	14,807,083	20,380,690
Gross balance of credit-impaired loans and advances that are assessed for lifetime ECL		
– Overdue and credit-impaired	14,100,559	7,266,795
– Not overdue but credit-impaired	5,525,920	4,459,726
Sub-total	19,626,479	11,726,521
Interest accrued	1,014,709	1,526,725
Less: Provision for impairment losses	(12,656,502)	(11,809,634)
Net loans and advances to customers	376,048,659	350,325,297

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 43. RISK MANAGEMENT (CONTINUED)

### (a) Credit risk (Continued)

#### (2) Loans and advances to customers (Continued)

##### (ii) Neither overdue nor credit-impaired

Credit risk of loans and advances to customers neither overdue nor credit-impaired was analysed as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Corporate loans and advances	276,796,748	260,829,320
Personal loans and advances	85,830,147	80,495,494
Total gross balance	362,626,895	341,324,814

##### (iii) Overdue but not credit-impaired

	31 December 2024		
	Less than 1 month (inclusive) RMB'000	1 to 3 months (inclusive) RMB'000	Total RMB'000
Corporate loans and advances	2,433,025	1,999,660	4,432,685
Personal loans and advances	469,176	535,217	1,004,393
Total gross balance	2,902,201	2,534,877	5,437,078

	31 December 2023		
	Less than 1 month (inclusive) RMB'000	1 to 3 months (inclusive) RMB'000	Total RMB'000
Corporate loans and advances	1,376,897	5,128,241	6,505,138
Personal loans and advances	449,615	602,118	1,051,733
Total gross balance	1,826,512	5,730,359	7,556,871

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 43. RISK MANAGEMENT (CONTINUED)

### (a) Credit risk (Continued)

#### (2) Loans and advances to customers (Continued)

##### (iii) Overdue but not credit-impaired (Continued)

Fair value of collateral held against loans and advances overdue but not credit-impaired was analysed as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Fair value of collateral held against loans and advances overdue but not credit-impaired	2,930,074	4,223,092

The above collateral mainly included land, buildings, machinery and equipment. The fair value of collateral was estimated by the Group based on the latest external valuations available, adjusted in light of disposal experience and current market conditions.

##### (iv) Credit-impaired loans

Credit-impaired loans were analysed as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Gross balances		
Corporate loans and advances	15,504,272	9,127,014
Personal loans and advances	4,122,207	2,599,507
Sub-total	19,626,479	11,726,521
Interest accrued		
Corporate loans and advances	71,120	154,863
Personal loans and advances	167	19,228
Sub-total	71,287	174,091
Provision for impairment losses		
Corporate loans and advances	(5,745,315)	(4,207,630)
Personal loans and advances	(1,547,601)	(1,087,217)
Sub-total	(7,292,916)	(5,294,847)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 43. RISK MANAGEMENT (CONTINUED)

### (a) Credit risk (Continued)

#### (2) Loans and advances to customers (Continued)

##### (iv) Credit-impaired loans (Continued)

	31 December 2024 RMB'000	31 December 2023 RMB'000
Net balance		
Corporate loans and advances	9,830,077	5,074,247
Personal loans and advances	2,574,773	1,531,518
Total	12,404,850	6,605,765
Fair value of collateral held against credit-impaired loans and advances	11,233,887	5,737,431

The above collateral mainly included land, buildings, machinery and equipment. The fair value of collateral was estimated by the Group based on the latest external valuations available, adjusted in light of disposal experience and current market conditions.

#### (3) Amounts due from banks and other financial institutions

The Group adopts an internal credit rating approach in managing the amounts due from banks and other financial institutions. The distribution according to the credit rating of amounts due from banks and non-bank financial institutions (including deposits with banks and other financial institutions, placements with banks and other financial institutions, and financial assets held under resale agreements) is as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Carrying amount		
– Grade A to AAA	21,730,130	11,149,757
– Unrated	53,311	7,011,250
Total	21,783,441	18,161,007

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 43. RISK MANAGEMENT (CONTINUED)

#### (a) Credit risk (Continued)

##### (3) Amounts due from banks and other financial institutions (Continued)

As at 31 December 2024, amounts due from banks and other financial institutions of the Group were neither overdue nor credit-impaired (31 December 2023: the same).

##### (4) Debt securities investments

The Group adopts a credit rating approach to manage the credit risk of the debt securities portfolio held. The ratings are obtained from major rating agencies such as Wind. The gross balance amounts of debt securities investments analysed by rating as at the end of the reporting year are as follows:

	31 December 2024						
	Unrated RMB'000	AAA RMB'000	AA+ RMB'000	AA RMB'000	AA- RMB'000	Below A+ RMB'000	Total RMB'000
Debt securities							
– Government	61,708,874	–	–	–	–	–	61,708,874
– Policy banks	38,709,240	–	–	–	–	–	38,709,240
– Banks and other financial institutions	–	19,240,097	1,634,805	–	–	–	20,874,902
– Corporate	42,287	10,983,937	11,259,909	831,159	–	231,721	23,349,013
<b>Total</b>	<b>100,460,401</b>	<b>30,224,034</b>	<b>12,894,714</b>	<b>831,159</b>	<b>–</b>	<b>231,721</b>	<b>144,642,029</b>

	31 December 2023						
	Unrated RMB'000	AAA RMB'000	AA+ RMB'000	AA RMB'000	AA- RMB'000	Below A+ RMB'000	Total RMB'000
Debt securities							
– Government	66,377,205	–	–	–	–	–	66,377,205
– Policy banks	35,538,741	–	–	–	–	–	35,538,741
– Banks and other financial institutions	–	7,180,834	1,125,177	–	–	–	8,306,011
– Corporate	218,946	2,719,572	4,649,941	1,711,532	–	228,314	9,528,305
<b>Total</b>	<b>102,134,892</b>	<b>9,900,406</b>	<b>5,775,118</b>	<b>1,711,532</b>	<b>–</b>	<b>228,314</b>	<b>119,750,262</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 43. RISK MANAGEMENT (CONTINUED)

### (a) Credit risk (Continued)

#### (5) Financial investments measured at amortised cost

The Group

	31 December 2024 RMB'000	31 December 2023 RMB'000
Balance of financial investments measured at amortised cost that are assessed for 12-month ECL		
– Neither overdue nor credit-impaired	134,269,322	107,867,443
Less: Provision for impairment losses	(271,128)	(355,161)
Sub-total	133,998,194	107,512,282
Balance of not credit-impaired financial investments measured at amortised cost that are assessed for lifetime ECL		
– Overdue but not credit-impaired	–	3,684,951
– Neither overdue nor credit-impaired	900,000	25,500
Less: Provision for impairment losses	(92,025)	(346,746)
Sub-total	807,975	3,363,705
Balance of credit-impaired financial investments measured at amortised cost that are assessed for lifetime ECL		
– Overdue and credit-impaired	14,225,954	13,617,936
Less: Provision for impairment losses	(3,078,249)	(3,356,995)
Sub-total	11,147,705	10,260,941
Interest accrued	1,463,000	1,619,505
Total	147,416,874	122,756,433
Fair value of collateral held against credit-impaired financial investments that are measured at amortised cost	2,958,966	2,927,979

The above collateral mainly included land, buildings, machinery and equipment. The fair value of collateral was estimated by the Group based on the latest external valuations available, adjusted in light of disposal experience and current market conditions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 43. RISK MANAGEMENT (CONTINUED)

#### (a) Credit risk (Continued)

##### (6) *Forward looking information*

Both the assessment of the significant increase in credit risk and the measurement of expected credit losses involve forward looking information. Based on the analysis on historical data, the Group identified critical economic indicators that affect the credit risk and expected credit losses of all asset portfolios, including GDP, PPE investment, CPI, etc.

The Group conducts sensitivity analysis on the core economic indicators used in forward looking measurement. As at 31 December 2024, when the predicted value of the core economic indicators in the main scenarios increase or decrease by 10%, the Group expected the respective decrease or increase in ECL will not exceed 5% (2023: the same).

The Group also provide other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure non-linearities are captured. Among them, the “central” scenario is defined as the most likely scenario in the future and serves as a basis for comparison with other scenarios. “Upside” scenarios and “downside” scenarios are better and worse than the “central” scenarios and are likely to happen. The number of scenarios and their attributes are reassessed at a semi-annual basis. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether 12-month or lifetime ECLs should be recorded. Following this assessment, the Group measures ECL as either a probability weighted 12-month ECL (Stage 1), or a probability weighted Lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by considering each scenarios through the relevant ECL model and multiplying it by the appropriate scenario weightings (as opposed to weighting the inputs). As at 31 December 2024, the weights assigned to various macro scenarios were: “central” 60%, “upside” 20%, and “downside” 20% (31 December 2023: “central” 60%, “upside” 20%, and “downside” 20%).

The multi-scenario weight is based on the principle of the benchmark scenario and supplemented by other scenarios. According to the sensitivity analysis, when the weight of the “upside” scenario increases by 10% and the weight of the “central” scenario decreases by 10%, or the weight of the “downside” scenario increases by 10% and the weight of the “central” scenario decreases by 10%, the Group expected the respective decrease or increase in ECL will not exceed 5% (2023: the same).

The impact of these economic indicators on the PD and the LGD is various for different business types. The Group mainly applies external data, supplemented by internal expert judgement to determine the relationship between these economic indicators and the PD, and LGD through regression analysis.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 43. RISK MANAGEMENT (CONTINUED)

### (a) Credit risk (Continued)

#### (6) *Forward looking information (Continued)*

The Group regularly updates the forecast value of macroeconomic indicators, and measures a probability weighted 12-month ECL (Stage 1), or a probability weighted Lifetime ECL (Stages 2 and 3).

### (b) Market risk

Market risk is the risk of loss, in respect of the Group's activities, arising from adverse movements in market rates including interest rates, exchange rates, commodity prices, stock prices and other prices. The market risk management aims to manage and monitor market risk, control the potential losses associated with market risk within the acceptable limit and maximise the risk-adjusted income.

The Board is responsible for approving the market risk management policies, determining the acceptable level of market risk and authorising the Risk Management Committee to supervise the market risk management conducted by the senior management. The Risk Management Department, the Financial Markets Department and the Asset and Liability Management Department are responsible for identifying, measuring, monitoring and reporting the market risk.

The Group employed sensitivity analysis, interest repricing gap analysis, foreign currency gap analysis, stress testing and duration analysis to measure and monitor the market risk.

Sensitivity analysis is a technique which assesses the sensitivity of the Group's overall risk profile and its risk profile with reference to the interest rate risks for different maturities.

Interest repricing gap analysis is a technique which estimates the impact of interest rate movements on the Group's current profit or loss. It is used to work out the gap between future cash inflows and outflows by categorising each of the Group's interest-bearing assets and interest-taking liabilities into different periods based on repricing dates.

Foreign currency gap analysis is a technique which estimates the impact of foreign exchange rate movements on the Group's current profit or loss. The foreign currency gap mainly arises from the currency mismatch in the Group's on/off-balance sheet items.

The results of stress testing are assessed against a set of forward-looking scenarios using stress moves in market variables. The results are used to estimate the impact on profit or loss.

Duration analysis is a technique which estimates the impact of interest rate movements by giving a weight to each period's exposure according to its sensitivity, calculating the weighted exposure, and summarising all periods' weighted exposures to estimate the non-linear impact of a change in interest rates on the Group's economic value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 43. RISK MANAGEMENT (CONTINUED)

#### (b) Market risk (Continued)

##### (1) *Interest rate risk*

The Group is primarily exposed to interest rate risk arising from repricing risk in its commercial banking business and the risk of treasury position.

##### (i) *Repricing risk*

Repricing risk, which is also known as “maturity mismatch risk”, is the most common form of interest rate risk. It is caused by the differences in timing between the maturities (related to fixed interest instruments) or repricing (related to floating interest instruments) of assets, liabilities and off-balance sheet items. The mismatch of repricing causes the Group’s income or inherent economic value to vary with the movement in interest rates.

The Asset and Liability Management Department is responsible for identifying, measuring, monitoring and managing interest rate risk. The Group regularly performs assessment on the interest rate repricing gap between the assets and liabilities that are sensitive to changes in interest rates and sensitivity analysis on the net interest income as a result of changes in interest rates. The primary objective of interest rate risk management is to minimise potential adverse effects on its net interest income or its inherent economic value caused by interest rate volatility.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 43. RISK MANAGEMENT (CONTINUED)

### (b) Market risk (Continued)

#### (1) Interest rate risk (Continued)

##### (i) Repricing risk (Continued)

The following tables indicate the assets and liabilities analysis as at the end of the reporting period by the expected next repricing dates or by maturity dates, depending on which is earlier:

	31 December 2024					
	Total	Non- interest- bearing	Within three months (inclusive)	Between three months and one year (inclusive)	Between one year and five years (inclusive)	More than five years
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Assets</b>						
Cash and deposits with Central Bank	29,008,339	1,028,253	27,980,086	–	–	–
Deposits/placements with banks and other financial institutions	15,897,660	129,061	7,000,502	8,768,097	–	–
Financial assets held under resale agreements	5,885,781	705	5,885,076	–	–	–
Loans and advances to customers <sup>(note (1))</sup>	376,048,659	1,014,709	102,135,494	191,942,174	65,852,837	15,103,445
Investments <sup>(note (2))</sup>	201,957,069	3,184,361	38,768,008	27,107,339	75,280,624	57,616,737
Lease receivables <sup>(note (1))</sup>	30,657,280	320,362	3,642,740	9,340,023	17,214,933	139,222
Others	2,049,729	1,974,500	–	–	18,807	56,422
<b>Total assets</b>	<b>661,504,517</b>	<b>7,651,951</b>	<b>185,411,906</b>	<b>237,157,633</b>	<b>158,367,201</b>	<b>72,915,826</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 43. RISK MANAGEMENT (CONTINUED)

### (b) Market risk (Continued)

#### (1) Interest rate risk (Continued)

##### (i) Repricing risk (Continued)

The following tables indicate the assets and liabilities analysis as at the end of the reporting period by the expected next repricing dates or by maturity dates, depending on which is earlier: (Continued)

	31 December 2024					
	Total	Non-interest-bearing	Within three months (inclusive)	Between three months and one year (inclusive)	Between one year and five years (inclusive)	More than five years
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Liabilities</b>						
Due to Central Bank	35,037,760	261,008	6,501,558	28,275,194	–	–
Deposits/placements from banks and other financial institutions	41,107,310	342,974	11,838,718	28,425,618	500,000	–
Financial assets sold under repurchase agreements	16,699,143	2,382	16,696,761	–	–	–
Deposits from customers	413,096,026	8,558,128	159,708,520	103,389,242	141,440,136	–
Debt securities issued	110,242,221	186,345	34,451,618	68,604,917	6,999,341	–
Others	1,188,865	1,188,865	–	–	–	–
<b>Total liabilities</b>	<b>617,371,325</b>	<b>10,539,702</b>	<b>229,197,175</b>	<b>228,694,971</b>	<b>148,939,477</b>	<b>–</b>
<b>Asset-liability gap</b>	<b>44,133,192</b>	<b>(2,887,751)</b>	<b>(43,785,269)</b>	<b>8,462,662</b>	<b>9,427,724</b>	<b>72,915,826</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 43. RISK MANAGEMENT (CONTINUED)

### (b) Market risk (Continued)

#### (1) Interest rate risk (Continued)

##### (i) Repricing risk (Continued)

The following tables indicate the assets and liabilities analysis as at the end of the reporting period by the expected next repricing dates or by maturity dates, depending on which is earlier: (Continued)

31 December 2023						
Total	Non-interest-bearing	Within three months (inclusive)	Between three months and one year (inclusive)	Between one year and five years (inclusive)	More than five years	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Assets</b>						
Cash and deposits with Central Bank	26,369,865	1,221,411	25,148,454	–	–	–
Deposits/placements with banks and other financial institutions	7,471,861	35,234	4,574,594	2,862,033	–	–
Financial assets held under resale agreements	10,689,146	3,406	10,685,740	–	–	–
Loans and advances to customers <sup>(note (1))</sup>	350,325,297	1,526,725	78,649,136	168,191,382	91,713,478	10,244,576
Investments <sup>(note (2))</sup>	186,957,506	3,199,922	31,062,828	30,043,517	76,944,495	45,706,744
Lease receivables <sup>(note (1))</sup>	32,817,168	307,398	4,050,455	9,915,891	18,542,064	1,360
Others	1,808,117	1,808,117	–	–	–	–
<b>Total assets</b>	<b>616,438,960</b>	<b>8,102,213</b>	<b>154,171,207</b>	<b>211,012,823</b>	<b>187,200,037</b>	<b>55,952,680</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 43. RISK MANAGEMENT (CONTINUED)

### (b) Market risk (Continued)

#### (1) Interest rate risk (Continued)

##### (i) Repricing risk (Continued)

The following tables indicate the assets and liabilities analysis as at the end of the reporting period by the expected next repricing dates or by maturity dates, depending on which is earlier: (Continued)

		31 December 2023				
	Total	Non-interest-bearing	Within three months (inclusive)	Between three months and one year (inclusive)	Between one year and five years (inclusive)	More than five years
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Liabilities</b>						
Due to Central Bank	30,960,269	289,926	9,574,218	21,096,125	–	–
Deposits/placements from banks and other financial institutions	47,554,511	425,499	15,848,012	30,781,000	500,000	–
Financial assets sold under repurchase agreements	25,131,941	9,350	25,122,591	–	–	–
Deposits from customers	366,521,910	5,873,070	171,734,150	77,393,477	111,521,213	–
Debt securities issued	102,068,783	215,254	31,502,563	57,352,309	12,998,657	–
Others	938,592	938,592	–	–	–	–
<b>Total liabilities</b>	<b>573,176,006</b>	<b>7,751,691</b>	<b>253,781,534</b>	<b>186,622,911</b>	<b>125,019,870</b>	<b>–</b>
<b>Asset-liability gap</b>	<b>43,262,954</b>	<b>350,522</b>	<b>(99,610,327)</b>	<b>24,389,912</b>	<b>62,180,167</b>	<b>55,952,680</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 43. RISK MANAGEMENT (CONTINUED)

### (b) Market risk (Continued)

#### (1) Interest rate risk (Continued)

##### (i) Repricing risk (Continued)

The following tables indicate the assets and liabilities analysis as at the end of the reporting period by the expected next repricing dates or by maturity dates, depending on which is earlier: (Continued)

- (1) For the Group's loans and advances to customers, overdue amounts (net of allowance for impairment losses) of RMB14,084 million (31 December 2023: RMB10,248 million) are included in the category "Within one months (inclusive)" as at 31 December 2024. For the Group's lease receivables, overdue amounts (net of allowance for impairment losses) of RMB317 million (31 December 2023: RMB120 million) are included in the category "Within one months (inclusive)" as at 31 December 2024.
- (2) As at 31 December 2024, investments include financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income, financial investments measured at amortised cost and interests in associates. Overdue amounts (net of allowance for impairment losses) of RMB13,972 million (31 December 2023: RMB12,898 million) are included in the category "Within one month (inclusive)" as at 31 December 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 43. RISK MANAGEMENT (CONTINUED)

### (b) Market risk (Continued)

#### (1) Interest rate risk (Continued)

##### (ii) Interest rate sensitivity analysis

Interest rate sensitivity analysis assumes that all term rates change in parallel and that the asset-liability structure remains unchanged, without considering changes in customer behavior, benchmark risk, and other factors. The Group adjusts the asset-liability structure in a timely manner based on market changes, optimizes internal and external pricing strategies, or implements risk hedging to control fluctuations in net interest income within an acceptable level.

	31 December 2024 (Decrease)/ increase RMB'000	31 December 2023 (Decrease)/ increase RMB'000
<b>Changes in net profit</b>		
Up 100 bps parallel shift in yield curves	(292,965)	(585,096)
Down 100 bps parallel shift in yield curves	292,965	585,096
<b>Changes in net equity</b>		
Up 100 bps parallel shift in yield curves	(340,377)	(1,426,836)
Down 100 bps parallel shift in yield curves	340,377	1,512,893

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 43. RISK MANAGEMENT (CONTINUED)

### (b) Market risk (Continued)

#### (1) Interest rate risk (Continued)

##### (ii) Interest rate sensitivity analysis (Continued)

The sensitivity analysis above is based on a static interest risk exposure profile of assets and liabilities. This analysis measures only the impact of changes in interest rates within one year, showing how annualised net profit and equity would have been affected by repricing of the Group's assets and liabilities within the one-year period. The effect of equity is the effect of the assumed changes in interest rates on the Group's net interest income and other comprehensive income, calculated by revaluing financial investments at fair value through other comprehensive income and loans and advances to customers measured at fair value through other comprehensive income held at year end. The sensitivity analysis is based on the following assumptions:

- All assets and liabilities that reprice or mature within three months and after three months but within one year reprice or mature in the beginning of the respective periods;
- There is a parallel shift in the yield curve with the changes in interest rates;
- There are no other changes to the assets and liabilities portfolio, all the position will be held and keep unchanged after matured; and
- The analysis does not take into account the effect of risk management measures taken by the management.

Due to the adoption of the aforementioned assumptions, the actual changes in the Group's net profit and equity caused by an increase or decrease in interest rates might vary from the estimated results of this sensitivity analysis.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 43. RISK MANAGEMENT (CONTINUED)

### (b) Market risk (Continued)

#### (2) Currency risk

The Group's currency risk mainly arises from foreign currency assets and liabilities from customers. The Group manages currency risk by matching its foreign currency denominated assets with corresponding liabilities in the same currencies.

The Group's currency exposures as at the end of the reporting period are as follows:

	31 December 2024			
	RMB'000	USD (RMB'000 equivalents)	Other (RMB'000 equivalents)	Total (RMB'000 equivalents)
<b>Assets</b>				
Cash and deposits with Central Bank	29,004,024	956	3,359	29,008,339
Deposits/placements with banks and other financial institutions	15,019,886	868,643	9,131	15,897,660
Financial assets held under resale agreements	5,885,781	–	–	5,885,781
Loans and advances to customers	376,048,659	–	–	376,048,659
Investments (note(i))	201,070,221	886,848	–	201,957,069
Lease receivables	30,657,280	–	–	30,657,280
Others	2,048,920	809	–	2,049,729
<b>Total assets</b>	<b>659,734,771</b>	<b>1,757,256</b>	<b>12,490</b>	<b>661,504,517</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 43. RISK MANAGEMENT (CONTINUED)

### (b) Market risk (Continued)

#### (2) Currency risk (Continued)

The Group's currency exposures as at the end of the reporting period are as follows:

	31 December 2024			
	<i>RMB'000</i>	USD <i>(RMB'000 equivalents)</i>	Other <i>(RMB'000 equivalents)</i>	Total <i>(RMB'000 equivalents)</i>
<b>Liabilities</b>				
Due to Central Bank	35,037,760	–	–	35,037,760
Deposits/placements from banks and other financial institutions	41,107,310	–	–	41,107,310
Financial assets sold under repurchase agreements	15,980,212	718,931	–	16,699,143
Deposits from customers	413,092,438	3,235	353	413,096,026
Debt securities issued	110,242,221	–	–	110,242,221
Others	1,188,769	96	–	1,188,865
Total liabilities	616,648,710	722,262	353	617,371,325
Net position	43,086,061	1,034,994	12,137	44,133,192
Off-balance sheet credit commitments	71,818,723	934	1,817	71,821,474

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 43. RISK MANAGEMENT (CONTINUED)

#### (b) Market risk (Continued)

##### (2) Currency risk (Continued)

The Group's currency exposures as at the end of the reporting period are as follows:  
(continued)

	31 December 2023			
	RMB'000	USD (RMB'000 equivalents)	Other (RMB'000 equivalents)	Total (RMB'000 equivalents)
<b>Assets</b>				
Cash and deposits with Central Bank	26,365,863	823	3,179	26,369,865
Deposits/placements with banks and other financial institutions	7,368,735	91,492	11,634	7,471,861
Financial assets held under resale agreements	10,689,146	–	–	10,689,146
Loans and advances to customers	350,325,297	–	–	350,325,297
Investments (note(i))	186,012,114	945,392	–	186,957,506
Lease receivables	32,817,168	–	–	32,817,168
Others	1,807,361	756	–	1,808,117
<b>Total assets</b>	<b>615,385,684</b>	<b>1,038,463</b>	<b>14,813</b>	<b>616,438,960</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 43. RISK MANAGEMENT (CONTINUED)

### (b) Market risk (Continued)

#### (2) Currency risk (Continued)

The Group's currency exposures as at the end of the reporting period are as follows:  
(continued)

	31 December 2023			
	RMB'000	USD (RMB'000 equivalents)	Other (RMB'000 equivalents)	Total (RMB'000 equivalents)
<b>Liabilities</b>				
Due to Central Bank	30,960,269	–	–	30,960,269
Deposits/placements from banks and other financial institutions	46,774,929	779,582	–	47,554,511
Financial assets sold under repurchase agreements	24,494,155	637,786	–	25,131,941
Deposits from customers	366,478,757	43,027	126	366,521,910
Debt securities issued	102,068,783	–	–	102,068,783
Others	938,494	98	–	938,592
<b>Total liabilities</b>	<b>571,715,387</b>	<b>1,460,493</b>	<b>126</b>	<b>573,176,006</b>
<b>Net position</b>	<b>43,670,297</b>	<b>(422,030)</b>	<b>14,687</b>	<b>43,262,954</b>
<b>Off-balance sheet credit commitments</b>	<b>79,614,761</b>	<b>520,071</b>	<b>16,694</b>	<b>80,151,526</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 43. RISK MANAGEMENT (CONTINUED)

### (b) Market risk (Continued)

#### (2) Currency risk (Continued)

- (i) Investments include financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income, financial investments measured at amortised cost and interests in associates.

Change in profit after taxation equity	31 December 2024 Increase/ (decrease) RMB'000	31 December 2023 (Decrease)/ increase RMB'000
Up 100 bps change of foreign exchange rate	10,471	(3,057)
Down 100 bps change of foreign exchange rate	(10,471)	3,057

The sensitivity analysis mentioned above is based on a static foreign exchange exposure profile of assets and liabilities and certain simplified assumptions as set out below:

- The foreign exchange sensitivity is the gain and loss recognised as a result of one hundred basis point fluctuation in the foreign currency exchange rates against RMB based on the closing rate of reporting date;
- The exchange rates against RMB for the United States dollars and other foreign currencies change in the same direction simultaneously;
- The foreign currency exposures calculated include spot and forward foreign exchange exposures, and all the position will be held and all factors (included interest rate) keep unchanged after maturity; and

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 43. RISK MANAGEMENT (CONTINUED)

### (b) Market risk (Continued)

#### (2) Currency risk (Continued)

- (i) Investments include financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income, financial investments measured at amortised cost and interests in associates.  
(Continued)
  - The analysis does not take into account the effect of risk management measures taken by the Group.

Due to the assumptions adopted, actual changes in the Group's net profit and equity resulting from the increase or decrease in foreign exchange rates may vary from the estimated results of this sensitivity analysis.

### (c) Liquidity risk

Liquidity risk is the risk that a commercial bank is unable to obtain funds on a timely basis or obtain funds at a reasonable cost to meet repayment obligations or sustain its asset business. This risk exists even if a bank's solvency remains strong.

The Group has implemented the centralised management of the Group-wide liquidity risk and established a liquidity risk management structure which mainly comprises decision-making organisation, execution organisation and supervision organisation. The responsibilities of them are as follows:

- The Board and its Risk Management Committee are the decision-making organisations for liquidity risk management that assume the ultimate responsibility for liquidity risk management and are responsible for formulating the guidelines and policies for liquidity risk management;
- Senior management and its Risk Management Committee, Asset and Liability Management Committee, Asset and Liability Management Department and other relevant business departments are the executive organisations for liquidity risk management. Senior management is responsible for organisations, and the Asset and Liability Management Department is responsible for implementing relevant liquidity risk management policies, monitoring various liquidity risk indicators, formulating, implementing and evaluating relevant systems, guiding various business departments to manage liquidity risk on a daily basis, regularly carrying out risk analysis and reporting to the senior management;
- The Board of Supervisors and the Internal Audit Office under the Board are the supervisory organisations for liquidity risk management and are responsible for supervising and evaluating the fulfilment of duties of the Board and senior management in liquidity risk management.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 43. RISK MANAGEMENT (CONTINUED)

#### (c) Liquidity risk (Continued)

The Group manages liquidity risk by monitoring the maturities of the assets and liabilities, while actively monitoring multiple liquidity indicators, including liquidity ratio, reserve ratio, liquidity coverage ratio, net stable funding ratio and liquidity matching ratio, etc.

These deposits from customers are widely diversified in terms of types and durations and represent a major source of funds.

#### (1) Maturity analysis

The following tables provide an analysis of assets and liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment at the end of the reporting period:

	31 December 2024						Total RMB'000
	Indefinite RMB'000	Repayable on demand RMB'000	Within three months (inclusive) RMB'000	Between three months and one year (inclusive) RMB'000	Between one year and five years (inclusive) RMB'000	More than five year RMB'000	
<b>Assets</b>							
Cash and deposits with Central Bank <i>(note(i))</i>	20,684,525	8,313,283	10,531	-	-	-	29,008,339
Deposits/placements with banks and other financial institutions	-	1,797,639	5,239,216	8,860,805	-	-	15,897,660
Financial assets held under resale agreements	-	-	5,885,781	-	-	-	5,885,781
Loans and advances to customers <i>(note(ii))</i>	14,041,943	2,827,281	74,924,601	137,552,942	94,263,802	52,438,090	376,048,659
Investments <i>(note(iii))</i>	14,150,549	1,702,564	24,505,076	27,236,990	76,233,602	58,128,288	201,957,069
Lease receivables <i>(note(iv))</i>	476,513	-	3,437,358	9,389,254	17,214,933	139,222	30,657,280
Others	1,177,858	-	769,010	6,481	39,958	56,422	2,049,729
<b>Total assets</b>	<b>50,531,388</b>	<b>14,640,767</b>	<b>114,771,573</b>	<b>183,046,472</b>	<b>187,752,295</b>	<b>110,762,022</b>	<b>661,504,517</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 43. RISK MANAGEMENT (CONTINUED)

### (c) Liquidity risk (Continued)

#### (1) Maturity analysis (Continued)

The following tables provide an analysis of assets and liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment at the end of the reporting period: (Continued)

	31 December 2024						Total RMB'000
	Indefinite RMB'000	Repayable on demand RMB'000	Within three months (inclusive) RMB'000	Between three months and one year (inclusive) RMB'000	Between one year and five years (inclusive) RMB'000	More than five year RMB'000	
<b>Liabilities</b>							
Due to Central Bank	-	-	6,648,573	28,389,187	-	-	35,037,760
Deposits/placements from banks and other financial institutions	-	1,095,387	10,953,625	28,541,676	516,622	-	41,107,310
Financial assets sold under repurchase agreements	-	-	16,699,143	-	-	-	16,699,143
Deposits from customers	-	108,530,164	52,540,717	105,394,360	146,630,785	-	413,096,026
Debt securities issued	-	-	34,574,073	68,668,808	6,999,340	-	110,242,221
Others	-	228,523	17,366	323,350	593,858	25,768	1,188,865
<b>Total liabilities</b>	-	109,854,074	121,433,497	231,317,381	154,740,605	25,768	617,371,325
<b>Long/(short) position</b>	<b>50,531,388</b>	<b>(95,213,307)</b>	<b>(6,661,924)</b>	<b>(48,270,909)</b>	<b>33,011,690</b>	<b>110,736,254</b>	<b>44,133,192</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 43. RISK MANAGEMENT (CONTINUED)

#### (c) Liquidity risk (Continued)

##### (1) Maturity analysis (Continued)

The following tables provide an analysis of assets and liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment at the end of the reporting period: (Continued)

	31 December 2023						Total RMB'000
	Indefinite RMB'000	Repayable on demand RMB'000	Within three months (inclusive) RMB'000	Between three months and one year (inclusive) RMB'000	Between one year and five years (inclusive) RMB'000	More than five year RMB'000	
<b>Assets</b>							
Cash and deposits with Central Bank <i>(note(i))</i>	17,683,689	8,677,735	8,441	-	-	-	26,369,865
Deposits/placements with banks and other financial institutions	-	1,119,052	3,417,425	2,935,384	-	-	7,471,861
Financial assets held under resale agreements	-	-	10,689,146	-	-	-	10,689,146
Loans and advances to customers <i>(note(iii))</i>	11,184,746	1,640,560	56,450,749	120,429,322	113,542,465	47,077,455	350,325,297
Investments <i>(note(iii))</i>	14,988,970	1,609,036	16,819,615	29,576,116	77,796,935	46,166,834	186,957,506
Lease receivables <i>(note(iv))</i>	314,590	-	4,043,263	9,915,891	18,542,064	1,360	32,817,168
Others	1,391,818	4,869	379,313	10,897	21,220	-	1,808,117
<b>Total assets</b>	<b>45,563,813</b>	<b>13,051,252</b>	<b>91,807,952</b>	<b>162,867,610</b>	<b>209,902,684</b>	<b>93,245,649</b>	<b>616,438,960</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 43. RISK MANAGEMENT (CONTINUED)

### (c) Liquidity risk (Continued)

#### (1) Maturity analysis (Continued)

The following tables provide an analysis of assets and liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment at the end of the reporting period: (Continued)

	31 December 2023						Total RMB'000
	Indefinite RMB'000	Repayable on demand RMB'000	Within three months (inclusive) RMB'000	Between three months and one year (inclusive) RMB'000	Between one year and five years (inclusive) RMB'000	More than five year RMB'000	
<b>Liabilities</b>							
Due to Central Bank	-	-	9,737,095	21,223,174	-	-	30,960,269
Deposits/placements from banks and other financial institutions	-	816,103	15,239,208	30,981,807	517,393	-	47,554,511
Financial assets sold under repurchase agreements	-	-	25,131,941	-	-	-	25,131,941
Deposits from customers	-	123,744,532	49,386,371	78,834,761	114,556,246	-	366,521,910
Debt securities issued	-	-	31,625,182	57,444,944	12,998,657	-	102,068,783
Others	-	325,149	68,618	154,993	308,465	81,367	938,592
<b>Total liabilities</b>	-	124,885,784	131,188,415	188,639,679	128,380,761	81,367	573,176,006
<b>Long/(short) position</b>	45,563,813	(111,834,532)	(39,380,463)	(25,772,069)	81,521,923	93,164,282	43,262,954

- (i) For cash and deposits with Central Bank, the indefinite period amount represents statutory deposit reserves and fiscal deposits maintained with the PBOC.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 43. RISK MANAGEMENT (CONTINUED)

#### (c) Liquidity risk (Continued)

##### (1) *Maturity analysis (Continued)*

The following tables provide an analysis of assets and liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment at the end of the reporting period: (Continued)

- (ii) For loans and advances to customers, the “indefinite” period amount represents the balance being impaired or overdue for more than one month, and the balance overdue within one month (inclusive) but not impaired is included in “repayable on demand”.
- (iii) Investments include financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income, financial investments measured at amortised cost and interests in associates. The “indefinite” period amount represents the balance being credit-impaired or overdue for more than one month, and the balance overdue within one month (inclusive) but not credit-impaired is included in “repayable on demand”. Equity investments are reported under indefinite period.
- (iv) For lease receivables, the “indefinite” period amount represents the balance being impaired or overdue for more than one month, and the balance overdue within one month (inclusive) but not impaired is included in “repayable on demand”.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 43. RISK MANAGEMENT (CONTINUED)

### (c) Liquidity risk (Continued)

#### (2) Analysis on contractual counted cash flows of financial liabilities

- (i) The following tables provides an analysis of the contractual undiscounted cash flow of the non-derivative financial liabilities at the end of the reporting period:

	31 December 2024						
	Carrying amount at 31 December RMB'000	Total RMB'000	Repayable on demand RMB'000	Within three months (inclusive) RMB'000	Between three months and one year (inclusive) RMB'000	Between one year and five years (inclusive) RMB'000	More than five years RMB'000
Non-derivative cash flows							
Due to Central Bank	35,037,760	35,439,245	-	6,700,204	28,739,041	-	-
Deposits/ placements from banks and other financial institutions	41,107,310	41,641,428	1,096,601	11,129,989	28,880,366	534,472	-
Financial assets sold under repurchase agreements	16,699,143	16,701,475	-	16,701,475	-	-	-
Deposits from customers	413,096,026	423,361,705	108,530,164	54,262,018	107,092,057	153,477,466	-
Debt securities issued	110,242,221	111,386,662	-	34,984,834	69,401,828	7,000,000	-
Others	1,188,865	1,188,865	228,523	17,366	323,350	593,858	25,768
Total	617,371,325	629,719,380	109,855,288	123,795,886	234,436,642	161,605,796	25,768

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 43. RISK MANAGEMENT (CONTINUED)

#### (c) Liquidity risk (Continued)

##### (2) Analysis on contractual counted cash flows of financial liabilities (Continued)

- (i) The following tables provides an analysis of the contractual undiscounted cash flow of the non-derivative financial liabilities at the end of the reporting period: (Continued)

	31 December 2023						
	Carrying amount at 31 December RMB'000	Total RMB'000	Repayable on demand RMB'000	Within three months (inclusive) RMB'000	Between three months and one year (inclusive) RMB'000	Between one year and five years (inclusive) RMB'000	More than five years RMB'000
Non-derivative cash flows							
Due to Central Bank	30,960,269	31,336,628	-	9,764,791	21,571,837	-	-
Deposits/ placements from banks and other financial institutions	47,554,511	47,971,432	816,103	15,285,439	31,332,911	536,979	-
Financial assets sold under repurchase agreements	25,131,941	25,136,235	-	25,136,235	-	-	-
Deposits from customers	366,521,910	375,899,831	123,744,532	49,515,679	79,805,688	122,833,932	-
Debt securities issued	102,068,783	103,715,000	-	31,761,000	58,425,000	13,529,000	-
Others	938,592	938,592	325,149	68,618	154,993	308,465	81,367
<b>Total</b>	<b>573,176,006</b>	<b>584,997,718</b>	<b>124,885,784</b>	<b>131,531,762</b>	<b>191,290,429</b>	<b>137,208,376</b>	<b>81,367</b>

### 43. RISK MANAGEMENT (CONTINUED)

#### (d) Operational risk

Operational risk refers to the risk of losses associated with internal process deficiencies, personnel mistakes and information system failures, or impact from other external events. The Group has formulated operational risk management policies and procedures, aiming to identify, assess, monitor, control and mitigate the operational risk, and reduce losses associated with the operational risk.

The Group's measures to manage the operational risk mainly include:

- making use of risk alert system and paying attention to risk product and early risk alert on each aspect of business, making business risk assessment in time; carrying out centralised risk management on major business controlling unit so as to reduce business operational risk;
- establishing a supervision system combining “on-site and off-site”, “regular and special”, “self and external” examinations, identifying, monitoring, collecting risk factors and risk signals in the course of business operations, using centralised operational risk management tools, supervising, analysing and reporting the sufficiency and effectiveness of operational risk management;
- the Compliance Department, the Risk Management Department and the Internal Audit Office constitute “three lines of defence” for operational risk management base on the separating responsibilities of the front, middle and the back offices. The business and functional departments act as the first line of defence, the Compliance Department and the Risk Management Department act as the second line of defence and the Internal Audit Office acts as the third line of defence;
- establishing a compulsory leave and rotation policies to staff in key position or important process;
- establishing an expertise grade appraisal system for all employees, and selecting qualified employees through strict qualification examination and professional evaluation in accordance with the expertise and skills required by the various positions; and
- establishing a mechanism for emergency management and business continuity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 43. RISK MANAGEMENT (CONTINUED)

#### (e) Capital management

The Group manages capital mainly through capital adequacy ratio and return on equity ratio. Capital adequacy ratio is at the core of the Group's capital management, reflecting capacity of the Group for prudent operation and risk prevention. The return on equity ratio reflects the profitability of equity. The main objective of capital management is to maintain a balanced reasonable capital amount and structure in line with the business development and expected return on equity.

The Group follows the principles below with regard to capital management:

- based on the Group's business strategy, effectively identify, quantify, monitor, mitigate and control the major risks to which the Group is exposed, and maintain adequate capital to support the implementation of the Group's strategic development plan and meet the regulatory requirements.

The Group monitors the capital adequacy ratio periodically and adjusts the capital management plan when necessary to ensure the capital adequacy ratio meets both the regulatory requirements and business development needs.

The Group calculates the capital adequacy ratios as at 31 December 2024 in accordance with the Regulation Governing Capital of Commercial Banks (《商業銀行資本管理辦法》) (as at 31 December 2023: Regulation Governing Capital of Commercial Banks (Provisional) 《(商業銀行資本管理辦法(試行))》) issued by the former CBRC and relevant requirements promulgated by the former CBRC. The calculations based on statutory financial statements of the Group prepared under Accounting Standards for Business Enterprises are as follows:

	Note	31 December 2024 RMB'000	31 December 2023 RMB'000
Total core tier-one capital			
– Share capital		9,092,091	9,092,091
– Valid portion of capital reserve		5,985,102	5,985,102
– Fair value reserve		814,800	189,386
– Remeasurement of net defined benefit liability		(98,054)	(74,043)
– Surplus reserve		3,875,978	3,689,605
– General reserve		9,243,217	8,266,509
– Retained earnings		15,537,398	15,305,319
– Valid portion of minority interests		1,686,766	1,449,620
Core tier-one capital		46,137,298	43,903,589
Core tier-one capital deductions		(2,437,921)	(3,377,072)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 43. RISK MANAGEMENT (CONTINUED)

### (e) Capital management (Continued)

	Note	31 December 2024 RMB'000	31 December 2023 RMB'000
Net core tier-one capital		<b>43,699,377</b>	40,526,517
Additional tier-one capital			
– Additional tier-one capital instruments and related premium		<b>9,998,855</b>	9,998,855
– Valid portion of non-controlling interests		<b>239,256</b>	193,283
Net tier-one capital		<b>53,937,488</b>	50,718,655
Tier two capital			
– Surplus provision for loan impairment		<b>5,757,707</b>	5,257,125
– Valid portion of non-controlling interests		<b>478,512</b>	396,825
Net tier-two capital		<b>6,236,219</b>	5,653,950
Net capital base		<b>60,173,707</b>	56,372,605
Total risk weighted assets	(1)	<b>498,780,953</b>	455,490,556
Core tier-one capital adequacy ratio	(2)	<b>8.76%</b>	8.90%
Tier-one capital adequacy ratio	(2)	<b>10.81%</b>	11.13%
Capital adequacy ratio	(2)	<b>12.06%</b>	12.38%

(1) Both the on-balance and off-balance sheet risk-weighted assets are measured using different risk weights, which are determined according to the credit, market and other risks associated with each asset and counterparty as well as any eligible collateral or guarantees.

(2) Pursuant to the Regulation Governing Capital of Commercial Banks (《商业银行资本管理办法》), National Financial Regulatory Administration requires that the capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio for commercial banks shall not fall below 10.5%, 8.5% and 7.5% at 31 December 2024 and 31 December 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 44. FAIR VALUE

#### (a) Methods and assumptions for measurement of fair value

The Group has established policies and internal controls with respect to the measurement of fair values, specified the framework of fair value measurement of financial instruments, fair value measurement methodologies and procedures.

The Group adopts the following methods and assumptions when evaluating fair values:

##### **(1) Debt securities investments and equity investments**

Regarding the fair values of debt securities investments, the Bank performs valuation by referring to prices from valuation service providers or on the basis of discounted cash flows models. Valuation parameters include market interest rates, expected future default rates, prepayment rates and market liquidity. The fair values of RMB bonds are mainly determined based on the valuation results provided by China Central Depository Trust & Clearing Co., Ltd.. The fair values of unlisted equity investments are estimated using comparable approach, after adjustment for the specific circumstances of the issuers.

##### **(2) Other debt investments and other non-derivative financial assets**

Fair values are estimated as the present value of the future cash flows, discounted at the market interest rates at the end of each of the reporting period.

##### **(3) Debt securities issued and other non-derivative financial liabilities**

Fair values of debt securities issued are based on their quoted market prices at the end of each of the reporting period, or the present value of estimated future cash flows. The fair values of other non-derivative financial liabilities are valued at the present value of estimated future cash flows. The discount rates are based on the market interest rates at the end of each of the reporting period.

##### **(4) Derivative financial instruments**

Derivative financial instruments that are valued using valuation techniques that only include observable market data are called forward foreign exchange contracts. The most common valuation techniques include the discounted cash flow model and the Blair Scholes model. The model parameters include forward foreign exchange rates, foreign exchange rate volatility, and interest rate curves.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 44. FAIR VALUE (CONTINUED)

### (b) Financial instruments recorded at fair value

The following tables show an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	31 December 2024			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets measured at fair value on a recurring basis				
Financial investments at fair value through profit or loss				
– Debt securities	–	10,825,665	–	10,825,665
– Investment funds	–	15,032,167	–	15,032,167
– Equity investments	271,860	–	350,731	622,591
– Other financial investments at fair value through profit or loss	–	–	6,004,524	6,004,524
Financial investments at fair value through other comprehensive income				
– Debt instruments	–	21,201,289	–	21,201,289
– Equity investments	–	–	246,192	246,192
Loans and advances to customers measured at fair value through other comprehensive income				
– Corporate loans and advances	–	49,480,284	–	49,480,284
Total	271,860	96,539,405	6,601,447	103,412,712

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 44. FAIR VALUE (CONTINUED)

#### (b) Financial instruments recorded at fair value (Continued)

The following tables show an analysis of financial instruments recorded at fair value by level of the fair value hierarchy: (Continued)

	31 December 2023			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets measured at fair value on a recurring basis				
Financial investments at fair value through profit or loss				
– Debt securities	–	12,560,598	–	12,560,598
– Investment funds	–	12,864,889	–	12,864,889
– Equity investments	432,449	–	176,012	608,461
– Other financial investments at fair value through profit or loss	–	–	14,690,048	14,690,048
Financial investments at fair value through other comprehensive income				
– Debt instruments	–	22,806,363	–	22,806,363
– Equity investments	–	–	66,313	66,313
Loans and advances to customers measured at fair value through other comprehensive income				
– Corporate loans and advances	–	39,242,539	–	39,242,539
<b>Total</b>	<b>432,449</b>	<b>87,474,389</b>	<b>14,932,373</b>	<b>102,839,211</b>

During the year, there were no transfers between Level 1 and Level 2, or between level 2 and Level 3 (2023: Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 44. FAIR VALUE (CONTINUED)

### (c) Movement in level 3 financial instruments measured at fair value

The following table shows a reconciliation of the opening and closing balances of level 3 financial assets and liabilities which are recorded at fair value and the movement during the year:

	1 January 2024 RMB'000	Total effects of profit and loss during the year RMB'000	Total effects of other comprehensive income during the year RMB'000	Acquisition RMB'000	Sale/ Settlement RMB'000	Transferred from Level 3 to Level 2 RMB'000	31 December 2024 RMB'000	Profit attributable to the change in unrealised gains and losses relating to assets held at the end of the year RMB'000
Financial assets								
Financial investments at fair value through profit or loss								
- Other financial investments at fair value through profit or loss	14,690,048	508,905	-	5,313,806	(14,508,235)	-	6,004,524	209,413
- Equity investments	176,012	-	-	174,719	-	-	350,731	-
Financial investments at fair value through other comprehensive income								
- Equity investments	66,313	-	179,879	-	-	-	246,192	-
Total	14,932,373	508,905	179,879	5,488,525	(14,508,235)	-	6,601,447	209,413

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 44. FAIR VALUE (CONTINUED)

#### (c) Movement in level 3 financial instruments measured at fair value (Continued)

The following table shows a reconciliation of the opening and closing balances of level 3 financial assets and liabilities which are recorded at fair value and the movement during the year: (Continued)

	1 January 2023 RMB'000	Total effects of profit and loss during the year RMB'000	Total effects of other comprehensive income during the year RMB'000	Acquisition RMB'000	Sale/Settlement RMB'000	Transferred from Level 3 to Level 2 RMB'000	31 December 2023 RMB'000	Profit attributable to the change in unrealised gains and losses relating to assets held at the end of the year RMB'000
Financial assets								
Financial investments at fair value through profit or loss								
- Other financial investments at fair value through profit or loss	14,185,068	519,311	-	13,480,000	(13,494,331)	-	14,690,048	192,489
- Equity investments	180,893	-	-	-	(4,881)	-	176,012	-
Financial investments at fair value through other comprehensive income								
- Equity investments	70,326	-	(4,013)	-	-	-	66,313	-
<b>Total</b>	<b>14,436,287</b>	<b>519,311</b>	<b>(4,013)</b>	<b>13,480,000</b>	<b>(13,499,212)</b>	<b>-</b>	<b>14,932,373</b>	<b>192,489</b>

During the reporting period, the effects of changes in significant unobservable assumptions to reasonably possible alternative assumptions were immaterial.

During the reporting period, total gains recorded in profit or loss were recognised in the line item "net gains arising from investments" on the face of the consolidated statement of profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 44. FAIR VALUE (CONTINUED)

### (d) Fair value of financial assets and liabilities not carried at fair value

	31 December 2024				
	Carrying amount RMB'000	Fair value RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Financial assets					
Financial investments measured at amortised cost					
– Debt securities	112,518,324	117,817,218	–	117,817,218	–
Total	112,518,324	117,817,218	–	117,817,218	–
Financial liabilities					
Debt securities issued					
– Financial bonds	15,185,130	15,361,275	–	15,361,275	–
– Interbank deposits	95,057,091	95,150,475	–	95,150,475	–
Total	110,242,221	110,511,750	–	110,511,750	–

	31 December 2023				
	Carrying amount RMB'000	Fair value RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Financial assets					
Financial investments measured at amortised cost					
– Debt securities	84,307,238	86,027,134	–	86,027,134	–
Total	84,307,238	86,027,134	–	86,027,134	–
Financial liabilities					
Debt securities issued					
– Financial bonds	18,213,569	18,288,034	–	18,288,034	–
– Interbank deposits	83,855,214	83,908,406	–	83,908,406	–
Total	102,068,783	102,196,440	–	102,196,440	–

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 44. FAIR VALUE (CONTINUED)

#### (d) Fair value of financial assets and liabilities not carried at fair value (Continued)

Subject to the existence of an active market, such as an authorised securities exchange, the market value is the best reflection of the fair value of financial instruments. As there is no available market value for certain of the financial assets and liabilities held and issued by the Group, the discounted cash flow method or other valuation methods are adopted to determine the fair values of these assets and liabilities.

The fair values of debt securities in financial investments measured at amortised cost and debt securities issued are determined with reference to the available market values. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or discounted cash flows.

Financial investments measured at amortised cost with the exception of debt securities are stated at amortised cost using the effective interest method. The fair values of financial investments measured at amortised cost are estimated based on future cash flows expected to be received which are discounted at current market rates. Majority of financial investments measured at amortised cost are repriced at least annually to the market rate. Accordingly, their carrying values approximate their fair values.

The above-mentioned assumptions and methods provide a consistent basis for the calculation of the fair values of the Group's assets and liabilities. However, other institutions may use different assumptions and methods. Therefore, the fair values disclosed by different financial institutions may not be entirely comparable.

Those financial instruments for which their carrying amounts are the reasonable approximations of their fair values because, for example, they are short-term in nature or repriced at current market rates frequently, are as below:

Assets	Liabilities
Cash and deposits with Central Bank	Due to Central Bank
Deposits with banks and other financial institutions	Deposits from banks and other financial institutions
Placements with banks and other financial institutions	Placements from banks and other financial institutions
Financial assets held under resale agreements	Financial assets sold under repurchase agreements
Loans and advances to customers (measured at amortised cost)	Deposits from customers
Lease receivables	Other financial liabilities
Other financial assets	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 44. FAIR VALUE (CONTINUED)

### (d) Fair value of financial assets and liabilities not carried at fair value (Continued)

The other financial assets and other financial liabilities measured at amortised cost mainly represent interest receivables, other receivables, accrued staff costs and finance lease payable.

## 45. COMMITMENTS AND CONTINGENT LIABILITIES

### (a) Credit commitments

The Group's credit commitments take the form of bank acceptances, unused credit card limits, letters of credit and letters of guarantees.

Acceptances comprise of undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from its customers. The contractual amounts of unused credit card commitments represent the amounts should the contracts be fully drawn upon. The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties.

	31 December 2024 RMB'000	31 December 2023 RMB'000
Bank acceptances	51,346,071	59,793,479
Letters of credit	7,416,763	8,941,953
Guarantees	369,023	885,185
Unused credit card commitments	10,051,341	7,747,672
Loan commitments	2,638,276	2,783,237
Total	71,821,474	80,151,526

The Group may be exposed to credit risk in all the above credit businesses. Management periodically assesses credit risk and makes provision for any probable losses. As the facilities may expire without being drawn upon, the total of the contractual amounts shown above is not representative of expected future cash outflows.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 45. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

#### (b) Credit risk-weighted amount

	31 December 2024 RMB'000	31 December 2023 RMB'000
Credit risk-weighted amount of contingent liabilities and commitments	8,289,281	8,723,961

The credit risk weighted amount represents the amount calculated with reference to the guidelines issued by the Regulation Governing Capital of Commercial Banks. The risk weights are determined in accordance with the credit status of the counterparties, the maturity profile and other factors. The risk weights range from 0% to 150% for credit commitments.

#### (c) Capital commitments

As at 31 December 2024 and 31 December 2023, the authorised capital commitments of the Group are as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Contracted but not paid for	178,873	87,616
Approved but not contracted for	41,839	34,805
Total	220,712	122,421

#### (d) Outstanding litigations and disputes

As at 31 December 2024, there are no outstanding legal proceedings that have a significant impact on the financial statements against the Group (31 December 2023: Nil).

#### (e) Pledged assets

	31 December 2024 RMB'000	31 December 2023 RMB'000
Debt securities	50,822,463	55,661,134
Notes	2,070,046	2,642,320
Total	52,892,509	58,303,454

Some of the Group's assets are pledged as collateral under repurchase agreements and due to Central Bank.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 46. STRUCTURED ENTITIES

### (a) Consolidated structured entities

The consolidated structured entities are wealth management products and asset-backed securities. The Group considers whether there is control over the structured entity as the sponsor of the wealth management products and asset-backed securities, and judges whether it needs to be included in the merger based on the decision-making scope, the power held, the remuneration for providing management services and the variable income risk exposure faced. In 2024, the Group did not provide financial support to the consolidated structured entities (2023: Nil).

### (b) Unconsolidated structured entities

#### (1) *Structured entities sponsored by third party institutions in which the Group holds on interest*

The Group holds an interest in some structured entities sponsored by third party institutions through investments in the notes issued by these structured entities. Such structured entities include investment management products under fund, trust scheme, investment management products managed by securities companies and wealth management products issued by financial institutions. The Group does not consolidate these structured entities. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors and financed through the issue of notes to investors.

The following tables set out an analysis of the carrying amounts of interests held by the Group in the structured entities sponsored by third party institutions, as well as an analysis of the line items in the statement of financial position in which relevant assets are recognised:

	31 December 2024	
	Carrying amount RMB'000	Maximum exposure RMB'000
Financial investments		
– Financial investments at fair value through profit or loss	20,715,325	20,715,325
– Financial investments measured at amortised cost	34,596,768	34,596,768
Interest receivables	41,312	41,312
Total	55,353,405	55,353,405

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 46. STRUCTURED ENTITIES (CONTINUED)

### (b) Unconsolidated structured entities (Continued)

#### (1) *Structured entities sponsored by third party institutions in which the Group holds on interest (Continued)*

	31 December 2023	
	Carrying amount RMB'000	Maximum exposure RMB'000
Financial investments		
– Financial investments at fair value through profit or loss	26,749,453	26,749,453
– Financial investments measured at amortised cost	38,118,528	38,118,528
Interest receivables	330,667	330,667
Total	65,198,648	65,198,648

The maximum exposures to loss in the above investment management products and wealth management products are the carrying amounts of the assets held by the Group and the related interest receivables at the end of each of the reporting period.

The interest income, changes in fair value and investment gains arising from the above unconsolidated structured entities for the year ended 31 December 2024 amounted to RMB2,525 million (2023: RMB3,290 million).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 46. STRUCTURED ENTITIES (CONTINUED)

### (b) Unconsolidated structured entities (Continued)

#### (2) *Structured entities sponsored by the Group which the Group does not consolidate but holds interests in*

The types of unstructured entities sponsored by the Group include non-principal-guaranteed wealth management products. The nature and purpose of these structured entities are to earning fees from managing assets on behalf of investors. These structured entities are financed through the issue of notes to investors. Interest held by the Group includes fees charged by providing management services.

As at 31 December 2024, the amount of non-principal-guaranteed wealth management products which are sponsored by the Group but are not consolidated into was RMB40,428 million (31 December 2023: RMB44,388 million).

For the year ended 31 December 2024, the Group recognised net commission income from the non-principal-guaranteed wealth management products with the amount of RMB167 million through provision of asset management services (2023: RMB196 million). The Group expected that the variable return would be insignificant to the structured entities.

For the year ended 31 December 2024, the Group did not provide financial support to the unconsolidated structured entities (2023: Nil).

## 47. FIDUCIARY ACTIVITIES

The Group commonly acts as a trustee, or in other fiduciary capacities, that result in its holding or managing assets on behalf of individuals, trusts and other institutions. These assets and any gains or losses arising thereon are not included in these financial statements as they are not the Group's assets.

As at 31 December 2024, the balance of entrusted loans of the Group was RMB23,468 million (31 December 2023: RMB24,445 million).

## 48. EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, the directors of the Bank proposed a final dividend. Further details are disclosed in Note 38(c).

In addition to the above matters, the Group has no other significant events after the reporting period to be disclosed.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (Continued)

For the year ended 31 December, 2024

### 49. STATEMENT OF FINANCIAL POSITION OF THE BANK

	31 December 2024 RMB'000	31 December 2023 RMB'000
<b>Assets</b>		
Cash and deposits with Central Bank	28,541,892	25,938,464
Deposits with banks and other financial institutions	1,271,416	1,725,757
Placements with banks and other financial institutions	16,126,208	8,030,543
Financial assets held under resale agreements	5,805,626	10,689,146
Loans and advances to customers	372,344,575	346,025,819
Financial investments:		
Financial investments at fair value through profit or loss	32,965,933	40,047,984
Financial investments at fair value through other comprehensive income	21,447,481	22,872,676
Financial investments measured at amortised cost	143,504,866	122,756,433
Interests in associates and subsidiaries	1,808,420	1,837,196
Property and equipment	3,181,399	3,185,874
Deferred tax assets	5,531,920	5,718,793
Other assets	6,684,142	5,849,855
<b>Total assets</b>	<b>639,213,878</b>	<b>594,678,540</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the year ended 31 December, 2024

## 49. STATEMENT OF FINANCIAL POSITION OF THE BANK (CONTINUED)

	31 December 2024 RMB'000	31 December 2023 RMB'000
<b>Liabilities</b>		
Due to Central Bank	34,876,496	30,702,524
Deposits from banks and other financial institutions	15,432,380	16,266,037
Placements from banks and other financial institutions	—	4,422,241
Financial assets sold under repurchase agreements	14,284,268	25,131,941
Deposits from customers	407,266,633	360,829,817
Tax payable	280,762	865,951
Debt securities issued	110,242,221	102,068,783
Other liabilities	3,102,192	2,642,492
<b>Total liabilities</b>	<b>585,484,952</b>	<b>542,929,786</b>
<b>Equity</b>		
Share capital	9,092,091	9,092,091
Other equity instruments	9,998,855	9,998,855
Capital reserve	5,985,160	5,985,160
Surplus reserve	3,875,978	3,689,605
General reserve	8,826,752	7,950,752
Fair value reserve	809,842	189,386
Remeasurement of net defined benefit liability	(98,054)	(74,043)
Retained earnings	15,238,302	14,916,948
<b>Total equity</b>	<b>53,728,926</b>	<b>51,748,754</b>
<b>Total liabilities and equity</b>	<b>639,213,878</b>	<b>594,678,540</b>

Approved and authorised for issue by the board of directors on 27 March 2025.

**Zhao Fei**

*Chairman of the Board of Directors  
Executive Director*

**Li Hong**

*President  
Executive Director*

**Zhang Houlin**

*Person in Charge of Accounting Affairs*

**Fu Qiang**

*Head of Accounting Department*

**Bank of Zhengzhou Co., Ltd.**

*(Company Chop)*

# Unaudited Supplementary Financial Information

For the year ended 31 December 2024

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

The information set out below does not form part of the consolidated financial statements, and is included herein for information purpose only.

### 1. CURRENCY CONCENTRATIONS

	31 December 2024			
	United States Dollars (RMB'000 equivalent)	Hong Kong Dollars (RMB'000 equivalent)	Other (RMB'000 equivalent)	Total (RMB'000 equivalent)
Spot assets	1,757,256	6,484	6,006	1,769,746
Spot liabilities	(722,262)	(64)	(289)	(722,615)
Net position	1,034,994	6,420	5,717	1,047,131

	31 December 2023			
	United States Dollars (RMB'000 equivalent)	Hong Kong Dollars (RMB'000 equivalent)	Other (RMB'000 equivalent)	Total (RMB'000 equivalent)
Spot assets	1,038,463	5,609	9,204	1,053,276
Spot liabilities	(1,460,493)	(62)	(64)	(1,460,619)
Net position	(422,030)	5,547	9,140	(407,343)

The Group has no structural position at the reporting period.

## Unaudited Supplementary Financial Information (Continued)

For the year ended 31 December 2024

### 2. INTERNATIONAL CLAIMS

The Group is principally engaged in business operations within Mainland China, and regards all claims on third parties outside Mainland China as international claims.

International claims include loans and advances to customers, amounts due from banks and other financial institutions and debt investments.

After all risk transfers of a country or geographical area taking into account, it is reported when the claims constitute 10% or more of the aggregate amount of international claims. Risk transfers are only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

	31 December 2024			
	Banks and other financial institutions <i>RMB'000</i>	Public sector entities <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Asia Pacific excluding mainland China	5,813	—	—	5,813
Europe	3,316	—	—	3,316
North America	868,282	—	—	868,282
Total	877,411	—	—	877,411

	31 December 2023			
	Banks and other financial institutions <i>RMB'000</i>	Public sector entities <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Asia Pacific excluding mainland China	1,993,838	—	—	1,993,838
Europe	3,486	—	—	3,486
North America	88,749	—	—	88,749
Total	2,086,073	—	—	2,086,073