



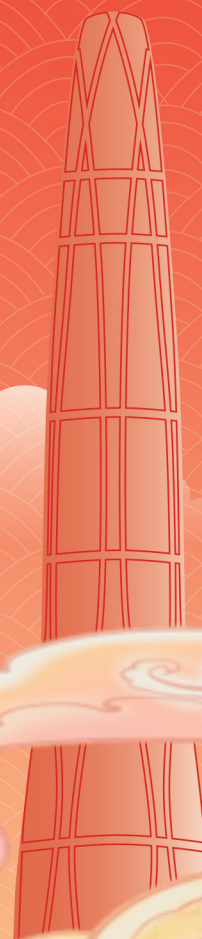
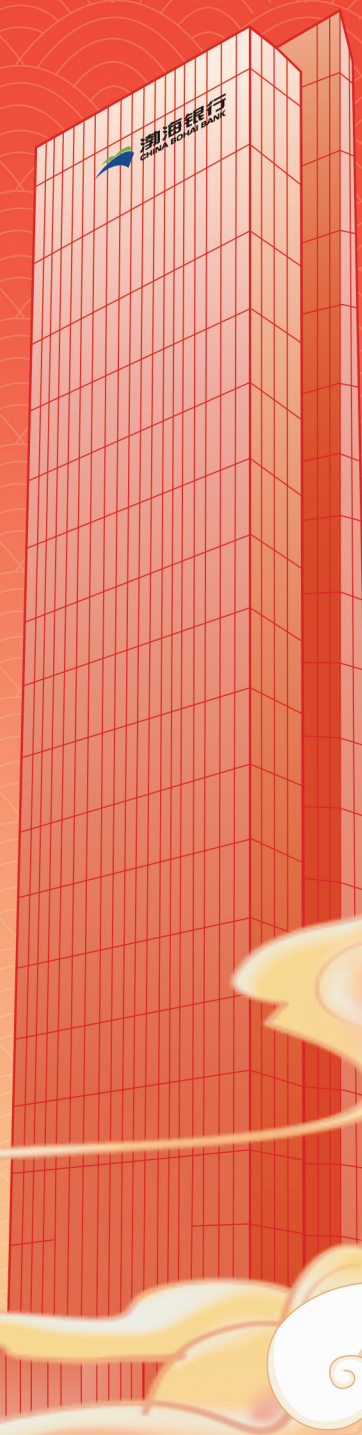
渤海银行
CHINA BOHAI BANK

渤海银行股份有限公司
CHINA BOHAI BANK CO., LTD.

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

Stock Code : 9668

2024
ANNUAL REPORT



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Definitions

Articles of Association	the Articles of Association of CHINA BOHAI BANK CO., LTD.
Bank, our Bank, Company, our Company	CHINA BOHAI BANK CO., LTD. (渤海銀行股份有限公司), a joint stock company established on December 30, 2005 in the PRC with limited liability pursuant to the relevant PRC laws and regulations, and its H Shares were listed on the Hong Kong Stock Exchange (Stock Code: 9668)
CBIRC	the former China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
CBRC	the former China Banking Regulatory Commission (中國銀行業監督管理委員會)
Central Bank or PBoC	the People's Bank of China
China Accounting Standards for Business Enterprises	Accounting Standards for Business Enterprises: Basic Standards, specific accounting standards, application guidance and interpretations to the Accounting Standards for Business Enterprises and other regulations issued by the Ministry of Finance of the PRC on and after February 15, 2006
Commercial Banking Law	the Commercial Banking Law of the PRC (中華人民共和國商業銀行法)
Company Law	the Company Law of the PRC (中華人民共和國公司法)
CSRC	China Securities Regulatory Commission (中國證券監督管理委員會)
date of this annual report	the date on which this annual report was considered and approved by the Board of Directors of the Bank
Domestic Shares	ordinary shares issued by the Bank with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi
Fourth "Five-Year Plan"	the Plan for Development Strategy of CHINA BOHAI BANK CO., LTD. (2021-2025) (渤海銀行股份有限公司 2021-2025 年發展戰略規劃)

Group, our Group	the Bank and its subsidiary
H Shares	the overseas listed foreign shares issued by the Bank with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed and traded on the Hong Kong Stock Exchange
HKEX	Hong Kong Exchanges and Clearing Limited
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
IFRS	International Financial Reporting Standards and International Accounting Standards ("IAS"), the related standards, amendments and interpretations issued by the International Accounting Standards Board ("IASB")
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules
Reporting Period	the year ended December 31, 2024
SASAC	the State-owned Assets Supervision and Administration Commission of the State Council (中華人民共和國國務院國有資產監督管理委員會)
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Tianjin SASAC	the State-owned Assets Supervision and Administration Commission of Tianjin People's Government

Important Notice

The Board of Directors, the Board of Supervisors, Directors, Supervisors and members of the senior management of the Bank undertake that the information contained in this annual report does not include any false records, misleading statements or material omissions, and assume several and joint liabilities for the truthfulness, accuracy and completeness of the content of this annual report.

The Annual Report 2024 of the Bank was considered and approved at the second meeting of the sixth session of the Board of Directors on March 26, 2025. 12 Directors should attend the meeting, among which 12 Directors actually attended, and Mr. DUAN Wenwu authorized Mr. HU Aimin to exercise his voting right. The Supervisors of the Bank attended the meeting as non-voting delegates.

Mr. WANG Jinhong, the legal representative and chairman of the Board of Directors of the Bank, Mr. QU Hongzhi, the president of the Bank, Ms. DENG Bei, the person in charge of financial and accounting affairs of the Bank, and Ms. ZHANG Hui, the person in charge of accounting department, hereby warrant the truthfulness, accuracy and completeness of the financial statements in this annual report.

The Profit Distribution Proposal for 2024 of the Bank was considered and approved at the second meeting of the sixth session of the Board of Directors, and the Bank will not perform dividend distribution for 2024. Such profit distribution proposal shall be subject to the consideration and approval of the Shareholders' general meeting. For details, please refer to "Report of the Board of Directors: Profit Distribution" in this annual report.

The Group's 2024 Annual Financial Reports prepared in accordance with the China Accounting Standards for Business Enterprises and IFRS have been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu in accordance with the Auditing Standards for Certified Public Accountants of China and International Standards on Auditing, respectively, and standard unqualified audit reports were issued.

Forward-looking statements such as future plans contained in this annual report do not constitute substantive commitments made by the Bank to its investors. Investors are cautioned against the investment risks and should understand the difference among plans, forecasts and commitments.

This annual report describes in detail the major risks that the Bank faces in its operational management, as well as the corresponding measures taken by the Bank. For details, please refer to the section "Management Discussion and Analysis: Comprehensive Risk Management" in this annual report.

Unless otherwise stated, the financial data and indicators contained in this annual report are prepared in accordance with IFRS, and are consolidated data of the Group and denominated in Renminbi (RMB). Certain amounts and percentage figures included in this annual report have been subject to rounding adjustments. Any discrepancy between the sum and total amounts in the tables is due to rounding.

This annual report is prepared in both Chinese and English. Should there be any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

Chairman's Statement



The year 2024 marked the 75th anniversary of the founding of the People's Republic of China, as well as a crucial year for China Bohai Bank to realize the goals and tasks of high-quality development and deepening reform, transformation and development. The Bank diligently adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and fully studied and implemented the spirit of the important statements from General Secretary Xi Jinping on finance works and his important speech made during his visit to Tianjin. Adhering to keeping political consciousness in mind and prioritizing the well-being of the people in the financial endeavours, with serving the real economy as fundamental purpose, the Bank focused on the implementation of the "five priorities", thus continuously deepening and solidifying high-quality development with achievements consistently made.

In 2024, despite the extremely severe and complex internal and external business environment, we maintained a vigorous and proactive spirit, confronting challenges head-on. Focusing on our core mission of high-quality development, our operations steadily progressed and improved in quality. The year 2024 was a year of "progression" for China Bohai Bank. Attributable to the enhanced Party building, the improving development momentum, the optimized business structure, the stronger customer base, the enriched product portfolio and the

accumulated innovative power, the Bank recorded increase in both operating income and net profit. Furthermore, deposit exceeded RMB1 trillion and asset quality remained stable, with stable outlook for international ratings.

The year 2025 is pivotal for China Bohai Bank to accelerate its high-quality development. We will continue to study and implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, firmly implement the decisions and deployments of the Party Central Committee, insist on strengthening the Party's overall leadership, exercise full and rigorous Party self-governance, and enhance the in-depth integration of Party building and business, thus paving a new path and promoting rejuvenation. The Bank will strengthen its tactical capability to achieve strategic objectives, implement structural adjustment to achieve functional enhancement, and optimize its business model to achieve business system transformation. The Bank will continuously strengthen fundamental management, optimize asset and liability planning and coordination, incur liabilities at low cost, optimize asset layout and refine capital management. The Bank will also implement the building up of risk control compliance and digital transformation throughout its operations. Furthermore, the Bank will promote the implementation of the "Nine-Five-Three-One" system. Specifically, the Bank will focus on the transformation of the "Nine Major Banks", thereby facilitating differentiated operation through specialized transformation. The Bank will deeply implement the "Five Factories" approach in a more practical manner, focus on the construction of customer factory, product factory, collection factory, talent factory and branch factory, and promote stable and long-lasting operational development. Moreover, the Bank will deepen the "Three Systems" reform, reshape the organizational structure, strengthen the appraisal-orientated operation, and optimize the remuneration allocation. With the "One Core" in serving Tianjin as a demonstration, a role model will be set for the Bank in serving the real economy. Taking actions to achieve results, our excellent performance will bring us success. We will celebrate the 20th anniversary of China Bohai Bank with our outstanding achievements, and start a new chapter for the high-quality development of China Bohai Bank!

WANG Jinhong

A stylized, handwritten signature in black ink, likely belonging to Wang Jinhong, the Chairman.

Chairman
March 26, 2025

President's Statement



In 2024, the senior management of China Bohai Bank diligently adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and insisted on the general principle of pursuing progress while ensuring stability in accordance with the directives of the Party Committee of the head office and the Board of Directors. Our senior management systematically implemented various works on transformation and development, with steady improvements in vitality, motivation, cohesion and major indicators, thus further solidifying the positive momentum of high-quality development.

In 2024, we were determined to fulfill our missionary commitment. By intensifying and solidifying the "five priorities", we continued to strengthen our customer base, innovate products and services, and upgrade business models, thus achieving new results in serving the real economy. Leveraging on the implementation of business positioning of "Nine Major Banks", and closely followed policy directions and industry trends, we iterated our operating concepts and management modes, and continued to improve quality and optimize structure, making new breakthroughs in high-quality development. As of the end of the Reporting Period, our total assets amounted to RMB1,843.842 billion, representing a year-on-year increase of 6.41%; and total liabilities amounted to RMB1,733.717 billion, representing a year-on-year

increase of 7.13%. Net assets per share attributable to ordinary Shareholders of the Bank was RMB5.58, representing an increase of RMB0.26 as compared to the end of the previous year. The non-performing loan ratio of the Bank was 1.76%. Our development was stable as a whole.

Our achievements would not have been possible without the support of various parties. These achievements are also attributable to the determination and hard work of the Bank's cadres and employees. We sincerely thank all sectors of society for their support and trust in China Bohai Bank, and we extend our gratitude to all our cadres and employees for their diligence, commitment, and contributions.

In 2025, the senior management of China Bohai Bank will continue to guide all cadres and employees in fully implementing the guiding principles from the 20th National Congress of the Communist Party of China (CPC) and the second and third plenary sessions of the 20th CPC Central Committee, and diligently adhering to the important statements from General Secretary Xi Jinping on finance works and the spirit of the Central Economic Work Conference. Adhering to the decision and deployment of the CPC Central Committee and the State Council, we will fully comply with the work requirements of the regulatory policies and the Tianjin Committee of the CPC and Tianjin Municipal People's Government. As guided by the Party Committee of the head office, adhering to the basic principles of serving the real economy with financial services, we will insist on making the best use of existing resources, optimizing allocation of new resources and enhancing quality, and put every effort in completing various tasks and missions, thereby celebrating the 20th anniversary of China Bohai Bank with new achievements in the high-quality development of the Bank.

QU Hongzhi

President
March 26, 2025

Statement of the Chairman of the Board of Supervisors

The year 2024 marked the 75th anniversary of the founding of the People's Republic of China. It was a crucial year for further deepening reform comprehensively to advance Chinese modernization, as well as the opening year for China Bohai Bank to comprehensively push itself forward towards the goal of high-quality development. As guided by the spirit of the third plenary session of the 20th CPC Central Committee, the Board of Supervisors of China Bohai Bank always adheres to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. Striving to the implementation of the decisions and deployments of the Party Central Committee as well as meeting the work requirements of the Tianjin Committee of the CPC and Tianjin Municipal People's Government, with the construction of a financial power as its mission, the Board of Supervisors faithfully performed its duties under the laws and regulations and the Articles of Association of the Bank. With a focus on the "Ten Special Tasks" of the Party Committee of the head office, the Board of Supervisors continuously improved the quality and efficiency of supervision, thereby playing a positive role in facilitating the implementation of the high-quality development strategy throughout the Bank.



During the Reporting Period, the Board of Supervisors of the Bank earnestly performed its supervisory functions. It improved the duty performance supervision by continuously urging the Board of Directors of the Bank, the senior management and their members to duly perform their duties and responsibilities. Moreover, the Board of Supervisors enhanced the financial supervision by actively paying close attention to the Bank's important financial decisions and their implementation, as well as the internal control supervision by focusing on the improvement in the management of internal control compliance. It also optimized risk management supervision by continuously deepening comprehensive risk management. With the strengthening of self-construction, improvement in mechanisms and systems and coordination enhancement, the Board of Supervisors conducted on-site research and special training, thereby striving to improve its working standards.

Taking bold actions and focusing on practical works, in 2025, the Board of Supervisors of the Bank will continuously and thoroughly adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, insist on the general principle of pursuing progress while ensuring stability, deeply grasp keeping political consciousness in mind and putting people first in the financial work, strive to accomplish the "five priorities", and promote the development of China Bohai Bank with new results through practical efforts and performance.

BAI Xinyu

A stylized handwritten signature in black ink, consisting of several fluid, connected strokes.

**Chairman of the Board of Supervisors
March 26, 2025**

Corporate Profile

- I. Legal Chinese Name:** 渤海银行股份有限公司 (Abbreviation: 渤海銀行)
- II. Legal English Name:** CHINA BOHAI BANK CO., LTD. (Abbreviation: CBHB)
- III. Legal Representative:** WANG Jinhong
- IV. Authorized Representatives:** WANG Jinhong and ZHANG Xiao
- V. Secretary to the Board of Directors:** DU Gang
Joint Company Secretaries: DU Gang and ZHANG Xiao
- VI. Registered Address and Office Address:** 218 Haihe East Road, Hedong District, Tianjin
Postcode: 300012
International Website: www.cbhb.com.cn
Customer Service and Complaints Hotline: (86) 95541, (86) 400 889 5541 (credit card business)
E-mail: IR@cbhb.com.cn
Fax: (86) 22-5831 6529
- VII. Principal Place of Business in Hong Kong:** Suites 1201-1209 and 1215-1216, 12/F, Two International Finance Centre, Central, Hong Kong
- VIII. Websites for Information Disclosure:** website of the HKEX (www.hkexnews.hk) and website of the Bank (www.cbhb.com.cn)
Place where the annual report is kept: Office of the Board of Directors of the Bank
- IX. Listing Stock Exchange of H Shares:** Hong Kong Stock Exchange
Stock Short Name: CBHB
Stock Code: 9668
- X. Share Registrar**
Domestic Shares: China Securities Depository and Clearing Corporation Limited
No.17 Tai Ping Qiao Street, Xicheng District, Beijing
H Shares: Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
- XI. Legal Advisors**
As to PRC Laws: Commerce & Finance Law Offices
12-14th Floor, China World Office 2, No. 1 Jianguomenwai Avenue, Chaoyang District, Beijing
As to Hong Kong Laws: Paul Hastings
22/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong
- XII. Auditors**
Domestic Accounting Firm: Deloitte Touche Tohmatsu Certified Public Accountants LLP
30/F, 222 Yan An Road East, Huangpu District, Shanghai
Certified Public Accountants for signature: LIU Wei and WU Bo
International Accounting Firm: Deloitte Touche Tohmatsu
35/F, One Pacific Place, 88 Queensway, Hong Kong
- XIII. Other Relevant Information**
Initial Registration Date: December 30, 2005
Registered Capital: RMB17,762 million
Unified Social Credit Code: 911200007109339563
Financial License Institution Serial Number: B0017H112000001

Honors and Awards

At the 7th Annual Meeting of Beijing Financial Assets Exchange, the Bank won the “2024 Most Innovative Institution” award and the “2024 Most Powerful Institution in Market Breakthrough” award granted by Beijing Financial Assets Exchange for serving the high-quality development of interbank bond market.

At the 2024 Best Investment Bank selection hosted by Wind, the Bank ranked first in Rapid Progress Award for Bank Bond Underwriting.

In the collection of the 2024 “China Ding” Outstanding Cases in the Financial Industry hosted by China Internet Information Center, the Bank was selected for “Outstanding Case for Financial Consumer Protection of the Year”.

In the selection of the “2024 Banking Industry ESG Development Practices” hosted by China Banking and Insurance News, the Bank was included in the list of “Top 20 Banks in ESG Comprehensive Performance”, with an AA rating.

At the “2024 Bankers’ Financial Innovation Forum and Bankers’ Financial Innovation Results Conference” hosted by The Chinese Banker magazine, the Bank was selected for “2024 Bankers’ Outstanding Case for Risk Management Innovation of the Year” and “2024 Bankers’ Outstanding Case for Transaction Banking Innovation of the Year”.

In the collection of “21st Century Outstanding Cases of Financial Development 2024” hosted by 21st Century Business Herald, the Bank was recognized as “Financial Institution with New Quality Productive Forces of 2024” and “Financial Institution for Consumer Rights Protection of 2024”.

At the “2024 China Financial Development Forum and the 15th Golden Censer Awards” hosted by National Business Daily, the Bank won the “Excellence in Corporate Finance Award of the Year”, and its subsidiary CBHB Wealth Management Co., Ltd. won the “Competitive Banking Wealth Management Products of the Year”. In the collection of “Five Major Finance Cases” hosted by National Business Daily, the Bank was selected in “Five Priorities in Finance Industry – Digital Finance Case”.

In the collection of “2024 Outstanding Cases of Financial Enterprise Gala” hosted by The Economic Observer, the Bank was rated as “Outstanding Inclusive Bank of the Year”.

For the “2024 China Banking Industry Gamma Award” hosted by Securities Times (Securities Firms China), the Bank won the “2024 Gamma Award for Technological Innovation”.

At the 7th Capital Market Summit & Golden Jubilee Awards Ceremony 2024 hosted by China Investment Network, the Bank was recognized as “2024 Outstanding Regional Service Bank”.

At the 2024 Huaxia Institutional Investor Annual Conference & the 18th Golden Cicada Awards Presentation hosted by China Times, the Bank won the “2024 Outstanding Financial Institution Empowering the Elderly Care Industry” award.

In the selection of the “ESG Golden Antelope Award at the 2024 ESG and High Quality Development Innovation Forum” and “2024 Golden Tangerine Award” hosted by The Time Weekly, the Bank won the “2024 Green Finance Pioneer” award and “Best Digital Finance Institution” award, respectively.

The Bank was awarded the “Market Influencer of the Year”, “Market Innovator of the Year”, “Active Repo Trader”, “X-Repo Active Institution”, “X-Lending Star”, “X-Lending Active Institution”, “Star of X-Bond Spread Trading Strategy”, “Best X-Bargain Performance Award”, “Rising Star of iBean Derivatives” and “Star of X-Bargain Interest Rate” by China Foreign Exchange Trade System. The “CBHB Preferred Tianjin Local Government Bond Basket” was recognized as “Active Basket” and “Quotation Star”; the “CBHB Tianjin Local Government Green Bond Basket” was recognized as “Active Basket”.

The Bank was awarded the “Excellent Underwriter”, “Innovative Cooperation Award” and “30th Anniversary Companion Support Award” from China Development Bank for 2024 financial bonds, the “Core Underwriter”, “Promoting High-Level Opening Award”, “Supporting Modern Industrial System Construction Award” and “Green Development Concept Promotion Award” from Export-Import Bank of China for 2024 financial bonds, and the “Excellent Underwriter”, “Excellent Market Maker”, “Innovative Navigation Award” and “Innovative Cooperation Award” from the Agricultural Development Bank of China for 2024 financial bonds.

The Bank was awarded the “Outstanding Investment and Research Capability Institution” in the 2024 ChinaBond Index User Comprehensive Evaluation by ChinaBond Pricing Center Co., Ltd.

In the selection of the “Typical Cases of Digital Finance in the Banking Sector (2024) – ‘Digital Transformation of Personal Financial Services’ Category” hosted by China Financial Media Company Limited, the Bank was recognized as an exemplar case.

In the selection of the “15th Fintech Innovation Awards” hosted by the Financial Computerizing magazine, the Bank won the “Financial Product and Service Innovation Award” and “Fintech Application Innovation Award”.

In the collection of the “2024 Typical Cases of Innovative Development in China’s Banking Industry” hosted by Tsinghua Financial Review, the Bank was selected for “Outstanding Case of Innovative Development in China’s Banking Industry”.

In the selection of the “7th (2024) Pioneering Cases of Digital Finance Innovation” hosted by www.cebnet.com.cn, the Bank won the “New Quality Technology Innovation Case” award.

In the selection of the Digital Security Certification for the “Year of Digital Finance Joint Promotion” Campaign hosted by China Financial Certification Authority and www.cebnet.com.cn, the Bank won the “Best Intelligent Risk Control on Mobile Banking Award”.

In the selection of the “17th Banking Industry • Jiefu Awards”, the Bank won the “Outstanding Elderly Financial Services Award” and “Outstanding Retail Bank Wealth Management Award”.

The Bank won the “Outstanding Customer Service in Private Banking Award” in the “16th Fund and Wealth Management • Jiefu Awards” selection hosted by Finance Vision China, and its subsidiary CBHB Wealth Management Co., Ltd. won two awards: “Outstanding Wealth Management Subsidiary of Banks” and “Outstanding Fixed Income Wealth Management Product”. In the selection of the “2024 Retail Banking • Jiefu Awards”, the Bank won the “Outstanding Wealth Management Retail Bank Award”.

In the selection of the “15th Golden Pixiu Awards”, the Bank won the “Golden Banking Insurance Channel Brand Power of the Year” award.

In the “2024 Wind Star Selection of Wealth Manager of the Year”, the Bank won the “Outstanding Institution Award”.

In the selection of the fourth “Golden Honor Award” for 2024, the Bank won three major awards: “Bank of Excellence in Wealth Management”, “Bank of Excellence in Private Banking” and “Bank of Excellence in Wealth Services Capabilities”.

In the selection of the “2024 UnionPay Outstanding Cooperative Bank Awards” hosted by China UnionPay, the Bank won the “2024 UnionPay QuickPass Network Payment Platform Promotion Outstanding Contribution Award”.

In the selection of the 13th “Golden Intelligence Award” hosted by jrj.com, the Bank won the “Outstanding Cross-border Financial Services Award”.

In the selection of the “Excellent Financial Award 2024” hosted by Jiemian News, the Bank won the “Wealth Management Excellence Award of the Year”.

At the 2024 Financial Industry Annual Meeting and Top Financial Institutions awarding ceremony hosted by the Financial Association, the Bank won the “2024 Top Green Financial Institution Award”.

In the selection of the 22nd “Hall of Fame of Finance Industry” hosted by Hexun.com, the Bank won the “Bank of Finance Production Innovation Award”.

Summary of Accounting Data and Financial Indicators

I. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

(Unit: RMB'000)

	2024	2023	Increase (decrease) (%)	2022	2021	2020
Operating results data:						
Operating income	25,481,589	24,997,370	1.94	26,465,220	29,194,364	32,492,170
Profit before taxation	5,333,030	5,163,077	3.29	6,511,454	10,303,797	10,085,092
Net profit	5,255,815	5,080,903	3.44	6,107,475	8,629,724	8,444,571
Net profit attributable to equity holders of the Bank	5,255,815	5,080,903	3.44	6,107,475	8,629,724	8,444,571
Net cash flows generated from operating activities	92,909,178	81,308,605	14.27	26,830,977	82,987,687	52,085,407
Indicators per share (RMB):						
Basic earnings per share attributable to ordinary Shareholders of the Bank	0.24	0.23	4.35	0.29	0.43	0.47
Diluted earnings per share attributable to ordinary Shareholders of the Bank	0.24	0.23	4.35	0.29	0.43	0.47
Net cash flows generated from operating activities per share	5.23	4.58	14.19	1.51	4.67	3.27
Financial ratios (%):						
Average return on total assets ⁽¹⁾	0.29	0.30	A decrease of 0.01 percentage point	0.38	0.58	0.67
Weighted average return on net assets ⁽²⁾	4.44	4.48	A decrease of 0.04 percentage point	5.81	8.88	10.68
	December 31, 2024	December 31, 2023	Increase (decrease) (%)	December 31, 2022	December 31, 2021	December 31, 2020
Scale indicators:						
Total assets	1,843,842,128	1,732,733,836	6.41	1,659,459,902	1,582,707,598	1,393,523,125
Gross loans and advances to customers ⁽³⁾	936,490,691	932,644,435	0.41	957,216,978	955,355,247	887,537,545
Total liabilities	1,733,717,300	1,618,331,135	7.13	1,549,508,868	1,476,143,521	1,290,277,295
Gross deposits from customers ⁽³⁾	1,046,088,795	915,161,978	14.31	843,873,695	820,589,157	746,725,783
Total equity	110,124,828	114,402,701	(3.74)	109,951,034	106,564,077	103,245,830
Net assets per share attributable to ordinary Shareholders of the Bank (RMB) ⁽⁴⁾	5.58	5.32	4.89	5.07	4.88	4.69
Share capital	17,762,000	17,762,000	–	17,762,000	17,762,000	17,762,000

Notes: (1) Average return on total assets equals net profit divided by average value of total assets at the beginning and end of the period.

(2) Weighted average return on net assets is calculated pursuant to the 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) (《公開發行證券的公司信息披露編報規則第9號—淨資產收益率和每股收益的計算及披露(2010年修訂)》) issued by the CSRC.

(3) Gross loans and advances to customers and gross deposits from customers exclude interests accrued.

(4) Net assets per share attributable to ordinary Shareholders of the Bank equals equity attributable to holders of ordinary shares of the Bank at the end of the period, which has excluded other equity instruments, divided by total share capital at the end of the period.

II. SUPPLEMENTARY FINANCIAL INDICATORS

(Unit: %)

		2024	2023	Changes	2022	2021	2020
Profitability indicators:							
Net interest spread ⁽¹⁾		1.12	1.19	A decrease of 0.07 percentage point	1.45	1.61	2.18
Net interest margin ⁽²⁾		1.31	1.41	A decrease of 0.10 percentage point	1.70	1.87	2.48
Cost-to-income ratio ⁽³⁾		39.01	40.51	A decrease of 1.50 percentage points	39.24	32.88	26.52
		December 31, 2024	December 31, 2023	Changes	December 31, 2022	December 31, 2021	December 31, 2020
Asset quality indicators:							
NPL ratio ⁽⁴⁾		1.76	1.78	A decrease of 0.02 percentage point	1.76	1.76	1.77
Allowance coverage ratio ⁽⁵⁾		155.19	156.94	A decrease of 1.75 percentage points	150.95	135.63	158.80
Allowance to gross loan ratio ⁽⁶⁾		2.73	2.79	A decrease of 0.06 percentage point	2.65	2.39	2.81
Capital adequacy indicators⁽⁷⁾:							
Capital adequacy ratio		11.63	11.58	An increase of 0.05 percentage point	11.50	12.35	12.08
Tier 1 capital adequacy ratio		9.30	10.01	A decrease of 0.71 percentage point	9.94	10.76	11.01
Core tier 1 capital adequacy ratio		8.35	8.17	An increase of 0.18 percentage point	8.06	8.69	8.88
Leverage ratio		5.01	5.48	A decrease of 0.47 percentage point	5.43	5.66	6.32
Other indicators:							
Liquidity ratio	RMB	70.06	53.32	An increase of 16.74 percentage points	57.25	56.68	48.70
	Foreign currency against RMB	192.28	237.53	A decrease of 45.25 percentage points	242.36	97.69	165.37
	Total	74.72	58.40	An increase of 16.32 percentage points	63.11	59.28	53.40
Proportion of loans to the single largest customer ⁽⁸⁾		5.85	6.34	A decrease of 0.49 percentage point	6.71	8.43	8.10
Proportion of loans to top ten customers ⁽⁸⁾		35.77	46.48	A decrease of 10.71 percentage points	50.05	56.43	50.57
Inter-bank ratio (RMB)	Inter-bank borrowings ratio	1.33	2.16	A decrease of 0.83 percentage point	1.90	0.27	0.37
	Inter-bank loans ratio	0.28	0.76	A decrease of 0.48 percentage point	1.18	0.64	0.27

- Notes: (1) Net interest spread is calculated as the difference between the average yield on total interest-earning assets and the average cost of total interest-bearing liabilities.
- (2) Net interest margin is calculated by dividing net interest income by the average balance of total interest-earning assets; gains arising from the trading financial assets business are not classified as interest income for accounting purposes, the corresponding interest expense on interest-bearing liabilities of which is adjusted accordingly, restating prior years' information on a comparable basis.
- (3) Cost-to-income ratio is calculated by dividing total operating expenses (excluding tax and surcharges, etc.) by operating income.
- (4) NPL ratio equals the balance of non-performing loans divided by gross loans and advances to customers (excluding interests accrued).
- (5) Allowance coverage ratio equals the sum of allowance for impairment losses on the loans measured at amortised cost and allowance for impairment losses on the loans measured at fair value through other comprehensive income divided by the NPL balances.
- (6) Allowance to gross loan ratio equals the sum of allowance for impairment losses on the loans measured at amortised cost and allowance for impairment losses on the loans measured at fair value through other comprehensive income divided by gross loans and advances to customers (excluding interests accrued).
- (7) Since January 1, 2024, the Group calculates the capital adequacy ratios for each tier and leverage ratio according to the Rules on Capital Management of Commercial Banks (《商業銀行資本管理辦法》), China Accounting Standards for Business Enterprises (中國企業會計準則) and other relevant regulations. The Group calculates the data in prior years according to the Capital Rules for Commercial Banks (Provisional) (《商業銀行資本管理辦法(試行)》), Leverage Ratio Rules for Commercial Banks (Revised) (《商業銀行槓桿率管理辦法(修訂)》), China Accounting Standards for Business Enterprises (中國企業會計準則) and other relevant regulations.
- (8) Proportion of loans to the single largest customer and proportion of loans to top ten customers are the ratio of the gross loan of the single largest customer to the net capital and the ratio of the gross loan of the top ten customers to the net capital, respectively.

Management Discussion and Analysis

I. ECONOMIC, FINANCIAL AND REGULATORY ENVIRONMENT IN 2024

In 2024, the world experienced unprecedented changes not seen in a century, which accelerated in their evolution. Geopolitical conflicts persisted, trade protectionism was on the rise, and the global economy, amidst a slow recovery, exhibited characteristics of insufficient momentum and imbalanced growth. Global inflation showed a trend of declining from high levels, while the monetary policies of major developed economies were undergoing shifts.

In respect of domestic trend, China's economy operated steadily with progress made during 2024. Centering on maintaining growth, increasing domestic demands and mitigating risks, the central government greatly supported local governments in mitigating debt risk, and facilitated the issuance of special treasury bonds to support the replenishment of core tier 1 capital by major state-owned banks. Coupled with the use of local government special-purpose bonds, special funds, tax policies and other instruments, efforts were made to stem the downturn and restore stability in the real estate market. Market confidence has been effectively boosted, and economy significantly recovered. In 2024, GDP at constant prices grew by 5.0%; the total retail sales of consumer goods increased by 3.5% year-on-year; the national fixed asset investment increased by 3.2% year-on-year; and the total import and export of goods denominated in RMB increased by 5.0% year-on-year. In 2024, CPI increased by 0.2% year-on-year, while PPI decreased by 2.2% year-on-year. The economy is still facing problems and challenges such as sluggish domestic demand, low consumer prices, and various risks and hidden dangers. Overall, China's economy is characterized by stable fundamentals, numerous favorable factors, strong resilience and great potential, and the supportive conditions and basic trends towards a long-term economic growth remain unchanged.

In 2024, the domestic monetary and financial environment was optimal, with stable growth in terms of overall volume. The financial market operated steadily. The monetary supply and social financing scale were reasonably abundant, and social financing cost remained at historically low level. As of the end of 2024, M2 increased by 7.3% year on year, while the balance of social financing scale increased by 8% year on year. Monetary policies remained supportive. Central bank enhanced structural policy implementation, and cut reserve requirement ratio and lower interest rate to a greater extent. Statutory deposit reserve rate reduced by 1 percentage point in aggregate, and the central bank policy interest rate cumulatively lowered by 0.3 percentage point. Hence, the loan prime rate (LPR) for one-year loans and over-five-year loans lowered by 0.35 percentage point and 0.6 percentage point respectively, driving a greater decline in loan interest rate. In 2024, the exchange rate of RMB remained fundamentally stable at a reasonable equilibrium level.

In 2024, regulatory authorities focused on rectifying the irregularities in collecting high-interest rate deposit through "manual compensation", and optimizing self-management over corporate deposits and interbank interest rate for demand deposits. They provided guidance for financial institutions in establishing all-rounded compliance management system. The trend toward a more stringent, robust and refined domestic financial regulation environment persisted. The banking industry continued to focus on implementing the "five priorities", served the development of new quality productive forces, facilitated the establishment of a modern industry system, and proactively transformed towards high-quality development.

II. DEVELOPMENT STRATEGIES

Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Bank thoroughly studied and implemented the spirit of the 20th CPC National Congress and the second and third plenary sessions of the 20th CPC Central Committee, the spirit of the Central Financial Work Conference and the Central Economic Work Conference, and the spirit of the important speech made by General Secretary Xi Jinping during his visit to Tianjin, adhered to the Party's overall leadership over financial work, and deeply grasped keeping political consciousness in mind and putting people first in the financial work. The Bank took quality enhancement as the premise and basis, making the best use of existing resources as the urgent need and key, optimizing allocation of new resources as the path and pillar, promoted the "Ten Special Tasks", focused on the construction of "customer factory, product factory, collection factory, talent factory and branch factory", and strived to build a responsible, professional and refined China Bohai Bank. The Bank adhered to make itself a modern financial enterprise with Chinese characteristics with strong political guidance, clear strategic positioning, effective corporate governance, improved business quality and efficiency, controllable overall risks and healthy and sustainable development.

In terms of business strategy, the Bank focused on serving the national strategic objectives and the real economy, as well as Tianjin's "Ten Actions", "Three Points on Quantity and Quality" and "Three Upgrades", made great efforts to promote the "five priorities", namely technology finance, green finance, inclusive finance, pension finance and digital finance, and the "two specialties", namely industrial finance and shipping finance, so as to realize the development of both supporting the real economy and its own high-quality development. For the corporate banking business, the Bank was positioned as an industrial bank, a transaction bank and a light-model bank, focusing on building industrial strategic customer groups, specializing in serving basic and special customer groups, growing government and institution customer groups and expanding regional key customer groups. For the retail banking business, the Bank was positioned as an account-oriented bank, a wealth management bank and an ecosystem-based bank, and focused on reducing cost in liability business, improving quality of asset business, increasing transaction volume of wealth management business, and strengthening business development foundation. For the financial markets business, the Bank was positioned as a bond bank, an asset management bank and an agency bank. By taking investment and research capabilities as the core, trend management as the starting point, and customer service as the orientation, the Bank improved the major products for coordination and refined the major products for revenue generation, thus realizing coordinated operation of business lines and integrated customer operation.

III. SCOPE OF BUSINESSES

The business scope of the Bank includes: absorbing public deposits; offering short-term, medium-term and long-term loans; arranging settlement of domestic and international accounts; handling acceptance and discount of bill; issuing financial securities; acting as agent to issue, settle and underwrite government bonds and proprietary trading bonds issued by government and financial institutions; inter-bank borrowing and lending; trading of foreign currencies by itself and on behalf of its customers; settlement and sale of foreign exchange; bank card business; letters of credit and financial guarantees; acting as agent on inward and outward payments; acting as insurance agent; offering safe-deposit facilities; derivative trading; securities investment custody; insurance fund custody; selling securities investment fund; and other business approved by the banking regulatory institutions of the State Council. (For projects subject to approval in accordance with the law, business activities shall be carried out upon approval of relevant authorities)

IV. OVERALL OPERATING PERFORMANCE

During the Reporting Period, in the face of a complex and volatile internal and external environment, the Group made meticulous efforts to implement the spirit of the 20th CPC National Congress and the deployment of the Central Financial Work Conference, insisted on the general principle of pursuing progress while ensuring stability, prioritized high-quality development, and increased financial support in key areas centering on the “five priorities”. The Bank also firmly promoted the transformation of the “Nine Major Banks”, improved the quality and efficiency of financial services in the three major areas of “products, customers and pipelines”, optimized the business structure and layout, enhanced the prevention and control of financial risks, increased the investments in technological innovation, raised the standard of differentiated operations, accelerated the transformation of reform results into operating results, and maintained steady development of all operating indicators.

Enhanced quality and efficiency of serving the real economy with steady asset growth

As of the end of the Reporting Period, the total assets of the Group amounted to RMB1,843,842 million, representing an increase of RMB111,108 million or 6.41% as compared to the end of the previous year. In particular, net loans and advances to customers amounted to RMB925,362 million, representing an increase of RMB4,967 million or 0.54% as compared to the end of the previous year. During the Reporting Period, the Group organically combined the implementation of national strategies with asset restructuring, enhanced the efficiency of asset allocation, contributed to the expansion of domestic demand, supported rural revitalization, and continuously improved the synergy between its business layout and serving the real economy. The Bank continued to increase its support for technological innovation, advanced manufacturing, green development and small, medium and micro enterprises. During the Reporting Period, the growth of loans in key national sectors outpaced that of general loans.

Significant growth in deposit size and continuous optimization of the liability structure

As of the end of the Reporting Period, the total liabilities of the Group amounted to RMB1,733,717 million, representing an increase of RMB115,386 million or 7.13% as compared to the end of the previous year. In particular, deposits from customers amounted to RMB1,067,562 million, representing an increase of RMB132,968 million or 14.23% as compared to the end of the previous year. Deposit size exceeded RMB1 trillion, accounting for 61.58% of liabilities. During the Reporting Period, the Group implemented a “quantitative and qualitative improvement” strategy for deposits, continued to optimize its liability structure, strengthened the customer base, established the standards for deposit classification, actively enriched deposit product portfolio, and expanded stable liability sources through multiple channels, thus resulting in a steady growth of low-cost and desirable deposits and continuous reduction in deposit interest costs.

Asset quality risks under control

As of the end of the Reporting Period, the balance of the non-performing loans of the Bank amounted to RMB16,480 million, representing a decrease of RMB78 million as compared to the end of the previous year. The NPL ratio was 1.76%, representing a decrease of 0.02 percentage point as compared to the end of the previous year. Allowance for loans loss was adequate, and the allowance for loan impairment of the Bank was RMB25,574 million, representing a decrease of RMB413 million as compared to the end of the previous year, whereas financial investment impairment provisions was RMB8,829 million and other impairment provisions was RMB1,629 million. The allowance to gross loan ratio was 2.73%, and the allowance coverage ratio was 155.19%. Asset quality remained stable and allowance indicators met the regulatory requirements.

Stabilizing and recovering profitability indicators with continuous cost reduction and efficiency enhancement

During the Reporting Period, the Group continued to strengthen its efforts in serving the real economy, actively expanded its core customer base, continuously optimized its business structure, seized market opportunities, and implemented cost reduction and efficiency enhancement measures. Hence, both operating income and net profit recorded year-on-year increase. During the Reporting Period, the Group achieved an operating income of RMB25,482 million, representing an increase of RMB484 million or 1.94% as compared to the previous year; a net profit of RMB5,256 million, representing an increase of RMB175 million or 3.44% as compared to the previous year; and a cost-to-income ratio of 39.01%, representing a decrease of 1.50 percentage points as compared to the previous year.

V. ANALYSIS OF FINANCIAL STATEMENTS

(I) Items in the Consolidated Statement of Profit or Loss and Other Comprehensive Income

1. Changes in items in the consolidated statement of profit or loss and other comprehensive income

During the Reporting Period, the Group realized a net profit of RMB5,256 million, representing an increase of 3.44% as compared to the previous year, mainly attributable to the growth in operating income and the continuous cost reduction and efficiency enhancement.

The following table sets forth the changes in items in the consolidated statement of profit or loss and other comprehensive income of the Group for the periods indicated:

(Unit: RMB'000)

	2024	2023	Change	Increase (decrease) (%)
Net interest income	15,542,470	17,645,989	(2,103,519)	(11.92)
Net non-interest income	9,939,119	7,351,381	2,587,738	35.20
Operating income	25,481,589	24,997,370	484,219	1.94
Operating expenses	(10,488,740)	(10,713,146)	224,406	(2.09)
Impairment losses on assets	(9,659,819)	(9,121,147)	(538,672)	5.91
Profit before taxation	5,333,030	5,163,077	169,953	3.29
Income tax expense	(77,215)	(82,174)	4,959	(6.03)
Net profit	5,255,815	5,080,903	174,912	3.44
Total comprehensive income	5,675,967	5,401,667	274,300	5.08

2. Net interest income

During the Reporting Period, the net interest income of the Group amounted to RMB15,542 million, representing a decrease of 11.92% as compared to the previous year.

(1) Net interest spread and net interest margin

During the Reporting Period, the net interest spread of the Group was 1.12%, representing a decrease of 0.07 percentage point as compared to the previous year; and the net interest margin was 1.31%, representing a decrease of 0.10 percentage point as compared to the previous year, mainly due to the Group's active implementation of national policies, which continuously benefited the real economy. The year-on-year decrease in asset yield was the main factor behind the narrowing of net interest spread and net interest margin. Meanwhile, in order to actively respond to operational challenges, the Group continuously optimized its liability structure. Coupled with the market-oriented downward trend for deposit interest rates, the cost ratio on liabilities declined, exerting positive effects on net interest margin to a certain extent.

The following table sets forth the interest-earning assets and interest-bearing liabilities of the Group for the periods indicated:

(Unit: RMB'000)

	2024			2023		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Assets:						
Loans and advances to customers	913,328,962	39,376,525	4.31	931,830,896	43,820,512	4.70
Financial investments	471,652,510	13,108,738	2.78	448,723,364	13,722,231	3.06
Deposits with the central bank	69,550,752	968,083	1.39	80,229,630	1,062,880	1.32
Deposits with banks and other financial institutions	28,849,341	328,482	1.14	36,192,357	329,974	0.91
Placements with banks and other financial institutions	16,451,545	605,490	3.68	21,770,407	887,569	4.08
Financial assets held under resale agreements	27,569,792	494,527	1.79	28,420,243	494,594	1.74
Total interest-earning assets	1,527,402,902	54,881,845	3.59	1,547,166,897	60,317,760	3.90
	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
Liabilities:						
Deposits from customers	919,787,932	22,162,919	2.41	897,194,738	24,454,658	2.73
Deposits from banks and other financial institutions	190,347,638	4,825,991	2.54	197,615,460	5,129,480	2.60
Placements from banks and other financial institutions	37,478,790	1,568,431	4.18	34,255,088	1,413,741	4.13
Financial assets sold under repurchase agreements	46,324,976	799,106	1.73	43,786,250	775,769	1.77
Debt securities issued	269,416,376	6,766,843	2.51	269,743,325	7,331,223	2.72
Borrowing from the central bank	127,629,672	3,216,085	2.52	130,294,712	3,566,900	2.74
Total interest-bearing liabilities	1,590,985,384	39,339,375	2.47	1,572,889,573	42,671,771	2.71
Net interest income		15,542,470			17,645,989	
Net interest spread			1.12			1.19
Net interest margin			1.31			1.41

Note: Net interest margin is calculated by dividing net interest income by the average balance of total interest-earning assets; gains from trading financial assets are not classified as interest income for accounting purposes, the corresponding interest expense on interest-bearing liabilities of which is adjusted accordingly, restating information in the comparable year on a comparable basis.

(2) Interest income

During the Reporting Period, the interest income of the Group amounted to RMB54,882 million, representing a decrease of 9.01% as compared to the previous year.

Interest income arising from loans and advances to customers

During the Reporting Period, the Group's interest income arising from loans and advances to customers amounted to RMB39,377 million, representing a decrease of 10.14% as compared to the previous year, mainly due to the Group's diligent implementation of national financial policies, which benefited entities, enterprises and ordinary consumers, resulting in a year-on-year decrease in loan yield.

The following table sets forth the average balance, interest income and average yield for components of loans and advances to customers of the Group for the periods indicated:

(Unit: RMB'000)

	2024			2023		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans and advances	606,269,281	27,486,177	4.53	540,016,610	24,945,056	4.62
Personal loans	230,450,603	10,783,079	4.68	315,300,208	17,705,626	5.62
Discounted bills	76,609,078	1,107,269	1.45	76,514,078	1,169,830	1.53
Gross loans and advances to customers	913,328,962	39,376,525	4.31	931,830,896	43,820,512	4.70

Interest income arising from deposits with the central bank, deposits with banks and other financial institutions and placements with banks and other financial institutions and interest income arising from financial assets held under resale agreements

During the Reporting Period, the Group's interest income arising from deposits with the central bank, deposits with banks and other financial institutions and placements with banks and other financial institutions totaled RMB1,902 million, representing a year-on-year decrease of 16.59%, mainly due to the decline in market interest rates; and the interest income arising from financial assets held under resale agreements amounted to RMB495 million, representing a year-on-year decrease of 0.01%.

Interest income arising from financial investments

During the Reporting Period, the Group's interest income arising from financial investments amounted to RMB13,109 million, representing a year-on-year decrease of 4.47%.

(3) Interest expense

During the Reporting Period, the Group's interest expense amounted to RMB39,339 million, representing a year-on-year decrease of 7.81%.

Interest expense on deposits from customers

During the Reporting Period, the Group's interest expense on deposits from customers amounted to RMB22,163 million, representing a year-on-year decrease of 9.37%, mainly due to the Group's active optimization of its deposit structure and greater efforts to expand low-cost deposits. Coupled with the decline in market interest rates, the average cost ratio of deposits decreased by 0.32 percentage point as compared to the previous year.

The following table sets forth the average balance, interest expense and average cost on deposits from customers of the Group for the periods indicated:

(Unit: RMB'000)

	2024			2023		
	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
Corporate deposits	564,246,664	13,192,836	2.34	565,872,493	15,290,213	2.70
Of which: Demand deposits	172,577,904	1,851,484	1.07	197,120,230	2,753,609	1.40
Time deposits	391,668,760	11,341,352	2.90	368,752,263	12,536,604	3.40
Personal deposits	201,128,221	5,582,102	2.78	202,090,737	5,933,207	2.94
Of which: Demand deposits	28,945,771	84,101	0.29	37,969,166	258,735	0.68
Time deposits	172,182,450	5,498,001	3.19	164,121,571	5,674,472	3.46
Pledged deposits and others	154,413,047	3,387,981	2.19	129,231,508	3,231,238	2.50
Total deposits from customers	919,787,932	22,162,919	2.41	897,194,738	24,454,658	2.73

Interest expense on borrowing from the central bank, deposits from banks and other financial institutions and placements from banks and other financial institutions and interest expense on financial assets sold under repurchase agreements

During the Reporting Period, the Group's interest expense on borrowing from the central bank, deposits from banks and other financial institutions and placements from banks and other financial institutions totaled RMB9,611 million, representing a year-on-year decrease of 4.94%; interest expense on financial assets sold under repurchase agreements amounted to RMB799 million, representing a year-on-year increase of 3.01%.

Interest expense on debt securities issued

During the Reporting Period, the Group's interest expense on debt securities issued amounted to RMB6,767 million, representing a year-on-year decrease of 7.70%, mainly due to the decline in market interest rates.

(4) *Impact of changes in volume and interest rate on interest income and interest expense*

The following table sets forth the allocation of changes in the interest income and interest expense of the Group due to changes in volume and changes in rate for the periods indicated:

(Unit: RMB'000)

	2024 vs. 2023 due to increase (decrease) in volume	2024 vs. 2023 due to increase (decrease) in rate	Net increase (decrease) (%)
Loans and advances to customers	(809,847)	(3,634,140)	(10.14)
Financial investments	642,932	(1,256,425)	(4.47)
Deposits with the central bank	(150,958)	56,161	(8.92)
Deposits with banks and other financial institutions	(84,734)	83,242	(0.45)
Placements with banks and other financial institutions	(194,997)	(87,082)	(31.78)
Financial assets held under resale agreements	(14,277)	14,210	(0.01)
Changes in interest income	(611,881)	(4,824,034)	(9.01)
Deposits from customers	579,284	(2,871,023)	(9.37)
Deposits from banks and other financial institutions	(184,920)	(118,569)	(5.92)
Placements from banks and other financial institutions	137,562	17,128	10.94
Financial assets sold under repurchase agreements	40,852	(17,515)	3.01
Debt securities issued	2,081	(566,461)	(7.70)
Borrowing from the central bank	(64,167)	(286,648)	(9.84)
Changes in interest expense	510,692	(3,843,088)	(7.81)
Changes in net interest income	(1,122,573)	(980,946)	(11.92)

Note: Changes in interest income and expense caused by both changes in volume and changes in rate have been allocated to the amount of impact of changes in volume on changes in interest income and expense.

3. *Net non-interest income*

During the Reporting Period, the net non-interest income of the Group amounted to RMB9,939 million, representing a year-on-year increase of 35.20%.

(1) Net fee and commission income

During the Reporting Period, the net fee and commission income of the Group amounted to RMB2,974 million, representing a year-on-year decrease of 25.63%, mainly due to the decrease in agency service and asset management business fees as compared to the previous year.

The following table sets forth the principal components of the Group's net fee and commission income for the periods indicated:

(Unit: RMB'000)

	2024	2023	Increase (decrease) (%)
Fee and commission income	3,995,271	5,077,664	(21.32)
Of which: Agency service and asset management business fees	1,835,317	3,044,037	(39.71)
Settlement and clearing fees	997,376	937,790	6.35
Guarantee and commitment fees	614,786	530,773	15.83
Custodian service fees	279,383	293,830	(4.92)
Consulting service fees	127,014	139,813	(9.15)
Bank card fees	96,237	91,432	5.26
Others	45,158	39,989	12.93
Fee and commission expense	1,021,212	1,078,743	(5.33)
Net fee and commission income	2,974,059	3,998,921	(25.63)

(2) Other net non-interest income

During the Reporting Period, other net non-interest income of the Group amounted to RMB6,965 million, representing a year-on-year increase of 107.76%, mainly due to the increase in net trading income by 87.47% and the increase in net gains on financial investments by 116.13% as compared to the previous year.

The following table sets forth the principal components of other net non-interest income of the Group for the periods indicated:

(Unit: RMB'000)

	2024	2023	Increase (decrease) (%)
Net trading income	941,146	502,026	87.47
Net gains on financial investments	5,972,326	2,763,298	116.13
Other operating income	51,588	87,136	(40.80)
Total	6,965,060	3,352,460	107.76

4. Operating expenses

During the Reporting Period, the operating expenses of the Group amounted to RMB10,489 million, representing a year-on-year decrease of 2.09%. Among them, staff costs amounted to RMB5,955 million, representing a year-on-year decrease of 0.08%; other operating expenses amounted to RMB4,534 million, representing a year-on-year decrease of 4.62%; and cost-to-income ratio was 39.01%, representing a year-on-year decrease of 1.50 percentage points. The decrease was mainly attributable to the Group's in-depth implementation of the cost reduction and efficiency enhancement measures, continuous efforts to establish the mindset of operating with "limited financial resources", and continuous optimization of control measures in respect of branch construction, network operation and expense management, thus steadily enhancing input and output efficiency.

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

(Unit: RMB'000)

	2024	2023	Increase (decrease) (%)
Staff costs	5,954,876	5,959,857	(0.08)
Depreciation and amortization	1,745,140	1,740,894	0.24
Taxes and surcharges	417,533	429,065	(2.69)
Interest expense on lease liabilities	142,038	157,296	(9.70)
Other general and administrative expenses	2,229,153	2,426,034	(8.12)
Total	10,488,740	10,713,146	(2.09)

5. Impairment losses on assets

During the Reporting Period, the impairment losses on assets of the Group amounted to RMB9,660 million, representing a year-on-year increase of 5.91%.

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

(Unit: RMB'000)

	2024	2023	Increase (decrease) (%)
Loans and advances to customers	6,756,971	6,792,734	(0.53)
Financial investments	269,624	143,828	87.46
Credit commitments	130,785	(100,572)	N/A
Others	2,502,439	2,285,157	9.51
Total	9,659,819	9,121,147	5.91

The Group strictly followed the regulatory requirements to provide impairment losses on assets based on the principle of prudence. During the Reporting Period, impairment losses on financial investments, impairment losses on credit commitments and other impairment losses increased as compared to the previous year, mainly due to the impact of changes in asset size.

6. Income tax expense

During the Reporting Period, the income tax expense of the Group amounted to RMB77 million and the effective tax rate was 1.45%.

The following table sets forth the difference between the income tax expense of the Group and the calculation based on the statutory rate of 25% for the periods indicated:

(Unit: RMB'000)

	2024	2023	Increase (decrease) (%)
Profit before taxation	5,333,030	5,163,077	3.29
Income tax calculated at statutory tax rate of 25%	1,333,258	1,290,769	3.29
Tax impacts of the adjustment for:			
Non-deductible expenses	360,002	404,627	(11.03)
Non-taxable income	(1,140,724)	(1,289,414)	(11.53)
Deductible items of interest expense on undated capital bonds	(237,500)	(237,500)	—
Others	(237,821)	(86,308)	175.55
Income tax expense	77,215	82,174	(6.03)

(II) Items in the Consolidated Statement of Financial Position

1. Items of assets

As of the end of the Reporting Period, the total assets of the Group amounted to RMB1,843,842 million, representing an increase of 6.41% as compared to the end of the previous year, which was mainly due to an increase in asset scale led by the rapid development of financial investment.

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

(Unit: RMB'000)

	December 31, 2024		December 31, 2023		Increase (decrease) (%)
	Amount	Proportion (%)	Amount	Proportion (%)	
Cash and deposits with the central bank	148,162,149	8.04	103,494,179	5.97	43.16
Deposits with banks and other financial institutions	11,405,462	0.62	20,938,491	1.21	(45.53)
Placements with banks and other financial institutions	4,885,299	0.26	12,353,608	0.71	(60.45)
Derivative financial assets	2,448,184	0.13	1,551,181	0.09	57.83
Financial assets held under resale agreements	18,531,145	1.01	6,532,553	0.38	183.67
Loans and advances to customers	925,361,742	50.19	920,394,849	53.12	0.54
Financial investments	700,438,320	37.99	633,136,792	36.54	10.63
Property and equipment	3,217,544	0.17	3,586,673	0.21	(10.29)
Deferred tax assets	12,362,922	0.67	14,759,051	0.85	(16.23)
Right-of-use assets	3,606,436	0.20	3,886,770	0.22	(7.21)
Other assets	13,422,925	0.72	12,099,689	0.70	10.94
Total assets	1,843,842,128	100.00	1,732,733,836	100.00	6.41

(1) Loans and advances to customers

As of the end of the Reporting Period, the Group's gross loans and advances granted to customers (including discounts) amounted to RMB936,491 million, representing an increase of 0.41% as compared to the end of the previous year.

The following table sets forth the distribution of loans and advances to customers of the Group by product type as of the dates indicated:

(Unit: RMB'000)

	December 31, 2024		December 31, 2023		Increase (decrease) (%)
	Amount	Proportion (%)	Amount	Proportion (%)	
Corporate loans and advances	654,736,013	69.91	566,740,133	60.77	15.53
Discounted bills	59,727,587	6.38	93,160,915	9.99	(35.89)
Personal loans	222,027,091	23.71	272,743,387	29.24	(18.59)
Gross loans and advances to customers	936,490,691	100.00	932,644,435	100.00	0.41
Interests accrued	13,115,173		12,350,216		
Total	949,605,864		944,994,651		

(2) Financial investments

As of the end of the Reporting Period, the financial investments of the Group amounted to RMB700,438 million, representing an increase of 10.63% as compared to the end of the previous year.

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

(Unit: RMB'000)

	December 31, 2024		December 31, 2023		Increase (decrease) (%)
	Amount	Proportion (%)	Amount	Proportion (%)	
Financial investments measured at fair value through profit or loss	192,864,991	27.54	161,057,566	25.44	19.75
Financial investments measured at fair value through other comprehensive income	177,376,537	25.32	117,150,761	18.50	51.41
Financial investments measured at amortized cost	330,196,792	47.14	354,928,465	56.06	(6.97)
Total	700,438,320	100.00	633,136,792	100.00	10.63

Further details of the Group's financial investments are set forth in "Audit Report and Financial Report: Notes to the Consolidated Financial Statements" in this annual report.

The following table sets forth the top 10 financial bonds held by the Group as of the end of the Reporting Period:

(Unit: RMB'000)

Bonds	Total price	Return rate (%)	Maturity
Financial bond A	8,270,000	2.30	February 22, 2029
Financial bond B	5,850,000	1.80	July 23, 2027
Financial bond C	4,940,000	1.85	July 24, 2029
Financial bond D	4,640,000	1.35	September 25, 2026
Financial bond E	4,570,000	2.52	May 25, 2028
Financial bond F	3,700,000	1.67	May 9, 2025
Financial bond G	3,680,000	1.48	October 16, 2025
Financial bond H	3,610,000	1.45	July 25, 2025
Financial bond I	3,470,000	2.63	January 8, 2034
Financial bond J	3,280,000	3.35	March 24, 2026

(3) Financial derivatives transactions

The Group's financial derivatives transactions mainly consist of interest rate swaps, foreign exchange swaps and foreign exchange forwards, etc. The Group flexibly uses various derivative financial instruments to hedge exchange rate and interest rate risks, carries out strategic transactions and reasonably manages the portfolio of derivative financial instrument position, and keeps a sound trading style.

As of the end of the Reporting Period, the notional amount and fair value of the main types of unexpired derivative financial instruments held by the Group are set out as follows:

(Unit: RMB'000)

	December 31, 2024			December 31, 2023		
	Notional amount	Fair value		Notional amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
Interest rate swaps	254,969,033	32,172	(11,129)	248,318,596	14,753	(4,386)
Exchange rate swaps	139,026,375	1,318,613	(922,071)	79,142,406	726,267	(501,555)
Exchange rate forwards	30,687,855	919,113	(847,959)	43,718,277	578,565	(473,145)
Precious metal swaps	4,010,073	168,443	(9,620)	4,845,954	218,193	-
Option contracts	1,912,240	9,843	(9,104)	1,132,332	13,403	(11,526)
Total	430,605,576	2,448,184	(1,799,883)	377,157,565	1,551,181	(990,612)

2. Items of liabilities

As of the end of the Reporting Period, the total liabilities of the Group amounted to RMB1,733,717 million, representing an increase of 7.13% as compared to the end of the previous year, which was mainly due to an increase in total liabilities led by the increase in deposits from customers and debt securities issued.

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

(Unit: RMB'000)

	December 31, 2024		December 31, 2023		Increase (decrease) (%)
	Amount	Proportion (%)	Amount	Proportion (%)	
Borrowing from the central bank	121,378,473	7.00	133,787,964	8.27	(9.28)
Deposits from banks and other financial institutions	150,561,544	8.68	158,762,222	9.81	(5.17)
Financial liabilities measured at fair value through profit or loss	171,916	0.01	-	-	N/A
Placements from banks and other financial institutions	23,144,745	1.34	34,920,012	2.16	(33.72)
Derivative financial liabilities	1,799,883	0.10	990,612	0.06	81.69
Financial assets sold under repurchase agreements	57,818,338	3.34	66,634,253	4.12	(13.23)
Deposits from customers	1,067,561,795	61.58	934,593,879	57.75	14.23
Income tax payable	(621,775)	(0.04)	849,131	0.05	(173.22)
Debt securities issued	290,863,182	16.78	267,923,368	16.56	8.56
Lease liabilities	3,722,824	0.21	4,115,588	0.25	(9.54)
Other liabilities	17,316,375	1.00	15,754,106	0.97	9.92
Total liabilities	1,733,717,300	100.00	1,618,331,135	100.00	7.13

Note: As at December 31, 2024, borrowing from the central bank of RMB121,378,473,000 included the principal amount at a fixed interest rate of RMB119,873,000,000, and the interest payable on the borrowing from the central bank of RMB1,505,473,000.

Deposits from customers

As of the end of the Reporting Period, the gross deposits from customers of the Group amounted to RMB1,046,089 million, representing an increase of 14.31% as compared to the end of the previous year.

The following table sets forth the distribution of deposits from customers of the Group by product type and customer type as of the dates indicated:

(Unit: RMB'000)

	December 31, 2024		December 31, 2023		Increase (decrease) (%)
	Amount	Proportion (%)	Amount	Proportion (%)	
Corporate deposits	655,433,599	62.66	566,167,040	61.87	15.77
Of which: Demand deposits	238,497,466	22.80	219,169,451	23.95	8.82
Time deposits	416,936,133	39.86	346,997,589	37.92	20.16
Personal deposits	212,275,470	20.29	201,002,143	21.96	5.61
Of which: Demand deposits	36,293,255	3.47	33,061,936	3.61	9.77
Time deposits	175,982,215	16.82	167,940,207	18.35	4.79
Pledged deposits	176,014,296	16.83	147,772,584	16.15	19.11
Fiscal deposits	159,715	0.02	174,755	0.02	(8.61)
Inward and outward remittances	2,205,715	0.20	45,456	0.00	4752.42
Gross deposits from customers	1,046,088,795	100.00	915,161,978	100.00	14.31
Interests accrued	21,473,000		19,431,901		
Total	1,067,561,795		934,593,879		

The following table sets forth the distribution of the Group's deposits from customers by currency as of the dates indicated:

(Unit: RMB'000)

	December 31, 2024		December 31, 2023		Increase (decrease) (%)
	Amount	Proportion (%)	Amount	Proportion (%)	
RMB	1,033,215,256	96.78	895,002,140	95.76	15.44
Foreign currency against RMB	34,346,539	3.22	39,591,739	4.24	(13.25)
Total	1,067,561,795	100.00	934,593,879	100.00	14.23

3. Total equity

As of the end of the Reporting Period, the total equity of the Group amounted to RMB110,125 million, representing a decrease of RMB4,278 million as compared to the end of the previous year, primarily due to the decrease in other equity instruments as a result of the redemption of undated capital bonds of RMB20,000 million issued in prior years and the issuance of new undated capital bonds of RMB11,000 million during the Reporting Period, coupled with the increase in net profit for the current year.

The following table sets forth the composition of the items in the Group's total equity as of the dates indicated:

(Unit: RMB'000)

	December 31, 2024	December 31, 2023	Increase (decrease) (%)
Share capital	17,762,000	17,762,000	—
Other equity instruments	11,000,000	19,961,604	(44.89)
Other reserves	1,732,924	(2,718,089)	N/A
Capital reserve	10,689,841	10,732,077	(0.39)
Surplus reserve	7,929,133	7,828,688	1.28
General reserve	21,106,229	20,678,511	2.07
Retained earnings	39,904,701	40,157,910	(0.63)
Total	110,124,828	114,402,701	(3.74)

4. Off-balance sheet items that may have a significant impact on the financial position and operating results

The off-balance sheet items of the Group are set out in "Audit Report and Financial Report: Notes to the Consolidated Financial Statements" in this annual report.

(III) Items in the Consolidated Statement of Cash Flows

During the Reporting Period, net cash flow generated from operating activities of the Group amounted to RMB92,909 million, of which cash inflow generated from changes in operating assets amounted to RMB1,080 million, cash inflow generated from changes in operating liabilities amounted to RMB88,227 million. Net cash flow used in investing activities of the Group amounted to RMB43,307 million, of which proceeds from disposal sale and redemption of investments amounted to RMB765,126 million, purchases of investments amounted to RMB809,167 million. Net cash flow generated from financing activities of the Group amounted to RMB5,113 million, of which proceeds from debt securities issued amounted to RMB422,032 million, repayment of debt securities issued amounted to RMB400,724 million.

(IV) Other Financial Information

1. The items with change rate over 30% in the accounting statements and the brief analysis on the reasons

(Unit: RMB'000)

Items of the consolidated statement of financial position	December 31, 2024	December 31, 2023	Increase (decrease) (%)	Main reasons for changes during the Reporting Period
Cash and balances with the central bank	148,162,149	103,494,179	43.16	Increase in deposits with the central bank
Deposits with banks and other financial institutions	11,405,462	20,938,491	(45.53)	Decrease in deposits with banks
Placements with banks and other financial institutions	4,885,299	12,353,608	(60.45)	Decrease in placements with other financial institutions in Chinese mainland
Derivative financial assets	2,448,184	1,551,181	57.83	Increase in derivative financial assets arising from exchange swap contracts and exchange forward contracts
Financial assets held under resale agreements	18,531,145	6,532,553	183.67	Increase in domestic financial assets held under resale agreements
Financial investments measured at fair value through other comprehensive income	177,376,537	117,150,761	51.41	Increase in government, policy bank and corporate bond investments
Placements from banks and other financial institutions	23,144,745	34,920,012	(33.72)	Decrease in placements from banks
Derivative financial liabilities	1,799,883	990,612	81.69	Increase in derivative financial liabilities arising from exchange swap contracts and exchange forward contracts
Income tax payable	(621,775)	849,131	(173.22)	Decrease in income tax payable for the year
Other equity instruments	11,000,000	19,961,604	(44.89)	Decrease in undated capital bonds
Other reserves	1,732,924	(2,718,089)	N/A	Combined effect of the increase in change in fair value of debt instruments measured at fair value through other comprehensive income and the transfer out of change in fair value of equity instruments measured at fair value through other comprehensive income
Items of the consolidated statement of profit or loss and other comprehensive income	2024	2023	Increase (decrease) (%)	Main reasons for changes during the Reporting Period
Net trading gains	941,146	502,026	87.47	Mainly due to the increase in gains from bond investments and equity investments measured at fair value through profit or loss and trading of precious metals
Net gains on financial investments	5,972,326	2,763,298	116.13	Mainly due to the increase in net gains on financial investments measured at fair value through profit or loss
Other operating income	51,588	87,136	(40.80)	Decrease in government grants and income from long-term suspended accounts
Other comprehensive income, net of tax	420,152	320,764	30.98	Combined effect of the increase in change in fair value of debt instruments measured at fair value through other comprehensive income and the transfer out of change in fair value of equity instruments measured at fair value through other comprehensive income

2. Pledge of assets

Details for the pledge of assets of the Group are set out in "Audit Report and Financial Report: Notes to the Consolidated Financial Statements" in this annual report.

3. Outstanding debts payable

The Group had no outstanding debts payable as of the end of the Reporting Period.

VI. ANALYSIS OF CAPITAL ADEQUACY RATIOS

In calculating its capital adequacy ratios, the Bank considers itself and the financial institutions it invests directly or indirectly in compliance with the Rules on Capital Management of Commercial Banks (《商業銀行資本管理辦法》).

The Group and the Bank calculate the capital adequacy ratios for each tier as at December 31, 2024 in accordance with the Rules on Capital Management of Commercial Banks (《商業銀行資本管理辦法》) and the relevant requirements and the capital adequacy ratios for each tier as at December 31, 2023 in accordance with the Capital Rules for Commercial Banks (Provisional) (《商業銀行資本管理辦法(試行)》) and the relevant requirements. The items involved are as follows:

(Unit: RMB'000)

	December 31, 2024		December 31, 2023	
	The Group	The Bank	The Group	The Bank
Core tier 1 capital	99,124,828	98,686,728	94,441,097	94,223,505
Core tier 1 capital regulatory deductions	(2,766,797)	(4,983,084)	(5,635,246)	(7,839,745)
Net core tier 1 capital	96,358,031	93,703,644	88,805,851	86,383,760
Other tier 1 capital	11,000,000	11,000,000	19,961,604	19,961,604
Net tier 1 capital	107,358,031	104,703,644	108,767,455	106,345,364
Tier 2 capital	26,857,792	26,857,792	17,051,284	17,051,284
Tier 2 capital regulatory deductions	—	—	—	—
Net capital	134,215,823	131,561,436	125,818,739	123,396,648
Capital adequacy ratio^{Note} (%)	11.63	11.42	11.58	11.37
Tier 1 capital adequacy ratio (%)	9.30	9.09	10.01	9.80
Core tier 1 capital adequacy ratio (%)	8.35	8.13	8.17	7.96

Note: Capital adequacy ratio equals net capital/risk-weighted assets*100%. See table below for details of risk-weighted assets.

The Group and the Bank measure risk-weighted assets as at the end of 2024 in accordance with the Rules on Capital Management of Commercial Banks (《商業銀行資本管理辦法》), among which, credit risk-weighted assets are calculated using the method of weighting, market risk-weighted assets are calculated using the simplified standardized approach, and operational risk-weighted assets are calculated using the standardized approach. The Group and the Bank measure risk-weighted assets as at the end of 2023 in accordance with the Capital Rules for Commercial Banks (《商業銀行資本管理辦法(試行)》), among which, credit risk-weighted assets are calculated using the method of weighting, market risk-weighted assets are calculated using the standardized approach, and operational risk-weighted assets are calculated using basic indicator approach.

(Unit: RMB'000)

	December 31, 2024		December 31, 2023	
	The Group	The Bank	The Group	The Bank
Credit risk-weighted assets	1,091,241,849	1,089,229,765	1,027,021,912	1,025,855,790
Of which: On-balance sheet credit risk	998,590,937	996,578,853	955,466,268	954,300,146
Off-balance sheet credit risk	89,201,282	89,201,282	68,502,384	68,502,384
Counterparty credit risk	3,449,630	3,449,630	3,053,260	3,053,260
Market risk-weighted assets	18,214,061	18,214,061	9,964,652	9,964,652
Operational risk-weighted assets	44,987,310	44,660,881	49,660,324	49,392,011
Total risk-weighted assets	1,154,443,220	1,152,104,707	1,086,646,888	1,085,212,453

VII. LEVERAGE RATIO

The Group measured the leverage ratio as at December 31, 2024 pursuant to the Rules on Capital Management of Commercial Banks (《商業銀行資本管理辦法》) and relevant regulatory rules and the leverage ratio as at December 31, 2023 pursuant to the Leverage Ratio Rules for Commercial Banks (Revised) (《商業銀行槓桿率管理辦法(修訂)》) and relevant regulatory rules as follows:

(Unit: RMB'000)

	December 31, 2024	December 31, 2023
Tier 1 capital	110,124,828	114,402,701
Tier 1 capital deductions	(2,766,797)	(5,635,246)
Total adjusted on-balance sheet and off-balance sheet assets	2,144,721,151	1,983,659,131
Of which: Total adjusted on-balance sheet assets	1,820,098,534	1,719,012,401
Total adjusted off-balance sheet assets	301,168,513	254,731,342
Others	23,454,104	9,915,388
Leverage ratio (%)	5.01	5.48

VIII. SEGMENT REPORTING

The following table shows the segment performance of the Group by business segment for the periods indicated:

(Unit: RMB'000)

	2024		2023	
	Operating income	Profit (loss) before taxation	Operating income	Profit (loss) before taxation
Corporate banking	15,896,683	5,076,630	13,869,730	4,456,971
Retail banking	4,608,165	(2,787,439)	8,383,965	472,403
Financial market	4,903,361	3,252,248	2,645,223	325,896
Others	73,380	(208,409)	98,452	(92,193)
Total	25,481,589	5,333,030	24,997,370	5,163,077

The following table shows the segment performance of the Group by geographic region for the periods indicated:

(Unit: RMB'000)

	2024		2023	
	Operating income	Profit before taxation	Operating income	Profit before taxation
Northern and Northeastern China	15,025,037	158,624	14,186,704	1,704,616
Eastern China	4,847,191	2,787,828	4,592,434	1,907,166
Central and Southern China	4,024,163	1,409,102	4,708,232	1,161,881
Western China	1,585,198	977,476	1,510,000	389,414
Total	25,481,589	5,333,030	24,997,370	5,163,077

IX. LOAN QUALITY ANALYSIS

During the Reporting Period, the Bank put greater efforts in non-performing asset disposal through means such as cash collection, write-off of bad debts, bankruptcy reorganization and transfer, thus strengthening asset quality, which remained steady in general. The Bank controlled the proportion of pure credit platform business by downsizing consumer online loans and reduced high-risk assets to a greater extent, resulting in rapid reduction in personal loan assets. The high-risk assets of personal loans were disposed rapidly, resulting in a more optimal asset structure and stronger risk management capability. The overall risk exposures in personal loan business were controllable. Looking forward, the Bank will continuously increase the measures for non-performing asset disposal, put greater efforts in disposal of non-performing assets, and continuously lower various non-performing indicators.

(I) Distribution of Loans by Five-category Classification

(Unit: RMB'000)

	December 31, 2024		December 31, 2023	
	Amount	Proportion (%)	Amount	Proportion (%)
Normal loans	893,947,790	95.46	887,214,612	95.12
Special mention loans	26,063,028	2.78	28,871,484	3.10
NPLs	16,479,873	1.76	16,558,339	1.78
Of which: Substandard loans	5,601,532	0.60	5,531,097	0.59
Doubtful loans	2,363,425	0.25	5,572,424	0.60
Loss loans	8,514,916	0.91	5,454,818	0.59
Gross loans and advances to customers	936,490,691	100.00	932,644,435	100.00

(II) Loan Migration

(Unit: %)

	December 31, 2024	December 31, 2023	December 31, 2022
Migration rate of normal loans	2.22	1.11	1.33
Migration rate of special mention loans	16.30	8.33	19.93
Migration rate of substandard loans	51.26	63.89	74.56
Migration rate of doubtful loans	30.16	39.49	15.65

Note: The above figures do not include asset transfers.

(III) Distribution of Loans and NPLs by Product Type

(Unit: RMB'000)

	December 31, 2024				December 31, 2023			
	Amount	Proportion (%)	NPL amount	NPL ratio (%)	Amount	Proportion (%)	NPL amount	NPL ratio (%)
Corporate loans and advances	654,736,013	69.91	7,267,965	1.11	566,740,133	60.77	10,418,084	1.84
Of which: Short-term corporate loans	263,760,443	28.16	3,534,104	1.34	220,021,985	23.59	5,307,835	2.41
Medium and long-term corporate loans	390,975,570	41.75	3,733,861	0.96	346,718,148	37.18	5,110,249	1.47
Discounted bills	59,727,587	6.38	-	-	93,160,915	9.99	13,524	0.01
Of which: Bank acceptance bills	58,738,511	6.27	-	-	92,640,303	9.93	-	-
Commercial acceptance bills	989,076	0.11	-	-	520,612	0.06	13,524	2.60
Personal loans	222,027,091	23.71	9,211,908	4.15	272,743,387	29.24	6,126,731	2.25
Of which: Residential and commercial housing loans	149,664,942	15.98	2,963,768	1.98	159,565,607	17.11	1,547,054	0.97
Personal consumption loans	37,512,214	4.01	4,638,758	12.37	75,937,149	8.14	3,372,526	4.44
Personal business loans	34,849,935	3.72	1,609,382	4.62	37,240,631	3.99	1,207,151	3.24
Gross loans and advances to customers	936,490,691	100.00	16,479,873	1.76	932,644,435	100.00	16,558,339	1.78

(IV) Distribution of Corporate Loans and NPLs by Industry

(Unit: RMB'000)

	December 31, 2024				December 31, 2023			
	Amount	Proportion (%)	NPL amount	NPL ratio (%)	Amount	Proportion (%)	NPL amount	NPL ratio (%)
Lease and business services	239,347,741	25.56	1,508,377	0.63	212,756,214	22.81	1,763,908	0.83
Real estate	93,339,050	9.97	1,480,355	1.59	88,361,622	9.47	3,229,467	3.65
Manufacturing	87,787,078	9.37	1,256,187	1.43	85,434,345	9.16	1,877,692	2.20
Water conservancy, environment and public facilities management	68,171,356	7.28	602	0.00	59,722,557	6.40	32,330	0.05
Wholesale and retail	51,153,524	5.46	1,746,804	3.41	38,121,599	4.09	1,774,901	4.66
Construction	28,175,257	3.01	674,508	2.39	25,489,080	2.73	878,193	3.45
Finance	26,074,303	2.78	–	–	9,551,052	1.02	–	–
Transportations and communications, storage and post	14,239,861	1.52	53,056	0.37	10,911,221	1.17	40,441	0.37
Production and supply of electricity, heat, gas and water	13,886,782	1.48	4,939	0.04	10,633,994	1.14	105,936	1.00
Information transmission, software and IT services	7,776,105	0.83	57,483	0.74	4,376,658	0.47	66,089	1.51
Scientific research and IT services	6,650,275	0.71	23,000	0.35	2,532,378	0.27	106,134	4.19
Mining	6,463,006	0.69	63,172	0.98	7,488,413	0.80	246,172	3.29
Education	3,614,001	0.39	10,380	0.29	2,799,681	0.30	15,350	0.55
Others	8,057,674	0.86	389,102	4.83	8,561,319	0.94	281,471	3.29
Gross corporate loans and advances	654,736,013	69.91	7,267,965	1.11	566,740,133	60.77	10,418,084	1.84

(V) Distribution of Loans and NPLs by Geographical Areas

(Unit: RMB'000)

	December 31, 2024				December 31, 2023			
	Amount	Proportion (%)	NPL amount	NPL ratio (%)	Amount	Proportion (%)	NPL amount	NPL ratio (%)
Northern and Northeastern China	394,668,711	42.14	8,082,645	2.05	431,885,105	46.31	5,976,122	1.38
Eastern China	260,038,530	27.77	1,979,841	0.76	217,892,309	23.36	2,694,148	1.24
Central and Southern China	198,630,819	21.21	5,456,009	2.75	205,393,575	22.02	7,269,761	3.54
Western China	83,152,631	8.88	961,378	1.16	77,473,446	8.31	618,308	0.80
Gross loans and advances to customers	936,490,691	100.00	16,479,873	1.76	932,644,435	100.00	16,558,339	1.78

(VI) Distribution of Loans and NPLs by Security Type

(Unit: RMB'000)

	December 31, 2024				December 31, 2023			
	Amount	Proportion (%)	NPL amount	NPL ratio (%)	Amount	Proportion (%)	NPL amount	NPL ratio (%)
Collateralized loans	286,551,232	30.60	7,933,202	2.77	287,431,539	30.82	6,969,093	2.42
Pledged loans	129,303,962	13.81	270,744	0.21	177,103,155	18.99	1,082,780	0.61
Guaranteed loans	329,406,675	35.17	3,150,301	0.96	291,933,105	31.30	4,307,416	1.48
Unsecured loans	191,228,822	20.42	5,125,626	2.68	176,176,636	18.89	4,199,050	2.38
Gross loans and advances to customers	936,490,691	100.00	16,479,873	1.76	932,644,435	100.00	16,558,339	1.78

(VII) Distribution of Loans by Overdue Period

As of the end of the Reporting Period, the overdue loans amounted to RMB26,154.23 million, representing a decrease of RMB2,733.09 million as compared to the end of the previous year.

(Unit: RMB'000)

	December 31, 2024		December 31, 2023	
	Amount	Proportion (%)	Amount	Proportion (%)
Overdue within three months	10,911,339	1.16	13,057,400	1.40
Overdue more than three months				
to one year	6,095,515	0.65	5,455,126	0.59
Overdue more than one year				
to three years	6,374,601	0.68	7,750,545	0.83
Overdue more than three years	2,772,773	0.30	2,624,251	0.28
Total overdue loans	26,154,228	2.79	28,887,322	3.10
Gross loans and advances to customers	936,490,691	100.00	932,644,435	100.00

(VIII) Loans to Ten Largest Customers Who Are Single Borrowers

(Unit: RMB'000)

Borrowers	Industry	December 31, 2024			
		Amount	NPL amount	% of net capital base	% of gross loans
Customer A	Lease and business services	7,848,950	—	5.85	0.84
Customer B	Lease and business services	7,093,890	—	5.29	0.76
Customer C	Construction	5,570,000	—	4.15	0.59
Customer D	Lease and business services	4,198,360	—	3.13	0.45
Customer E	Lease and business services	4,168,900	—	3.11	0.45
Customer F	Lease and business services	4,150,000	—	3.09	0.44
Customer G	Lease and business services	4,139,095	—	3.08	0.44
Customer H	Lease and business services	3,774,500	—	2.81	0.40
Customer I	Lease and business services	3,541,700	—	2.64	0.38
Customer J	Lease and business services	3,519,919	—	2.62	0.38
Total	—	48,005,314	—	35.77	5.13

(IX) Restructured Loans

Restructured loans refer to loans for which the Bank has made adjustments to the repayment terms of the loan contract due to the borrower's financial difficulties in accordance with the requirements of the Rules on Risk Classification of Financial Assets of Commercial Banks. As of the end of the Reporting Period, the balance of restructured loans amounted to RMB1,620.5283 million, representing an increase of 68.88% as compared to the end of the previous year.

(X) Repossessed Assets

As of the end of the Reporting Period, the Bank had no repossessed assets.

(XI) Risk Management on Credit Extension to Group Customers

The Bank has attached great importance to the risk management on credit extension to group customers, and optimized the management of group customer relationships. The Bank has established the group customer classification management and dynamic list management to realize active pre-approval of credit and total control with ever-growing risk management capabilities. In the process of investigation, evaluation and review of credit extension to group customers, we have strengthened the identification and prevention of overall risk to group customers, and avoided the uncertainties caused by complex equity structure and diversified expansion operations. We have focused on the review of the authenticity of the background of the credit extension plan and the reliability of the source of repayment, preventing enterprises from whitewashing the statements and transferring funds through improper related party transactions. We have been aiming to strengthen the identification for group customers' overall development trend. In principle, we have been making sure the credit extension funds are invested in the core enterprises and core sectors, preventing misappropriation of funds, long-term use of short-term loans, and credit funds from entering the construction or operations of other sectors. We have been conducting in-depth analysis to group customers' scale, growth, risk tolerance and existing credit extensions of other banks and other factors. Combining with the Bank's capital scale and risk tolerance, we have reasonably determined the overall credit line for group customers, and prevented the risk of excessive concentration of credit extension. We have established an early warning mechanism to provide early warnings and take corresponding risk control measures in time by collecting and analyzing relevant information of group customers.

(XII) Disposal of Non-Performing Assets

As of the end of the Reporting Period, the Bank had disposed of RMB35,534 million of non-performing assets through means such as cash collection, write-off of bad debts, bankruptcy reorganization and transfer.

(XIII) Allowance for Loan Impairment

1. Loans and advances to customers measured at amortised cost

(Unit: RMB'000)

	2024	2023
Opening balance	24,599,802	23,831,785
Charge	6,813,590	6,944,029
Transfer out	(6,781,602)	—
Write-off	(2,355,890)	(6,803,049)
Recoveries	1,968,349	622,009
Exchange rate changes and others	(127)	5,028
Closing balance	24,244,122	24,599,802

2. Loans and advances to customers measured at fair value through other comprehensive income

(Unit: RMB'000)

	2024	2023
Opening balance	1,386,837	1,538,132
Charge	(56,619)	(151,295)
Transfer out	—	—
Write-off	—	—
Recoveries	—	—
Exchange rate changes and others	—	—
Closing balance	1,330,218	1,386,837

(XIV) Large Exposure

The Bank has strictly implemented the regulatory requirements of the Rules on Large Exposure of Commercial Banks (《商業銀行大額風險暴露管理辦法》) and continuously enhanced the management of large exposures. The Bank has established and improved the organizational structure for the management of large exposures, and built an operating mechanism that is mutually connected and effectively checks and balances. It focuses on large customer risk exposures, and strictly controls the gateway of credit approval. Adhering to the philosophy of moderate credit line and effective management for credit approval, the Bank strives to gain better control over new credit line approval, strictly monitors new risk exposures of customers with large outstanding credit, and improves the coordinated monitor system for customers with large credit in headquarters and branches. During the Reporting Period, all large exposures indicators of the Bank met expected internal and external requirements.

X. MAIN BUSINESS OPERATION AND MANAGEMENT

(I) Corporate Banking Business

During the Reporting Period, taking serving the national strategic objectives and the real economy as its fundamental purpose, with technology finance, green finance, inclusive finance, pension finance, digital finance and other fields as key development direction, and centering on the operational philosophy of “putting customer as focus, taking market as direction, treating specialized business as major operation and gaining comprehensive income as goal”, the corporate banking focused on the establishment of “an industrial bank, a transaction bank and a light-model bank”, enhanced regional strategic support and branch factory construction, continuously optimized products and services, strengthened risk control capability, and improved digitalized operation management standards, striving to achieve high-quality development of the corporate banking business.

Customer development

During the Reporting Period, the corporate banking focused on industry strategic customer group, basic and special customer groups, government and institution customer groups, and regional key customer group, further reinforcing its customer base. In terms of the industry strategic customer group, the corporate banking optimized and upgraded the strategic customer service model, clarified the stratification criteria for strategic clients, and delved deeper into the foundation for marketing cooperation, so as to improve the service level and value contribution for strategic customers. In terms of the basic and special customer groups, the corporate banking continued to strengthen the refined management of corporate customers by gradually establishing a digital system for corporate customer operation and management. In terms of the government and institution customer groups, the corporate banking expanded its reach to customers in the finance, education, healthcare, housing and construction, government affairs, and livelihood sectors by closely monitoring customer needs and providing high-quality services. In terms of the regional key customer group, the corporate banking made active response to the national regional development strategy, gave great support for the construction of the Beijing-Tianjin-Hebei region, the Yangtze Economic Belt, the Chengdu-Chongqing Economic Circle and the Guangdong-Hong Kong-Macao Greater Bay Area, empowering regional economic development. As of the end of the Reporting Period, the Bank had a total of 118,960 corporate customers, representing an increase of 12.83% as compared to the end of the previous year, and a total of 71,754 effective customers, representing an increase of 11.60% as compared to the end of the previous year.

Liability business

During the Reporting Period, the corporate banking continued to promote steady growth in liability size and optimized the liability structure to enhance the overall quality and efficiency of the liability business. It placed emphasis on expanding customer sources, refined the hierarchical management of customers, strengthened the breadth and depth of customer cooperation, and consolidated the deposit base. It also improved the product structure spectrum, focused on scenario and channel construction, and broadened the channels for deposit growth. The corporate banking paid close attention to the changes in macroeconomic policies, interbank updates and regulatory environment in order to make dynamic adjustments to its business strategies, strengthen liability cost management and guide the reduction in interest payment costs. As of the end of the Reporting Period, the gross corporate deposits amounted to RMB655,434 million, representing an increase of RMB89,267 million or 15.77% as compared to the end of the previous year.

Asset business

The corporate banking insists on taking serving the real economy as both its starting point and ultimate goal. In order to implement the “five priorities” of finance with solid steps, it enhances high-quality financial services for major strategies, key areas and weak links, and strives to improve the quality and efficiency of serving the real economy. As of the end of the Reporting Period, the gross corporate loans amounted to RMB654,736 million, representing an increase of RMB87,996 million or 15.53% as compared to the end of the previous year.

Made a great start in the field of technology finance. The Bank continued to push ahead with its planning for technology finance business, and strengthened the construction of the channel ecosystems and product systems of technology finance. As of the end of the Reporting Period, the balance of loans to technology enterprises amounted to RMB45.878 billion, representing an increase of RMB3,792 million or 9.01% as compared to the end of the previous year. Adhered to the strategy of becoming a strong manufacturing country. The Bank constantly improved the financial service system for the manufacturing industry in terms of top-level design, policy and resource protection, and product and service model innovation. As of the end of the Reporting Period, the balance of medium and long-term loans to the manufacturing industry amounted to RMB34,651 million, representing an increase of RMB6,681 million or 23.89% as compared to the end of the previous year. Actively supported green and low-carbon transformation. The Bank focused on supporting the financing needs of green industries such as clean energy, and made full use of structural monetary policy instruments such as the carbon-reduction credit facility. As of the end of the Reporting Period, the balance of green loans amounted to RMB48,530 million, representing an increase of RMB17,270 million or 55.25% as compared to the end of the previous year. Promoted the implementation of the rural revitalization policy. As of the end of the Reporting Period, the balance of agriculture-related loans amounted to RMB45,740 million, representing an increase of RMB9,966 million or 27.9% as compared to the end of the previous year.*

Transaction banking business

During the Reporting Period, the transaction banking adhered to a “customer-oriented” approach, facilitated the integrated development of port, industry and city, and enhanced the quality and quantity of shipping finance features. With the active implementation of development strategies, remarkable results were achieved. During the Reporting Period, the transaction banking business achieved non-interest income of RMB1,741 million, representing a year-on-year increase of 17.86%. The on-balance sheet and off-balance sheet business granted a total of RMB930.053 billion, representing a year-on-year increase of 66.41%, which gave rise to deposits of RMB298.367 billion, representing an increase of RMB48,695 million as compared to the end of the previous year.

Established a product factory and strengthened the talent team. The transaction banking has established a product factory mechanism with “industry as the soul, transaction as the body, and customer as the user”, and launched the “CBHB One-Click (渤銀一點通)” service platform to enhance product assembly and innovation capabilities. It also formed a cross-departmental innovation workshop to customize solutions for over a hundred customers across 12 industrial chains including information technology innovation, integrated circuits, and new energy, with granted loans of more than RMB10,000 million. It improved the product manager management system, and established marketing combat units composed of “customer managers + product managers” to enhance the efficiency of solution formulation and business implementation.

* Since June 2024, the data on adjusted agriculture-related loans are compiled in accordance with the Notice of the Statistics and Analysis Department of the People's Bank of China on the Publication of the Revised Financial Statistics of Financial Institutions in 2024 (Yin Diao Fa [2024] No. 2).

Strategized shipping finance and promoted the integration of port, industry and city. Taking the lead in establishing a shipping center, the transaction banking focused on policy guidance to actively establish an ecosystem for shipping finance, focused on industrial agglomeration to support port-specific industries, and focused on resource coordination by hosting the “Conference on Promoting High-Quality Integrated Development of Port, Industry and City”, while facilitating the signing of comprehensive strategic cooperation agreements between the head office and branches of China Bohai Bank and the head office and branches of the China Export & Credit Insurance Corporation. It created the “CBHB Credit Insurance Easy (渤銀信保易)” brand to support Chinese enterprises in “going global”.

Expanded transaction scenarios and engaged in chain finance. The transaction banking developed the “Boyin e-Chain (渤銀 e 鏈)” supply chain financial service system, with RMB257,191 million granted for various supply chain products, a year-on-year increase of 36.69%. It developed and launched the online version of “New-Generation System for Domestic Letters of Credit”, leading its industry peers in terms of functionality. It expanded solutions for various scenarios such as letters of credit for electricity tariffs, equipment and fine wine. It newly developed the “CBHB Haina Pool (渤銀海納池)” to empower corporate asset and liability management, and serving customers across the entire industry and industrial park development with the “New-Generation Corporate Account Overdraft” service, granting a total of RMB64,900 million.

Focused on basic settlement and retained satisfactory deposits. The transaction banking launched scenario settlement products such as “CBHB E-Commerce Link (渤銀 E 商通)”, “CBHB E-Enterprise Link (渤銀 E 企通)” and “CBHB BoPay (渤銀渤聯付)”, and continued to facilitate the fund pool business of the group, with scenario settlement deposit balances reaching RMB41,000 million, serving 705 customer accounts. It created the “CBHB Treasury (渤銀司庫)” brand to help enterprises improve their efficiency of financial resource allocation. The new version of the corporate online banking won the “Best User Experience Award for Corporate Online Banking” at the China Financial Certification Authority Digital Finance Golden List Awards.

Promoted online bills and supported inclusive development. The transaction banking introduced the “Instant Discount (秒貼)” product, with the direct bill discount turnover reaching RMB120 billion during the Reporting Period, representing a year-on-year increase of 120%. The new-generation bill business served over 400 medium, small and micro enterprises, handling a discount size of more than RMB50,000 million. During the Reporting Period, the “New-Generation Bill” was awarded the title of “2023 Excellent Acceptance Institution, Excellent New-Generation Bill System Business Promotion Institution” by the Shanghai Commercial Paper Exchange.

Optimized cross-border services and established brand reputation. The transaction banking continued to enrich its product offering and service “toolbox”, focused on making breakthroughs of the scenarios of electronic customs duty payment and guarantee letters, and established the “CBHB Tariff Ease (渤銀關稅通)” brand. It launched coverage for all customs districts where the Bank’s branches are located at once, filling a long-standing gap and surpassing industry peers. It constructed comprehensive product systems such as “CBHB Global Fast Payment (渤銀全球速匯)” and “CBHB Credit Insurance Easy (渤銀信保易)”, providing full-journey cross-border financial services covering domestic and international, local and foreign currency, online and offline, and investment and commercial banking. In 2024, the industry-first “CBHB Global Fast Payment (渤銀全球速匯)” won the “2024 Bankers’ Outstanding Case for Transaction Banking Innovation of the Year” award from The Chinese Banker magazine for its unique functions and excellent customer experience.

Investment banking business

During the Reporting Period, the investment banking firmly determined the direction of FPA business development and transformation, and focused on building a light-model bank by revitalizing the existing assets, utilizing new assets, and facilitating asset flows. Using hook products with comparative advantages as a business breakthrough point, it strengthened the ability to expand customer base, retain deposits, and improve efficiency through efficient use of capital such as bond underwriting, transaction facilitation, asset transfer, and engaging with the wealth management subsidiary.

During the Reporting Period, the bond lead underwriting business underwrote a total of 418 bonds of various types, with a total underwriting amount of RMB169.74 billion, representing a year-on-year increase of 83.46%. Among these bonds, there were 53 innovative bonds of various types, with an underwriting amount of RMB17,908 million, representing a year-on-year increase of 62.92%. The Bank initiated 11 credit risk mitigation instrument transactions for the first time, totaling RMB1,147 million. The facilitation business strengthened the organization of advantageous funds in the non-bank market, and integrated various advantageous funds to provide customers with omnichannel financing services, which effectively addressed the pain points of customer financing and reduced the costs of customer financing. The size of the facilitation business reached RMB83,763 million for the year, representing a year-on-year increase of 28%. The M&A business deepened its services to meet customer needs for transformation, with M&A loan granting and size achieving rapid growth. During the year, it successfully executed M&A projects under several typical scenarios, including industrial integration M&A, listed company M&A and cross-border M&A. The syndicated loan business leveraged its product advantages to meet the huge financing needs of customers through leading syndicates, and continued to implement projects such as syndicates for the “Belt and Road” project construction, syndicates for industrial park renovation, and green syndicates for photovoltaic and new energy vehicles. Responding to national policy calls, it quickly launched a special loan business for stock repurchase and increase, and granted the first loan within the year, supporting the healthy and stable development of the capital market, all while ensuring system precedence and compliant business operations.

During the Reporting Period, the Bank was honored with the Most Innovative Institution Award (2024) and the Most Powerful Institution in Market Breakthrough Award (2024) by the Beijing Financial Assets Exchange at the 7th Annual Meeting on Serving the High-Quality Development of the Interbank Bond Market. The Bank also won No. 1 in the Rapid Progress Award for Bank Bond Underwriting in the 2024 Wind Best Investment Bank Selection.

Asset custody business

During the Reporting Period, the Bank continued to strengthen its custody service capacity by enhancing the specialized, refined and standardized levels of the custody business, and focused on exploring new growth points for the custody business. It made efforts in fund supervision business, and developed service scenarios such as transaction fund supervision and fundraising supervision, leading to growth of RMB394.632 billion in size. Seizing the development opportunity arose from the property rights trust business, the Bank achieved rapid expansion in the trust custody business. As of the end of the Reporting Period, the custody size of property rights trust business increased by RMB43,484 million as compared to the end of the previous year. The Bank successfully launched its first trust QDII product custody business, further expanding its international custody service coverage. As of the end of the Reporting Period, the size of the Bank’s asset custody and outsourcing business reached RMB3,202.484 billion, representing an increase of 28.01% from the end of the previous year. According to the statistics of the China Banking Association for the fourth quarter of 2024, the Bank ranked one place higher than the end of the previous year in terms of custody size, now standing at the 19th place.

Inclusive finance business

During the Reporting Period, the Bank thoroughly implemented the national decision and deployment on inclusive finance, strictly implemented regulatory policy requirements, improved the quality and efficiency of financial services for small and micro enterprises, and promoted the expansion, coverage, cost reduction and quality improvement of inclusive finance business, thereby solidly advancing the priority on inclusive finance. Adhering to the development strategy of “doing small, doing well, and doing real”, with the development philosophy of empowering “digital, platform, scenario and ecology” through technology, the Bank explored the establishment of a new model for digital inclusive finance, embedding inclusive financial services into various scenarios of production and operation of small and micro enterprises, and comprehensively facilitating the high-quality development of financial services for inclusive small and micro enterprises.

The Bank took the initiative to engage with small and micro enterprise entities, focusing on enhancing the precision of services in key areas. Aiming at the business domains of “two zones, two chains and one ecosystem”, and focusing on key customer groups such as core corporate supply chains, technology innovation enterprises, platform-based enterprises and “housing mortgage” customers, the Bank established a joint meeting mechanism to support the implementation of regional characteristic inclusive ecological scenario projects, thereby improving the accessibility and quality of financial services for small and micro enterprises.

The Bank accelerated the iteration and innovation of its key products. It redesigned its inclusive financial product system, and developed an assembly line for online inclusive finance products that spans the entire process of pre-lending, during-lending and post-lending based on the principles of full-process modularization, parameterization and configurability. It also accelerated the construction of digital inclusive finance, and continued to innovate and optimize its online products. The Bank switched its customer acquisition model from scattered orders to batch processing, switched its marketing model from passive to active, and switched its product model from offline to online, which significantly enhanced service efficiency and customer experience, and facilitated the inclusive finance service brand building with Bohai characteristics.

As of the end of the Reporting Period, the balance of inclusive loans of the Bank was RMB55,271 million, representing an increase of RMB3,800 million as compared to the end of the previous year; the number of inclusive loan accounts was 129,465, representing an increase of 13,800 as compared to the end of the previous year; and the average loan execution rate was 4.32%.

(II) Retail Banking Business

During the Reporting Period, the retail banking accelerated its transformation into “account-oriented bank”, “wealth management bank” and “ecosystem-based bank”. Guided by customer needs, it strived to enrich and optimize its product portfolio and increase its scale of business. Guided by high-quality development, it significantly optimized its customer and business structure. Driven by scenario-based ecosystem cooperation, it continuously broadened and extended its service boundaries. It leveraged digital technology engine to deepen customer professional management, and strengthened asset allocation and value-added service capabilities, thereby promoting the steady development of retail banking.

As of the end of the Reporting Period, the balance of retail deposits amounted to RMB212,275 million, representing an increase of RMB11,273 million during the year. The total number of retail customers was 8,202,600, representing an increase of 490,100 during the year.

Customer development

During the Reporting Period, the Bank accelerated the construction of “account-oriented bank” and “ecosystem-based bank”, adhered to the objectives of “easy account opening”, “user-friendly account management” and “account value enhancement”, optimized and improved account functions and services, and created adaptive products for customer development by promoting the integration between accounts and ecological scenarios, such as pension, home ownership, communities and parks. Firstly, by continuously enriching the “Boyin E-payment” product system, improving the “collection, management and payment” product functions, and innovating service models, the Bank gradually gathered new momentum for customer base expansion. Secondly, the Bank strengthened the coordinated development between the corporate and personal businesses, focused on the agency customer base, continuously enriched the exclusive products and services, and enhanced customer satisfaction. During the year, the Bank had 163,700 new individual agency customers. Thirdly, the Bank focused on the development opportunities of the new economy and new retail, expanded financial services and promoted in-depth cooperation by integrating and linking the “account + payment + financial products” to the ecological platform. Fourthly, the Bank deepened digital empowerment, strengthened the capacity building of the digital middle office, empowered key customer groups with operations and innovative services, and boosted the transformation and development of retail business.

As of the end of the Reporting Period, the total number of retail customers was 8,202,600, representing a net increase of 490,100 from the beginning of the year. The Bank put great efforts in the construction of digital bank, and continued to strengthen its cooperation with internet platform companies in respect of financial services. As of the end of the Reporting Period, a total of 21,936,900 individual customers were served.

Wealth management

During the Reporting Period, the Bank focused on the development objective of “wealth management bank”, continued to consolidate the development of its wealth management business while adhering to the expansion of retail value customers through high-quality products and professional services, and increased the scale of personal wealth assets. Firstly, the Bank continuously enriched the “Boyin E-Finance” product spectrum, strengthened its product development capabilities, and enhanced the professional level of investment research and advisory, in order to establish a customer-centric comprehensive financial service system. As of the end of the Reporting Period, the scale of personal wealth assets exceeded RMB380 billion, representing a year-on-year increase of RMB23,692 million or a 103.49% increase of the increment; the size of the consignment trust business increased by 21.43% year on year, and the size of the consignment wealth management business increased by 16.94% year on year. Secondly, the Bank continued to improve the comprehensive service system for private banking, developed the brand “Enjoy Bohai” for wealth management family trust, and enhanced asset allocation capabilities and service levels to meet the comprehensive wealth management and inheritance needs of private banking customers. It enriched the non-financial service content of the four major management services to improve customer experience. As of the end of the Reporting Period, the number of existing private banking customers increased by 2.27% year on year. Thirdly, focusing on pension finance, the Bank had developed an integrated product shelf featuring pension-specific offerings, catering to the needs of asset preservation, appreciation and inheritance for customers, with an aim to construct a distinctive pension ecosystem of the Bank. As of the end of the Reporting Period, the number of personal pension accounts increased by 3.61% year on year, with new customers accounting for 43.67% of the total.

Liability business

During the Reporting Period, aimed at “optimizing structure and controlling costs”, the Bank reinforced the comprehensive management of retail deposits, and actively broadened sources of low-cost funds to promote both the quantity and quality of retail deposits. Firstly, the Bank enhanced its capability to acquire source funds, and strengthened the coordinated corporate-private development of payroll outsourcing and payment and settlement services. Secondly, the Bank promoted the personal intermediary businesses, enhanced product optimization and upgrading, increased product supply, and pushed forward professional asset allocation services, resulting in an increase in current deposits. Thirdly, the Bank strengthened scenario-based operation of key customer groups to improve fund retention and customer service experience. As of the end of the Reporting Period, the balance of retail deposits reached RMB212,275 million, and the average interest rate paid on retail deposits decreased by 16 basis points year on year, achieving initial improvements in the interest payment structure.

Asset business

During the Reporting Period, the retail asset business firmly followed the national credit policy, and focused on satisfying the diversified credit needs of customers to continuously improve customer service capabilities. Firstly, the Bank greatly optimized its retail asset structure, by reducing inefficient assets while increasing the allocation of high-quality assets. Secondly, adhering to innovation leadership in products and services, the Bank granted an increasing number of housing mortgage loans so as to fully support residents' demand for rigid and improvement housing loans. Thirdly, it resolutely accelerated the development of personal business loans, providing financial support to small and micro enterprises as well as individual business owners, and made every effort to enhance the quality and efficiency of inclusive financial services. Fourthly, the Bank continuously optimized the functions of its self-operated consumer loans, thereby supporting the expansion of domestic demand and the promotion of consumption. As of the end of the Reporting Period, the personal loan balance was RMB222,027 million.

Credit card business

During the Reporting Period, the Bank encouraged the return of credit card business to its origins, and promoted the change of the business philosophy of credit card business to improve the "service functionality". Focusing on its high-quality consumers, the Bank made credit cards an effective carrier to enhance the stickiness of high-quality retail consumers. In response to China's current trend, the Bank launched a new Hi Card Credit Card "Shan Hai Jing" (山海經) to enhance the brand influence. As of the end of the Reporting Period, the Bank had issued a total of 1,265,200 credit cards and achieved the loan scale of RMB3,886 million.

(III) Financial Market Business

During the Reporting Period, closely aligned with the requirements of the Central Financial Work Conference to "promote the high-quality development of the bond market" and "serve as the main force in supporting the real economy and the anchor for maintaining financial stability", the Bank's financial market business implemented the work requirements of the Bank's transformation and revitalization of high-quality development and the "Ten Special Tasks", focused on investment and research capabilities, took trend management as the starting point, and followed the guidance of customer service, strengthened the bond business model and product innovation, firmly established the liquidity bottom line, made steady progress in the scale of various businesses, and greatly improved the transaction ranking. The Bank adhered to the coordinated growth in customer management, provided one-stop comprehensive financial services including currency, bonds, foreign exchange, precious metals, interest rates, exchange rates and credit derivatives, and effectively served the real economy development.

Bond business

Facing the complicated and changeable bond market, the Bank strengthened the bond business development, flexibly utilized multi-strategy portfolio in asset allocation, actively explored bond trading value, earnestly fulfilled its obligation as a comprehensive market maker in the inter-bank bond market, enriched the variety of market-making transactions, and steadily improved comprehensive income from bonds.

During the Reporting Period, the Bank's "Bond Center" coordinated the whole Bank's bond business development, met customers' direct financing and indirect financing needs through comprehensive financial service schemes, actively participated in projects such as technology finance, green finance, inclusive finance, pension finance and digital finance, and strengthened financial support for key economic areas so that the Bank could elevate the customer level and comprehensive income.

During the Reporting Period, the trading volume of the Bank's bond business exceeded RMB5.34 trillion, representing an increase of 45.86% over the previous year. The Bank won the "Market Influencer of the Year", "Market Innovator of the Year", "X-Lending Star in January, August and December", "X-Lending Active Institution from January to December", "Star of X-Bond Spread Trading Strategy in February", "Best X-Bargain Performance Award in March", "Rising Star of iBean Derivatives in May", "Star of X-Bargain Interest Rate in September" and other awards from China Foreign Exchange Trade System (CFETS). The "CBHB Preferred Tianjin Local Government Bond Basket" was recognized as "Active Basket" in April and July and "Quotation Star" in July by CFETS, respectively. The "CBHB Tianjin Local Government Green Bond Basket" was recognized as "Active Basket" in November.

In terms of bond underwriting, the Bank underwrote treasury bonds worth RMB86,130 million, an increase of 6.24% from the previous year, and underwrote policy financial bonds worth RMB112.54 billion, an increase of 32.35% from the previous year. Notably, the Bank ranked 17th in the size of underwriting the financial bonds issued by China Development Bank, and was awarded the titles of “Excellent Underwriter”, “Innovative Cooperation Award” and “30th Anniversary Companion Support Award” by China Development Bank for 2024 financial bonds; the Bank ranked 12th in the size of underwriting the financial bonds issued by Export-Import Bank of China, was firstly appointed as the lead underwriter for green financial bonds issued by Export-Import Bank of China, and was awarded the titles of “Core Underwriter”, “Promoting High-Level Opening Award”, “Supporting Modern Industrial System Construction Award” and “Green Development Concept Promotion Award” by Export-Import Bank of China for 2024 financial bonds; the Bank ranked 25th in the size of underwriting the financial bonds issued by Agricultural Development Bank of China, and was awarded the titles of “Excellent Underwriter”, “Excellent Market Maker”, “Innovative Navigation Award” and “Innovative Cooperation Award” by Agricultural Development Bank of China for 2024 financial bonds.

Treasury business

The Bank paid close attention to market trends, strengthened market research and judgment, and actively engaged in various fund trading businesses. During the Reporting Period, the Bank’s trading volume in interbank lending, pledged repo, open market operations, netting settlement at the Shanghai Clearing House and general repo exceeded RMB12 trillion. The issuance of interbank certificates of deposit reached RMB402.11 billion, representing an increase of 8.92% compared to the previous year. The Bank actively developed transaction counterparties, and earnestly performed its duty as a primary dealer. It obtained the qualification as a primary dealer for open market operations from the People’s Bank of China in 2024. It also actively participated in various trading and innovative businesses at the China Foreign Exchange Trade System, and was recognized as an active repo trader and an active X-Repo institution by the CFETS for multiple times, which greatly enhanced its influence in the interbank market.

While facing economic inflation changes at home and abroad, the Bank flexibly utilized various foreign exchange trading strategies to effectively avoid market risks and improve pricing and trading capability. During the Reporting Period, the Bank maintained steady growth in foreign exchange market business, and continued to increase its market influence. The Bank’s interbank market ranking in the trading volumes of RMB foreign exchange swaps and RMB foreign exchange options moved up 3 and 6 places respectively compared with the previous year.

Agency business

During the Reporting Period, focusing on the “CBHB Hedging Solution” brand building, the Bank strengthened product innovation, improved the business system, and launched over 10 agency business products. The Bank strengthened customer promotion and marketing, provided customized business solutions, and kept on product training, compliance training and qualification examination to improve the skills of product managers. The Bank promoted the construction of the agency fund trading system, enriched product functions and improved business efficiency. Meanwhile, the Bank actively implemented the foreign exchange self-discipline mechanism, strengthened the publication of exchange rate risk concept, and promoted the entity corporate customers to continuously establish the exchange rate risk neutral concept. During the Reporting Period, the Bank maintained steady development in agency fund trading business.

Interbank customer management

During the Reporting Period, the Bank solidly promoted the integrated interbank customer management. By strengthening the application of customer territorial management and classification and stratification, the Bank kept building customer KYP profiles to continuously improve the average contribution of interbank customers. During the Reporting Period, the Bank achieved a coverage rate of 86.79% of target territorial interbank customers, and 64.97% penetration rate of diversified products. At the same time, the Bank promoted the construction of interbank customer manager team, improved the effectiveness of the financial interbank customer marketing platform, and implemented iterative upgrades to the interbank online banking system, so as to continuously enhance the digital management ability and improve the professional management level.

Wealth management business

During the Reporting Period, the Group continuously enriched wealth management product types, optimized product functions and provided customers with quality wealth management services. The wealth management subsidiary of the Bank actively expanded the agency sales channels outside the bank and broadened the asset management customer base. It had reached agency sales cooperation with 52 institutions. During the Reporting Period, the Group issued 418 wealth management products with a total sales amount of RMB444,803 million. As of the end of the Reporting Period, the Group had 349 wealth management products, with a balance of RMB173,549 million, of which net-worth wealth management products accounted for 95.56%. Among the wealth management products, closed-end products accounted for 51.13%, and open-end products accounted for 48.87%. The assets of wealth management products were mainly allocated in the fixed income category, of which bonds, bank deposits, non-standardized debts, public funds and equity assets accounted for 55.76%, 16.21%, 14.34%, 3.20% and 2.44% respectively, while the remaining assets, including bonds purchased under resale agreements and interbank deposit, accounted for 8.05%.

(IV) Online Financial Business

During the Reporting Period, the Bank resolutely implemented the decisions and deployments of the Party Central Committee regarding the development of digital finance, adhered to the philosophy of serving the people through finance, and accelerated the transformation of its online financial business from function construction to traffic management.

Focusing on the positioning of the three major banks in the retail business and realizing new breakthroughs in the construction of the two core platforms

In 2024, the Bank's revamped official website (www.cbhb.com.cn) made its debut, featuring an industry-leading split-screen layout, card-based zoning, and a multi-dimensional navigation system to achieve a structural overhaul. The upgrade introduced intelligent search, barrier-free services, and multi-terminal adaptation, among other digital and intelligent functionalities, to enhance user experience.

The Bank newly launched the 7.0 version of its mobile banking application, which, based on the three major banking positioning of account-oriented bank, wealth management bank and ecosystem-based bank, and adherence to the business philosophy and service brand of “CBHB e-Home”, created a family financial service chain of “community-family-housekeeper-customer care”. The new version of mobile banking featured the innovative “CBHB e-Manager (渤海 e 管家)” family financial service system as its core highlight. In pursuit of an account-oriented bank, the Bank introduced family accounts, achieving the objectives of “easy account opening”, “user-friendly account management” and “account value enhancement”. In pursuit of a wealth management bank, the Bank provided intelligent services comprising “one ledger, two statements, four funds, five plans, and seven major service items”, which were designed to provide customers and their families with a full spectrum of services encompassing the entire lifecycle, relationship mapping, customized solutions, and omnichannel accessibility. In pursuit of an ecosystem-based bank, the Bank focused on optimizing the ecosystem scenario services around payroll outsourcing services and retirement, with an emphasis on sectors, including community finance, community governance, community salons, and community commerce. The Bank launched the “Community Connect” (社區通) integrated service platform, building a better life for its customers with financial services.

Actively exploring the development of smart remote banking and continuously enhancing the new experience of online customer service

In 2024, the Bank focused on the development of smart remote banking and actively explored the dual-driving model of “channel synergy + digital intelligent operation” to enhance the standardization, intensification and intelligence of remote services. In terms of channel synergy, remote banking fully leveraged its “artificial+intelligent” service advantages, strengthened in-depth integration with mobile banking and the WeChat ecosystem, and provided seamless service support for complex business operations and personalized consultation. It also established a data-sharing mechanism within various channels to achieve sharing of customer information, service records, and transaction data, which provided operational support for omnichannel synergy. In terms of the application of the digital and intelligent operation capabilities, remote banking focused on building an intelligent operation system. Based on the customer tagging and customer base profiling system, it carried out accurate customer classification and formulated differentiated service strategies. Through the deployment of intelligent outbound system, combined with multi-scenario data tagging and customer behaviour analysis, the Bank achieved precise customer reach and improved service response efficiency.

(V) Asset-liability and Financial Management

During the Reporting Period, as guided by Party building and firmly adhered to its strategic development direction, the Bank pursued asset and liability management in line with macroeconomic trends and regulatory policy guidance, and accelerated business transformation and optimized its asset and liability structure while maintaining risk thresholds, thereby supporting the achievement of its operational goals for the year. By strengthening capital constraints and diversifying capital replenishment channels, the Bank effectively enhanced the flexibility of resource allocation, creating ample space for business development. At the same time, it refined medium- and long-term capital planning, and improved the internal capital adequacy assessment system and its information disclosure practices, ensuring the smooth implementation of new capital regulations across the Group. The Bank strictly abided by the bottom line in liquidity risk preference, optimized the treasury system construction, improved the stability of intraday funds and the comprehensive rate of return on short-term capital, enhanced financing strategies and reduced financing costs, thus achieving a dynamic balance among liquidity, safety and profitability. The Bank gave full play to the leading role of FTP, dynamically evaluated and updated internal pricing strategies, and conducted business development orientation. It persistently refined internal and external pricing strategies in a low-interest-rate environment, comprehensively utilized various pricing management tools to guide improvements in overall business returns, and increased internal pricing support for key sectors to bolster vulnerable areas of the real economy. Adhering to the bottom line of compliant operations, the Bank implemented the requirements of cost reduction and efficiency enhancement, strictly controlled the management of compliant fee-charging, and diligently advanced the protection of financial consumers’ rights and interests. Leveraging the foresight and initiative in market risk management, the Bank seized the opportunity presented by the implementation of new regulatory standards to control risks and adjust structures, thereby supporting the high-quality development across the Bank.

During the Reporting Period, adhering to the guidance of Party building, and focusing on the “Ten Actions”, the internal development of the “Three Points on Quantity and Quality” and the external support of the “Three Upgrades”, the Bank worked on financial management and strengthened supportive guarantees, thus securing and supporting the Bank’s operation and development. The Bank improved comprehensive budget management, continued to enhance resource allocation, and optimized the allocation system with economic value added as the core. Focusing on enhancing the management on revenue generation, the Bank regularly analyzed the effectiveness of revenue generation and monitored the effective implementation of various revenue generation measures. Adhering to the principle of “all costs are controllable”, the Bank proactively implemented various cost reduction and efficiency enhancement works through establishment of price management system, reasonable control on project investments, reduction in expenses for organization construction and other measures. Hence, various costs were effectively under control. The Bank continued to improve the quality of accounting information to ensure that financial condition and operating results can be truly, completely and accurately reflected. It also optimized the value analysis, result analysis and profitability analysis functions of the management accounting system, thereby providing data in supporting operating decisions. In order to prevent financial management risks, the Bank implemented financial supervision and management and formulated innovative expense management measures.

(VI) Information Technology Construction

During the Reporting Period, the Bank focused on serving the national strategic objectives and the real economy and Tianjin’s “Ten Actions”, took the initiative to promote the “five priorities”, and improved the quality and enhanced efficiency of digital finance. Through cloud computing, artificial intelligence, blockchain and big data technologies, the Bank continued to enhance its independent control over key core technologies, and empowered business development and product innovation through the dual engines of digital technology and data elements, thereby supporting the real economy and achieving high-quality development.

The Bank fully recognizes the strategic significance of financial standardization. During the Reporting Period, the Bank actively implemented relevant requirements for standardization in the financial sector, and has formulated the Work Plan for Strengthening the Implementation of Standards in the Financial Sector of China Bohai Bank. It also improved the mechanism for benchmarking and compliance of its financial products and services, conducted self-evaluation of standardization in online banking and smart devices, and effectively implemented standard self-declaration and disclosure.

During the Reporting Period, the Bank continued to optimize its technology talent system, and strengthened the cultivation and reserve of supporting technology talents. As of the end of the Reporting Period, the Bank had 1,512 technology personnel, accounting for 11.0% of its contract employees. Centering on the “Talent Pool Construction” initiative, the Bank accelerated the cultivation of digital talents with the goal of improving the quality and efficiency of technology empowerment, actively driving digital finance innovation with talent innovation, thereby providing strong talent support for promoting digital transformation.

During the Reporting Period, the Bank made every effort to promote high-quality development in terms of information technology construction, with an investment in technology of RMB1,337 million. The Bank strengthened and empowered its digital finance operation, built up digital finance infrastructure with high standards, and accelerated the development of the new-generation distributed core system, the new-generation Integrated Funds Business Management System and the Data Lake-Warehouse Integrated System. Fully leveraging on the dual drivers of digital technology and data, the Bank allocated more resources on loans for key digital enterprises such as those using specialized and sophisticated technologies to produce novel and unique products, and further improved the construction of customer tagging system of “Getting All Around with Mobile (一機走天下)” and industry chain layout for corporate business. With the introduction of Mobile Banking 7.0, and new versions of portal system and Bohai on the Palm (掌上渤海), the Bank further facilitated the construction of integrated marketing system for retail digital marketing and operation platforms. The agency funds transaction system for financial market (phase I) and quantitative transaction system were put into operation, which facilitated the digital operation. The Bank intended to build up systems for large models and digitalize intelligent risk management report for retail operation. At the same time, the Bank promoted application scenarios such as Q&A Assistant, and facilitated the development of digital productivity and intelligent upgrades with the use of large model technology, providing customers with convenient, intelligent and secure financial service experiences while helping the Bank enhance the quality and efficiency of its financial services to the real economy in all aspects.

During the Reporting Period, the Bank continued to establish a comprehensive and proactive safety production operation system, ensuring the stable operation of all systems throughout the year. To promote the transformation of IT infrastructure, the Bank completed the deployment and operation of the basic cloud platform under the Data Lake-Warehouse Integrated System and the second-generation data warehouse, continuously unleashing platform technical capabilities. At the same time, it completed the construction of, and officially operated, the third data center in the same city. The Bank also continued to improve the level of refined operation and maintenance management, reinforced the safety foundation of production operations, and ensured the safe and stable information system operation.

(VII) Business Profile of Overseas Branch

Opened in 2020, the Hong Kong Branch of the Bank is the first overseas branch of the Bank. The Hong Kong Branch, as a licensed bank, operates a full range of corporate commercial banking services. Presently, its scope of operations mainly involves wholesale banking and financial market business. Starting with syndicated loans and cross-border banking business, the Hong Kong Branch provides efficient and convenient offshore and onshore financial services to the customers from domestic branches with a product portfolio consisting of syndicated and bilateral loans, cross-border banking, trade financing, and agency fund trading. Centering on the head office's strategies and key clients, leveraging domestic and international market policies and advantages, the branch fully utilizes its role as a "bridgehead" for leadership and innovation, striving to become a pioneer in in-depth cross-border cooperation between domestic and overseas branches. The branch has established a multi-tier financial service system to provide customers with a wide range of wholesale banking services and products, broadens financing channels with innovative financing tools, promotes the transformation and upgrading of the real economy and the integrated development of industrial chains while fostering and building up strategic emerging industries. The branch puts a great emphasis on the development of bond business, and is engaged in money market business, bond investments, certificate of deposit issuance, notes issuance and foreign exchange transactions, etc. In addition, as an overseas branch of a national joint-stock commercial bank headquartered in Tianjin, the Hong Kong Branch takes the initiative to provide quality financial services to local Tianjin enterprises, striving to achieve new breakthroughs in financial support for Tianjin's high-quality development. As of the end of the Reporting Period, the total assets of the Hong Kong Branch of the Bank were the equivalent of HK\$16,100 million.

(VIII) Business Profile of Subsidiary

Established on September 6, 2022 with its registered office in Tianjin and a registered capital of RMB2 billion, CBHB Wealth Management Co., Ltd. (渤海銀理財有限責任公司) is a wholly-owned subsidiary of the Bank, principally engaged in the public issuance of wealth management products, investment and management of the entrusted investor assets, and consultancy and advisory services on wealth management. As of the end of the Reporting Period, it had total assets of RMB2,557 million and net assets of RMB2,438 million, and achieved operating revenue of RMB414 million and net profit of RMB221 million during the Reporting Period.

XI. COMPREHENSIVE RISK MANAGEMENT

(I) Comprehensive Risk Management Summary

Strictly maintaining the bottom line of risk management, adopting the risk management culture and philosophy featuring "comprehensive, proactive, agile and effective (全面、主動、敏捷、到位)", regarding the risk control capability as the boundary of the business operations, and adhering to the "prudent" risk appetite, the Bank makes every effort to strengthen the independence of checks and balances, synergy and integration, execution control, and capability refinement, continuously improves its ability to prevent and mitigate financial risks, and further improves the level of refinement, standardization, digitalization and process of risk management, thereby promoting business transformation and upgrading with smart and agile risk control capabilities, and effectively guaranteeing the stable, balanced and sustainable development of the Bank's various businesses.

The Board of Directors of the Bank assumes the ultimate responsibility for comprehensive risk management. The Risk Management and Green Finance Committee is set up under the Board of Directors, which is responsible to the Board of Directors. The Board of Supervisors of the Bank is responsible for the supervision of comprehensive risk management and is responsible for supervising the performance of the Board of Directors and the senior management in risk management and the rectification. The senior management shall assume the responsibilities for implementing comprehensive risk management and executing the resolutions of the Board of Directors.

The Bank has senior management personnel (the chief risk management officer) in charge of risk management line, who shall be responsible for leading the relevant departments of the risk management line to carry out work under the risk management framework of the Bank. The chief risk management officer maintains independence and can directly report the overall risk management to the Board of Directors.

The Bank has established a risk prevention system consisting of three lines of defense against each main risk to which it is exposed. The first line of defense of risk management is formed by various business departments, branches and sub-branches, which are directly responsible for carrying out their risk management functions. The second line of defense is departments of risk management line, Assets and Liabilities Management Department, Internal Control and Compliance Department, the General Office (Public Relations Department) and Office of the Board of Directors, which assume responsibilities for formulating policies and procedures, supervising and managing risk. The third line of defense of risk management is the Audit Department, which assumes audit responsibilities for the performance of the first and second lines of defense.

(II) Credit Risk

During the Reporting Period, the Bank practiced the risk management culture and philosophy featuring “comprehensive, proactive, agile and effective (全面、主动、敏捷、到位)”, and comprehensively improved its risk management capabilities, thereby achieving healthy and stable asset quality, as well as steady and controllable credit risks.

The first is to consolidate asset quality. The Bank firmly tightened the chord of risk prevention and control and guarded the bottom line of avoiding major risks. We continued to excel in the collection and resolution of key monitored assets and set up a special team for risk resolution of large key monitored customers. We reinforced the working mechanism for the disposal of non-performing assets, and upgraded the Asset Resolution Department at the head office to a first-tier department, managing it as a business development line. The asset resolution departments at the branch level are assigned by the head office and are under vertical management by the head office. We commenced the tracking and evaluation of designated group customers, developed a tracking list of large group customers, and delegated monitoring responsibilities to individuals. We closely monitored the risks of large group customers, conducted real-time monitoring of sudden public opinion and abnormal business trends of large enterprise group customers, and widely collected and deeply analyzed customer risk information. We continued to intensify efforts to recover and resolve non-performing assets, strengthened appraisal incentives and constraints to further stimulate the enthusiasm for working and innovation, and enhanced the quality and efficiency of risk resolution, thereby supporting the overall business development of the Bank. As of the end of the Reporting Period, the Bank had an NPL ratio of 1.76%, representing a decrease of 0.02 percentage point as compared to the end of the previous year; the allowance coverage ratio was 155.19%, and the allowance to gross loan ratio was 2.73%, which achieved the dual objectives of stabilizing asset quality and defending against expected credit risks.

The second is to strengthen basic management. The Bank upgraded unified credit management and control, and successfully launched the unified comprehensive credit 3.0 system. Building on the existing system functions, we extended the scope of integrated application for low-risk businesses, achieving three-in-one parallel application for group limits, customer limits, and business plans. We added system application scenarios that treat a unique credit customer within the group as a single customer, and the entire process supports quick supplementation of image materials and a reuse mechanism for customer data. In addition, we optimized 37 function points across various business scenarios and branch processes, significantly enhancing the adaptability of the Bank’s unified comprehensive credit management system. While preventing multiple and excessive credit extensions, we fully ensured the efficiency of business application and approval processes. Implementing a centralized risk management and control strategy, we continued to optimize resource allocation to support the real economy to maintain efficiency, prevent and control risks while improving quality, and guide capital allocation through credit approval to convey risk preferences and management requirements in pursuit of strict risk management and control. We strengthened the promotion and implementation of regulatory systems, and continuously optimized and implemented proactive, reasonable, categorized, and dynamically adjusted credit strategies. We persistently enhanced the supervision and monitoring of credit approvals, improved the management capabilities of credit approval, and elevated the quality and efficiency of credit approval. We redesigned the risk control foundation for retail credit, supporting six major retail credit business segments, continuously optimized the retail risk governance structure and organizational system, refined retail risk management processes, and iteratively upgraded the retail risk management toolkit to develop a retail credit risk control system.

The third is to optimize the credit structure. The Bank published the “China Bohai Bank 2024-2025 Credit Policy”, which specified the overall credit principles in terms of industry, customer, product and region, focused on excelling in the “five priorities”, supported the development of new quality productive forces and the advancement of new industrialization. We proposed supporting measures to ensure the implementation of policies from multiple perspectives, strengthened the transmission of risk preference, and fully supported the development of front-line business. According to the current status and reserves of basic customers of the branches, we released the list of regional key customers and target customers so as to achieve precise and targeted business development. We proactively monitored changes in national and regulatory policies, and revised the management measures for real estate development loans and operating property mortgages, so as to ensure institutional continuity while strengthening risk prevention in the real estate sector and further enhance risk management and control in credit operations.

The fourth is to improve the system model. The Bank established an enterprise-level model management platform to further strengthen the process management of all stages of the model lifecycle, including development, validation, application, optimization, and decommissioning. We developed a rating model for supply chain affiliated enterprise clients, which enhanced rating indicators such as cooperation with core enterprises in a targeted manner, providing agile support for the development of supply chain finance. We iteratively upgraded the decision support engine for real estate credit business and added display functions to such engine, enabling comprehensive credit support and risk control for corporate real estate credit business covering pre-lending, during-lending and post-lending processes from three dimensions of customer, region and project. We completed the iterative upgrade of the risk management cockpit of the government solvency evaluation model, and added new application scenarios to enhance auxiliary support.

(III) Liquidity Risk

The Bank adopts a centralized approach with respect to its liquidity risk management, in which the head office centrally manages overall liquidity risk across the Bank under the policies and guidance of the Board of Directors. Liquidity risk is managed on three levels from the Board of Directors to senior management and down to individual departments, so that all the Bank is involved in the liquidity risk management. The Asset and Liability Management Department is the leading department in managing the liquidity risk, and is responsible for formulating liquidity risk management strategies, policies and procedures, and identifying, measuring, monitoring and controlling liquidity risk, and ensuring the Bank’s overall liquidity risk is controlled within its risk tolerance based on cash flow gap analysis, with the help of intraday position management, early-warning indicators and limit control, among other means and methods, and by conducting stress testing and crisis response exercises, strengthening market prejudgement and implementing dynamic liquidity risk management when appropriate. The current liquidity risk management policies and systems are in line with regulatory requirements and the Bank’s own management needs. At the same time, the Bank has established and continuously improved a comprehensive and systematic liability business management and risk control system to continuously improve the efficiency and level of financial services to the real economy. The corporate business line, retail business line and financial market line, among others at the head office, and subsidiaries, overseas branches and domestic outlets engage in their business activities in compliance with the liquidity risk management policies, appetite, processes, limits and other requirements as set down by the Board of Directors and senior management.

In addition to effectively managing intraday positions, the Bank managed cash flow, balancing liquidity and profitability and ensuring safety payment and implementing integration management of local and foreign currency. For medium- and long-term liquidity risk management, the Bank strengthened management measures on dynamic arrangement concerning maturity structure of assets and liabilities, price guidance, investment and financing strategy update and internal limit, implemented initiative supplementing of liabilities and adjustments to asset structure, realised an expanded stable source of capital and improved the maturity structure of assets and liabilities. The Bank's core indicators of liquidity risk mainly include liquidity ratio, liquidity coverage ratio, net stable funding ratio and liquidity matching rate. To ensure that the core indicators are in line with the Bank's risk appetite, the Bank has formulated a planning scheme with reference to the above indicator preferences and broken it down accordingly into the liquidity management scheme of each business. The Bank's internal limits on liquidity risk mainly include limits on debt securities pledged, liquidity support, settlement fund and mismatch limit, guiding various operating departments to manage liquidity risks in daily operation. Enforcing the establishment and analysis of customer behaviour models, leveraging liquidity management models that use prudent assumptions on the Bank's cash inflows and outflows from its assets and liabilities, and by monitoring, analysing and managing its compliance with regulatory indicators and internal limits, the Group has been able to maintain a sound liquidity position.

The Bank formulates investment guidelines and regularly assesses and adjusts its investment strategies for debt securities in light of actual risk management needs, clearly defines the ceiling for collateral bonds of businesses through internal limits. This ensures the availability of sufficient quality liquid assets which are readily realisable, and structurally ensures the potential liquidity needs of the Bank are well taken care of. The Bank focuses on the adjustment and optimisation of asset structure, and establishes a 3-level liquidity reserve system focusing on high liquidity assets such as cash, provision and interest rate debt, currency fund and bond fund, thus effectively fulfilling the liquidity risk management requirements under normal and emergency situation and meeting different payment requirements. In addition, the Bank continues to expand its various debt channels, actively strengthens the degree of participation in the issuance of financial bonds, inter-bank customer relationship management and open market operations of the PBOC, expands interbank credit, builds up emergency fund reserves, attempts to expand the Bank's medium- and long-term stable sources of liabilities, so as to improve the Bank's financing ability under high liquidity pressure.

In order to cope with the potential impact arising from fluctuation of capital market and changes of macroeconomic environment, the Bank modifies stress testing scenarios and performs liquidity risk stress tests on a regular basis, including the test of cash flow gaps in the future 7 days, 30 days and 90 days and implementation of shortest lifetime management of the Bank by introducing the internal and external factors to test the Bank's tolerance of liquidity risks under different stress scenarios through stimulation of decline in the price of marketable securities and outflow of deposits. Also, the Bank monitors early-warning indicators daily, in consideration of its business size, complexity, level of risk and organisational structure, the Bank has emergency plans in place and explicit internal labour division and emergency procedures, and organises involved departments of head office and branches to launch crisis response exercises to ensure the liquidity under a crisis situation.

The Bank has formulated the Liability Quality Management Measures of CHINA BOHAI BANK CO., LTD., which establishes a liability quality management system compatible with the Bank's business strategy, risk appetite and overall business characteristics, on three levels from the Board of Directors to senior management and down to individual departments. The Bank adopts a centralized approach featuring joint monitoring and standardized statistics with respect to its internal management model. During the Reporting Period, the Bank formulated liability quality management strategies focusing on the stability of liability sources, the diversity of liability structures, the rationality of matching liabilities with assets, the initiative in acquiring liabilities, the appropriateness of liability costs, and the authenticity of liability items, constantly optimized the liability structure, reasonably promoted the growth of liability scale, and ensured the steady development of the Bank's liability business. During the Reporting Period, the Bank improved the overall quality of the liabilities and significantly improved various monitoring indicators.

During the Reporting Period, liquidity remained reasonably adequate with a stable and controllable liquidity risk level, all liquidity regulatory indicators met regulatory requirements, and major monitoring indicators operated smoothly. No significant and material liquidity risk incidents occurred during the Reporting Period. As of the end of the Reporting Period, the Group's liquidity ratio reached 74.72%; the liquidity coverage ratio was 158.70%; the net stable funding ratio was 115.08%; the liquidity matching ratio (on a legal person basis) was 128.43%.

According to the requirements of the Measures for the Disclosure of Information on Net Stable Funding Ratio by Commercial Banks (《商業銀行淨穩定資金比例信息披露辦法》), the following table sets out the Group's net stable funding ratio, available stable funding for the numerator item, and required stable funding for the denominator item at the end of December and September 2024:

(Unit: RMB'000)

	December 31, 2024	September 30, 2024
Net stable funding ratio (%)	115.08	115.70
Available stable funding (in RMB)	1,073,032,883	1,016,977,958
Required stable funding (in RMB)	932,440,310	878,986,765

The following table shows the Group's liquidity coverage ratio indicator:

(Unit: RMB'000)

	December 31, 2024	September 30, 2024
Liquidity coverage ratio (%)	158.70	150.03
Qualified high-quality liquid assets (in RMB)	252,566,257	207,199,265
Net cash outflow in the next 30 days (in RMB)	159,146,077	138,106,356

The following table shows the analysis of the Group's non-derivative assets and liabilities based on the relevant remaining maturity dates:

(Unit: RMB'000)

	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Indefinite	Total
Assets	186,334,675	166,045,249	125,112,931	407,094,686	490,336,274	348,585,124	117,885,005	1,841,393,944
Liabilities	333,574,410	213,836,712	288,950,442	574,774,368	317,088,009	959,429	2,734,047	1,731,917,417
Net liquidity	(147,239,735)	(47,791,463)	(163,837,511)	(167,679,682)	173,248,265	347,625,695	115,150,958	109,476,527

(IV) Market Risk (Including the Interest Rate Risk in the Banking Book)

The Bank, in strict compliance with relevant requirements such as the Guidance on Market Risk Management of Commercial Bank (《商業銀行市場風險管理指引》) and the Guidelines for the Management of Interest Rate Risk in the Banking Book of Commercial Banks (Revised) (《商業銀行銀行賬簿利率風險管理指引(修訂)》), implements an independent and comprehensive market risk (including interest rate risk in the banking book, similarly hereinafter) management mode. The Board of Directors of the Bank is responsible for reviewing and approving the market risk management strategies, policies and procedures, so as to define the acceptable market risk level of the Bank. The Assets and Liabilities Management Committee under the senior management is responsible for developing, regularly reviewing and overseeing the policies, procedures and workflows relating to market risk, and delineates market risk limits based on the risk appetite outlined by the Board of Directors. The Assets and Liabilities Management Department at the head office is responsible for leading the establishment of the market risk identification, measurement, monitoring, reporting and control mechanisms to ensure that the market risk borne by the Bank is controlled within the risk appetite set by the Board of Directors.

The Bank's market risk management is governed by a comprehensive, sound and prudent principle, and its overall goal is to control the market risk level within its tolerance, by organically combining the identification, measurement, monitoring and control of market risks with the Bank's major operational and management activities including strategic planning, business decision-making and financial budgeting.

The Bank has formulated the Market Risk Management Policy and Administrative Measures for the Classification of Trading Books and Banking Books on this basis, actively implemented relevant market risk regulatory requirements, and established a market risk management system covering all aspects of identification, measurement, monitoring and control. The Bank uses gap analysis, duration analysis, foreign exchange exposure analysis, and scenario analysis to identify and measure market risk, conducts regular stress tests, and monitors and controls risk through limit management.

In respect of managing the interest rate risk in the banking book, the Bank primarily applies measurement tools such as gap management, sensitivity analysis and duration analysis. The Bank constantly optimizes a net interest margin analysis system that combines dynamic and static conditions. On the basis of quantitative models and qualitative analysis, the Bank continuously reinforces the research and judgment of interest rate trends, so as to provide decision-making basis for tasks such as allocation of asset-liability structure. As for trading books, the Bank mainly measures, manages and controls through basis point value, value at risk (VAR), position limit, duration and stop-loss limits to ensure that the anticipated income of the trading books matches the trading exposure. In response to exchange rate risk, the Bank sets market risk limits, and effectively manages on-balance sheet foreign exchange risk exposure through derivative financial instruments, such as exchange rate swaps and exchange rate forwards, so as to keep the Bank's total foreign currency exposures to a low level. During the Reporting Period, the cumulative foreign exchange exposure ratio within the scope of consolidation of the Bank was 1.47%. Both the interest rate risk and the exchange rate risk were kept within the internal limits and controllable on the whole.

The Bank's market risk-weighted assets measurement uses the simplified standardized approach, and the market risk capital provision covers interest rate risk and specific risks in the trading books, as well as all exchange rate risks and commodity risks. As the trading position is relatively small, the market risk capital occupation is low. During the Reporting Period, the Bank had no significant and material market risk incidents.

The Group's interest rate sensitivity gap

The Group's on-balance sheet interest rate sensitivity gap is classified according to assets and liabilities on the statement of financial position at carrying amounts, by the earlier of the contractual re-pricing date or the maturity date as follows:

(Unit: RMB'000)

	Less than three months	Between three months and one year	Between one year and five years	More than five years	Non-interest bearing	Total
Total assets	793,399,553	486,758,991	353,383,710	124,050,359	86,249,515	1,843,842,128
Total liabilities	813,125,945	568,575,275	304,820,260	951,048	46,244,772	1,733,717,300
Total interest rate sensitivity gap	(19,726,392)	(81,816,284)	48,563,450	123,099,311	40,004,743	110,124,828

The Group's interest rate sensitivity

The following table sets forth the results of the Group's interest rate sensitivity analysis on profit before taxation and equity (without tax effect) with an assumption that all other variables held constant:

(Unit: RMB'000)

	(Decrease)/Increase on December 31, 2024
Change in profit before taxation	
Up 100 bps parallel shift in yield curves	(1,386,778)
Down 100 bps parallel shift in yield curves	1,386,778
Change in equity (without tax effect)	
Up 100 bps parallel shift in yield curves	(2,315,866)
Down 100 bps parallel shift in yield curves	2,315,866

The sensitivity analysis above is based on a static interest rate risk profile of the Group's assets and liabilities. This analysis measures only the impact of changes in interest rates within one year, showing how annualized profit before taxation and shareholders' equity (without tax effect) would have been affected by re-pricing of the Group's assets and liabilities within the one-year period.

Due to possible inconsistencies between actual conditions and assumptions, the actual changes in the Group's profit before taxation and shareholders' equity (without tax effect) caused by an increase or decrease in interest rates might vary from the estimated results of this sensitivity analysis.

The Group's exchange rate risk exposure

The following table sets forth the distribution of the Group's foreign exchange rate risk exposure as at December 31, 2024:

(Unit: RMB'000)

	RMB	USD equivalent to RMB	Other currencies equivalent to RMB	Aggregate RMB
Total assets	1,746,497,951	80,229,173	17,115,004	1,843,842,128
Total liabilities	1,667,227,817	54,426,162	12,063,321	1,733,717,300
Net exposure amount of balance sheet	79,270,134	25,803,011	5,051,683	110,124,828

(V) Operational Risk

Operational risk is the risk of losses due to problems with internal processes, staff and IT systems, and external events. It includes legal risk but excludes strategic risk and reputational risk.

During the Reporting Period, the Bank initiated the optimization of its operational risk management system, defined the objectives and work plan for such optimization, and revised the operational risk management preferences and operational risk management policies. Dedicated posts have been set up for operational risk management in the major departments at the head office. The Bank determined the methodology for self-assessment of operational risk control, carried out a pilot assessment to explore the formation of a mechanism for the collection of data on operational risk losses, and completed the collection of data on operational risk losses. It pushed forward the construction of the business continuity management system at the branch level to meet the standard, carried out the reorganization of the operational risk management system, and put the new operational risk management system into operation for trial run.

During the Reporting Period, the Bank had no material operational risk incidents.

(VI) Capital Management

1. Capital management structure, management objectives and management measures

The Bank has established a sound capital management system. The Board of Directors assumes the ultimate responsibility for capital management, determines the capital risk appetite, reviews and approves the capital management policies, and authorizes the senior management to exercise capital management functions. The senior management authorizes the Assets and Liabilities Management Committee to specifically exercise the capital management functions and implement the capital planning and capital adequacy ratio objective management. The Assets and Liabilities Management Department is responsible for daily capital management, building the capital management system and process, and taking the lead in implementing the requirements and objectives of the Board of Directors and the senior management on capital management, in order to ensure that the capital management meets the risk appetite requirements.

The Bank implements comprehensive capital management, including capital planning, capital allocation and evaluation, capital monitoring and early warning, internal capital adequacy assessment, capital replenishment and emergency measures, capital measurement and reporting, information disclosure, etc. The capital management objectives of the Bank are to stabilize the capital base, enhance capital strength, promote bank value creation with economic capital as the core, achieve a beneficial balance among capital constraints, risk management, and shareholders' returns, and maintain a satisfactory level of capital adequacy, so as to effectively deal with major risks and unexpected losses and ensure steady operation and sustainable and healthy development. The Bank calculated, managed and disclosed capital adequacy ratio based on the Rules on Capital Management of Commercial Banks (《商業銀行資本管理辦法》) and other relevant regulations. During the Reporting Period, the capital adequacy ratio of the Group and the Bank at all levels met regulatory requirements.

To achieve the above capital management objectives, the Bank adopted the following measures during the Reporting Period: reasonably assessed the capital supply and demand and the capital gap and formulated medium- and long-term capital planning and annual capital planning based on the principle of prioritizing capital constraint in accordance with the strategic orientation and risk appetite after fully considering the changes in the external operating environment; continued to improve the capital replenishment mechanism of "endogenous capital replenishment as the main body and exogenous capital supplementation as the support", successfully issued tier 2 capital bonds of RMB14 billion and undated capital bonds of RMB11 billion while enhancing profitability, thereby effectively consolidating capital strength and achieving a prudent balance between different components of capital portfolios; took the initiative to optimize the risk-weighted asset allocation mechanism to strengthen the synergy and linkage between resource allocation and business development and enhance the flexibility of resource allocation so as to provide strong support for the sound development of key businesses of the Bank; strengthened the core concept of capital value creation, improved the capital allocation and assessment system with capital efficiency indicator as the core, promoted the in-depth application of economic capital in resource allocation, differentiated pricing and performance assessment, and conveyed the concept of paid use of capital from multiple perspectives; actively promoted the "light capital" strategic transition, and rationally regulated investment in capital-consuming businesses and directed limited resources towards capital-intensive businesses through active management and dynamic deployment of the asset structure; made full deployment of the sound implementation of the new capital rules, and pursued the establishment of an integrated system covering the capital management system and the market risk FRTB system following the regulatory rules and internal management needs so as to make a major leap in capital management from manual measurement to automated measurement on an entry-by-entry basis; continued to improve the management framework for recovery and resolution plans under crisis scenarios, optimized the governance structure and working mechanism, and formed differentiated recovery and resolution strategies based on multi-perspective stress tests and triggering mechanism settings to ensure the sustainability and stability of core business functions under extreme scenarios; carried out annual internal capital adequacy assessment process covering all major risk categories, systematically assessed capital supply and demand under capital additions and stress scenarios, and formulated emergency plans to deal with stress situations, while optimizing the Pillar 2 capital surcharge mechanism in line with the latest regulatory requirements to improve the comprehensive risk management framework.

2. Method and procedure for internal capital adequacy assessment

The Bank's internal capital adequacy assessment process includes key sectors such as governance structure, risk appetites, risk identification and assessment, capital adequacy ratio stress test, capital assessment, capital planning and emergency management. Based on comprehensive consideration and assessment of the main risks faced by the Bank, we measured the matching level of capital and risk and established a management system that integrated risk and capital to ensure that we maintain a capital level consistent with our risk profile in different market environments.

During the Reporting Period, based on the overall requirements of comprehensive risk management and with reference to the management requirements in relation to Pillar 2 under the Rules on Capital Management of Commercial Banks (《商業銀行資本管理辦法》), the Bank continued to improve its internal capital adequacy assessment system with comprehensive risk coverage. At present, the Bank has formed a relatively standardized governance structure, a supporting policy management system, a complete assessment process, a regular monitoring and reporting mechanism, and an internal audit system, which have met the external regulatory requirements and internal management needs. The current internal capital adequacy assessment process has a sound governance structure and clear division of responsibilities in place to control various risks effectively. The capital level is commensurate with the risk appetites and risk management level and the capital planning is compatible with the operating conditions, risk change trends, and long-term development strategies.

3. The management plan for capital planning and capital adequacy ratio

The Bank has formulated the Capital Management Plan of CHINA BOHAI BANK CO., LTD. for 2023-2027 (《渤海銀行股份有限公司2023-2027年資本管理規劃》) in accordance with the relevant regulatory requirements and submitted it to the Board of Directors for consideration and approval. Building on prudent and sound capital management objectives, and taking into account such factors as macroeconomic situation, regulatory policies and the Bank's strategic transformation planning, risk appetites and risk assessment results, and financing capabilities, the Bank reasonably determined its internal management objective of capital adequacy ratio and prudently estimated the future capital supply and demand. Adhering to the overarching principle of "endogenous capital replenishment as the main body and exogenous capital supplementation as the support", fully considering the availability, timeliness and financing costs of various capital replenishment instruments, balancing short-term and medium-to-long-term capital needs while ensuring the long-term sustainability of different capital sources, the Bank has formulated medium- and long-term capital plans and capital replenishment plans in line with its development goals, aiming to continuously enhance its capital strength and achieve a more balanced capital structure, thereby ensuring robust risk resilience in the Bank's capital framework.

The Bank determined the annual capital adequacy ratio management target within the framework of medium- and long-term capital planning, formulated the annual management plan and incorporated it into the bank-wide operation plan to ensure its compatibility with various business plans, and kept capital adequacy ratio at all levels in line with regulatory requirements and internal management targets through such means as dynamic monitoring, analysis and reporting of the capital adequacy ratio, optimization of the asset structure, improvement in the refined management, and timely issuance of capital instruments.

(VII) Information Technology Risk

During the Reporting Period, in accordance with regulatory requirements such as comprehensive risk management and internal control, as well as internal requirements such as risk appetite and information technology risk management policies, the Bank implemented the financial technology transformation and development strategy, effectively performed its duties on the three lines of defense of information technology risk management, continuously improved information technology risk management methods and management mechanism, and continued to promote the rectification of information technology risk issues. No material information system emergencies occurred. The information technology risk was controllable as a whole, and the information technology risk preference had not been broken, providing a guarantee for the realization of the financial technology strategic goals.

During the Reporting Period, the Bank had no material information technology risk incidents.

(VIII) Compliance Risk

1. *Compliance risk status*

Compliance risk refers to the possibility of a financial institution or its employees bearing criminal, administrative or civil liabilities, or incurring property damage, reputation loss and other negative impacts due to violations of compliance regulations in the operation and management practices of such institution or the duty performance of such employees.

The Bank's compliance risk management organizational system is composed of Board of Directors, Board of Supervisors, senior management, Risk Control Committee, Internal Control and Compliance Department, Audit Department, and various business function departments and branches and sub-branches. Our Board of Directors is responsible for reviewing and approving our compliance risk management policies and assumes ultimate responsibility for the compliance of the operational and management activities with relevant laws and regulations, departmental rules, regulatory documents and other compliance regulations. Our senior management is responsible for formulating and implementing compliance risk management systems and organizing the implementation of compliance management, whereas the Internal Control and Compliance Department assists our senior management in leading and promoting the daily compliance management across the bank. Each of the business function departments and branches and sub-branches is principally responsible for its compliance with the compliance regulations and compliance management.

During the Reporting Period, the Bank strengthened the compliance review with system review as the main body, proactively identified and managed the compliance risks of new products, new businesses and major projects, strictly controlled the advance pass of compliance risks, and kept the bottom line of compliance.

During the Reporting Period, the Bank had no material compliance risk incidents.

2. *Anti-money laundering risk status*

The Bank continued to improve its internal control system on anti-money laundering, and revised a number of core systems, such as reporting of large-value and suspicious transactions as well as anti-money laundering management for cross-border business, so as to optimize the anti-money laundering management mechanism. It strengthened institutional supervision and inspection as well as internal investigation to consolidate its internal anti-money laundering compliance capability. Emphasizing the management of anti-money laundering issues at source, the Bank carried out a comprehensive batch improvement of customer information to enhance the quality of basic anti-money laundering data. It intensified the efforts in technology empowerment for anti-money laundering management, and optimized anti-money laundering system functions and transaction monitoring models based on system operation and key management issues. The Bank regularly conducted money laundering risk assessment of business products and effectively identified and controlled money laundering risks of new business products. It effectively fulfilled its responsibility as a financial institution in terms of publicity and education, carried out internal thematic training to enhance the ability to perform duties and knowledge reserves of its employees, and organized external publicity activities in various forms to strengthen the risk prevention awareness of the public and customers.

During the Reporting Period, the Bank had no significant and material money laundering risk incidents.

(IX) Strategic Risk

During the Reporting Period, the Bank further specified its development path and accelerated the implementation of its strategies. The strategic risks were stable and manageable in general. No major strategic risk incidents occurred. Clarifying strategic direction and further defining development path. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Bank thoroughly studied and implemented the spirit of the 20th CPC National Congress and the second and third plenary sessions of the 20th CPC Central Committee, the spirit of the Central Financial Work Conference and the Central Economic Work Conference, and the spirit of the important speech made by General Secretary Xi Jinping during his visit to Tianjin. Guided by the implementation of the “Three Points on Quantity and Quality” requirements, the Bank promptly revised its Fourth “Five-Year Plan”. The revised plan further defines the strategic positioning and development direction of the Bank, ensuring seamless alignment with the next planning cycle while pursuing foresight and guidance for planning. Focusing on overcoming challenges and accelerating implementation of strategies. The Bank took enhancing quality as the premise and basis to strengthen the foundation of development, making the best use of existing resources as the urgent need and key to operate with greater agility, and optimizing allocation of new resources as the path and pillar to build up development momentum, striving to attain new achievements in high-quality growth.

(X) Reputational Risk

Reputational risk refers to the risk of forming negative evaluation of the Bank by stakeholders, public or media due to the Bank’s behaviors, employees’ behavior or external events, etc., which in turn damages the brand value, has an adverse effect on the normal operation, and even affects market stability and social stability. During the Reporting Period, the overall public opinion of the Bank was good, and no major reputation incident occurred.

During the Reporting Period, the Bank strictly implemented the supervisory requirements, continuously optimized the working mechanism and strengthened the whole process management, in order to actively improve the capability to manage reputational risk: firstly, it strengthened the control over public sentiment, and continuously improved the immediacy and accuracy of dynamic public opinion monitoring; adhered to the concept of prevention-oriented reputational risk management, it continuously increased efforts in public opinion investigation, judgment, warning and alerts, striving to improve forward-looking reputational risk management; it effectively reinforced the managing accountability of the party at the source of the incident, strengthened the risk prevention and control at source, and continuously improved the management quality and efficiency; it actively studied and determined the risks of public opinion and reported to the superior authorities in charge, and appropriately addressed various public opinion incidents; it strengthened the awareness towards reputational risk prevention throughout the Bank and enhanced the ability of the Bank in response to public opinion emergencies by organizing bank-wide reputational risk inspections and drills related to public opinion incidents. Secondly, the Bank strengthened positive publicity. The Bank proactively fulfilled its responsibilities as a state-owned joint-stock bank. Focusing on the themes of “five priorities”, “Three Upgrades” and “Three Points on Quantity and Quality”, the Bank exhibited a “strong” momentum towards new development through multi-channel publicity in different forms including interview conducted by national and mainstream media, special interviews with the management of the Bank and forums and awards, and continuously enhanced its brand image and accumulated reputation capital.

(XI) Country Risk

The Bank incorporates country risk management into its comprehensive risk management system. In accordance with the regulatory requirements, the Bank dynamically monitors changes in country risks, formulates country risk limits in conjunction with the rating results of external international rating agencies, regularly monitors the implementation of country risk limits, continuously improves the level of automatic monitoring of country risk information, and promotes the comprehensive tracking and control of changes in the risk conditions of the countries or regions where its branches are located and their business spread across.

During the Reporting Period, the Bank published the Country Risk Management Measures of CHINA BOHAI BANK CO., LTD. (2024 Revised Version) and the Country Risk Rating and Quota Management Scheme of CHINA BOHAI BANK CO., LTD. for 2024 in accordance with the regulatory requirement, which further regulated the identification, assessment, measurement and control of country risks. At the same time, the Bank conducted regular country risk stress tests to consider the impact of the possible country risk exposures on the Bank's capital under extreme but reasonable scenarios. During the Reporting Period, the Bank mainly focused on domestic business activities, and its cross-border counterparties were mainly concentrated in developed countries. The Bank's assets involving country risk exposure were small in size, so the country risk was under overall control.

(XII) ESG Risk

The Bank incorporates ESG risks into the comprehensive risk management system, clarifies the ESG risk management functions of the Board of Directors, the Board of Supervisors, the senior management and the management departments, establishes and improves the ESG risk management decision-making mechanism at an advanced level in the industry, in order to develop itself into a responsible bank with a leading philosophy, sustainable economy and outstanding ESG performance and enhance its own ESG performance. The Bank focuses on the impact of ESG risks of credit customers on the safety of the Bank's credit assets, strengthens ESG risk classification management and risk identification of credit customers, and adopts more stringent evaluation and review measures for high-risk customers.

During the Reporting Period, the Bank actively fulfilled its environmental and social responsibilities by implementing green operations and developing green finance, inclusive finance, pension finance, technology finance and digital finance, thus creating social value. It also strengthened communication with stakeholders and consumer rights protection while caring for the health and career development of its employees, and did not incur any ESG-related material and substantive risk events.

XII. ANALYSIS OF CORE COMPETITIVENESS

During the Reporting Period, the Bank adhered to the Party's overall leadership over financial work, deeply grasped keeping political consciousness in mind and putting people first in the financial work, firmly established the political consciousness of providing high-quality financial services for economic and social development, and promoted deepening reform, transformation and revitalization along the road of financial development with Chinese characteristics. The Bank's major advantages are reflected in the following four aspects:

Firstly, the Bank is at an advantage of having a national joint-stock commercial bank license. The Bank is the only national joint-stock commercial bank established since the amendment of the Commercial Banking Law in 2003, the first national joint-stock commercial bank headquartered in Tianjin, and the first national joint-stock commercial bank to introduce foreign strategic investors at the start-up stage since 2000. Its national banking license is a scarce resource.

Secondly, the Bank has basically completed its strategic deployment in major provincial capitals and economically important cities across the country. The Bank's network is concentrated in the economically developed regions in China with a focus on supporting national strategies. The branches and sub-branches in major free trade zones across the country and the Hong Kong Special Administrative Region can serve as a bridgehead for its international business and services to international customers.

Thirdly, the Bank has scarce resources such as a wealth management subsidiary and capital operation center licenses. Business synergies are created within the Group. The increasingly improved and diversified services to customers are conducive to the provision of multi-category, multi-channel, multi-chain and full-cycle integrated financial services solutions to various target customers of the Bank.

Fourthly, the Bank has become an H-share listed bank. It has realized a supervision and improvement mechanism for the Bank's corporate governance and information disclosure based on capital market rules, which is conducive to the continuous improvement of the corporate governance level of the Bank, expanding international vision and establishing an international brand.

XIII. FUTURE DEVELOPMENT OUTLOOK

(I) Economic, Financial and Banking Industry Outlook

In 2025, the global trend towards trade protectionism is expected to intensify, potentially exacerbating the "decoupling" of global supply and industrial chains, increasing the risk of trade friction, and heightening geopolitical uncertainties. The pattern of deglobalization is likely to deepen further in the coming years.

In China, the third plenary session of the 20th CPC Central Committee put an emphasis on an economic system reform, and aimed to further comprehensively deepen reforms and advance the modernization of China. At the Central Economic Work Conference, it was proposed that in 2025, more proactive and effective macro policies should be implemented: the fiscal policy will be more active by raising the fiscal deficit rate, issuing more ultra-long special treasury bonds, and increasing the issuance and use of local government special-purpose bonds to expand the scope of investment and the use of project capital funds. The scale of broad-based fiscal spending is expected to further increase. Monetary policy will be appropriately accommodative, with timely cuts to required reserve ratios and interest rates, while leveraging the role of monetary policy instruments in adjusting both the monetary aggregate and structure, and working in concert with the fiscal policy to jointly promote economic recovery and improvement. The role of household consumption as a growth engine is expected to significantly strengthen, and investment will continue to grow steadily. While external uncertainties may disrupt exports, positive factors remain. More proactive and effective macro policies will support the improvement of the business environment of the banking industry.

In 2025, the banking industry will maintain stable improvement in general. In particular, the implementation of the package of new policies is expected to take effect, and the balance sheets of local governments, enterprises, and households are expected to see improvements successively, with the growth rate of asset size remaining generally stable and the asset structure being further optimized. Banks will continue to face downward pressure on the pricing of its assets, while deposit rates are expected to decrease in line with policy rates. As some medium- and long-term deposits gradually enter the re-pricing cycle, and high-cost interbank liabilities may be further regulated, the pressure on liability costs is expected to ease. Considering both assets and liabilities, the declining net interest margins of the banking industry in 2025 is expected to be bottomed out and narrowed. The policies in pursuit of steady growth will have a positive effect on the disposal and resolution of risks in key areas, and the local government debts and real estate risks are expected to be mitigated, while asset quality indicators for the banking industry are expected to remain relatively stable. Along with the implementation of the policies to issue special treasury bonds and local government special-purpose bonds to supplement bank capital, the capacity of the banking industry in maintaining robust operations is expected to improve.

(II) Guiding Ideology and Major Measures for the Bank's Business Development in 2025

In 2025, the Bank will adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implement the guiding principles from the 20th CPC National Congress and the second and third plenary sessions of the 20th CPC Central Committee, conscientiously implement the spirit of the Central Economic Work Conference and the important statements from General Secretary Xi Jinping on finance works, strive to follow the decisions and arrangements of the Party Central Committee and the State Council, and fully implement the regulatory policies and work requirements of the Tianjin Committee of the CPC and Tianjin Municipal People's Government. The Bank will stay committed to pursuing progress while ensuring stability, promoting stability through progress, upholding fundamental principles and breaking new ground, and establishing the new before abolishing the old. It will promote systematic integration and efficient coordination. The Bank will insist on taking a target-oriented and problem-oriented approach, promote structural adjustment, achieve functional improvement, advance model switch, and realize business transformation. The Bank will earnestly fulfill its political mission of "five priorities", serve the development of Tianjin's unique finance (industrial finance and shipping finance), and firmly promote the implementation of the "Nine-Five-Three-One" system. The Bank will integrate Party building, the building up of risk control compliance and digital transformation into its operations, putting its utmost efforts in achieving strategic goals.

Major work measures: Firstly, promoting full and rigorous Party self-governance to lay a solid foundation for high-quality development. Adhere to comprehensive party leadership, firmly establish political loyalty, maintain a clear direction for development, uphold the concept of accountability, and consistently maintain strict tone, strict measures and strict atmosphere. Secondly, fulfilling financial objectives and enhancing capabilities in serving the real economy. Putting utmost efforts in implementing the "five priorities", focusing on key areas, strengthening systematic policy implementation, optimizing organizational safeguards, and continuously innovating industry financial service models. Thirdly, focusing on operational fundamentals and improving asset and liability management. Enhancing comprehensive planning of liabilities, improving the logical layout of operating assets, and optimizing and upgrading the business model. Accelerating capital replenishment and duly completing capital bond issuance. Fourthly, promoting business transformation, facilitating the switch of strategic transformation of the "Nine Major Banks" to tactic transformation, and implementing the construction of the "Five Factories". Fifthly, deepening the reform of the "Three Systems" and enhancing organizational safeguards. Serving the high-quality development of China Bohai Bank in a better way by promoting organizational structure optimization and reshape, giving full play to the guiding role of performance appraisal, and improving remuneration allocation mechanism. Sixthly, enhancing risk control and compliance and adhering to the basic laws of business development. Strengthening comprehensive risk management, adhering to risk control logics, keeping risk and business advance with times, strictly preventing "later-leak" risks, continuously facilitating the construction of internal control, fraud prevention and operational risk systems, and comprehensively improving the risk control and compliance standards. Seventhly, accelerating digital transformation and continuously enhancing digital empowerment. Facilitating the construction of four major enterprise-level projects, expanding the large model layout, and focusing on the comprehensive planning for precise risk management, personalized customer marketing, intelligent product operation and automated internal management, thus actively empowering the high-quality development across the Bank. Eighthly, implementing lean management and improving the quality and efficiency of service. Putting greater efforts in management works on financial support, operating services, system construction, network security, consumer protection as well as safety and stability, continuously addressing shortcomings in development and planning for the long term, and vigorously improving lean management standards.

Changes in Share Capital and Information on Shareholders

I. CHANGES IN ORDINARY SHARES

There was no change in the Bank's ordinary shares during the Reporting Period. The Bank's ordinary shares are as follows:

	December 31, 2023		Changes during the Reporting Period (shares)	December 31, 2024	
	Number (shares)	Percentage (%)		Number (shares)	Percentage (%)
Domestic Shares	11,561,445,000	65.09	–	11,561,445,000	65.09
H Shares	6,200,555,000	34.91	–	6,200,555,000	34.91
Total ordinary shares	17,762,000,000	100.00	–	17,762,000,000	100.00

Note: As of the end of the Reporting Period, the Bank had 75 Shareholders, including 11 holders of Domestic Shares and 64 holders of H Shares.

II. SHAREHOLDING OF TOP 10 SHAREHOLDERS OF ORDINARY SHARES

As of the end of the Reporting Period, shareholding of top 10 Shareholders of ordinary shares of the Bank was as follows:

Name of Shareholder	Nature of Shareholder	Changes during the Reporting Period (shares)	Number of shares held at the end of the Reporting Period (shares)	Shareholding percentage (%)	Class of shares
TEDA Investment Holding Co., Ltd. ⁽²⁾	State-owned legal person	–	3,612,500,000	20.34	Domestic Shares
HKSCC Nominees Limited ⁽³⁾	Overseas legal person	(105,500)	3,311,646,400	18.64	H Shares
Standard Chartered Bank (Hong Kong) Limited	Overseas legal person	–	2,888,555,000	16.26	H Shares
China Shipping Investment Co., Ltd.	State-owned legal person	–	1,975,315,000	11.12	Domestic Shares
State Development & Investment Corp., Ltd.	State-owned legal person	–	1,686,315,000	9.49	Domestic Shares
China Baowu Steel Group Corporation Limited	State-owned legal person	–	1,686,315,000	9.49	Domestic Shares
Oceanwide Industry Co., Ltd.	Domestic non-state-owned legal person	–	1,370,706,739	7.72	Domestic Shares
Tianjin Shanghui Investment Holding Company Limited	Domestic non-state-owned legal person	–	1,156,000,000	6.51	Domestic Shares
Shine Enterprise (Tianjin) Co., Ltd.	Domestic non-state-owned legal person	–	29,424,331	0.17	Domestic Shares
Tianjin Xianghe Enterprise Management Consulting Co., Ltd.	Domestic non-state-owned legal person	–	14,712,166	0.08	Domestic Shares
Tianjin Firstwood Co., Ltd.	Domestic non-state-owned legal person	–	14,712,166	0.08	Domestic Shares

Notes: (1) The above information is prepared based on the share registration as of December 31, 2024 of the Bank's Share Registrar.

(2) TEDA Investment Holding Co., Ltd. confirmed that, as of the end of the Reporting Period, in addition to the 3,612,500,000 Domestic Shares of the Bank directly held, Jinlian (Tianjin) Finance Lease Co., Ltd., one of its affiliates, also held 48,438,000 H Share of the Bank through HKSCC Nominees Limited. As such, TEDA Investment Holding Co., Ltd. and its affiliate held a total of 3,660,938,000 shares of the Bank, representing shareholding of 20.61%.

(3) The shares held by HKSCC Nominees Limited as agent are the total amount of shares in the Bank's H-share investors' accounts traded on the trading platform of HKSCC Nominees Limited.

III. INFORMATION OF SUBSTANTIAL SHAREHOLDERS UNDER THE INTERIM MEASURES FOR THE EQUITY MANAGEMENT OF COMMERCIAL BANKS

According to relevant requirements of the Interim Measures for the Equity Management of Commercial Banks, as of the end of the Reporting Period, the relevant information of substantial Shareholders of the Bank was as follows:

(I) TEDA Investment Holding Co., Ltd.

TEDA Investment Holding Co., Ltd. is principally engaged in three major businesses, namely, industry, finance and urban comprehensive development, while strengthening the two major functions of capital operation and asset management. Registered capital: RMB17.10695 billion; legal representative: QU Defu; Add.: 1201, No. 9 Shengda Street, Tianjin Economic-Technological Development Area; controlling shareholder: Tianjin SASAC; actual controller: Tianjin SASAC. As of the end of the Reporting Period, TEDA Investment Holding Co., Ltd. pledged 696,900,000 shares of the Bank.

(II) Standard Chartered Bank (Hong Kong) Limited

Standard Chartered Bank (Hong Kong) Limited is a bank incorporated and domiciled in Hong Kong. It was established on December 12, 2003 and its registered address is 32/F, 4-4A Des Voeux Road Central, Central, Hong Kong. It is mainly engaged in the provision of banking and related financial services. Controlling shareholder: Standard Chartered PLC; actual controller: Standard Chartered PLC. As of the end of the Reporting Period, none of the shares of the Bank held by Standard Chartered Bank (Hong Kong) Limited had been pledged or frozen.

Standard Chartered PLC was established on November 18, 1969 in London, UK, mainly providing a full range of banking and financial services. Registered address: 1 Basinghall Avenue, London EC2V 5DD, United Kingdom; chairman: José Viñals; CEO: Bill Winters.

(III) China Shipping Investment Co., Ltd.

China Shipping Investment Co., Ltd., established on June 26, 1998, is a wholly-owned subsidiary of COSCO SHIPPING Development Co., Ltd. Its business scope: industrial investment and equity investment. Registered capital: RMB21.383 billion; legal representative: DU Haiying; Add.: Room 100, 1/F, Block 6, No. 58 Rui Xing Road, Lin-Gang New Area, China (Shanghai) Pilot Free Trade Zone; controlling shareholder: COSCO SHIPPING Development Co., Ltd.; actual controller: SASAC. As of the end of the Reporting Period, none of the shares of the Bank held by China Shipping Investment Co., Ltd. had been pledged or frozen.

COSCO SHIPPING Development Co., Ltd. was founded on March 3, 2004. Its business scope: shipment of domestic general cargo ships along the coast and in the middle and lower reaches of the Yangtze River and domestic coastal feeder liners for foreign trade containers, international shipping (including liner shipment of container), manufacturing, repair, leasing of containers, ship leasing, and trading of self-owned container and self-used ship. Marine management, technical management and ship repair, maintenance, trading, leasing, operation, asset management and other ship management services of domestic coastal general cargo ships (except bulk ships). For the projects that must be approved according to law, the business activities can be carried out only after the approval of relevant departments. Registered capital: RMB13.573299906 billion; legal representative: ZHANG Mingwen; Add.: Room A-538, World Trade Tower, Lin-Gang New Area, China (Shanghai) Pilot Free Trade Zone.

(IV) State Development & Investment Corp., Ltd.

State Development & Investment Corp., Ltd. was founded in 1995. The company has always adhered to serving the national strategy, regarded promoting structural optimization, building a better life, promoting technological innovation, and leading industrial upgrading as its mission, and played the leading and driving role of state-owned capital in important industries and key fields. The company targets to build a worldclass capital investment company with a focus on four major business segments, namely “energy industry”, “digital/technology”, “people’s livelihood and health” and “industrial finance”. Registered capital: RMB33.8 billion; legal representative: FU Gangfeng; Add.: International Investment Building, No.6-6 Fuchengmen North Street, Xicheng District, Beijing; controlling shareholder: SASAC; actual controller: SASAC. As of the end of the Reporting Period, none of the shares of the Bank held by State Development & Investment Corp., Ltd. had been pledged or frozen.

(V) China Baowu Steel Group Corporation Limited

China Baowu Steel Group Corporation Limited, formerly known as “Shanghai Baosteel Group Corporation (上海寶鋼集團公司)” and “Baosteel Group Corporation (寶鋼集團有限公司)”, with its predecessor being Baoshan Iron and Steel (Group) Corporation (寶山鋼鐵(集團)公司), was founded on January 1, 1992, and is a legally established wholly state-owned corporation for which the SASAC performs the duties of investor on behalf of the State Council. Its main business scope includes permitted projects: retail of publications; wholesale of publications (Projects that are subject to approval in accordance with laws shall only be carried out upon approval by relevant authorities. The specific business projects are subject to the approval documents or permits of relevant authorities); general projects: investment activities with self-owned funds; investment management; asset management services invested with self-owned funds; corporate headquarters management; leasing of land use rights; non-residential real estate leasing; taxation services; human resource services (excluding employment intermediary activities and labor dispatch services); market entity registration agency; business agency services; undertaking outsourcing of file services; bidding agency services; big data services; business management consulting (Except for projects subject to approval in accordance with laws, business activities shall be conducted independently with the business licences in accordance with laws). Registered capital: RMB52.791101 billion; legal representative: HU Wangming; Add.: No.1859 Shibo Avenue, China (Shanghai) Pilot Free Trade Zone; controlling shareholder: SASAC; actual controller: SASAC. As of the end of the Reporting Period, none of the shares of the Bank held by China Baowu Steel Group Corporation Limited had been pledged or frozen.

(VI) Oceanwide Industry Co., Ltd.

Established in November 1992, Oceanwide Industry Co., Ltd. is an important investment holding and property leasing platform under China Oceanwide Holdings Group Co., Ltd. Registered capital: RMB24 billion; legal representative: SUN Houxing; Add.: No. 6602 Dongfeng East Street (inside the Oceanwide City Garden (泛海城市花園)), Weifang Hi-Tech Industrial Development Zone, Shandong Province; controlling shareholder: China Oceanwide Holdings Group Co., Ltd.; actual controller: LU Zhiqiang. As of the end of the Reporting Period, 1,370,706,739 shares of the Bank held by Oceanwide Industry Co., Ltd. had been judicially frozen and on the freezing list.

China Oceanwide Holdings Group Co., Ltd., established in April 1988, mainly engages in investment in infrastructure projects and industries, capital operation & asset management, hotel & property management, among others. Registered capital: RMB20 billion; legal representative: LU Zhiqiang; Add.: 23/F, Building C, Minsheng Financial Center, No. 28 Jianguomennei Avenue, Dongcheng District, Beijing.

(VII) Tianjin Shanghui Investment Holding Company Limited

Established on April 5, 2004, Tianjin Shanghui Investment Holding Company Limited is a company mainly engaged in capital market services and focuses on financial capital investment. Registered capital: RMB1.16 billion; legal representative: ZHANG Yunji; Add.: Room B318, Building 8, East Area, Airport Business Park, No. 80 Huanhe North Road, Tianjin Pilot Free Trade Zone (Airport Economic Zone); the company has no controlling shareholder or actual controller. As of the end of the Reporting Period, none of the shares of the Bank held by Tianjin Shanghui Investment Holding Company Limited had been pledged or frozen.

Each substantial Shareholder of the Bank did not authorize any other person to or accept any other person's authorization to hold shares of the Bank, and there were no other ultimate beneficiaries. As of the end of the Reporting Period, except that TEDA Investment Holding Co., Ltd. and its affiliate, Jinlian (Tianjin) Finance Lease Co., Ltd., held in total 3,660,938,000 shares of the Bank, there is no person acting in concert among other substantial Shareholders.

The Bank has treated its substantial Shareholders and their controlling shareholders, actual controllers, persons acting in concert, ultimate beneficiaries etc., totaling 3,480 enterprises as related parties of the Bank in management in light of their relationship with the Shareholders. For details on related party transactions, please refer to "Audit Report and Financial Report: Notes to the Consolidated Financial Statements: 'Related party transactions'" in this annual report.

IV. CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER

During the Reporting Period, the Bank had no controlling shareholder or actual controller.

V. INTERESTS AND SHORT POSITIONS OWNED BY SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE BANK'S SHARES UNDER HONG KONG LAWS AND REGULATIONS

As of the end of the Reporting Period, to the knowledge of the Directors or chief executives of the Bank, as recorded in the register required to be kept under section 336 of the SFO, the following persons (other than the Directors, Supervisors and chief executives of the Bank) had or were deemed to have interests and short positions in the shares or underlying shares of the Bank which would be required to be disclosed to our Bank and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Nature of interest	Class of shares	Long positions/short positions	Number of shares directly or indirectly held	% of interest in the Bank	% of the relevant class of shares
TEDA Investment Holding Co., Ltd.	Beneficial owner	Domestic Shares	Long positions	3,612,500,000	20.34	31.25
	Interest in controlled corporation ⁽¹⁾	H Shares	Long positions	48,438,000	0.27	0.78
Standard Chartered PLC ⁽²⁾	Interest in controlled corporation	H Shares	Long positions	2,888,555,000	16.26	46.59
Standard Chartered Bank (Hong Kong) Limited	Beneficial owner	H Shares	Long positions	2,888,555,000	16.26	46.59
China COSCO Shipping Corporation Limited ⁽³⁾	Interest in controlled corporation	Domestic Shares	Long positions	1,975,315,000	11.12	17.09
	Interest in controlled corporation	Domestic Shares	Long positions	1,975,315,000	11.12	17.09
China Shipping Group Company Limited ⁽³⁾	Interest in controlled corporation	Domestic Shares	Long positions	1,975,315,000	11.12	17.09
COSCO SHIPPING Development Co., Ltd. ⁽³⁾	Interest in controlled corporation	Domestic Shares	Long positions	1,975,315,000	11.12	17.09
China Shipping Investment Co., Ltd.	Beneficial owner	Domestic Shares	Long positions	1,975,315,000	11.12	17.09
State Development & Investment Corp., Ltd.	Beneficial owner	Domestic Shares	Long positions	1,686,315,000	9.49	14.59
China Baowu Steel Group Corporation Limited	Beneficial owner	Domestic Shares	Long positions	1,686,315,000	9.49	14.59

Name of Shareholder	Nature of interest	Class of shares	Long positions/short positions	Number of shares directly or indirectly held	% of interest in the Bank	% of the relevant class of shares
LU Zhiqiang ⁽⁴⁾	Interest in controlled corporation	Domestic Shares	Long positions	1,370,706,739	7.72	11.86
HUANG Qiongzi ⁽⁴⁾	Interest of spouse	Domestic Shares	Long positions	1,370,706,739	7.72	11.86
Tohigh Holdings Co., Ltd. ⁽⁴⁾	Interest in controlled corporation	Domestic Shares	Long positions	1,370,706,739	7.72	11.86
Oceanwide Group Co., Ltd. ⁽⁴⁾	Interest in controlled corporation	Domestic Shares	Long positions	1,370,706,739	7.72	11.86
China Oceanwide Holdings Group Co., Ltd. ⁽⁴⁾	Interest in controlled corporation	Domestic Shares	Long positions	1,370,706,739	7.72	11.86
Oceanwide Industry Co., Ltd.	Beneficial owner	Domestic Shares	Long positions	1,370,706,739	7.72	11.86
Tianjin Shanghui Investment Holding Company Limited	Beneficial owner	Domestic Shares	Long positions	1,156,000,000	6.51	10.00
Shandong Gold Financial Holdings Group (HongKong) Co., Limited	Beneficial owner	H Shares	Long positions	327,294,500	1.84	5.28
Yichang HEC Health Pharmaceutical Co., Ltd.	Beneficial owner	H Shares	Long positions	322,920,500	1.82	5.21

- Notes: (1) The interests are held by TEDA Investment Holding Co., Ltd. through its subsidiary Jinlian (Tianjin) Finance Lease Co., Ltd.
- (2) Standard Chartered Bank (Hong Kong) Limited is wholly owned by Standard Chartered PLC, and therefore Standard Chartered PLC is deemed to be interested in all the shares held by Standard Chartered Bank (Hong Kong) Limited for the purpose of the SFO.
- (3) China Shipping Investment Co., Ltd. is wholly owned by COSCO SHIPPING Development Co., Ltd., and in turn owned by China Shipping Group Company Limited as to approximately 39.28%. China Shipping Group Company Limited is wholly owned by China COSCO Shipping Corporation Limited. As such, each of China COSCO Shipping Corporation Limited, China Shipping Group Company Limited and COSCO SHIPPING Development Co., Ltd. is deemed to be interested in all the shares held by China Shipping Investment Co., Ltd. for the purpose of the SFO.
- (4) Oceanwide Industry Co., Ltd. is owned by China Oceanwide Holdings Group Co., Ltd. and Oceanwide Group Co., Ltd. as to 60% and 40%, respectively. China Oceanwide Holdings Group Co., Ltd. is owned by Oceanwide Group Co., Ltd. and Tohigh Holdings Co., Ltd. as to 98% and 2%, respectively. Oceanwide Group Co., Ltd. is wholly owned by Tohigh Holdings Co., Ltd. Tohigh Holdings Co., Ltd. is owned by Mr. LU Zhiqiang as to 77.14%. As such, each of Mr. LU Zhiqiang, Ms. HUANG Qiongzi (spouse of Mr. LU Zhiqiang), Tohigh Holdings Co., Ltd., Oceanwide Group Co., Ltd. and China Oceanwide Holdings Group Co., Ltd. is deemed to be interested in all the shares held by Oceanwide Industry Co., Ltd. for the purpose of the SFO.

Save as disclosed above, the Bank is not aware of any other person (other than Directors, Supervisors and chief executives of the Bank) who has any interest or short position in its shares at the end of the Reporting Period which will be required to be recorded in the register kept under section 336 of the SFO.

VI. ISSUANCE AND LISTING OF EQUITY SECURITIES

During the Reporting Period, the Bank had not issued any new shares.

VII. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE BANK

During the Reporting Period, the Bank and its subsidiary had no purchase, sale or redemption of any listed securities (including the sale of treasury shares) of the Bank. As at the end of the Reporting Period, the Bank did not hold any treasury shares of the Bank.

Directors, Supervisors, Members of Senior Management, Employees and Branches

I. DIRECTORS, SUPERVISORS AND MEMBERS OF SENIOR MANAGEMENT

(I) Basic Information and Remuneration of Directors, Supervisors and Members of Senior Management

Name	Position	Gender	Date of birth	Time of joining the Bank	Term of office	Total pre-tax remuneration from the Bank during the Reporting Period (RMB ten thousand) ⁽⁴⁾	Remunerated by the Bank's Shareholders or their related parties
WANG Jinhong	Chairman and executive director	Male	1971.12	2006.12 ⁽³⁾	2023.10-2028.01	58.17	No
AU Siu Luen	Vice chairman and non-executive director	Male	1961.05	2023.09	2023.09-2028.01	-	Yes
YUAN Wei	Non-executive director	Female	1974.02	2019.03	2019.12-2028.01	-	Yes
DUAN Wenwu	Non-executive director	Male	1969.06	2023.11	2023.11-2028.01	-	Yes
HU Aimin	Non-executive director	Male	1973.12	2018.02	2018.09-2028.01	-	Yes
ZHANG Yunji	Non-executive director	Male	1954.08	2009.02	2009.02-2028.01	-	Yes
QU Hongzhi	Executive director	Male	1969.08	2019.12	2020.01-2028.01	258.39	No
	President				2020.01-2027.08		
TSE Yat Hong	Independent non-executive director	Male	1969.10	2019.12	2020.06-2028.01	35.00	No
SHUM Siu Hung Patrick	Independent non-executive director	Male	1961.02	2022.10	2022.10-2028.01	35.00	No
WANG Aijian	Independent non-executive director	Female	1954.11	2025.01	2025.01-2028.01	N/A	N/A
LIU Junmin	Independent non-executive director	Male	1950.01	2025.01	2025.01-2028.01	N/A	N/A
LIU Lanbiao	Independent non-executive director	Male	1966.10	2025.01	2025.01-2028.01	N/A	N/A
BAI Xinyu	Chairman of the Board of Supervisors	Male	1972.08	2024.08	2024.10- the date of re-election	12.84	No
	Employees' representative supervisor						
HUI Yung Chris	External supervisor	Male	1968.11	2019.12	2019.12- the date of re-election	52.50	No
DU Huibin	External supervisor	Female	1977.10	2024.06	2024.06- the date of re-election	-	No
LI Chengbang	Employees' representative supervisor	Male	1975.11	2018.11	2024.10- the date of re-election	52.11	No
ZHANG Hui	Employees' representative supervisor	Female	1973.01	2009.04	2024.10- the date of re-election	137.78	No
DU Gang	Vice president	Male	1970.11	2019.03	2019.04-2027.08	201.55	No
	Secretary to the Board of Directors				2020.10-2028.01		
	Executive director (retired)				2020.01-2025.01		
XIE Kai	Vice president	Male	1972.09	2021.06	2021.07-2027.08	174.06	No
LI Jianguo	Vice president	Male	1972.10	2024.11	2025.02-2027.10	N/A	N/A
QI Jun	Vice president	Male	1974.06	2025.01	2025.02-2027.10	N/A	N/A
DENG Bei	Vice president	Female	1974.04	2009.03	2025.02-2027.10	N/A	N/A
Resigned directors, supervisors and members of senior management							
ZHAO Zhihong	Executive director	Male	1966.01	2015.09	2022.07-2024.07	84.72	No
	Vice president				2020.11-2024.07		
	Chief risk management officer				2020.02-2024.07		
MAO Zhenhua	Independent non-executive director	Male	1964.01	2016.04	2016.06-2025.01	35.00	No
CHI Guotai	Independent non-executive director	Male	1955.07	2016.04	2016.06-2024.05	31.99	No

Name	Position	Gender	Date of birth	Time of joining the Bank	Term of office	Total pre-tax remuneration from the Bank during the Reporting Period (RMB ten thousand) ⁽⁴⁾	Remunerated by the Bank's Shareholders or their related parties
MU Binrui	Independent non-executive director	Male	1956.09	2018.05	2018.09–2025.01	35.00	No
ZHU Ning	Independent non-executive director	Male	1973.09	2019.12	2020.06–2025.01	35.00	No
WANG Chunfeng	Chairman of the Board of Supervisors	Male	1966.02	2019.07	2019.11–2024.07	52.50	No
	Employees' representative supervisor				2019.07–2024.10		
QI Ershi	External supervisor	Male	1953.02	2016.04	2016.04–2024.06	52.31	No
DIAO Qinyi	External supervisor	Male	1955.03	2016.04	2016.04–2024.05	49.30	No
MA Shuming	Employees' representative supervisor	Male	1966.10	2017.02	2021.08–2024.10	136.82	No
JIN Chao	Vice president	Male	1979.03	2021.06	2021.07–2024.07	90.14	No

- Notes: (1) For the changes in the Directors, Supervisors and members of senior management of the Bank as of the date of this annual report, please refer to "(V) Changes in Directors, Supervisors and Members of Senior Management" in this section.
- (2) Among the current Directors, Mr. WANG Jinhong was nominated by Shareholder TEDA Investment Holding Co., Ltd.; Mr. AU Siu Luen was nominated by Shareholder Standard Chartered Bank (Hong Kong) Limited; Ms. YUAN Wei was nominated by Shareholder China Shipping Investment Co., Ltd.; Mr. DUAN Wenwu was nominated by Shareholder State Development & Investment Corp., Ltd.; Mr. HU Aimin was nominated by Shareholder China Baowu Steel Group Corporation Limited; and Mr. ZHANG Yunji was nominated by Shareholder Tianjin Shanghui Investment Holding Company Limited.
- (3) During the Reporting Period, the Directors, Supervisors, and members of senior management of the Bank did not hold shares or stock options of the Bank.
- (4) The amounts disclosed above exclude the remuneration received from the former employer.
- (5) The deferred payment of performance remuneration policy applies to executive Directors (including the chairman), vice presidents and employees' representative Supervisors (including the chairman of the Board of Supervisors) of the Bank in accordance with the related national requirements. The deferred payment period is generally not less than three years. The above amount includes the portion of the performance remuneration for previous years paid during the year.
- (6) During the Reporting Period, the Bank paid a director allowance to independent non-executive Directors for the period from July 1, 2023 to June 30, 2024, and paid a supervisor allowance to external Supervisors for the period from January 1, 2023 to June 30, 2024. During the Reporting Period, employees' representative Supervisors of the Bank did not receive a supervisory allowance for their duties as employees' representative Supervisors.
- (7) During the Reporting period, the Bank paid a total remuneration of RMB469,700 for the period from January 1, 2024 to December 31, 2024 to the assigned leader of discipline inspection team.
- (8) Mr. WANG Jinhong worked for the Bank during the period from December 2006 to December 2019 and has worked for the Bank since April 2023. For details, please refer to the biographical information of Mr. WANG Jinhong disclosed in this section.

(II) Remuneration Management

1. *Remuneration management system*

The compensation and remuneration of our Directors, Shareholders' representative Supervisors and external Supervisors are determined by our Shareholders' general meeting and the compensation and remuneration of members of the senior management are determined by the Board of Directors. Our remuneration policies are formulated by the Nomination and Remuneration Committee of the Board and submitted to the Board of Directors for review. The Nomination and Remuneration Committee is a specialized agency under the Board of Directors of the Bank, which shall be responsible to the Board of Directors and consist of at least five Directors. The remuneration package for the chairman of the Board of Directors, the chairman of the Board of Supervisors and members of our senior management comprises annual basic salary, annual performance-based salary and incentive payments during the tenure. Our independent non-executive Directors and external Supervisors receive allowances from us. When reviewing and determining the Bank's remuneration packages, our Shareholders' general meeting and the Board of Directors take into consideration factors such as relevant work experience, level of education, competency and salaries paid by other comparable companies. The remuneration package for other employees of the Group comprises basic salary, performance salary and welfare income. The Bank also participates in various defined contribution plans organized by relevant government authorities and welfare schemes for our employees, including basic pension insurance, medical insurance, unemployment insurance, work-related accident insurance, maternity insurance and housing provident and enterprise annuity plan. For the defined contribution plans, the Bank will not use the forfeited contributions of the employees who leave the plan prior to vesting fully in such contributions.

During the Reporting Period, the aggregate amounts of remuneration paid by the Group was RMB5,954.88 million.

2. *Remuneration and performance measurement, risk adjustment standards*

Performance-based remuneration is linked to performance appraisal results. During the Reporting Period, the Bank's group assessment indicators included return on net assets, return on total assets, cost-to-income ratio, operating income, pre-tax profit, net profit, volume of domestic trade finance business, interest payment rate for deposits, non-performing loan ratio, capital adequacy ratio, core tier 1 capital adequacy ratio, leverage ratio, allowance to gross loan ratio and case risk loss ratio, and the Bank conducted performance assessment of branches from aspects including operating income, deposit, customers, risks etc., according to the annual operation and management objectives.

3. *Formulation of performance appraisal methods and the completion of performance indicators*

During the Reporting Period, the Bank formulated the Measures for Comprehensive Performance Assessment of Branches of China Bohai Bank in 2024, the Measures for Comprehensive Performance Assessment of Hong Kong Branch of China Bohai Bank in 2024, and other systems. With stable operation as top priority, the Bank continued to follow the general principle of pursuing progress while ensuring stability, and maintained development within an appropriate range; the Bank's non-performing loan ratio, capital adequacy ratio, core tier 1 capital adequacy ratio, leverage ratio, allowance to gross loan ratio and other indicators complied with the regulatory and assessment requirements; legal compliance, regulatory evaluation and ethical standards, corporate social responsibility, customer satisfaction and other social responsibility indicators complied with the assessment requirements.

4. Salaries of employees who have a significant impact on risks

There are 410 people in the Group, including the middle managers of the head office, senior management personnel of the subsidiary and the person in charge of the risk management department of branches, who have a significant impact on risks. Their total remuneration in 2024 amounted to RMB439.97 million, among which no less than 40% of the performance-based remuneration will be deferred for three years, which meets regulatory requirements.

5. Deferred payment of remuneration and non-cash remuneration

The Bank implemented the deferred payment and reclaiming of performance-based remuneration in accordance with the requirements under the Guidelines on Healthy Remuneration Supervision for Commercial Banks and the Guidance Opinions on the Establishment and Optimization of System for Reclaiming of performance-base Remuneration for Banks and Insurance Companies. The reclaiming of performance-based remuneration includes reclaiming paid performance-based remuneration and terminating payment of unpaid performance remuneration. For relevant responsible persons who have violated regulations and disciplines and whose cases have not yet been concluded, or caused significant exposure to risks within the scope of their responsibilities due to obvious negligence or failure to exercise prudent management, the Bank shall reclaim and withhold their performance-based remuneration of the corresponding periods. In 2024, the Bank reclaimed and withheld performance-based remuneration of 612 employees in an amount of RMB24.03 million.

During the Reporting Period, the Bank did not implement any equity incentive scheme.

6. Exceptions to the original remuneration package

During the Reporting Period, there were no exceptions beyond the original remuneration package.

(III) The Positions of Directors, Supervisors and Members of Senior Management at Shareholders

Name	Employer	Position	Term of service
AU Siu Luen	Standard Chartered Bank (Hong Kong) Limited	Managing director	May 2023 to present
YUAN Wei	China Shipping Investment Co., Ltd.	Director	August 2021 to present
ZHANG Yunji	Tianjin Shanghui Investment Holding Company Limited	Chairman of the board of directors	September 2009 to present

(IV) Major Work Experience, Positions and Part-time Jobs of Directors, Supervisors and Senior Management Members

Directors

Mr. WANG Jinhong

Mr. WANG is an economist and a doctorate candidate in finance. He was a vice president of Tianjin Branch of Shenzhen Development Bank, the party secretary and president of Tianjin Branch of the Bank, the party secretary and president of Binhai New District Branch of the Bank, the president of Tianjin Pilot Free Trade Zone Branch of the Bank, an assistant to president, a member of the party committee, a vice president and an executive Director of the Bank. He was chairman of Tianjin Haihe River Industry Fund Management Co., Ltd. (天津市海河產業基金管理有限公司). He currently serves as the party secretary and chairman of the Bank.

Mr. AU Siu Luen

Mr. AU has a bachelor's degree. He served as the chief executive officer and chairman of Citibank (China) Co., Limited and Regional Co-Head of Client Coverage, Corporate, Commercial and Institutional Banking for Asia of Standard Chartered Bank. He currently serves as vice chairman of the Bank and the managing director of Standard Chartered Bank (Hong Kong) Limited.

Ms. YUAN Wei

Ms. YUAN is a senior economist with a doctoral degree, she previously served as deputy general manager of financial business department of China Shipping Container Lines Co., Ltd. (中海集裝箱運輸股份有限公司), deputy general manager of financial business department of COSCO SHIPPING Development Co., Ltd. (中遠海運發展股份有限公司), and investment director of COSCO Shipping Captive Insurance Co., Ltd. (中遠海運財產保險自保有限公司). She currently serves as a non-executive Director of the Bank, chief investment officer and general manager of strategic investment department of COSCO SHIPPING Development Co., Ltd., and a director of China Shipping Investment Co., Ltd.

Mr. DUAN Wenwu

Mr. DUAN is a professorate senior accountant and has a bachelor's degree. He served as deputy manager of SDIC Finance Co., Ltd. (國投財務有限公司), deputy director and director of the finance and accounting department of State Development and Investment Corp (國家開發投資公司), general manager of SDIC Essence (Holdings) Co., Ltd (國投安信股份有限公司), general manager of SDIC Capital Co., Ltd. (國投資本股份有限公司), chairman of SDIC Finance Co., Ltd. (國投財務有限公司), general manager and chairman of China National Investment and Guaranty Corporation (中國投融資擔保股份有限公司), and a non-executive director of China International Capital Corporation Limited. He currently serves as a non-executive Director of the Bank, secretary of the party committee and chairman of SDIC Capital Co., Ltd. (國投資本股份有限公司) and secretary of the party committee and chairman of SDIC Securities Co., Ltd. (國投證券股份有限公司).

Mr. HU Aimin

Mr. HU has a university education background. He previously served as a deputy general manager and the general manager of the capital operation department and the general manager of the investment management department, the general manager of industry and finance integrated development center and the secretary of the party working committee of industry and finance of China Baowu Steel Group Corporation Limited, the secretary of the party committee, a director and senior vice president of Shanghai Baosteel Packaging Co., Ltd., and the general manager of Hwabao Investment Co., Ltd. He currently serves as a non-executive Director of the Bank, the secretary of the party committee and chairman of the board of directors of Hwabao Investment Co., Ltd., the chairman of the board of directors of Hwabao Futures Co., Ltd. (formerly known as "Sinosteel Futures Co., Ltd."), a director of Hwa Bao Securities Co., Ltd., a director of Zhongjin Ruide (Shanghai) Shareholding Investment Management Co., Ltd., a director of New China Life Insurance Company Ltd., and a supervisor of Xinjiang Tianshan Steel United Co., Ltd.

Mr. ZHANG Yunji

Mr. ZHANG has a master's degree. He once worked in Tianjin Branch of Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司天津市分行) for a long time, where he served as an assistant to the president and a vice president. In addition, he used to serve as the chairman of the board of directors and the general manager of Tianjin Rongsheng Xinye Investment and Development Co., Ltd. He currently serves as a non-executive Director of the Bank and the chairman of the board of directors of Tianjin Shanghai Investment Holding Company Limited.

Mr. QU Hongzhi

Mr. QU is a professorate senior economist with a master's degree in finance and a doctor's degree in management. He once worked in China Construction Bank Corporation, where he served as the general manager of asset security department and general manager of legal affairs department of Tianjin branch, the president of Nankai sub-branch, the president of Heping sub-branch, an assistant to the president, a vice president and a member of the party committee of Tianjin branch, and the deputy secretary of the party committee and a vice president of Jiangsu branch. He currently serves as the deputy secretary of the party committee, an executive Director and the president of the Bank.

Mr. TSE Yat Hong

Mr. TSE is a Fellow of the Hong Kong Institute of Certified Public Accountants, and a Fellow of Certified Public Accountants (FCPA) of CPA Australia with a bachelor's degree. He once served as the chief financial officer and company secretary of Shenzhen International Holdings Limited, a joint company secretary and non-executive director of Shenzhen Expressway Company Limited, and an independent non-executive director of Sky Light Holdings Limited and E-Star Commercial Management Company Limited. He currently serves as an independent non-executive Director of the Bank and an independent non-executive director of China Huirong Financial Holdings Limited and Radiance Holdings (Group) Company Limited.

Mr. SHUM Siu Hung Patrick

Mr. SHUM has a bachelor's degree. He served as the China chief risk officer and vice president of ABN AMRO, the senior credit approval officer and senior vice president, the professional credit approval officer of China real estate of DBS Bank (China) Limited, the director and the credit approval officer of commercial real estate (Asia, excluding Japan) of Deutsche Bank, the vice president and director of credit risk department of OCBC Wing Hang Bank (China) Limited, the director of the risk department in China and the head of credit risk in the Great China Region of Maybank. He currently serves as an independent non-executive Director of the Bank.

Ms. WANG Aijian

Ms. WANG is a professor with a doctor's degree. She served as a teacher of the Department of Finance of Tianjin University of Finance and Economics, a vice dean of the School of Economics of Tianjin University of Finance and Economics, a director of the Office of Academic Development of Tianjin University of Finance and Economics and the vice president of Tianjin University of Finance and Economics. She currently serves as an independent non-executive Director of the Bank, a director of Coordinated Innovation Center For Binhai Finance in China (CICBFC) under Tianjin University of Finance and Economics, an independent director of Tasly Pharmaceutical Group Co., Ltd. (天士力醫藥集團股份有限公司), and an independent director of GuoDu Securities Co., Ltd. (國都證券股份有限公司).

Mr. LIU Junmin

Mr. LIU is a professor with a doctor's degree. He served as a lecturer in Tianjin University of Finance and Economics, an associate professor and a professor in the School of Economics of Nankai University, and an independent director of Sanbo Hospital Management Group Limited (三博腦科醫院管理集團股份有限公司). He currently serves as an independent non-executive Director of the Bank, an independent non-executive director of Chinese People Holdings Company Limited, as well as an independent non-executive director of China Literature Limited.

Mr. LIU Lanbiao

Mr. LIU is a professor with a doctor's degree. He used to be engaged in teaching and scientific research in the School of Economics of Nankai University. He once served as a vice dean of the School of Finance of Nankai University and an external supervisor of Liaoshen Bank. He currently serves as an independent non-executive Director of the Bank, and is also engaged in teaching and scientific research in the School of Finance of Nankai University and serves as vice dean of the Institute of State Economy of Nankai University, an independent director of NYOCOR Co., Ltd. and an external supervisor of Industrial and Commercial Bank of China Limited.

Supervisors**Mr. BAI Xinyu**

Mr. BAI is an economist with a bachelor's degree. He worked for a long time in the People's Bank of China and later served as the deputy director of the International Shipping and Financial Development Promotion Centre of Tianjin Dongjiang Free Trade Port Area, the general manager of the business department of the Tianjin Branch and the president of Puhui Subbranch of Shanghai Pudong Development Bank, a member of the Standing Committee of the Party Committee and a deputy director of the Administrative Committee of Tianjin Dongjiang Free Trade Port Area, the deputy secretary of the Party Committee of Tianjin Dongjiang Comprehensive Bonded Zone and the deputy director of the Administrative Committee of Tianjin Dongjiang Comprehensive Bonded Zone (the Administrative Committee of Tianjin Dongjiang Port Area). He currently serves as the deputy secretary of the Party Committee, the chairman of the Board of Supervisors, and the union president of the Bank.

Mr. HUI Yung Chris

Mr. HUI has a bachelor's degree. He served as a manager of the financial engineering department at the Hong Kong branch of Citibank N.A., a vice president of the debt transaction group at Merrill Lynch (Asia Pacific) Limited, a director in the global markets, debt capital markets South Asia department at the Hong Kong branch of Deutsche Bank AG, a managing director at Barclays Capital Asia Limited (during which period he also served as the head of the investment banking department in China and Hong Kong), a director at New China Trust Co., Ltd., a founding partner at J&Partners GP Limited, the secretary of the board of directors at Wanda Commercial Properties Company Limited, a non-executive director at Wanda Hotel Development Company Limited, a director and an executive director of Hong Kong Taigu (China) Group Co., Ltd and director of its subsidiary, New Weigu (Fujian) Biological Engineering Co., Ltd. (Previous company name: Weigu (Guangdong) Biological Engineering Technology Co., Ltd.), and an independent non-executive director of Clarity Medical Group Holding Limited. He currently serves as an external Supervisor of our Bank, and the chief executive officer and an executive director of Clarity Medical Group Holding Limited.

Ms. DU Huibin

Ms. DU is a professor with a doctoral degree. She served as the deputy director of the College of Management and Economics in Tianjin University. She is currently an external Supervisor of our Bank, the director of the College of Management and Economics in Tianjin University, the deputy director of the SESC Ecological and Environmental Systems Engineering Committee, a standing member of the SESC Energy & Resource Systems Engineering Technical Committee, a standing member of the Low Carbon Development Management Professional Committee of Chinese Society of Optimization, Overall Planning and Economic Mathematics, a standing member of the Chinese Society of Energy Economics and Management, the secretary general of the Systems Engineering Society of Tianjin, and the president of the Environmental and Social Governance Society of Tianjin, etc.

Mr. LI Chengbang

Mr. LI has a master's degree and a doctoral degree in economics. He served as a principal staff member of the Tianjin Discipline Inspection Committee of the Communist Party of China, a principal staff member of the Fifth Division and the Third Division of the General Office of the Tianjin Municipal People's Government, the deputy director of the General Division of the General Office of the Tianjin Municipal People's Government, the deputy director (presiding over the work) and the director of the Eighth Division of the General Office of the Tianjin Municipal People's Government, the director of the Sixth Division of the General Office of the Tianjin Municipal People's Government, the director of the Office of the Board of Directors of the Bank. He currently serves as an employees' representative Supervisor, the director of the Office of the Board of Supervisors of the Bank and a director of Nanyang Country Bank Co., Ltd.

Ms. ZHANG Hui

Ms. ZHANG is an economist with a master's degree and a doctoral degree in economics. She served as a senior staff member of the First Division of Banking Administration, a senior staff member of the Supervision Division of Foreign Banks, a senior staff member of the Supervision Division of Foreign Banks and Other Financial Institutions of the Tianjin Branch of the People's Bank of China, a principal staff member and deputy director of the First Supervision Division of Joint Stock Banks of Tianjin Bureau of China Banking Regulatory Commission, the secretary of the Party Committee (黨委秘書) of the General Office (Party Committee Office), the assistant general manager, the deputy general manager (presiding over the work) and the general manager of the Finance Department, the general manager of the Internal Control and Compliance Department, a member of the Party Committee and vice president (i.e. level of the president of a tier-one branch) of the Beijing Branch of the Bank. She is currently an employees' representative Supervisor, the general manager of the Finance Department and the general manager of the Assets and Liabilities Management Department of the Bank.

Senior Management

The detailed biography of Mr. QU Hongzhi is set out in the section headed "Directors".

Mr. DU Gang

Mr. DU has a master's degree and once worked in the PBoC, the CBRC and CBIRC. He was once an executive Director of the Bank. He is currently a member of the party committee, a vice president and the secretary to the Board of Directors of the Bank.

Mr. XIE Kai

Mr. XIE is a senior engineer with a doctor's degree in finance. He once served as a secretary at deputy-director level of the secretariat of the office, the deputy director and director of e-commerce department of electronic banking department, the director of innovation business department of electronic banking department, a member of the party committee and a vice president of Jiangsu Nantong branch, the director of mobile finance department of electronic banking department, the director of mobile finance department of internet finance department, the director of business cooperation department of e-financing department, the deputy general manager of technology and product management bureau, the deputy general manager of internet banking department, and the deputy general manager of the county area banking & inclusive finance internet finance management centre of Agricultural Bank of China. He is currently a vice president of the Bank.

Mr. LI Jianguo

Mr. LI is a senior economist with a bachelor's degree and a master's degree. He served as member of the Party Committee and vice president of the Sichuan Leshan Branch of Agricultural Bank of China; deputy director (on secondment) of Credit Management Division, deputy general manager of the Credit Management Department and Credit Review and Approval Center, member of the Party Committee and assistant to general manager of the Business Department of Sichuan Branch; secretary of the Party Committee and president of Luzhou Branch; member of the Party Committee and deputy general manager of the Business Department of Sichuan Branch; secretary of the Party Committee and president of Sichuan Leshan Branch; a senior expert and general manager of the Internal Control & Compliance Supervision Department of Sichuan Branch of Agricultural Bank of China. He is currently a vice president of the Bank.

Mr. QI Jun

Mr. QI is a senior economist with a master's degree. He served as deputy director of the Preservation Business Division and deputy director of General Management Division of the Asset Risk Management Department, deputy director, director of General Management Division of the Risk Management Department, and director of Verification and Parameter Management Division of the Risk Management Department of Industrial and Commercial Bank of China (ICBC); deputy secretary of the Party Committee and vice president of Sichuan Mianyang Branch; secretary of the Party Committee and president of Sichuan Guang'an Branch; secretary of the Party Committee and president of Sichuan Luzhou Branch, deputy general manager (division-head level) and credit expert of Non-performing Assets Management Disposal Center of the Head Office; credit expert of ICBC Financial Asset Investment Co., Ltd. (工銀金融資產投資有限公司); credit expert of ICBC Peony Card Center and general manager (concurrent position) of Tianjin Sub-center. He is currently a vice president of the Bank.

Ms. DENG Bei

Ms. DENG is a senior economist with a master's degree, joined the Bank in March 2009. Prior to joining the Bank, she worked within the systems of the People's Bank of China. She served as staff member of Planning Division, senior staff member of Monetary and Credit Management Division and Financial Stability Division and deputy division director of Financial Stability Division of the People's Bank of China Tianjin Branch. She previously served as assistant to general manager of Assets and Liabilities Management Department, assistant to general manager and deputy general manager of Capital Business Department, deputy general manager and general manager of Assets and Liabilities Management Department, general manager of Financial Market Department and Financial Interbank Department of the Bank. She currently serves as a vice president and the general manager of Capital Operation Center of the Bank.

(V) Changes in Directors, Supervisors and Members of Senior Management***Changes in Directors***

In accordance with the requirement of "independent directors shall not hold office for over six years in total in a banking or insurance institution" under the Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》), Mr. CHI Guotai resigned as an independent non-executive Director of the Bank, a member of the Nomination and Remuneration Committee of the Board of Directors, a member of the Risk Management and Green Finance Committee of the Board of Directors, and a member of the Related Party Transactions Control Committee of the Board of Directors, which became effective on May 30, 2024.

On June 28, 2024, Ms. WANG Aijian was elected as an independent non-executive Director of the Bank at the 2023 annual general meeting of the Bank. On January 3, 2025, her qualification as an independent director was approved by the National Financial Regulatory Administration. Ms. WANG Aijian has served as an independent non-executive Director of the fifth session of the Board of Directors of the Bank, a member of the Nomination and Remuneration Committee under the Board of Directors, and a member of the Audit and Consumer Rights Protection Committee under the Board of Directors since January 3, 2025. Ms. WANG Aijian has obtained the legal advice as set out in Rule 3.09D of the Listing Rules on December 5, 2024 and confirmed that she understands her responsibilities as a director of the Bank.

On June 28, 2024, Mr. LIU Junmin was elected as an independent non-executive Director of the Bank at the 2023 annual general meeting of the Bank. On January 6, 2025, his qualification as an independent director was approved by the National Financial Regulatory Administration. Mr. LIU Junmin has served as an independent non-executive Director of the fifth session of the Board of Directors of the Bank and the chairman of the Nomination and Remuneration Committee under the Board of Directors since January 6, 2025. Mr. LIU Junmin has obtained the legal advice as set out in Rule 3.09D of the Listing Rules on December 5, 2024 and confirmed that he understands his responsibilities as a director of the Bank.

On June 28, 2024, Mr. LIU Lanbiao was elected as an independent non-executive Director of the Bank at the 2023 annual general meeting of the Bank. On January 6, 2025, his qualification as an independent director was approved by the National Financial Regulatory Administration. Mr. LIU Lanbiao has served as an independent non-executive Director of the fifth session of the Board of Directors of the Bank, a member of each of the Nomination and Remuneration Committee under the Board of Directors, the Risk Management and Green Finance Committee under the Board of Directors and the Related Party Transactions Control Committee under the Board of Directors since January 6, 2024. Mr. LIU Lanbiao has obtained the legal advice as set out in Rule 3.09D of the Listing Rules on December 5, 2024 and confirmed that he understands his responsibilities as a director of the Bank.

Upon expiry of his term of employment as a professional manager, Mr. ZHAO Zhihong resigned as an executive Director of the Bank, a member of the Risk Management and Green Finance Committee of the Board of Directors and the Related Party Transactions Control Committee of the Board of Directors due to his age, with effect from July 19, 2024.

In order to devote more time to his other business commitments, Mr. ZHU Ning resigned as an independent non-executive Director of the Bank, a member of the Nomination and Remuneration Committee of the Board of Directors and the Audit and Consumer Rights Protection Committee of the Board of Directors, with effect from January 3, 2025.

In accordance with the requirement of “independent directors shall not hold office for over six years in total in a banking or insurance institution” under the Code of Corporate Governance of Banking and Insurance Institutions, Mr. MAO Zhenhua resigned as an independent non-executive Director of the Bank and the chairman of the Nomination and Remuneration Committee of the Board of Directors, with effect from January 6, 2025.

On January 20, 2025, the sixth session of the Board of Directors was elected at the 2025 first extraordinary general meeting of the Bank, comprising of Mr. WANG Jinhong and Mr. QU Hongzhi as executive Directors, Mr. AU Siu Luen, Mr. QU Defu, Mr. LIU Zhenyu, Ms. YUAN Wei, Mr. DUAN Wenwu, Mr. HU Aimin and Mr. ZHANG Yunji as independent non-executive Directors, and Mr. TSE Yat Hong, Mr. SHUM Siu Hung Patrick, Ms. WANG Aijian, Mr. LIU Junmin, Mr. LIU Lanbiao and Mr. OUYANG Yong as independent non-executive Directors. Mr. DU Gang ceased to be an executive Director and a member of the Development Strategy and Inclusive Finance Committee of the Board of Directors of the Bank with effect from the same date due to expiry of his term of office. Mr. MU Binrui ceased to be an independent non-executive Director, the chairman of the Risk Management and Green Finance Committee, and the Related Party Transactions Control Committee, and a member of the Audit and Consumer Rights Protection Committee of the Board of Directors of the Bank with effect from the same date due to expiry of his term of office. The qualifications of Mr. QU Defu, Mr. LIU Zhenyu and Mr. OUYANG Yong are subject to the approval by the regulatory authority.

On January 20, 2025, Mr. WANG Jinhong was elected as the chairman of the sixth session of the Board of Directors of the Bank, and Mr. AU Siu Luen was elected as the vice chairman of the sixth session of the Board of Directors of the Bank at the first meeting of the sixth session of the Board of Directors of the Bank.

Changes in Supervisors

On May 28, 2024, the resignation of Mr. DIAO Qinyi as an external Supervisor of the Bank and the chairman of the Supervision Committee of the Board of Supervisors was approved at the 22nd meeting of the fifth session of the Board of Supervisors of the Bank, with effect from the same date.

On June 28, 2024, Ms. DU Huibin was elected as an external Supervisor of Board of Supervisors of the Bank at the 2023 annual general meeting of the Bank. Ms. DU Huibin has been appointed as an external Supervisor of the Bank and a member of the Nomination Committee of the Board of Supervisors, with effect from the same date.

Mr. QI Ershi ceased to be an external Supervisor of the Bank and the chairman of the Nomination Committee of the Board of Supervisors since June 28, 2024.

On July 19, 2024, Mr. WANG Chunfeng resigned as chairman of the Board of Supervisors of the Bank due to his work adjustment, with effect from the same date.

At the 44th meeting of the second Employee Representative Meeting held on October 14, 2024, it was resolved and approved that Mr. WANG Chunfeng and Mr. MA Shuming ceased to be employees' representative Supervisors under the Board of Supervisors of the Bank, with effect from the same date.

At the 44th meeting of the second Employee Representative Meeting held on October 14, 2024, it was resolved and approved the election of Mr. BAI Xinyu, Mr. LI Chengbang and Ms. ZHANG Hui as employees' representative Supervisors under the Board of Supervisors of the Bank, with effect from the same date.

At the 24th meeting of the fifth session of the Board of Supervisors of the Bank held on October 21, 2024, Mr. BAI Xinyu was appointed as the chairman of the Board of Supervisors of the Bank. It was further agreed that the composition of the special committees under the Board of Supervisors of CHINA BOHAI BANK CO., LTD. shall be as follows: members of the Nomination Committee: DU Huibin, BAI Xinyu and LI Chengbang; members of the Supervision Committee: HUI Yung Chris, LI Chengbang and ZHANG Hui.

Changes in Members of Senior Management

The term of employment of Mr. ZHAO Zhihong as a professional manager expired and he resigned as a vice president and the chief risk management officer of the Bank due to his age, with effect from July 19, 2024.

The term of employment of Mr. JIN Chao as a professional manager expired and he resigned as a vice president of the Bank for personal reasons, with effect from July 19, 2024.

On August 28, 2024, the re-appointment of Mr. QU Hongzhi as the professional manager to serve as the president of the Bank, and the re-appointment of Mr. DU Gang and Mr. XIE Kai as professional managers to serve as vice presidents of the Bank were approved at the 63rd meeting of the fifth session of the Board of the Bank.

On October 31, 2024, the appointment of Mr. LI Jianguo, Mr. QI Jun and Ms. DENG Bei as professional managers to serve as vice presidents of the Bank was approved at the 65th meeting of the fifth session of the Board of the Bank; On February 7, 2025, the National Financial Regulatory Administration has approved their qualifications as the vice president.

On January 20, 2025, the re-appointment of Mr. DU Gang as the secretary to the Board of the Bank was approved at the 1st meeting of the sixth session of the Board of the Bank.

On January 20, 2025, the appointment of Mr. QI Jun as the chief risk management officer of the Bank was approved at the 1st meeting of the sixth session of the Board of the Bank, and his qualification is subject to approval by regulatory authorities.

(VI) Changes in the Information of Directors and Supervisors

Mr. QU Hongzhi, an executive Director of the Bank, became a member of each of the Risk Management and Green Finance Committee and the Related Party Transactions Control Committee of the Bank with effect from January 20, 2025.

Mr. SHUM Siu Hung Patrick, an independent non-executive Director of the Bank, became a member of each of the Risk Management and Green Finance Committee and the Related Party Transactions Control Committee of the Bank with effect from January 20, 2025.

Save as the disclosures in this section, no information on Directors or Supervisors is subject to disclosure in accordance with Rule 13.51B(1) of the Listing Rules.

(VII) Directors, Supervisors and Chief Executives' Interests in the Bank

As of the end of the Reporting Period, none of our Directors, Supervisors and chief executive had any interests or short positions in the shares, underlying shares and debentures of our Bank or any associated corporations (as defined in Part XV of the SFO) which were required to be entered in the register kept by the Bank pursuant to section 352 of the SFO, or which were required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code.

II. EMPLOYEES

(I) The Number and Structure of Employees

As of the end of the Reporting Period, the Group had 13,824 employees, including 6,411 male employees and 7,413 female employees. The age structure, educational background and professional post structure of the employees are as follows:

1. Age structure of employees

Age	Number of employees	Structure (%)
Aged 30 or below	3,084	22.31
Aged 31–35	3,247	23.49
Aged 36–40	3,529	25.53
Aged 41–45	2,054	14.86
Aged 46–50	979	7.08
Aged over 50	931	6.73
Total	13,824	100.00

2. Educational background of employees

Educational background/degree	Number of employees	Structure (%)
Postgraduate/Master's degree and above	4,052	29.31
Undergraduate/Bachelor's degree	9,577	69.28
College and lower	195	1.41
Total	13,824	100.00

3. Professional post structure of employees

Professional post	Number of employees	Structure (%)
Corporate banking	3,188	23.06
Retail banking	3,103	22.45
Financial markets	272	1.97
Online finance	85	0.61
Finance and assets & liabilities	329	2.38
Risk management	1,053	7.62
Audit, legal, internal control & compliance	421	3.04
Business operation	2,379	17.21
Information technology	1,512	10.94
Others	1,358	9.82
Subsidiary	124	0.90
Total	13,824	100.00

In addition to the employees with whom the Group has entered into labor contracts, as of the end of the Reporting Period, the Group also engaged 202 dispatched workers through third-party human resources agencies and they generally hold non-essential positions at the Group.

(II) Human Resource Management

During the Reporting Period, taking the opportunity of high-quality transformation and development across the board, the human resource management of the Bank closely focused on the fulfillment of key tasks such as the “Ten Special Tasks”, the construction of “Three Bohai” and “Nine Major Banks” and the resolving of “Five Major Challenges”, and continued to deepen the “Three Systems” reform, thus forming the concept of optimization of three supportive systems of appraisal, allocation and mobilization. The Bank continued to optimize the market-orientated talent recruitment and selection mechanism, facilitated the talent factory construction, enhanced the effectiveness of talent selection and cultivation, improved talent pool and organization construction, and stimulated the employees’ confidence and vitality in operation and business. The Bank continuously improved the scientific, rational and effective allocation of human resources to strongly support and guarantee high-quality transformation and development across the board.

(III) Staff Training

During the Reporting Period, the Bank actively assumed its responsibility as a state-owned financial enterprise, and followed the basic principles for financial development and the modern finance theme of the “five priorities”. Adhered to the direction of keeping political consciousness in mind and putting people first in trainings, as supported by the building of comprehensive program system and mentors from internal trainings, the Bank established a “one body with two wings (一體兩翼)” training structure, and further promoted high-quality development to achieve new results.

During the Reporting Period, the Bank focused on its operational development goals, and contributed to business development by “facilitating training with demands”. Adhering to the direction of problem solving from the hotspots, difficulties and blocks of prevailing business practices, the Bank has been enhancing the relevance and effectiveness of trainings, and continued to promote the improvement of the professionalism and competitiveness of its finance team. In respect of centralized and unified leadership, the Bank conducted various trainings on macroeconomic environment, investment and financing market trend, full picture of foreign exchange policy, changes in policies and systems and other topics. In respect of serving the real economy, the Bank conducted various trainings on capacity improvement of retail business in branches, customer boost agency service, desirable deposit growth and customer base management strategy and other topics. In respect of promotion of financial innovation and development, the Group conducted various trainings on business operation, transformation and innovation in finance market, deepening of retail reform, promotion of high-quality development and other topics.

III. BRANCHES

As of the end of the Reporting Period, the Bank has established outlets in 25 provinces, municipalities and autonomous regions, 5 sub-provincial cities and the Hong Kong Special Administrative Region, covering 65 key cities nationwide, and has established 34 tier-one branches (including 3 branches in Suzhou, Qingdao and Ningbo under direct management of the head office and 1 overseas branch), 35 tier-two branches, 291 sub-branches, and 16 small and micro community sub-branches. The total number of officially opened outlets reached 376.

Name	Address	Number of employees	Tier-two branches and sub-branches under jurisdiction (including community)	Number of employees in the institutions under jurisdiction
Head Office	218 Haihe East Road, Hedong District, Tianjin	2,816	–	–
Capital Operation Center	5F, Building 1, No. 28, Jianguomennei Avenue, Dongcheng District, Beijing	75	–	–
Tianjin Branch	8-15/F, Part 1/F, Part 2/F, China Bohai Bank Tower, 218 Haihe East Road, Hedong District, Tianjin	411	1/51	1,060
Tianjin Pilot Free Trade Zone Branch	No. 3 Building, Financial Center, No. 158 West 3rd Road, Tianjin Pilot Free Trade Zone (Airport Economic Area)	25	–	–
Beijing Branch	1F-3F, East Tower C, Chemsunny World Trade Center, 28 Fuxingmennei Street, Xicheng District, Beijing	298	1/28	420
Hangzhou Branch	Bohai Bank Building, No. 117 Tiychang Road, Xiacheng District, Hangzhou City, Zhejiang Province	198	3/15	320
Taiyuan Branch	No. 308, Changzhi Road, Xiaodian District, Taiyuan City, Shanxi Province	192	2/11	248
Chengdu Branch	No. 87, Jinrongcheng South Road, High-Tech Zone, Chengdu City, Sichuan Province	188	1/16	216
Jinan Branch	Building 3, Lushang Olympic City, 9777 Jingshi East Road, Jinan City, Shandong Province	187	4/13	346
Shanghai Branch	No. 155 Yincheng Road, China (Shanghai) Pilot Free Trade Zone	197	0/16	195
Shanghai Pilot Free Trade Zone Branch	2/F of No. 1229 Century Avenue, Units 1-2 on 1/F, 2/F and 15/F of No. 1239 Century Avenue, China (Shanghai) Pilot Free Trade Zone	108	0/01	10
Shenzhen Branch	1B01, 1B02, 1B03, 2B01, 14/F, 23/F, 24/F, 25/F and 26/F, Block B, Aerospace Science and Technology Plaza, No. 1288 Hyde 3rd Road, Yuehai Street, Nanshan District, Shenzhen City, Guangdong Province	194	1/13	298
Nanjing Branch	No. 213 Jiangdong Middle Road, Jianye District, Nanjing City, Jiangsu Province	228	6/10	356

Name	Address	Number of employees	Tier-two branches and sub-branches under jurisdiction (including community)	Number of employees in the institutions under jurisdiction
Suzhou Branch	Jianwu Financial Center Building, No. 710 Zhongyuan Road, Suzhou Industrial Park, Jiangsu Province	174	0/04	79
Dalian Branch	Yifang Building, No. 9 Yan'an Road, Zhongshan District, Dalian City, Liaoning Province	167	1/08	157
Guangzhou Branch	Nanya Zhonghe Plaza, 57 Linjiang Avenue, Tianhe District, Guangzhou City, Guangdong Province	200	4/14	366
Changsha Branch	Jiasheng Business Plaza, No. 289 Laodong West Road, Changsha City, Hunan Province	170	3/13	230
Shijiazhuang Branch	18 Zhonghua South Street, Shijiazhuang City, Hebei Province	207	3/14	310
Wuhan Branch	Pan Ocean International Centre, No. 185 Yunxia Road, No. 187 Yunxia Road, No. 249 Huaihai Road, Jiangnan District, Wuhan City, Hubei Province	173	2/23	271
Hohhot Branch	No. 85 Xinhua East Street, Xincheng District, Hohhot City, Inner Mongolia Autonomous Region	127	1/04	104
Fuzhou Branch	Huaban Building, No. 363 Jiangbin Middle Avenue, Taijiang District, Fuzhou City, Fujian Province	130	1/03	83
Hefei Branch	No. 269 Suixi Road, North First Ring, Luyang District, Hefei City, Anhui Province	147	0/05	64
Zhengzhou Branch	No. 88 Jinshui East Road, Zhengdong New District, Zhengzhou City, Henan Province	150	0/07	104
Xi'an Branch	1F-6F, Building 4, No. 31, Tangyan Road, High-Tech Zone, Xi'an City, Shaanxi Province	159	0/06	86
Changchun Branch	No. 2699 Xi'an Road, Lvyuan District, Changchun City, Jilin Province	112	0/02	25
Chongqing Branch	Building 2, Lifan Center, No. 6, Juxiyanan Square, Jiangbei District, Chongqing	108	0/06	71
Shenyang Branch	No. 32 Yingbin Street, Shenhe District, Shenyang City, Liaoning Province	98	1/03	48
Xiamen Pilot Free Trade Zone Branch	Building A, Cross-strait Trade Center, No. 1-9 Yunan 4th Road, Xiamen Area of China (Fujian) Pilot Free Trade Zone (Bonded Area)	90	0/01	14

Name	Address	Number of employees	Tier-two branches and sub-branches under jurisdiction (including community)	Number of employees in the institutions under jurisdiction
Haikou Branch	S5 Podium Building, Guorui City, No. 11 Guoxing Avenue, Meilan District, Haikou City, Hainan Province	78	0/01	15
Qingdao Branch	Office Building T8, Shangshi Center, 195 East Hong Kong Road, Laoshan District, Qingdao City, Shandong Province	92	0/04	57
Ningbo Branch	1F-3F, Emeke Building, No. 188 Dazha Road, Jiangbei District, Ningbo City, Zhejiang Province	79	0/02	26
Nanning Branch	1F-5F, Podium Building, King's International Merchant Center, 59 Jinhu Road, Qingxiu District, Nanning City, Guangxi Zhuang Autonomous Region	85	0/03	35
Nanchang Branch	Cuilin Building, 1266 Fenghe Middle Avenue, Honggutan New District, Nanchang City, Jiangxi Province	93	0/06	56
Guiyang Branch	No. 1, 1F and No. 1, half B1, Building 9, Business District, One Guiyang International Finance Center, Lincheng Road, Guanshanhu District, Guiyang City, Guizhou Province	79	0/02	22
Kunming Branch	No. 391, Rixin Middle Road, Xishan District, Kunming City, Yunnan Province	82	0/02	27
Hong Kong Branch	Suites 1201-1209 and 1215-1216, 12/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong	64	–	–

Note: The information in the above table does not include the subsidiary.

Corporate Governance

I. OVERVIEW OF CORPORATE GOVERNANCE

The Bank has established a corporate governance structure consisting of the Shareholders' general meeting, the Board of Directors, the Board of Supervisors and the senior management. The Shareholders' general meeting is the supreme authority of the Bank. The Board of Directors undertakes final responsibility of operation and management of the Bank, and is accountable to the Shareholders' general meeting. The Board of Supervisors is the internal supervision body of the Bank, accountable to the Shareholders' general meeting. The senior management is responsible for the operation and management of the Bank, accountable to the Board of Directors. For the corporate governance structure of the Bank, please refer to "Organizational Structure Chart" described in this annual report.

The Bank strictly complies with the laws and regulations, such as the Company Law, the Commercial Banking Law, the Listing Rules, the Articles of Association of the Bank and other corporate governance regulations, thoroughly implements the national strategic deployment and financial regulatory requirements, adheres to enhance the integration of Party's leadership and corporate governance, implements the basic principles of serving the real economy, continues to facilitate the establishment of corporate governance system, and improves governance efficiency. During the Reporting Period, all corporate governance entities of the Bank perform their respective duties and responsibilities, coordinate operation and exercise effective checks and balances, which further improve the efficiency of discussion and level of decision-making.

II. SHAREHOLDERS' GENERAL MEETING

The Shareholders' general meeting is the supreme authority of the Bank. Its principal responsibilities include: determining the operation strategies and investment plans; approving the annual financial budget plans, final accounting plans, profit distribution plans and loss recovery plans; electing and replacing Directors, Shareholders' representative Supervisors and external Supervisors; approving the reports of the Board of Directors and Board of Supervisors and amending the Articles of Association, etc.

For detailed information on the duties of the Shareholders' general meeting of the Bank, please see the Articles of Association published on the websites of the HKEX and the Bank.

(I) Shareholders' Rights

1. *Convening an extraordinary general meeting*

An extraordinary general meeting shall be convened within two months upon the request in writing of Shareholder(s) individually or jointly holding 10% or more of the total voting shares issued by the Bank (hereinafter referred to as "proposing shareholders"). The proposing shareholders may sign one or several written requests with the same format and contents to propose to the Board to convene an extraordinary general meeting and specify the meeting topics. The Board shall, pursuant to laws, regulations and the Articles of Association of the Bank, give a written reply on whether to convene the extraordinary general meeting within 10 days after receipt of the request.

2. *Proposing a proposal to the Shareholders' general meeting*

Where the Bank convenes a Shareholders' general meeting, Shareholder(s) individually or jointly holding 3% or more of the total voting shares issued by the Bank may put forward an interim proposal and submit it to the Board in writing within 10 days before the Shareholders' general meeting is convened; the Board shall, within two days after receipt of the interim proposal, issue a supplementary notice of the Shareholders' general meeting and submit the interim proposal to the Shareholders' general meeting for consideration. The contents of the interim proposal shall be within the terms of reference of the Shareholders' general meeting and have definite topics for discussion and specific issues for resolution(s).

3. Convening an interim Board meeting

When the Shareholder(s) individually or jointly holding 10% or more of the total voting shares of the Bank propose to convene an interim Board meeting, the chairman of the Board shall convene the meeting within five working days.

4. Inquiring of the Board of Directors

Shareholders who provide the Bank with a written document certifying the class and number of shares they hold in the Bank, and upon authentication of the identity of the Shareholder by the Bank, shall have the right to obtain relevant information of the Bank in accordance with laws and regulations and the Articles of Association of the Bank, including the Articles of Association of the Bank, share register, minutes of the Shareholders' general meetings, resolutions of Board meetings and meetings of the Board of Supervisors, the latest audited financial and accounting report and the auditor's report, etc. For contact details of Shareholders' inquiries to the Bank, please see "Corporate Profile" in this annual report.

For detailed information on the Shareholders' rights of the Bank, please see the Articles of Association published on the websites of the HKEX and the Bank.

(II) Shareholders' Communication Policy

The Bank has formulated the "Shareholders' Communication Policy", which lists the purpose, general policies, communication channels, communication with the investment market and Shareholder privacy of its Shareholders' communication policy. The communication channels between the Bank and Shareholders include:

Shareholders' inquiries

- The Bank has disclosed the company's contact information on its website so that Shareholders can make inquiries about the Bank.
- Shareholders may inquire about their shareholding at the Share Registrar of the Bank.
- Shareholders may request public information of the Bank at any time.

Corporate communications

- Corporate communications (within the meaning of the Listing Rules), including but not limited to (i) directors' reports, annual accounts together with auditors' report, (ii) interim reports, (iii) notices of meetings, (iv) listing documents, (v) circulars, (vi) proxy forms, (vii) application proof, and (viii) post hearing information pack.
- Corporate communications should be made available to the Shareholders in a timely manner and should be written in plain Chinese and English.

Company website

- The “Investor Relations” column of the Bank’s website (www.cbhb.com.cn) provides Shareholders with corporate information, such as corporate communications and key financial information of the Bank.
- The Bank shall publish its results announcement on the websites of the Hong Kong Stock Exchange and the Bank after the Board of Directors approves the results.
- The information submitted by the Bank to the Hong Kong Stock Exchange for publication on the Hong Kong Stock Exchange website will also be published on the Bank’s website immediately. Such information includes but is not limited to annual reports, interim reports, announcements, circulars, notices of general meetings and information required by the Listing Rules from time to time.
- Press releases and publications issued by the Bank from time to time are also available on the Bank’s website.
- The information on the Bank’s website will be updated regularly.

Shareholders’ general meeting

- The Bank’s general meeting of Shareholders provides an opportunity for constructive communication between the Bank and the Shareholders.
- The Bank will make appropriate arrangements for Shareholders’ general meetings to encourage Shareholders’ participation.
- When the Bank convenes an annual general meeting, the Bank shall issue a written notice 20 days before the meeting. When the Bank convenes an extraordinary general meeting, the Bank shall issue a written notice 15 days before the meeting. The written notice shall include the matters to be considered at the meeting and the date and venue of the meeting to all Shareholders whose names appear on the share register. If the securities regulatory authority of the place where the Bank’s shares are listed requires a longer notice period for the shareholders’ general meeting, such provisions shall prevail.

The Bank will issue circulars and proxy forms related to general meetings according to the notice period required by the Articles of Association and the Listing Rules.

- Members of the Board of Directors, especially the chairman of each committee under the Board of Directors or their representatives, appropriate senior executives and external auditors should attend the general meeting to answer questions from Shareholders.
- The Bank will review the procedures for the general meeting from time to time to ensure compliance with the Bank’s Articles of Association, the Listing Rules and applicable laws as well as good corporate governance practices. Separate resolutions on substantially separate issues will be submitted to the general meeting for voting. Except for the presider of the meeting making a decision in good faith to allow voting on a motion purely related to procedural or administrative matters by a show of hands, any votes made by Shareholders at the general meeting shall be taken by way of registered poll. The general meeting will appoint scrutineers to count the votes. After the general meeting, the voting results will be announced on the websites of the Bank and the Hong Kong Stock Exchange.

During the Reporting Period, the Bank convened 3 general meetings in strict compliance with relevant laws and regulations, the Bank's Articles of Association and the Rules of Procedures for General Meetings of Shareholders to actively interact and communicate with Shareholders. The Bank timely disclosed results announcements, periodic reports, announcements, circulars, notices of Shareholders' meetings and other information in accordance with regulatory requirements, and continuously updated the Bank's website to protect investors' right to know. The Bank maintained communication with investors and responded to investor concerns in a timely manner through multiple channels. After review, the Bank's Shareholders' Communication Policy continued to be effective during the Reporting Period, and the Bank's communication with Shareholders and investors complied with relevant regulations.

(III) Introduction to the General Meeting

During the Reporting Period, the Bank convened 3 general meetings. The relevant information is as follows:

The Bank convened the 2024 first extraordinary general meeting in Tianjin on March 5, 2024. Shareholders or their proxies attending the general meeting represented a total of 13,244,442,978 ordinary shares with voting rights of the Bank. 12 Directors of the Bank attended the meeting, and the Supervisors and the secretary to the Board of Directors of the Bank were present at the meeting. The resolution on special authorization plan for financial bonds, tier-two capital bonds and undated capital bonds was considered and approved at the meeting and a resolution was formed. The meeting also reviewed the 2022 Assessment Report on the Quality and Qualification of Major Shareholders and Relevant Matters.

The Bank convened the 2023 annual general meeting in Tianjin on June 28, 2024. Shareholders or their proxies attending the general meeting represented a total of 13,275,413,028 ordinary shares with voting rights of the Bank. 12 Directors of the Bank attended the meeting, and the Supervisors and the secretary to the Board of Directors of the Bank were present at the meeting. 14 resolutions were considered and approved at the meeting and the matters considered included: the Report of the Board of Directors for 2023, the Report of the Board of Supervisors for 2023, the Report of Final Financial Accounts for 2023, the Profit Distribution Plan for 2023, the Financial Budget Report for 2024, the Adjustments to the Investment Plan for 2023, the Investment Plan for 2024, the remuneration of Mr. LI Fuan for 2022, the election of independent non-executive Directors, the election of external Supervisor and the re-appointment of external auditors for 2024. The meeting also reviewed 10 written reports, including the Reports on Resignation of Independent Non-Executive Directors, the Reports on the Resignation of External Supervisors, the 2023 Special Report on Related Party Transactions, the Board of Supervisors' 2023 Assessment Report on the Performance of Duties of the Board of Directors, Senior Management and Their Members, the 2023 Report on Self-evaluation of the Board of Supervisors and Assessment of the Performance of Duties of Supervisors, and the Report of the Board of Supervisors on Independent Opinions on Related Matters in 2023.

The Bank convened the 2024 second extraordinary general meeting in Tianjin on September 19, 2024. Shareholders or their proxies attending the general meeting represented a total of 13,219,446,651 ordinary shares with voting rights of the Bank. 10 Directors of the Bank attended the meeting, and the Supervisors of the Bank were present at the meeting. The resolution on the proposed mandate in relation to the potential very substantial disposal through public tender was considered and approved at the meeting and a resolution was formed. The meeting also reviewed the Report on Resignation of an Executive Director.

The domestic legal advisor of the Bank witnessed the convening of the above meetings and other related matters in accordance with the law, and believed that the meetings were in compliance with relevant laws and regulations, regulatory documents and the Articles of Association. For details of the meetings, please refer to the circular, notices and the poll results announcement of the relevant general meetings published on the websites of the HKEX and the Bank.

III. BOARD OF DIRECTORS

(I) Members of the Board of Directors

As of the end of the Reporting Period, the Board of Directors of the Bank had 13 Directors in total, including three executive Directors: Mr. WANG Jinhong (chairman), Mr. QU Hongzhi and Mr. DU Gang, five non-executive Directors: Mr. AU Siu Luen (vice chairman), Ms. YUAN Wei, Mr. DUAN Wenwu, Mr. HU Aimin and Mr. ZHANG Yunji, and five independent non-executive Directors: Mr. MAO Zhenhua, Mr. MU Binrui, Mr. TSE Yat Hong, Mr. ZHU Ning and Mr. SHUM Siu Hung Patrick.

Recognizing the importance of board diversity in enhancing corporate governance and operational efficiency, the Bank has formulated the Board Diversity Policy, which sets out the objectives, vision, general policy, measurable objectives, review and monitoring of the Board Diversity Policy. It mainly includes: the Board is committed to continuously improving its operational efficiency and maintaining a high level of corporate governance, and recognizes that diversity at the Board level is essential to maintaining competitiveness and sustainable development. In designing the composition of the Board of Directors, the Bank has considered and undertakes to consider the diversity of the Board from various aspects, including but not limited to gender, age, cultural and educational background, ethnicity, industry and professional experience, technical and professional skills and/or qualifications, knowledge, length of service and time to be devoted as a Director, as well as any other factors which the Board may deem relevant and applicable from time to time. The Board seeks to ensure that it has the balance of skills, experience and diversity of perspectives that are necessary for the Board to execute its business strategy and function effectively. When selecting candidates for the Board, the Bank will take into account the Board Diversity Policy, and the selection will ultimately be based on the views and perspectives, skills and experience that the designated candidates can bring to the Board, the promotion of Board diversity, as well as any other contributions they may make to the Board. The Board of Directors is responsible for reviewing the Board Diversity Policy and monitoring its implementation. The Nomination and Remuneration Committee under the Board of Directors reviews the structure, size and composition of the Board (including in terms of skills, knowledge and experience) at least once annually, and fully considers the requirements of the Board Diversity Policy when nominating a Director candidate. At the end of the Reporting Period, there were both male and female representatives among members of the Board of the Bank. They have a relatively wide range of age, ranging from 51 to 71 years old. The Directors have a balanced mix of experience in banking, corporate management, economics and finance. The relatively diverse composition of the Board of Directors ensures that the Board of Directors of the Bank can absorb various opinions, accumulate various advantages, and make scientific and efficient decisions. The Directors express their opinions and suggestions based on their respective expertise and advantages, and contribute their wisdom and strength to the effective operation of the Board of Directors and the stable development of the Bank's business. Considering the situation of the Directors of the Bank, the Nomination and Remuneration Committee of the Board of Directors is of the view that the Board of Directors of the Bank is sufficiently diverse. For basic information about the members of the Board of Directors, please see "Directors, Supervisors, Members of Senior Management, Employees and Branches: Directors, Supervisors and Members of Senior Management" in this annual report.

(II) The Responsibility of the Board of Directors

The Board of Directors is accountable to the Shareholders' general meeting and responsible for operation and management of the Bank. Its principal responsibilities include convening Shareholders' general meeting and executing resolutions of general meeting, formulating development strategy and medium and long term development plans and monitoring the implementation of strategies, determining operational plans and investment programs, examining and approving capital management plans, formulating annual financial budget plans, final accounting plans, risk capital allocation plans, profit distribution plans and loss recovery plans, etc.

For detailed information on the responsibility of the Board of Directors of the Bank, please see the Articles of Association published on the websites of the HKEX and the Bank.

(III) Board Meetings and the Work of the Board

During the Reporting Period, the Board of Directors of the Bank adapted to the evolving international and domestic economic and financial landscape, fully leveraged its role as the decision-making body, and ensured the high-quality completion of the Bank's strategic tasks and the achievement of its operational management objectives. The Board of Directors played a strategic guiding role, firmly upheld the direction and path of high-quality development, and steadily advanced the implementation of the strategic plan; focused on key issues, scientifically formulated business plans, and consolidated a healthy and stable development foundation; supplemented capital through multiple channels to enhance its capital strength and optimized capital management efficiency; improved the comprehensive risk management mechanism, strengthened compliance culture construction, and strictly implemented internal control, compliance, and risk management responsibilities; continuously refined its incentive and restraint mechanisms, strengthened the supervision and evaluation of the senior management's performance, and fully utilized the guiding role of performance assessments; performed key functions such as equity affairs management and information disclosure in accordance with laws and regulations, further enhanced the protection of investor and consumer rights, actively accepted public supervision, and proactively fulfilled social responsibilities; continued to strengthen its own development, standardized its duties and responsibilities, and consistently improved its scientific decision-making capabilities.

During the Reporting Period, the Board of Directors of the Bank convened 15 meetings, at which 89 proposals were deliberated, and 24 reports were debriefed. The Board of Directors considered resolutions such as the annual final accounts report, annual budget report, annual profit distribution plan, annual group performance evaluation indicators, annual review of the corporate governance policy, disposal of assets, material related party transactions, external donations, change of Directors, change of senior management, appraisal results of Directors and mutual evaluation of independent Directors, annual assessment and evaluation of senior management members, assessment and evaluation of the terms of office of professional managers, deferred payment and reclaiming of performance remuneration, amendments to the Fourth "Five-Year Plan", work report of senior management, report on comprehensive risk management, assessment report on internal capital adequacy, report on consolidated statement management, report on appraisal of consumer rights protection, report on liability quality management, work report on green finance and various information disclosure reports. It formulated the comprehensive risk management measures, the financial asset risk classification measures and the criminal case risk control and management measures, and revised basic systems such as the operational risk management policy, information technology risk management policy and business continuity management policy. The Board of Directors also debriefed reports including the special report on related party transactions, the internal control evaluation report and auditor's statement, the report on audit work of the Audit and Consumer Rights Protection Committee of the Board of Directors, the internal audit work report, the working plans of the Board of Directors and its special committees, self-assessment report on data governance, development plan for inclusive finance business, assessment report on strategy implementation, report on the Bank's regulatory situations & the Bank's rectification report and the report on consumer complaints.

(IV) Particulars of Directors' Attendances at Meetings

During the Reporting Period, the particulars of Directors of the Bank attending meetings of the Board of Directors and general meetings are as follows:

Name	Board of Directors ⁽¹⁾				General meetings ⁽²⁾
	Number of scheduled attendances	Number of attendances in person	Number of attendances by proxy	Number of absences	
WANG Jinhong	15	12	3	–	3/3
AU Siu Luen	15	15	–	–	3/3
YUAN Wei	15	14	1	–	3/3
DUAN Wenwu	15	13	2	–	0/3
HU Aimin	15	15	–	–	2/3
ZHANG Yunji	15	15	–	–	0/3
QU Hongzhi	15	15	–	–	3/3
DU Gang	15	13	2	–	2/3
MAO Zhenhua	15	14	1	–	3/3
MU Binrui	15	15	–	–	3/3
TSE Yat Hong	15	15	–	–	3/3
ZHU Ning	15	14	1	–	3/3
SHUM Siu Hung Patrick	15	15	–	–	3/3
ZHAO Zhihong	10	8	2	–	2/2
CHI Guotai	7	7	–	–	1/1

- Notes: (1) During the Reporting Period, the Board of Directors of the Bank convened 15 meetings in total, including 12 on-site meetings and 3 off-site meetings.
- (2) Represented as "Number of attendances at/number of the general meetings during the term of office".
- (3) Please refer to "Directors, Supervisors, Members of Senior Management, Employees and Branches: Changes in Directors, Supervisors and Members of Senior Management" in this annual report for the changes in the Directors of the Bank during the Reporting Period.

(V) Independent Opinion Mechanism, Independence and Work of Independent Non-Executive Directors

According to the Articles of Association of the Bank, the Board of Directors of the Bank consists of executive Directors and non-executive Directors (including independent non-executive Directors). The independent non-executive Directors shall represent at least one-third of the total members of the Board. The structure of the Board of Directors is scientific and balanced, and non-executive Directors (including independent non-executive Directors) account for the majority to ensure that the Board of Directors can fully obtain independent views and opinions, and independently and effectively perform decision-making functions. In order to ensure that independent non-executive Directors can effectively exercise their functions and powers, the Bank shall provide independent non-executive Directors with the following necessary working conditions: (1) The Bank shall ensure that independent non-executive Directors enjoy the same right to know as other Directors. For matters to be decided on by the Board of Directors, the Bank shall notify independent non-executive Directors in advance according to the statutory time and provide them with sufficient information. Independent non-executive Directors may request supplementary information if they consider the information insufficient. When two or more independent non-executive Directors believe that the information is insufficient or the argumentation is not clear, they may jointly propose to the Board of Directors in writing to postpone the meeting of the Board of Directors or postpone the deliberation of the matter, and the Board of Directors shall adopt such proposal; (2) The Bank shall provide the necessary working conditions for independent non-executive Directors to perform their duties. The secretary to the Board of Directors shall actively provide assistance to independent non-executive Directors in performing their duties, such as introducing the situations and providing materials. If independent opinions, proposals and written statements made by independent non-executive Directors shall be announced, the secretary to the Board of Directors shall handle the matter in relation to the announcement in a timely manner; (3) When independent non-executive Directors exercise their functions and powers, relevant personnel of the Bank shall actively cooperate and shall not refuse, hinder or hide anything or interfere in their independent exercise of functions and powers; (4) The cost of engaging an intermediary agency and other reasonable expenses required for the exercise of duties by independent non-executive Directors shall be borne by the Bank; (5) The Bank shall offer appropriate allowances to independent non-executive Directors. Standards for allowances shall be formulated by the Board of Directors and reviewed and approved by the Shareholders' general meeting. In addition to the above-mentioned allowances, independent non-executive Directors shall not obtain other additional and undisclosed benefits from the Bank, its substantial Shareholders, or interested institutions and personnel.

The Evaluation Methods on Directors' Performance of the Bank stipulates that the Bank shall annually evaluate the performance of Directors, mainly based on five dimensions including fulfilling the duty of loyalty, fulfilling the duty of diligence, professionalism in performance of duties, independence and morality in performance of duties, and compliance with regulations in performance of duties. The evaluation of the duty performance of independent non-executive Directors shall also include the following: (1) Should not be influenced by substantial Shareholders, members of the senior management, and other entities and individuals with interests in the Bank, and should pay attention to safeguarding the legitimate rights and interests of small and medium Shareholders and other stakeholders; (2) Express objective, impartial and independent opinions on matters discussed at the Shareholders' general meeting or the Board meeting; (3) Other matters stipulated by laws, regulations, regulatory requirements and the Articles of Association of the Bank.

For detailed information on the Bank's requirements for independent non-executive Directors, please refer to the Articles of Association of the Bank published on the websites of the HKEX and the Bank.

As of the end of the Reporting Period, there were a total of five independent non-executive Directors in the Board of Directors of the Bank, the number of which was not less than one third of the total members of the Board, the qualifications, number and proportion of independent non-executive Directors met the regulatory requirements. None of the independent non-executive Directors of the Bank was involved in a situation where the independence described in Rule 3.13 of the Listing Rules might be challenged. The Bank has received annual confirmations signed by each of the independent non-executive Directors in respect of their independence, confirming that each independent non-executive Director complied with the independence requirements of the Listing Rules.

During the Reporting Period, all independent non-executive Directors kept in mind their responsibilities under the laws and regulations and the Articles of Association of the Bank, fulfilled their due duty of integrity and diligence for the Bank and all its Shareholders, with an objective and prudent attitude, a clear and keen perspective and a long-term view of the overall situation, and performed their duties independently under the principle of fairness, impartiality and openness. Independent non-executive Directors actively attended the Board meetings and special committee meetings and independent non-executive Directors who serve as the chairman of the special committees under the Board of Directors presided over special committee meetings and led the special committee in conducting in-depth studies and provide professional advice on matters of concern to the Board of Directors, effectively playing the role of auxiliary decision-making and providing a strong support for the efficient operation and scientific decision-making of the Board of Directors. Independent non-executive Directors are independent, thoughtful, objective and impartial in expressing their independent opinions on the profit distribution, the material related party transactions, the nomination of Directors, the appointment and remuneration of the senior management, the re-appointment of external auditors, as well as other matters which may have a significant impact on the legitimate rights and interests of the Bank, minority Shareholders, and financial consumers.

In accordance with the Working Rules for Independent Directors on the Annual Report of the Bank, the independent non-executive Directors debriefed the external auditor's report on the annual audit plan and annual financial report audit work of the Bank, carefully reviewed the annual financial statements and notes to be submitted to the Board of Directors and other meetings for deliberation, fully communicated with the external auditors, and expressed their opinions on the annual report independently and objectively at the meeting of the Board of Directors, playing the supervisory role of independent non-executive Directors in the preparation, review and disclosure of the annual report.

(VI) Appointment, Re-election and Removal of Directors

According to the Articles of Association of the Bank, Directors shall be elected or replaced by the Shareholders' general meeting. The term of office shall be three years, counting from the date when the resolution of the Shareholders' general meeting is passed. Their qualifications for holding office shall be approved by regulatory bodies, and they shall not perform their duties before obtaining the qualifications. Directors may be re-elected upon expiration of their term of office. The cumulative term of office of an independent non-executive Director in the Bank shall not exceed six years.

Subject to the provisions of the relevant laws and regulations, the Shareholders' general meeting may remove any Director whose term of office has not expired by ordinary resolution (without prejudice to any claims which may be made by such Director under any contract).

(VII) Directors' Responsibility for the Preparation of Financial Statements

The Directors of the Bank acknowledge their responsibility to prepare the financial statements of the Bank for the year ended December 31, 2024. To the knowledge of the Directors, there is no major unclear event or circumstance which would significantly affect the continuous operating ability of the Bank.

(VIII) Special Committees under the Board of Directors

The Bank's Board of Directors has set up the Risk Management and Green Finance Committee (and the Related Party Transactions Control Committee subordinated to it), the Audit and Consumer Rights Protection Committee, the Nomination and Remuneration Committee and the Development Strategy and Inclusive Finance Committee. Each special committee provides professional advices to the Board of Directors and makes decisions on special matters according to the authorization of the Board of Directors. During the Reporting Period, the special committees under the Board of Directors convened 34 meetings in total, at which 81 proposals were deliberated and 17 reports were debriefed, details of which are as follows:

1. *Risk Management and Green Finance Committee of the Board of Directors*

(1) Personnel composition

As of the end of the Reporting Period, the Risk Management and Green Finance Committee of the Board of Directors of the Bank consisted of four members, being independent non-executive Directors Mr. MU Binrui and Mr. TSE Yat Hong; non-executive Directors Mr. AU Siu Luen and Mr. ZHANG Yunji, respectively, and was chaired by Mr. MU Binrui.

(2) Main responsibilities

The main responsibilities of the Risk Management and Green Finance Committee of the Board of Directors of the Bank include: setting the basis and method for the level of risk that the Bank can undertake; reviewing risk appetite and risk management policies, systems and basic principles; reviewing the disposal of assets and provision of external guarantees that are not within the scope of business operations; supervising the senior management's control over risks, regularly debriefing the senior management's report on risks and risk management status, timely putting forward opinions on risk management and internal control, reporting to the Board of Directors when necessary, and informing the senior management and the Board of Supervisors; where necessary, debriefing the senior management's reports on compliance with relevant laws and regulations, regulatory requirements, policies of the Bank, rules and regulations, anti-money laundering arrangements and self-inspection results; researching and formulating green finance strategy; debriefing the senior management's report on implementation of the green finance strategy; supervising and evaluating the implementation of the green finance strategy; reporting to the Board of Directors on the implementation of the green finance strategy and submitting comments and recommendations; authorizing the affiliated Related Party Transactions Control Committee to exercise relevant functions and powers over related party transactions control and performing other duties as assigned by the Board of Directors.

(3) Meetings and work

During the Reporting Period, the Risk Management and Green Finance Committee of the Board of Directors of the Bank held a total of 10 meetings, at which 28 proposals were deliberated and 4 reports were debriefed. The Risk Management and Green Finance Committee of the Board of Directors reviewed the report on comprehensive risk management of the Bank, risk assessment report of derivatives trading business, report on liability quality management, summary of prevention and control work on non-compliance cases, comprehensive risk management measures, assessment report on internal capital adequacy, statement on risk appetite at group level, implementation of the expected credit loss method, information technology risk management policy, business continuity management policy and work report on green finance and other proposals, and debriefed the report of the chief risk management officer and the employee conduct assessment report. It also required the senior management to strengthen key risk control from multiple dimensions, continuously improve risk concentration indicators, consistently enhance the Bank's risk management capabilities, accelerate the development of green finance, and make every effort to excel in the field of green finance.

During the Reporting Period, the attendance of the members of the Risk Management and Green Finance Committee of the Board of Directors of the Bank is as follows:

Name	Number of scheduled attendances	Number of attendances in person	Number of attendances by proxy	Number of absences
MU Binrui	10	10	–	–
AU Siu Luen	10	10	–	–
ZHANG Yunji	10	10	–	–
TSE Yat Hong	10	10	–	–
ZHAO Zhihong	7	7	–	–
CHI Guotai	5	5	–	–

- Notes: (1) During the Reporting Period, the Risk Management and Green Finance Committee of the Board of Directors of the Bank convened six off-site meetings.
- (2) Please refer to “Directors, Supervisors, Members of Senior Management, Employees and Branches: Changes in Directors, Supervisors and Members of Senior Management” in this annual report for the changes in the Directors of the Bank during the Reporting Period.

2. *Related Party Transactions Control Committee of the Board of Directors*

(1) *Personnel composition*

As of the end of the Reporting Period, the Related Party Transactions Control Committee of the Board of Directors of the Bank consisted of four members, being independent non-executive Directors Mr. MU Binrui and Mr. TSE Yat Hong; non-executive Directors Mr. AU Siu Luen and Mr. ZHANG Yunji, respectively, and was chaired by Mr. MU Binrui.

(2) *Main responsibilities*

The main responsibilities of the Related Party Transactions Control Committee of the Board of Directors of the Bank include: reviewing the administrative measures on related party (connected) transactions, and preparing annual special reports on the implementation of such administrative systems and submitting them to the Board of Directors; examining related party (connected) transactions in accordance with laws and regulations, the provisions of the exchanges on which the Bank’s securities are listed and the commercial principles of fairness and impartiality; reviewing the information disclosure matters of related party (connected) transactions and supervising the authenticity, accuracy and integrity of such disclosure; and performing other duties as assigned by the Board of Directors or the Risk Management and Green Finance Committee of the Board of Directors.

(3) Meetings and work

During the Reporting Period, the Related Party Transactions Control Committee of the Board of Directors of the Bank held a total of six meetings, at which 9 proposals were deliberated. The Related Party Transactions Control Committee of the Board of Directors attached great importance to the management of related party (connected) transactions, and strictly examined matters in relation to material related party transactions. It also reviewed the special report on related party transactions for the year, annual report and interim report, and expressed opinions on the authenticity, accuracy and integrity of information disclosure of related party (connected) transactions. It accepted the filing of general related party transactions that occur on a daily basis and oversaw the compliance of general related party transactions.

During the Reporting Period, the attendance of the members of the Related Party Transactions Control Committee of the Board of Directors of the Bank is as follows:

Name	Number of scheduled attendances	Number of attendances in person	Number of attendances by proxy	Number of absences
MU Binrui	6	6	—	—
AU Siu Luen	6	6	—	—
ZHANG Yunji	6	6	—	—
TSE Yat Hong	6	6	—	—
ZHAO Zhihong	3	3	—	—
CHI Guotai	2	2	—	—

- Notes: (1) During the Reporting Period, the Related Party Transactions Control Committee of the Board of Directors of the Bank convened six off-site meetings.
- (2) Please refer to “Directors, Supervisors, Members of Senior Management, Employees and Branches: Changes in Directors, Supervisors and Members of Senior Management” in this annual report for the changes in the Directors of the Bank during the Reporting Period.

3. Audit and Consumer Rights Protection Committee of the Board of Directors**(1) Personnel composition**

As of the end of the Reporting Period, the Audit and Consumer Rights Protection Committee of the Board of Directors of the Bank consisted of six members, being independent non-executive Directors Mr. TSE Yat Hong, Mr. MU Binrui, Mr. ZHU Ning and Mr. SHUM Siu Hung Patrick; non-executive Directors Mr. AU Siu Luen and Ms. YUAN Wei, respectively, and was chaired by Mr. TSE Yat Hong. All members of the Audit and Consumer Rights Protection Committee of the Board of Directors are non-executive Directors, and the majority is the independent non-executive Directors, which complies with the Listing Rules and the Articles of Association of the Bank.

(2) Main responsibilities

The main responsibilities of the Audit and Consumer Rights Protection Committee of the Board of Directors of the Bank include: reviewing internal audit charter and medium- and long-term audit plans, organizing and leading the internal audit work as authorized by the Board of Directors; enabling communication between internal audit and external audit; reviewing and approving the appointment and removal of the head of audit department, and evaluating and supervising the performance of the head of audit department and the audit department; debriefing audit department's reports on major audit findings from internal audit, external audit and regulatory audit, and urging the senior management to make corrective actions accordingly; examining the financial position, accounting policies and procedures, and financial reporting procedures of the Bank, designating working bodies to conduct independent supervision and inspection on the implementation, and submitting review opinions to the Board of Directors when necessary, and notifying the senior management and the Board of Supervisors at the same time; organizing the annual audit work, designating working bodies to conduct independent review on the financial reports and making judgmental reports on the authenticity, integrity and accuracy of the information set out in the audited financial reports; designating working bodies to conduct independent assessment on the internal control and risk management system, and supervising the implementation and effectiveness of the system; organizing discussions on the internal control system and reporting to the Board of Directors on relevant issues; making recommendations to the Board of Directors on matters relating to the recruitment, renewal or dismissal of external auditors; formulating strategies, policies and objectives for the protection of consumers' rights and interests, and urging the senior management to effectively carry out relevant work; regularly debriefing special reports on the protection of consumers' rights and interests, supervising and evaluating the comprehensiveness, timeliness and effectiveness of the protection of consumer rights and interests, as well as the performance of the senior management; reviewing and making recommendations to the Board on proposals for protection of consumers' rights and interests to be submitted to the Board of Directors for deliberation; and performing other duties as assigned by the Board of Directors and required by laws and regulations.

(3) Meetings and work

During the Reporting Period, the Audit and Consumer Rights Protection Committee of the Board of Directors of the Bank held a total of 8 meetings, at which 17 proposals were deliberated and 13 reports were debriefed. The Audit and Consumer Rights Protection Committee of the Board of Directors reviewed the annual internal audit work plan and matters related to the appointment and performance evaluation of the head of the audit department, debriefed regular internal audit work reports, continued to strengthen the supervision of internal audit work, and required the Bank to enhance the analysis and reporting of audit rectification to improve the timeliness of audit rectification; reviewed the 2023 annual financial report and 2024 interim financial report in strict accordance with the relevant rules and regulations, debriefed the external auditors' report on the audit objectives and scope, audit work schedule, overall audit strategy, key audit matters and key focus areas for the 2024 annual financial report, and required strict adherence to the audit plan to perform the annual audit; revised the management measures for external accounting firms to further regulate the selection and management of external accounting firms; organized meetings to review the annual management recommendations, designated working bodies to carry out the annual internal control evaluation, and reviewed the evaluation report and the auditors' statement; reviewed and debriefed reports on consumer rights protection, required the Bank to attach great importance to consumer rights protection and continuously improve the effectiveness of consumer protection governance.

During the Reporting Period, the attendance of the members of the Audit and Consumer Rights Protection Committee of the Board of Directors of the Bank is as follows:

Name	Number of scheduled attendances	Number of attendances in person	Number of attendances by proxy	Number of absences
TSE Yat Hong	8	8	—	—
AU Siu Luen	8	8	—	—
YUAN Wei	8	8	—	—
MU Binrui	8	8	—	—
ZHU Ning	8	8	—	—
SHUM Siu Hung Patrick	8	8	—	—

Notes: (1) During the Reporting Period, the Audit and Consumer Rights Protection Committee of the Board of Directors of the Bank convened four off-site meetings.

(2) Please refer to “Directors, Supervisors, Members of Senior Management, Employees and Branches: Changes in Directors, Supervisors and Members of Senior Management” in this annual report for the changes in the Directors of the Bank during the Reporting Period.

(4) **Audit and Consumer Rights Protection Committee of the Board reviewed the annual financial report for 2024**

The Audit and Consumer Rights Protection Committee of the Board of the Bank performed the following duties during the review of the 2024 Annual Report in accordance with the relevant policies of the Bank: at the on-site auditing stage of the accountants for annual audit, the 35th meeting of the Audit and Consumer Rights Protection Committee of the fifth session of the Board was held on December 19, 2024, at which the committee listened to the work report of the external auditor, Deloitte Touche Tohmatsu, for audit plan on the annual financial report for 2024 and pre-audit work progress, and put forward advices and requests. In the process of auditing, the committee strengthened the communication with the accountants for annual audit. After the preliminary audit opinions were issued by the accountants for annual audit, the 1st meeting of the Audit and Consumer Rights Protection Committee of the sixth session of the Board was held on March 25, 2025, at which the committee reviewed the Bank’s financial statements and the audit report for 2024, listened to the external auditor’s report on the Bank’s annual audit work for 2024, and put forward advices. Before holding the annual meeting of the Board, the 2nd meeting of the Audit and Consumer Rights Protection Committee of the sixth session of the Board was held on March 25, 2025, at which the committee considered and approved the Bank’s annual financial report for 2024, and agreed to submit it to the Board of the Bank for consideration.

4. *Nomination and Remuneration Committee of the Board of Directors*

(1) *Personnel composition*

As of the end of the Reporting Period, the Nomination and Remuneration Committee of the Board of Directors of the Bank consisted of five members, being independent non-executive Directors Mr. MAO Zhenhua, Mr. ZHU Ning and Mr. SHUM Siu Hung Patrick; executive Director Mr. WANG Jinhong; non-executive Director Mr. HU Aimin, respectively, and was chaired by Mr. MAO Zhenhua. The Nomination and Remuneration Committee of the Board of Directors was composed of independent non-executive Directors in majority, which complied with the Listing Rules and the Articles of Association of the Bank.

(2) *Main responsibilities*

The main responsibilities of the Nomination and Remuneration Committee of the Board of Directors of the Bank include: reviewing procedures and standards for the election and appointment of Directors and senior management members, and submitting comments and recommendations to the Board for its consideration; nominating members of the Board of Directors and the senior management, preliminarily examining the qualifications and conditions of Directors and senior management members, and making recommendations to the Board of Directors; reviewing the evaluation criteria and evaluation reports of Directors and senior management members, as well as the mutual evaluation reports of independent Directors; examining remuneration packages for Directors, senior management members and other personnel in key positions, making suggestions and recommendations on the establishment of a formal and transparent procedure for developing remuneration policies, and submitting them to the Board for consideration; reviewing and approving matters in relation to the Bank's share scheme under Chapter 17 of the Listing Rules; reviewing employee remuneration management policies and retirement policies; reviewing business performance assessment indicators and performance assessment policies; and performing other duties as authorized by the Board of Directors and required by laws and regulations.

In nominating Directors to the Board of Directors, the Nomination and Remuneration Committee of the Board of Directors of the Bank will take into consideration, including but not limited to, the following:

- relevant provisions of the Company Law, Commercial Banking Law, the Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》), Measures for the Administration of the Office-holding Qualifications of the Directors (Council Members) and Senior Managers of Banking Financial Institutions, Implementation Measures on Administrative Licensing Items on Chinese-Funded Commercial Banks, Listing Rules and other laws and regulations;
- relevant provisions of the Articles of Association of the Bank and the Terms of Reference of the Nomination and Remuneration Committee of the Board of Directors and other internal governance documents;
- the actual work of the Bank;
- the Board Diversity Policy of the Bank, including but not limited to, gender, age, cultural and educational background, ethnicity, industry and professional experience, technical and professional skills and/or qualifications, knowledge, length of service and time to be devoted as a Director;
- the factors set out in Rule 3.13 of the Listing Rules that may affect the independence of an independent non-executive Director candidate; and
- any other factors which the Nomination and Remuneration Committee of the Board of Directors may deem relevant and applicable from time to time.

The Nomination and Remuneration Committee of the Board of Directors of the Bank shall nominate and review the qualifications and conditions for the appointment of Directors in accordance with the Articles of Association and the procedures and standards for the appointment of Directors and make recommendations to the Board of Directors on the nomination of such persons after identifying the suitably qualified person to serve as Director.

(3) Meetings and work

During the Reporting Period, the Nomination and Remuneration Committee of the Board of Directors of the Bank held a total of six meetings, at which 19 proposals were deliberated. The Nomination and Remuneration Committee of the Board of Directors deliberated the annual group performance evaluation indicators, performance assessment contract of the chairman of the Board, assessment and evaluation of the terms of office of professional managers, determination of the compensation and incentive income of senior management members during their terms of office, as well as the market-oriented recruitment work plan for professional managers as senior management members and other proposals. It also selected Directors and professional managers with high standards, and carefully evaluated the independence of the candidates of independent non-executive Directors, which further enhanced the diversity of the Board of Directors and senior management members.

During the Reporting Period, the attendance of the members of the Nomination and Remuneration Committee of the Board of Directors of the Bank is as follows:

Name	Number of scheduled attendances	Number of attendances in person	Number of attendances by proxy	Number of absences
MAO Zenhua	6	6	—	—
WANG Jinhong	6	6	—	—
HU Aimin	6	6	—	—
ZHU Ning	6	6	—	—
SHUM Siu Hung Patrick	6	6	—	—
CHI Guotai	2	2	—	—

Notes: (1) During the Reporting Period, the Nomination and Remuneration Committee of the Board of Directors of the Bank convened 6 off-site meetings.

(2) Please refer to “Directors, Supervisors, Members of Senior Management, Employees and Branches: Changes in Directors, Supervisors and Members of Senior Management” in this annual report for the changes in the Directors of the Bank during the Reporting Period.

5. Development Strategy and Inclusive Finance Committee of the Board of Directors

(1) Personnel composition

As of the end of the Reporting Period, the Development Strategy and Inclusive Finance Committee of the Board of Directors of the Bank consisted of six members, being executive Directors Mr. WANG Jinhong, Mr. QU Hongzhi and Mr. DU Gang; non-executive Directors Mr. AU Siu Luen, Ms. YUAN Wei and Mr. DUAN Wenwu, respectively, and was chaired by Mr. WANG Jinhong.

(2) Main responsibilities

The main responsibilities of the Development Strategy and Inclusive Finance Committee of the Board of Directors of the Bank include: reviewing business development strategies and medium and long-term development plans; assessing development strategies on a regular basis; reviewing proposals for material changes in shareholding, financial reorganization, merger, division and dissolution; reviewing proposals for capital management planning, listing or other fund raising arrangements, use of proceeds, increase or reduction of registered capital and share repurchase; reviewing plans for annual financial budget, final accounts, risk capital allocation, profit distribution and recovery of losses and other financial plans that materially affect our business operations and development, as well as giving opinions or making recommendations as to whether these plans are in line with our development strategies; reviewing annual operational and investment plans as well as giving opinions or making recommendations as to whether these plans are in line with our development strategies; reviewing risk management policies, capital management policies and other management policies that have a significant impact on the business operations and development of the Bank, as well as giving opinions or making recommendations as to whether they are in line with our development strategies; researching our proposals for external investments that are outside the ordinary course of business and other issues that may materially affect our development, as well as making relevant recommendations; formulating plans for the development of inclusive finance business, designing basic management policy and supervising its implementation; and performing other responsibilities as authorized by the Board of Directors.

(3) Meetings and work

During the Reporting Period, the Development Strategy and Inclusive Finance Committee of the Board of Directors of the Bank held a total of four meetings, at which 8 proposals were deliberated. The Development Strategy and Inclusive Finance Committee of the Board of Directors reviewed the Bank's annual final accounts report, annual budget report, annual profit distribution plan, annual investment plan, annual inclusive finance business development plan, amendments to the Fourth "Five-Year Plan" and other proposals, and put forward guidance on improving long-term goals, strengthening risk management and enhancing internal control foundations.

During the Reporting Period, the attendance of the members of the Development Strategy and Inclusive Finance Committee of the Board of Directors of the Bank is as follows:

Name	Number of scheduled attendances	Number of attendances in person	Number of attendances by proxy	Number of absences
WANG Jinhong	4	4	—	—
AU Siu Luen	4	4	—	—
YUAN Wei	4	4	—	—
DUAN Wenwu	4	3	1	—
QU Hongzhi	4	4	—	—
DU Gang	4	4	—	—

Notes: (1) During the Reporting Period, the Development Strategy and Inclusive Finance Committee of the Board of Directors of the Bank convened 3 off-site meetings.

(2) Please refer to "Directors, Supervisors, Members of Senior Management, Employees and Branches: Changes in Directors, Supervisors and Members of Senior Management" in this annual report for the changes in the Directors of the Bank during the Reporting Period.

(IX) Corporate Governance Functions

The Board of Directors of the Bank is responsible for performing its corporate governance functions set out in Appendix C1 of the Listing Rules, including: developing and reviewing the corporate governance policies and practices; reviewing and monitoring the training and continuous professional development of directors and senior management members; reviewing and monitoring the Bank's policies and practices on compliance with legal and regulatory requirements; developing, reviewing and monitoring codes of conduct and compliance manuals for employees and directors; and reviewing the Bank's compliance with the Corporate Governance Code and the disclosure of corporate governance information in the annual report.

IV. BOARD OF SUPERVISORS

(I) Members of the Board of Supervisors

As of the end of the Reporting Period, the Board of Supervisors of the Bank consisted of five Supervisors, including two external Supervisors: Mr. HUI Yung Chris and Ms. DU Huibin, and three employees' representative Supervisors: Mr. BAI Xinyu, Mr. LI Chengbang and Ms. ZHANG Hui.

(II) The Responsibility of the Board of Supervisors

The Board of Supervisors is the Bank's internal supervisory organization. It is accountable to the Shareholders' general meeting and targets on protecting the legal rights of the Bank, the Shareholders, employees, creditors and other stakeholders. Its major functions and powers include supervising the Board of Directors to establish sound business philosophy, value standards and formulate development strategies in line with the Bank's actual situation; regularly evaluating the scientificity, rationality and effectiveness of the development strategies formulated by the Board of Directors, and forming an evaluation report; inspecting and supervising the Bank's financial activities, operating decisions, internal control and risk management and pushing forward relevant rectifications; supervising the election and appointment process of Directors; supervising the violation of laws and regulations or the Articles of Association of the Bank by the Directors and senior management members when performing their duties, and comprehensively evaluating the performance of the Directors, Supervisors and senior management members, etc.

(III) Work of External Supervisors

As of the end of the Reporting Period, there are two external Supervisors in the Board of Supervisors of the Bank, the number of which is not less than one-third of the total number of members of the Board of Supervisors. During the Reporting Period, the external Supervisors of the Bank strictly complied with the laws and regulations, regulatory requirements and the provisions of the Bank's Articles of Association, earnestly performed their supervisory duties, and actively protected the legitimate rights and interests of the Bank, Shareholders and other stakeholders. They attended all the meetings of the Board of Supervisors that they should attend, complying with regulatory requirements in terms of in-person attendance rate, and provided advice and suggestions to the Board of Directors and the senior management on strengthening capital management, comprehensive risk management, asset quality management, case prevention and control management, consumer rights protection, data governance, and rectification of issues identified in audits; presided over and convened meetings of the special committees under the Board of Supervisors, continued to monitor relevant matters within the scope of the special committees' responsibilities, and promptly provided professional opinions to the Board of Supervisors; attended 3 Shareholders' general meetings and all on-site meetings of the Board of Directors during the Reporting Period, took the initiative to attend on-site meetings of the special committees under the Board of Directors, conducted on-site supervision on the effective operation of the Board of Directors and its special committees and the speeches of Directors at the meetings, and carefully reviewed documents of off-site meetings. During the adjournment period, they reviewed 78 information reports including the Bank's monthly financial statements, minutes of the president's office meetings and consumer rights protection risk alerts, and actively participated in the training and surveys in branches as organized by the Board of Supervisors of the Bank.

V. TRAINING AND INVESTIGATIONS OF DIRECTORS AND SUPERVISORS

The Bank places high importance on the continuous professional development of the Directors, and actively organizes and arranges training sessions for the Board members on topics such as macroeconomic analysis, interpretation of industry regulatory policies, and good practices in corporate governance. During the Reporting Period, the Directors of the Bank, namely Mr. WANG Jinhong, Mr. AU Siu Luen, Ms. YUAN Wei, Mr. DUAN Wenwu, Mr. HU Aimin, Mr. ZHANG Yunji, Mr. QU Hongzhi, Mr. DU Gang, Mr. MAO Zhenhua, Mr. MU Binrui, Mr. TSE Yat Hong, Mr. ZHU Ning and Mr. SHUM Siu Hung Patrick participated in special training sessions on macro analysis of consumer rights protection and regulatory policy interpretation, as well as discussions on the revisions to the Company Law and their impact on corporate governance in the banking industry. The Audit and Consumer Rights Protection Committee of the Board of Directors attended lectures by external auditors on updates to accounting standards and important regulatory regulations. All Directors diligently studied various materials regularly provided by the Bank on regulatory policies, industry developments, and corporate governance and management information of the Bank, keeping abreast of the latest regulatory trends and the Bank's development status. They deepened their understanding of the responsibilities and obligations of being directors of commercial banks and Hong Kong-listed companies, ensuring they continuously possess the expertise and capabilities required to fulfill their duties.

During the Reporting Period, the Board of Supervisors of the Bank conducted three training sessions focused on the duties of supervisors and consumer rights protection, and assigned the Supervisors to learn about topics such as "Macro Analysis of Consumer Rights Protection and Interpretation of Regulatory Policies under New Supervisory Frameworks", "Practicing Finance for the People and Striving to Create a New Landscape in Financial Consumer Rights Protection", and the effective and compliant performance of Supervisors and the Board of Supervisors, which significantly enhanced the Supervisors' ability to perform their duties. The chairman of the Board of Supervisors visited several branches for research purpose, and some external Supervisors and employees' representative Supervisors participated in branch research meetings. They gained detailed insights into employee misconduct investigations, case prevention and control, and the rectification of issues identified through internal and external inspections. They also provided suggestions and recommendations on how branches can effectively implement the strategic deployments made by the head office for high-quality development, strengthen asset quality control, and further improve the quality and efficiency of internal control and compliance management.

VI. SENIOR MANAGEMENT

The senior management conducts operational and management activities in accordance with the Articles of Association of the Bank and the authority of the Board of Directors to ensure that the Bank's operations are consistent with the development strategies, risk appetite and other policies approved by the Board of Directors. The senior management is accountable to the Board of Directors and accepts the supervision from the Board of Supervisors. The senior management shall not be interfered with in the operation management activities within the scope of its functions and powers in accordance with the law.

The president shall exercise his/her functions and powers in accordance with the relevant laws and regulations and the Articles of Association of the Bank. The vice presidents and other senior management members shall assist the president in his/her work and perform their duties in accordance with the relevant authorizations.

For details of the responsibilities of the senior management of the Bank, please refer to the Articles of Association published on the websites of the HKEX and the Bank.

(I) Composition and Basic Information of Senior Management

As of the end of the Reporting Period, the senior management of the Bank consisted of three members, including: the president: Mr. QU Hongzhi, the vice presidents: Mr. DU Gang (secretary to the Board of Directors) and Mr. XIE Kai. During the Reporting Period, among these three members of the senior management, 1 person received less than RMB2 million and 2 persons received more than RMB2 million for the total amount of pre-tax remuneration from the Bank. For detailed information about the remuneration and other basic information of members of the senior management, please refer to “Directors, Supervisors, Members of Senior Management, Employees and Branches: Directors, Supervisors and Members of Senior Management” of this annual report.

During the Reporting Period, under the leadership of the Party Committee of the head office and the Board of Directors and in adherence to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the senior management of the Bank fully studied and implemented the guiding principles from the 20th CPC National Congress and the second and third plenary sessions of the 20th CPC Central Committee, as well as the important statements from General Secretary Xi Jinping on finance works and the important speech made during his visit to Tianjin. They diligently implemented the work plan of financial regulatory departments of central government and Tianjin Committee of the CPC and Tianjin Municipal People’s Government, and insisted on the general principle of pursuing progress while ensuring stability. Taking the “five priorities” as starting point and adhering to the basic principles of serving the real economy with financial services, the senior management of the Bank also facilitated the deepening of reforms, transformation and revitalization, and continued to promote high-quality development across the Bank.

During the Reporting Period, the senior management of the Bank, in accordance with relevant laws, regulations, the Articles of Association and the Work Rules for Senior Management (《高級管理層工作規則》) of the Bank, conscientiously performed their duties, and worked hard to improve the level of operation and management. A total of 6 bank-wide comprehensive meetings, 53 office meetings of the president, 50 special meetings of the president, 11 meetings of the Assets and Liabilities Management Committee, 16 meetings of the Risk Control Committee, 101 meetings of the Finance Review and Approval Committee, 24 meetings of the Information Technology Committee, 11 meetings of the Data Management and Data Security Committee, 18 meetings of the Consumer Rights Protection Working Committee, 81 meetings of the Financial Markets Business Joint Decision Making Committee, 6 meetings of the Channel Establishment Management Committee, 11 meetings of the Retail Business Committee and 12 meetings of the Corporate Business Committee were held during the whole year. At various meetings, the senior management members actively expressed their professional opinions, fully communicated on information, and conscientiously solved problems, ensuring the efficient and orderly development of operation and management.

(II) Performance Assessment and Incentive and Restraint Mechanism of Senior Management Members

During the Reporting Period, the Board of Directors of the Bank has conscientiously implemented the resolutions of the Shareholders' general meeting and conducted performance appraisal for senior management members in accordance with the Performance Assessment Methods for Senior Management Personnel and the Performance Assessment Methods for Professional Managers. The Board of Directors deliberated and approved the Group's performance assessment criteria for 2024, the performance assessment of senior management members closely combined with the Group's performance criteria, as well as the work duty distributed, which further strengthened the incentives and constraints on senior management members.

VII. CHAIRMAN OF THE BOARD OF DIRECTORS AND THE PRESIDENT

The Articles of Association of the Bank stipulates that the positions of the chairman and the president of the Bank shall be separated. Mr. WANG Jinhong, as the chairman of the Board of Directors, took charge of the work of the party committee and the Board of Directors of the Bank. Mr. QU Hongzhi, as the president, took charge of the operation and management of the Bank. The duties of the chairman and the president are clearly defined and comply with the requirements of the Listing Rules.

VIII. COMPANY SECRETARY

Mr. DU Gang and Ms. ZHANG Xiao of SWCS Corporate Services Group (Hong Kong) Limited serve as joint company secretaries of the Bank. Mr. DU Gang is the main contact person of Ms. ZHANG Xiao in the Bank.

During the Reporting Period, both Mr. DU Gang and Ms. ZHANG Xiao have complied with the relevant requirements of Rule 3.29 of the Listing Rules and have attended the relevant professional training for no less than 15 hours.

IX. RELATIONSHIP AMONG DIRECTORS, SUPERVISORS AND MEMBERS OF SENIOR MANAGEMENT

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

X. SECURITIES TRANSACTIONS OF DIRECTORS AND SUPERVISORS

The Bank has adopted the Model Code as the code of conduct for the supervision of securities transactions by the Directors and Supervisors of the Bank. Upon specific enquiries with all Directors and Supervisors of the Bank, the Directors and Supervisors of the Bank confirmed that they have complied with the Model Code during the Reporting Period.

XI. CONTRACTED INTERESTS AND SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

To the knowledge of the Bank, the Directors and Supervisors of the Bank have no material interest, directly or indirectly, in any material transactions, arrangements or contracts entered into by the Bank during the Reporting Period. The Directors and Supervisors of the Bank did not enter into any service contract with the Bank which is liable to indemnity (other than statutory indemnity) in the event of termination of the contract by the Bank within one year.

XII. INFORMATION DISCLOSURE

The Bank attaches great importance to information disclosure, strictly complies with the information disclosure regulations and the requirements of the Listing Rules, adheres to the principles of truthfulness, accuracy, completeness, timeliness and fairness, fulfills the obligation of information disclosure, and protects investors' right to know. During the Reporting Period, guided by investor needs and in compliance with industry regulatory requirements and the regulatory rules of the securities listing locations, the Bank continued to enhance the initiative and pertinence of information disclosure with a focus on the concerns of investors, so as to provide supporting information for investors to gain a comprehensive and in-depth understanding of the operation and development of the Bank. In 2024, the Bank completed the preparation and disclosure of Annual Report 2023 and Interim Report 2024 on time, continued to optimize the structure and content of the social responsibility report, and make timely disclosure of temporary announcements in accordance with regulatory requirements. More than 70 information disclosure documents of various types were published on the websites of the HKEX and the Bank.

The Bank carried out inside information management in strict accordance with the regulatory requirements of the place where the securities were listed. Through establishing and optimizing the internal information reporting mechanism, the Bank defined the information reporting route, and ensured the timely, compliant and effective transmission of material information among corporate governance entities. In case of "inside information" as referred to in the SFO, the Bank can deal with and release inside information in a timely manner in accordance with the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission of Hong Kong and other relevant regulatory requirements, and strictly keep confidential relevant information before disclosure. During the Reporting Period, the Bank strengthened compliance publicity and education and enhanced the compliance awareness of insiders by organizing staff to study the regulatory requirements, duly releasing the confidentiality notice and the notice on prohibiting securities trading, effectively preventing insider dealing risk.

XIII. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

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

XIV. COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Bank has adopted the code provisions set out in Part 2 of Appendix C1 to the Listing Rules. Pursuant to code provision B.2.2, every director (including those appointed for a specific term) should be subject to retirement by rotation at least once every three years. The term of the fifth session of the Board of Directors of the Bank expired on December 15, 2022. When preparing for the re-election of the Board of Directors, the re-election of the Board of Directors was postponed in order to maintain the continuity of the relevant work of the Bank. On December 20, 2024, the Board of Directors of the Bank considered and approved the proposal for the candidates of the sixth session of the Board of Directors, and published an announcement on the proposed election of directors for the sixth session of the Board of Directors on the same day. On January 20, 2025, the sixth session of the Board of Directors has been elected at the 2025 first extraordinary general meeting of the Bank, and thus the re-election of the Board of Directors has been completed. For details, please refer to the relevant announcements and circular published by the Bank on the websites of the HKEX and the Bank. As of the date of this annual report, the Bank has complied with code provision B.2.2.

Save and except for disclosed above, the Bank has complied with the code provisions set out in Part 2 of Appendix C1 to the Listing Rules during the Reporting Period. The Bank has also complied with certain recommended best practices set out in the Code.

XV. APPOINTMENT OF AUDITORS

As considered and approved at the 2023 annual general meeting, the Bank re-appointed Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu (collectively referred to as “Deloitte”) as the respective domestic and overseas auditor of the Bank for the year of 2024. This year was the second year that Deloitte provided audit services to the Bank. Pursuant to the relevant requirements on the maximum number of consecutive years for a state-owned financial institution to engage the same accounting firm as stipulated in the Administrative Measures for State-owned Financial Enterprises to Select and Engage 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)) issued by the Ministry of Finance of the People’s Republic of China, KPMG Huazhen LLP and KPMG retired after they had served for eight consecutive years upon completion of their auditing service for the year of 2022.

During the Reporting Period, the audit service fees for the Group’s financial report (including the financial report audit of its subsidiary) totaled RMB6.207 million, and the fees for other non-audit services amounted to RMB2.945 million.

The certified public accountants who signed the audit report on the Bank’s financial statements under China Accounting Standards for Business Enterprises for the year were Ms. LIU Wei and Ms. WU Bo, and the certified public accountant who signed the audit report on the Bank’s financial statements under IFRS was Mr. SHI Chung Fai. Ms. LIU Wei and Mr. SHI Chung Fai had provided audit services for the Bank for two consecutive years, while Ms. WU Bo provided audit services to the Bank for the first time.

XVI. INTERNAL CONTROL

The Board of Directors of the Bank is responsible for ensuring the establishment and implementation of an adequate and effective risk management system, and ensuring the Bank’s prudent operation under the framework of laws and policies. The Board of Supervisors is responsible for supervising the Board of Directors and the senior management in improving the risk management and internal control system and supervising the performance of risk management responsibilities by the Board of Directors, the senior management and their members. The senior management is responsible for implementing the resolutions of the Board and ensuring effective performance of risk management responsibilities.

The Board of Directors is responsible for risk management and internal control system, and is responsible for reviewing the effectiveness of relevant systems. The risk management and internal control system are designed to manage rather than eliminate the risk of failure to achieve business objectives, so the Board of Directors can only provide reasonable but not absolute guarantees to avoid material misrepresentation or loss.

The Bank has established a risk prevention system consisting of three lines of defense against each main risk to which it is exposed. The first line of defense of risk management is formed by various business departments, branches and sub-branches, which are directly responsible for carrying out their risk management functions. The second line of defense is departments of risk management line, Assets and Liabilities Management Department, Internal Control and Compliance Department, the General Office (Public Relations Department) and the Office of the Board of Directors, which assume responsibilities for formulating policies and procedures, supervising and managing risk. The third line of defense of risk management is the Audit Department, which assumes audit responsibilities for the performance of the first and second lines of defense.

The Bank closely monitors various risks through risk appetite, risk limits, risk management information systems and a series of risk management policies and measures to respond in a timely manner, especially major risks related to daily operation, including credit risk, market risk, liquidity risk, operational risk, country risk, interest rate risk in the banking book, reputational risk, strategic risk and information technology risk. The Bank focuses on the formulation of rules, policies and implementation of measures related to major risks to optimize the effectiveness and efficiency of risk identification, analysis, assessment and mitigation. For various risks and risk events, the Bank has formulated clear communication and reporting procedures to ensure orderly and efficient risk management. The Board of Directors of the Bank regularly evaluates the effectiveness of the Bank’s risk management system. During the Reporting Period, the Bank’s risk management system was sound and effective. Please refer to “Management Discussion and Analysis: Comprehensive Risk Management” in this annual report for the details of the Bank’s risk management system.

The Bank has established a “four-in-one” internal control organization system consisting of process execution, functional management, second-line supervision and internal audit. The Bank adheres to the principle of “comprehensive, whole-process, and whole-workforce” in internal control management, compliance support, operational risk prevention, case prevention and control, anti-money laundering management, business continuity management, auditing and inspection and other aspects, to promote compliant and orderly management and steady development of all operations.

During the Reporting Period, the Bank continued to improve the long-term mechanism of internal control and compliance management, optimized the internal control and compliance management structure, and strengthened segment management; focusing on the key tasks for the year, it provided guidance to enhance management capability and professionalism of the internal control and compliance teams of its branches; it strengthened assessment and incentives to improve the accuracy and effectiveness of internal control and compliance management assessment; it strengthened case prevention management, established a grid-based employee management structure, and improved employee management efficiency; it carried out various forms of internal control compliance training to continuously improve employees’ compliance awareness and cultivate a compliance culture; it improved the inspection mechanisms, strengthened inspection management, and coordinated on-site inspections across the Bank to realize the organic linkage of on-site inspection planning, execution and supervision; it strengthened rectification and supervision, reinforced accountability, and targeted on violations; it established an enterprise-level on-site inspection system and promoted its use throughout the Bank, continued to optimize the internal control compliance model, and continuously improved the intelligent level of internal control compliance management.

The Bank has established an independent and vertical internal audit system, which independently performs audit functions as a working body under the Audit and Consumer Rights Protection Committee of the Board of Directors and the Board of Supervisors. The organizational structure of the audit department of the head office and the regional audit centers has been established. As the second-level department of the audit department of the head office and the regional audit agencies, the audit centers are accountable to and report to the audit department of the head office. The internal audit of the Bank adopts risk-oriented audit strategies and audit methods. On the basis of risk assessment, the Bank arranges audit plans and audit frequency according to regulatory requirements, risk degree and importance principles, and actively performs the supervision role of audit on key businesses and major risk areas within the scope of duties.

During the Reporting Period, in respect of internal audit matters, the Bank continued to improve various internal audit policies and procedures, constantly enhanced internal audit capability and technological level, and adopted risk-oriented audit strategies and methods. The Bank carried out various audit works, performed audit supervision duties, and promoted the continuous improvement of the Bank’s internal control and risk management.

During the Reporting Period, the Board of Directors of the Bank conducted an annual review on the Bank’s risk management and internal control system for 2024, and no material defects have been found while individual implementation at the grassroots level needs to be strengthened. The Board of Directors considered that the Bank’s risk management and internal control system was effective and adequate.

XVII. INTERNAL AUDIT

During the Reporting Period, the Bank adhered to and continuously emphasized a risk-oriented audit principle, actively expanded the breadth and depth of audit supervision, increased audit efforts on high-risk businesses and institutions, focused on the asset quality and the whole process of operation and management of credit extension, and concentrated on the key tasks and business areas in operation and management. Focusing on the Bank’s central tasks, it conducted various audit projects, including special audits, regular and subsequent branch audits in accordance with the plan for internal audit work approved by the Audit and Consumer Rights Protection Committee under the Board of Directors, the work arrangements of the Board of Supervisors and regulatory requirements, and completed post-office audits in a timely manner according to the Bank’s actual situation, revealed the control deficiencies in various risk management of the Bank, including credit risk, compliance risk, market risk, operational risk and information technology risk, continuously promoted the rectification of the problems identified in the audits, fully performed the audit duties, and constantly promoted the continuous improvement in the internal control and risk management system of the whole bank.

XVIII. CORPORATE CULTURE

During the Reporting Period, the Bank focused on cultivating and embodying financial culture with Chinese characteristics, greatly strengthened corporate culture construction, and became one of the four pilot enterprises for corporate culture construction selected by the Organization Department under the Tianjin Municipal Committee. The Bank established a leadership body for corporate culture construction, formulated a work plan to enhance corporate culture construction, innovated its corporate value system, published a corporate culture manual, produced a corporate culture light show, updated the CBHB VI Standards, created a corporate culture-themed exhibition, engaged in cultural co-building activities with the Tianjin Bohai Bank Women's Volleyball Club, and launched a comprehensive media campaign to promote corporate culture. The Bank developed a promotion plan for young employees to continuously fostering an atmosphere for entrepreneurship and dedication. The Bank strengthened the implementation of integrity culture, honesty culture and risk compliance culture, actively conducted case prevention training and warning education, and guided employees to adhere to the code of conduct, while embedding the concepts of compliance by all, compliance throughout the process, proactive compliance and compliance creating value into the hearts and actions of all staff. The Bank strengthened its cooperation with the media to greatly enhance publicity. It took the initiative to publish more than 2,000 articles, which were reposted for nearly 35,000 times, thereby amplifying its brand presence. The Bank actively participated in various brand selection activities to increase its brand exposure and enhance its brand value. It won prestigious awards such as "Financial Institution with New Quality Productive Forces of 2024", "Financial Institution for Consumer Rights Protection of 2024", "Excellence in Corporate Finance Award of the Year", "Five Priorities in Finance Industry – Digital Finance Case", "2024 Gamma Award for Technological Innovation" and "2024 Green Finance Pioneer", and was included in the list of "Top 20 Banks in ESG Comprehensive Performance" by China Banking and Insurance News with an AA rating for 2024.

XIX. DIVERSITY

The Bank attaches great importance to the diversity of employee groups, strictly abides by the principle of equal employment, and resolutely opposes discrimination against employees or restrictions on employment due to race, ethnicity, region, religion, gender and other personal traits. As of the end of the Reporting Period, the gender ratio of the Group's employees is listed as follows:

Indicator	Unit	Male	Female
Gender ratio of employees	%	46.38	53.62
Gender ratio of middle and senior management	%	80.16	19.84

Report of the Board of Directors

I. PRINCIPAL BUSINESS

The Bank is mainly engaged in banking and related financial services. Please refer to the section headed "Management Discussion and Analysis: Scope of Businesses" in this annual report for the Bank's main business scope.

II. BUSINESS REVIEW

Please refer to the section headed "Management Discussion and Analysis" in this annual report for the financial performance, major risks, uncertainties and business outlook of the Bank during the Reporting Period; please refer to "Important Events" in this annual report for details of important events after the Reporting Period; please refer to "Compliance with Laws and Regulations" in this chapter for compliance with laws and regulations; please refer to "Performance of Social Responsibilities" in this chapter for environmental policies and performance, and relations with employees, customers, suppliers and other stakeholders.

III. IMPLEMENTATION OF THE RESOLUTIONS OF SHAREHOLDERS' GENERAL MEETING BY THE BOARD OF DIRECTORS

During the Reporting Period, the Board of Directors of the Bank fully implemented the resolutions of the Shareholders' general meeting, and earnestly implemented the Profit Distribution Plan for 2023, the Financial Budget Report for 2024, the Investment Plan for 2024, re-appointment of external auditors for 2024 and other resolutions reviewed and approved by the Shareholders' general meeting.

IV. PROFIT DISTRIBUTION

(I) Profit Distribution Policy

The Bank's Dividend Policy is as follows:

Profit after income tax paid by the Bank was distributed in the following order:

- Making up for losses of previous years;
- Setting aside 10% for statutory reserve fund;
- Setting aside for general (risk) reserve;
- Setting aside for discretionary reserve fund;
- Paying dividends to Shareholders.

No profit shall be distributed to the Bank's shares held by the Bank. The Bank may distribute dividends in cash or by shares. After the Shareholders' general meeting of the Bank made a resolution on the profit distribution plan, the Board of Directors of the Bank shall complete the distribution of dividends (or shares) within two months upon the Shareholders' general meeting. Any shares paid before the call is entitled to interest, but the holders of the shares have no right to participate in the dividends subsequently declared for the prepaid shares. Subject to the provisions of laws and regulations, the Bank may exercise the power of forfeiture with respect to unclaimed dividends, provided that such power may only be exercised after the expiration of the corresponding limitation period applicable to the declaration of dividends.

The Bank shall have the right to cease delivering dividend warrant to the holders of H Shares by mail, but such right can only be exercised after the dividend warrant has not been drawn twice consecutively. If a dividend warrant fails to reach the recipient in the initial mail delivery and is returned, the Bank may exercise such right promptly. Subject to the provisions of the laws and regulations, the Bank shall have the right to sell the shares of the unreachable holders of H Shares through the methods the Board deems appropriate and subject to the following conditions:

- the Bank has distributed dividends on such shares at least three times in a period of 12 years and the dividends are not claimed by anyone during this period;
- after the expiration of the twelve-year period, the Bank makes a public announcement in one or more newspapers in the place where the Bank's shares are listed, stating its intention to sell such shares and notifies the securities regulatory authority of the place where the Bank's shares are listed of such intention.

The Bank shall appoint for Shareholders holding overseas listed foreign shares a recipient agent. The recipient agent shall collect on behalf of the relevant Shareholders concerned the dividends distributed and other payables by the Bank in respect of the overseas listed foreign shares. The recipient agent appointed by the Bank shall comply with the laws of the locality in which the Bank's shares are listed or the relevant requirements of the stock exchange. The recipient agent appointed by the Bank for Shareholders of H Shares shall be a company which is registered as a trust company under the Trustee Ordinance of Hong Kong.

(II) Profit Distribution Proposal for 2024

The Bank proposes to distribute profits for 2024 in below order:

1. The Bank will appropriate statutory surplus reserve base on 10% of the net profit of the Bank amounting to RMB568.595 million;
2. The Bank will appropriate general (risk) reserve amounting to RMB405.681 million;
3. The Bank will not appropriate discretionary surplus reserve in 2024;
4. The Bank will not perform dividend distribution for 2024;
5. In 2024, the Bank will not transfer any capital reserve funds to increase its share capital.

The aforementioned profit distribution proposal is subject to the consideration and approval at the 2024 annual general meeting of the Bank.

(III) Tax on Dividends

Pursuant to the applicable provisions and the Implementing Regulations of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》), the Bank shall withhold and pay enterprise income tax at the rate of 10% for non-resident enterprise holders of H Shares (including H Shares registered in the name of HKSCC Nominees Limited).

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

For individual holders of H Shares who are Hong Kong or Macao residents and those whose country of domicile is a country or region which has entered into a tax treaty with the PRC stipulating a tax rate of 10%, the Bank shall withhold and pay individual income tax at the rate of 10% for those shareholders.

For individual holders of H Shares whose country of domicile is the country or region which has entered into a tax treaty with the PRC stipulating a tax rate of less than 10%, the Bank shall withhold and pay individual income tax at the rate of 10% for individual holders of H Shares. If those shareholders require a refund of the excessive amount of individual income tax payable under the tax treaty, the Bank will handle applications on their behalf for preferential treatments pursuant to the relevant tax treaties. However, in accordance with the Administrative Measures on Non-resident Taxpayers Claiming Tax Treaty Benefits (No. 35 Announcement of the State Taxation Administration in 2019) (《非居民納稅人享受協定待遇管理辦法》) and the requirements of relevant tax treaties, shareholders shall promptly provide relevant papers and data. Upon the review and approval of the applicable tax authorities, the Bank will assist in refunding the excessive amount of tax withheld.

For the individual holders of H Shares whose country of domicile is a country or region which has entered into a tax treaty with the PRC stipulating a rate of more than 10% but less than 20%, the Bank shall withhold and pay individual income tax at the applicable tax rate stipulated in the relevant tax treaty for those shareholders.

For the individual holders of H Shares whose country of domicile is a country or region which has entered into a tax treaty with the PRC stipulating a tax rate of 20%, or a country or region which has not entered into any tax treaties with the PRC, or under any other circumstances, the Bank shall withhold and pay individual income tax at the rate of 20% for those shareholders.

Pursuant to the relevant requirements under the Notice on the Relevant Taxation Policy regarding the Pilot Programme that Links the Stock Markets in Shanghai and Hong Kong (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and the Notice on the Relevant Taxation Policy regarding the Pilot Programme that Links the Stock Markets in Shenzhen and Hong Kong (Cai Shui [2016] No.127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for dividends received by mainland individual investors from investing in H Shares listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the Bank shall withhold individual income tax at the rate of 20% on behalf of the investors. Individual investors who have paid withholding tax overseas may apply to the competent tax authority of China Securities Depository and Clearing Corporation Limited for tax credit with valid tax payment certificates. For dividends received by mainland securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for the individual investors. Dividends received by mainland corporate investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect are included in their total income and subject to corporate income tax according to law. The Bank will not withhold and pay the income tax of dividends for mainland corporate investors and those mainland corporate investors shall report and pay the relevant tax themselves.

V. REASONS AND EFFECTS OF CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES OR CORRECTIONS OF SIGNIFICANT ACCOUNTING ERRORS

For changes in accounting policy, accounting estimates and corrections of significant accounting errors of the Group during the Reporting Period, please refer to the "Audit Report and Financial Report: Notes to the Consolidated Financial Statements" contained in this annual report.

VI. DIRECTORS' INTERESTS IN THE BUSINESS WHICH COMPETES WITH THE BANK

Mr. DUAN Wenwu, a non-executive Director of the Bank, is the chairman of SDIC Capital Co., Ltd. (國投資本股份有限公司) and the chairman of SDIC Securities Co., Ltd., and was a non-executive director of China International Capital Corporation Limited (中國國際金融股份有限公司) during the Reporting Period. The Directors are of the view that, there is no competition or only minimal potential competition between those financial institutions and the Bank arising from the Director's positions in those financial institutions, since: (I) Mr. DUAN Wenwu was not involved in the daily operation and management of the Bank; (II) the Bank has appointed a sufficient number of independent non-executive Directors, representing at least one-third of the total members of the Board of Directors to balance any potential conflict of interests in order to safeguard the interests of the Bank and the Shareholders as a whole. Save as disclosed in this annual report, none of the Directors are interested in any business, which competes or is likely to compete, either directly or indirectly, with the business of the Bank pursuant to Rule 8.10(2) of the Listing Rules.

VII. DONATIONS

During the Reporting Period, the Group made external donations totaling RMB13.2743 million.

VIII. RESERVES AND RESERVES AVAILABLE FOR DISTRIBUTION

For changes in the Group's reserves and reserves available for distribution, please refer to the "Audit Report and Financial Report: Consolidated Statement of Changes in Shareholders' Equity" contained in this annual report.

As of December 31, 2024, the Group's reserves available for distribution amounted to RMB39.885 billion*.

IX. MAJOR CUSTOMERS

As of the end of the Reporting Period, the five largest depositors of the Group accounted for less than 30% of gross deposits from customers and the five largest borrowers accounted for less than 30% of gross loans and advances to customers.

X. EQUITY-LINKED AGREEMENT

During the Reporting Period, the Bank did not enter into any equity-linked agreement.

XI. PERMITTED PROVISION ON INDEMNITY

The Bank has purchased appropriate liability insurance for Directors, Supervisors and members of the senior management in accordance with the relevant provisions of the Articles of Association.

XII. MANAGEMENT CONTRACTS

During the Reporting Period, the Bank did not enter into any administrative or management contracts in respect of the overall or material business of the Bank, nor did such contracts exist.

* According to the Articles of Association, the Group's reserves available for distribution shall be subject to the less of the retained earnings in the financial statements prepared in accordance with the China Accounting Standards for Business Enterprises and the IFRS.

XIII. COMPLIANCE WITH LAWS AND REGULATIONS

The Bank continued to monitor and track the introduction of and changes in regulatory laws and regulations, promptly circulate and disseminate regulatory policies through legal updates and summaries, and keep up with the implementation of regulations, so as to transform external regulation into internal rules. The Bank continued to review, formulate, evaluate and eliminate its rules and regulations, thereby constantly promoting the “establishment, amendment and abolition” of its policies. The Bank also strengthened compliance reviews with system audits as the main body to proactively identify and manage the compliance risks of new products, new businesses and major projects, in order to strictly control compliance risks at the preliminary stage and firmly uphold the bottom line of compliance.

XIV. LEGAL CONSTRUCTION EFFORTS

Fully leveraging its core leadership role, the Party Committee at the head office reinforced its responsibilities as the primary person in charge of legal construction. Guided by Xi Jinping Thought on the Rule of Law, the Bank duly implemented the requirements of the Party Central Committee, the CPC Tianjin Municipal Committee and the Tianjin Municipal People’s Government on promoting legal construction and deployment. Firmly upholding the reform and development direction towards the rule of law, we promoted the organic integration of legal construction and business management, and continued to strengthen the leadership accountability system, work organization system, compliance management system, legal risk prevention mechanism, and the construction of a legal-based culture. We continued to strengthen the organizational leadership of legal work while incorporating the legal construction tasks for the year into the overall work plan and annual work plan. We also adjusted the composition of the leading group for legal construction and “Eighth Five-Year” Rule of Law Publicity and Education Work at head office, so as to ensure the implementation of legal work.

To strengthen the construction of its compliance system, the Bank has formulated institutional system documents and system compilations with 13 major types of business regulations, 6 major types of management regulations, as well as institutional and personnel regulations as the basic framework, and thus established an institutional system with comprehensive coverage, complete structure and clear hierarchy. A grid-based management mechanism for all staff across the Bank has been established to deepen and enhance employee behavior management while integrating case prevention, anti-money laundering management, and operational risk management, which improved the quality and efficiency of compliance management. We continued to consolidate the “three legal audits” to ensure 100% coverage of legal audits for rules and regulations, economic contracts and major decisions, while striving to enhance the quality of these audits. Based on the key function of legal compliance services in providing support, we enhanced our legal risk prevention mechanism, strengthened the management of legal dispute cases, regulated the management of external legal counsel, and improved the efficiency of recovering and mitigating assets at risk, in order to effectively leverage the role of the rule of law in strengthening management, promoting operations, preventing and controlling risks, and creating value. Closely aligned with business development, we conducted regular investigations on hidden hazards and gave risk alerts with defined responsibilities. We learned from individual cases to prevent future issues, and thus established a long-term mechanism for source governance with solid progress. Taking the “Eighth Five-Year” legal education initiative as a key driver, closely following changes in legislation and regulatory policies, we organized comprehensive, categorized, and targeted legal culture education activities that cover all employees, aiming to enhance the legal literacy of the entire workforce and firmly fostered the spirit of the rule of law.

Our work plan related to the rule of law are as follows: We will adhere to the principle of governing the enterprise in accordance with laws and regulations as a practical action to implement Xi Jinping Thought on the Rule of Law and the decisions and deployments made by the CPC Tianjin Municipal Committee and the Tianjin Municipal People’s Government. By highlighting key priorities, and accelerating the efforts to address shortcomings and strengthen the areas of deficiency, we will continuously enhance the guiding and safeguarding capabilities, risk management and control capabilities, and proactive rights protection capabilities of legal construction. This will gradually form a legal and compliance risk management system with clearer division of responsibilities, more refined operational mechanisms, and more pronounced management efficiency, thereby further enhancing our ability to govern the enterprise in accordance with laws and regulations.

XV. PERFORMANCE OF SOCIAL RESPONSIBILITIES

(I) Serving Rural Revitalization

During the Reporting Period, the Bank took Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as the guide, fully implemented the spirit of the 20th CPC National Congress and the second and third plenary sessions of the 20th CPC Central Committee, the Central Economic Work Conference, the Central Financial Work Conference and the Central Rural Work Conference, and strictly implemented the directives outlined in the Opinions of the Central Committee of the Communist Party of China and the State Council on Learning and Applying the Experience of the “Thousand Villages Demonstration and Ten Thousand Villages Renovation” Project to Effectively Promote Comprehensive Rural Revitalization (《中共中央 國務院關於學習運用「千村示範、萬村整治」工程經驗有力有效推進鄉村全面振興的意見》) and the policy requirements set forth in the Notice on Launching a Special Action to Strengthen Financial Support for Comprehensive Rural Revitalization by Learning and Applying the Experience of the “Thousand-Ten Thousand Project” (Yin Fa [2024] No. 136) issued by the People’s Bank of China, the National Financial Regulatory Administration, the China Securities Regulatory Commission, the Ministry of Finance, and the Ministry of Agriculture and Rural Affairs (《中國人民銀行 金融監管總局 中國證監會 財政部 農業農村部關於開展學習運用「千萬工程」經驗加強金融支持鄉村全面振興專項行動的通知》(銀發[2024]136號)), which improved the quality and efficiency of rural financial services, and supported the comprehensive promotion of rural revitalization and the construction of an agricultural power with Chinese characteristics.

As of the end of the Reporting Period, the Bank’s agriculture-related loan balance increased by RMB9,966 million or 27.9% as compared to the end of the previous year. The loan balance in regions that have been lifted out of poverty reached RMB11,726 million, representing an increase of RMB3,516 million or 42.83% as compared to the end of the previous year. Throughout the year, the Bank invested RMB39,740 million in rural revitalization bonds, representing an increase of RMB15,054 million or 60.98% as compared to 2023. The Bank underwrote rural revitalization bonds amounting to RMB38,850 million, granted agriculture-related M&A loans of RMB952 million, and granted agriculture-related syndicated loans of RMB2,948 million. The number of newly issued rural revitalization-themed cards throughout the year reached 2,799, with the number of existing cards growing by 51.59% as compared to the end of the previous year. The average interest rate for agriculture-related loans in 2024 decreased by 34 basis points or 7.78% as compared to the previous year.

(II) Protection of Consumer Rights and Interests

The Bank deeply grasped keeping political consciousness in mind and putting people first in the financial work, and fully performed its obligations on consumer rights protection. The Bank actively constructed the work layout of “Big Consumer Protection (大消保)” by integrating consumer rights protection elements throughout all processes, ensuring all employees assuming the responsibilities of consumer rights protection, paying attention to consumer rights protection at source, and strengthening consumer protection from the outset, which were organized by key executives to foster a strong culture of consumer rights protection. The Bank strictly implemented the “three appropriateness (三適當)” requirements. By opening up complaint channels and implementing hierarchical handling, the Bank comprehensively enhanced its capabilities and standards in consumer rights protection.

Strengthened the construction of consumer rights protection mechanisms and systems. The Bank integrated consumer rights protection into corporate governance, corporate culture development and business strategies. The Bank has established a comprehensive and clear consumer rights protection system, covering consumer protection planning, management regulations and various supporting mechanisms, and formulated and revised 18 internal control regulations and 156 related policies specifically for consumer rights protection. Cumulatively, the Bank devised 391 regulations related to consumer rights protection, laying a solid foundation and framework for its consumer rights protection efforts.

Enhanced full-process management and control efficiency. In alignment with recent regulatory priorities, high-risk business areas and frequent compliance topics, the Bank further enriched its database of consumer rights protection review points, and clarified mandatory constraints and dispute resolution processes. It employed a combination of on and off-site and unannounced inspections to conduct consumer rights protection checks across the head office and its branches. The Bank analyzed consumer rights protection regulatory penalties in the whole industry and new regulatory requirements, and organized emergency drills for major consumer rights protection incidents and significant consumer complaints, as well as personal information emergencies.

Buttressed the bottom line of personal information protection. The Bank continuously refined the requirements for protecting the personal financial information of customers, and summarized and updated the Summary of Key Points for Personal Information Protection in Banking Financial Institutions. It conducted comprehensive inspections across the Bank to identify potential risks in protecting the personal information of consumers, and facilitated the safety management, operation and execution of personal information throughout its entire lifecycle comprising collection, transmission, processing, storage, usage, provision, disclosure and deletion.

Developed a distinctive culture brand of consumer rights protection. The Bank hosted an IP solicitation and selection event for its consumer rights protection brand while adopting the slogan "Financial Services Uphold Our Original Aspiration, Consumer Rights Protection Demonstrates Our Responsibility" as the motto for its consumer rights protection culture. Aiming to meet the people's needs for a better life, the Bank fully integrated the cultural concept of consumer rights protection into its management practices, system development, business processes, ideological education, job training, inspection and supervision, and brand communication. The Bank conducted over 700 consumer rights protection training sessions, cumulatively training more than 120,000 participants, which effectively enhanced its employees' awareness and capabilities in consumer rights protection.

Energized financial education and awareness initiatives. The Bank greatly promoted the construction of a comprehensive matrix for financial education and publicity, combining online and offline methods with both centralized and localized approaches. Focusing on the financial needs of key groups such as the elderly, the young, and new migrants, the Bank enhanced the relevance, inclusivity and effectiveness of financial education. During the Reporting Period, the Bank conducted over 14,365 online and offline educational and publicity activities, reaching more than 35.25 million financial consumers. It achieved 155 instances of coverage through central and national mainstream media and was honored with the title of "National Financial System Demonstration Site Learning from Lei Feng (全國金融系統學雷鋒活動示範點)".

Consolidated the outcomes of tracing and managing consumer complaints. The Bank proactively responded to public concerns, continuously optimized complaint handling processes, ensured accessible complaint channels, and promoted the establishment of a diversified financial dispute resolution mechanism. It consistently improved product development, marketing management and operational procedures, seeking solutions throughout the entire lifecycle of products and services to enhance the quality and efficiency of complaint handling. During the Reporting Period, the Bank handled a total of 22,593 consumer complaints, including 21,743 complaints from individuals and 850 complaints from corporate customers, with a complaint settlement rate of 100%. The complaints from individual consumers received by the Bank were primarily concentrated in personal loans and credit card services, accounting for 41.06% and 30.25% respectively, totaling 71.31%. Geographically, these complaints were mainly distributed across five provinces and cities: Tianjin*, Guangdong, Beijing, Henan and Jiangsu, accounting for 68.18%, 5.56%, 2.89%, 2.63% and 2.43% respectively, totaling 81.69%.

(III) Development of Green Financial Business

During the Reporting Period, in accordance with the decision and deployment of the CPC Central Committee and the State Council, the Bank actively implemented the national concepts of green and high-quality development, advanced the construction of a Beautiful China, and comprehensively served the strategic goals of carbon peaking and carbon neutrality. Anchoring low-carbon economy, circular economy and ecological economy, the Bank focused on increasing the effective supply of green finance, and effectively prevented environmental, social and governance risks. The Bank also continuously improved its environmental, social and governance performance, actively fulfilled its social responsibilities, leveraged its dynamic role in serving the real economy, and achieved new breakthroughs in economic and environmental benefits. As of the end of the Reporting Period, the Bank's green loan balance was RMB48,530 million, representing an increase of RMB17,270 million or 55.25% as compared to the end of the previous year.

* Including complaints related to consumption involving the head office.

Strengthened political stance, enhanced strategic guidance, and made substantial contributions to green finance. Aiming to become a leading domestic green finance bank and a top-tier “comprehensive green financial service provider”, the Bank has formulated the Implementation Plan for Promoting High-Quality Development of Green Finance at China Bohai Bank. The Bank further implemented the key directives from the Central Financial Work Conference on advancing the “five priorities”, creating a multi-level, extensive, diversified and sustainable “green finance” service system. The Bank reshaped its differentiated competitive advantages, effectively prevented and mitigated financial risks, reinforced ESG principles, and steadily advanced high-quality transformation and development. These efforts supported the establishment and improvement of green, low-carbon and circular economic systems at both national and regional levels.

Took multiple measures to enhance the quality and efficiency of green financial services in all aspects. Firstly, the Bank deeply developed into key green industries in pursuit of the opportunities in wind power, energy storage, new energy vehicles, IDC green construction, resource recycling and other green industries, and established sound cooperative relationships with enterprises in these key green sectors to achieve mutual growth. Secondly, the Bank issued its first green financial bond to broaden low-cost funding sources for green credit, with the proceeds used in supporting green industrial projects in the energy conservation and environmental protection sector, the clean energy sector, and green infrastructure upgrades. Thirdly, the Bank refined its green financial product system, flexibly applied products, and innovated its first financing product of carbon emission rights pledge to fully utilize carbon reduction support tools and deepen cooperation with green and low-carbon enterprises. Fourthly, the Bank effectively linked green finance with transition finance. Aligning with low-carbon trends, it launched the first batch of transition finance loans for the chemical industry in Tianjin, further enhancing the quality and efficiency of financial support for green and low-carbon development. Fifthly, the Bank acted as the lead underwriter of Tianjin’s first sustainability-linked perpetual bond and carbon-neutral bond, and granted EOD model project loans to support green construction. Sixthly, the Bank facilitated fully digital operations, put smart control measures in place, reinforced digital operations, and thus improving environmental, social and risk management levels.

Promoted green operations and developed a green brand. The Bank strengthened its collaboration with external professional institutions such as the People’s Bank of China, the National Development and Reform Commission, stock exchanges, dealer associations and green certification bodies to complete tasks including green information disclosure in an accurate, professional and efficient manner, which enhanced the business operation capabilities of marketing personnel in green finance and the risk prevention and control capabilities of middle and back-office staff in green finance. The Bank’s green finance achieved significant development and has been recognized by regulators and the industry. During the Reporting Period, in the 2023 Green Bank Evaluation hosted by the China Banking Association under the unified assignment of the National Financial Regulatory Administration, the Bank was awarded the title of “Advanced Unit in Green Bank Evaluation” among 21 banks. In the selection of the “ESG Golden Antelope Award at the 2024 ESG and High Quality Development Innovation Forum” hosted by the Time Weekly, the Bank won the “2024 Green Finance Pioneer” award.

For more information on the fulfillment of social responsibilities by the Bank during the Reporting Period, please refer to the 2024 Sustainability Report published on the websites of the HKEX and the Bank.

XVI. OTHER MATTERS

Please refer to “Important Events” in this annual report for bond issuance of the Bank during the Reporting Period; please refer to “Directors, Supervisors, Members of Senior Management, Employees and Branches” for the list of directors.

By order of the Board of Directors

Chairman
WANG Jinhong
March 26, 2025

Report of the Board of Supervisors

I. MAIN WORK OF THE BOARD OF SUPERVISORS

(I) Strengthening the Supervision over Performance of Duties, and Continuously Urging the Board of Directors, Senior Management and Their Members to Perform Their Duties with Due Diligence

Firstly, the Board of Supervisors strengthened its follow-up supervision efforts. Focused on urging the Board of Directors and the senior management to implement rectification measures, the Board of Supervisors sorted out and formed the "List of Items to be Implemented and Supervised for the Board of Directors and Senior Management Proposed by the Board of Supervisors of China Bohai Bank for 2023" (《2023年度渤海銀行監事會建議董事會、高級管理層落實事項督辦清單》), which set time nodes for implementing rectification measures and ensure proper supervision. Secondly, the Board of Supervisors strengthened daily performance supervision. The Board of Supervisors assigned members to attend the general meetings and the meetings of the Board of Directors and its special committees in person in 2024, and to supervise the effective operation of the Board of Directors and its special committees and Directors' performance of duties, and reviewed a total of 239 various proposals and reported issues before the meetings; continued to pay attention to the operation and development of the Bank, assigned employees' representative Supervisors to attend the president's office meetings, 2024 work conference, interim work conference and other meetings, and reviewed a total of 78 information reports, president's office meeting minutes and other materials during the adjournment period. Thirdly, the Board of Supervisors improved the annual performance evaluation. The Board of Supervisors organized and carried out evaluation of the performance of the Board of Directors, the senior management and their members in 2023. Focusing on the evaluation of the performance of the Board of Directors and the senior management in terms of capital management, risk management, employee conduct management, data governance and other aspects, the Board of Supervisors reported to general meetings and regulatory authorities on time, and informed the Board of Directors and the senior management of the performance evaluation results and related opinions and suggestions. Fourthly, the Board of Supervisors conducted supervision over post-office audits. In 2024, according to the resolution of the Board of Directors, the Board of Supervisors conducted post-office audits of two former senior management members, and arranged audits to evaluate their performance during their terms of office. It also reviewed the post-office audit reports of two former Directors.

(II) Strengthening the Supervision over Financial Matters, and Paying High Attention to Major Financial Decisions of the Bank and Their Implementation

Firstly, the Board of Supervisors considered relevant matters in a timely manner. The Board of Supervisors reviewed the Bank's profit distribution proposal for 2023, the 2023 annual report and the 2024 interim report, and offered opinions on the compliance and rationality of the profit distribution proposal, as well as the authenticity, accuracy and completeness of the contents of the regular reports. Secondly, the Board of Supervisors supervised the decision-making of financial matters. The Board of Supervisors assigned members to attend relevant meetings of the Board of Directors and the senior management in 2024, and conducted on-site supervision over the annual financial budget and final accounts, comprehensive business operation plans and other plans of the Bank. Thirdly, the Board of Supervisors reviewed the information about financial position. The Board of Supervisors regularly reviewed key operating information such as monthly reports on assets and liabilities, deposits and loans, profits and income and expenses submitted by the senior management, and paid attention to changes in the important financial indicators, major operating indicators and major provisions of the Bank. Fourthly, the Board of Supervisors supervised external audit management. The Board of Supervisors convened a meeting of the Board of Supervisors and debriefed the Work Report on Re-appointment of the Accounting Firm for 2024 at the meeting, assigned members to attend the meetings of the Audit and Consumer Rights Protection Committee of the Board of Directors, and supervised the performance of Directors in communicating with external auditors regarding the 2023 audit work, 2024 audit plan and pre-audit work.

(III) Strengthening the Supervision over Internal Control, and Focusing on Reinforcing Internal Control Compliance Management

Firstly, the Board of Supervisors strengthened the supervision over the implementation of regulatory policies and opinions. The Board of Supervisors convened meetings to consider the Risk Prevention and Control Management Measures for Criminal Cases, and debriefed the Report on Further Comprehensive Implementation of 2022 Regulatory Reporting of China Bohai Bank, the Report on the 2023 Regulatory Reporting of China Bohai Bank and the Implementation of Rectification Measures, the Report on Comprehensive Implementation of Regulatory Reporting for the First Half of 2024 of China Bohai Bank, and the briefing on the results of the corporate governance regulatory assessment for 2023. It provided targeted rectification opinions and suggestions to the Board of Directors and senior management, incorporated performance-based compensation management, liability quality management and wealth management business audits into its work plan for 2024, and accelerated the implementation of rectification measures for regulatory concerns. Secondly, the Board of Supervisors urged the improvement of the operational risk management system. In accordance with the regulatory requirements for the supervisory responsibilities of the Board of Supervisors, and based on debriefing regular reports on internal control and compliance work, the Board of Supervisors debriefed the Report on the Bank's Implementation of the Operational Risk Management Measures for Banking and Insurance Institutions Issued by the National Financial Regulatory Administration in a timely manner, and debriefed separate reports on case prevention and control and employee behavior management. It demanded the optimization and enhancement of the quality and efficiency of operational risk management to ensure the continuous effectiveness of the operational risk management system of the Bank. Thirdly, the Board of Supervisors strengthened the audit and evaluation of the second line of defense. The Board of Supervisors guided the audit department to conduct the internal control evaluation for 2023, considered the proposals on the Internal Control Evaluation Report for 2023 of CHINA BOHAI BANK CO., LTD. and auditor's statement, and issued an independent opinion on the internal control status. It assigned the audit department to conduct audits on the management of related-party transactions, case prevention and control and business continuity for 2023, and required the senior management to attach great importance to the rectification and accountability of issues identified in various audits.

(IV) Strengthening the Supervision over Risk Management, and Further Deepening Comprehensive Risk Management

Firstly, the Board of Supervisors strengthened daily supervision over comprehensive risk management and major risks. The Board of Supervisors reviewed regular reports on comprehensive risk management, examined the risk appetite and limit management plans of the Bank, and debriefed special reports including the Report on Collection and Disposal of Non-Performing Assets for 2023 and the Report on the Implementation of the Implementation Rules on Expected Credit Loss Approach of Commercial Banks. It required senior management to accelerate the collection and disposal of non-performing assets, enhance model management during the implementation of the expected credit loss approach, and further strengthen the construction of information systems related to comprehensive risk management. Secondly, the Board of Supervisors increased the supervision over reputational risk management. The Board of Supervisors implemented the regulatory requirements for reputational risk management, incorporated the follow-up audit of reputational risk management into its work plan for 2024, and continued to supervise the implementation of the recommendations for strengthening reputational risk management proposed by the Board of Supervisors in 2023. Thirdly, the Board of Supervisors focused on promoting the rectification of issues identified in internal audits of risk management. In 2024, the Board of Supervisors of the Bank convened a meeting to debrief the Audit Report on Comprehensive Risk Management, and urged the senior management to ensure the effectiveness of audit rectifications in response to the audit findings on risk limit management, stress test management and risk management of new products and businesses, which continuously enhanced risk management efficiency. Fourthly, the Board of Supervisors strengthened the supervision over the implementation of strategic development plans. With reference to the opinions from the National Financial Regulatory Administration in the 2023 Regulatory Reporting of China Bohai Bank as well as the progress of revising the Fourth "Five-Year Plan" of the Bank, the Board of Supervisors drafted the Fourth "Five-Year Plan" evaluation work plan, reviewed the Evaluation Report on the Implementation of the Development Strategic Plans for 2023 of the Bank, and provided targeted opinions and suggestions to the Board of Directors and senior management.

II. MEETINGS OF THE BOARD OF SUPERVISORS AND ITS SPECIAL COMMITTEES

(I) Meetings of the Board of Supervisors

During the Reporting Period, the Board of Supervisors of the Bank convened a total of 5 meetings at which 16 resolutions were considered and approved and 41 reports were debriefed and reviewed. Details are as follows:

1. *The 21st meeting of the fifth session of the Board of Supervisors (Annual Meeting 2023)*

The meeting was held in Tianjin on March 28, 2024. The meeting was held legally and effectively with 5 Supervisors actually attended. 8 resolutions were considered and approved at the meeting and the matters considered included: the Work Report of the Board of Supervisors for 2023, the Independent Opinions of the Board of Supervisors on the Relevant Matters for 2023, the Board of Supervisors' 2023 Report on Self-Evaluation and Assessment of the Performance of Duties of Supervisors, the Board of Supervisors' 2023 Assessment Report on the Performance of Duties of the Board of Directors, Senior Management and Their Members, the Profit Distribution Proposal for 2023, the Internal Control Evaluation Report for 2023, the Annual Report 2023, and Work Plan of the Board of Supervisors for 2024.

The meeting reviewed 15 reports including the Report on Implementation of New Capital Regulations for 2023, the Report on Collection and Disposal of Non-Performing Assets for 2023, the Report on Comprehensive Risk Management for 2023, the Internal Control Compliance Report for 2023, the Audit Department's Internal Audit Work Report for 2023, the Conclusion on Consumer Right Protection for 2023 and the Work Plan for 2024, the Conclusion on Case Prevention and Control Work for 2023, the Evaluation Report on Employee Behavior for 2023, the Work Report on Anti-Money Laundering and Counter-Terrorism Financing for 2023, the Report on Handling Consumer Complaints for 2023, the Report on Consumer Complaints for the First Three Quarters of 2023 and the Report on Consumer Complaints for the First Half of 2023, the Self-Evaluation Report on Data Governance for 2023, the Audit Report on Management of Related Party Transactions for 2023, the Audit Report on Management of Wealth Management Business, and the Report on the Follow-up Audit of Consumer Rights Protection Efforts.

2. *The 22nd meeting of the fifth session of the Board of Supervisors*

The meeting was held in Tianjin on May 28, 2024. The meeting was held legally and effectively with 5 Supervisors actually attended. 3 resolutions were considered and approved at the meeting and the matters considered included: the Proposal on the Resignation of DIAO Qinyi From His Positions Including External Supervisor of CHINA BOHAI BANK CO., LTD., the Proposal on the Resignation of QI Ershi From His Positions Including External Supervisor of CHINA BOHAI BANK CO., LTD., and the Proposal on the Nomination of DU Huibin as External Supervisor of CHINA BOHAI BANK CO., LTD.

The meeting reviewed 8 reports including the Report on Liability Quality Management for 2023, the Report on the Evaluation of Strategy Execution for 2023, the Audit Report on Bank Acceptance Bill Business, the Audit Report on Capital Management, the Post-Office Audit Report of the Director and Vice Chairman FUNG Joi Lun Alan, the Post-Office Audit Report of the Director YE Baishou, the Consumer Complaints Report for 2023, and the Report on Further Comprehensive Implementation of 2022 Regulatory Reporting of China Bohai Bank.

3. *The 23rd meeting of the fifth session of the Board of Supervisors*

The meeting was held in Tianjin on August 28, 2024. The meeting was held legally and effectively with 4 Supervisors actually attended. 2 resolutions were considered and approved at the meeting and the matters considered included: the 2024 Interim Report, and the Proposal on the Risk Prevention and Control Management Measures for Criminal Cases.

The meeting reviewed 10 reports including the Report on the 2023 Regulatory Reporting of China Bohai Bank and the Implementation of Rectification Measures, the Report on Comprehensive Risk Management for the First Half of 2024, the Internal Compliance Report for the First Half of 2024, the Investigation Report on Employee Misconduct for the First Half of 2024, the Internal Audit Report for the First Half of 2024, the Consumer Rights Protection Supervision and Evaluation Report for 2023, the Report on Consumer Rights Protection for the First Half of 2024, the Report on Consumer Complaints in the First Quarter of 2024, the Consumer Rights Protection Assessment Report for 2023, and the Accounting Firm Work Report for 2024.

4. The 24th meeting of the fifth session of the Board of Supervisors

The meeting was held in Tianjin on October 21, 2024. The meeting was held legally and effectively with 5 Supervisors actually attended. 3 resolutions were considered and approved at the meeting and the matters considered included: the Proposal on Election of the Chairman of the Board of Supervisors of CHINA BOHAI BANK CO., LTD., the Proposal on the Composition of the Special Committees of the Fifth Session of the Board of Supervisors, and the Proposal on the Work Plan of the Board of Supervisors for 2024 (Revised).

The meeting reviewed the Report on Comprehensive Implementation of Regulatory Reporting for the First Half of 2024 of China Bohai Bank.

5. The 25th meeting of the fifth session of the Board of Supervisors

The meeting was held in Tianjin on December 20, 2024. The meeting was held legally and effectively with 5 Supervisors actually attended. The meeting reviewed 7 reports including the Internal Audit Work Report of the Audit Department for the Third Quarter of 2024, the Audit Report on Comprehensive Risk Management, the Audit Report on Performance-based Compensation Management, the Report on the Implementation of the Compensation Management System across the Bank for 2024 and the Rectification and Implementation of the Corporate Governance Regulatory Assessment for 2023, the Report on the Implementation of the Operational Risk Management Measures for Banking and Insurance Institutions Issued by the National Financial Regulatory Administration, the Report on the Implementation of the Implementation Rules on Expected Credit Loss Approach of Commercial Banks, and the briefing on the results of the corporate governance regulatory assessment for 2023.

During the Reporting Period, the attendance of the Bank's Supervisors at meetings of the Board of Supervisors was as follows:

Name	Number of scheduled attendances	Number of attendances in person	Number of attendances by proxy	Number of absences
BAI Xinyu	2	2	—	—
HUI Yung Chris	5	5	—	—
DU Huibin	3	3	—	—
LI Chengbang	2	2	—	—
ZHANG Hui	2	2	—	—
WANG Chunfeng	3	3	—	—
DIAO Qinyi	2	2	—	—
QI Ershi	2	2	—	—
MA Shuming	3	3	—	—

(II) Meetings of Each Special Committee of the Board of Supervisors

1. *Nomination Committee of the Board of Supervisors*

(1) *Personnel composition*

As of the end of the Reporting Period, the Nomination Committee of the Board of Supervisors of the Bank consisted of three members, being external Supervisor Ms. DU Huibin, and employees' representative Supervisors Mr. BAI Xinyu and Mr. LI Chengbang, respectively.

(2) *Primary duties*

The Nomination Committee of the Board of Supervisors shall be responsible for formulating standards and procedures for selecting and appointing supervisors, and preliminarily examining the qualifications and conditions of supervisor candidates, and making recommendations to our Board of Supervisors; supervising scientificity and reasonability of remuneration management system and policies of the Bank and remuneration plan of senior management personnel; supervising the election and appointment process of Directors; evaluating the performance of Directors, Supervisors and the senior management comprehensively; performing post-office audits on Directors and the senior management; and dealing with other matters authorized or designated by the Board of Supervisors.

(3) *Meetings and work*

During the Reporting Period, the Nomination Committee of the Board of Supervisors of the Bank held 2 meetings on March 28, 2024 and May 28, 2024, respectively, and considered and approved 3 resolutions, including: the Board of Supervisors' 2023 Report on Self-Evaluation and Assessment of the Performance of Duties of Supervisors, the Board of Supervisors' 2023 Assessment Report on the Performance of Duties of the Board of Directors, Senior Management and Their Members, and the Proposal for the New External Supervisor of the Fifth Session of the Board of Supervisors.

The attendance of members of the Nomination Committee of the Board of Supervisors of the Bank during the Reporting Period was as follows:

Name	Number of scheduled attendances	Number of attendances in person	Number of attendances by proxy	Number of absences
QI Ershi	2	2	—	—
WANG Chunfeng	2	2	—	—
MA Shuming	2	2	—	—

2. The Supervision Committee of the Board of Supervisors

(1) Personnel composition

As of the end of the Reporting Period, the Supervision Committee of the Board of Supervisors of the Bank consisted of 3 members, being external Supervisor Mr. HUI Yung Chris, and employee's representative Supervisors Mr. LI Chengbang and Ms. ZHANG Hui, respectively.

(2) Primary duties

The Supervision Committee of the Board of Supervisors shall be responsible for supervising the Board of Directors in the forming of sound operating concept and value standards, and a development strategy consistent with our Bank's circumstances, formulating a supervision plan for our Bank's financial activities and implementing relevant inspections, monitoring and inspecting our Bank's business decisions, risk management and internal control, and dealing with other matters authorized or designated by the Board of Supervisors.

(3) Meetings and work

During the Reporting Period, the Supervisory Committee of the Board of Supervisors of the Bank held two meetings on March 27, 2024, and December 20, 2024, respectively, and debriefed 13 reports, including: the Conclusion on Case Prevention and Control Work for 2023, the Evaluation Report on Employee Behavior for 2023, the Work Report on Anti-Money Laundering and Counter-Terrorism Financing for 2023, the Report on Handling Consumer Complaints for 2023, the Report on Consumer Complaints for the First Three Quarters of 2023 and the Report on Consumer Complaints for the First Half of 2023, the Self-Evaluation Report on Data Governance for 2023, the Audit Report on Management of Related Party Transactions for 2023, the Audit Report on Management of Wealth Management Business, the Report on the Follow-up Audit of Consumer Rights Protection Efforts, the External Auditor Report on the Audit of the 2023 Financial Report, the Internal Audit Work Report of the Audit Department for the Third Quarter of 2024, the Audit Report on Comprehensive Risk Management, and the Audit Report on Performance-based Compensation Management.

The attendance of members of the Supervision Committee of the Board of Supervisors of the Bank during the Reporting Period was as follows:

Name	Number of scheduled attendances	Number of attendances in person	Number of attendances by proxy	Number of absences
HUI Yung Chris	2	2	–	–
LI Chengbang	1	1	–	–
ZHANG Hui	1	1	–	–
DIAO Qinyi	1	1	–	–
MA Shuming	1	1	–	–

III. THE INDEPENDENT OPINION OF THE BOARD OF SUPERVISORS ON RELEVANT MATTERS

(I) The Bank's Legal Operations

During the Reporting Period, the Bank conducted operation activities in accordance with the laws and its decision-making procedures were legal and valid. No violations of laws and regulations, the Articles of Association or other behaviors that harmed the interests of the Bank and its Shareholders were found among Directors or the members of the senior management of the Bank during their performance of duty.

(II) The Truth in the Financial Reports

Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu Certified Public Accountants LLP have audited the 2024 financial reports of the Bank prepared in accordance with the requirements set out in the IFRS and the China Accounting Standards for Business Enterprises respectively, and standard unqualified audit reports have been issued. The Board of Supervisors has no objection to the truthfulness of such financial reports.

(III) Use of Proceeds Raised

During the Reporting Period, the use of proceeds raised of the Bank was consistent with promised use.

(IV) Purchase and Sale of Assets

During the Reporting Period, based on market-oriented approach, the Bank completed two asset transfers to Tianjin JR Assets Management Co., Ltd (天津津融資產管理有限公司), and fulfilled its information disclosure obligations in accordance with relevant laws and regulations, regulatory requirements and relevant requirements of the stock exchange where the Bank's shares are listed. Apart from that, the Bank had no other material disposal or acquisition of assets during the Reporting Period.

(V) Related Party Transactions

The Board of Supervisors has approved the Audit Report on the Related Party Transactions Management for 2024.

(VI) Internal Control

The Board of Supervisors has considered and approved the internal control evaluation report for 2024 of the Bank.

(VII) Implementation on Resolutions of the General Meeting

The Board of Supervisors has held no objection to all reports and proposals submitted to the Shareholders' general meeting for consideration by the Board during the Reporting Period, and supervised the implementation on resolutions of the general meeting. The Board of Supervisors believes that the Board of Directors has earnestly implemented such resolutions of the general meeting.

Important Events

I. MATERIAL LITIGATIONS AND ARBITRATIONS

As of the end of the Reporting Period, the Bank as the plaintiff or claimant was involved in a total of 69 litigations with the amount in dispute of over RMB30 million each, most of which were routine litigations and settlements initiated by the Bank, and no provisions would be made.

As of the end of the Reporting Period, the Bank as the defendant or respondent was involved in a total of 6 litigations with the amount in dispute of over RMB10 million each. Among them, 1 case was withdrawn by the plaintiff, 4 cases had not yet entered the substantive trial stage, and one case had not yet obtained an effective judgment. Currently, no provisions will be made.

As of the end of the Reporting Period, the Bank as the third party was involved in a total of 6 litigations with the amount in dispute of over RMB10 million each. Among them, 4 cases had not yet obtained an effective judgment, one case had obtained an effective judgment but had not yet entered the enforcement procedure, and one case was in the execution stage of a bankruptcy restructuring scheme. Currently, no provisions will be made.

According to the above, the Bank considers that the above-mentioned litigations and arbitrations will not have any material and adverse impact on its operating activities and financial position.

In 2021, the Bank had a dispute with individual corporate customers over the business of bank acceptance bills pledged by certificates of deposit and reported the case to the security authorities. In 2022, the Bank filed a civil lawsuit with the People's Court in this regard. As of the date of this annual report, the case was in the judicial process. The outcome of the case is subject to the judgment of the court, and the Bank is of the view that the financial impact of the above dispute cannot be reliably estimated.

II. INCREASE OR REDUCTION IN THE REGISTERED CAPITAL, ACQUISITION AND DISPOSAL OF ASSETS AND BUSINESS MERGER

During the Reporting Period, there was no change in the registered capital of the Bank, and there was no material acquisition of assets or business merger.

During the Reporting Period, with a market-oriented approach, the Bank completed two asset transfers to Tianjin JR Assets Management Co., Ltd for two debts amounting to RMB5,667 million and RMB29,499 million at prices of RMB3,967 million and RMB20,724 million, respectively. These two transactions met the criteria for very substantial disposals under the Listing Rules, and were disclosed in a timely manner in accordance with the requirements and procedures of the Listing Rules. For details, please refer to the announcements and circulars on the websites of the HKEX and the Bank.

Save as disclosed above, there were no other material disposals of assets during the Reporting Period.

III. IMPLEMENTATION OF EQUITY INCENTIVE PLANS

During the Reporting Period, the Bank did not implement any equity incentive plans.

IV. PRE-EMPTIVE RIGHT

The Articles of Association of the Bank have no mandatory provisions on pre-emptive right.

V. PUBLIC FLOAT

Based on publicly available information and to the knowledge of our Directors, as of the date of this annual report, the Bank had maintained the public float as required by the Listing Rules and the relevant waivers granted by the Hong Kong Stock Exchange.

VI. MATERIAL RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

During the Reporting Period, all related party transactions of the Bank were conducted in accordance with relevant laws and regulations as well as relevant provisions of domestic and overseas regulatory authorities and the Bank's rules for related party transactions. These transactions were conducted in adherence to the general business principles, and based on conditions which were not superior to those granted to an independent third party, and their terms were fair and reasonable and in the interests of the Bank and its Shareholders as a whole.

The related party transactions of the Bank were mainly the credit-granting related party transactions with the members of the Shareholders' group. Please refer to the "Audit Report and Financial Report: Notes to the Consolidated Financial Statements: 'Related party transactions'" of this annual report for specific data.

(I) Related Party Transactions Relating to Daily Operation

According to the Administrative Measures for Related Party Transactions of Banking and Insurance Institutions, the material related party transactions of the Bank were all credit-granting related party transactions, and were conducted in accordance with relevant laws and regulations, external regulatory requirements and the Bank's review procedures. During the Reporting Period, the Board of Directors of the Bank approved six resolutions on material related party transactions, including the related party transactions on credit business of Hwabao WP Fund Management Co., Ltd. (華寶基金管理有限公司) considered and approved at the 58th meeting of the fifth session of the Board of Directors, the related party transactions on credit business of Tianjin Bohai State-owned Assets Administration Co., Ltd. considered and approved at the 62nd meeting of the fifth session of the Board of Directors, the related party transactions on credit business of China National Investment and Guaranty Corporation (中國投融資擔保股份有限公司) and the related party transactions on credit business of Tianjin TEDA Industrial Group Co., Ltd. (天津泰達實業集團有限公司) considered and approved at the 64th meeting of the fifth session of the Board of Directors, and the related party transactions on credit business of TEDA Investment Holding Co., Ltd. (two transactions) and the related party transactions on credit business of Tianjin TEDA Industrial Group Co., Ltd. (天津泰達實業集團有限公司) considered and approved at the 65th meeting of the fifth session of the Board of Directors.

As of the end of the Reporting Period, the Bank's net credit amount granted to all related parties were RMB19.757 billion according to the standards of the National Financial Regulatory Administration. Specifically, the net credit amount granted to TEDA Investment Holding Co., Ltd. and its related parties was RMB13.981 billion, that granted to China Shipping Investment Co., Ltd. and its related parties was RMB476 million, that granted to State Development & Investment Corp., Ltd. and its related parties was RMB410 million, that granted to China Baowu Steel Group Corporation Limited and its related parties amounted to RMB2,043 million, and that granted to Oceanwide Industry Co., Ltd. and its related parties was RMB2,531 million, and that granted to other related parties reached RMB316 million.

As of the end of the Reporting Period, according to the standards of Hong Kong Stock Exchange, the Bank's net credit amount granted to all connected persons amounted to RMB14.458 billion. Specifically, the Bank extended RMB13.981 billion of net credits to TEDA Investment Holding Co., Ltd. and its connected persons, RMB476 million to China Shipping Investment Co., Ltd. and its connected persons, and RMB0.7 million to other connected persons. The abovementioned transactions are transactions conducted by the Bank with its connected persons in the ordinary course of business on general commercial terms or better terms for the Bank, which are fully exempted in accordance with Chapter 14A of the Listing Rules.

Non-credit related party transactions between the Bank and related parties, such as deposits, service, leasing, agency sales and custody, and other daily related party transactions, are subject to general commercial terms and conditions no superior to those granted to independent third parties. The above-mentioned transactions are connected transactions meeting the full exemption or the minimum exemption level under Chapter 14A of the Listing Rules.

(II) Related Party Transactions Involving Disposal and Acquisition of Assets or Equity

During the Reporting Period, the Bank was not engaged in any related party transactions involving disposal and acquisition of assets or equity.

(III) Related Party Transactions in Joint External Investment

During the Reporting Period, the Bank was not engaged in any related party transactions in joint external investment.

VII. MATERIAL CONTRACTS AND THEIR PERFORMANCE

(I) Material Custody, Contracting or Leasing Matters

During the Reporting Period, the Bank had no material custody, contracting or leasing matters which were required to be disclosed.

(II) Material Guarantees

During the Reporting Period, besides the normal business scope, the Bank had no material guarantees which were required to be disclosed.

(III) Other Material Contracts

During the Reporting Period, besides the normal business scope, the Bank had no other material contracts which were required to be disclosed.

VIII. SIGNIFICANT INVESTMENT AND MAJOR INVESTMENT PLAN

During the Reporting Period, the Bank had no significant equity investment or major equity investment plans.

IX. MISAPPROPRIATION OF FUNDS BY THE CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES

The Bank had no controlling shareholder, and there is no misappropriation of the Bank's funds by other related parties. The external accounting firm of the Bank has issued the special explanation accordingly.

X. PENALTIES IMPOSED ON THE BANK AND ITS DIRECTORS, SUPERVISORS AND MEMBERS OF SENIOR MANAGEMENT

During the Reporting Period, the Bank was not subject to any investigation due to suspected crimes according to law, or any criminal penalty. The Bank has disclosed the information through its website and other public channels in respect of the administrative penalties imposed by the regulatory authorities on the Bank and its tier-one branches during the Reporting Period. Except for those disclosed, the Bank was not subject to any investigation or administrative penalty by the CSRC due to suspected violations of laws and regulations, or any major administrative penalty by other competent authorities that has a significant impact on the operation and management of the Bank. During the Reporting Period, none of the Directors, Supervisors and members of the senior management of the Bank was subject to any coercive measures due to suspected crimes according to law, any criminal penalty, any investigation or administrative penalty by the CSRC and other competent authorities due to suspected violations of laws and regulations in their performance of duties in the Bank, any confinement measures by disciplinary inspection authorities due to suspected serious violations of discipline, law or duty crimes which affect their performance of duties, or any coercive measures by other competent authorities due to suspected violations of laws and regulations which affect their performance of duties in the Bank. During the Reporting Period, neither the Bank nor any of its Directors, Supervisors or members of the senior management was subject to any administrative and regulatory measures and disciplinary actions taken by the CSRC, other competent authorities or stock exchanges.

XI. INTEGRITY OF THE BANK

During the Reporting Period, the Bank has not experienced circumstances in which it fails to fulfill the obligations determined by legal documents in effective judgment of the court, and is not liable for a relatively large amount of debts that are overdue.

XII. OTHER MATERIAL EVENTS

(I) Obtaining Business Qualification

On July 12, 2024, the Bank formally obtained the special membership status of the Shanghai Gold Exchange.

(II) Issuance of Bonds

The Bank issued 10-year fixed rate tier 2 capital bonds with a face value of RMB14 billion on April 18, 2024, with a right allowing issuer to redeem subject to conditions precedent at the end of the 5th year and a coupon rate of 2.77% per annum. The proceeds from the issue of the bonds after deducting expenses for the issuance will be entirely used to replenish the Bank's tier 2 capital.

The Bank issued three-year green financial bonds with a face value of RMB5 billion on June 24, 2024, with a fixed coupon rate of 2.05% per annum. The proceeds from the issue of the bonds will be, according to applicable laws and regulatory approvals, used for green industrial projects specified in the Green Bond Endorsed Projects Catalogue (2021 Edition).

The Bank issued undated capital bonds with a face value of RMB11 billion on September 13, 2024. The coupon rate is 2.38% during the first five years, with a coupon rate adjustment period every five years. The issuer shall have a conditional redemption right on every interest payment date from the fifth year onwards. The proceeds from the issue of the bonds after deducting expenses for the issuance will be entirely used to replenish the Bank's additional tier 1 capital.

(III) Rating

During the Reporting Period, the Bank actively carried out follow-up rating work of international ratings, and delivered positive information of the Bank to rating companies objectively and accurately. As of the end of the Reporting Period, Moody's rated the Bank as Baa3, and Standard & Poor's rated the Bank as BBB-, maintaining the "investment grade" rating. The rating results objectively and comprehensively reflected the operating conditions, market image and industry status of the Bank.

XIII. SUBSEQUENT EVENTS

On February 26, 2025, the Bank issued three-year green financial bonds with a face value of RMB5 billion, with a fixed coupon rate of 1.89% per annum. The proceeds from the issue of the bonds will be, according to applicable laws and regulatory approvals, used for green industrial projects specified in the Green Bond Endorsed Projects Catalogue (2021 Edition).

XIV. REVIEW OF ANNUAL RESULTS

The Bank's external auditors Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu have audited the financial reports prepared by the Group in accordance with the requirements set out in the China Accounting Standards for Business Enterprises and the IFRS, and standard unqualified audit reports have been issued. The Audit and Consumer Rights Protection Committee under the Board of the Bank has reviewed and approved the Group's results and financial reports for the year ended December 31, 2024.

XV. PUBLICATION OF THE ANNUAL REPORT

The English and Chinese versions of the annual report prepared by the Bank pursuant to the IFRS and the Listing Rules are available on the websites of the HKEX and the Bank.

Audit Report and Financial Report

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Independent Auditor's Report

Deloitte.

德勤

Independent Auditor's Report to the Shareholders of CHINA BOHAI BANK CO., LTD.

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

OPINION

We have audited the consolidated financial statements of CHINA BOHAI BANK CO., LTD. (the "Bank") and its subsidiary (the "Group") set out on pages 135 to 271 which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in shareholders' 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 and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the 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 ("IFRS") Accounting Standards issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Loss allowances of loans and advances to customers measured at amortised cost and financial investments measured at amortised cost	
Key audit matter	How the matter was addressed in our audit
<p>The Group uses the expected credit loss ("ECL") model to calculate the loss allowance in accordance with International Financial Reporting Standard 9, Financial instruments ("IFRS 9").</p> <p>The Group's loans and advances to customers measured at amortised cost (excluding interests accrued) as at 31 December 2024 amounted to RMB836,922 million, with loss allowances amounted to RMB24,244 million; and financial investments measured at amortised cost (excluding interests accrued) as at 31 December 2024 amounted to RMB334,228 million, with loss allowances amounted to RMB8,471 million.</p> <p>The Group classifies loans and advances to customers and financial investments measured at amortised cost into three stages. A financial asset is classified as stage one when its credit risk has not increased significantly since its initial recognition; while its credit risk has increased significantly since its initial recognition, it is classified as stage two. Stage three applies when a financial asset is credit-impaired. The loss allowance for stage one financial assets is measured at an amount equal to a 12-month ECL. The loss allowance for stage two and stage three financial assets is measured at an amount equal to a lifetime ECL.</p> <p>Other than credit-impaired corporate loans and advances to customers and financial investments measured at amortised cost, the loss allowances are measured using the risk parameter approach based on probability of default (PD), loss given default (LGD) and exposure at default (EAD), discount rate and forward-looking information which take into account the historical overdue data, historical loss ratios, internal credit gradings and other adjustment factors.</p>	<p>Our audit procedures for the loss allowances of loans and advances to customers measured at amortised cost and financial investments measured at amortised cost mainly included the following:</p> <ul style="list-style-type: none"> Design and operating effectiveness of key internal controls: <ul style="list-style-type: none"> understood, assessed and tested the design and operating effectiveness of key internal controls of ECL model, including the selection, approval, and application of ECL model, parameter updates and periodic verification for models, input of underlying data and parameters, and loan staging based on customer asset quality, cash flow projection used in the discounted cash flow method, and the review and approval of forward-looking information; understood, assessed and tested the information technology system and design and operating effectiveness of the related controls, including general information technology controls, data transmission between systems, mapping of parameters of ECL model, and system calculation of loss allowance for loans and advances to customers measured at amortised cost and financial investments measured at amortised cost.

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Loss allowances of loans and advances to customers measured at amortised cost and financial investments measured at amortised cost <i>(Continued)</i>	
Key audit matter <i>(Continued)</i>	How the matter was addressed in our audit <i>(Continued)</i>
<p>The loss allowances for credit-impaired corporate loans and advances measured at amortised cost and financial investments measured at amortised cost are principally measured using the discounted cash flow method. Management exercises judgement in determining recoverable cash flows based on a range of factors. These factors include available remedies for recovery, the financial situation of the borrowers, collateral valuation, the seniority of the claim, the existence of other creditors, and disposals.</p> <p>ECLs for loans and advances to customers and financial investments is a subjective area due to the degree of judgement applied by management in determining loss allowances. From the Group's perspective, the determination of the loss allowances for loans and advances to customers and financial investments is heavily dependent on the external macro economy and the Group's internal credit risk management strategy.</p> <p>We identified the assessment for the ECL allowance as a key audit matter because of the inherent uncertainty and management judgements involved, and because the loss allowance is significant to the financial results and capital of the Group.</p>	<ul style="list-style-type: none"> • ECL model <ul style="list-style-type: none"> – assessed the reliability and appropriateness of the ECL model and the reasonableness of key parameters used in the model, including: PD, LGD, EAD, discount rate, forward-looking information, and evaluated the rationality of the key management judgements on those key parameters; – verified, on a sample basis, the accuracy of ECL model data input such as loan agreement amount, due date, interest rate, guarantee method; – verified, on a sample basis, the calculation logic of ECL model, and tested whether the model reasonably reflected management's modelling methodology.

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Loss allowances of loans and advances to customers measured at amortised cost and financial investments measured at amortised cost <i>(Continued)</i>	
Key audit matter <i>(Continued)</i>	How the matter was addressed in our audit <i>(Continued)</i>
Refer to the accounting policies in "Note 4 (6) to the Consolidated Financial Statements: Financial instruments", "Note 5 to the Consolidated Financial Statements: Significant accounting judgements and estimates", "Note 22 to the Consolidated Financial Statements: Loans and advances to customers" and "Note 23 to the Consolidated Financial Statements: Financial investments" for related disclosures.	<ul style="list-style-type: none"> • Risk-based sample selection for credit review performed on corporate loans and financial investments measured at amortised cost <ul style="list-style-type: none"> – selected samples for credit review by focusing on industries that are significantly affected by fluctuations of economic cycle and policy regulations, and loans with other high-risk characteristics such as non-performing loans, overdue performing loans, rescheduled loans and borrowers with negative publicity; – analysed the borrower's or the debtor's financial and non-financial information, and other available information, and evaluated the reasonableness of management's judgement on staging, including whether credit risk has increased significantly since initial recognition and whether credit impairment events have occurred by reviewing the credit files, interviewing management, independently searching for publicly available information and exercising professional judgement; – performed credit assessments on borrower's or debtor's and guarantor's financial information, collaterals and pledges valuation, disposal values, the recoverable cash flow through assignment of debt and other sources of repayment for the selected stage 3 credit-impaired loans and advances measured at amortised cost and financial investments measured at amortised cost, tested the recalculation of impairment provision based on the recoverable cash flows and discount rates, and evaluated whether there was any material misstatement.

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Fair value of level 3 financial instruments	
Key audit matter	How the matter was addressed in our audit
<p>The Group mainly adopts active market quotations and valuation techniques to conduct valuation on the financial instruments measured at fair value. Valuation techniques are adopted by the Group to determine the fair value of level 3 financial instruments without active market quotations. The selection of valuation techniques and significant unobservable inputs requires significant accounting judgement and estimation by management.</p> <p>At 31 December 2024, the carrying value of financial assets classified as level 3 due to the use of significant unobservable inputs was RMB17,416 million.</p> <p>We identified fair value assessment of level 3 financial instruments as a key audit matter because the amount involved is significant and the valuation requires significant judgement and estimation.</p> <p>Refer to the accounting policies in "Note 4 (6) to the Consolidated Financial Statements: Financial instruments", "Note 5 to the Consolidated Financial Statements: Significant accounting judgements and estimates" and "Note 50 to the Consolidated Financial Statements: Fair value" for related disclosures.</p>	<p>Our audit procedures in respect of fair value assessment of level 3 financial instruments mainly included the following:</p> <ul style="list-style-type: none"> Understood, assessed and tested the design and operating effectiveness of internal controls relating to validation of valuation models, the use and updating of parameters, the input of underlying data, valuation calculations, reviews and approvals related to the fair value assessment of financial instruments. Selected samples to perform the following audit procedures: <ul style="list-style-type: none"> assessed the appropriateness of the valuation models, inputs and assumptions used by the Group; assessed and verified the valuation techniques used in the valuation of complex financial instruments valuation based on the work done by the internal valuation specialists, selected samples to perform independent valuation and compared the results with the Group's valuation.

Independent Auditor's Report

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by 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 free from material misstatement, whether due to fraud or error.

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

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

Independent Auditor's Report

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Shi Chung Fai.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

26 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

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

	NOTES	2024	2023
Interest income		54,881,845	60,317,760
Interest expenses		(39,339,375)	(42,671,771)
Net interest income	6	15,542,470	17,645,989
Fee and commission income		3,995,271	5,077,664
Fee and commission expenses		(1,021,212)	(1,078,743)
Net fee and commission income	7	2,974,059	3,998,921
Net trading gains	8	941,146	502,026
Net gains arising from financial investments	9	5,972,326	2,763,298
Other operating income	10	51,588	87,136
Operating income		25,481,589	24,997,370
Operating expenses	11	(10,488,740)	(10,713,146)
Impairment losses on assets	14	(9,659,819)	(9,121,147)
Profit before taxation		5,333,030	5,163,077
Income tax expenses	15	(77,215)	(82,174)
Net profit		5,255,815	5,080,903

The accompanying notes to the financial statements form part of the consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTE	2024	2023
Net profit		5,255,815	5,080,903
Other comprehensive income, net of income tax:			
Item that will not be reclassified to profit or loss:			
Changes and transfer-out in fair value of investments in equity instruments designated as at fair value through other comprehensive income ("FVTOCI")		(1,007,715)	148,729
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of debt instruments at FVTOCI		1,384,041	267,270
Allowance for credit losses on debt instruments at FVTOCI		107,981	(93,588)
Translation differences of financial statements of foreign operation		(64,155)	(1,647)
Other comprehensive income, net of income tax		420,152	320,764
Total comprehensive income		5,675,967	5,401,667
Attributable to:			
Net profit of shareholders of the parent company		5,255,815	5,080,903
Net profit of non-controlling interests		–	–
Attributable to:			
Total comprehensive income of shareholders of the parent company		5,675,967	5,401,667
Total comprehensive income of non-controlling interests		–	–
Earnings per share			
– Basic and diluted (in RMB Yuan)	16	0.24	0.23

The accompanying notes to the financial statements form part of the consolidated financial statements.

Consolidated Statement of Financial Position

At 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

		31 December	
	NOTES	2024	2023
Assets			
Cash and deposits with the central bank	17	148,162,149	103,494,179
Deposits with banks and other financial institutions	18	11,405,462	20,938,491
Placements with banks and other financial institutions	19	4,885,299	12,353,608
Derivative financial assets	20	2,448,184	1,551,181
Financial assets purchased under resale agreements	21	18,531,145	6,532,553
Loans and advances to customers	22	925,361,742	920,394,849
Financial investments:	23		
Financial investments measured at fair value through profit or loss ("FVTPL")		192,864,991	161,057,566
Financial investments measured at FVTOCI		177,376,537	117,150,761
Financial investments measured at amortised cost		330,196,792	354,928,465
Investment in associate	25	–	–
Property and equipment	26	3,217,544	3,586,673
Deferred tax assets	27	12,362,922	14,759,051
Right-of-use assets	28	3,606,436	3,886,770
Other assets	29	13,422,925	12,099,689
Total assets		1,843,842,128	1,732,733,836
Liabilities and shareholders' equity			
Liabilities			
Borrowings from the central bank	30	121,378,473	133,787,964
Deposits from banks and other financial institutions	31	150,561,544	158,762,222
Placements from banks and other financial institutions	32	23,144,745	34,920,012
Financial liabilities at FVTPL	33	171,916	–
Derivative financial liabilities	20	1,799,883	990,612
Financial assets sold under repurchase agreements	34	57,818,338	66,634,253
Deposits from customers	35	1,067,561,795	934,593,879
Income tax payable		(621,775)	849,131
Debt securities issued	36	290,863,182	267,923,368
Lease liabilities	37	3,722,824	4,115,588
Other liabilities	38	17,316,375	15,754,106
Total liabilities		1,733,717,300	1,618,331,135

The accompanying notes to the financial statements form part of the consolidated financial statements.

Consolidated Statement of Financial Position

At 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

		31 December	
	NOTES	2024	2023
Shareholders' equity			
Equity attributable to shareholders of the parent company			
Share capital	39	17,762,000	17,762,000
Other equity instruments	40	11,000,000	19,961,604
Capital reserve	41(a)	10,689,841	10,732,077
Surplus reserve	41(b)	7,929,133	7,828,688
General reserve	41(c)	21,106,229	20,678,511
Other reserves	41(d)	1,732,924	(2,718,089)
Retained profits	42	39,904,701	40,157,910
Sub-total		110,124,828	114,402,701
Non-controlling interests		—	—
Total shareholders' equity		110,124,828	114,402,701
Total liabilities and shareholders' equity		1,843,842,128	1,732,733,836

Wang Jinhong
Legal Representative,
Chairman of the
Board

Qu Hongzhi
President
Executive Director

Deng Bei
In-charge of
Financial and
Accounting Affairs

Zhang Hui
In-charge of
Accounting
Department

(Company stamp)

The accompanying notes to the financial statements form part of the consolidated financial statements.

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	Shareholders' equity attributable to the parent company							Non-controlling interests	Total	
		Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Other reserves	Retained profits			Sub-total
Balance at 1 January 2024		17,762,000	19,961,604	10,732,077	7,828,688	20,678,511	(2,718,089)	40,157,910	114,402,701	-	114,402,701
Changes in equity for the year:											
Net profit		-	-	-	-	-	-	5,255,815	5,255,815	-	5,255,815
Other comprehensive income		-	-	-	-	-	420,152	-	420,152	-	420,152
Total comprehensive income		-	-	-	-	-	420,152	5,255,815	5,675,967	-	5,675,967
Reduction in capital of other equity instruments holders	40	-	(19,961,604)	(38,396)	-	-	-	-	(20,000,000)	-	(20,000,000)
Capital contribution from other equity instruments holders	40	-	11,000,000	(3,840)	-	-	-	-	10,996,160	-	10,996,160
Appropriation to surplus reserve	41	-	-	-	568,595	-	-	(568,595)	-	-	-
Appropriation to general reserve	41	-	-	-	-	427,718	-	(427,718)	-	-	-
Other comprehensive income transferred to retained earnings	23(b)	-	-	-	(468,150)	-	4,030,861	(3,562,711)	-	-	-
Distribution to other equity instruments holders	42	-	-	-	-	-	-	(950,000)	(950,000)	-	(950,000)
Balance at 31 December 2024		17,762,000	11,000,000	10,689,841	7,929,133	21,106,229	1,732,924	39,904,701	110,124,828	-	110,124,828

	Notes	Shareholders' equity attributable to the parent company							Non-controlling interests	Total	
		Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Other reserves	Retained profits			Sub-total
Balance at 1 January 2023		17,762,000	19,961,604	10,732,077	7,342,356	20,245,453	(3,038,853)	36,946,397	109,951,034	-	109,951,034
Changes in equity for the year:											
Net profit		-	-	-	-	-	-	5,080,903	5,080,903	-	5,080,903
Other comprehensive income		-	-	-	-	-	320,764	-	320,764	-	320,764
Total comprehensive income		-	-	-	-	-	320,764	5,080,903	5,401,667	-	5,401,667
Appropriation to surplus reserve	41	-	-	-	486,332	-	-	(486,332)	-	-	-
Appropriation to general reserve	41	-	-	-	-	433,058	-	(433,058)	-	-	-
Distribution to other equity instruments holders	42	-	-	-	-	-	-	(950,000)	(950,000)	-	(950,000)
Balance at 31 December 2023		17,762,000	19,961,604	10,732,077	7,828,688	20,678,511	(2,718,089)	40,157,910	114,402,701	-	114,402,701

The accompanying notes to the financial statements form part of the consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

	2024	2023
Cash flows from operating activities		
Profit before taxation	5,333,030	5,163,077
<i>Adjustments for:</i>		
Impairment losses on assets	9,659,819	9,121,147
Depreciation and amortisation	1,745,140	1,740,894
Net income from financial investments	(5,972,326)	(2,763,298)
Interest expenses on debt securities issued	6,766,843	7,331,223
Net trading gains	(288,204)	(219,323)
Interest income arising from financial investments	(13,108,738)	(13,722,231)
Interest expenses on lease liabilities	142,038	157,296
Net gains from disposal of property and equipment and other long-term assets	(12,039)	(4,406)
	4,265,563	6,804,379
<i>Changes in operating assets</i>		
Net decrease/(increase) in deposits with the central bank	6,665,665	(600,238)
Net decrease in deposits with banks and other financial institutions with the original maturity date of more than three months	200,000	50,000
Net decrease in placements with banks and other financial institutions with the original maturity date of more than three months	8,144,862	4,230,000
Net (increase)/decrease in loans and advances to customers	(11,149,156)	18,568,527
Net increase in held-for-trading financial assets	(3,793,296)	(13,011,463)
Net decrease/(increase) in other operating assets	1,012,168	(6,309,021)
	1,080,243	2,927,805
<i>Changes in operating liabilities</i>		
Net (decrease)/increase in borrowings from the central bank	(12,145,000)	15,623,000
Net decrease in deposits from banks and other financial institutions	(7,970,494)	(22,171,495)
Net (decrease)/increase in placements from banks and other financial institutions	(11,454,728)	5,142,672
Net (decrease)/increase in financial assets sold under repurchase agreements	(8,813,262)	6,412,433
Net increase in deposits from customers	130,926,815	71,288,284
Net decrease in other operating liabilities	(2,316,221)	(2,598,394)
	88,227,110	73,696,500
Net cash flows generated from operating activities before taxation	93,572,916	83,428,684
Income tax paid	(663,738)	(2,120,079)
Net cash flows generated from operating activities	92,909,178	81,308,605

The accompanying notes to the financial statements form part of the consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTES	2024	2023
Cash flows from investing activities			
Proceeds from disposal sale and redemption of investments		765,126,414	563,110,591
Proceeds received from investment activities		1,200,894	14,808,078
Proceeds from disposal of property and equipment and other long-term assets		95,621	3,794
Purchases of investments		(809,167,035)	(636,435,101)
Purchases of property and equipment, intangible assets and other long-term assets		(562,926)	(598,950)
Net cash flows used in investing activities		(43,307,032)	(59,111,588)
Cash flows from financing activities			
Proceeds from debt securities issued		422,032,323	387,813,695
Proceeds from other equity instruments issued		11,000,000	—
Repayment of debt securities issued		(400,723,591)	(398,851,417)
Interest paid on debt securities issued		(5,135,760)	(5,051,125)
Repayment of other equity instruments		(20,000,000)	—
Payments for distribution to other equity instruments holders		(950,000)	(950,000)
Repayment of lease liabilities		(1,106,039)	(1,143,440)
Other cash payments relating to financing activities		(3,840)	—
Net cash flows generated from/(used in) financing activities		5,113,093	(18,182,287)
Effect of foreign exchange rate changes on cash and cash equivalents		72,153	282,668
Net increase in cash and cash equivalents	46(a)	54,787,392	4,297,398
Cash and cash equivalents as at 1 January		67,382,604	63,085,206
Cash and cash equivalents as at 31 December	46(b)	122,169,996	67,382,604
Net cash flows generated from operating activities include:			
Interest received		40,022,856	46,777,590
Interest paid		(33,795,767)	(35,117,273)

The accompanying notes to the financial statements form part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

1 BACKGROUND INFORMATION

CHINA BOHAI BANK CO., LTD. (the “Bank”) is a national joint-stock commercial bank established in Tianjin on 30 December 2005.

The Bank has been approved by the former China Banking and Insurance Regulatory Commission (the “CBIRC”) to hold financial business permit (No. B0017H112000001) and approved by the Market Supervision Administration of Hedong District, Tianjin for the business license (No. 911200007109339563).

On 16 July 2020, the Bank’s H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock code: 9668).

The Bank commenced its operation on 16 February 2006. As of 31 December 2024, the Bank has established 34 tier-one branches, 35 tier-two branches, 291 sub-branches and 16 small and micro community sub-branches. The total number of outlets reached 376.

The principal activities of the Bank include absorbing public deposits; offering short-term, medium term and long-term loans; arranging settlement of domestic and international accounts; handling accept and discount of bill; issuing financial bonds; acting as agent to issue, settle and underwrite government bonds and proprietary trading bonds issued by financial institutions and government; inter-bank borrowing and lending; trading of foreign currencies on behalf of its customers; selling and purchasing foreign exchange, bank card business; letters of credit and financial guarantees; acting as agent on inward and outward payments; acting as an insurance agent, safe-deposit facilities, derivative trading, securities investment custody, insurance fund custody, selling securities investment fund and other business approved by the banking regulatory institutions of the State Council.

According to the *Approval from the China Banking and Insurance Regulatory Commission on the Opening of CBHB Wealth Management Co., Ltd.* (渤海理財有限責任公司), the subsidiary of the Bank, the Bank established its wholly owned subsidiary CBHB Wealth Management Co., Ltd. with a registered capital of RMB2 billion on 6 September 2022. The approved business scope of CBHB Wealth Management Co., Ltd. includes public issuance of financial products to the non-specific public, investment and management of entrusted investor property, non-public issuance of wealth management products to qualified investors, investment and management of entrusted investor property, consultancy and advisory services and other business as approved by the banking regulatory body of the State Council. The Bank and its subsidiary are collectively referred to as the “Group”.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

2 BASIS OF PREPARATION

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") Accounting Standards issued by the International Accounting Standards Board as well as the disclosure requirements of Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(2) Basis of preparation

Other items in the consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments measured at fair value, as further explained in the respective accounting policies below.

The preparation of financial statements in conformity with IFRSs and relevant regulatory requirements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 5.

3 APPLICATION OF IFRSs AND AMENDMENTS

(1) IFRSs and amendments mandatorily effective for the current year

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

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	
Amendments to IFRS 7	<i>Supplier's Financing Arrangements</i>

The directors of the Bank believe that the application of the above amendments has no material impact on the financial position and the financial performance for the current and prior years and the disclosures set out in these consolidated financial statements of the Group.

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3 APPLICATION OF IFRSs AND AMENDMENTS *(Continued)*

(2) Issued but not yet effective amendments to IFRSs

The Group has not applied the following amendments to IFRSs that have been issued but are not yet effective in the consolidated financial statements:

	Effective for accounting periods beginning on or after
Amendments to IAS 21 – <i>Lack of Exchangeability</i>	1 January 2025
Amendments to IFRS 9 and IFRS 7 – <i>Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to IFRS 9 and IFRS 7 – <i>Electricity Contract Linked to Natural Conditions</i>	1 January 2026
Amendments to IFRS Accounting Standards – <i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	1 January 2026
IFRS 18 – <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
Amendments to IFRS 10 and Amendments to IAS 28 – <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Effective date Deferred indefinitely

The Group is assessing the impact of applying the above new standards and amendments. Currently, it is expected that the application of the above standards (except for IFRS 18) will have no material impact on the consolidated financial statements of the Group. The application of IFRS 18 is expected to affect the presentation and disclosure of the statement of profit or loss in the future financial statements. The Group is assessing the detailed impact of IFRS 18 on the consolidated financial statements of the Group.

4 MATERIAL ACCOUNTING POLICY INFORMATION

(1) Subsidiary

A subsidiary is an entity (including a structured entity) controlled by the Group. The Group controls an entity if it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an entity.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, and the relevant activities are directed by means of contractual or other arrangements.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and any unrealised profit or loss arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements.

Notes to the Consolidated Financial Statements

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4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(1) Subsidiary *(Continued)*

In the Bank's statement of financial position, long-term equity investment in subsidiary is accounted for using the cost method for subsequent measurement. Dividends declared by subsidiary are recognised in profit or loss except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments. In the Bank's statement of financial position, interest in subsidiary is accounted for using the cost less impairment losses.

(2) Non-controlling interests

Non-controlling interests represent the equity in a subsidiary not attributable to the parent company directly or indirectly.

Non-controlling interests are presented in the consolidated statement of financial position under shareholders' equity, separately from equity attributable to the shareholders of the parent company. The net profit and comprehensive income attributable to the non-controlling interests and the shareholders of the parent company are presented separately in the consolidated statement of profit or loss and other comprehensive income.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within the consolidated statement of shareholders' equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

(3) Associate

An associate is an entity over which the Group has significant influence but not control or joint control. The significant influence refers to the power to be involved in making decisions on financial and operational policies of the investee, but control or joint control with other parties to formulate these policies is not allowed.

Investments in associates are recognised in the consolidated financial statements using the equity method, and the cost is used as initial recorded value. An adjustment is made to the excess (if any) of the fair value of the net identifiable asset of the investee over the investment cost at the acquisition date. Subsequently, adjustments will be made based on the changes in the Group's share of net assets of the associate upon acquisition. Any excess of the Group's share of the fair value of net identifiable asset of the associate over the investment cost is recognised in profit or loss for the period upon acquisition of investments in the associate.

When the Group's share of losses of the associate is in excess of its share of the equity, the equity held by the Group will be reduced to zero without recognition of additional losses, except that the Group has to fulfil statutory or presumed obligations or pay on behalf of the associate. In this regard, the Group's equity held in the associate is the carrying amount of investments calculated under the equity method, as well as the substantial portion of the Group's equity of net investment in the associate.

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4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(3) Associate *(Continued)*

Unrealised profit or loss arising from transactions between the Group and its associates is offset against the ratio of equity held by the Group in the associates. However, where there is evidence that the transferred assets have become impaired, the unrealised losses will be recognised in profit or loss immediately.

When the Group ceases to have significant influence over the associates, the selling of all equities of the relevant investee will be accounted for with resulting gains or losses recognised in the consolidated statement of profit or loss, and the portion previously recognised in comprehensive income will be transferred to profit or loss for the period. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9, 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.

(4) Translation of foreign currencies

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

Monetary assets and liabilities denominated in foreign currencies are translated to RMB at the spot exchange rate at the date of the statement of financial position.

Non-monetary assets and liabilities denominated in foreign currencies that are measured based on historical cost are translated to RMB using the foreign exchange rate at the transaction date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the spot exchange rate at the date on which the fair value is determined. Foreign currency differences arising on translation are generally recognised in profit or loss. Monetary items classified as at FVTOCI are recognised in profit or loss, except for exchange differences arising from changes in gross carrying amounts other than amortised cost, which are recognised in other comprehensive income. However, foreign currency differences arising from equity instruments in respect of which an election has been made to present subsequent changes in fair value in other comprehensive income are recognised in other comprehensive income.

As at the end of each reporting period, the assets and liabilities of foreign operations are translated into the presentation currency of the Group at the exchange rates ruling at the end of the reporting period. All items within equity except for retained profits are translated at the exchange rates ruling at the dates of the initial transactions. Income and expenses in the statement of profit or loss are translated at the spot rate or an approximation of the spot rate on the date of the transaction. The exchange differences arising on the above translation are taken to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

(5) Cash and cash equivalents

Cash and cash equivalents refer to monetary assets, which are short-term, highly liquid, readily convertible into known amounts of cash and subject to an insignificant risk of changes in value. Cash and cash equivalents comprise cash on hand, deposits with the central bank other than restricted deposits, deposits with banks and other financial institutions, placements with banks and other financial institutions and financial assets purchased under resale agreements with the original maturity date of less than three months.

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4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(6) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of an entity and a financial liability or equity instrument of another entity.

(i) Initial recognition and measurement of financial instruments

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

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

(ii) Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at FVTOCI, or at FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

An investment in debt instrument is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

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For the year ended 31 December 2024

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4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(6) Financial instruments *(Continued)*

(ii) Classification of financial assets (Continued)

On initial recognition of an investment in equity instruments that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. The designation is made on the basis of a single investment and the underlying investment meets the definition of an equity instrument from the issuer's perspective.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirement to be measured at amortised cost or at FVTOCI as a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

The Group assesses the characteristics of contractual cash flow of financial assets to determine whether the contractual cash flows generated by the relevant financial assets on a particular date are only payments for principal and interest based on the outstanding principal amount. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(iii) Subsequent measurement of financial assets

– Financial assets at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss unless the financial assets are part of a hedging relationship.

– Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, through the amortisation process or in order to recognise impairment gains or losses.

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4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(6) Financial instruments (Continued)

(iii) Subsequent measurement of financial assets (Continued)

– Investments in debt instruments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

– Investments in equity instruments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss for the period. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(iv) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as at FVTPL and other financial liabilities.

– Financial liabilities at FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses (including any interest expenses) are recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.

– Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

(v) Impairment of financial instruments

The Group recognises loss allowances for expected credit loss (ECL) on:

- financial assets measured at amortised cost;
- investments in debt instruments at FVTOCI;
- credit commitments and financial guarantee contracts, etc.

Financial assets measured at fair value, including financial assets at FVTPL, investments in equity instruments designated at FVTOCI and derivative financial assets, are not subject to the ECL assessment.

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4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(6) Financial instruments *(Continued)*

(v) Impairment of financial instruments (Continued)

Measurement of expected credit losses (ECLs)

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The Group's method of measuring ECLs of financial instruments reflects the following elements: (i) unbiased weighted average probability determined by the results of evaluating a range of possible outcomes; (ii) time value of money; (iii) reasonable and evidence-based information about past events, current conditions, and future economic forecasts that are available at no additional cost or effort at the end of the reporting period.

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

Lifetime ECL is the ECL that result from all possible default events over the expected life of a financial instrument.

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

The Group classifies financial instruments into three stages and makes provisions for ECLs, accordingly, depending on whether credit risk on that financial instrument has increased significantly since initial recognition.

The three risk stages are defined as follows:

- Stage 1: A financial instrument of which the credit risk has not significantly increase since initial recognition. The amount equal to 12-month ECL is recognised as loss allowance.
- Stage 2: A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired. The amount equal to lifetime ECL is recognised as loss allowance. Refer to Note 49 (a) credit risk for the description of how the Group determines when a significant increase in credit risk has occurred.
- Stage 3: A financial instrument is considered to be credit-impaired as at the end of the reporting period. The amount equal to lifetime ECL is recognised as loss allowance. Please refer to Note 49 (a) credit risk for the criteria to determine credit impairment that has occurred.

ECLs on these financial assets are estimated 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 date of the statement of financial position.

Please refer to Note 49 (a) credit risk for the measurement of ECLs of the Group.

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4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(6) Financial instruments *(Continued)*

(v) Impairment of financial instruments (Continued)

Presentation of allowance for ECL

ECLs are re-measured at each date of statement of financial position to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment loss or reversal in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income. For credit commitments and financial guarantee contracts, the Group recognises loss allowance in other liabilities (loss allowance for credit commitments).

Write-off

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

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

(vi) Determination of fair value of financial assets and financial liabilities

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

If there is an active market for a financial asset or financial liability, the quoted price in the active market without adjusting for transaction costs that may be incurred upon future disposal or settlement is used to establish the fair value of the financial asset or financial liability. The quoted price in the active market should be readily and regularly available from independent sources (e.g. the exchange, broker, industry group or pricing service agency) with prudent utilisation of purchase price, selling price and middle price. The Group should use market valuation method for fair value assessment as much as is feasible, which represents the prices in actual and regularly market transactions on an arm's length basis.

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4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(6) Financial instruments *(Continued)*

(vi) Determination of fair value of financial assets and financial liabilities (Continued)

If there is no active market for a financial instrument, appropriate valuation techniques will be used to establish the fair value. Valuation techniques include referencing the price of recent market transactions between well-informed voluntary parties; reference to the current fair value of other instruments that are substantially the same; discounted cash flow model and referencing the valuation results of the third-party valuation agencies. The Group selects appropriate models based on the risk characteristics, liquidity, counterparty risk and pricing basis of specific financial instruments or trading strategies to ensure that their fair value are truly and effectively reflected. Where discounted cash flow technique is used, future cash flows are estimated based on management's best estimates and the discount rate used is the prevailing market rate applicable for instrument with similar terms and conditions at the end of each of the reporting periods. When referring to the valuation results of third-party valuation agencies, the authority, independence and professionalism of the agencies should be assessed. Where other pricing models are used, inputs are based on market data at the end of each of the reporting periods.

In estimating the fair value of a financial asset and financial liability, the Group considers all factors including, but not limited to, risk-free interest rate, credit risk, foreign exchange rate and market volatility, which are likely to affect the fair value of the financial asset and financial liability.

The Group uses the valuation techniques commonly used by market participants to price financial instruments and techniques which have been demonstrated to provide reliable estimates of prices obtained in actual market transactions. The Group makes use of all factors that market participants would consider in setting a price as much as possible, and incorporates these into its chosen valuation technique and tests for validity using prices from any observable current market transactions in the same instruments. Observable data is given priority to unobservable data unless it is impractical or unavailable.

(vii) Derecognition of financial assets and financial liabilities

Financial asset of the Group is derecognised when one of the following conditions is met:

- the 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; or
- 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.

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4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(6) Financial instruments *(Continued)*

(vii) Derecognition of financial assets and financial liabilities (Continued)

Where the Group has transferred its rights to receive cash flows from an asset, or has retained its rights to receive cash flows from the asset but assumed the obligation to pay those cash flows to eventual recipients while meeting the conditions of the transfer of financial assets, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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 an investment in debt instruments at FVTOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the part derecognised.

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

(viii) Offsetting

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

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

(7) Perpetual bonds

At initial recognition, the Group classifies the perpetual bonds issued or their components as financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial liabilities and equity instruments.

Perpetual bonds issued that should be classified as equity instruments are recognised in equity based on the actual amount received. Any distribution of dividends or interests during the instruments' duration is treated as profit appropriation. When the perpetual bonds are redeemed according to the contractual terms, the redemption price is charged to equity.

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4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(8) Derivatives and hedge accounting

Derivatives

A derivative is a financial instrument or financial contract that meets the following criteria:

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable;
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in those market factors; and
- it is settled at a future date.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Derivatives with a positive fair value are reflected in the balance sheet as derivative financial instrument assets and those with a negative fair value as derivative financial instrument liabilities.

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

Hedge accounting

At the inception of a hedging relationship, the Group formally designates the hedge instruments and the hedged items, and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to meet the hedge effectiveness in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to analyse the sources of hedge ineffectiveness which are expected to affect the hedging relationship in remaining hedging period. If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio, but the risk management objective for that designated hedging relationship remains the same, the Group would rebalance the hedging relationship.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management positions, do not qualify for hedge accounting and are therefore treated as derivatives held for trading with fair value gains or losses recognised in profit or loss for the period.

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4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(9) Embedded derivative financial instruments

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

For hybrid instrument where the host contract is a financial asset, the Group classifies and measures the instrument as financial asset as a whole. For hybrid instrument where the host contract is a non-financial asset, the Group separates the embedded derivative from the hybrid instrument and treats it as a standalone derivative if all the following conditions are satisfied:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; and
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid (combine) instrument related to derivative instrument is not measured at fair value with changes recognised in profit or loss.

The separated embedded derivative is measured at fair value, with subsequent changes recognised in profit or loss. If the Group is unable to measure the embedded derivative separately either at acquisition or at a subsequent balance sheet date, it designates the entire hybrid instrument as a financial instrument at fair value through profit or loss.

(10) Financial assets held under resale and repurchase agreements

Financial assets purchased under resale agreements are bonds, loans and bills purchased by the Group at certain prices from the sellers under agreements with the commitment to resell these instruments to the original sellers in the future at predetermined prices. Financial assets sold under repurchase agreements refer to bonds, loans and bills sold by the Group at certain prices under agreements with the commitment to buy back these instruments in the future at predetermined prices.

The assets purchased under resale agreements are not recognised, and the payments (including interests accrued) are recognised as receivables on the statement of financial position and are carried at amortised cost. Financial assets sold subject to a simultaneous agreement to repurchase these assets are retained in the statements of financial position and measured in accordance with their original measurement principles. The proceeds (including interests accrued) from the sale are reported as liabilities and are carried at amortised cost.

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

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4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(11) Property and equipment

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

Property and equipment, except for construction in progress, are stated in the statements of financial position at cost less accumulated depreciation and impairment loss. Construction in progress is stated in the statements of financial position at cost less impairment loss.

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

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

Where the individual component parts of an item of property and equipment have different useful lives or provide benefits to the Group in different patterns thus necessitating use of different depreciation rates or methods, they are recognised as a separate property and equipment.

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

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

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

Asset category	Estimated useful life	Estimated rate of residual value	Depreciation rate
Premises	20 years	5.00%	4.75%
Leasehold improvements	Shorter of useful life or remaining lease term	—	—
Operating equipment	5 years	—	20.00%
Motor vehicles	5 years	5.00%	19.00%

Useful lives, residual values and depreciation methods of the Group are reviewed at least at the end of each reporting period.

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4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(12) Leases

A lease is a contract whereby the lessor conveys to the lessee in return for a consideration the right to use an asset for an agreed period of time.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if a party of the contract conveys the right to control the use of one or more identified assets for a period of time in exchange for consideration.

(a) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability of a lease at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct expenses incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note 4 (16).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate if the interest rate implicit in the lease is not readily determinable. Generally, the Group uses the incremental borrowing rate as the discount rate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(12) Leases *(Continued)*

(a) As a lessee (Continued)

Lease payments refer to payments relating to the right to use leased assets during the lease term which are made by the lessee to the lessor, including:

- fixed payments and in-substance fixed payments, less any lease incentives receivable (if any);
- variable lease payments that depend on an index or a rate, which are determined based on the index or the rate at the commencement date of the lease term when initially measured;
- the exercise price of a purchase option, if the lessee reasonably determines that the option will be exercised;
- payments of penalties for terminating a lease, if the lease term reflects the lessee exercising the option to terminate the lease; and
- amounts expected to be paid under residual value guarantees provided by the lessee.

The Group calculates interest expenses of lease liabilities for each period of the lease term based on fixed periodic rate, and recognises such expenses in profit or loss or cost of related assets. Variable lease payments not included in the measurement of the lease liability are charged to profit or loss or included in the cost of assets where appropriate as incurred.

After the commencement date of the lease, the Group re-measures lease liabilities based on the present value of revised lease payments in following cases:

- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. However, if the lease liability still needs to be further reduced, the Group will record the remaining amount into the current profit and loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(12) Leases *(Continued)*

(a) As a lessee (Continued)

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.

(b) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is a sub-lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If the head lease is a short-term lease to which the Group applies practical expedient described above, then it classifies the sub-lease as an operating lease.

When lease and non-lease components are contained in a contract, the Group allocates the consideration under the contract to each component in accordance with the IFRS 15.

Lease receipts from operating leases are recognised as rental income using the straight-line method over the lease term, as a portion of "Other operating income".

(13) Land use rights

Land use rights are initially recognised at costs and amortised using the straight-line basis over the legal term of use through profit and loss. Impaired land use rights are amortised net of accumulated impairment losses.

Impairment losses on land use rights are accounted for in accordance with the accounting policies as set out in Note 4 (16).

(14) Intangible assets

The intangible assets of the Group have finite useful lives. The intangible assets are stated at cost less accumulated amortisation and impairment loss. The cost of intangible assets less residual value and impairment loss is amortised on the straight-line method over the estimated useful lives.

The respective amortisation periods for intangible assets of the Group are as follows:

Computer software and system development expenses

3 – 5 years

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(15) Repossessed assets

Reposessed assets are physical assets or property rights obtained by the Group from debtors, guarantors or third parties following the enforcement of its creditor's rights. Repossessed assets are recorded at fair value of assets not retained, related expenses paid to acquire the repossessed assets are recognised in carrying value of the repossessed assets, and subsequently measured at the lower of the carrying value and net recoverable amount. If the recoverable amount is lower than the carrying value of the repossessed assets, an impairment loss is provided.

(16) Allowance for impairment losses on non-financial assets

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

- Property and equipment
- Construction in progress
- Land use rights
- Intangible assets
- Right-of-use assets
- Investments in associates and joint ventures, etc.

Non-financial assets of the Group that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

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

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

The recoverable amount of an asset or CGU, or a group of CGUs (hereinafter called "asset") is the higher of its fair value less costs to sell and its present value of expected future cash flows. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset; if it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the assets belong.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(16) Allowance for impairment losses on non-financial assets *(Continued)*

An asset's fair value less costs to sell is the amount determined by the price of a sale agreement in an arm's length transaction, less the costs that are directly attributable to the disposal of the asset. The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal to their present value using a pre-tax discount rate that reflects expected future cash flows, the useful life and the discount rate specific to the asset.

An impairment loss is recognised in profit or loss if the carrying amount of an asset exceeds its recoverable amount. A provision for an impairment loss of the asset is recognised accordingly.

If, in a subsequent period, the amount of impairment loss of the non-financial asset decreases and the decrease can be linked objectively to an event occurring after impairment was recognised, the previously recognised impairment loss is reversed through the profit or loss. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods.

(17) Employee benefits

Employee benefits include short-term employee benefits, post-employment benefits and other long-term employee benefits provided in various forms of consideration in exchange for service rendered by employees or compensations for the termination of employment relationship.

Short-term employee benefits include employee wages or salaries, bonuses, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs, short-term paid absences. Short-term employee benefits are recognised as liabilities in the accounting period in which the service is rendered by the employees based on the amounts paid or the statutory provisioning basis or ratio, with corresponding amounts charged to the profit or loss.

The Group's post-employment benefit plans are defined contribution plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions. During the reporting period, the Group's post-employment benefits mainly include the social pension schemes, unemployment insurance and annuity plan. The social pension schemes and unemployment insurance are calculated according to the base and proportion stipulated by the nation, and the annuity plan is calculated according to a certain proportion of the employees' total wages in the prior year. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with corresponding amounts charged to the profit or loss for the period.

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For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(18) Income tax

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

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

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

Except for certain limited exceptions, all deferred tax liabilities and deferred tax assets are recognised. However, for deductible temporary differences, the Group recognises the relevant deferred tax assets to the extent that it is likely to obtain the taxable income to offset the deductible temporary differences. For deductible losses and tax credits that can be carried forward to future years, the corresponding deferred tax assets are recognised to the extent that the future taxable income that is likely to be used to offset the deductible losses and tax credits will be obtained. The same criterion will be applied in determining whether the existing taxable temporary differences are sufficient to support the recognition of deferred tax assets arising from unutilised deductible losses and tax credits, i.e. whether the differences are relevant to the same tax authority and the same taxing entity, and whether they are expected to be reversed in the same period in which the unutilised deductible losses and tax credits can be reversed.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction (other than a business combination), and the transaction does not affect either taxable profits or accounting profits and does not result in an equivalent amount of tax and deductible temporary differences at the time of the transaction. In addition, if the temporary difference is due to the initial recognition of goodwill, the deferred tax liability is not recognised.

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(18) Income tax *(Continued)*

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

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

(19) Financial guarantees, provisions and contingent liabilities

(i) Financial guarantees

Financial guarantees are contracts that require the issuer (the “guarantor”) to make specified payments to reimburse the beneficiary of the guarantee (“holder”) for a loss that the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. The fair value of the guarantee (being the guarantee fees received) is initially recognised as deferred income in other liabilities. The deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. The amount of the liability is subsequently measured at the higher of the amount of the provision for losses determined in accordance with the principles of impairment of financial instruments or the amount initially recognised less accumulated amortisation of the gain related to the financial guarantee contract. The increase in the financial guarantee liability is recognised in the profit and loss statement.

In terms of off-balance sheet credit commitments, the Group applies ECL model to measure the loss caused by particular debtors incapable of paying due debts, which is presented in provisions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(19) Financial guarantees, provisions and contingent liabilities *(Continued)*

(ii) Other provisions and contingent liabilities

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

For a possible obligation resulting from a past transaction or event whose existence will only be confirmed by the occurrence or non-occurrence of uncertain future events or a present obligation resulting from a past transaction or event, where it is not probable that the settlement of the above obligation will cause an outflow of economic benefits, or the amount of the outflow cannot be estimated reliably, the possible or present obligation is disclosed as a contingent liability.

(20) 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 amount. No allowance for impairment loss is made for entrusted loans.

(21) Income recognition

Income is the gross inflow of economic benefit in the periods arising in the course of the Group's ordinary activities when the inflows result in an increase in shareholder's equity, other than an increase relating to contributions from shareholders.

Income is recognised when the Group satisfies the performance obligation in the contract which by transferring the control over relevant goods or services to the customers.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(21) Income recognition *(Continued)*

The following is the description of accounting policies regarding income from the Group's principal activities:

(i) Interest income

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

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

Interest on the impaired assets is recognised based on the amortised cost of the loan (i.e., the gross carrying amount net of the allowance for ECLs) and the effective interest rate.

(ii) Fee and commission income

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

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

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The customer controls the service provided by the Group in the course of performance or;
- The Group does not provide service with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date.

In other cases, the Group recognises revenue at a point in time at which a customer obtains control of the promised services.

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For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(21) Income recognition *(Continued)*

(iii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are initially recognised as deferred income and subsequently are recognised in profit or loss over the useful life of the asset.

(22) Recognition of interest expenses

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

(23) Dividends

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

(24) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's major shareholders.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(24) Related parties *(Continued)*

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (viii) The entity, or any member of the Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

(25) Segment reporting

The Group determines its operating segments based on its internal organisational structure, management requirements and internal reporting systems. If two or more operating segments have similar economic characteristics and meet certain conditions, they are combined into one operating segment for disclosure. Based on the operating segments, the Group determines the reporting segment after considering the materiality principle and discloses the operating segments that meet the conditions by taking into account various factors such as the products and services involved in the management's organisational management, as well as the geographical region. In preparing segment reports, revenue from intersegment transactions is measured on the basis of actual transaction prices. The accounting policies used in the preparation of segment reports are consistent with those used in the preparation of the Group's financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(1) Measurement of ECL

The measurement of the ECL allowance for the investment in financial assets and debt instruments measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECLs is further detailed in Note 49 (a).

A number of significant judgements are required in applying the accounting requirements for measuring ECLs, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECLs;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECLs.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in Note 49 (a) credit risk.

(2) Fair value of financial instruments

There are no quoted prices from an active market for a number of financial instruments. The fair values for these financial instruments are established by using valuation techniques. These techniques include using recent arm's length market transactions by referring to the current fair value of similar instruments, discounted cash flow analysis, and option pricing models. Valuation models established by the Group make maximum use of market input and rely as little as possible on the Group's specific data. However, it should be noted that some input, such as credit and counterparty risk, and risk correlations require management's estimates. The Group reviews the above estimations and assumptions periodically and makes adjustment if necessary.

(3) Income taxes

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 tax losses not yet used and 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

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

(4) Consolidation of structured entities

The Group applies its judgement to determine whether the control indicators set out in Note 4 (1) indicate that the Group controls a non-principal guaranteed wealth management product, trust plan or an designated asset management plan.

The Group manages or invests in non-principal guaranteed wealth management products, trust plans and designated asset management plans. To determine whether the Group controls such structured entities, the Group mainly evaluates factors such as its decision-making scope as a manager, rights enjoyed by other parties, remuneration for providing management services and exposure to variable return risks, and determines whether the Group is the principal or agent, and then determines whether the structured entities should be consolidated.

6 NET INTEREST INCOME

	2024	2023
Interest income arising from		
Deposits with the central bank	968,083	1,062,880
Deposits with banks and other financial institutions	328,482	329,974
Placements with banks and other financial institutions	605,490	887,569
Loans and advances to customers		
– Corporate loans and advances	27,486,177	24,945,056
– Personal loans	10,783,079	17,705,626
– Discounted bills	1,107,269	1,169,830
Financial assets purchased under resale agreements	494,527	494,594
Financial investments	13,108,738	13,722,231
Sub-total	54,881,845	60,317,760
Interest expenses on		
Borrowings from the central bank	(3,216,085)	(3,566,900)
Deposits from banks and other financial institutions	(4,825,991)	(5,129,480)
Placements from banks and other financial institutions	(1,568,431)	(1,413,741)
Deposits from customers	(22,162,919)	(24,454,658)
Financial assets sold under repurchase agreements	(799,106)	(775,769)
Debt securities issued	(6,766,843)	(7,331,223)
Sub-total	(39,339,375)	(42,671,771)
Net interest income	15,542,470	17,645,989

The above interest income does not include interest income from financial instruments at FVTPL.

Notes to the Consolidated Financial Statements

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7 NET FEE AND COMMISSION INCOME

	2024	2023
Fee and commission income		
Agency and asset management services	1,835,317	3,044,037
Settlement and clearing business	997,376	937,790
Guarantees and commitments	614,786	530,773
Custodian services	279,383	293,830
Consulting and advisory services	127,014	139,813
Bank card business	96,237	91,432
Others	45,158	39,989
Sub-total	3,995,271	5,077,664
Fee and commission expenses	(1,021,212)	(1,078,743)
Net fee and commission income	2,974,059	3,998,921

8 NET TRADING GAINS

	2024	2023
Exchange losses	(993,330)	(477,328)
Net gains from investments in derivative financial instruments	68,918	125,508
Net gains from bond investments at FVTPL	1,102,315	807,305
Net gains/(losses) from trading of precious metals	4,193	(191,643)
Net gains from loans and advances at FVTPL	574,228	273,063
Net gains/(losses) from equity investments	185,738	(60,527)
Net losses on changes in fair value of financial liabilities at FVTPL	(916)	–
Others	–	25,648
Total	941,146	502,026

9 NET GAINS ARISING FROM FINANCIAL INVESTMENTS

	2024	2023
Net gains from financial investments measured at FVTPL	4,814,424	2,348,320
Net gains from disposal of financial investments measured at FVTOCI	819,074	296,320
Net gains from disposal of financial investments at amortised cost	304,148	83,858
Dividend income	34,680	34,800
Total	5,972,326	2,763,298

Notes to the Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

10 OTHER OPERATING INCOME

	2024	2023
Government grants	12,176	50,727
Rental income	9,771	12,286
Income from long-term suspended accounts	3,092	15,447
Others	26,549	8,676
Total	51,588	87,136

11 OPERATING EXPENSES

	2024	2023
Staff costs		
– Salaries, bonuses and allowances	3,754,029	3,719,174
– Social insurance and annuity	1,114,388	1,042,089
– Housing funds	629,940	585,837
– Staff welfare	242,938	271,370
– Employee education expenses and labour union expenses	112,325	115,533
– Others	101,256	225,854
Sub-total	5,954,876	5,959,857
Depreciation and amortisation	1,745,140	1,740,894
Taxes and surcharges	417,533	429,065
Interest expenses on lease liabilities	142,038	157,296
Auditor's remuneration	6,207	5,290
Other general and administrative expenses	2,222,946	2,420,744
Total	10,488,740	10,713,146

For the year ended 31 December 2024, rental expenses relating to short-term leases and leases of low-value assets amounted to RMB62 million (for the year ended 31 December 2023: RMB41 million).

For the year ended 31 December 2024, expensed research and development expenditure incurred by the Group amounted to RMB656 million (for the year ended 31 December 2023: RMB721 million).

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(Expressed in thousands of Renminbi, unless otherwise stated)

12 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The emoluments paid before individual income tax in respect of the directors and supervisors who held office during the period are as follows:

Year ended 31 December 2024								
	Notes	Fees	Salaries	Housing funds and social insurances	Annuities	Others	Discretionary bonuses for prior years	Total
Executive directors								
Wang Jinhong	(1)	-	244	214	121	3	-	582
Qu Hongzhi		-	930	214	121	3	1,316	2,584
Du Gang	(2)	-	744	160	121	3	988	2,016
Zhao Zhihong	(3)	-	474	111	61	2	199	847
Non-executive directors								
Au Siu Luen	(4)	-	-	-	-	-	-	-
Yuan Wei		-	-	-	-	-	-	-
Duan Wenwu	(5)	-	-	-	-	-	-	-
Hu Aimin		-	-	-	-	-	-	-
Zhang Yunji		-	-	-	-	-	-	-
Independent non-executive directors								
Tse Yat Hong		350	-	-	-	-	-	350
Shum Siu Hung Patrick		350	-	-	-	-	-	350
Wang Aijian	(6)	-	-	-	-	-	-	-
Liu Junmin	(7)	-	-	-	-	-	-	-
Liu Lanbiao	(8)	-	-	-	-	-	-	-
Mao Zhenhua	(9)	350	-	-	-	-	-	350
Chi Guotai	(10)	320	-	-	-	-	-	320
Mu Binrui	(11)	350	-	-	-	-	-	350
Zhu Ning	(12)	350	-	-	-	-	-	350
Employee supervisors								
Bai Xinyu	(13)	-	55	55	18	1	-	129
Li Chengbang	(14)	-	112	55	30	1	323	521
Zhang Hui	(15)	-	281	55	30	-	1,012*	1,378
Wang Chunfeng	(16)	-	200	177	42	2	104	525
Ma Shuming	(17)	-	964	177	101	-	126*	1,368
External supervisors								
Hui Yung Chris		525	-	-	-	-	-	525
Du Huibin	(18)	-	-	-	-	-	-	-
Qi Ershi	(19)	523	-	-	-	-	-	523
Diao Qinyi	(20)	493	-	-	-	-	-	493
Total		3,611	4,004	1,218	645	15	4,068*	13,561

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(Expressed in thousands of Renminbi, unless otherwise stated)

12 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

Year ended 31 December 2023								
	Notes	Fees	Salaries	Housing funds and social insurances	Annuities	Others	Discretionary bonuses for prior years	Total
Executive directors								
Wang Jinhong	(1)	–	60	52	32	3	–	147
Qu Hongzhi		–	1,185	205	129	3	1,167	2,689
Du Gang	(2)	–	948	152	128	3	859	2,090
Zhao Zhihong	(3)	–	948	205	129	3	564	1,849
Li Fuan	(21)	–	80	29	30	3	829	971
Non-executive directors								
Au Siu Luen	(4)	–	–	–	–	–	–	–
Yuan Wei		–	–	–	–	–	–	–
Duan Wenwu	(5)	–	–	–	–	–	–	–
Hu Aimin		–	–	–	–	–	–	–
Zhang Yunji		–	–	–	–	–	–	–
Fung Joi Lun Alan	(22)	–	–	–	–	–	–	–
Ye Baishou	(23)	–	–	–	–	–	–	–
Independent non-executive directors								
Mao Zhenhua	(9)	350	–	–	–	–	–	350
Chi Guotai	(10)	350	–	–	–	–	–	350
Mu Binrui	(11)	350	–	–	–	–	–	350
Tse Yat Hong		350	–	–	–	–	–	350
Zhu Ning	(12)	350	–	–	–	–	–	350
Shum Siu Hung Patrick		233	–	–	–	–	–	233
Employee supervisors								
Wang Chunfeng	(16)	–	240	205	66	3	386	900
Ma Shuming	(17)	–	845	205	129	3	1,247*	2,429
External supervisors								
Qi Ershi	(19)	175	–	–	–	–	–	175
Diao Qinyi	(20)	175	–	–	–	–	–	175
Hui Yung Chris		175	–	–	–	–	–	175
Total		2,508	4,306	1,053	643	21	5,052*	13,583

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(Expressed in thousands of Renminbi, unless otherwise stated)

12 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

There was no amount paid during the year to the directors in connection with their retirement from employment or compensation for loss of office, or inducement to join the Bank.

According to relevant regulations of the state, the discretionary bonuses of the executive directors and some supervisors of the Bank shall implement the deferred payment policy of performance salary, and the deferred payment period shall be no less than three years. The above amount includes the discretionary bonuses paid in the current year that relate to the prior years.

- * For the year ended 31 December 2024, the discretionary bonus of Ma Shuming included RMB91 thousand for the current year and RMB35 thousand for prior years; the discretionary bonus of Zhang Hui included RMB82 thousand for the current year and RMB930 thousand for prior years. The total discretionary bonus for the year was RMB173 thousand and that for prior years was RMB3,895 thousand.
- * For the year ended 31 December 2023, the discretionary bonus of Ma Shuming included RMB50 thousand for the current year and RMB1,197 thousand for prior years. The total discretionary bonus for the year was RMB50 thousand and that for prior years was RMB5,002 thousand.

Notes:

- (1) On 10 October 2023, Mr. Wang Jinhong was appointed as chairman and executive director of the Bank.
- (2) On 20 January 2025, Mr. Du Gang resigned as executive director of the Bank.
- (3) On 19 July 2024, Mr. Zhao Zhihong resigned as executive director of the Bank.
- (4) On 26 September 2023, Mr. Au Siu Luen was appointed as vice chairman and non-executive director of the Bank.
- (5) On 1 November 2023, Mr. Duan Wenwu was appointed as non-executive director of the Bank.
- (6) On 3 January 2025, Ms. Wang Aijian was appointed as independent non-executive director of the Bank.
- (7) On 6 January 2025, Mr. Liu Junmin was appointed as independent non-executive director of the Bank.
- (8) On 6 January 2025, Mr. Liu Lanbiao was appointed as independent non-executive director of the Bank.
- (9) On 6 January 2025, Mr. Mao Zhenhua resigned as independent non-executive director of the Bank.
- (10) On 30 May 2024, Mr. Chi Guotai resigned as independent non-executive director of the Bank.
- (11) On 20 January 2025, Mr. Mu Binrui resigned as independent non-executive director of the Bank.
- (12) On 3 January 2025, Mr. Zhu Ning resigned as independent non-executive director of the Bank.

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For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

12 DIRECTORS' AND SUPERVISORS' EMOLUMENTS *(Continued)*

Notes: *(Continued)*

- (13) On 14 October 2024, Mr. Bai Xinyu was appointed as employee supervisor of the Bank; on 21 October 2024, Mr. Bai Xinyu was appointed as chief supervisor of the Bank.
- (14) On 14 October 2024, Mr. Li Chengbang was appointed as supervisor of the Bank.
- (15) On 14 October 2024, Ms. Zhang Hui was appointed as supervisor of the Bank.
- (16) On 19 July 2024, Mr. Wang Chunfeng resigned as chief supervisor of the Bank; on 14 October 2024, Mr. Wang Chunfeng resigned as employee supervisor of the Bank.
- (17) On 14 October 2024, Mr. Ma Shuming resigned as supervisor of the Bank.
- (18) On 28 June 2024, Ms. Du Huibin was appointed as supervisor of the Bank.
- (19) On 28 June 2024, Mr. Qi Ershi resigned as supervisor of the Bank.
- (20) On 28 May 2024, Mr. Diao Qinyi resigned as supervisor of the Bank.
- (21) On 18 July 2023, Mr. Li Fuan resigned as chairman and executive director of the Bank.
- (22) On 26 September 2023, Mr. Fung Joi Lun Alan resigned as vice chairman and non-executive director of the Bank.
- (23) On 1 November 2023, Mr. Ye Baishou resigned as non-executive director of the Bank.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

13 INDIVIDUALS WITH HIGHEST EMOLUMENTS

For the year ended 31 December 2024, the five individuals with highest emoluments paid did not include any directors or supervisors of the Bank (for the year ended 31 December 2023: None).

The emoluments paid to the five highest paid individuals for the year ended 31 December 2024 are as follows:

	2024	2023
Salaries and other emoluments	3,185	3,902
Discretionary bonuses	13,060	14,516
Housing funds and social insurances	870	799
Annuities	470	591
Others	43	15
Total	17,628	19,823

The number of these individuals whose emoluments are within the following bands is set out below:

	2024	2023
HKD3,500,001 – HKD4,000,000	4	3
HKD4,000,001 – HKD4,500,000	1	–
HKD4,500,001 – HKD5,000,000	–	–
HKD5,000,001 – HKD5,500,000	–	2

None of these individuals received any inducement to join or upon joining the Group or compensation for loss of office, or waived any emoluments during the year.

14 IMPAIRMENT LOSSES ON ASSETS

	2024	2023
Deposits with banks and other financial institutions	4,134	(1,774)
Placements with banks and other financial institutions	(4,559)	(35,754)
Financial assets purchased under resale agreements	(1,249)	3,792
Loans and advances to customers	6,756,971	6,792,734
Financial investments	269,624	143,828
Credit commitments	130,785	(100,572)
Other assets and others	2,504,113	2,318,893
Total	9,659,819	9,121,147

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For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

15 INCOME TAX EXPENSES

(a) Income tax expenses:

	Note	2024	2023
Current tax		(807,170)	1,842,479
Deferred tax	27(b)	884,385	(1,760,305)
Total		77,215	82,174

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

	2024	2023
Profit before taxation	5,333,030	5,163,077
PRC statutory income tax rate	25%	25%
Income tax calculated at PRC statutory tax rate	1,333,258	1,290,769
Non-deductible expenses	360,002	404,627
Non-taxable income (i)	(1,140,724)	(1,289,414)
Deductible interest expenses on undated capital bonds	(237,500)	(237,500)
Others	(237,821)	(86,308)
Income tax expenses	77,215	82,174

- (i) The non-taxable income mainly represents the interest income arising from the People's Republic of China ("PRC") government bonds, municipal debts, and dividend income from funds.

16 BASIC AND DILUTED EARNINGS PER SHARE

	2024	2023
Net profit for the period attributable to shareholders of the parent company	5,255,815	5,080,903
Less: Interest on undated capital bonds declared	(950,000)	(950,000)
Net profit for the period attributable to ordinary shareholders of the parent company	4,305,815	4,130,903
Weighted average number of ordinary shares in issue (in thousands)	17,762,000	17,762,000
Basic and diluted earnings per share (in RMB Yuan)	0.24	0.23

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

17 CASH AND DEPOSITS WITH THE CENTRAL BANK

		31 December	
		2024	2023
	Notes		
Cash		470,357	362,503
Deposits with the central bank			
– Statutory deposit reserves	(a)	56,354,745	63,163,765
– Surplus deposit reserves	(b)	90,955,021	39,725,030
– Fiscal deposits and others		353,389	210,034
Sub-total		147,663,155	103,098,829
Interests accrued		28,637	32,847
Total		148,162,149	103,494,179

- (a) The Bank places statutory deposit reserves with the People's Bank of China ("PBOC") in accordance with relevant regulations. The statutory deposit reserve ratios applicable to the Bank were as follows:

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

18 DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty:

	31 December	
	2024	2023
Deposits in Chinese mainland		
– Banks	6,077,852	12,770,164
Sub-total	6,077,852	12,770,164
Deposits outside Chinese mainland		
– Banks	5,351,959	8,189,899
Sub-total	5,351,959	8,189,899
Interests accrued	6,739	5,372
Less: Allowances for impairment losses	(31,088)	(26,944)
Total	11,405,462	20,938,491

19 PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty:

	31 December	
	2024	2023
Placements in Chinese mainland		
– Banks	601,261	–
– Other financial institutions	3,740,000	12,190,000
Sub-total	4,341,261	12,190,000
Placements outside Chinese mainland		
– Banks	490,070	–
Sub-total	490,070	–
Interests accrued	122,454	236,648
Less: Allowances for impairment losses	(68,486)	(73,040)
Total	4,885,299	12,353,608

Notes to the Consolidated Financial Statements

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20 DERIVATIVE FINANCIAL INSTRUMENTS

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

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

The notional amount and fair value of unexpired derivative financial instruments held by the Group are set out in the following tables:

31 December 2024			
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate swaps	254,969,033	32,172	(11,129)
Exchange rate swaps	139,026,375	1,318,613	(922,071)
Exchange rate forwards	30,687,855	919,113	(847,959)
Precious metal swaps	4,010,073	168,443	(9,620)
Option contracts	1,912,240	9,843	(9,104)
Total	430,605,576	2,448,184	(1,799,883)

31 December 2023			
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate swaps	248,318,596	14,753	(4,386)
Exchange rate swaps	79,142,406	726,267	(501,555)
Exchange rate forwards	43,718,277	578,565	(473,145)
Precious metal swaps	4,845,954	218,193	–
Option contracts	1,132,332	13,403	(11,526)
Total	377,157,565	1,551,181	(990,612)

Notes to the Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

21 FINANCIAL ASSETS PURCHASED UNDER RESALE AGREEMENTS

(a) Analysed by type and location of counterparty

	31 December	
	2024	2023
Financial assets purchased under resale agreements		
– Banks in Chinese mainland	9,407,700	1,500,000
– Other financial institutions in Chinese mainland	9,120,914	5,035,008
Sub-total	18,528,614	6,535,008
Interests accrued	5,074	1,337
Less: Allowances for impairment losses	(2,543)	(3,792)
Total	18,531,145	6,532,553

(b) Analysed by asset types

	31 December	
	2024	2023
Bonds	18,528,614	6,535,008
Interests accrued	5,074	1,337
Less: Allowances for impairment losses	(2,543)	(3,792)
Total	18,531,145	6,532,553

Notes to the Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

22 LOANS AND ADVANCES TO CUSTOMERS

(a) Analysed by nature

	31 December	
	2024	2023
Loans and advances to customers at amortised cost:		
Corporate loans and advances	614,895,270	560,250,481
Personal loans		
– Residential and commercial housing loans	149,664,942	159,565,607
– Personal consumption loans	37,512,214	75,937,149
– Personal business loans	34,849,935	37,240,631
Sub-total	222,027,091	272,743,387
Interests accrued	13,115,173	12,350,216
Less: Allowances for loans and advances to customers at amortised cost	(24,244,122)	(24,599,802)
Sub-total	825,793,412	820,744,282
Loans and advances to customers at FVTOCI:		
Corporate loans and advances	2,959,772	90,367
Discounted bills	59,727,587	93,160,915
Loans and advances to customers at FVTPL:		
Corporate loans and advances	36,880,971	6,399,285
Net loans and advances to customers	925,361,742	920,394,849

As at 31 December 2024, the balance of allowances for loans and advances to customers at FVTOCI amounted to RMB1,330 million (31 December 2023: RMB1,387 million), as described in Note 22 (f).

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(Expressed in thousands of Renminbi, unless otherwise stated)

22 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(b) Loans and advances to customers (excluding interests accrued) analysed by industry sector

	31 December 2024		
	Amount	Percentage	Loans and advances secured by collaterals
Leasing and commercial services	239,347,741	25.56%	54,705,862
Real estate	93,339,050	9.97%	68,096,721
Manufacturing	87,787,078	9.37%	17,680,869
Water conservancy, environment and public facilities management	68,171,356	7.28%	4,907,660
Wholesale and retail	51,153,524	5.46%	14,912,204
Construction	28,175,257	3.01%	10,026,561
Finance	26,074,303	2.78%	3,892,199
Transportations, storage and post	14,239,861	1.52%	4,689,990
Production and supply of electricity, heat, gas and water	13,886,782	1.48%	1,054,099
Information transmission, software and IT services	7,776,105	0.83%	1,461,374
Scientific research and technical services	6,650,275	0.71%	1,249,784
Mining	6,463,006	0.69%	796,382
Education	3,614,001	0.39%	2,528,999
Others	8,057,674	0.86%	2,254,062
Sub-total of corporate loans and advances	654,736,013	69.91%	188,256,766
Personal loans	222,027,091	23.71%	167,870,841
Discounted bills	59,727,587	6.38%	59,727,587
Gross loans and advances to customers	936,490,691	100.00%	415,855,194

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(Expressed in thousands of Renminbi, unless otherwise stated)

22 LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(b) Loans and advances to customers (excluding interests accrued) analysed by industry sector *(Continued)*

	31 December 2023		
	Amount	Percentage	Loans and advances secured by collaterals
Leasing and commercial services	212,756,214	22.81%	46,942,048
Real estate	88,361,622	9.47%	61,460,520
Manufacturing	85,434,345	9.16%	41,691,007
Water conservancy, environment and public facilities management	59,722,557	6.40%	6,067,049
Wholesale and retail	38,121,599	4.09%	11,829,485
Construction	25,489,080	2.73%	11,245,081
Finance	9,551,052	1.02%	3,203,750
Transportations, storage and post	10,911,221	1.17%	3,686,501
Production and supply of electricity, heat, gas and water	10,633,994	1.14%	740,855
Information transmission, software and IT services	4,376,658	0.47%	642,623
Scientific research and technical services	2,532,378	0.27%	197,138
Mining	7,488,413	0.80%	520,650
Education	2,799,681	0.30%	1,560,240
Others	8,561,319	0.94%	2,261,519
Sub-total of corporate loans and advances	566,740,133	60.77%	192,048,466
Personal loans	272,743,387	29.24%	179,325,313
Discounted bills	93,160,915	9.99%	93,160,915
Gross loans and advances to customers	932,644,435	100.00%	464,534,694

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(Expressed in thousands of Renminbi, unless otherwise stated)

22 LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(c) Analysed by geographical sector (excluding interests accrued)

31 December 2024			
	Amount	Percentage	Loans and advances secured by collaterals
Northern and Northeastern China	394,668,711	42.14%	176,092,973
Eastern China	260,038,530	27.77%	94,784,509
Central and Southern China	198,630,819	21.21%	107,202,979
Western China	83,152,631	8.88%	37,774,733
Gross loans and advances to customers	936,490,691	100.00%	415,855,194

31 December 2023			
	Amount	Percentage	Loans and advances secured by collaterals
Northern and Northeastern China	431,885,105	46.31%	207,904,141
Eastern China	217,892,309	23.36%	98,384,941
Central and Southern China	205,393,575	22.02%	118,399,337
Western China	77,473,446	8.31%	39,846,275
Gross loans and advances to customers	932,644,435	100.00%	464,534,694

The geographical areas are categorised as follows:

Northern and Northeastern China includes Head Office, Beijing Branch, Tianjin Branch, Tianjin Pilot Free Trade Zone Branch, Dalian Branch, Hohhot Branch, Taiyuan Branch, Shijiazhuang Branch, Changchun Branch and Shenyang Branch.

Eastern China includes Nanjing Branch, Hangzhou Branch, Jinan Branch, Shanghai Branch, Shanghai Pilot Free Trade Zone Branch, Hefei Branch, Suzhou Branch, Qingdao Branch, Ningbo Branch and Nanchang Branch.

Central and Southern China includes Guangzhou Branch, Shenzhen Branch, Hong Kong Branch, Changsha Branch, Wuhan Branch, Fuzhou Branch, Zhengzhou Branch, Xiamen Pilot Free Trade Zone Branch, Haikou Branch and Nanning Branch.

Western China includes Chengdu Branch, Xi'an Branch, Chongqing Branch, Guiyang Branch and Kunming Branch.

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22 LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(d) Analysed by type of collateral (excluding interests accrued)

	31 December	
	2024	2023
Unsecured loans	191,228,822	176,176,636
Guaranteed loans	329,406,675	291,933,105
Collateralised loans	286,551,232	287,431,539
Pledged loans	129,303,962	177,103,155
Gross loans and advances to customers	936,490,691	932,644,435

(e) Overdue loans analysed by overdue period (excluding interests accrued)

	31 December 2024				
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	Total
Unsecured loans	1,162,089	2,071,707	2,335,720	637,938	6,207,454
Guaranteed loans	3,899,757	1,428,034	597,872	710,596	6,636,259
Collateralised loans	4,894,612	2,590,774	3,392,803	1,206,701	12,084,890
Pledged loans	954,881	5,000	48,206	217,538	1,225,625
Total	10,911,339	6,095,515	6,374,601	2,772,773	26,154,228
As a percentage of gross loans and advances to customers	1.16%	0.65%	0.68%	0.30%	2.79%

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22 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(e) Overdue loans analysed by overdue period (excluding interests accrued)

(Continued)

	31 December 2023				
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	Total
Unsecured loans	2,793,094	2,443,061	1,097,366	290,053	6,623,574
Guaranteed loans	4,267,500	1,047,927	2,511,038	683,995	8,510,460
Collateralised loans	4,210,238	1,866,499	3,876,410	930,793	10,883,940
Pledged loans	1,786,568	97,639	265,731	719,410	2,869,348
Total	13,057,400	5,455,126	7,750,545	2,624,251	28,887,322
As a percentage of gross loans and advances to customers	1.40%	0.59%	0.83%	0.28%	3.10%

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

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22 LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(f) Movements in allowance for impairment losses

(i) *Movements in allowance for impairment losses of loans and advances to customers at amortised cost:*

Year ended 31 December 2024				
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	5,647,264	7,041,337	11,911,201	24,599,802
Transferred:				
– to Stage 1	38,880	(38,880)	–	–
– to Stage 2	(715,792)	735,839	(20,047)	–
– to Stage 3	(251,736)	(3,425,000)	3,676,736	–
Charge for the year	1,361,942	843,655	4,607,993	6,813,590
Transfer out	–	–	(6,781,602)	(6,781,602)
Recoveries	–	–	1,968,349	1,968,349
Write-offs	–	–	(2,355,890)	(2,355,890)
Exchange rate changes and others	(145)	–	18	(127)
As at 31 December	6,080,413	5,156,951	13,006,758	24,244,122

Year ended 31 December 2023				
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	6,876,826	7,063,246	9,891,713	23,831,785
Transferred:				
– to Stage 1	11,324	(11,324)	–	–
– to Stage 2	(821,156)	833,874	(12,718)	–
– to Stage 3	(41,057)	(4,493,832)	4,534,889	–
(Reversal)/charge for the year	(383,488)	3,649,373	3,678,144	6,944,029
Recoveries	–	–	622,009	622,009
Write-offs	–	–	(6,803,049)	(6,803,049)
Exchange rate changes and others	4,815	–	213	5,028
As at 31 December	5,647,264	7,041,337	11,911,201	24,599,802

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(Expressed in thousands of Renminbi, unless otherwise stated)

22 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(f) Movements in allowance for impairment losses (Continued)

(ii) Movements in allowance for impairment of loans and advances to customers at FVTOCI:

Year ended 31 December 2024				
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	18,847	–	1,367,990	1,386,837
Charge/(reversal) for the year	17,608	–	(74,227)	(56,619)
As at 31 December	36,455	–	1,293,763	1,330,218

Year ended 31 December 2023				
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	67,791	–	1,470,341	1,538,132
Transferred:				
– to Stage 3	(94)	–	94	–
Reversal for the year	(48,850)	–	(102,445)	(151,295)
As at 31 December	18,847	–	1,367,990	1,386,837

Carrying amount of loans and advances to customers at FVTOCI is measured at fair value, allowance for impairment losses on loans and advances to customers at FVTOCI is recognised in other comprehensive income without decreasing the carrying amount of loans and advances to customers presented in the consolidated statement of financial position, and charge or reversal of impairment loss is recognised in current period profit or loss.

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23 FINANCIAL INVESTMENTS

		31 December	
	Notes	2024	2023
Financial investments measured at FVTPL	(a)	192,864,991	161,057,566
Financial investments measured at FVTOCI	(b)	177,376,537	117,150,761
Financial investments measured at amortised cost	(c)	330,196,792	354,928,465
Total		700,438,320	633,136,792

(a) Financial investments measured at FVTPL

Financial investments held for trading:

		31 December	
		2024	2023
Bond investments – Unlisted (i)			
– Government and central bank		5,055,172	5,214,874
– Policy banks		4,922,198	7,247,937
– Commercial banks and other financial institutions		1,507,368	–
– Corporates		8,651,973	11,386,929
Sub-total		20,136,711	23,849,740
Interbank certificates of deposits – Unlisted		10,222,539	2,785,896
Total financial investments held for trading		30,359,250	26,635,636

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(Expressed in thousands of Renminbi, unless otherwise stated)

23 FINANCIAL INVESTMENTS *(Continued)*

(a) Financial investments measured at FVTPL *(Continued)*

Other financial investments measured at FVTPL:

	31 December	
	2024	2023
Fund investments – Unlisted	70,852,301	54,704,396
Equity investments		
– Listed outside Hong Kong	500,699	448,210
– Unlisted	3,588,068	3,573,305
Trust plans and asset management plans – Unlisted	87,564,673	75,696,019
Total other financial investments measured at FVTPL	162,505,741	134,421,930
Total financial investments measured at FVTPL	192,864,991	161,057,566

Note:

- (i) As at 31 December 2024 and 2023, certain financial investments measured at FVTPL were pledged for borrowings from the central bank and financial assets sold under repurchase agreements (Note 52 (e)).

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(Expressed in thousands of Renminbi, unless otherwise stated)

23 FINANCIAL INVESTMENTS (Continued)

(b) Financial investments measured at FVTOCI

	31 December	
	2024	2023
Bond investments – Unlisted (i)		
– Government	54,859,456	43,615,076
– Policy banks	70,764,845	40,705,250
– Commercial banks and other financial institutions	10,423,057	11,291,502
– Corporates	37,868,134	15,585,820
Interests accrued	1,610,592	949,850
Sub-total	175,526,084	112,147,498
Interbank certificates of deposits – Unlisted	1,620,920	1,726,226
Interests accrued	29,507	14,299
Sub-total	1,650,427	1,740,525
Equity investments – Unlisted (ii)	200,026	3,262,738
Total	177,376,537	117,150,761

Notes:

- (i) As at 31 December 2024 and 2023, certain financial investments measured at FVTOCI were pledged for borrowings from the central bank and financial assets sold under repurchase agreements (Note 52 (e)).
- (ii) Dividend income from investments in equity instruments designated as at FVTOCI for the year ended 31 December 2024 was RMB34.68 million (for the year ended 31 December 2023: RMB34.80 million), which was included in profit or loss. During the year, the Group disposed of equity investments amounting to RMB3,063 million, and the cumulative loss transferred from other comprehensive income to retained earnings amounted to RMB4,031 million.

Notes to the Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

23 FINANCIAL INVESTMENTS *(Continued)*

(b) Financial investments measured at FVTOCI *(Continued)*

Movements in allowance for impairment losses of Financial investments measured at FVTOCI are as follows:

Year ended 31 December 2024				
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	148,805	–	10,000	158,805
Charge for the year	199,248	–	–	199,248
Exchange rate changes and others	54	–	–	54
As at 31 December	348,107	–	10,000	358,107

Year ended 31 December 2023				
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	122,651	–	10,000	132,651
Charge for the year	26,166	–	–	26,166
Exchange rate changes and others	(12)	–	–	(12)
As at 31 December	148,805	–	10,000	158,805

Carrying amount of financial investments measured at FVTOCI is measured at fair value, allowance for impairment on financial investments measured at FVTOCI is recognised in other comprehensive income without decreasing the carrying amount of financial investments presented in the consolidated statement of financial position, and charge or reversal of impairment loss is recognised in current period profit or loss.

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For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

23 FINANCIAL INVESTMENTS (Continued)

(c) Financial investments measured at amortised cost

	31 December	
	2024	2023
Bond investments – Unlisted (i)		
– Government and central bank	86,748,389	111,121,973
– Policy banks	71,919,092	76,429,913
– Banks and other financial institutions	7,789,129	8,536,702
– Corporates	57,474,426	54,248,456
Interests accrued	3,171,369	3,366,113
Sub-total	227,102,405	253,703,157
Interbank certificates of deposits – Unlisted	–	142,242
Interests accrued	–	907
Sub-total	–	143,149
Trust plans and asset management plans – Unlisted	110,296,478	108,146,981
Interests accrued	1,269,127	1,651,777
Sub-total	111,565,605	109,798,758
Less: Allowances for impairment losses	(8,471,218)	(8,716,599)
Total	330,196,792	354,928,465

Note:

- (i) As at 31 December 2024 and 2023, certain financial investments measured at amortised cost were pledged for borrowings from the central bank and financial assets sold under repurchase agreements (Note 52 (e)).

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(Expressed in thousands of Renminbi, unless otherwise stated)

23 FINANCIAL INVESTMENTS *(Continued)*

(c) Financial investments measured at amortised cost *(Continued)*

Movements in allowances for impairment losses of financial investments measured at amortised cost are as follows:

Year ended 31 December 2024				
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	772,484	727,652	7,216,463	8,716,599
Transferred:				
– to Stage 1	–	–	–	–
– to Stage 2	–	–	–	–
– to Stage 3	(65,185)	(86,499)	151,684	–
Charge/(reversal) for the year	705,257	(31,210)	(603,671)	70,376
Write-offs/transfer out	–	–	(315,464)	(315,464)
Exchange rate changes and others	(293)	–	–	(293)
As at 31 December	1,412,263	609,943	6,449,012	8,471,218

Year ended 31 December 2023				
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	928,829	3,117,392	6,019,605	10,065,826
Transferred:				
– to Stage 1	50,710	–	(50,710)	–
– to Stage 2	(145,282)	145,282	–	–
– to Stage 3	–	(2,403,561)	2,403,561	–
(Reversal of)/charge for the year	(68,620)	(131,461)	317,743	117,662
Write-offs/transfer out	–	–	(1,473,736)	(1,473,736)
Exchange rate changes and others	6,847	–	–	6,847
As at 31 December	772,484	727,652	7,216,463	8,716,599

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24 INVESTMENT IN SUBSIDIARY

	31 December	
	2024	2023
CBHB Wealth Management Co., Ltd.	2,000,000	2,000,000

Details of the subsidiary are as follows:

Name	Date of incorporation/ establishment	Place of incorporation/ registration	Legal form	Paid-in capital	Percentage of equity interest/ voting rights	Business scope
CBHB Wealth Management Co., Ltd	6 September 2022	Tianjin, China	Limited liability company	RMB2 billion	100%	Wealth management

25 INVESTMENT IN ASSOCIATE

	31 December	
	2024	2023
Investment in associate	–	–

The Group invested in Hawtai Motor Finance Co., Ltd. (“Hawtai”) in 2015, and the proportion of equity interest in the investment and the proportion of voting rights are both 10%. The Group accounts for its investment in Hawtai under the equity method. As at 31 December 2024 and 2023, accumulated losses of Hawtai assumed by the Group in proportion to equity interest in the investment exceeded the Group’s share of the equity interest, and as the Group had no obligation to assume additional losses, the carrying amount of the Group’s investment in the associate was reduced to RMB 0.

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26 PROPERTY AND EQUIPMENT

	Premises	Leasehold improvements	Operating equipment	Motor vehicles	Construction in progress	Total
Cost						
As at 1 January 2023	3,875,984	1,054,345	1,955,266	87,087	562,760	7,535,442
Additions and transfer in	–	186,143	235,169	1,622	6,033	428,967
Disposals and transfer out	–	(15,105)	(121,174)	(1,637)	–	(137,916)
Foreign currency translation differences	–	301	451	15	–	767
As at 31 December 2023	3,875,984	1,225,684	2,069,712	87,087	568,793	7,827,260
As at 1 January 2024	3,875,984	1,225,684	2,069,712	87,087	568,793	7,827,260
Additions and transfer in	199,089	82,644	234,627	3,404	32,224	551,988
Disposals and transfer out	–	(16,380)	(73,297)	(10,271)	(231,761)	(331,709)
Foreign currency translation differences	–	240	367	12	–	619
As at 31 December 2024	4,075,073	1,292,188	2,231,409	80,232	369,256	8,048,158
Accumulated depreciation						
As at 1 January 2023	(1,541,880)	(830,957)	(1,351,932)	(70,206)	–	(3,794,975)
Charged for the year	(185,892)	(154,919)	(234,005)	(4,695)	–	(579,511)
Eliminated on disposals	–	15,071	118,377	1,082	–	134,530
Foreign currency translation differences	–	(301)	(316)	(14)	–	(631)
As at 31 December 2023	(1,727,772)	(971,106)	(1,467,876)	(73,833)	–	(4,240,587)
As at 1 January 2024	(1,727,772)	(971,106)	(1,467,876)	(73,833)	–	(4,240,587)
Charged for the year	(191,796)	(165,055)	(224,710)	(3,717)	–	(585,278)
Eliminated on disposals	–	16,038	68,790	8,984	–	93,812
Foreign currency translation differences	–	(240)	(305)	(11)	–	(556)
As at 31 December 2024	(1,919,568)	(1,120,363)	(1,624,101)	(68,577)	–	(4,732,609)
Allowance for impairment						
As at 1 January 2023	–	–	–	–	–	–
Charged for the year	–	–	–	–	–	–
As at 31 December 2023	–	–	–	–	–	–
As at 1 January 2024	–	–	–	–	–	–
Charged for the year	–	–	–	–	(98,005)	(98,005)
As at 31 December 2024	–	–	–	–	(98,005)	(98,005)
Net book value						
As at 31 December 2023	2,148,212	254,578	601,836	13,254	568,793	3,586,673
As at 31 December 2024	2,155,505	171,825	607,308	11,655	271,251	3,217,544

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(Expressed in thousands of Renminbi, unless otherwise stated)

27 DEFERRED TAX ASSETS

(a) Analysed by nature

	31 December 2024		31 December 2023	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets				
– Allowances for impairment losses	46,582,679	11,645,670	50,416,549	12,604,137
– Changes in fair value	3,010,740	752,685	6,367,496	1,591,874
– Accrued staff costs	4,863,511	1,215,878	4,605,800	1,151,450
– Provisions	501,793	125,448	377,997	94,499
– Tax losses	3,069,000	767,250	–	–
– Others	4,581,954	1,145,489	5,108,093	1,277,024
	62,609,677	15,652,420	66,875,935	16,718,984
Deferred tax liabilities				
– Changes in fair value	(9,054,443)	(2,263,611)	(3,484,058)	(871,015)
– Others	(4,103,549)	(1,025,887)	(4,355,675)	(1,088,918)
	(13,157,992)	(3,289,498)	(7,839,733)	(1,959,933)
Net amount	49,451,685	12,362,922	59,036,202	14,759,051

The Group incurred tax losses in 2024. As at 31 December 2024, the Group estimated the future taxable income and recognised deferred tax assets arising from tax losses of RMB767 million, to the extent of the taxable income expected to be available within the next five years estimated based on the current economic environment and the actual operating conditions of the Group.

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27 DEFERRED TAX ASSETS (Continued)

(b) Movements in deferred tax

	Allowances for impairment losses	Net losses/ (gains) from changes in fair value	Others	Net balance of deferred tax assets
As at 1 January 2023	10,766,639	972,323	1,366,249	13,105,211
Recognised in profit or loss	1,805,945	(113,446)	67,806	1,760,305
Recognised in other comprehensive income	31,553	(138,018)	—	(106,465)
31 December 2023	12,604,137	720,859	1,434,055	14,759,051
Recognised in profit or loss	(923,765)	(754,743)	794,123	(884,385)
Recognised in other comprehensive income	(34,702)	(1,477,042)	—	(1,511,744)
31 December 2024	11,645,670	(1,510,926)	2,228,178	12,362,922

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28 RIGHT-OF-USE ASSETS

	Premises	Others	Total
Cost			
As at 1 January 2023	7,069,042	14,835	7,083,877
Additions	918,570	321	918,891
Disposals	(641,077)	(1,605)	(642,682)
Foreign currency translation difference	2,299	14	2,313
As at 31 December 2023	7,348,834	13,565	7,362,399
As at 1 January 2024	7,348,834	13,565	7,362,399
Additions	1,191,666	81	1,191,747
Disposals	(1,273,367)	(308)	(1,273,675)
Foreign currency translation difference	1,835	4	1,839
As at 31 December 2024	7,268,968	13,342	7,282,310
Accumulated depreciation			
As at 1 January 2023	(3,053,031)	(5,957)	(3,058,988)
Charged for the year	(1,053,472)	(2,276)	(1,055,748)
Eliminated on disposals	639,442	854	640,296
Foreign currency translation difference	(1,187)	(2)	(1,189)
As at 31 December 2023	(3,468,248)	(7,381)	(3,475,629)
As at 1 January 2024	(3,468,248)	(7,381)	(3,475,629)
Charged for the year	(1,035,718)	(1,093)	(1,036,811)
Eliminated on disposals	838,031	90	838,121
Foreign currency translation difference	(1,552)	(3)	(1,555)
As at 31 December 2024	(3,667,487)	(8,387)	(3,675,874)
Net book value			
As at 31 December 2023	3,880,586	6,184	3,886,770
As at 31 December 2024	3,601,481	4,955	3,606,436

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29 OTHER ASSETS

		31 December	
	Notes	2024	2023
Settlement receivable		6,263,025	4,656,690
Interest receivable	(a)	2,840,447	3,327,508
Guarantee deposits		710,345	951,635
Land use rights		370,536	385,261
Fees receivable		395,529	321,011
Prepayments		200,454	194,162
Intangible assets		287,596	291,186
Precious metals		359,345	—
Others		2,957,129	2,776,355
Sub-total		14,384,406	12,903,808
Less: Allowances for impairment losses	(b)	(961,481)	(804,119)
Total		13,422,925	12,099,689

(a) Interest receivable

		31 December	
		2024	2023
Interest receivable arising from:			
Loans and advances to customers		1,075,461	953,664
Financial investments		1,764,986	2,373,844
Total		2,840,447	3,327,508

As at 31 December 2024 and 2023, interest receivable only includes interest that has been due for the relevant financial instruments but not yet received. Interest on financial instruments based on the effective interest method has been reflected in the gross carrying amount of corresponding financial instruments.

(b) Movements in allowance for impairment losses of other assets are as follows:

	2024	2023
As at 1 January	804,119	73,646
Charge for the year	2,456,843	2,318,893
Write-offs and transfer out	(2,299,481)	(1,588,420)
As at 31 December	961,481	804,119

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30 BORROWINGS FROM THE CENTRAL BANK

	31 December	
	2024	2023
Medium-term lending facility	118,100,000	129,300,000
Re-lending	1,773,000	2,718,000
Interests accrued	1,505,473	1,769,964
Total	121,378,473	133,787,964

31 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type of and location of counterparty:

	31 December	
	2024	2023
Deposits in Chinese mainland		
– Banks	79,667,880	109,927,652
– Other financial institutions	67,061,876	46,179,514
Sub-total	146,729,756	156,107,166
Deposits outside Chinese mainland		
– Other financial institutions	2,877,696	1,470,781
Sub-total	2,877,696	1,470,781
Interests accrued	954,092	1,184,275
Total	150,561,544	158,762,222

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32 PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty:

	31 December	
	2024	2023
Placements in Chinese mainland		
– Banks	12,441,557	18,790,215
Sub-total	12,441,557	18,790,215
Placements outside Chinese mainland		
– Banks	10,409,008	15,515,078
Sub-total	10,409,008	15,515,078
Interests accrued	294,180	614,719
Total	23,144,745	34,920,012

33 Financial liabilities at FVTPL

	31 December	
	2024	2023
Financial liabilities at FVTPL		
– Structured notes	171,916	–
Total	171,916	–

The Group has designated the issued structured notes as financial liabilities at FVTPL. As at 31 December 2024, the amount of change in fair value of FVTPL due to changes in credit risk was not significant.

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34 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) Analysed by type and location of counterparty:

	31 December	
	2024	2023
Placements in Chinese mainland		
– Banks	57,798,266	66,611,528
Sub-total	57,798,266	66,611,528
Interests accrued	20,072	22,725
Total	57,818,338	66,634,253

(b) Analysed by type of collateral held

	31 December	
	2024	2023
Bonds	51,635,100	64,711,540
Acceptances	6,163,166	1,899,988
Sub-total	57,798,266	66,611,528
Interests accrued	20,072	22,725
Total	57,818,338	66,634,253

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35 DEPOSITS FROM CUSTOMERS

	31 December	
	2024	2023
Demand deposits		
– Corporate customers	238,497,466	219,169,451
– Individual customers	36,293,255	33,061,936
Sub-total	274,790,721	252,231,387
Time deposits		
– Corporate customers	416,936,133	346,997,589
– Individual customers	175,982,215	167,940,207
Sub-total	592,918,348	514,937,796
Pledged deposits		
– Acceptances	89,373,241	80,707,395
– Letters of credit and guarantees	60,270,878	32,807,576
– Letters of guarantees	2,532,115	2,343,512
– Others	23,838,062	31,914,101
Sub-total	176,014,296	147,772,584
Fiscal deposits	159,715	174,755
Inward and outward remittances	2,205,715	45,456
Interests accrued	21,473,000	19,431,901
Total	1,067,561,795	934,593,879

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36 DEBT SECURITIES ISSUED

	Notes	31 December	
		2024	2023
Interbank certificates of deposits issued	(a)	213,027,589	182,696,167
Financial bonds issued	(b)	49,987,676	69,974,686
Tier 2 capital bonds issued	(c)	22,986,594	8,990,975
Certificates of deposit issued	(d)	3,567,867	2,534,670
Medium-term notes issued		–	2,132,192
Sub-total		289,569,726	266,328,690
Interests accrued		1,293,456	1,594,678
Total		290,863,182	267,923,368

Notes:

(a) Interbank certificates of deposits issued

For the year ended 31 December 2024, the Group issued a number of interbank certificates of deposits with total face value of RMB402,110 million with duration between 1 to 12 months. The effective interest rates ranged from 1.64% to 2.52% per annum. As at 31 December 2024, the balance of the above interbank certificates of deposits issued but not yet due was RMB213,028 million (31 December 2023: RMB182,696 million).

(b) Financial bonds issued

(i) On 24 June 2024, the Group issued three-year financial bonds with nominal value of RMB5,000 million. The coupon interest rate per annum was 2.05%. As at 31 December 2024, the balance of the financial bonds issued above was RMB4,998 million.

(ii) On 25 July 2023, the Group issued three-year financial bonds with nominal value of RMB10,000 million. The coupon interest rate per annum was 2.72%. As at 31 December 2024, the balance of the financial bonds issued above was RMB9,997 million.

(iii) On 12 May 2023, the Group issued three-year financial bonds with nominal value of RMB10,000 million. The coupon interest rate per annum was 2.88%. As at 31 December 2024, the balance of the financial bonds issued above was RMB9,997 million.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

36 DEBT SECURITIES ISSUED (Continued)

Notes: (Continued)

(b) Financial bonds issued (Continued)

- (iv) On 1 December 2022, the Group issued three-year financial bonds with nominal value of RMB15,000 million. The coupon interest rate per annum was 2.95%. As at 31 December 2024, the balance of the financial bonds issued above was RMB14,997 million.
- (v) On 22 February 2022, the Group issued three-year financial bonds with nominal value of RMB10,000 million. The coupon interest rate per annum was 2.95%. As at 31 December 2024, the balance of the financial bonds issued above was RMB9,999 million.
- (vi) On 6 April 2021, the Group issued three-year financial bonds with nominal value of RMB15,000 million. The coupon interest rate per annum was 3.55%. The above issued financial bonds were fully redeemed on 8 April 2024.
- (vii) On 26 April 2021, the Group issued three-year financial bonds with nominal value of RMB10,000 million. The coupon interest rate per annum was 3.53%. The above issued financial bonds were fully redeemed on 28 April 2024.

(c) Tier 2 capital bonds issued

- (i) On 18 April 2024, the Group issued ten-year fixed interest rate tier 2 capital bonds with nominal value of RMB14,000 million. The coupon interest rate per annum was 2.77%. According to the issuance terms, the Group has an option to redeem all the bonds at face value on the last day of the fifth year. As at 31 December 2024, the balance of the financial bonds issued above was RMB13,994 million.
- (ii) On 15 January 2021, the Group issued ten-year fixed interest rate tier 2 capital bonds with nominal value of RMB9,000 million. The coupon interest rate per annum was 4.40%. According to the issuance terms, the Group has an option to redeem all the bonds at face value on the last day of the fifth year. As at 31 December 2024, the balance of the financial bonds issued above was RMB8,993 million.

(d) Certificates of deposit issued

For the year ended 31 December 2024, the Group issued a number of certificates of deposit with total face value of RMB3,603 million and duration between 1 to 12 months. The effective interest rates ranged from 2.20% to 5.59% per annum. As at 31 December 2024, the balance of the above certificates of deposit issued but not yet due was RMB3,568 million (31 December 2023: RMB2,535 million).

As at 31 December 2024 and 2023, there were no defaults of principal and interest or other breaches with respect to these bonds. None of the above bonds were secured.

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For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

37 LEASE LIABILITIES

	31 December	
	2024	2023
Less than one year (inclusive)	959,866	1,082,489
One to two years (inclusive)	779,883	853,174
Two to three years (inclusive)	654,359	701,097
Three to five years (inclusive)	921,302	998,086
More than five years	768,131	919,754
Total undiscounted lease liabilities	4,083,541	4,554,600
Lease liabilities	3,722,824	4,115,588

38 OTHER LIABILITIES

	Notes	31 December	
		2024	2023
Accrued staff costs	(a)	5,078,974	4,800,836
Agency account payables		6,200,113	3,975,578
Settlement and clearing payable		3,108,938	3,947,952
Other taxes payable		712,534	857,298
Provisions	(b)	509,685	379,158
Contract liabilities	(c)	415,092	270,294
Others		1,291,039	1,522,990
Total		17,316,375	15,754,106

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

38 OTHER LIABILITIES (Continued)

(a) Accrued staff costs

	31 December	
	2024	2023
Salaries, bonuses and allowances payable	4,652,508	4,366,142
Pension and annuity payable	18,872	18,325
Other social insurances payable	6,764	6,718
Housing funds payable	5,857	5,883
Others	394,973	403,768
Total	5,078,974	4,800,836

(b) Provisions

	31 December	
	2024	2023
Provision for credit commitment losses	466,961	336,027
Expected litigation losses	42,244	42,244
Others	480	887
Total	509,685	379,158

Movements in provisions for credit commitment losses are as follows:

	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024	333,398	851	1,778	336,027
Charge/(reversal) for the year	130,909	(143)	19	130,785
Exchange rate changes and others	149	–	–	149
As at 31 December 2024	464,456	708	1,797	466,961

	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2023	433,343	759	707	434,809
(Reversal)/charge for the year	(101,735)	92	1,071	(100,572)
Exchange rate changes and others	1,790	–	–	1,790
As at 31 December 2023	333,398	851	1,778	336,027

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For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

38 OTHER LIABILITIES (Continued)

(c) Contract liabilities

As at 31 December 2024 and 2023, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts were approximately RMB415 million and RMB270 million, respectively. This amount represents income expected to be recognised in the future from agency, custody, guarantee and acceptance services. The Group will recognise the expected income in future as the services are provided.

39 SHARE CAPITAL

Issued share capital

Share capital of the Bank as at 31 December 2024 and 2023 represented share capital of the Bank, which was fully paid.

	31 December	
	2024	2023
Number of shares issued and fully paid at par value of RMB1 each (in thousand)	17,762,000	17,762,000

40 OTHER EQUITY INSTRUMENTS

Undated capital bonds

(a) Outstanding undated capital bonds ("Bonds") at 31 December 2024

Financial instrument outstanding	Issue date	Status	Accounting classification	Initial interest rate	Issue price	Units (million)	In RMB	Maturity date	Conversion conditions	Conversion status
RMB										
Undated capital bonds	13 September 2024		Equity instruments	2.38%	100/Unit	110	11,000,000	Perpetual	None	None

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

40 OTHER EQUITY INSTRUMENTS *(Continued)*

Undated capital bonds *(Continued)*

(b) Main clauses

(i) Issue size

The issue size of the Bonds for the period is RMB11 billion.

(ii) Term of the Bonds

The Bonds for the period will continue to be outstanding so long as the Issuer's business continues to operate.

(iii) Coupon rate

The coupon rate of the Bonds will be adjusted at defined intervals, with a coupon rate adjustment period every 5 years since the payment settlement date. In any coupon rate adjusted period, the interest payments on the Bonds will be paid at a prescribed fixed coupon rate.

The coupon rate of the Bonds for the period includes a benchmark rate plus a fixed spread. The benchmark rate is the arithmetic average of the yields to maturity of 5 trading days prior to the Announcement Date of the Subscription Agreement, as indicated by the yield to maturity curve of applicable 5-year China government Notes (rounded to 0.01%) published on www.ChinaBond.com.cn (or other websites approved by the China Central Depository & Clearing Co., Ltd.). The fixed spread is the difference between the coupon rate and the benchmark rate as determined at the time of issuance. The fixed spread will not be adjusted once determined.

The Bonds will not have any elevation in interest rates nor any other incentive to redeem.

(iv) Conditional redemption rights of the issuer

The Bonds issuance sets conditional redemption rights for the issuer. From the fifth anniversary since the issuance of the Bonds, the issuer may redeem the Bonds in whole or in part on each interest payment date (including the fifth interest payment date since the issuance). If, after the issuance, the Bonds no longer qualify as Additional Tier 1 Capital as a result of an unforeseeable change or amendment to relevant provisions of supervisory regulations, the issuer may redeem all but not part of the Bonds.

(v) Subordination

The claims in respect of the Bonds, in the event of the liquidation of the issuer, will be subordinated to claims of depositors, general creditors, and subordinated indebtedness that rank senior to the Bonds; shall rank in priority to all classes of shares held by the issuer's shareholders and rank pari passu with the claims in respect of any other Additional Tier 1 Capital instruments of the issuer that rank pari passu with the Bonds.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

40 OTHER EQUITY INSTRUMENTS (Continued)

Undated capital bonds (Continued)

(b) Main clauses (Continued)

(vi) Interest payment

The interest of the Bonds will be payable annually. The interest payment date of the Bonds shall be 19 September of each year. The issuer shall have the right to cancel, in whole or in part, interests on the Bonds and any such cancellation shall not constitute an event of default. When exercising such right, the issuer will take into full consideration the interest of the Bonds' holders. The issuer may, at its sole discretion, use the proceeds from the cancelled interests to meet other obligations as they fall due. Cancellation of any interests on the Bonds, no matter in whole or in part, will not impose any other restriction on the issuer, except in relation to dividend distributions to ordinary shares. Any cancellation of any distribution on the Bonds, no matter in whole or in part, will require the deliberation and approval of the general shareholders meeting. The Issuer shall give notice to the investors on such cancellation in a timely manner.

(vii) Resale

The holders of the Bonds do not have any option to sell back the Bonds to the issuer.

(viii) Write-down/write-off clauses

Upon the occurrence of a Non-viability Trigger Event, the issuer has the right, without the need for the consent of the Bond holders, to write down part or all of the principal of the Bonds. The Bonds shall be written down according to proportion of corresponding outstanding par value in the total outstanding nominal value of all other Additional Tier 1 Capital instruments with the same trigger event. A Non-viability Trigger Event refers to the earlier of the following events: (a) the National Financial Regulatory Administration ("NFRA") having decided that the issuer would become non-viable without a write-off; (b) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the issuer would become non-viable. The portion written down will not be restored.

(c) Movements in outstanding undated capital bonds

	1 January 2024		Increase/(decrease) for the year		31 December 2024	
	Units (million)	Carrying amount	Units (million)	Carrying amount	Units (million)	Carrying amount
Outstanding financial instruments						
Undated capital bonds for 2019 (i)	200	19,961,604	(200)	(19,961,604)	-	-
Undated capital bonds for 2024	-	-	110	11,000,000	110	11,000,000
Total		19,961,604		(8,961,604)		11,000,000

(i) The Group exercised its redemption right to redeem the undated capital bonds on 16 September 2024.

Notes to the Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

41 RESERVES**(a) Capital reserve**

	31 December	
	2024	2023
Share premium	10,689,841	10,732,077

(b) Surplus reserve

Pursuant to the Company Law of the PRC and the Articles, the Group is required to appropriate 10% of its net profit in accordance with the Accounting Standards for Business Enterprises and other relevant regulations to the statutory surplus reserve until the balance reaches 50% of its registered capital.

(c) General reserve

Pursuant to the Administrative Measures for the Provision of Reserves of Financial Enterprises (Cai Jin [2012] No. 20) issued by the Ministry of Finance, 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 on an annual basis. Pursuant to the Interim Measures for the Supervision and Administration of the Risk Reserves of Publicly Offered Securities Investment Funds, the Bank is required to set aside a risk reserve for custody services of publicly offered securities investment funds on an annual basis from its net profit as profit distribution, at a rate of 2.5% of the total custody income generated from publicly offered securities investment funds during the year.

The Bank's subsidiary accrues risk reserves in accordance with the Measures for the Administration of Wealth Management Subsidiary Companies of Commercial Banks until the balance of risk reserve reaches 1% of the balance of wealth management products.

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(Expressed in thousands of Renminbi, unless otherwise stated)

41 RESERVES (Continued)

(d) Other reserves

	Years ended 31 December	
	2024	2023
Items that will not be reclassified to profit or loss:		
<i>Changes in fair value of investments in equity instruments designated as at FVTOCI</i>		
As at 1 January	(3,023,146)	(3,171,875)
Transfer to retained profits from changes in fair value recognised in other comprehensive income	4,030,861	–
Changes in fair value recognised in other comprehensive income	–	198,305
Less: Income tax effect	(1,007,715)	(49,576)
As at 31 December	–	(3,023,146)
Items that may be reclassified subsequently to profit or loss:		
<i>Changes in fair value of debt instruments at FVTOCI</i>		
As at 1 January	(838,052)	(1,105,322)
Changes in fair value recognised in other comprehensive income	382,140	290,139
Changes in fair value transferred to profit or loss upon disposal	1,471,228	65,573
Less: Income tax effect	(469,327)	(88,442)
As at 31 December	545,989	(838,052)
<i>Allowance for credit losses on debt instruments at FVTOCI</i>		
As at 1 January	1,159,522	1,253,110
Allowance for credit losses recognised in other comprehensive income	142,683	(125,141)
Less: Income tax effect	(34,702)	31,553
As at 31 December	1,267,503	1,159,522
Foreign currency translation difference	(80,568)	(16,413)
Total	1,732,924	(2,718,089)

Notes to the Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

42 APPROPRIATION OF PROFITS

Dividend on ordinary shares

In accordance with the resolution at the Bank's Annual General Meeting on 28 June 2024, the Bank paid no dividend on ordinary shares for 2023.

In accordance with the resolution at the Bank's Annual General Meeting on 18 May 2023, the Bank paid no dividend on ordinary shares for 2022.

Interests on undated capital bonds

The Bank declared and distributed the interest on the undated capital bonds for year 2023 amounting to RMB950 million on 16 September 2024.

The Bank declared and distributed the interest on the undated capital bonds for year 2022 amounting to RMB950 million on 16 September 2023.

43 INTERESTS IN STRUCTURED ENTITIES THAT ARE NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

(a) The Group's interests in structured entities sponsored by third party institutions:

The Group holds interests in certain structured entities sponsored by third party institutions through investments in the units issued by these structured entities. Such structured entities include trust plans and asset management plans issued by securities company or trust company and investment funds. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of third-party investors. These vehicles are financed through the issue of units to investors.

The following tables set out an analysis of the carrying amounts of interests held by the Group in structured entities that are not included in consolidated financial statements, as well as an analysis of the line items relevant to assets and liabilities in the Group's financial statements as at 31 December 2024 and 2023:

	31 December 2024				
	Financial investments at FVTPL	Financial investments at FVTOCI	Financial investments measured at amortised cost	Total carrying amount	Maximum exposure
Trust plans and asset management plans	87,042,916	–	103,603,204	190,646,120	190,646,120
Funds	70,852,301	–	–	70,852,301	70,852,301
Total	157,895,217	–	103,603,204	261,498,421	261,498,421

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(Expressed in thousands of Renminbi, unless otherwise stated)

43 INTERESTS IN STRUCTURED ENTITIES THAT ARE NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(a) The Group's interests in structured entities sponsored by third party institutions: *(Continued)*

	31 December 2023				
	Financial investments at FVTPL	Financial investments at FVTOCI	Financial investments measured at amortised cost	Total carrying amount	Maximum exposure
Trust plans and asset management plans	75,696,019	–	101,623,074	177,319,093	177,319,093
Investments in equity instruments	–	3,062,738	–	3,062,738	3,062,738
Funds	54,302,874	–	–	54,302,874	54,302,874
Total	129,998,893	3,062,738	101,623,074	234,684,705	234,684,705

(b) Interests in structured entities that are sponsored by the Group but not included in the consolidated financial statements:

The types of structured entities that are sponsored by the Group but not included in the consolidated financial statements mainly include non-principal-guaranteed wealth management products. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of units to investors. Interest held by the Group includes fees charged by providing management services.

For the year ended 31 December 2024, the amount of fee and commission income from the abovementioned structured entities recognised by the Group amounted to RMB682 million (for the year ended 31 December 2023: RMB2,759 million).

As at 31 December 2024, the balance of non-principal-guaranteed wealth management products that were sponsored by the Group but not included in the consolidated financial statements of the Group was RMB173,549 million (as at 31 December 2023: RMB150,050 million).

(c) Unconsolidated structure entities sponsored by the Group during the year in which the Group does not have an interest as at 31 December:

For the year ended 31 December 2024, the aggregated amount of the non-principal-guaranteed wealth management products sponsored and issued by the Group after 1 January 2024 but matured before 31 December 2024 was RMB26,409 million. For the year ended 31 December 2023, the aggregated amount of the non-principal-guaranteed wealth management products sponsored and issued by the Group after 1 January 2023 but matured before 31 December 2023 was RMB18,000 million.

Notes to the Consolidated Financial Statements

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44 TRANSFER OF FINANCIAL ASSETS

In the ordinary course of business, the Group enters into certain transactions that result in the transfer of recognised financial assets to third parties or special-purpose entities, and the related financial assets are derecognised if the conditions for derecognition are met. When the Group retains substantially all the risks and rewards of the transferred assets, the transfer of related financial assets does not meet the conditions for derecognition and the Group continues to recognise the said assets.

The Group enters into transactions in the normal course of business by which it sells financial assets to special purpose trust and issues trust shares to investors through the special purpose trusts. The Group assessed among other factors, whether or not to derecognise the transferred assets by evaluating the extent to which it retains the risks and rewards of the assets and whether it has relinquished control over these assets.

For the year ended 31 December 2024, the Group transferred credit assets with gross principal amount of RMB29,967 million to independent third party, and the transfer price was RMB25,024 million. These assets were all fully derecognised. For the year ended 31 December 2023, the Group did not transfer any financial assets.

45 CAPITAL MANAGEMENT

The Group implements a comprehensive capital management framework, covering the management of the regulated capital, economic capital and book capital, particularly the capital compliance management, capital planning, allocation and evaluation.

In setting its capital adequacy objective, the Group considers regulatory requirements, external rating objective and its own risk appetite, so as to protect the interest of its customers and creditors, maximise the value of shareholders and meet all regulatory requirements on capital management.

Since 1 January 2024, the Group measures capital adequacy ratios in accordance with related regulatory requirements in the *Administrative Measures for the Capital of Commercial Banks* issued by the NFRA. In calculating its capital adequacy ratios, the Group considers all its domestic and overseas branches and sub-branches and financial institution subsidiary (excluding insurance companies).

The Group uses the weighting method to measure credit risk weighted assets, in which on-balance sheet business determines risk weights based on asset type, counterparty, collateral status and other relevant risk elements, considering the impact of qualified risk mitigation; and off-balance sheet business calculates risk-weighted assets using the same methodology as that used for on-balance sheet business, adjusted for contingent loss characteristics. Counterparty credit risk for over-the-counter derivatives is calculated using the current exposure method; market risk is measured using the simplified standard method; and operational risk is measured using the standard method.

The NFRA requires commercial banks to meet the requirements for capital indicators at all levels in the *Administrative Measures for the Capital of Commercial Banks*. For non-systemically important banks, the minimum ratios for core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio are 7.50%, 8.50% and 10.50%, respectively. During the report disclosure period, the Group has complied in full with the capital requirements stipulated by the regulatory authorities.

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(Expressed in thousands of Renminbi, unless otherwise stated)

45 CAPITAL MANAGEMENT (Continued)

The Group calculates its capital adequacy ratio as at 31 December 2024 in accordance with the *Administrative Measures for the Capital of Commercial Banks* issued by the NFRA, and its capital adequacy ratio as at 31 December 2023 in accordance with the *Administrative Measures for the Capital of Commercial Banks (Provisional)* and relevant requirements issued by the former CBRC. The Group calculates the capital adequacy ratios at all levels on the basis of the statutory financial statements and related data prepared in accordance with China Accounting Standards.

The Group's capital adequacy ratios at 31 December 2024 and 2023 are as follows:

	31 December	
	2024	2023
Core tier 1 capital		
– Share capital	17,762,000	17,762,000
– Qualifying portion of capital reserve	10,709,841	10,752,077
– Surplus reserve	7,929,133	7,828,688
– General risk reserve	21,106,229	20,678,511
– Retained profits	39,884,701	40,137,910
– Other reserves	1,732,924	(2,718,089)
Core tier 1 capital	99,124,828	94,441,097
Adjustments for core tier 1 capital	(2,766,797)	(5,635,246)
Net core tier 1 capital	96,358,031	88,805,851
Other tier 1 capital	11,000,000	19,961,604
Net tier 1 capital	107,358,031	108,767,455
Tier 2 capital		
– Qualifying portion of instruments issued and share premium	22,986,595	8,990,975
– Surplus provision for loan impairment	3,871,197	8,060,309
Tier 2 capital deductions	–	–
Net tier 2 capital	26,857,792	17,051,284
Net total capital	134,215,823	125,818,739
Total risk weighted assets	1,154,443,220	1,086,646,888
Core tier 1 capital adequacy ratio	8.35%	8.17%
Tier 1 capital adequacy ratio	9.30%	10.01%
Capital adequacy ratio	11.63%	11.58%

Notes to the Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

46 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Net change in cash and cash equivalents

	31 December	
	2024	2023
Cash and cash equivalents as at 31 December	122,169,996	67,382,604
Less: Cash and cash equivalents as at 1 January	67,382,604	63,085,206
Net increase in cash and cash equivalents	54,787,392	4,297,398

(b) Cash and cash equivalents

	31 December	
	2024	2023
Cash on hand	470,357	362,503
Deposits with the central bank other than restricted deposits	90,955,021	39,725,030
Deposits with banks and other financial institutions (Original maturity within 3 months)	11,429,811	20,760,063
Placements with banks and other financial institutions (Original maturity within 3 months)	786,193	–
Financial assets purchased under resale agreements (Original maturity within 3 months)	18,528,614	6,535,008
Total	122,169,996	67,382,604

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(Expressed in thousands of Renminbi, unless otherwise stated)

47 RELATED PARTIES

Related parties of the Bank

(a) The Bank's major shareholders

Major shareholders include shareholders of the Bank with direct or indirect 5% or above shareholding, or with the right to appoint a director in the Bank.

Shareholding in the Bank:

	31 December	
	2024	2023
TEDA Investment Holding Co., Ltd. (天津泰達投資控股有限公司)	20.34%	20.34%
Standard Chartered Bank (Hong Kong) Limited (渣打銀行(香港)有限公司)	16.26%	16.26%
China Shipping Investment Co., Ltd. (中海集團投資有限公司)	11.12%	11.12%
State Development & Investment Corp., Ltd. (國家開發投資集團有限公司)	9.49%	9.49%
China Baowu Steel Group Corporation Limited (中國寶武鋼鐵集團有限公司)	9.49%	9.49%
Oceanwide Industry Co., Ltd. (泛海實業股份有限公司)	7.72%	7.72%
Tianjin Shanghui Investment Holding Company Limited (天津商匯投資(控股)有限公司)	6.51%	6.51%

(b) Subsidiary of the Bank

The detailed information of the Bank's subsidiary is set out in Note 24.

(c) Associate of the Bank

The detailed information of the Bank's associate is set out in Note 25.

(d) Other related parties

Other related parties can be natural person or legal person, 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 subsidiary) 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 47 (a) or their controlling shareholders.

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(Expressed in thousands of Renminbi, unless otherwise stated)

47 RELATED PARTIES *(Continued)*

Related party transactions

(a) Pricing policy

Transactions between the Group and related parties are conducted in the normal course of its business and under normal commercial terms. The pricing policies are no more favourable than those offered to independent third parties.

(b) Transactions with related parties other than key management personnel

(i) Transactions with major shareholders:

	Years ended 31 December	
	2024	2023
Transactions during the year		
Interest income	176,742	220,692
Fee and commission income	–	1,799
Interest expenses	33	72
Operating expenses	26,325	26,033
	31 December	
	2024	2023
Balances at the end of the year		
Deposits with banks and other financial institutions	407,747	217,406
Loans and advances to customers	3,375,563	3,416,489
Deposits from customers	3,296	51,371
Lease liabilities	13,412	35,271

(ii) Transactions with subsidiary:

	Years ended 31 December	
	2024	2023
Transactions during the year		
Interest expenses	2,720	29,315
Fee and commission expenses	10	269,137

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47 RELATED PARTIES (Continued)

Related party transactions (Continued)

(b) Transactions with related parties other than key management personnel (Continued)

(ii) Transactions with subsidiary: (Continued)

	31 December	
	2024	2023
Balances at the end of the year		
Deposits from banks and other financial institutions	60,173	240,453

(iii) Transactions with associate:

	Years ended 31 December	
	2024	2023
Transactions during the year		
Interest expenses	35	35

	31 December	
	2024	2023
Balances at the end of the year		
Deposits from banks and other financial institutions	4,382	4,347

(iv) Transactions with other related parties:

	Years ended 31 December	
	2024	2023
Transactions during the year		
Interest income	717,240	881,783
Fee and commission income	76,463	77,670
Net gains from financial investments	482	394
Interest expenses	321,495	581,049
Operating expenses	48,479	68,655

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(Expressed in thousands of Renminbi, unless otherwise stated)

47 RELATED PARTIES (Continued)

Related party transactions (Continued)

(b) Transactions with related parties other than key management personnel (Continued)

(iv) Transactions with other related parties: (Continued)

	31 December	
	2024	2023
Balances at the end of the year		
Deposits with banks and other financial institutions	1,651,019	7,263,694
Derivative financial assets	315	398
Loans and advances to customers	14,634,479	15,608,271
Financial investments	2,484,743	2,798,470
Deposits from banks and other financial institutions	4,662,406	7,705,275
Derivative financial liabilities	325	2,577
Deposits from customers	7,757,546	5,348,933
Debt securities issued	–	1,002,823
Lease liabilities	34,427	178,583
Off-balance sheet item		
Derivative financial instruments-notional principal	280,000	440,000
Bank acceptances	1,140,276	430,848
Letters of guarantees	24,389	48,211
Letters of credit	498,055	952,761

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(Expressed in thousands of Renminbi, unless otherwise stated)

47 RELATED PARTIES (Continued)

Related party transactions (Continued)

(c) Key management personnel

The key management personnel are those persons who have the authority to plan, direct and control the activities of the Bank, directly or indirectly, including members of the board of directors, the board of supervisors and executive officers.

(i) Transactions with key management personnel:

	Years ended 31 December	
	2024	2023
Transactions during the year		
Interest income	37	2
Interest expenses	44	48
	31 December	
	2024	2023
Balances at the end of the year		
Loans and advances to customers	695	26
Deposits from customers	5,513	4,533

(ii) Key management personnel compensation:

The aggregate compensation of key management personnel is listed as follows:

	Years ended 31 December	
	2024	2023
Key management personnel compensation	16,202	17,213

(d) Loans and advances to directors, supervisors and officers

	31 December	
	2024	2023
Aggregate amount of relevant loans outstanding at the end of the year	693	26
Maximum aggregate amount of relevant loans to customers granted during the year	693	26

There was no amount due but unrepaid as at 31 December 2024 and 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

48 SEGMENT REPORTING

(a) Operating segment

The Group manages its business by business lines. 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 financing, deposit taking activities, agency services, wealth management services, consulting and advisory services, remittance and settlement services and guarantee 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, deposit taking activities, personal wealth management services and remittance services.

Financial market business

This segment covers the Group's financial market business. The financial markets business enters into inter-bank money market transactions, repurchases transactions, interbank investments, and bond investments and trading. The financial market business segment also covers management of the Group's overall liquidity position, including the issuance of debts.

Others

These represent assets, liabilities, income and expenses which cannot directly attributable or cannot be allocated to a segment on a reasonable basis.

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. Intra-group balances and intra-group transactions are eliminated by segment income, expenses, assets and liabilities as part of the consolidation process. Segment capital expenditure is the total cost incurred during 2024 and 2023 to acquire property and equipment, intangible assets and other long-term assets.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

48 SEGMENT REPORTING (Continued)

(a) Operating segment (Continued)

Others (Continued)

	Year ended 31 December 2024				
	Corporate banking	Retail banking	Financial market business	Others	Total
Operating income					
External net interest income/(expenses)	15,054,440	5,412,891	(4,924,861)	–	15,542,470
Internal net interest (expenses)/income	(3,075,886)	(417,852)	3,493,738	–	–
Net interest income/(expenses)	11,978,554	4,995,039	(1,431,123)	–	15,542,470
Net fee and commission income/(expenses)	2,290,825	(387,361)	1,074,094	(3,499)	2,974,059
Net trading gains/(losses)	1,089,894	–	(148,748)	–	941,146
Net gains from financial investments	533,403	482	5,403,761	34,680	5,972,326
Other operating income	4,007	5	5,377	42,199	51,588
Operating income	15,896,683	4,608,165	4,903,361	73,380	25,481,589
Operating expenses	(5,136,488)	(4,236,784)	(883,092)	(232,376)	(10,488,740)
Impairment losses on assets	(5,683,565)	(3,158,820)	(768,021)	(49,413)	(9,659,819)
Profit/(loss) before taxation	5,076,630	(2,787,439)	3,252,248	(208,409)	5,333,030
Other segment information					
– Depreciation and amortisation	861,579	738,063	142,971	2,527	1,745,140
– Capital expenditure	201,285	209,848	34,984	55,322	501,439
	31 December 2024				
	Corporate banking	Retail banking	Financial market business	Others	Total
Segment assets	1,010,007,783	249,777,508	543,403,357	28,290,558	1,831,479,206
Deferred tax assets					12,362,922
Total assets					1,843,842,128
Segment liabilities	901,184,384	225,735,069	598,014,218	8,783,629	1,733,717,300
Total liabilities					1,733,717,300
Credit commitments	391,761,816	10,500,375	–	–	402,262,191

Notes to the Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

48 SEGMENT REPORTING (Continued)

(a) Operating segment (Continued)

Others (Continued)

	Year ended 31 December 2023				
	Corporate banking	Retail banking	Financial market business	Others	Total
Operating income					
External net interest income/(expenses)	8,410,951	12,012,098	(2,777,060)	–	17,645,989
Internal net interest income/(expenses)	2,498,302	(3,256,462)	758,160	–	–
Net interest income/(expenses)	10,909,253	8,755,636	(2,018,900)	–	17,645,989
Net fee and commission income/(expenses)	2,064,665	(399,752)	2,332,005	2,003	3,998,921
Net trading gains/(losses)	771,360	25,648	(294,982)	–	502,026
Net gains from financial investments	100,750	708	2,627,040	34,800	2,763,298
Other operating income	23,702	1,725	60	61,649	87,136
Operating income	13,869,730	8,383,965	2,645,223	98,452	24,997,370
Operating expenses	(4,967,692)	(4,727,175)	(827,634)	(190,645)	(10,713,146)
Impairment losses on assets	(4,445,067)	(3,184,387)	(1,491,693)	–	(9,121,147)
Profit/(loss) before taxation	4,456,971	472,403	325,896	(92,193)	5,163,077
Other segment information					
– Depreciation and amortisation	798,289	828,905	96,899	16,801	1,740,894
– Capital expenditure	226,400	250,991	26,222	74,542	578,155
	31 December 2023				
	Corporate banking	Retail banking	Financial market business	Others	Total
Segment assets	884,361,628	295,048,477	510,797,411	27,767,269	1,717,974,785
Deferred tax assets					14,759,051
Total assets					1,732,733,836
Segment liabilities	804,533,067	212,658,624	592,651,573	8,487,871	1,618,331,135
Total liabilities					1,618,331,135
Credit commitments	310,045,628	17,788,260	–	–	327,833,888

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

48 SEGMENT REPORTING (Continued)

(b) Geographical segment

Geographically, the Group mainly conducts its business in the four areas listed below, as described in Note 22 (c).

Year ended 31 December 2024						
	Northern and Northeastern China	Eastern China	Central and Southern China	Western China	Elimination	Total
Operating income						
External net interest income	6,336,939	5,038,063	2,310,682	1,856,786	-	15,542,470
Internal net interest income/ (expenses)	583,249	(1,032,748)	1,038,063	(588,564)	-	-
Net interest income	6,920,188	4,005,315	3,348,745	1,268,222	-	15,542,470
Net fee and commission income	1,717,188	576,464	457,151	223,256	-	2,974,059
Net trading gains	387,230	247,581	214,360	91,975	-	941,146
Net gains from financial investments	5,969,993	-	2,333	-	-	5,972,326
Other operating income	30,438	17,831	1,574	1,745	-	51,588
Operating income	15,025,037	4,847,191	4,024,163	1,585,198	-	25,481,589
Operating expenses	(6,037,771)	(1,988,256)	(1,802,881)	(659,832)	-	(10,488,740)
Impairment losses on assets	(8,828,642)	(71,107)	(812,180)	52,110	-	(9,659,819)
Profit before taxation	158,624	2,787,828	1,409,102	977,476	-	5,333,030
Other segment information						
- Depreciation and amortisation	854,698	371,543	391,639	127,260	-	1,745,140
- Capital expenditure	314,200	128,282	48,205	10,752	-	501,439
31 December 2024						
	Northern and Northeastern China	Eastern China	Central and Southern China	Western China	Elimination	Total
Segment assets	1,396,186,140	345,552,070	298,899,272	89,921,389	(299,079,665)	1,831,479,206
Deferred tax assets						12,362,922
Total assets						1,843,842,128
Segment liabilities	1,303,973,911	342,761,391	297,118,585	88,943,078	(299,079,665)	1,733,717,300
Total liabilities						1,733,717,300
Credit commitments	120,911,532	113,320,417	131,963,266	36,066,976	-	402,262,191

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For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

48 SEGMENT REPORTING (Continued)

(b) Geographical segment (Continued)

	Year ended 31 December 2023					Total
	Northern and Northeastern China	Eastern China	Central and Southern China	Western China	Elimination	
Operating income						
External net interest income	8,474,187	3,544,519	3,678,062	1,949,221	–	17,645,989
Internal net interest (expenses)/income	(69,001)	299,422	411,404	(641,825)	–	–
Net interest income	8,405,186	3,843,941	4,089,466	1,307,396	–	17,645,989
Net fee and commission income	2,774,230	538,427	506,671	179,593	–	3,998,921
Net trading gains	211,898	193,983	78,268	17,877	–	502,026
Net gains from financial investments	2,762,974	178	146	–	–	2,763,298
Other operating income	32,416	15,905	33,681	5,134	–	87,136
Operating income	14,186,704	4,592,434	4,708,232	1,510,000	–	24,997,370
Operating expenses	(6,056,609)	(2,074,238)	(1,916,399)	(665,900)	–	(10,713,146)
Impairment losses on assets	(6,425,479)	(611,030)	(1,629,952)	(454,686)	–	(9,121,147)
Profit before taxation	1,704,616	1,907,166	1,161,881	389,414	–	5,163,077
Other segment information						
– Depreciation and amortisation	826,351	385,245	394,706	134,592	–	1,740,894
– Capital expenditure	399,476	84,587	63,617	30,475	–	578,155
	31 December 2023					Total
	Northern and Northeastern China	Eastern China	Central and Southern China	Western China	Elimination	
Segment assets	1,313,871,106	290,301,112	274,845,198	84,126,869	(245,169,500)	1,717,974,785
Deferred tax assets						14,759,051
Total assets						1,732,733,836
Segment liabilities	1,217,467,599	288,394,303	273,901,166	83,737,567	(245,169,500)	1,618,331,135
Total liabilities						1,618,331,135
Credit commitments	111,697,094	95,095,249	95,704,992	25,336,553	–	327,833,888

Notes to the Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks: credit risk, market risk, liquidity risk and operational risk.

The Group develops and continually improves risk management policies, limit system, control procedures and IT systems based on the latest changes in regulatory policies, market conditions and business development to analyse, identify, monitor and report various risks.

This note presents information about the Group's exposure to each of the above risks and their sources, and the Group's objectives, policies and procedures for measuring and managing these risks.

Risk management system

The Board of Directors of the Bank is responsible for the ultimate responsibility for comprehensive risk management. The Risk Management and Green Finance Committee of the Bank is set up under the Board of Directors, which is responsible to the Board of Directors. The Board of Supervisors of the Bank is responsible for the supervision of comprehensive risk management and is responsible for supervising the performance of the Board of Directors and senior management in risk management and the rectification. The senior management shall assume the responsibilities for implementing comprehensive risk management and implementing the resolutions of the Board of Directors.

The Group has established a risk prevention system consisting of three lines of defence against each main risk to which it is exposed. The first line of defence is formed by various business line departments, branches and sub-branches of the Group, who are directly responsible for the prevention of various types of risks. The second line of defence is business management departments of risk management line, Assets and Liabilities Management Department, Internal Control and Compliance Departments, Office (Public Relations Department), Board of Directors Office of the Group, who take the lead in formulating the requisite policies and procedures, and supervising bank-wide risk management measures. The third line of defence is the Audit Department of the Group, which are responsible for auditing the performance of the first line of defence and the second line of defence.

(a) Credit risk

Credit risk is one of the most important risks faced by the business operations of the Group. The Group may be exposed to significant risks when all counterparties are concentrated in a single industry or region. This is mainly because the counterparties' concentration risk is subject to the same impact by the economic development of the region or industry in which they operate.

The Board of Directors of the Bank undertakes the ultimate responsibility for credit risk management and could authorise the Risk Management and Green Finance Committee to execute some of its functions. The Group continues to improve the credit risk management system, credit risk management policies and tools, and the management process is gradually online and digital. The efficiency of credit approval is further improved, providing strategic support for bank-wide business development.

Notes to the Consolidated Financial Statements

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49 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(I) Measurement of credit risk

Loans and advances to customers and off-balance sheet credit commitments

The Group's Risk Management Department, Credit Approval Department, Asset Monitoring Department and Asset Resolution Department are jointly responsible for the credit risk management of various types of credit business and financial investments. For wholesale credit business, the Group measures the default risk and loss given default of customers in accordance with the risk measurement requirements of the internal rating method, and continuously improves them through continuous data monitoring, objective validation and performance evaluation, enriches the practical application of risk measurement results in the credit risk management system, and actively explores the construction of the Group's internal rating system. For the retail credit business, the Group, taking into account its own business characteristics and customer structure, rationally applies financial technology to continuously improve its credit scoring model and data mining and risk analysis of customers' historical behavioural performance, so as to progressively enhance the effectiveness of credit access, inventory asset management, asset classification and impairment calculation.

Deposits and placements with banks and other financial institutions and financial assets purchased under resale agreements

The Group adopts a centralised underwriting process in relation to approving credit limits for financial institution counterparties engaged in interbank placements, investment securities and securities under repurchase and resale agreements. The Group assesses the credit risk of these counterparties adopting a quantitative and qualitative approach which collectively involves the assessment and review of their credit rating in the banking industry, customer base and profiles, management capabilities, business prospects, industry position, external environment, regulatory indicators and cooperation with the Group and financial standing and performance, etc.

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(I) *Measurement of credit risk (Continued)*

Bond investments and derivative financial instruments

Before making investment in bonds issued by financial institutions or corporate bonds or before any dealing in financial derivatives with clients, the Group conducts credit assessment on the issuers and the potential clients for dealing in derivative financial instruments (excluding customers who pay full margin). The Group is also appropriately using external credit rating in assessing risk.

The credit risks in financial derivatives engaged by the Group are mitigated mainly through margin deposits, government bonds, pledge of time deposit certificates recognised by the Group and credit facilities from banks.

Prior to approval, the Asset and Liability Management Department assess the potential future exposure ratio for settlement of foreign exchange on behalf of customers which is guaranteed by margin. The Credit Monitor Department is responsible for reviewing the specific business, specific operations are carried out in accordance with the business administrative measures.

(II) *Credit risk limit management*

Loans and advances to customers and off-balance sheet credit commitments

The Group generates credit scheme amount for the customers in accordance with the approval opinions. Meanwhile, the Group reviews the approved conditions for the credit line, and monitors the use of the credit limit. Where clients provide collateral, credit limits shall be frozen or adjusted in a timely manner in responding to the change in value of the collateral in order to meet the approved conditions for the credit lines.

Deposits and placements with banks and other financial institutions and financial assets purchased under resale agreements

The Group activates the credit line for financial institutions interbank customers based on the credit approval, and monitors the quotas of deposits and placements with banks and other financial institutions and financial assets purchased under resale agreements based on the relevant information such as the credit approval and risk exposure.

Bond investment and derivative trading

The Group activates the credit line for financial institutions based on the credit approval, and monitors the bond investment and derivative trading quotas of interbank customers or bond investment quota of non-interbank customers based on the relevant information such as the credit approval and risk exposure.

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(III) Credit risk mitigation measures

Collaterals and pledges

The credit policies of the Group provide specific requirements on the acceptable collaterals and pledges, and set different rates for different collaterals and pledges based on their nature and extent of realisation. The Group sets out specific requirements for the qualifications of professional evaluation agencies. In addition, through credit risk management system, the Group implements strict management on the collaterals and pledges and their ownership certificates to prevent the occurrence of operational risks.

The acceptable collaterals and pledges include financial collateral, real estate properties, accounts receivable and other collateral, mainly consisting of cash and cash equivalents, stock, state-owned construction land use right, residential real estate, commercial real estate and accounts receivable.

If the decrease in value or quantity of collateral makes it insufficient for the actual value of the collateral to meet collateral (pledge) rate, the Group shall freeze the underlying credit program amounts, require the client to provide additional collateral or security deposit or return the corresponding credit lines.

Master netting arrangements

The Group and its counterparties enter into master netting arrangements for derivatives transactions to further reduce credit risk. Master netting arrangements may not lead to the offsetting between assets and liabilities on the statement of financial position, because the transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts are terminated and settled on a net basis.

The financial derivatives are mainly settled in accordance with the provisions of the International Swaps and Derivatives Association and the features of the products, using, in principle, the method that involves the lowest settlement risk.

Notes to the Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(III) Credit risk mitigation measures (Continued)

Credit commitments

The main objective of credit commitments is to ensure that clients obtain the funds they need. The Group makes irrevocable guarantee when it issues letters of guarantees, letters of credit and Group's acceptance bill, i.e., the Group shall make repayments on behalf of the client if the client cannot meet its repayment obligations to a third party, and the Group assumes the same credit risks as those of a loan, review should be done in strict compliance with the Group's relevant requirements in conducting such business.

The Group defines margin deposit as one of the risk mitigations and receives certain margin deposits from clients when conducting relevant credit extension business, with the exception of certain creditworthy clients, to reduce the credit risk involved in providing this service. The margin deposit is collected at a certain percentage of the committed amount based on the credibility of the client.

Impairment and provisioning policies

(1) Stages of risks in financial assets

The financial assets are categorised by the Group into the following stages to manage its financial assets' credit risk:

- | | |
|----------|---|
| Stage 1: | Financial assets have not experienced a significant increase in credit risk since initial recognition and impairment recognised on the basis of 12 months ECLs. |
| Stage 2: | Financial assets have experienced a significant increase in credit risk since initial recognition and impairment is recognised on the basis of lifetime ECLs. |
| Stage 3: | Financial assets that are in default and considered credit-impaired and impairment is recognised on the basis of lifetime ECLs. |

(2) Significant increase in credit risk

The Group evaluates the whether the credit risk of related financial instruments at least on each date of statement of financial position has increased significantly since initial recognition. The Group makes full use of all reasonable and supportable information, including forward-looking information, to reflect the significant changes in its credit risk when it conducts the classification of losses of financial instruments. Criteria include regulation and operation environment, internal and external credit ratings, solvency, ability to continue as a going concern, provisions of loan contract, and repayment activities. Based on a single financial instrument or a combination of financial instruments with similar credit risk characteristics, the Group compares the risk of default of financial instruments on the date of statement of financial position to determine the change in default risk during the expected duration of financial instruments. The Group judges whether the credit risk of a financial instrument has significantly increased since initial recognition from the risk classification, risk overdue days, internal and external ratings, probability of default, and market price etc.

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(III) Credit risk mitigation measures (Continued)

Impairment and provisioning policies (Continued)

(3) Definition of “default” and “credit-impaired assets”

When a financial asset is impaired, the Group identifies the financial asset as a default. Generally speaking, if the financial asset is overdue for more than 90 days, it is considered as a default.

At each date of the statement of financial position, the Group assesses whether financial assets carried at amortised cost and debt instruments at FVTOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the borrower’s financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;
- it is becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties;
- purchase or source a financial asset at significant discount, which reflects that the financial asset is credit-impaired; or
- overdue more than 90 days.

The above criteria apply to all financial assets of the Group and they are consistent with the definition of “default” adopted by the internal management of credit risk.

Notes to the Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(III) Credit risk mitigation measures *(Continued)*

Impairment and provisioning policies *(Continued)*

(4) Measurement of ECLs

The Group adopts ECL model to measures provision for loss of financial assets based on the stages categorised above.

The ECL is principally 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 EAD which is predicted by the Group. LGD varies according to different types of counterparties, methods and priority of recovering debts, and the availability of collaterals or other credit support.

The Group determines the ECL by estimating the PD, LGD and EAD of individual exposure or asset portfolios in the future years. The Group multiplies these three parameters and makes adjustments according to the probability of their continuance (i.e. there is no prepayment or default at an earlier period). For the purpose of calculating the lifetime ECL, the Group calculated the ECL of each period, and the results of calculation are then discounted to the date of statement of financial position and added up. The discount rate used in the calculation of ECL is the initial effective interest rate or its approximate value.

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 12-month EAD and lifetime EAD are determined based on expected repayment arrangements, which are different according to different types of products.

In respect of the financial assets with instalment repayments and bullet repayment, the Group determines 12-month or lifetime EAD according to the repayment schedule agreed in the contract, and makes adjustment based on prediction of overlimit repayment and prepayments/refinancing made by the borrower.

As to the off-balance sheet credit commitments, the parameter of EAD is calculated using the current exposure method, and obtained from multiplying the nominal amount of the off-balance sheet items on the date of statement of financial position by the credit conversion factor.

Notes to the Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(III) Credit risk mitigation measures *(Continued)*

Impairment and provisioning policies *(Continued)*

(4) Measurement of ECLs *(Continued)*

The Group determines the 12-month loss given default (LGD) and lifetime LGD based on the factors that affects post-default recovery. LGD for different product types are different.

As to financial assets classified as guarantees, the Group determines the loss given default (LGD) according to the types of collaterals and their expected value, the discount rate at the compulsory sale, the recovery time and the estimated recovery cost.

As to credit-based financial assets, the Group usually determines loss given default (LGD) at the product level due to the limited differences in recoverable amounts from different borrowers.

Forward-looking economic information should be considered when determining the 12-month and lifetime probability of default, EAD and loss given default.

The Group quarterly monitors and reviews assumptions related to the calculation of ECLs, including the changes in PD and the value of collaterals under the different time limits.

Forward-looking information included in the ECL model is as follows:

The calculation of ECLs involves forward-looking information. After the historical analysis, the Group identified the key economic indicators related to ECL, such as gross domestic product (GDP), consumer price index (CPI), Broad money supply (M2), and Industrial Added Value. The Group carried out regression analysis to determine the relationship between these economic indicators and PD as well as LGD, so as to ascertain the impact of historical changes in these indicators on PD and LGD. The Group forecasts these economic indicators at least annually and provides the best estimates of the economic conditions for the coming year.

The important macroeconomic assumptions used by the Group in various macroeconomic scenarios include broad money supply, consumer price index, gross domestic product, export amount, Industrial Added Value, price index of second-hand housing in 70 large and medium-sized cities, and Gross Consumption of Social Retail Goods (GCSRG).

The Group established measurement models to identify the three risk weights, i.e. optimistic, neutral and pessimistic. As of 31 December 2024, the Group's optimistic scenario weight is 20%, neutral scenario weight is 60%, and pessimistic scenario weight is 20%, both of which are consistent with 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(i) Maximum credit risk exposure

	31 December	
	2024	2023
Credit risk exposures relating to on-balance sheet items:		
Deposits with the central bank	147,691,792	103,131,676
Deposits with banks and other financial institutions	11,405,462	20,938,491
Placements with banks and other financial institutions	4,885,299	12,353,608
Derivative financial assets	2,448,184	1,551,181
Financial assets purchased under resale agreements	18,531,145	6,532,553
Loans and advances to customers	925,361,742	920,394,849
Financial investments		
– Financial investments measured at FVTPL	188,776,224	157,036,051
– Financial investments measured at FVTOCI	177,176,511	113,888,023
– Financial investments measured at amortised cost	330,196,792	354,928,465
Other assets	5,918,024	6,538,129
Sub-total	1,812,391,175	1,697,293,026
Credit commitments	402,262,191	327,833,888
Total	2,214,653,366	2,025,126,914

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(ii) Financial assets (excluding interests accrued) analysed by credit quality

	31 December 2024							
	Gross carrying amount				Allowances for ECLs			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost								
Deposits with the central bank	147,663,155	-	-	147,663,155	-	-	-	-
Deposits with banks and other financial institutions	11,429,811	-	-	11,429,811	(31,088)	-	-	(31,088)
Placements with banks and other financial institutions	4,631,331	-	200,000	4,831,331	(8,486)	-	(60,000)	(68,486)
Financial assets purchased under resale agreements	18,528,614	-	-	18,528,614	(2,543)	-	-	(2,543)
Loans and advances to customers	773,198,893	45,308,985	18,414,483	836,922,361	(6,080,413)	(5,156,951)	(13,006,758)	(24,244,122)
Financial investments	293,505,980	7,093,538	33,627,996	334,227,514	(1,412,263)	(609,943)	(6,449,012)	(8,471,218)
Other assets	3,945,472	1,071,141	1,860,749	6,877,362	(265,080)	(109,874)	(584,384)	(959,338)
Total	1,252,903,256	53,473,664	54,103,228	1,360,480,148	(7,799,873)	(5,876,768)	(20,100,154)	(33,776,795)
Financial assets at FVTOCI								
Loans and advances to customers	62,687,359	-	-	62,687,359	(36,455)	-	(1,293,763)	(1,330,218)
Financial investments	175,536,412	-	-	175,536,412	(348,107)	-	(10,000)	(358,107)
Total	238,223,771	-	-	238,223,771	(384,562)	-	(1,303,763)	(1,688,325)
Credit commitments	402,239,294	19,303	3,594	402,262,191	(464,456)	(708)	(1,797)	(466,961)

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For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(ii) Financial assets (excluding interests accrued) analysed by credit quality (Continued)

	31 December 2023							
	Gross carrying amount				Allowances for ECLs			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost								
Deposits with the central bank	103,098,829	-	-	103,098,829	-	-	-	-
Deposits with banks and other financial institutions	20,960,063	-	-	20,960,063	(26,944)	-	-	(26,944)
Placements with banks and other financial institutions	11,990,000	-	200,000	12,190,000	(13,040)	-	(60,000)	(73,040)
Financial assets purchased under resale agreements	6,535,008	-	-	6,535,008	(3,792)	-	-	(3,792)
Loans and advances to customers	759,594,693	34,986,923	12,268,724	806,850,340	(5,647,264)	(5,206,582)	(7,590,312)	(18,444,158)
Financial investments	315,623,843	8,291,900	30,865,504	354,781,247	(772,484)	(727,652)	(7,216,463)	(8,716,599)
Other assets	7,342,248	-	-	7,342,248	(804,119)	-	-	(804,119)
Total	1,225,144,684	43,278,823	43,334,228	1,311,757,735	(7,267,643)	(5,934,234)	(14,866,775)	(28,068,652)
Financial assets at FVTOCI								
Loans and advances to customers	93,237,758	-	13,524	93,251,282	(18,847)	-	(1,367,990)	(1,386,837)
Financial investments	112,923,874	-	-	112,923,874	(148,805)	-	(10,000)	(158,805)
Total	206,161,632	-	13,524	206,175,156	(167,652)	-	(1,377,990)	(1,545,642)
Credit commitments	327,813,698	16,634	3,556	327,833,888	(333,398)	(851)	(1,778)	(336,027)

As at 31 December 2024 and 2023, the fair value of collaterals held against loans and advances that are overdue but not credit-impaired and assessed for lifetime ECLs amounted to RMB5,553 million and RMB5,268 million. The fair value of collaterals held against loans and advances that are credit-impaired amounted to RMB9,657 million and RMB10,831 million. The collaterals mainly include land, buildings, machinery and equipment. The fair value of collaterals was estimated by the Group based on the latest external valuations available, adjusted in light of disposal experience and current market conditions.

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For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(iii) Restructured loans and advances to customers

Restructured loans refer to those loans that relevant borrowers are not capable of repaying due to financial difficulties and therefore certain clauses on the loan contract are adjusted as stipulated in the Measures for the Risk Classification of Financial Assets of Commercial Bank. As at 31 December 2024 and 2023, the Group's restructured loans amounted to RMB1,621 million and RMB960 million.

(iv) Credit rating

The Group adopts a credit rating approach in managing the credit risk of the debt securities portfolio. Debt securities are rated with reference to major rating agencies where the issuers of the securities are located. The carrying amounts of debt securities investments (excluding interests accrued) analysed by the rating agency designations as at 31 December 2024 and 2023 are as follows:

	31 December	
	2024	2023
Neither overdue nor impaired		
Ratings		
– AAA	334,641,811	337,282,252
– AA- to AA+	94,734,342	42,978,556
Sub-total	429,376,153	380,260,808
Unrated	450,545	9,777,988
Total	429,826,698	390,038,796

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Market risk (including the interest rate risk in the banking book)

Market risk refers to the risk of losses to the Group's on-balance sheet and off-balance sheet activities arising from unfavourable changes in market prices, mainly including interest rates and exchange rates, commodity price risk and equity price risks. The interest rate risk in the banking book refers to the risk of losses on the economic value and the overall income of the banking book resulted from unfavourable changes in interest rate levels and the maturity structure. The Group is exposed to market risks in its trading book and banking book. Financial instruments and commodity position recorded in the trading book are those held by the Group for the purpose of trading or avoiding risks in other items of trading book and which can be traded freely. The assets and liabilities of long-term positions held for the purpose of managing the liquidity of the Group, regulatory reserve or profit maximisation are included in the banking book. Generally, the assets and liabilities recorded in the banking book are mainly held-to-maturity.

The Board is responsible for approving management strategies of market risk (including interest rate risks in the banking book, similarly hereinafter), policy and procedure, determining the level of market risk tolerance, urging senior management to undertake necessary measures to identify, measure, monitor and control market risk, obtaining periodic reports associated with nature and level of market risk, monitoring and evaluating the comprehensiveness, effectiveness of market risk management, and performance of senior management under market risk management. The Group's senior management has set up the Asset and Liability Management Committee which is in charge of formulating, reviewing and supervising market risk policy and procedure, and process execution. The committee sets market risk limit according to the Board's risk appetite.

The Group sets up the market risk management team under the Asset and Liability Management Department. The team is independent of trading department, and responsible for leading the market risk identification, measurement, monitoring, and control, ensuring that the market risk of the Group is in compliance with the requirements of internal limits and external supervision according to Group's market risk management policies and procedures.

Trading book market risk

Limits management

In order to control trading book market risk, the Group sets Value-at-Risk limits, Basis Point Value limits and stop loss limits.

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For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Market risk (including the interest rate risk in the banking book)

(Continued)

Trading book market risk (Continued)

Stress testing

Stress testing is used to assess the loss sustainability under extremely adverse conditions when significant market changes take place, including the extreme fluctuations of market risk elements, such as interest rates and exchange rates, unexpected political or economic events, or a combination of the above situations. The market risk of the Group goes through stress testing on a regular basis.

Assessment of fair value

Assessment of the fair value of financial instruments is based on the quantitative analysis of the financial products that takes into consideration the specific characteristics of the financial products, market situation of trading strategy, risk factors and the quality and qualification of counterparties. The Group assesses the fair value of its financial instruments on a regular basis.

Interest rate risk of banking book

Interest rate risk of the banking book is measured and managed mainly through gap management, sensitivity analysis and duration analysis to ensure the interest rate risk of the banking book are controlled within the scope set by the risk appetite.

The Group calculates the interest rate sensitivity gap based on repricing cash flow of the interest-earning assets and interest-bearing liabilities, and conducts scenario analysis, to assess the impact on the Group of changes in interest rates. The impact on the market value of assets or liabilities of one basis point movement in interest rate was assessed through calculation of Basis Point Value.

Interest rate risk of the Group's banking book goes through stress testing on a regular basis. In such stress testing, basic interest rate and market rate is treated as a prime factor, and other factors such as political and economic contingency or several contingencies happened at the same time are included.

Interest rate risk

The Group operates its business predominantly in Chinese mainland under the interest rate scheme regulated by PBOC.

The Group manages its interest rate risks through gap analysis, duration analysis and sensitivity analysis of its assets and liabilities. The Group has set limits to the rate gap, duration and interest rate sensitivity, and monitors regularly to ensure that the exposures are within the Group's limit.

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For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

(b) Market risk (including the interest rate risk in the banking book)

(Continued)

Interest rate risk (Continued)

- (i) The tables below summarise the Group's exposures to interest rate risks. They present the Group's assets and liabilities on the statement of financial position at carrying amounts, by the earlier of the contractual re-pricing date or the maturity date.

31 December 2024						
	Total	Non-interest-bearing	Within three months	Three months to one year	One year to five years	More than five years
Assets						
Cash and deposits with the central bank	148,162,149	498,994	147,663,155	-	-	-
Deposits with banks and other financial institutions	11,405,462	6,739	11,398,723	-	-	-
Placements with banks and other financial institutions	4,885,299	122,454	2,508,159	2,254,686	-	-
Derivative financial assets	2,448,184	2,448,184	-	-	-	-
Financial assets purchased under resale agreements	18,531,145	5,074	18,526,071	-	-	-
Loans and advances to customers (Note (i))	925,361,742	13,115,173	421,399,353	372,918,579	104,888,354	13,040,283
Financial investments (Note (ii))	700,438,320	37,443,070	191,904,092	111,585,726	248,495,356	111,010,076
Others	32,609,827	32,609,827	-	-	-	-
Total assets	1,843,842,128	86,249,515	793,399,553	486,758,991	353,383,710	124,050,359
Liabilities						
Borrowings from the central bank	121,378,473	1,505,473	52,080,000	67,793,000	-	-
Deposits from banks and other financial institutions	150,561,544	954,092	68,382,218	81,225,234	-	-
Placements from banks and other financial institutions	23,144,745	294,180	15,378,046	7,472,519	-	-
Financial liabilities at FVTPL	171,916	-	-	-	171,916	-
Derivative financial liabilities	1,799,883	1,799,883	-	-	-	-
Financial assets sold under repurchase agreements	57,818,338	20,072	57,605,208	193,058	-	-
Deposits from customers	1,067,561,795	23,683,016	507,046,136	281,988,390	254,521,253	323,000
Debt securities issued	290,863,182	1,293,456	112,326,361	129,265,095	47,978,270	-
Others	20,417,424	16,694,600	307,976	637,979	2,148,821	628,048
Total liabilities	1,733,717,300	46,244,772	813,125,945	568,575,275	304,820,260	951,048
Asset-liability gap	110,124,828	40,004,743	(19,726,392)	(81,816,284)	48,563,450	123,099,311

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

(b) Market risk (including the interest rate risk in the banking book)

(Continued)

Interest rate risk (Continued)

(i) (Continued)

	31 December 2023					
	Total	Non-interest-bearing	Within three months	Three months to one year	One year to five years	More than five years
Assets						
Cash and deposits with the central bank	103,494,179	395,350	103,098,829	–	–	–
Deposits with banks and other financial institutions	20,938,491	5,372	20,933,119	–	–	–
Placements with banks and other financial institutions	12,353,608	236,648	6,482,333	5,634,627	–	–
Derivative financial assets	1,551,181	1,551,181	–	–	–	–
Financial assets purchased under resale agreements	6,532,553	1,337	6,531,216	–	–	–
Loans and advances to customers (Note (i))	920,394,849	12,350,216	435,271,170	332,900,018	126,735,034	13,138,411
Financial investments (Note (ii))	633,136,792	47,268,063	152,655,270	86,187,696	288,718,119	58,307,644
Others	34,332,183	34,332,183	–	–	–	–
Total assets	1,732,733,836	96,140,350	724,971,937	424,722,341	415,453,153	71,446,055
Liabilities						
Borrowings from the central bank	133,787,964	1,769,964	50,662,000	81,356,000	–	–
Deposits from banks and other financial institutions	158,762,222	1,184,275	79,878,884	77,699,063	–	–
Placements from banks and other financial institutions	34,920,012	614,719	11,308,915	21,981,879	1,014,499	–
Derivative financial liabilities	990,612	990,612	–	–	–	–
Financial assets sold under repurchase agreements	66,634,253	22,725	65,982,834	628,694	–	–
Deposits from customers	934,593,879	19,477,362	436,835,191	227,027,687	250,587,639	666,000
Debt securities issued	267,923,368	1,594,678	95,572,763	116,784,488	53,971,439	–
Others	20,718,825	16,603,237	337,044	728,372	2,316,260	733,912
Total liabilities	1,618,331,135	42,257,572	740,577,631	526,206,183	307,889,837	1,399,912
Asset-liability gap	114,402,701	53,882,778	(15,605,694)	(101,483,842)	107,563,316	70,046,143

Notes:

- (i) As at 31 December 2024 and 2023, for loans and advances to customers, the category “Within three months” includes overdue amounts (net of allowances for impairment losses) of RMB13,626 million and RMB15,904 million, respectively.
- (ii) Financial investments include financial investments measured at FVTPL, financial investments measured at FVTOCI and financial investments measured at amortised cost.

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Market risk (including the interest rate risk in the banking book)

(Continued)

Interest rate risk *(Continued)*

(ii) Interest rate sensitivity analysis

The Group uses sensitivity analysis to measure the potential impact of changes in interest rate on the Group's profit before tax and shareholders' equity (without tax effect). The following table sets forth the results of the Group's interest rate sensitivity analysis on profit before tax and equity (without tax effect) with an assumption that all other variables held remain constant.

	31 December	
	2024	2023
	(Decrease)/ Increase	(Decrease)/ Increase
Change in profit before tax		
100 bps parallel upward shift in yield curves	(1,386,778)	(1,781,161)
100 bps parallel downward shift in yield curves	1,386,778	1,781,161

	31 December	
	2024	2023
	(Decrease)/ Increase	(Decrease)/ Increase
Change in equity (without tax effect)		
100 bps parallel upward shift in yield curves	(2,315,866)	(2,910,658)
100 bps parallel downward shift in yield curves	2,315,866	2,910,658

The sensitivity analysis above is based on a static interest rate risk profile of the Group's assets and liabilities. This analysis measures only the changes in interest rates within one year, showing how profit before tax and shareholders' equity (without tax effect) would have been affected by repricing of the Group's assets and liabilities within the one-year period on an annualised basis.

Due to possible inconsistencies between reality and assumptions, actual changes in the Group's profit before tax and shareholders' equity (without tax effect) caused by changes in interest rates might vary from estimated results of this sensitivity analysis.

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49 FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Market risk (including the interest rate risk in the banking book)

(Continued)

Foreign exchange risk

Foreign exchange risk refers to the risk of losses arising from the negative changes in the rate of exchange. The Group conducts the majority of its business in RMB, with certain foreign transactions in United States dollars ("USD"), Hong Kong dollars ("HKD") and, to a much lesser extent, other currencies.

The Group's principle in controlling foreign exchange risk is to match its assets and liabilities by currency and to maintain foreign exchange risk within established limits. The Group has set foreign exchange risk limits which are consistent with the guidelines established by the Asset and Liability Management Committee of the Group and are in accordance with relevant regulatory requirements and the management's assessment of current circumstances. The Group also manages its sources and uses of foreign currencies to minimise potential mismatches.

The Group monitors and controls the foreign exchange risk through the limit management, and mainly uses the foreign exchange exposure analysis, scenario analysis and stress testing to measure and analyse the foreign exchange risk. Besides, the Group monitors and controls the foreign exchange risk through the limit management. The Asset and Liability Management Department's market risk team performs independent monitoring, reporting, and management for the entire Group's foreign exchange risk. Meanwhile, the Group managed the on-balance sheet and off-balance sheet foreign exchange risk exposures through derivative financial instruments such as foreign exchange swaps and foreign exchange forwards, and kept the Group's total exposures of on-balance sheet and off-balance sheet to a low level. Therefore, the foreign exchange exposure at the end of the period is not sensitive to exchange rate fluctuations, and the potential impact on the Group's net profit and shareholders' equity is not significant.

The following tables summarise the Group's exchange risk of assets and liabilities at reporting date. Included in the tables are the carrying value of assets and liabilities, and the off-balance sheet credit commitments in RMB equivalent, categorised by the original currency.

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49 FINANCIAL RISK MANAGEMENT (Continued)

(b) Market risk (including the interest rate risk in the banking book)

(Continued)

Foreign exchange risk (Continued)

The Group's foreign exchange rate exposures as at 31 December 2024 and 2023 are as follows:

	31 December 2024			
	RMB	USD (In RMB equivalent)	Others (In RMB equivalent)	Total (In RMB equivalent)
Assets				
Cash and deposits with the central bank	144,047,662	1,702,803	2,411,684	148,162,149
Deposits with banks and other financial institutions	4,435,648	5,641,679	1,328,135	11,405,462
Placements with banks and other financial institutions	3,793,541	596,927	494,831	4,885,299
Derivative financial assets	2,447,857	–	327	2,448,184
Financial assets purchased under resale agreements	18,531,145	–	–	18,531,145
Loans and advances to customers	888,911,258	27,331,842	9,118,642	925,361,742
Financial investments (Note (i))	652,338,074	44,736,838	3,363,408	700,438,320
Others	31,992,766	219,084	397,977	32,609,827
Total assets	1,746,497,951	80,229,173	17,115,004	1,843,842,128
Liabilities				
Borrowings from the central bank	121,378,473	–	–	121,378,473
Deposits from banks and other financial institutions	140,034,111	8,872,663	1,654,770	150,561,544
Placements from banks and other financial institutions	3,901,792	11,952,734	7,290,219	23,144,745
Financial liabilities at FVTPL	171,916	–	–	171,916
Derivative financial liabilities	1,736,795	–	63,088	1,799,883
Financial assets sold under repurchase agreements	57,818,338	–	–	57,818,338
Deposits from customers	1,033,215,256	31,804,974	2,541,565	1,067,561,795
Debt securities issued	289,263,278	1,186,926	412,978	290,863,182
Others	19,707,858	608,865	100,701	20,417,424
Total liabilities	1,667,227,817	54,426,162	12,063,321	1,733,717,300
Net position	79,270,134	25,803,011	5,051,683	110,124,828
Off-balance sheet credit commitments	368,892,578	31,231,231	2,138,382	402,262,191

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49 FINANCIAL RISK MANAGEMENT (Continued)

(b) Market risk (including the interest rate risk in the banking book)

(Continued)

Foreign exchange risk (Continued)

31 December 2023				
	RMB	USD (In RMB equivalent)	Others (In RMB equivalent)	Total (In RMB equivalent)
Assets				
Cash and deposits with the central bank	100,279,850	1,596,658	1,617,671	103,494,179
Deposits with banks and other financial institutions	10,067,289	9,809,904	1,061,298	20,938,491
Placements with banks and other financial institutions	12,353,608	–	–	12,353,608
Derivative financial assets	1,545,023	–	6,158	1,551,181
Financial assets purchased under resale agreements	6,532,553	–	–	6,532,553
Loans and advances to customers	868,500,425	45,022,098	6,872,326	920,394,849
Financial investments (Note (i))	590,805,816	38,445,447	3,885,529	633,136,792
Others	29,284,639	146,819	4,900,725	34,332,183
Total assets	1,619,369,203	95,020,926	18,343,707	1,732,733,836
Liabilities				
Borrowings from the central bank	133,787,964	–	–	133,787,964
Deposits from banks and other financial institutions	154,081,335	3,905,520	775,367	158,762,222
Placements from banks and other financial institutions	3,147,188	24,808,071	6,964,753	34,920,012
Derivative financial liabilities	989,487	–	1,125	990,612
Financial assets sold under repurchase agreements	66,634,253	–	–	66,634,253
Deposits from customers	895,002,140	37,196,762	2,394,977	934,593,879
Debt securities issued	264,536,738	3,386,630	–	267,923,368
Others	17,656,513	1,001,747	2,060,565	20,718,825
Total liabilities	1,535,835,618	70,298,730	12,196,787	1,618,331,135
Net position	83,533,585	24,722,196	6,146,920	114,402,701
Off-balance sheet credit commitments	309,997,319	15,168,149	2,668,420	327,833,888

- (i) Financial investments include financial investments measured at FVTPL, financial investments measured at FVTOCI and financial investments measured at amortised cost.

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49 FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Liquidity risk

The Group adopts a centralised approach with respect to its liquidity risk management, in which the head office centrally manages overall liquidity risk across the Group under the policies and guidance of the Board of Directors. Liquidity risk is managed on three levels from the Board of Directors to senior management and down to individual departments and subsidiaries, so that all the Group is involved in the liquidity risk management. The Asset and Liability Management Department is the leading department in managing the liquidity risk, and is responsible for formulating liquidity risk management strategies, policies and procedures, and identifying, measuring, monitoring and controlling liquidity risk of the Bank, and ensuring the Group's overall liquidity risk is controlled within the Group's risk tolerance based on cash flow gap analysis, with the help of intraday position management, early-warning indicators and limit control, among other means and methods, and by conducting stress testing and crisis response exercises, strengthening market prejudgement and maintaining liquidity risk of the Bank within the limit of the risk appetite. The current liquidity risk management policies and systems are in line with regulatory requirements and the own management needs. At the same time, the Group has established and continuously improved a comprehensive and systematic liability business management and risk control system to continuously improve the efficiency and level of financial services to the real economy. The corporate business lines, retail business line and financial market line, among others at the head office, and subsidiaries, overseas branch and domestic sub-branches engage in their business activities in compliance with the liquidity risk management policies, appetite, processes, limits and other requirements as set down by the Board of Directors and senior management.

In addition to effectively managing intraday positions, the Group managed cash flow, balancing liquidity and profitability and ensuring safety payment and implementing integration management of local and foreign currency. For medium – and long-term liquidity risk management, the Group strengthened management measures on dynamic arrangement concerning maturity structure of assets and liabilities, price guidance, investment and financing strategy update and internal limit, implemented initiative supplementing of liabilities and adjustments to asset structure, realised an expanded stable source of capital and improved the maturity structure of assets and liabilities. The Group's core indicators of liquidity risk mainly include liquidity proportion, liquidity coverage ratio, net stable funding ratio and liquidity matching rate. To ensure that the core indicators are in line with the Group's risk appetite, the Group has formulated a planning scheme with reference to the above indicator preferences and broken it down accordingly into the liquidity management scheme of each business. The Group's internal limits on liquidity risk mainly include four aspects: debt securities pledged, liquidity support, settlement fund and mismatch limit, which guide all operating departments to control liquidity risks in daily operations. The limits on liquidity risk serve to manage and adjust maturity mismatches of assets and liabilities arising from relevant businesses. Enforcing the establishment and analysis of customer behaviour models, leveraging liquidity management models that use prudent assumptions on the Group's cash inflows and outflows from its assets and liabilities, and by monitoring, analysing and managing its compliance with regulatory indicators and internal limits, the Group has been able to maintain a sound liquidity position.

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49 FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Liquidity risk *(Continued)*

The Group's overall objective in liquidity risk management is to meet funding obligations across all business lines, ensure compliance with liquidity regulatory index, and minimise additional costs related to liquidity – including opportunity costs of reserve funds, market funding premiums, and asset liquidation losses – through prudent management of asset-liability structure and future cash flows. The Group focuses on the adjustment and optimisation of asset structure. It has established a three-tier liquidity reserve system based on cash, reserves and highly liquid assets such as interest-rate bonds, monetary funds, and bond funds, which can effectively respond to liquidity risk management needs in day-to-day scenarios and contingencies, and satisfy all payment needs. In addition, the Group continues to expand its various debt channels, actively strengthens the degree of participation in the issuance of financial bonds, inter-bank customer relationship management, and open market operations of the PBOC, expands interbank credit, builds up emergency fund reserves, attempts to expand the Group's medium and long-term stable sources of liabilities, so as to improve the Group's financing ability under high liquidity pressure.

In order to cope with its potential impact arising from fluctuation of capital market and changes of macro-economic environment, the Group modifies stress testing scenarios and performs liquidity risk stress tests on a regular basis, including the test of cash flow gaps in the future 7 days, 30 days and 90 days and implementation of shortest lifetime management of the Group by introducing the internal and external factors to test the tolerance of liquidity risks under different stress scenarios through stimulation of decline in the price of marketable securities and outflow of deposits. Also, the Group monitors early-warning indicators daily, in consideration of its business size, complexity, level of risk and organisational structure, the Group has emergency plans in place and explicit internal labour division and emergency procedures, and organises involved departments of head office and branches to launch crisis response exercises to ensure its liquidity under a crisis situation.

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

Maturity date analysis

The following tables provide an analysis of non-derivative assets and liabilities of the Group based on the remaining maturity date at 31 December 2024 and 2023:

	31 December 2024							Total
	Indefinite Note (i)	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
Assets								
Cash and deposits with the central bank (Note (i))	56,708,134	91,454,015	-	-	-	-	-	148,162,149
Deposits with banks and other financial institutions	-	11,405,462	-	-	-	-	-	11,405,462
Placements with banks and other financial institutions	140,000	-	1,946,322	466,288	2,332,689	-	-	4,885,299
Financial assets purchased under resale agreements	-	-	18,531,145	-	-	-	-	18,531,145
Loans and advances to customers	10,580,451	5,695,826	66,813,616	95,970,950	292,071,756	229,371,460	224,857,683	925,361,742
Financial investments (Note (ii))	24,109,618	71,516,347	78,754,166	28,675,693	112,690,241	260,964,814	123,727,441	700,438,320
Others	26,346,802	6,263,025	-	-	-	-	-	32,609,827
Total assets	117,885,005	186,334,675	166,045,249	125,112,931	407,094,686	490,336,274	348,585,124	1,841,393,944
Liabilities								
Borrowings from the central bank	-	-	20,488,889	32,757,170	68,132,414	-	-	121,378,473
Deposits from banks and other financial Institutions	-	35,108,050	14,680,273	18,992,345	81,780,876	-	-	150,561,544
Placements from banks and other financial institutions	-	-	10,754,092	4,850,937	7,539,716	-	-	23,144,745
Financial liabilities at FVTPL	-	-	-	-	-	171,916	-	171,916
Financial assets sold under repurchase agreements	-	-	50,118,712	7,506,787	192,839	-	-	57,818,338
Deposits from customers	-	295,357,422	85,437,697	138,115,332	285,721,207	262,598,756	331,381	1,067,561,795
Debt securities issued	-	-	28,691,484	83,886,353	129,308,386	48,976,959	-	290,863,182
Others	2,734,047	3,108,938	3,665,565	2,841,518	2,098,930	5,340,378	628,048	20,417,424
Total liabilities	2,734,047	333,574,410	213,836,712	288,950,442	574,774,368	317,088,009	959,429	1,731,917,417
Net position	115,150,958	(147,239,735)	(47,791,463)	(163,837,511)	(167,679,682)	173,248,265	347,625,695	109,476,527

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

Maturity date analysis (Continued)

	31 December 2023							
	Indefinite Note (i)	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Total
Assets								
Cash and deposits with the central bank (Note (i))	63,373,799	40,120,380	–	–	–	–	–	103,494,179
Deposits with banks and other financial institutions	–	20,738,491	–	200,000	–	–	–	20,938,491
Placements with banks and other financial institutions	140,000	–	2,235,300	4,195,405	5,782,903	–	–	12,353,608
Financial assets purchased under resale agreements	–	–	6,532,553	–	–	–	–	6,532,553
Loans and advances to customers	12,562,552	7,488,374	109,568,892	94,609,323	230,433,255	261,280,358	204,452,095	920,394,849
Financial investments (Note (ii))	24,796,351	31,707,447	68,081,384	28,720,906	107,807,306	300,106,168	71,917,230	633,136,792
Others	29,675,493	4,656,690	–	–	–	–	–	34,332,183
Total assets	130,548,195	104,711,382	186,418,129	127,725,634	344,023,464	561,386,526	276,369,325	1,731,182,655
Liabilities								
Borrowings from the central bank	–	–	20,534,723	31,373,494	81,879,747	–	–	133,787,964
Deposits from banks and other financial Institutions	–	38,428,688	9,471,720	32,469,960	78,391,854	–	–	158,762,222
Placements from banks and other financial institutions	–	–	5,285,750	6,323,625	22,289,266	1,021,371	–	34,920,012
Financial assets sold under repurchase agreements	–	–	64,931,118	1,073,873	629,262	–	–	66,634,253
Deposits from customers	–	253,687,499	92,899,008	95,250,583	232,349,494	259,724,377	682,918	934,593,879
Debt securities issued	–	–	27,267,591	68,311,386	117,414,077	54,930,314	–	267,923,368
Others	16,603,237	–	1,415	335,629	728,372	2,316,260	733,912	20,718,825
Total liabilities	16,603,237	292,116,187	220,391,325	235,138,550	533,682,072	317,992,322	1,416,830	1,617,340,523
Net position	113,944,958	(187,404,805)	(33,973,196)	(107,412,916)	(189,658,608)	243,394,204	274,952,495	113,842,132

Notes:

- (i) Indefinite amount of cash and deposits with the central bank represents the statutory deposit reserves and fiscal deposits with the central bank. Indefinite amount of loans and advances to customers includes all the impaired loans and advances, as well as those overdue more than one month. Indefinite amount of financial investments represents impaired investments or those overdue more than one month. Equity investments are listed in the category of indefinite. Loans and advances to customers and financial investments with no impairment but overdue within one month are classified into the category of repayable on demand.
- (ii) Financial investments include financial investments measured at FVTPL, financial investments measured at FVTOCI, financial investments measured at amortised cost.

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49 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

Analysis on contractual undiscounted cash flows of non-derivative financial liabilities

The following tables provide an analysis of the contractual undiscounted cash flow of the non-derivative financial liabilities of the Group at 31 December 2024 and 2023:

	31 December 2024								
	Carrying amount	Contractual undiscounted cash flow	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Non-derivative financial liabilities									
Borrowings from the central bank	121,378,473	122,628,875	-	-	20,509,722	32,895,800	69,223,353	-	-
Deposits from banks and other financial institutions	150,561,544	151,583,271	-	35,108,050	14,695,118	19,065,305	82,714,798	-	-
Placements from banks and other financial institutions	23,144,745	23,334,363	-	-	10,768,397	4,887,743	7,678,223	-	-
Financial liabilities at FVTPL	171,916	195,699	-	-	-	-	-	195,699	-
Financial assets sold under repurchase agreements	57,818,338	59,666,053	-	-	51,946,775	7,524,888	194,390	-	-
Deposits from customers	1,067,561,795	1,079,194,996	-	295,357,422	85,500,749	138,489,296	288,204,160	271,227,126	416,243
Debt securities issued	290,863,182	299,885,446	-	-	28,719,785	84,180,620	130,827,567	56,157,474	-
Others	19,492,648	19,853,365	1,809,271	3,108,938	3,665,785	2,842,151	2,111,988	5,547,102	768,130
Total non-derivative financial liabilities	1,730,992,641	1,756,342,068	1,809,271	333,574,410	215,806,331	289,885,803	580,954,479	333,127,401	1,184,373
Credit commitments	402,262,191	402,262,191	-	12,173,257	58,713,451	95,914,223	222,054,500	13,406,760	-

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49 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

Analysis on contractual undiscounted cash flows of non-derivative financial liabilities (Continued)

	31 December 2023								
	Carrying amount	Contractual undiscounted cash flow	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Non-derivative financial liabilities									
Borrowings from the central bank	133,787,964	135,496,332	–	–	20,559,167	31,513,676	83,423,489	–	–
Deposits from banks and other financial institutions	158,762,222	160,484,484	–	38,428,688	9,484,380	32,620,620	79,950,796	–	–
Placements from banks and other financial institutions	34,920,012	35,714,495	–	–	5,302,279	6,368,358	22,994,035	1,049,823	–
Financial assets sold under repurchase agreements	66,634,253	67,488,797	–	–	65,778,063	1,077,630	633,104	–	–
Deposits from customers	934,593,879	948,634,672	–	253,687,499	92,950,882	95,528,188	235,143,434	270,439,008	885,661
Debt securities issued	267,923,368	275,181,748	–	–	27,312,630	68,615,205	118,879,392	60,374,521	–
Others	20,069,373	20,508,385	15,953,785	–	1,415	336,545	744,529	2,552,357	919,754
Total non-derivative financial liabilities	1,616,691,071	1,643,508,913	15,953,785	292,116,187	221,388,816	236,060,222	541,768,779	334,415,709	1,805,415
Credit commitments	327,833,888	327,833,888	–	20,322,293	52,489,815	72,256,766	167,712,210	15,052,175	629

This analysis on contractual undiscounted cash flows of non-derivative financial liabilities might diverge from actual results.

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

Analysis on contractual undiscounted cash flow of derivative financial instruments

The Group's derivative financial instruments that will be settled on a net basis include interest rate swaps, precious metals and interest rate option contracts. The Group's derivative financial instruments that will be settled on a gross basis are exchange rate swaps, exchange rate forwards and foreign exchange option contracts.

The following tables analyse the contractual undiscounted cash flow of derivative financial instruments that will be settled on net amounts and gross amounts basis held by the Group:

31 December 2024					
	Within one month	One month to three months	Three months to one year	One year to five years	Total
Derivative financial instruments settled on a net basis					
Interest rate swaps	70	3,179	7,647	10,147	21,043
Precious metal swaps	63,274	(5,218)	99,218	1,549	158,823
Interest rate option contracts	-	-	-	-	-
Derivative financial instruments settled on a gross basis					
Exchange rate swaps					
– Cash inflow	45,342,358	28,859,658	53,983,855	9,576,552	137,762,423
– Cash outflow	(45,374,499)	(28,682,524)	(53,852,250)	(9,304,029)	(137,213,302)
Exchange rate forwards					
– Cash inflow	5,783,790	12,366,927	9,146,893	2,447,952	29,745,562
– Cash outflow	(5,770,047)	(12,324,814)	(9,134,170)	(2,430,440)	(29,659,471)
Foreign exchange option contracts					
– Cash inflow	-	-	1,910,932	-	1,910,932
– Cash outflow	-	-	(1,910,932)	-	(1,910,932)

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

Analysis on contractual undiscounted cash flow of derivative financial instruments (Continued)

	31 December 2023				
	Within one month	One month to three months	Three months to one year	One year to five years	Total
Derivative financial instruments settled on a net basis					
Interest rate swaps	380	7,175	907	1,905	10,367
Precious metal swaps	–	108,711	109,482	–	218,193
Interest rate option contracts	–	–	18	–	18
Derivative financial instruments settled on a gross basis					
Exchange rate swaps					
– Cash inflow	32,395,814	22,004,892	28,250,283	1,356,741	84,007,730
– Cash outflow	(32,195,520)	(22,034,506)	(28,439,457)	(1,299,605)	(83,969,088)
Exchange rate forwards					
– Cash inflow	1,938,088	816,524	19,144,994	20,597,991	42,497,597
– Cash outflow	(1,937,002)	(814,855)	(19,110,456)	(20,536,211)	(42,398,524)
Foreign exchange option contracts					
– Cash inflow	–	556,566	–	–	556,566
– Cash outflow	–	(556,566)	–	–	(556,566)

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT *(Continued)*

(d) Operational risk

Operational risk is the risk of losses due to flawed internal processes, staff and IT systems, and external events. It includes legal risk but excludes strategic risk and reputational risk.

During the reporting period, the Bank initiated optimisation of operational risk management system, defined objectives and action plans for system optimisation, revised operational risk management preferences and policies, established dedicated operational risk management roles within major departments of the head office, finalised self-assessments methodologies for operational risk control and conducted pilot evaluations, explored and developed mechanisms for collecting operational risk loss data, completed collection of operational risk loss data since 2019, continued advancing the business continuity management system towards compliance across branches, undertook restructuring of the operational risk management system, and commenced trial operations of the new operational risk management system.

50 FAIR VALUE

(a) Methods and assumptions for determination of fair value

The Group adopts the following methods and assumptions when evaluating fair values:

(i) Debt securities, interbank certificates of deposits, funds and equity investments

The fair values of debt securities, interbank certificates of deposits, funds and equity investments that are traded in an active market are based on their quoted market prices in an active market at the end of reporting period. If quoted market prices are not available, then fair values are estimated on the basis of valuation models, such as discounted cash flows model.

(ii) 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 reporting period (taking into account market liquidity and credit spread adjustments).

(iii) 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 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 the market interest rates at the end of reporting period (taking into account market liquidity and credit spread adjustments).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

50 FAIR VALUE *(Continued)*

(a) Methods and assumptions for determination of fair value *(Continued)*

(iv) Derivatives

Derivatives valued using a valuation technique with market observable inputs are mainly interest rate swaps, currency forwards, swaps and options, etc. The most frequently applied valuation techniques include discounted cash flow model and the Garman Kohlhagen model extended from Black Scholes model. The models incorporate various inputs including foreign exchange spot and forward rates, foreign exchange rate volatility, and interest rate yield curves.

(b) Fair value measurement

(i) Financial assets

The Group's financial assets mainly consist of cash and deposits with the central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions, derivative financial assets, financial assets purchased under resale agreements, loans and advances to customers, and financial investments.

Deposits with the central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions and financial assets purchased under resale agreements are mostly carried interest at market interest rates and due within one year. Accordingly, the carrying amounts approximate the fair values.

Loans and advances to customers are mostly priced at floating rates close to the LPR rates. Accordingly, the carrying amounts approximate the fair values.

Derivative financial assets, financial investments measured at FVTOCI and financial investments measured at FVTPL are presented at fair value. Financial investments measured at amortised cost are the approximations of their fair values because, for example, they are short-term or repriced at current market rates frequently.

(ii) Financial liabilities

The Group's financial liabilities mainly include deposits from banks and other financial institutions, financial liabilities at FVTPL, placements from banks and other financial institutions, derivative financial liabilities, financial assets sold under repurchase agreements, deposits from customers and debt securities issued.

Derivative financial liabilities are presented at fair value. The fair value of debt securities issued are disclosed in Note 50 (c). The carrying amounts of other financial liabilities approximate their fair value.

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(Expressed in thousands of Renminbi, unless otherwise stated)

50 FAIR VALUE *(Continued)*

(c) Fair value hierarchy

The following table presents the fair value of financial instruments, which include financial instruments continuously measured at fair value at the end of the reporting period and those not measured at fair value, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and
- Level 3: Fair value measured using significant unobservable inputs.

If there is a reliable market quote for financial instruments that measured at fair value, the fair value of which is based on quoted market prices. When quoted prices on open market are not available, the Group will determine the fair value of financial instruments by using appropriate valuation model, enquiry or by reference to the valuation results of third-party valuation institution. The Group selects appropriate models based on the risk characteristics, liquidity, counterparty risk and pricing basis of specific financial instruments or trading strategies to ensure that their fair value are truly and effectively reflected. When referring to valuation results of third-party valuation agencies, the authority, independence and professionalism of the agencies should be assessed.

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(Expressed in thousands of Renminbi, unless otherwise stated)

50 FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

	31 December 2024			
	Level 1	Level 2	Level 3	Total
Continuously measured at fair value				
Assets				
<i>Derivative financial assets</i>	–	2,448,184	–	2,448,184
<i>Loans and advances to customers at FVTPL</i>				
– Corporate loans and advances	–	36,880,971	–	36,880,971
<i>Loans and advances to customers at FVTOCI</i>				
– Corporate loans and advances	–	2,959,772	–	2,959,772
– Discounted bills	–	59,727,587	–	59,727,587
<i>Financial investments measured at FVTPL</i>				
– Bonds	–	19,686,166	450,545	20,136,711
– Interbank certificates of deposits	–	10,222,539	–	10,222,539
– Fund investments	–	70,852,301	–	70,852,301
– Trust plans and asset management plans	–	74,182,672	13,382,001	87,564,673
– Equity investments	500,699	204,849	3,383,219	4,088,767
<i>Financial investments measured at FVTOCI</i>				
– Bonds (excluding interests accrued)	–	173,915,492	–	173,915,492
– Interbank certificates of deposits (excluding interests accrued)	–	1,620,920	–	1,620,920
– Equity investments	–	–	200,026	200,026
Total	500,699	452,701,453	17,415,791	470,617,943
Liabilities				
<i>Derivative financial liabilities</i>	–	(1,799,883)	–	(1,799,883)
<i>Financial liabilities at FVTPL</i>	–	(171,916)	–	(171,916)
Total	–	(1,971,799)	–	(1,971,799)
Not measured at fair value				
Liabilities				
<i>Debt securities issued</i>	–	(289,531,894)	–	(289,531,894)
Total	–	(289,531,894)	–	(289,531,894)

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(Expressed in thousands of Renminbi, unless otherwise stated)

50 FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

31 December 2023				
	Level 1	Level 2	Level 3	Total
Continuously measured at fair value				
Assets				
<i>Derivative financial assets</i>	–	1,551,181	–	1,551,181
<i>Loans and advances to customers at FVTPL</i>				
– Corporate loans and advances	–	6,399,285	–	6,399,285
<i>Loans and advances to customers at FVTOCI</i>				
– Corporate loans and advances	–	90,367	–	90,367
– Discounted bills	–	93,160,915	–	93,160,915
<i>Financial investments measured at FVTPL</i>				
– Bonds	–	23,134,121	715,619	23,849,740
– Interbank certificates of deposits	–	2,785,896	–	2,785,896
– Fund investments	–	54,704,396	–	54,704,396
– Trust plans and asset management plans	–	62,632,641	13,063,378	75,696,019
– Equity investments	448,210	206,365	3,366,940	4,021,515
<i>Financial investments measured at FVTOCI</i>				
– Bonds (excluding interests accrued)	–	111,197,648	–	111,197,648
– Interbank certificates of deposits (excluding interests accrued)	–	1,726,226	–	1,726,226
– Equity investments	–	–	3,262,738	3,262,738
Total	448,210	357,589,041	20,408,675	378,445,926
Liabilities				
<i>Derivative financial liabilities</i>	–	(990,612)	–	(990,612)
Total	–	(990,612)	–	(990,612)
Not measured at fair value				
Liabilities				
<i>Debt securities issued</i>	–	(265,333,857)	–	(265,333,857)
Total	–	(265,333,857)	–	(265,333,857)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

50 FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

Movements during the year ended 31 December 2024 in the balance of Level 3 fair value hierarchy are as follows:

	1 January 2024	Transfer into Level 3	Transfer out of Level 3	Total gains or losses for the year	Included in profit or loss	Included in other comprehensive income	Additions	Issues	Sales	Settlements	31 December 2024	Unrealised gains or losses for the year included in profit or loss for assets held at the end of the year
Assets												
Financial assets at FVTPL												
– Bonds	715,619	-	-	(265,074)	-	-	-	-	-	-	450,545	(265,074)
– Trust plans and asset management plans	13,063,378	-	-	80,172	-	-	250,682	-	-	(12,231)	13,382,001	80,172
– Equity investments	3,366,940	-	-	16,279	-	-	-	-	-	-	3,383,219	16,279
Sub-total	17,145,937	-	-	(168,623)	-	-	250,682	-	-	(12,231)	17,215,765	(168,623)
Financial investments measured at FVTOCI												
– Equity investments	3,262,738	-	-	-	-	-	26	-	(3,062,738)	-	200,026	-
Total	20,408,675	-	-	(168,623)	-	-	250,708	-	(3,062,738)	(12,231)	17,415,791	(168,623)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

50 FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

Movements during the year ended 31 December 2023 in the balance of Level 3 fair value hierarchy are as follows:

	1 January 2023	Transfer into Level 3	Transfer out of Level 3	Total gains or losses for the year	Included in other comprehensive income	Additions	Issues	Sales	Settlements	31 December 2023	Unrealised gains or losses for the year included in profit or loss for assets held at the end of the year
Assets											
Financial assets at FVTPL											
– Bonds	567,229	148,390	–	–	–	–	–	–	–	715,619	–
– Trust plans and asset management plans	7,522,873	–	–	(403,801)	–	5,956,213	–	–	(11,907)	13,063,378	(403,801)
– Equity investments	3,299,887	–	–	15	–	67,038	–	–	–	3,366,940	15
Sub-total	11,389,989	148,390	–	(403,786)	–	6,023,251	–	–	(11,907)	17,145,937	(403,786)
Financial investments measured at FVTOCI											
– Equity investments	200,000	2,864,433	–	–	198,305	–	–	–	–	3,262,738	–
Total	11,589,989	3,012,823	–	(403,786)	198,305	6,023,251	–	–	(11,907)	20,408,675	(403,786)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

50 FAIR VALUE *(Continued)*

(c) Fair value hierarchy *(Continued)*

The valuation techniques used for the Group's financial instruments at fair value in Level 3 are the discounted cash flow method and the net asset value method, using unobservable inputs such as risk-adjusted discount rate, cash flows, net assets and liquidity discount, respectively. For the years ended 31 December 2024 and 31 December 2023, there were no significant changes in the valuation techniques or significant transfers of financial instruments between levels.

51 ENTRUSTED LENDING BUSINESS

The Group provides entrusted lending business services to customers. All entrusted loans are funded by entrusted funds from these customers. The Group does not take any credit risk in relation to these transactions. The Group acts as an agent to hold and manage these assets and liabilities at the direction of the entruster and receives fee income for the services provided. The entrusted assets are not the assets of the Group and are not recognised in the statements of financial position. Surplus funding is accounted for as deposits from customers.

	31 December	
	2024	2023
Entrusted loans	26,773,799	25,528,949
Entrusted loan funds	26,773,799	25,528,949

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

52 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Credit commitments

The Group's credit commitments take the form of approved loans with signed contracts, credit card commitments, bank acceptances, letters of credit and financial guarantees.

The Group's loan and credit card commitments include commitments for the approved and signed loan limit but not yet drawdown and credit card overdraft limit. The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. 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 the customers.

	31 December	
	2024	2023
Irrevocable loan commitments		
Original contractual maturity within one year	463,020	455,150
Original contractual maturity of one year or more	19,764	7,705
Credit card overdraft commitments	10,500,375	17,788,260
Sub-total	10,983,159	18,251,115
Bank acceptances	206,160,264	180,909,356
Letters of credit	147,348,467	100,511,802
Letters of guarantees	34,203,021	28,145,053
Credit risk guarantee	3,567,280	16,562
Total	402,262,191	327,833,888

The Group may be exposed to credit risk in all the above credit businesses. Bank 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. As at 31 December 2024 and 2023, provisions for credit commitments were RMB467 million and RMB336 million, respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

52 COMMITMENTS AND CONTINGENT LIABILITIES (Continued)**(b) Credit risk-weighted amount for credit commitments**

	31 December	
	2024	2023
Credit risk-weighted amount	89,201,282	68,502,384

The amount of risk-weighted assets for credit commitments at the end of December 2024 is calculated in accordance with the Administrative Measures for the Capital of Commercial Banks issued by the NFRA.

(c) Capital commitments

As at 31 December 2024 and 2023, the Group's authorised capital commitments are as follows:

	31 December	
	2024	2023
Contracted but not paid for	282,702	539,983
Authorised but not contracted for	34,253	92,697
Total	316,955	632,680

(d) Outstanding litigations and disputes

As at 31 December 2024 and 2023, the Group has several outstanding litigations and disputes in its normal business operations. Provision for litigation losses is estimated based on the court process and the opinion of the external legal counsel. After consulting with external professional legal counsel, management believes that the final outcome of such legal proceedings and claims will not have a material impact on the financial position or operating results of the Group.

During the year ended 31 December 2021, the Group had a dispute with individual corporate customers over the business of bank acceptance bills pledged by certificates of deposit. The Group had reported the case to the policy department. During the year ended 31 December 2022, the Group filed a related lawsuit to the court. As of the approval date of the Group's financial statements, the case was in the judicial process. The outcome of the case is subject to the judgement of the court, and the Group is of the view that the financial impact of the above dispute cannot be reliably estimated. As a result, no relevant accrued liabilities were recognised as at 31 December 2024 and 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

52 COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(e) Pledged assets

Assets pledged as collateral

	31 December	
	2024	2023
Debt securities	177,295,744	201,520,769
Discounted bills	6,163,166	1,899,988
Total	183,458,910	203,420,757

Certain assets are pledged as collateral under repurchase agreements, and borrowings from central bank and other banks.

As at 31 December 2024 and 2023, the Group did not sell or repledge any pledged assets.

53 STATEMENTS OF FINANCIAL POSITION AND STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY OF THE BANK

(a) Statements of financial position of the Bank

	31 December	
	2024	2023
Assets		
Cash and deposits with the central bank	148,162,149	103,494,179
Deposits with banks and other financial institutions	11,385,354	20,938,491
Placements with banks and other financial institutions	4,885,299	12,353,608
Derivative financial assets	2,448,184	1,551,181
Financial assets purchased under resale agreements	18,531,145	6,532,553
Loans and advances to customers	925,361,742	920,394,849
Financial investments:		
Financial investments measured at FVTPL	191,666,916	160,080,119
Financial investments measured at FVTOCI	177,376,537	117,150,761
Financial investments measured at amortised cost	329,091,530	353,904,118
Investment in associate	—	—
Property and equipment	3,206,466	3,576,827
Investment in subsidiary	2,000,000	2,000,000
Deferred tax assets	12,351,560	14,744,476
Right-of-use assets	3,587,476	3,853,434
Other assets	13,291,203	12,041,293
Total assets	1,843,345,561	1,732,615,889

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

53 STATEMENTS OF FINANCIAL POSITION AND STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY OF THE BANK (Continued)

(a) Statements of financial position of the Bank (Continued)

	31 December	
	2024	2023
Liabilities and equity		
Liabilities		
Borrowings from the central bank	121,378,473	133,787,964
Deposits from banks and other financial institutions	150,621,717	159,002,675
Placements from banks and other financial institutions	23,144,745	34,920,012
Financial liabilities at FVTPL	171,916	—
Derivative financial liabilities	1,799,883	990,612
Financial assets sold under repurchase agreements	57,818,338	66,634,253
Deposits from customers	1,067,561,795	934,593,879
Income tax payable	(634,618)	808,026
Debt securities issued	290,863,182	267,923,368
Lease liabilities	3,699,357	4,070,191
Other liabilities	17,234,045	15,699,800
Total liabilities	1,733,658,833	1,618,430,780
Equity		
Share capital	17,762,000	17,762,000
Other equity instruments	11,000,000	19,961,604
Capital reserve	10,689,841	10,732,077
Surplus reserve	7,929,133	7,828,688
General reserve	21,038,180	20,632,499
Other reserves	1,732,924	(2,718,089)
Retained profits	39,534,650	39,986,330
Total equity	109,686,728	114,185,109
Total liabilities and equity	1,843,345,561	1,732,615,889

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

53 STATEMENTS OF FINANCIAL POSITION AND STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY OF THE BANK *(Continued)*

(b) Statement of Changes in Shareholders' Equity of the Bank

	Notes	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Other reserves	Retained profits	Total
Balance at 1 January 2024		17,762,000	19,961,604	10,732,077	7,828,688	20,632,499	(2,718,089)	39,986,330	114,185,109
Net profit		-	-	-	-	-	-	5,685,947	5,685,947
Other comprehensive income		-	-	-	-	-	(230,488)	-	(230,488)
Sub-total of comprehensive income		-	-	-	-	-	(230,488)	5,685,947	5,455,459
Reduction in capital of other equity instruments holders		-	(19,961,604)	(38,396)	-	-	-	-	(20,000,000)
Capital contribution from other equity instruments holders		-	11,000,000	(3,840)	-	-	-	-	10,996,160
Appropriation to surplus reserve	41	-	-	-	568,595	-	-	(568,595)	-
Appropriation to general reserve	41	-	-	-	-	405,681	-	(405,681)	-
Other comprehensive income transferred to retained earnings		-	-	-	(468,150)	-	4,681,501	(4,213,351)	-
Distribution to holders of other equity instruments	42	-	-	-	-	-	-	(950,000)	(950,000)
Balance at 31 December 2024		17,762,000	11,000,000	10,689,841	7,929,133	21,038,180	1,732,924	39,534,650	109,686,728

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

53 STATEMENTS OF FINANCIAL POSITION AND STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY OF THE BANK (Continued)

(b) Statement of Changes in Shareholders' Equity of the Bank (Continued)

	Notes	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Other reserves	Retained profits	Total
Balance at 1 January 2023		17,762,000	19,961,604	10,732,077	7,340,422	20,245,453	(3,038,853)	36,928,990	109,931,693
Net profit		-	-	-	-	-	-	4,882,652	4,882,652
Other comprehensive income		-	-	-	-	-	320,764	-	320,764
Sub-total of comprehensive income		-	-	-	-	-	320,764	4,882,652	5,203,416
Appropriation to surplus reserve	41	-	-	-	488,266	-	-	(488,266)	-
Appropriation to general reserve	41	-	-	-	-	387,046	-	(387,046)	-
Distribution to holders of other equity instruments	42	-	-	-	-	-	-	(950,000)	(950,000)
Balance at 31 December 2023		17,762,000	19,961,604	10,732,077	7,828,688	20,632,499	(2,718,089)	39,986,330	114,185,109

54 SUBSEQUENT EVENT

On February 26, 2025, the Group issued green financial bonds with a face value of RMB5 billion, a term of 3 years and a fixed coupon rate of 1.89% per annum.

Except for the above, the Group had no other material events for disclosure subsequent to 31 December 2024 and up to the date of approval of this report.

Unaudited Supplementary Financial Information

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

In accordance with the Listing Rules and Banking (Disclosure) Rules, the Group discloses the unaudited supplementary financial information as follows:

1 LIQUIDITY COVERAGE RATIO AND LEVERAGE RATIO

(a) Liquidity coverage ratio

	31 December 2024	Average for the year ended 31 December 2024
Liquidity coverage ratio (RMB and foreign currency)	158.70%	145.84%

	31 December 2023	Average for the year ended 31 December 2023
Liquidity coverage ratio (RMB and foreign currency)	113.60%	118.67%

Pursuant to the Administrative Measures for Liquidity Risk Management of Commercial Banks, the liquidity coverage ratio of commercial banks shall be over 100%.

(b) Leverage Ratio

	31 December 2024	2023
Leverage Ratio	5.01%	5.48%

Pursuant to the Administrative Measures for the Capital of Commercial Banks issued by the National Financial Regulatory Administration effective from 1 January 2024, a minimum leverage ratio 4% is required.

Unaudited Supplementary Financial Information

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

1 LIQUIDITY COVERAGE RATIO AND LEVERAGE RATIO (Continued)

(c) Net Stable Funding

	31 December	
	2024	2023
Available stable funding	1,073,032,883	942,723,127
Required stable funding	932,440,310	933,067,515
Net Stable Funding Ratio	115.08%	101.03%

Pursuant to the Administrative Measures for Liquidity Risk Management of Commercial Banks, a minimum net stable funding ratio 100% is required.

The above liquidity coverage ratio, leverage ratio and net stable funding ratio are calculated in accordance with the formula promulgated by the former CBRC and based on the financial information prepared in accordance with China Accounting Standards.

2 CURRENCY CONCENTRATIONS

	31 December 2024			
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Spot assets	80,229,173	7,730,774	9,384,230	97,344,177
Spot liabilities	(54,426,162)	(4,491,442)	(7,571,879)	(66,489,483)
Net position	25,803,011	3,239,332	1,812,351	30,854,694

	31 December 2023			
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Spot assets	95,020,926	5,085,455	13,258,252	113,364,633
Spot liabilities	(70,298,730)	(3,676,029)	(8,520,758)	(82,495,517)
Net position	24,722,196	1,409,426	4,737,494	30,869,116

Unaudited Supplementary Financial Information

For the year ended 31 December 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

3 INTERNATIONAL CLAIMS

The Group is principally engaged in business operations within Chinese mainland, and regards all claims on third parties outside Chinese mainland as international claims.

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

A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfers are only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose Head Office is located in another country.

31 December 2024			
	Banks	Non-bank financial institutions	Total
Asia Pacific (excluding North and South America)	4,021,166	46,289,810	50,310,976
Europe	1,504,157	2,739,783	4,243,940
North and South America	3,801,298	4,534,525	8,335,823
Others	107,811	361,801	469,612
Total	9,434,432	53,925,919	63,360,351

31 December 2023			
	Banks	Non-bank financial institutions	Total
Asia Pacific (excluding North and South America)	3,468,014	34,643,546	38,111,560
Europe	1,218,289	90,695	1,308,984
North and South America	6,644,088	794,058	7,438,146
Others	106,682	–	106,682
Total	11,437,073	35,528,299	46,965,372

Unaudited Supplementary Financial Information

For the year ended 31 December 2024

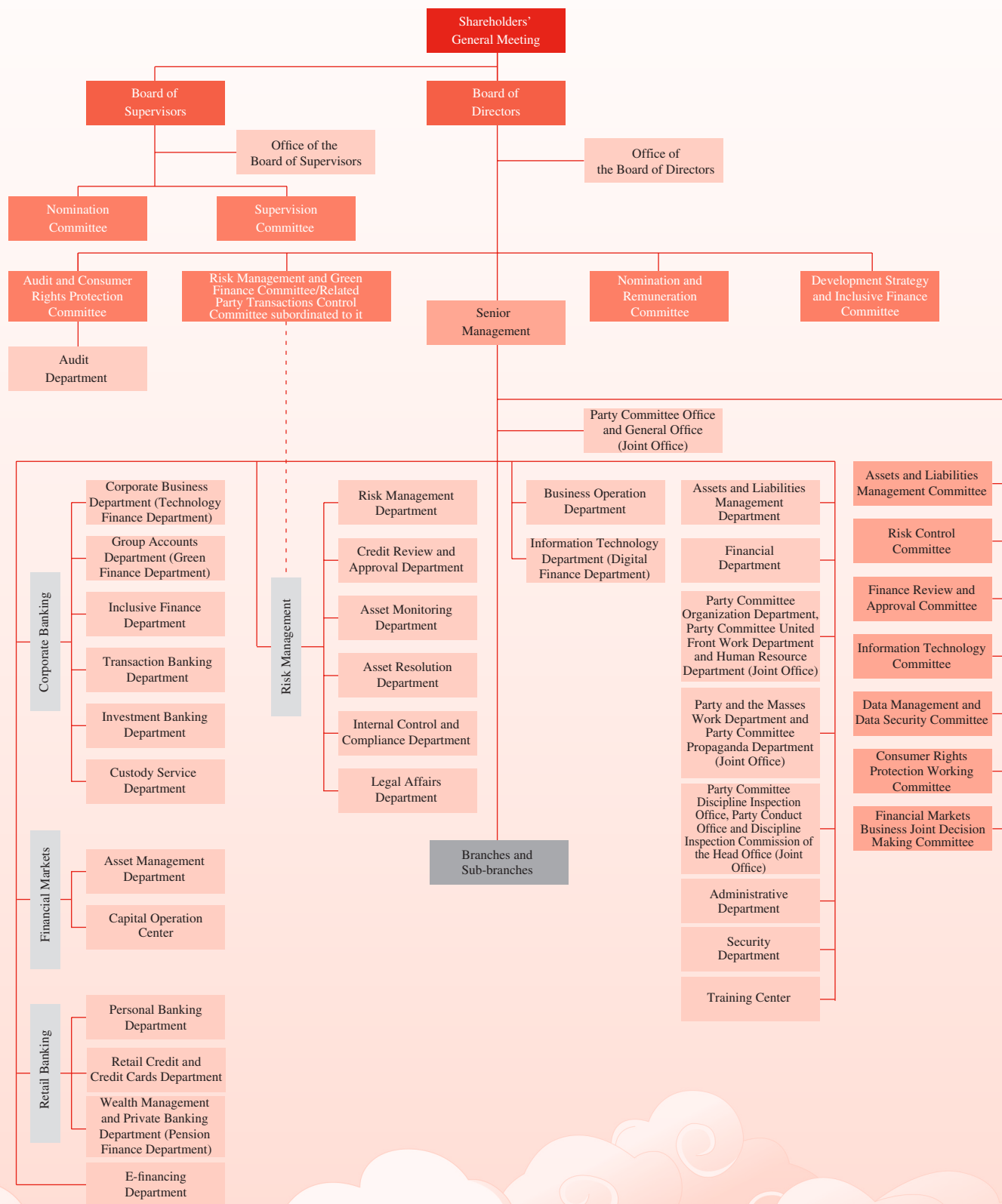
(Expressed in thousands of Renminbi, unless otherwise stated)

4 GROSS AMOUNT OF OVERDUE LOANS AND ADVANCES

	31 December	
	2024	2023
Gross loans and advances which have been overdue with respect to either principal or interest for periods of		
– between 3 and 6 months (inclusive)	2,532,594	2,755,065
– between 6 months and 1 year (inclusive)	3,562,921	2,700,061
– between 1 year and 3 years (inclusive)	6,374,601	7,750,545
– over 3 years	2,772,773	2,624,251
Total	15,242,889	15,829,922
As a percentage of gross loans and advances		
– between 3 and 6 months (inclusive)	0.27%	0.30%
– between 6 months and 1 year (inclusive)	0.38%	0.29%
– between 1 year and 3 years (inclusive)	0.68%	0.83%
– over 3 years	0.30%	0.28%
Total	1.63%	1.70%

Organizational Structure Chart

As of the date of this annual report, the principal organizational and management structure of the Bank are as follows:





渤海银行
CHINA BOHAI BANK

Stock Code : 9668