



**宜宾市商业银行**  
Yibin City Commercial Bank

**宜宾市商業銀行股份有限公司**  
**YIBIN CITY COMMERCIAL BANK CO., LTD**

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

Stock Code: 2596

## **ANNUAL REPORT 2024**



# Contents

Company Profile	2
Chairman's Statement	4
Definition	8
Company Information	13
Financial Highlights	15
Management Discussion and Analysis	18
Report of the Board of Directors	77
Report of the Board of Supervisors	89
Changes in Share Capital and Particulars of Shareholders	91
Directors, Supervisors, Senior Management, Employees and Organizations	96
Corporate Governance Report	118
Independent Auditor's Report	157
Financial Report	164
Unaudited Supplementary Financial Information	285

# Company Profile

## BASIC INFORMATION OF THE COMPANY

Established on December 27, 2006 and headquartered in Yibin City, Sichuan Province, PRC, Yibin City Commercial Bank is a local corporate financial institution restructured from the former Yibin City Credit Cooperatives under the approval of the former CBRC Sichuan Office.

With registered address in No. 1 Nuxue Street, Cuiping District, Yibin, Sichuan, PRC and principal office address in No. 9, Jinshajiang Avenue, Xuzhou District, Yibin, Sichuan, PRC. The Group has a total of 66 outlets, of which 42 are located in the districts and counties in Yibin City and 24 in Neijiang City. As at the end of the Reporting Period, the Bank had registered capital of RMB3.9 billion and total assets of RMB109.2 billion (calculated at the Group calibre), making it the largest Bank in Yibin in terms of total assets. The net loans and advances to customers amounted to RMB58.4 billion and total deposits were RMB84.5 billion.

## STRATEGIC POSITIONING

The Bank is positioned to “contribute to local economy, support small and medium enterprises and serve urban residents”, and actively integrates into the booming regional economy and industrial clusters in Yibin and even Chengdu-Chongqing area. Based on a deep understanding of the local market, the Bank provides financial services to meet the needs of local businesses and residents, positioning itself as a strategic cooperative Bank to facilitate the development of industrial clusters, a characteristic Bank to serve the liquor industry chain, a trusted partner Bank to support small and micro enterprises, and a technology-enabled retail Bank. The Bank firmly captured the local high-quality development opportunities. Leveraging on Yibin’s strategic position in Sichuan Province and Chengdu-Chongqing Dual-city Economic Circle, the Bank made full use of regional resource advantages to deeply integrate into the local economy and deeply embed in the world’s first-class liquor industry, the world’s leading power battery industry, the national crystalline silicon photovoltaic industry and the national leading digital economy industry. Relying on deep integration with the local economy and industry, the Bank has achieved solid and sustainable growth. Furthermore, the Bank focuses on building digital systems, enhancing fintech capabilities, and continuously meeting the diversified and differentiated financial needs of customers through the innovation of the specialized digital services such as the “1+N” supply chain financial service model, mobile payment, fund custody, and online retail lending.

## CORPORATE CULTURE

“Yibin City Commercial Bank precisely supports small and micro enterprises and promotes national, provincial and municipal development”, which is the Bank’s corporate financial culture.

“Yibin City Commercial Bank precisely supports small and micro enterprises”, aiming at constantly meeting the growing needs of people for a better life. Adhering to “precisely supporting small and micro enterprises”, the Bank provides detailed, precise, and refined services for each customer, fulfilling the responsibility of local corporate financial state-owned enterprises. With the theme of precise prevention and control of risks for financial work, the Bank services the real economy and precisely supports the specific practice of small and medium-sized enterprises.

“Promoting national, provincial and municipal development” means that the Bank has always been thinking of the “national development”, concerning about the “provincial plan”, and implementing the “municipal events”. The Bank constantly launches diversified businesses, products, and services for citizens to facilitate mutual growth with the city, promote the development of the Bank and the region, and boost high-quality economic and social development of Yibin.



## AWARDS

Awards and honors received by the Bank in 2024 mainly include:

No.	Name of Award	Awarding Party
1	National Model Home for Staff	Chinese Federation of Labour
2	Top 100 Sichuan Service Industry in 2024 (2024年四川服務業100強)	Sichuan Enterprise Confederation, Sichuan Entrepreneur Association
3	2024 Fourth-star Outlets of the Sichuan's Banking Industry for Civilised and Standardised Service	Sichuan Banking Association
4	Sichuan Banking Industry 2024 Brand Communication "Excellent Case"(四川省銀行業2024年品牌傳播“優秀案例”)	Sichuan Banking Association
5	Iron Horse – Award for the Most Socially Responsible Small and Medium-sized Bank	2024 (12th) Summit for the Development of Small and Medium-sized Banks
6	Typical Case of City Commercial Banks Strengthening Agriculture 2024	China Rural Credit Cooperative Newspaper
7	Digital Finance Excellent Case	City Commercial Banks Clearing Co., Ltd.
8	Outstanding Contribution Award for Mobile Payment in 2024	China UnionPay Sichuan Branch
9	Third Prize for Scientific Research Achievements in 2024	Finance and Accounting Committee of Sichuan Association of Finance
10	Ranked first in the comprehensive evaluation of “supporting local economic development and controlling local financial risks by banking financial institutions in Yibin in 2023”	Yibin Municipal Financial Work Bureau, Yibin Municipal Finance Bureau, Yibin Municipal Government SASAC, the PBOC Yibin Branch and National Financial Regulatory Administration Yibin Regulatory Authority
11	Advanced Unit in the 2023 Party Building Work Target Assessment of State-Owned Enterprises (2023年度國有企業黨建工作目標考核先進單位)	Yibin City SASAC Party Committee
12	First Class Unit in the 2023 Discipline Inspection Commission Work Assessment of Municipal and Higher-level State-Owned Enterprise (2023年度市屬及以上國有企業紀委工作考核一等次單位)	CPC Yibin City Commission for Discipline Inspection
13	First Place in the 2024 Yibin City's Financial Statistics Knowledge Contest (2024年宜賓市金融統計知識競賽第一名)	the PBOC Yibin Branch
14	Second Prize for Outstanding Collective in the 2023 Yibin City Financial Institutions Anti-Money Laundering Labor Competition (2023年宜賓市金融機構反洗錢勞動競賽優勝集體二等獎)	the PBOC Yibin Branch
15	Credit Investigation Services Demonstration Outlet (徵信服務示範網點)	the PBOC Yibin Branch
16	Yibin City Social Security Card Premium Service Outlets (宜賓市社會保障卡優質服務網)	Yibin Human Resources and Social Security Bureau
17	2023 Yibin City Internal Audit Work Outstanding Units (2023年度宜賓市內部審計工作表現突出單位)	Yibin City Auditing Association

## Chairman's Statement



2024 is a year of great milestone significance in the development of Yibin City Commercial Bank. During this year, we injected momentum into local development by providing financial services, aware that this also serves as our purpose in the times. On January 13, 2025, we went public on the main board of the Hong Kong Stock Exchange (stock code: 2596.HK), which marks that the Bank has entered a new era of high-quality development. On behalf of Yibin City Commercial Bank, I hereby extend our sincerest gratitude and deepest reverence to the Shareholders, customers, business partners, and all our staff on such occasion for their longstanding care of and support to the Bank's development.

### **UNDER THE GUIDANCE OF PARTY BUILDING, WE LAID A FIRM FOUNDATION FOR OUR DEVELOPMENT AS A LISTED BANK**

Based in Yibin City known as the starting point of the Yangtze River, we as a main force of local finance have integrated the guidance of the Communist Party of China (the "Party") into our corporate governance with Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as our companion throughout our development. We develop a modern governance system, which features an orientation decided by the Party Committee, decision-making by

## Chairman's Statement

the Board of Directors, accountabilities determined by the Board of Supervisors, and a code of conduct stipulated by the senior management, to propel the robust development of our business operations driven by Party building. We have made achievements under the guidance of Party building. For four consecutive years, we have topped the list of the banking players in Yibin City in the comprehensive evaluation in terms of serving local economic development while preventing and controlling local financial risks. With assets exceeding RMB100 billion, our non-performing loans ratio was reduced to 1.68%, which has been lower than the average non-performing loans ratio of the domestic urban commercial banks in China for four years. Such solid operating performance has established a strong base for the Listing.

### **WITH FURTHER INVESTMENT IN THE REAL ECONOMY, WE AIDED IN ENHANCING THE QUALITY OF THE REGIONAL ECONOMY**

Remaining aligned with Yibin City's "4+4+4" modern industrial system, our financial efforts were guided to liven up the real economy by the "1163" Strategy. To fully support the establishment and operations of the leading enterprises of the new energy industry, we provide tailored financing solutions for projects of leading industries developing digital economy and new energy such as power battery and crystalline silicon PV. At the end of 2024, the balance of loans to the power battery and crystalline silicon PV areas achieved a year-on-year increase of 536.1%, giving Yibin City a leg up in building itself into China's Capital of Power Battery and developing a National PV Industrial Cluster. We innovated the "Industrial Chain Finance + Digital Technology" service model, developed featured products including loans for digital transformation, which helped traditional industries such as the baijiu industry and the textile industry in their intelligent upgrading and digital transformation, and facilitated 375 pilot enterprises to finish assessing their digital

transformation, thus cultivating new quality productive forces. To prop up the major strategies of Yibin City with full-chain financial services, we have been deeply involved in the infrastructure projects related to building Yibin into a smart city, rural revitalization, and industrial parks. In 2024, our loans to industrial upgrading and civil engineering amounted to RMB27 billion cumulatively. This investment drove the advanced manufacturing industries in Yibin City to accelerate their upgrading, resulted in an emerging combined effect of the industrial cluster with a gross regional domestic product reaching RMB100 billion, and demonstrated our devotion to the integration of industrial development into urban development as we believe that a city cannot rise without thriving industries.

### **EMPOWERING THE GREEN INDUSTRY, WE HAVE FOSTERED A NEW IMPETUS BY ACTIVATING LOW-CARBON TRANSFORMATION**

Contributing to attaining the objective of carbon peaking and carbon neutrality, we have factored Green Finance into our core development strategy, founded the first specialized Green Finance sub-branch in Yibin City, and developed a tripartite Green Finance system characterized by "licensed organization + featured products + special services". Among the innovative featured products are "Lv Piao Tong (綠票通)", "Lv Cai Dai (綠採貸)", and "Biological Diversity Preservation (生物多樣性保護)", which deeply base financial support on the scenarios of enterprises' reduction of carbon footprint, green consumption, and biological diversity preservation, ushering in incentive mechanisms for Green Finance. We also launched specialty products including "Yi Shang • Lv Cai Dai (宜商•綠採貸)" to bolster the purchase and sale of new energy vehicles and the reform of charging and battery swapping technologies. At the end of 2024, the balance of our green credit increased by 51.72% compared with that at the beginning of the year, with an average increase rate of 166.97% for the recent four years,

## Chairman's Statement

ranking the sixth in Sichuan Province's Green Finance evaluation and the first among the legal person financial institutions in Yibin City. In 2024, the Bank joined the Sichuan Green Finance Committee as a member unit, adding a touch of Green Finance to Yibin City's green transition.

### **WITH INCLUSIVE FINANCE IN MIND, WE SAFEGUARDED THE HUMAN TOUCH IN PEOPLE'S FINANCIAL SERVICES**

We always stay true to the original aspiration of "Finance for the People". We expand the reach of our services to every corner of the city and touch on every aspect of people's livelihoods. We have supported over 5,300 micro, small, and medium enterprises (MSMEs) and individual business operators, directly creating nearly 200,000 local jobs while providing nearly RMB200 million in cumulative fee reductions and financial concessions, delivering tangible relief to ease corporate financing pressures. Leveraging our proprietary digital finance system, we have developed fully online products including "Easy Loan – Qianhuahua Loan" and "Easy Loan – Housing Provident Fund Loan", pioneering a convenient "one-click financing" model. By the end of 2024, cumulative approved loans exceeded 4,100 accounts with credit limits surpassing RMB600 million. Our merchant acquisition product "Qianhuahua" served 28,700 merchants, achieving annual transaction volume of RMB14.6 billion. Meanwhile, we have upgraded our offline service platforms. Four of our outlets have been rated as "Four-star Outlets for Civilized and Standardized Services in Sichuan's Banking Industry". Relying on the first-ever financial education demonstration base in Yibin City, we have carried out over 200 anti-fraud publicity and financial knowledge popularization activities throughout the year.

Our endeavors have been honored as an "Excellent Case" in brand communication within Sichuan's banking industry. This achievement ensures that our financial services are not only efficient but also delivered with a human touch. In the field of digital financial services for public convenience, we focus on addressing the needs of urban residents and small businesses. By deeply embedding financial solutions into daily life scenarios, including auto consumption and agricultural logistics. We have launched tailored products such as "Auto Purchase Loan" and "Lucky Loan". Concurrently, we have optimized digital platforms like Super Internet Banking and WeChat Banking to deliver "financial services at your fingertips". In addition, we actively fulfill our social responsibilities. We have donated over RMB1.6 million in total to the Fund for Caring for the Next Generation and the Pillar Program. Meanwhile, we have been consistently running the Loving Bookstore Campaign. Through these practical actions, we showcase the human-touch side of finance and contribute to enhancing the citizens' sense of well-being.

### **THROUGH A HONG KONG LISTING, WE USHERED IN A NEW CHAPTER OF DEVELOPMENT WITH A GLOBAL VISION**

From the headwaters of the Yangtze River to the shores of Victoria Harbour, we have successfully conquered the "Three Critical Missions" of equity optimization, risk mitigation, and qualification enhancement, making us one of the first newly listed banks in China in the recent three years. We reached our ambitious target of "being a listed company with assets exceeding RMB100 billion" under the 14th Five-Year Plan a year ahead of schedule. Our successful Listing not only recognizes our past efforts, but more importantly,

## Chairman's Statement

marks the beginning of an exciting new journey. We will embrace international capital market standards to reshape corporate governance, establish a “market-driven, professional, and globally-oriented” system of incentives and restrictions, and pioneer breakthroughs in enabling green development, serving the real economy, and mitigating financial risks. Moving forward, beyond serving solely as “a Bank for Yibin”, we aspire to become an open financial gateway that “connects the Chengdu-Chongqing Economic Circle and expands our reach along the “Belt and Road Initiative”, leveraging our capital strength to help integrate regional economy into the global value chain.

At this pivotal moment, as we conclude the 14th Five-Year Plan and embark on our listing journey, we remain steadfastly committed to our strategic vision of “digital transformation, specialized operations, and modern practices”:

- Governance excellence: By benchmarking against leading international banks, we will refine our market-based operational mechanisms, enhance the quality and efficiency of our financial services, and generate sustainable value for our Shareholders;
- Industrial advancement: We will cultivate an ecosystem featuring “technology finance + inclusive finance”, providing increased support for specialized and sophisticated enterprises that produce new and unique products, green energy initiatives, and the digital economy, thereby empowering Yibin City to build a world-class industrial cluster;
- Customer-centric focus: We will deepen our engagement through an integrated “finance + scenario” ecosystem, optimizing both online and offline service experiences to deliver more convenient and considerate financial services, with the goal of becoming the preferred Bank for the citizens in Yibin City.

On the confluence of three rivers, a multitude of ventures compete; with tailwinds at our back, this is the opportune moment to forge ahead. As a Bank deeply rooted in the Tianfu region, we have always grown in harmony with the city's pulse. From fostering the growth of green industry clusters and protecting the “emerald green” ecosystem of the Yangtze River, to enabling the transformation of businesses and brightening the “warm glow” of countless homes, each endeavor reflects our unwavering commitment to our original aspirations, and every action is our response to the needs of the era. Looking ahead, we will continue to use our financial expertise to inscribe a brilliant chapter for Yibin City Commercial Bank on the grand canvas of Chinese-style modernization!

Yibin City Commercial Bank Co., Ltd

**XUE Feng**

*Chairman*



## Definition

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

“Articles of Association” or “Articles of Association of the Bank”	the Bank’s articles of association, as amended, supplemented or otherwise modified from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Board of Directors of the Bank
“Bank” or “Yibin City Commercial Bank”	Yibin City Commercial Bank Co., Ltd* (宜賓市商業銀行股份有限公司*), a joint stock company established on December 27, 2006 in the PRC with limited liability pursuant to the relevant PRC laws and regulations, its H Shares are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 2596) on January 13, 2025, and, if the context requires, includes its predecessors, branch and sub-branches, excluding subsidiaries
“Board” or “Board of Directors”	the board of directors of the Bank
“Board of Supervisors”	the board of supervisors of the Bank
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會), a former regulatory authority formed via the merger of the CBRC and CIRC according to the Notice of the State Council regarding the Establishment of Organizations (國務院關於機構設置的通知) (Guo Fa [2018] No. 6) issued by the State Council on March 24, 2018 and replaced by the NFRA according to the Notice of the State Council regarding the Establishment of Organizations (國務院關於機構設置的通知) (Guo Fa [2023] No. 5) issued by the State Council on March 16, 2023, and, if the context requires, includes its predecessors, namely the CBRC and CIRC
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會), which was merged with the CIRC and formed the CBIRC according to the Notice of the State Council regarding the Establishment of Organizations (國務院關於機構設置的通知) (Guo Fa [2018] No. 6) issued by the State Council on March 24, 2018

## Definition

“China” or “PRC”	the People’s Republic of China, but for the purpose of this annual report only, excluding Hong Kong, Macau Special Administrative Region and Taiwan of the PRC
“Company Law”	the Company Law of the People’s Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code contained in Appendix C1 to the Listing Rules, as amended, supplemented or otherwise modified from time to time
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Bank
“Domestic Share(s)”	ordinary Shares issued by the Bank, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in RMB
“Domestic Shareholder(s)”	the holder(s) of Domestic Shares
“Global Offering”	has the meaning ascribed to it under the Prospectus
“Green Finance”	financial products and/or services offered by the Bank which are to support the improvement of environment, cope with the change in climate, and finance or support energy saving business activities, which would cover the financing for various projects relating to green infrastructure upgrades, the ecological and environmental industry, and the energy-saving and environmental protection industry
“Group,” “we” or “us”	the Bank together with our subsidiaries, and, if the context requires, includes our predecessors, branch and sub-branches

## Definition

“H Share(s)”	overseas listed foreign Shares with a nominal value of RMB1.00 each in the share capital of the Bank, which are listed on the Main Board of the Hong Kong Stock Exchange on January 13, 2025 and subscribed for and traded in Hong Kong Dollars
“H Shareholder(s)”	the holder(s) of H Shares
“HK\$” or “HKD” or “Hong Kong Dollars”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRS”	International Financial Reporting Standards and International Accounting Standards, which include the related standards, amendments and interpretations issued by the International Accounting Standards Board
“Latest Practicable Date”	April 24, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this annual report prior to its printing
“Listing”	the listing of the H Shares on the Hong Kong Stock Exchange
“Listing Date”	January 13, 2025, being the date of listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
“Listing Rules” or “Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules, as amended, supplemented or otherwise modified from time to time
“MOF”	the Ministry of Finance of the PRC (中華人民共和國財政部)

## Definition

“NFRA”	National Financial Regulatory Administration (國家金融監督管理總局), which was officially established on the basis of the CBIRC with incorporation of certain functions of PBOC and the CSRC according to the Notice of the State Council regarding the Establishment of Organizations (國務院關於機構設置的通知) (Guo Fa [2023] No. 5) issued by the State Council on March 16, 2023, and, if the context requires, includes its predecessor, namely the CBIRC
“Neijiang Xinglong Rural Bank”	Neijiang Xinglong Rural Bank Co., Ltd. (內江興隆村鎮銀行股份有限公司), a company established on December 24, 2010 in the PRC with limited liability and a non-wholly owned subsidiary of the Bank
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“Reporting Period”	for the twelve months ended December 31, 2024
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Prospectus”	the Prospectus of the Bank dated December 30, 2024
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of the Bank with a nominal value of RMB1.00 each
“Shareholder(s)”	the holder(s) of the Shares
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	the Supervisor(s) of the Bank
“treasury share(s)”	has the meaning ascribed to it under the Listing Rules



# Definition

“systematically important bank(s)”	pursuant to the Guiding Opinions on Improving Regulation of Systematically Important Financial Institutions issued by the PBOC, CBIRC and CSRC 《中國人民銀行、中國銀行保險監督管理委員會、中國證券監督管理委員會關於完善系統重要性金融機構監管的指導意見》, this refers to bank(s) that will cause significant adverse impact on the financial system and real economy and may even cause systemic risks if a major risk event occurs to them. These banks usually provide key services in the financial system and are difficult to replace and at the same time their business scale, structure and business operation are highly complex and have strong relevance to other financial institutions
“Yibin Xingyi Rural Bank”	Yibin Xingyi Rural Bank Co., Ltd. (宜賓興宜村鎮銀行有限責任公司), a company established on December 24, 2010 in the PRC with limited liability and a non-wholly owned subsidiary of the Bank
“%”	percentage

Certain amounts and percentage figures included in this annual report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an aggregation of the figures preceding them.

## Company Information

<b>Registered Name in Chinese:</b>	宜賓市商業銀行股份有限公司(abbreviated as “宜賓銀行”)
<b>Registered Name in English:</b>	YIBIN CITY COMMERCIAL BANK CO., LTD* (abbreviated as “ <b>YiBin City Commercial Bank</b> ”)
<b>Legal Representative:</b>	XUE Feng
<b>Authorized Representatives:</b>	XUE Feng, NGAI Wai Fung
<b>Secretary to the Board of Directors:</b>	TANG Lin
<b>Joint Company Secretaries:</b>	TANG Lin, NGAI Wai Fung
<b>Registered Address of the Bank:</b>	No. 1 Nuxue Street, Cuiping District, Yibin, Sichuan Province, the PRC
<b>Principal Office Address of the Bank:</b>	No. 9 Jinshajiang Avenue, Xuzhou District, Yibin, Sichuan Province, the PRC
<b>Customer Service Hotline:</b>	+86 (0831) 96578
<b>Telephone:</b>	+86 (0831) 5103546
<b>Website of the Bank:</b>	<a href="http://www.ybccb.com">www.ybccb.com</a>
<b>Principal Place of Business in Hong Kong:</b>	40/F, Dah Sing Financial Centre, 248 Queen’s Road East, Wanchai, Hong Kong
<b>Websites for H Share Disclosure:</b>	HKEXnews website of The Stock Exchange of Hong Kong Limited ( <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> ) Website of the Bank ( <a href="http://www.ybccb.com">www.ybccb.com</a> )
<b>Listing Place:</b>	The Stock Exchange of Hong Kong Limited
<b>Stock Abbreviation:</b>	Yibin Bank
<b>Stock Code:</b>	2596

## Company Information

<b>H Share Registrar:</b>	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
<b>Hong Kong Legal Advisor:</b>	Clifford Chance 27th Floor, Jardine House, One Connaught Place, Central, Hong Kong
<b>Auditor:</b>	Domestically: Pan-China Certified Public Accountants LLP No.1366, Qianjiang Road, Hangzhou, Zhejiang Province Overseas: Confucius International CPA Limited Rooms 1501-08, Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong
<b>Compliance Advisor:</b>	Maxa Capital Limited Unit 2602, 26/F, Golden Centre, 188 Des Voeux Road Central, Sheung Wan

## Financial Highlights

A summary of the results and the assets and liabilities of the Group for the historical five financial years is set out below:

### FINANCIAL DATA FROM 2020 TO 2024

(Expressed in RMB million, unless otherwise stated)	2024	2023	2022	2021	2020
Interest income	<b>3,691.3</b>	3,563.4	3,201.6	2,545.7	2,068.8
Interest expense	<b>(2,113.6)</b>	(1,777.8)	(1,449.3)	(1,163.5)	(861.0)
<b>Net interest income</b>	<b>1,577.7</b>	1,785.6	1,752.3	1,382.2	1,207.8
Fee and commission income	<b>101.1</b>	75.3	65.8	53.2	85.3
Fee and commission expense	<b>(36.0)</b>	(31.4)	(26.5)	(20.5)	(17.0)
<b>Net fee and commission income</b>	<b>65.1</b>	43.9	39.4	32.7	68.3
Net gains/(losses) on trading activities	<b>201.0</b>	291.8	(35.0)	171.2	77.9
Net gains on financial investments	<b>315.1</b>	10.6	86.5	11.0	7.2
Other operating income	<b>21.5</b>	37.9	23.8	23.7	12.6
<b>Operating income</b>	<b>2,180.4</b>	2,169.8	1,867.0	1,620.8	1,373.7
Operating expenses	<b>(725.2)</b>	(698.2)	(655.4)	(606.8)	(544.8)
Expected credit losses	<b>(888.7)</b>	(928.6)	(728.3)	(644.7)	(422.5)
Impairment losses	<b>–</b>	(0.4)	(5.8)	(0.5)	(0.3)
<b>Profit before tax</b>	<b>566.5</b>	542.6	477.5	369.0	406.1
Income tax expense	<b>(88.7)</b>	(65.2)	(45.0)	(40.7)	(90.8)
<b>Net profit</b>	<b>477.8</b>	477.4	432.5	328.3	315.3
<b>Net profit attribute to:</b>					
Equity attributable to Shareholders of the Bank	<b>513.4</b>	468.5	437.7	352.5	328.6
Non-controlling interests	<b>(35.6)</b>	8.9	(5.2)	(24.2)	(13.3)
Basic and diluted earnings per Share (expressed in RMB per Share)	<b>0.13</b>	0.12	0.11	0.12	0.20



# Financial Highlights

(Expressed in RMB million, unless otherwise stated)	2024	2023	2022	2021	2020
<b>Major indicators of assets/liabilities</b>					
Total assets	<b>109,205.4</b>	93,444.0	80,413.3	68,490.4	56,887.8
Of which: loans and advances to customers, net	<b>58,443.8</b>	49,374.9	42,310.9	33,965.8	26,241.8
Total liabilities	<b>99,233.1</b>	84,157.5	71,745.3	60,306.6	51,156.8
Of which: customer deposits	<b>84,517.9</b>	71,439.1	59,393.8	48,342.7	42,355.3
Total equity	<b>9,972.3</b>	9,286.5	8,668.0	8,183.7	5,731.0
Of which: total equity attributable to Shareholders of the Bank	<b>9,697.6</b>	8,976.2	8,366.6	7,877.2	5,460.3
<b>Profitability indicators (%)</b>					
Asset profit ratio <sup>(1)</sup>	<b>0.47</b>	0.55	0.58	0.52	0.62
Capital profit ratio <sup>(2)</sup>	<b>4.96</b>	5.32	5.13	4.72	7.51
Net interest spread <sup>(3)</sup>	<b>1.57</b>	2.08	2.45	2.46	2.77
Net interest margin <sup>(4)</sup>	<b>1.71</b>	2.18	2.59	2.56	2.85
Cost-to-income ratio <sup>(5)</sup>	<b>32.06</b>	31.17	33.99	36.27	38.55
<b>Capital adequacy indicators (%)</b>					
Core tier-one capital adequacy ratio <sup>(6)</sup>	<b>12.61</b>	12.22	12.86	15.26	13.00
Tier-one capital adequacy ratio <sup>(7)</sup>	<b>12.64</b>	12.26	12.89	15.30	13.06
Capital adequacy ratio <sup>(8)</sup>	<b>13.86</b>	13.41	14.08	16.47	14.15
<b>Assets quality indicators (%)</b>					
Non-performing loan ratio <sup>(9)</sup>	<b>1.68</b>	1.76	1.77	2.27	2.65
Provision coverage ratio <sup>(10)</sup>	<b>256.64</b>	262.02	213.40	198.35	171.21
Provision to total loan ratio <sup>(11)</sup>	<b>4.32</b>	4.61	3.78	4.50	4.53
<b>Other indicators (%)</b>					
Loan to deposit ratio <sup>(12)</sup>	<b>73.93</b>	73.64	75.02	74.71	65.81

## Financial Highlights

### Notes:

- (1) Calculated by dividing the net profit for a year by the average balance of total assets at the beginning and the end of that year.
- (2) Calculated by dividing the net profit for a year by the average balance of total equity at the beginning and the end of that year.
- (3) Represents the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities.
- (4) Calculated by dividing net interest income by the average balance of interest-earning assets (based on the daily average of the interest-earning assets).
- (5) Calculated by dividing total operating expenses (net of tax and surcharges) by operating income.
- (6) Core tier-one capital adequacy ratio = (core tier-one capital – corresponding capital deductions)/risk-weighted assets\*100%.
- (7) Tier-one capital adequacy ratio = (tier-one capital – corresponding capital deductions)/risk-weighted assets\*100%.
- (8) Capital adequacy ratio = (total capital – corresponding capital deductions)/risk-weighted assets\*100%.
- (9) Non-performing loan ratio = total non-performing loans/total loans and advances to customers\*100%.
- (10) Provision coverage ratio = total provision for impairment losses on loans and advances to customers/total non-performing loans\*100%.
- (11) Provision to total loan ratio = total provision for impairment losses on loans and advances to customers/total loans and advances to customers\*100%.
- (12) Loan to deposit ratio = total loans and advances to customers/total deposits\*100%.

# Management Discussion and Analysis

## ENVIRONMENT AND PROSPECT

In 2024, the global economy continued to undergo cyclical adjustments, with rising waves of protectionism and persistent geopolitical risks, leading to a sustained decline in international market demand. With the successive introduction of a pack of domestic policies, social confidence has been effectively boosted, and the economy has shown significant recovery. Emerging industries in China are gradually accumulating new momentum for development, while traditional enterprises are continuously upgrading and transforming. The economic and social development has made new and solid progress, and new results have been achieved in high-quality development. Nevertheless, issues such as insufficient domestic effective demand, growing pains in the transition between old and new driving forces, and the production and operational difficulties faced by certain enterprises remain prominent.

Looking ahead to 2025, the industry development dividends coexist with emerging risks and challenges. With accelerated innovation of technologies such as a new round of technological revolution and industrial transformation and increasing integration of such technologies into the entire process of economic and social development in all fields, China's economic power, technological strength, and comprehensive national power will be further enhanced. Meanwhile, the fundamental trend of long-term good prospects in Chinese economy remains unchanged, bolstered by a series of policy on economic system reform and a series of policies promoting domestic consumption, new urbanization construction, and coordinated regional development. In particular, a series of important reform measures proposed at the third plenary session of the 20th Central Committee of the Communist Party of China have clarified the path and direction for developing and improving the system of socialism with Chinese characteristics, further deepening reforms comprehensively and advancing Chinese modernization. Centered on the development strategy of "synchronous modernization, urban-rural integration, and common prosperity of five zones" of the People's Government of Sichuan Province, Yibin City closely adheres to the development positioning of a pilot area for ecological priority and green and low-carbon development, a regional economic sub-center in southern Sichuan, and a gateway hub for southern Sichuan's openness, and is fully committed to promoting economic growth and construction and unwaveringly advancing high-quality development. With strong support from local governments and relevant departments, the city commercial banks are steadfastly positioned to "serve the local economy, serve small and medium enterprises, and serve urban residents", focuses on "five priorities", and actively explores differentiated and characteristic development paths, gradually increasing support for the real economy and contributing to the high-quality development of the local economy.

The Group will implement the spirit of the 20th National Congress of the Communist Party of China, as well as the second and the third plenary sessions of the 20th Central Committee of the Communist Party of China, comprehensively implement various economic and financial policies, drive high-quality development through reform and innovation, deeply push forward with its business and digital transformation, enhance its risk management and internal control capabilities, continuously improve its modern operational management level, strengthen the quality and effectiveness of services to the real economy, and promote continued excellence across all business segments. The Group will continue to enhance its brand value and become a leading benchmark bank with regional influence in Western China, achieving new brilliance from this new starting point.

# Management Discussion and Analysis

## DEVELOPMENT STRATEGIES

The strategic vision of the Group is to enhance our brand value and become a leading benchmark bank with regional influence in western China. The Group intends to achieve this vision through the following strategic initiatives: (1) Consolidate regional advantages to continuously advance the reform and transformation of corporate banking, retail banking and business channels. (2) Drive the online and intelligent transformation of marketing, transactions, risk control and operations through the introduction of advanced technology and continuous innovation, innovating technology-driven financial services and effectively advancing digital transformation. (3) Optimize the governance structure, establish an effective risk management framework for the entire process, and leverage modern scientific technological advancements to improve risk identification and assessment capabilities, and enhance our risk management and internal control capabilities. (4) Strengthen talent leadership, continuously refine the top-level designs of our talent system, actively promote differentiated assessment and refined performance evaluation system, and improve the incentive mechanism.

## OVERALL BUSINESS REVIEW

In 2024, the Group recorded a total operating income of RMB2,180.4 million, representing an increase of 0.5% compared to RMB2,169.8 million in 2023. The Group's net profit increased by 0.1% from RMB477.4 million in 2023 to RMB477.8 million in 2024. As of December 31, 2024, the Group's total assets amounted to RMB109,205.4 million, representing a year-on-year increase of 16.9%; the net loans and advances to customers amounted to RMB58,443.8 million, representing a year-on-year increase of 18.4%; the non-performing loan (NPL) ratio was 1.68%, representing a year-on-year decrease of 0.08 percentage point; the total amount of customer deposits was RMB84,517.9 million, representing a year-on-year increase of 18.3%.



# Management Discussion and Analysis

## (a) Analysis of the consolidated statements of profit or loss

(Expressed in RMB million, unless otherwise stated)	Year ended December 31,			Percentage change change (%)
	2024	2023	Increase or decrease	
Interest income	<b>3,691.3</b>	3,563.4	127.9	3.6
Interest expense	<b>(2,113.6)</b>	(1,777.8)	(335.8)	18.9
<b>Net interest income</b>	<b>1,577.7</b>	1,785.6	(207.9)	(11.6)
Fee and commission income	<b>101.1</b>	75.3	25.8	34.3
Fee and commission expenses	<b>(36.0)</b>	(31.4)	(4.6)	14.6
<b>Net fee and commission income</b>	<b>65.1</b>	43.9	21.2	48.3
Net gains arising from trading activities	<b>201.0</b>	291.8	(90.8)	(31.1)
Net gains arising from financial investment	<b>315.1</b>	10.6	304.5	2,872.6
Other operating income	<b>21.5</b>	37.9	(16.4)	(43.3)
<b>Operating income</b>	<b>2,180.4</b>	2,169.8	10.6	0.5
Operating expenses	<b>(725.2)</b>	(698.2)	(27.0)	3.9
Expected credit loss	<b>(888.7)</b>	(928.6)	39.9	(4.3)
Impairment losses	<b>–</b>	(0.4)	0.4	(100.0)
<b>Profit before tax</b>	<b>566.5</b>	542.6	23.9	4.4
Income tax expense	<b>(88.7)</b>	(65.2)	(23.5)	36.0
<b>Net profit</b>	<b>477.8</b>	477.4	0.4	0.1
<b>Net profit attribute to:</b>				
Equity attributable to Shareholders of the Bank	<b>513.4</b>	468.5	44.9	9.6
Non-controlling interests	<b>(35.6)</b>	8.9	(44.5)	(500.0)
Basic and diluted earnings per Share (expressed in RMB per Share)	<b>0.13</b>	0.12	–	–

## Management Discussion and Analysis

In 2024, the Group's profit before income tax amounted to RMB566.5 million, representing a year-on-year increase of 4.4%; net profit amounted to RMB477.8 million, representing a year-on-year increase of 0.1%, mainly due to the year-on-year decline in the loan prime rate (LPR) and the Group's increased marketing to high-quality customers, leading to a decline in the average yield on loans and advances to some customers, as well as an increase in deposit interest payment costs due to the impact of changes in the deposit term structure, resulting in the decrease in the net interest income. At the same time, as the interest rates in bond market declined, the Group seized the opportunity to gain bond yields, leading to a year-on-year increase in net financial investment income; and the growing tax impact of non-deductible expenses resulted in an increase of income tax expense, according to the tax system.

### (i) **Net interest income**

Net interest income was the largest component of the Group's operating income, representing 72.4% and 82.3% of operating income in 2024 and 2023, respectively. The following table sets forth the interest income, interest expense and net interest income for the periods indicated.

(Expressed in RMB million, unless otherwise stated)	Year ended December 31,			Change in percentage (%)
	2024	2023	Increase or decrease	
Interest income	<b>3,691.3</b>	3,563.4	127.9	3.6
Interest expense	<b>(2,113.6)</b>	(1,777.8)	(335.8)	18.9
<b>Net interest income</b>	<b>1,577.7</b>	1,785.6	(207.9)	(11.6)

The following table sets forth the average balances of the Group's interest-earning assets and interest-bearing liabilities, the related interest income or expense, and the average yield or average cost for the periods indicated. The average balance of interest-earning assets and interest-bearing liabilities is the average of the daily balances.

# Management Discussion and Analysis

(Expressed in RMB million, unless otherwise stated)	Year ended December 31, 2024			Year ended December 31, 2023		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
<b>Interest-earning asset</b>						
Deposits with central bank <sup>(1)</sup>	5,440.6	68.9	1.27	4,758.3	58.2	1.22
Financial assets held under resale agreements, due from other banks and other financial institutions	5,145.3	98.2	1.91	7,864.6	123.9	1.58
Loans and advances to customers	53,935.6	2,777.2	5.15	46,593.9	2,701.4	5.80
Financial investments <sup>(2)</sup>	27,779.1	747.0	2.69	22,867.7	679.9	2.97
<b>Total interest-earning assets</b>	<b>92,300.6</b>	<b>3,691.3</b>	<b>4.00</b>	<b>82,084.5</b>	<b>3,563.4</b>	<b>4.34</b>

(Expressed in RMB million, unless otherwise stated)	Year ended December 31, 2024			Year ended December 31, 2023		
	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
<b>Interest-bearing liabilities</b>						
Borrowings from central bank	2,048.0	(34.8)	1.70	1,981.3	(40.1)	2.03
Financial assets sold under repurchase agreement, due to other banks and other financial institutions	6,613.4	(148.5)	2.25	9,136.1	(152.5)	1.67
Customer deposits	76,902.6	(1,888.8)	2.46	63,652.5	(1,471.2)	2.31
Bonds issued <sup>(3)</sup>	1,576.0	(41.5)	2.63	3,838.7	(112.7)	2.94
Lease liabilities	-	-	-	28.2	(1.3)	4.61
<b>Total interest- bearing liabilities</b>	<b>87,140.0</b>	<b>(2,113.6)</b>	<b>2.43</b>	<b>78,636.8</b>	<b>(1,777.8)</b>	<b>2.26</b>
<b>Net interest income</b>		<b>1,577.7</b>			<b>1,785.6</b>	
<b>Net interest spread</b>			<b>1.57</b>			<b>2.08</b>
<b>Net interest margin</b>			<b>1.71</b>			<b>2.18</b>

Notes:

- (1) Deposits with central bank primarily include statutory deposit reserves, surplus deposit reserves and fiscal deposit reserves.
- (2) Financial investments include financial assets at fair value through other comprehensive income and financial assets measured at amortized cost.
- (3) Bonds issued are interbank certificates of deposit.

# Management Discussion and Analysis

The table below sets forth the changes in the Group's interest income and interest expense attributable to changes in volume and interest rate for the periods indicated. Changes in volume are measured by changes in the average balance, and changes in interest rate are measured by changes in the average interest rates.

(Expressed in RMB million, unless otherwise stated)	2024 vs 2023		Net increase/ (decrease) <sup>(3)</sup>
	Volume <sup>(1)</sup>	Interest rate <sup>(2)</sup>	
<b>Interest-earning assets</b>			
Deposits with central bank	8.3	2.4	10.7
Financial assets held under resale agreements, due from other banks and other financial institutions	(51.7)	26.0	(25.7)
Loans and advances to customers	378.7	(302.9)	75.8
Financial investments	131.1	(64.0)	67.1
<b>Changes in interest income</b>	466.4	(338.5)	127.9
<b>Interest-bearing liabilities</b>			
Borrowings from central bank	1.2	(6.5)	(5.3)
Financial assets sold under repurchase agreement, due to other banks and other financial institutions	(57.0)	53.0	(4.0)
Customer deposits	322.1	95.5	417.6
Bonds issued	(59.3)	(11.9)	(71.2)
Lease liabilities	0.0	(1.3)	(1.3)
<b>Changes in interest expense</b>	207.0	128.8	335.8
<b>Changes in net interest income</b>	259.4	(467.3)	(207.9)

Notes:

- (1) Volume represents the average balance for the year minus the average balance for the previous year, multiplied by the average yield/cost for the year.
- (2) Interest rate represents the average yield/cost for the year minus the average yield/cost for the previous year, multiplied by the average balance for the previous year.
- (3) Net increase/(decrease) represents interest income/expense for the year minus interest income/expense for the previous year.



# Management Discussion and Analysis

## (ii) Interest income

The following table sets forth the principal components of interest income for the periods indicated.

(Expressed in RMB million, unless otherwise stated)	Year ended December 31,			
	2024		2023	
	Amount	% of total (%)	Amount	% of total (%)
Loans and advances to customers	2,777.2	75.2	2,701.4	75.8
Financial investments	747.0	20.2	679.9	19.1
Financial assets held under resale agreements, due from other banks and other financial institutions	98.2	2.7	123.9	3.5
Deposits with central bank	68.9	1.9	58.2	1.6
<b>Total</b>	<b>3,691.3</b>	<b>100.0</b>	<b>3,563.4</b>	<b>100.0</b>

The Group's interest income increased by 3.6% from RMB3,563.4 million in 2023 to RMB3,691.3 million in 2024, primarily due to an increase in the average balance of interest-earning assets from RMB82,084.5 million in 2023 to RMB92,300.6 million in 2024, which was partially offset by a decrease in the average yield on interest-earning assets from 4.34% in 2023 to 4.00% in 2024. The increase in the average balance of interest-earning assets was mainly due to an increase in the average balance of loans and advances and financial investments, which was partially offset by a decrease in the average balance of financial assets held under resale agreements, due from other banks and other financial institutions. The decrease in the average yield on interest-earning assets was primarily attributed to a decrease in the average yield on loans and advances, as well as financial investments.

## Management Discussion and Analysis

### (A) Interest income from loans and advances to customers

Interest income from loans and advances to customers represented 75.2% and 75.8% of total interest income in 2024 and 2023, respectively.

The following table sets forth the average balance, interest income and average yield of loans and advances to customers by product for the periods indicated.

(Expressed in RMB million, unless otherwise stated)	Years ended December 31,					
	2024			2023		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	41,473.3	2,452.4	5.91	36,257.5	2,369.3	6.53
Retail loans	4,817.5	230.8	4.79	4,809.8	248.8	5.17
Discounted and rediscounted bills	7,644.8	94.0	1.23	5,526.6	83.3	1.51
<b>Total</b>	<b>53,935.6</b>	<b>2,777.2</b>	<b>5.15</b>	<b>46,593.9</b>	<b>2,701.4</b>	<b>5.80</b>

The interest income from loans and advances to customers is the largest component of the Group's interest income, increasing by 2.8% from RMB2,701.4 million in 2023 to RMB2,777.2 million in 2024. The increase was primarily due to an increase of 15.8% in the average balance of loans and advances to customers from RMB46,593.9 million in 2023 to RMB53,935.6 million in 2024, which was partially offset by a decrease in the average yield on these assets from 5.80% in 2023 to 5.15% in 2024. The increase in the average balance of such assets was mainly attributable to the Group's firm adherence to its primary responsibility and core business and the orderly increase in financial supply through measures such as deepening cultivation of the regional market, supporting industrial cluster development, promoting retail transformation, serving rural revitalization. The decrease in the average yield on these assets was mainly due to the year-on-year decline in the Loan Prime Rate (LPR), as well as the Group's greater effort of marketing to high-quality customers, leading to the decrease in the average yield on loans and advances to customers.

# Management Discussion and Analysis

(B) *Interest income from financial investments*

The interest income from financial investments increased by 9.9% from RMB679.9 million in 2023 to RMB747.0 million in 2024, primarily due to the increase of 21.5% in the average balance of financial investments from RMB22,867.7 million in 2023 to RMB27,779.1 million in 2024, while partially offset by a decrease in the average yield on these assets from 2.97% in 2023 to 2.69% in 2024. The increase in the average balance of these assets was mainly due to the Group's reasonable increase in government bond investment based on business operation needs. The decrease in the average yield on these assets was primarily attributed to changes in market interest rates.

(C) *Interest income from financial assets held under resale agreements, due from other banks and other financial institutions*

The interest income from financial assets held under resale agreements, and due from other banks and other financial institutions decreased by 20.7% from RMB123.9 million in 2023 to RMB98.2 million in 2024, primarily due to the decrease of 34.6% in the average balance of financial assets held under resale agreements, and due from other banks and other financial institutions from RMB7,864.6 million in 2023 to RMB5,145.3 million in 2024. The decrease in the average balance of these assets was mainly due to the Group's reduction in the scale of relevant asset allocation based on business operation needs.

(D) *Interest income from deposits with central bank*

The interest income from deposits with central bank increased by 18.4% from RMB58.2 million in 2023 to RMB68.9 million in 2024, primarily due to the increase of 14.3% in the average balance of deposits with central bank from RMB4,758.3 million in 2023 to RMB5,440.6 million in 2024. The increase in the average balance of these assets was mainly attributed to the growth in customer deposits scale.

# Management Discussion and Analysis

## (iii) Interest expense

The following table sets forth the principal components of interest expense of the Group for the periods indicated.

(Expressed in RMB million, unless otherwise stated)	Years ended December 31,			
	2024		2023	
	Amount	% of total (%)	Amount	% of total (%)
Customer deposits	1,888.8	89.4	1,471.2	82.7
Bonds issued	41.5	2.0	112.7	6.3
Financial assets sold under repurchase agreements, due to other banks and other financial institutions	148.5	7.0	152.5	8.6
Borrowings from central bank	34.8	1.6	40.1	2.3
Lease liabilities	–	–	1.3	0.1
<b>Total</b>	<b>2,113.6</b>	<b>100.0</b>	<b>1,777.8</b>	<b>100.0</b>

## (A) Interest expenses on customer deposits

The following table sets forth the average balance, interest expense and average cost for the components of customer deposits for the periods indicated.

(Expressed in RMB million, unless otherwise stated)	Years ended December 31,					
	2024			2023		
	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
Corporate deposits	38,539.9	770.5	2.00	34,751.9	607.8	1.75
Personal deposits	38,362.7	1,118.3	2.92	28,900.6	863.5	2.99
<b>Total</b>	<b>76,902.6</b>	<b>1,888.8</b>	<b>2.46</b>	<b>63,652.5</b>	<b>1,471.2</b>	<b>2.31</b>

## Management Discussion and Analysis

The interest expenses on customer deposits increased by 28.4% from RMB1,471.2 million in 2023 to RMB1,888.8 million in 2024, primarily due to the increase of 20.8% in the average balance of customer deposits from RMB63,652.5 million in 2023 to RMB76,902.6 million in 2024, as well as an increase in the average cost on these liabilities from 2.31% in 2023 to 2.46% in 2024. The increase in the average balance of these liabilities was mainly due to the stable increase in the total deposits resulting from the Group's focus on serving key customer segments and industries, precise marketing strategies, efforts to leverage its resource integration and product portfolio advantages and accelerate the transformation and upgrading of business outlets and digital construction to enhance customer acquisition capabilities and realize a steady growth in total deposits. The increase in the average cost on these liabilities was primarily due to changes in the term structure.

*(B) Interest expense on financial assets sold under repurchase agreements, due to other banks and other financial institutions*

The interest expense on financial assets sold under repurchase agreements, due to other banks and other financial institutions decreased by 2.6% from RMB152.5 million in 2023 to RMB148.5 million in 2024, mainly due to the decrease of 27.6% in the average balance of financial assets sold under repurchase agreements from RMB9,136.1 million in 2023 to RMB6,613.4 million in 2024, and an increase in the average cost on these liabilities from 1.67% in 2023 to 2.25% in 2024. The decrease in the average balance of these liabilities was primarily due to the Group's timely adjustment of the liability structure and proactive efforts to reduce the scale of these liabilities based on changes in market interest rates. The increase in the average cost on these liabilities was primarily attributable to changes in the term structure.

*(C) Interest expense on bonds issued*

The interest expense on bonds issued decreased by 63.2% from RMB112.7 million in 2023 to RMB41.5 million in 2024, mainly due to the decrease of 58.9% in the average balance of bonds issued from RMB3,838.7 million in 2023 to RMB1,576.0 million in 2024, as well as a decrease in the average cost on these liabilities from 2.94% in 2023 to 2.63% in 2024. The decrease in the average balance of these liabilities was primarily due to a decrease in the scale of interbank certificates of deposit issued. The decrease in the average cost on these liabilities was mainly as a result of a decrease in market interest rates.

**(iv) Net interest spread and net interest margin**

The net interest spread decreased from 2.08% in 2023 to 1.57% in 2024, and the net interest margin decreased from 2.18% in 2023 to 1.71% in 2024, primarily due to a decrease of 0.34 percentage point in the average yield on interest-earning assets compared to the same period last year, as well as an increase of 0.17 percentage point in the average cost on interest-bearing liabilities compared to the same period last year. The decrease in the average yield on interest-bearing assets was primarily due to the year-on-year decline in the Loan Prime Rate (LPR) and the Group's increased efforts in marketing to high-quality clients, which led to a reduction in the average yield on loans and advances. The increase in the average cost on interest-bearing liabilities was mainly attributable to changes in the deposit term structure, resulting in higher interest costs on deposits.

# Management Discussion and Analysis

## (v) **Non-interest income**

### (A) *Net fee and commission income*

(Expressed in RMB million, unless otherwise stated)	Years ended December 31,			Change in
	2024	2023	Increase or decrease	percentage (%)
<b>Fee and commission income</b>				
Commission income from settlement and agency services	<b>23.1</b>	11.6	11.5	99.1
Commission income from bank card services	<b>1.1</b>	1.2	(0.1)	(8.3)
Commission income from wealth management agency service	<b>47.7</b>	35.1	12.6	35.9
Other commission income <sup>(1)</sup>	<b>29.2</b>	27.4	1.8	6.6
<b>Subtotal</b>	<b>101.1</b>	75.3	25.8	34.3
<b>Fee and commission expense</b>				
Commission expense from settlement and agency services	<b>(32.2)</b>	(28.5)	(3.7)	13.0
Other commission expense	<b>(3.8)</b>	(2.8)	(1.0)	35.7
<b>Subtotal</b>	<b>(36.0)</b>	(31.4)	(4.6)	14.6
<b>Net fee and commission income</b>	<b>65.1</b>	43.9	21.2	48.3

Note:

- (1) Other commission income primarily consists of commission income from guarantees, commitments and syndicated business.

The net fee and commission income increased by 48.3% from RMB43.9 million in 2023 to RMB65.1 million in 2024, mainly due to the increase in the entrusted loan service fees, commission income from wealth management agency services and syndicated loan service fees.

The commission income from settlement and agency services increased by 99.1% from RMB11.6 million in 2023 to RMB23.1 million in 2024, primarily due to an increase in the Group's issuance of Bank acceptance bills and the scale of entrusted loan business.

## Management Discussion and Analysis

The commission income from wealth management agency service increased by 35.9% from RMB35.1 million in 2023 to RMB47.7 million in 2024, mainly due to an increase in income resulting from the declining trend in bond interest rates in 2024.

The other commission income increased by 6.6% from RMB27.4 million in 2023 to RMB29.2 million in 2024, mainly due to an increase in income from syndicated loans.

The fee and commission expense increased by 14.6% from RMB31.4 million in 2023 to RMB36.0 million in 2024, mainly attributable to the Group's ongoing optimization of mobile payment platform Qianhuahua and the expansion of associated mobile payment scenarios.

### *(B) Net gains from financial investment*

Net gains on financial investments include the net gains from the sale of financial assets, as well as gains from reclassification of other comprehensive income to profit or loss due to asset sales. Net gains on financial investments increased from RMB10.6 million in 2023 to RMB315.1 million in 2024, primarily due to the Group's strategic sale of bonds based on its portfolio investment strategy to generate income.

### *(C) Net gains on trading activities*

Net gains on trading activities decreased by 31.1% from RMB291.8 million in 2023 to RMB201.0 million in 2024, primarily due to a decrease in interest income from financial assets held for trading caused by changes in scale and interest rates.

### *(D) Other operating income*

Other operating income mainly includes incidental income such as government subsidies and deducts incidental expenses such as charitable donations. Other operating income decreased by 43.3% from RMB37.9 million in 2023 to RMB21.5 million in 2024, primarily due to a decrease in net gains from property sales by the Group.



## Management Discussion and Analysis

### (vi) Operating expenses

The operating expenses increased by 3.9% from RMB698.2 million in 2023 to RMB725.2 million in 2024, primarily due to an increase in general and administrative expenses and professional fees, which was partially offset by a decrease in depreciation and expenses, as well as technology service fees.

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

(Expressed in RMB million, unless otherwise stated)	Years ended December 31,			Change in percentage (%)
	2024	2023	Increase or decrease	
Staff costs	404.1	396.3	7.8	2.0
General and administrative expenses	197.0	181.4	15.6	8.6
Depreciation and expenses	57.8	70.3	(12.5)	(17.8)
Professional fees	11.6	5.0	6.6	132.0
Listing expenses	0.9	1.2	(0.3)	(25.0)
Tax and surcharges	26.2	21.8	4.4	20.2
Auditors' remuneration				
– Audit service	0.9	0.7	0.2	28.6
– Non-audit service	0.1	0.1	(0.0)	(0.0)
Technical service fees	26.6	21.4	5.2	24.3
<b>Total</b>	<b>725.2</b>	<b>698.2</b>	<b>27.0</b>	<b>3.9</b>

# Management Discussion and Analysis

## (A) Staff costs

The following table sets forth the components of staff costs for the periods indicated.

(Expressed in RMB million, unless otherwise stated)	Years ended December 31,			Change in percentage (%)
	2024	2023	Increase or decrease	
Wages and salaries, bonus, allowance and subsidies	270.6	278.1	(7.5)	(2.7)
Social security contributions	51.9	49.0	2.9	5.9
Defined contribution benefits	47.1	45.0	2.1	4.7
Staff welfare	14.3	14.4	(0.1)	(0.7)
Labour union funds and employee education funds	7.5	6.9	0.6	8.7
Supplementary retirement benefits	12.7	2.9	9.8	337.9
<b>Total staff costs</b>	<b>404.1</b>	<b>396.3</b>	<b>7.8</b>	<b>2.0</b>

The staff costs increased by 2.0% from RMB396.3 million in 2023 to RMB404.1 million in 2024, primarily due to the increase in social security contributions, defined contribution benefits, and other adjustments in accordance with relevant policy provisions.

## (B) Depreciation and expenses

The depreciation and expenses decreased by 17.8% from RMB70.3 million in 2023 to RMB57.8 million in 2024, mainly due to the fact that some of the Group's fixed assets and intangible assets have fully realized their depreciation, resulting in reduced depreciation and amortization costs.

## (C) General and administrative expenses

General and administrative expenses mainly include advertising and business promotion costs, cash transportation fees, and repair costs. The general and administrative expenses increased by 8.6% from RMB181.4 million in 2023 to RMB197.0 million in 2024, primarily due to the increase in business promotion expenses and advertising costs to attract customers and promote the Group's services.

## (D) Professional fees

The professional fees increased by 132.0% from RMB5.0 million in 2023 to RMB11.6 million in 2024, primarily attributed to a rapid increase in consultancy fees and intermediary fees as a result of the promotion of the Listing of our H Shares.

# Management Discussion and Analysis

## (vii) Expected credit impairment losses

The following table sets forth the major components of our expected credit impairment losses for the periods indicated:

(Expressed in RMB million, unless otherwise stated)	Years ended December 31,			Percentage of change (%)
	2024	2023	Increase or decrease	
Loans and advances to customers at amortized cost	<b>770.8</b>	900.5	(129.7)	(14.4)
Loans and advances to customers – fair value through other comprehensive income	<b>(2.8)</b>	2.5	(5.3)	(212.0)
Off-balance-sheet items	<b>61.4</b>	(32.6)	94.0	–
Financial assets held under resale agreements, due from other banks and other financial institutions	<b>(2.8)</b>	0.1	(2.9)	(2,900.0)
Financial investments – amortized cost	<b>9.2</b>	0.0	9.2	22,900.0
Financial investments – FVOCI	<b>20.2</b>	56.2	(36.0)	(64.1)
Other financial assets	<b>32.7</b>	1.9	30.8	1,621.1
<b>Total</b>	<b>888.7</b>	928.6	(39.9)	(4.3)

The expected credit impairment losses decreased by 4.3% from RMB928.6 million in 2023 to RMB888.7 million in 2024. The decrease in expected credit impairment losses was mainly due to the Group's efforts to enhance the refinement of risk management assessment according to changes in the external market environment, resulting in a decrease in the expected credit impairment losses on loans and advances, financial investments at fair value through other comprehensive income, financial assets held under resale agreements, due from other banks and other financial institutions.

## (viii) Income tax expense

Income tax expense increased by 36.0% from RMB65.2 million in 2023 to RMB88.7 million in 2024. The increase in income tax expenses was mainly due to the fact that the amount of the taxation effect of non-deductible expenses increased as required by tax system.

# Management Discussion and Analysis

## (b) Analysis of consolidated statements of financial position

### (i) Assets

As of December 31, 2024 and 2023, the Group's total assets amounted to RMB109,205.4 million and RMB93,444.0 million, respectively. The main components of total assets are (i) net loans and advances to customers; and (ii) net financial investments.

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

(Expressed in RMB million, unless otherwise stated)	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total (%)	Amount	% of total (%)
<b>Assets</b>				
Gross loans and advances to customers	60,766.4	55.6	51,391.5	55.0
Accrued interest	303.6	0.3	351.7	0.4
Expected credit losses allowance	(2,626.2)	(2.4)	(2,368.3)	(2.5)
Net loans and advances to customers	58,443.8	53.5	49,374.9	52.9
Financial investments (1)	36,480.4	33.4	29,998.3	32.1
– Fair value through other comprehensive income	22,482.5	20.6	15,945.9	17.1
– Fair value through profit or loss	6,239.8	5.7	6,268.8	6.7
– Amortized cost	7,758.1	7.1	7,783.6	8.3
Financial assets held under resale agreements, due from other banks and other financial institutions	4,988.5	4.6	5,600.6	6.0
Cash and balances with central bank	7,318.5	6.7	6,577.0	7.0
Deferred tax assets	1,237.4	1.1	1,114.6	1.2
Property, plant and equipment	284.9	0.3	335.2	0.4
Right-of-use assets	31.4	0.0	32.2	0.0
Other assets (2)	420.5	0.4	411.2	0.4
<b>Total assets</b>	<b>109,205.4</b>	<b>100.0</b>	<b>93,444.0</b>	<b>100.0</b>

Notes:

- (1) Financial investments consist of financial assets measured at amortized cost, financial assets at fair value through profit or loss, and financial assets at fair value through other comprehensive income.
- (2) Other assets primarily consist of other receivables and prepayments, interest receivable, and foreclosed assets.

# Management Discussion and Analysis

## (A) Loans and advances to customers

As of December 31, 2024, the gross loans and advances to customers issued by the Group amounted to RMB60,766.4 million, representing an increase of 18.2% compared to December 31, 2023. The net loans and advances to customers accounted for 53.5% of the Group's total assets, representing an increase of 0.6 percentage point from December 31, 2023.

The table below sets forth loans and advances to customers by product as of the dates indicated.

(Expressed in RMB million, unless otherwise stated)	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total (%)	Amount	% of total (%)
Corporate loans	48,558.4	79.9	39,162.2	76.2
Retail loans	4,882.0	8.0	4,917.1	9.6
Discounted bills	948.8	1.6	482.2	0.9
Rediscounted bills	6,377.2	10.5	6,830.0	13.3
<b>Total loans and advances to customers</b>	<b>60,766.4</b>	<b>100.0</b>	<b>51,391.5</b>	<b>100.0</b>

The loans and advances to customers constitute the largest component of the Group's total assets. The Group offers a variety of loan products, all of which are denominated in RMB.

The Group's corporate loans increased by 24.0% from RMB39,162.2 million as of December 31, 2023, to RMB48,558.4 million as of December 31, 2024. This growth was primarily driven by the Group's alignment with national policy directives, its focus on regional development, and its ongoing efforts to expand service areas while effectively managing risks. These initiatives strengthened support for the real economy, met the effective credit demands of corporate loan customers, and resulted in an increase in credit disbursement.

The Group's retail loans primarily include personal business loans, personal consumption loans, and residential mortgage loans. Retail loans of the Group decreased by 0.7% from RMB4,917.1 million as of December 31, 2023 to RMB4,882.0 million as of December 31, 2024. This decline was mainly due to reduced effective credit demand from residential mortgage customers and the early repayment of some customers, leading to a contraction in the scale of residential mortgage loans.

# Management Discussion and Analysis

## Loans and advances by collateral

The table below presents the breakdown of loans and advances to customers by collateral type as of the dates indicated.

(Expressed in RMB million, unless otherwise stated)	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total (%)	Amount	% of total (%)
Collateralized loans	19,989.5	37.4	18,338.5	41.6
Pledged loans	10,723.6	20.1	8,218.0	18.6
Guaranteed loans	21,166.2	39.6	16,300.4	37.0
Unsecured loans	1,561.1	2.9	1,222.4	2.8
<b>Gross corporate and retail loans</b>	<b>53,440.4</b>	<b>100.0</b>	<b>44,079.3</b>	<b>100.0</b>

Guaranteed loans constitute the largest component of the Group's loans and advances to customers, accounting for 39.6% and 37.0% of the gross corporate and retail loans as of December 31, 2024 and December 31, 2023, respectively. The Group applies strict credit assessment standards when issuing guaranteed loans. The Bank accept guarantees from guarantors based on comprehensive considerations such as scale, creditworthiness, and risk resilience.

The Group provides unsecured loans to customers with relatively higher credit ratings. As of December 31, 2024 and 2023, unsecured loans accounted for 2.9% and 2.8%, respectively, of the gross corporate and retail loans.

## Movements of expected credit losses allowance on loans and advances to customers

(Expressed in RMB million, unless otherwise stated)	2024	2023
<b>At the beginning of the year</b>	<b>2,368.3</b>	1,648.6
Charge for the year	770.8	883.3
Amounts written off and transferred	(688.1)	(211.4)
Recovery of loans and advances written-off	175.2	47.8
Movements due to other reasons	—	—
<b>As of December 31</b>	<b>2,626.2</b>	2,368.3

The expected credit losses allowance on loans and advances increased by 10.9% from RMB2,368.3 million as of December 31, 2023 to RMB2,626.2 million as of December 31, 2024, primarily due to the Group's increase of the provision for loan impairment according to the changes in the scale of loans and advances to customers.

## Management Discussion and Analysis

### (B) Financial investments

Our financial investments consist primarily of bonds investment and SPV investment. Our SPV investment mainly comprises our investment through asset management plans, funds, wealth management products and trust plans. The following table sets forth the components of the Group's financial investments as of the dates indicated.

(Expressed in RMB million, unless otherwise stated)	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total (%)	Amount	% of total (%)
Bonds investment	34,707.3	95.1	28,961.1	96.6
SPV investment				
– Asset management plans	133.1	0.4	221.1	0.7
– Funds	1,541.3	4.2	480.6	1.6
– Wealth management products	–	–	300.1	1.0
– Trust plans	63.3	0.2	–	–
Other financial investments	35.4	0.1	35.4	0.1
<b>Net financial investments</b>	<b>36,480.4</b>	<b>100.0</b>	<b>29,998.3</b>	<b>100.0</b>

The net amount of financial investments increased by 21.6% from RMB29,998.3 million as of December 31, 2023 to RMB36,480.4 million as of December 31, 2024, primarily due to the Group's timely adjustment of its investment strategies and increase in investment in bonds, funds and trust plans according to liquidity adequacy and market changes as well as actual operational conditions. However, the increase was partially offset by a decrease in investments in asset management plans and wealth management products.



## Management Discussion and Analysis

### (ii) **Liabilities**

As of December 31, 2024 and 2023, the total liabilities amounted to RMB99,233.1 million and RMB84,157.5 million, respectively. The following table sets forth the components of our total liabilities as of the dates indicated.

(Expressed in RMB million, unless otherwise stated)	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total (%)	Amount	% of total (%)
<b>Liabilities</b>				
Customer deposits	84,517.9	85.2	71,439.1	84.9
Financial assets sold under repurchase agreements, due to other banks and other financial institutions	9,340.7	9.4	6,263.1	7.4
Borrowings from central bank	2,266.2	2.3	2,198.0	2.6
Bond issued	2,028.1	2.0	3,279.0	3.9
Taxes payable	257.1	0.3	237.6	0.3
Lease liabilities	28.8	0.0	26.5	0.0
Other liabilities <sup>(1)</sup>	794.3	0.8	714.2	0.9
<b>Total liabilities</b>	<b>99,233.1</b>	<b>100.0</b>	<b>84,157.5</b>	<b>100.0</b>

Note:

(1) Other liabilities consist primarily of accrued staff costs, tax payable, accrued liabilities.

## Management Discussion and Analysis

### (A) Customer deposits

The Group provides demand and time deposit products to corporate and retail customers. The table below sets forth the total customer deposits (excluding accrued interest) by product and customer type as of the dates indicated.

(Expressed in RMB million, unless otherwise stated)	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total (%)	Amount	% of total (%)
Corporate deposits				
– Demand	17,777.4	21.6	17,803.2	25.5
– Time	22,811.4	27.8	19,946.8	28.6
<b>Subtotal</b>	<b>40,588.8</b>	<b>49.4</b>	37,750.0	54.1
Personal deposits				
– Demand	5,430.3	6.6	4,929.9	7.1
– Time	36,171.8	44.0	27,111.8	38.8
<b>Subtotal</b>	<b>41,602.1</b>	<b>50.6</b>	32,041.7	45.9
<b>Total customer deposits (excluding accrued interest)</b>	<b>82,190.9</b>	<b>100.0</b>	69,791.7	100.0

Total customer deposits (excluding accrued interest) increased by 17.8% from RMB69,791.7 million as of December 31, 2023, to RMB82,190.9 million as of December 31, 2024. This growth was primarily driven by the Group's focus on serving key customer segments and industries, precise marketing strategies, leveraging the advantages of resource integration and product portfolio, accelerating the transformation and upgrading of branch networks, and advancing digital infrastructure, all of which enhanced customer acquisition capabilities and realized a steady growth in total deposits.

# Management Discussion and Analysis

## (B) Bonds issued

From January 1, 2023 to December 31, 2023, the Bank issued 23 tranches of zero-coupon interbank certificates of deposit with a total face value of RMB3,550.0 million. The terms of the interbank certificates of deposit ranged from 3 months to 1 year, with actual interest rates ranging from 2.68% to 3.11%.

From January 1, 2024 to December 31, 2024, the Bank issued 9 tranches of zero-coupon interbank certificates of deposit with a total face value of RMB2,050.0 million. The terms of the interbank certificates of deposit ranged from 3 months to 1 year, with actual interest rates ranging from 1.85% to 2.15%.

## (iii) Shareholders' equity

The table below sets forth the changes in Shareholders' equity as of the dates indicated.

(Expressed in RMB million, unless otherwise stated)	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total (%)	Amount	% of total (%)
Share capital	3,900.0	39.1	3,900.0	42.0
Capital reserve	3,512.8	35.2	3,462.8	37.3
Other comprehensive income	397.4	4.0	161.5	1.7
Surplus reserve	180.1	1.8	125.9	1.4
General reserve	1,239.4	12.4	1,010.6	10.9
Retained earnings	467.9	4.7	315.4	3.4
Non-controlling interests	274.7	2.8	310.3	3.3
<b>Total equity</b>	<b>9,972.3</b>	<b>100.0</b>	<b>9,286.5</b>	<b>100.0</b>

# Management Discussion and Analysis

## (c) Asset quality analysis

### (i) Breakdown of loans under five-level classification system

The Group's NPLs are classified as substandard, doubtful and loss. As of December 31, 2024, the Group's NPLs amounted to RMB1,023.3 million. The following table sets forth the issued loans and advances under the loan classification system as of the dates indicated.

(Expressed in RMB million, unless otherwise stated)	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total (%)	Amount	% of total (%)
Normal	59,240.4	97.49	50,086.2	97.46
Special mention	502.7	0.83	401.4	0.78
Substandard	587.4	0.97	806.5	1.57
Doubtful	371.1	0.60	97.4	0.19
Loss	64.8	0.11	—	—
<b>Total loans and advances to customers</b>	<b>60,766.4</b>	<b>100.0</b>	<b>51,391.5</b>	<b>100.0</b>
<b>NPL ratio</b>		<b>1.68</b>		<b>1.76</b>

The Group's NPL ratio decreased from 1.76% as of December 31, 2023 to 1.68% as of December 31, 2024, primarily due to the Group's enhanced credit risk management that improved the quality of our assets.

# Management Discussion and Analysis

## (ii) Concentration of loans

### (A) Concentration by Industry and Distribution of non-performing loans

(Expressed in RMB million, unless otherwise stated)	As of December 31, 2024				As of December 31, 2023			
	Loan amount	% of total (%)	Non-performing loan amount	Non-performing loan ratio (%)	Loan amount	% of total (%)	Non-performing loan amount	Non-performing loan ratio (%)
<b>Corporate loans</b>								
Wholesale and retail trade	12,881.5	24.1	256.3	1.99	9,328.7	21.2	130.1	1.39
Renting and business activities	5,951.1	11.1	21.4	0.36	3,456.4	7.8	10.3	0.30
Construction	8,435.7	15.8	12.9	0.15	8,564.6	19.3	44.2	0.52
Manufacturing	5,050.0	9.5	191.4	3.79	4,203.1	9.5	35.1	0.84
Agriculture, forestry, animal husbandry and fishery	3,086.1	5.8	1.7	0.06	2,698.4	6.1	17.0	0.63
Real estate	2,375.4	4.4	1.0	0.04	2,008.2	4.6	15.4	0.77
Scientific research, technology services, and geological prospecting	223.3	0.4	-	-	205.7	0.5	5.0	2.43
Transportation, warehousing and express service	947.3	1.8	15.2	1.60	657.9	1.5	5.0	0.76
Information transmission, computer service and software	423.3	0.8	10.5	2.48	297.1	0.7	-	-
Water, environment and public facilities management	2,630.4	4.9	-	-	2,625.3	6.0	2.8	0.11
Accommodation and catering	450.2	0.8	17.6	3.91	563.1	1.3	124.1	22.04
Education	2,894.9	5.4	117.0	4.04	2,574.6	5.8	118.2	4.59
Electricity, gas and water production and supply	1,982.1	3.7	-	-	824.5	1.9	-	-
Health, social security and social welfare	285.8	0.5	-	-	355.2	0.8	0.4	0.11
Residential services, repairs and other services	90.7	0.2	7.4	8.16	65.7	0.1	5.6	8.53
Culture, sport and entertainment	349.2	0.7	-	-	231.7	0.5	-	-
Mining	279.8	0.5	1.0	0.36	290.4	0.7	5.7	1.96
Financing	221.6	0.4	182.6	82.40	211.6	0.5	182.6	86.29
<b>Retail loans</b>	<b>4,882.0</b>	<b>9.2</b>	<b>187.3</b>	<b>3.84</b>	<b>4,917.1</b>	<b>11.2</b>	<b>202.4</b>	<b>4.12</b>
<b>Total</b>	<b>53,440.4</b>	<b>100.0</b>	<b>1,023.3</b>	<b>1.91</b>	<b>44,079.3</b>	<b>100.0</b>	<b>903.9</b>	<b>2.05</b>

Note: Non-performing loan ratio of an industry is calculated by dividing the balance of non-performing loans of the industry by the balance of loans granted to the industry.

## Management Discussion and Analysis

Loans to borrowers in the wholesale and retail trade, renting and business activities, construction, and manufacturing industries constitute the largest component of the Group's corporate loan portfolio. As of December 31, 2024 and 2023, loans to these industries accounted for 66.6% and 65.2% of the total corporate loans, respectively.

As of December 31, 2024, the Group's NPLs of corporate loans were primarily concentrated in the wholesale and retail trade and manufacturing industries, with NPL ratios of 1.99% and 3.79%, respectively.

### (B) Borrower concentration

Loans to the top ten individual borrowers

The following table sets forth the balances of loans to the top ten individual borrowers (excluding group borrowers) as of December 31, 2024, prepared on a consolidated or combined basis, all of which are normal loans.

(Expressed in RMB million, unless otherwise stated)		As of December 31, 2024	
Customers	Industries involved	Amount	Percentage of total loans (%)
Borrower A	Wholesale and retail trade	809.9	1.5
Borrower B	Renting and business activities	759.7	1.4
Borrower C	Construction	754.1	1.4
Borrower D	Renting and business activities	746.0	1.4
Borrower E	Manufacturing	725.0	1.4
Borrower F	Construction	655.0	1.2
Borrower G	Construction	653.0	1.2
Borrower H	Wholesale and retail trade	610.3	1.1
Borrower I	Wholesale and retail trade	586.0	1.1
Borrower J	Wholesale and retail trade	560.0	1.1
<b>Total</b>		<b>6,859.0</b>	<b>12.8</b>

# Management Discussion and Analysis

## (C) Non-performing loans by product type

The table below sets forth the loans and non-performing loans by product type as of the dates indicated.

(Expressed in RMB million, unless otherwise stated)	As of December 31, 2024			As of December 31, 2023		
	Loan amount	Non- performing loan amount	Non- performing loan ratio (%)	Loan amount	Non- performing loan amount	Non- performing loan ratio (%)
<b>Corporate loans</b>						
Working capital loans	27,878.2	674.1	2.42	22,111.5	432.2	1.95
Fixed asset loans	18,131.1	157.0	0.87	16,976.6	269.3	1.59
Others	2,549.1	4.9	0.19	74.1	–	–
<b>Subtotal</b>	<b>48,558.4</b>	<b>836.0</b>	<b>1.72</b>	<b>39,162.2</b>	<b>701.5</b>	<b>1.79</b>
<b>Retail loans</b>						
Personal business loans	1,966.6	109.9	5.59	2,121.4	131.8	6.21
Residential mortgage loans	1,763.9	68.1	3.86	1,944.1	54.1	2.78
Personal consumption loans	1,151.5	9.3	0.81	851.6	16.5	1.94
<b>Subtotal</b>	<b>4,882.0</b>	<b>187.3</b>	<b>3.84</b>	<b>4,917.1</b>	<b>202.4</b>	<b>4.12</b>
<b>Total</b>	<b>53,440.4</b>	<b>1,023.3</b>	<b>1.91</b>	<b>44,079.3</b>	<b>903.9</b>	<b>2.05</b>

The NPL ratio of the corporate loans decreased from 1.79% as of December 31, 2023 to 1.72% as of December 31, 2024, mainly due to Group's strengthened efforts for credit risk management, which improved the Group's asset quality.

The NPL ratio of retail loans decreased from 4.12% as of December 31, 2023 to 3.84% as of December 31, 2024, primarily due to the Group's ongoing efforts in recovering personal NPLs.



# Management Discussion and Analysis

## (D) Loan aging schedule

The following table sets forth our loan aging schedule for loans and advances to customers as of the dates indicated.

(Expressed in RMB million, unless otherwise stated)	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total (%)	Amount	% of total (%)
Current loans	59,351.0	97.7	50,507.4	98.3
Loans past due for				
– Up to 90 days	416.1	0.7	222.4	0.4
– Over 90 days up to 1 year	629.7	1.0	263.5	0.5
– Over 1 year up to 3 years	314.8	0.5	191.4	0.4
– Over 3 years	54.8	0.1	206.8	0.4
<b>Gross loans and advances to customers</b>	<b>60,766.4</b>	<b>100.0</b>	<b>51,391.5</b>	<b>100.0</b>

# Management Discussion and Analysis

## (d) Segment information

### (i) *Summary of geographical segment information*

When presenting data by geographical segments, operating income is allocated based on the place of registration of the institutions generating the income.

The operating income of the Group is in Sichuan Province, China.

### (ii) *Summary of business segments*

The Group's principal operations: corporate banking business, retail banking and financial market business. The table below presents the operating income of each major business segment of the Group for the periods presented.

	For the year ended December 31, 2024		For the year ended December 31, 2023	
	Amount	% of total (%)	Amount	% of total (%)
(Expressed in RMB million, unless otherwise stated)				
Corporate banking	1,584.7	72.7	1,604.5	74.0
Retail banking	488.7	22.4	458.4	21.1
Financial market business	106.6	4.9	106.1	4.9
Others	0.4	–	0.8	–
<b>Total</b>	<b>2,180.4</b>	<b>100.0</b>	<b>2,169.8</b>	<b>100.0</b>

# Management Discussion and Analysis

## (e) Off-balance sheet commitments

Off-balance sheet commitments primarily consist of bank acceptances, letters of guarantee and capital expenditure commitments. The table below sets forth our contractual amounts of off-balance sheet commitments as of the dates indicated.

(Expressed in RMB million, unless otherwise stated)		As of December 31, 2024	As of December 31, 2023
<b>Financial guarantees and credit related commitments</b>			
Bank acceptances <sup>(1)</sup>		9,315.9	6,510.7
Letters of guarantees <sup>(2)</sup>		67.8	50.3
<b>Subtotal</b>		<b>9,383.7</b>	6,561.0
<b>Capital expenditure commitments<sup>(3)</sup></b>		<b>403.4</b>	63.3
<b>Total</b>		<b>9,787.1</b>	6,624.3

Notes:

- (1) Bank acceptances refer to the Group's undertakings to pay bank bills drawn on our customers.
- (2) The Group guarantees to third parties to guarantee the performance of its customers' contractual obligations.
- (3) On June 6, 2024, the Bank entered into an acquisition agreement to purchase commercial properties as offices to accommodate business expansion at an aggregate consideration of RMB362.9 million, and not prepaid any consideration as at December 31, 2024.

Off-balance sheet commitments increased by 47.7% from RMB6,624.3 million as of December 31, 2023 to RMB9,787.1 million as of December 31, 2024. The increase in off-balance sheet commitments was mainly due to the Group's increase in off-balance sheet business based on operational needs, meeting customer financing and settlement needs.

# Management Discussion and Analysis

## BUSINESS REVIEW

### (a) Corporate banking

The Group offers corporate customers a broad range of financial products and services, including loans, discounted bills, deposits and fee and commission-based products and services. As of December 31, 2024, the Group had issued corporate loans of RMB48,558.4 million to 2,313 corporate customers. For 2024 and 2023, the operating income from the Group's corporate banking business amounted to RMB1,584.7 million and RMB1,604.5 million, respectively, accounting for 72.7% and 74.0% of total operating income, respectively.

(Expressed in RMB million, unless otherwise stated)	Year ended December 31,		
	2024	2023	Change in percentage (%)
Net interest income/(expenses) from external customers	<b>1,692.9</b>	1,870.7	(9.5)
Inter-segment net interest (expenses)/income	<b>(146.9)</b>	(310.0)	(52.6)
Net interest income	<b>1,546.0</b>	1,560.7	(0.9)
Net fee and commission income	<b>25.4</b>	20.4	24.5
Net gains on trading activities	–	–	–
Net gains on financial investments	–	–	–
Other operating income	<b>13.3</b>	23.4	(43.2)
<b>Operating income</b>	<b>1,584.7</b>	1,604.5	(1.2)
Operating expense	<b>(448.2)</b>	(431.8)	3.8
Expected credit losses	<b>(734.5)</b>	(793.3)	(7.4)
Impairment losses	<b>0.0</b>	(0.3)	–
<b>Profit before income tax</b>	<b>402.0</b>	379.1	6.0

# Management Discussion and Analysis

## **(i) Corporate loans**

The Group provides loans to corporate customers to meet the capital needs of borrowers for the business cycle and the construction, purchase, and renovation of fixed assets. As of December 31, 2024, the Group's total corporate loans amounted to RMB48,558.4 million, accounting for 79.9% of the Group's gross loans and advances to customers.

## **(ii) Discounted bills**

The Group purchases bank and commercial acceptance bills at the agreed prices from corporate customers to fund their working capital needs. These discounted bills generally have a remaining maturity of less than six months. The Group may rediscount these bills to PBOC or other financial institutions. As of December 31, 2024, the Group had a balance of RMB7,326.0 million of discounted bills.

## **(iii) Corporate deposits**

The Group accepts time and current deposits from corporate customers in Renminbi. The terms of corporate time deposits generally range from three months to five years. As of December 31, 2024, the Group's total corporate deposits amounted to RMB40,588.8 million, accounting for 49.4% of total customer deposits (excluding accrued interest).

## **(iv) Inclusive finance business**

During the Reporting Period, the Bank thoroughly implemented the spirit of the Central Financial Work Conference and the Central Economic Work Conference, fully complied with the regulatory requirements, established a dedicated working mechanism, strengthened resource protection, innovated financial products and optimized service processes to effectively improve the quality and efficiency of financial services for small and micro enterprises, and made solid progress in promoting inclusive finance. Meanwhile, to better meet the financing needs of micro and small enterprises, a total of 18 branches of the Bank have set up micro and small financial service teams, all of which are capable of handling micro and small loan business. As of December 31, 2024, the balance of the Bank's loans to small and micro enterprises amounted to RMB37,029.04 million, the number of micro and small enterprises customers was 4,780, and the balance of inclusive loans to small and micro enterprises amounted to RMB9,090.33 million with 4,539 accounts, representing an increase of 25.38% as compared to the end of the previous year, and the weighted average interest rate of the accumulated inclusive loans disbursed to small and micro enterprises in the year was 4.9%.

## **(v) Fee and commission-based products and services**

The Group offers corporate customers a wide range of fee and commission-based products and services, primarily including bank acceptance, entrusted loans, letters of guarantee, settlement and clearing services, mobile payment services, agency services and wealth management services.

### **(A) Bank acceptance**

The Group provides bank acceptance services to corporate clients. The bank acceptance service refers to the issuance of a bill by a drawer with the approval of a bank, according to which, the bank guarantees to pay a pre-determined amount to the payee or the holder of the bill unconditionally on a specified date.

# Management Discussion and Analysis

(B) *Entrusted loans*

The Group, on behalf of corporate clients, issues entrusted loans to designated borrowers in accordance with the loan purpose, principal amount and interest rate determined by the clients. It also monitors the use of the loans and assists in loan recovery. The default risk of the loans is borne by the Group's corporate clients.

(C) *Letters of guarantee*

The Group provides letters of guarantee to corporate clients for non-financing purposes, including bidding and performance.

(D) *Settlement and clearing services*

The Group provides settlement services to corporate clients, including fund remittance and transfer, drafts, cheques and other negotiable instruments.

(E) *Mobile payment services*

Utilizing the mobile payment platform, Qianhuahua, the Group convenient payment collection services to corporate clients, including universities and enterprises, under campus payment and smart parking scenarios.

(F) *Agency services*

The Group provides agency fee-collection services to corporate clients (including enterprises and public institutions), including collection agency business and sales agency business. The Group agency services are conducive to maintaining close relationships with clients and enhancing brand awareness.

Collection agency business: The Group assists in the collection of gas bills, water bills, social insurance premiums and bus IC card recharge fees on behalf of gas companies, water supply companies and local government institutions, respectively. The Group's collection agency services secure stable corporate deposit intake and strengthen linkage with the retail business.

Sales agency business: The Group sells insurance products to its customers as an agent through its collaboration with leading insurance companies to provide customers with diversified financial product needs.

(G) *Wealth management services*

In accordance with relevant PRC laws and regulations, the Group offers wealth management products with flexible terms according to client's needs and risk tolerance. As of December 31, 2024, we have served a cumulative total of 111 corporate wealth management clients.

# Management Discussion and Analysis

## (b) Retail banking business

The Group provides a variety of products and services to retail customers, including loans, deposits, bank cards, and fee and commission-based products and services. As of December 31, 2024, the Group extended retail loans totaling RMB4,882.0 million to 25,841 retail loan customers. The following table sets forth the financial performance of the Group's retail banking business for the periods indicated.

(Expressed in RMB million, unless otherwise stated)	Year ended December 31,		
	2024	2023	Change in percentage (%)
Net interest income/(expenses) from external customers	(887.5)	(584.0)	52.0
Inter-segment net interest (expenses)/income	1,323.1	1,030.1	28.4
Net interest income	435.6	446.1	(2.4)
Net fee and commission	46.3	0.4	11,475.0
Net gains on trading activities	—	—	—
Net gains on financial investments	—	—	—
Other operating income	6.8	11.9	(42.9)
<b>Operating income</b>	<b>488.7</b>	<b>458.4</b>	<b>6.6</b>
Operating expense	(223.6)	(213.8)	4.6
Expected credit losses	(127.6)	(91.8)	39.0
Impairment losses	0.0	(0.1)	(100.0)
<b>Profit before income tax</b>	<b>137.5</b>	<b>152.7</b>	<b>(10.0)</b>

### (i) Retail loans

Retail loans consist primarily of personal business loans, personal consumption loans and residential mortgage loans. As of December 31, 2024 and 2023, the Group's total retail loans amounted to RMB4,882.0 million and RMB4,917.1 million, respectively, accounting for 8.0% and 9.6% of total loans and advances to customers, respectively.



# Management Discussion and Analysis

## **(ii) Personal deposits**

The Group offers a variety of time deposits and current deposits denominated in RMB time deposits and to retail banking customers. The term of the Group's time deposits does not exceed six years. As of December 31, 2024 and 2023, the total amount of the Group's personal deposits was RMB41,602.1 million and RMB32,041.7 million, respectively, accounting for 50.6% and 45.9% of the total customer deposits (excluding accrued interest), respectively. To better attract and retain the Group's high-end non-institutional customers and capitalize on the market demand brought about by the liberalization of interest rates in China, the Group offers large-denomination certificates of deposit to, among others, individual customers with savings deposits exceeding RMB200,000.

## **(iii) Bank card services**

The Group issues RMB debit cards to retail banking customers who have opened deposit accounts with the Bank. The services provided include deposit and withdrawal, consumption, transfer and remittance, and wealth management. As a member of China UnionPay, the Group's debit cards are accepted via the China UnionPay network both in China and around the world. To expand the service scope and enhance brand awareness, the Group issued debit cards with the function of a bus IC card, providing a convenient travel solution for residents in Yibin City; at the same time, in cooperation with local government agencies, Yibin City launched the "Ruyi Social Security IC Card", a two-in-one card in Yibin City. In addition to the general functions of a debit card, it also provides cardholders with social security services such as social security information inquiry, medical insurance settlement, and social security contribution. As of December 31, 2024, the Group had issued 1,080,658 debit cards in total.

## **(iv) Fee and commission-based products and services**

The Group offers a variety of fee and commission-based products and services to retail customers, mainly including wealth management services, agency services, transfer and remittance services, etc. Regarding fee and commission-based products and services, the Group generally determines the prices of such products and services according to the government-guided prices. The Group also adjusts the Group's prices by referring to the current market conditions and service costs.

### **(A) Wealth management services**

The Group has launched non-principal-guaranteed wealth management products, mainly providing wealth management products and services to retail banking customers. The Group estimates that, given the economic growth in Sichuan Province and the increase in residents' disposable income, in addition to traditional banking products and services, the demand of retail banking customers for comprehensive and personalized wealth management services will increase. As of December 31, 2024, the Group had served a cumulative total of 33,618 individual wealth management customers.

### **(B) Other fee and commission-based products and services**

The Group also provides other fee and commission-based products and services to retail customers, such as transfer and remittance, collection services, and bank drafts.

# Management Discussion and Analysis

## (c) Financial market business

The Group's financial market business mainly includes monetary market transactions, investments in securities and other financial assets. The Group actively adapted to the complex and ever-changing economic and financial landscape, aiming to optimize the asset-liability structure and boost returns, it seized investment opportunities, timely adjusted investment strategies, and conducted various financial market businesses in a compliant and prudent way. In 2024 and 2023, the operating income from the Group's financial market business was RMB106.6 million and RMB106.1 million, respectively, accounting for 4.9% and 4.9% of the total operating income respectively. The following table shows the financial performance of the Group's financial market business during the periods presented.

(Expressed in RMB million, unless otherwise stated)	Year ended December 31,		
	2024	2023	Change in percentage (%)
Net interest income/(expenses) from external customers	<b>772.3</b>	498.8	54.8
Inter-segment net interest (expenses)/income	<b>(1,176.2)</b>	(720.0)	63.4
Net interest income	<b>(403.9)</b>	(221.2)	82.6
Net fee and commission	<b>(6.6)</b>	23.1	(128.6)
Net gains on trading activities	<b>201.0</b>	291.8	(31.1)
Net gains on financial investments	<b>315.1</b>	10.6	2,872.6
Other operating income	<b>1.0</b>	1.8	(44.4)
<b>Operating income</b>	<b>106.6</b>	106.1	0.5
Operating expense	<b>(40.2)</b>	(37.9)	6.1
Expected credit losses	<b>(26.7)</b>	(43.5)	(38.6)
Impairment losses	<b>0.0</b>	0.0	–
<b>Profit before income tax</b>	<b>39.7</b>	24.7	60.7

# Management Discussion and Analysis

## **(i) Monetary market transactions**

Monetary market transactions are important means of managing liquidity. The Group also earns interest income through monetary market transactions. Monetary market transactions mainly include (i) interbank deposits with other domestic banks and non-bank financial institutions; (ii) interbank lending; and (iii) interbank repo and reverse repo transactions.

### **(A) Interbank deposits**

The Group accepts deposits from banks and other financial institutions and deposits funds in other financial institutions to adjust its asset and liability structure. As of December 31, 2024 and 2023, the Group's deposits from banks and other financial institutions totalled RMB1,016.0 million and RMB883.1 million, respectively, and the Group's deposits with banks and other financial institutions totalled RMB1,853.7 million and RMB2,459.8 million, respectively.

### **(B) Interbank placements**

As of December 31, 2024 and 2023, the Group's placements with banks and other financial institutions totalled RMB2,276.7 million and RMB1,526.7 million, respectively, and the Group's placements from banks and other financial institutions totalled RMB2,594.0 million and RMB2,840.0 million, respectively.

### **(C) Interbank repo and reverse repo transactions**

The securities involved in the Group's repo and reverse repo transactions are mainly RMB-denominated bonds. As of December 31, 2024 and 2023, the total amount of the Group's financial assets held under resale agreements was RMB1,112.9 million and RMB1,869.5 million, respectively, and the total amount of the Group's financial assets sold under repurchase agreements was RMB5,719.0 million and RMB2,527.1 million, respectively.

# Management Discussion and Analysis

## (ii) Investments in securities and other financial assets

(A) Securities investment by business model and characteristics of cash flow of assets of the Group

(Expressed in RMB million, unless otherwise stated)	As of December 31, 2024		As of December 31, 2023	
	Amount	% of total (%)	Amount	% of total (%)
Financial assets at fair value through profit or loss	6,239.8	17.1	6,268.8	20.9
Financial assets at fair value through other comprehensive income	22,482.5	61.6	15,945.9	53.2
Financial assets at amortised cost	7,758.1	21.3	7,783.6	25.9
<b>Total</b>	<b>36,480.4</b>	<b>100.0</b>	<b>29,998.3</b>	<b>100.0</b>

(B) Holding of government bonds

As of December 31, 2024, the balance of face value of government bonds held by the Group amounted to RMB12,948.8 million. The table below sets forth the top 10 government bonds with the highest face value held by the Group as of December 31, 2024.

Name of the bond	Carrying amount (RMB in millions)	Annual interest rate (%)	Maturity date
24 Xinjiang bond 29	620.0	2.35	July 26, 2034
24 Fujian bond 46	500.0	2.20	December 6, 2039
24 Hunan bond 56	400.0	2.23	November 27, 2034
22 Interest-bearing treasury bond 06	400.0	2.80	March 24, 2029
24 Jilin bond 52	390.0	2.23	December 11, 2044
22 Henan bond 26	340.0	3.29	April 28, 2037
24 Chongqing bond 50	300.0	2.28	December 9, 2044
24 Yunnan bond 40	300.0	2.22	December 10, 2039
21 Hebei bond 01	300.0	3.34	March 19, 2026
24 Shaanxi bond 20	290.0	2.31	July 30, 2034
<b>Total</b>	<b>3,840.0</b>		

# Management Discussion and Analysis

## (C) Holding of financial bonds

As of December 31, 2024, the balance of face value of the financial bonds (mainly the financial bonds issued by policy-oriented banks, banks and other financial institutions in China) held by the Group amounted to RMB10,193.1 million. The table below sets out the 10 financial bonds with the highest face value held by the Group as of December 31, 2024.

Name of the bond	Carrying amount (RMB in millions)	Annual interest rate (%)	Maturity date
24 ADBC bond 20	1,080.0	2.30	July 4, 2034
22 EIBC bond 11	930.0	2.90	August 19, 2032
22 ADBC bond 05	880.0	3.06	June 6, 2032
24 CDB 15	400.0	2.26	July 19, 2034
24 Huijin MTN004	360.0	2.08	June 25, 2027
21 CDB 10	270.1	3.41	June 7, 2031
20 CDB 10	270.0	3.09	June 18, 2030
24 EIBC bond 10	250.0	2.44	April 12, 2034
19 CDB 15	210.0	3.45	September 20, 2029
24 China Everbright Bank Small and Micro Bonds	200.0	2.15	April 25, 2027
<b>Total</b>	<b>4,850.1</b>		

## (d) Distribution network

### (i) Physical outlets

As of December 31, 2024, the Group had a total of 66 business outlets. Among them, 39 business outlets were operated by the Bank itself, and the remaining outlets were operated by the Group's subsidiaries in their own names.

The Group has steadily advanced the optimization of business outlets and the upgrading of channels, continuously enhancing the competitiveness of its outlets. On the one hand, focusing on cost reduction and efficiency improvement, the Group has continuously optimized the layout of its outlets to cut operating costs. Meanwhile, it has quickened the pace of transformation and upgrading, actively explored a characteristic development path for the outlets, and promoted differentiated operation. On the other hand, seizing opportunities for technological empowerment, the Group has widely equipped its outlets with intelligent counters. It has continuously enhanced the functionality of mobile banking, online banking, and WeChat banking, strengthened online service support, developed digital application scenarios, and promoted the in-depth integration of consumption and finance.

# Management Discussion and Analysis

## **(ii) E-banking services**

### **(A) Self-service banking**

The Group offers customers convenient self-service banking services via self-service equipment at relatively low operating costs. The self-service equipment is placed in business outlets, self-service areas, and public places like hospitals and schools. The Group's self-service equipment includes ATMs (Automated Teller Machines) and CRSs (Cash Recycling Systems). They offer customers 7\*24 self-service financial services, such as account inquiries, cash deposit and withdrawal, transfer and remittance, and utility bill payments, effectively reducing the Group's operating costs. As of December 31, 2024, the Group had 14 ATMs and 133 CRSs. In addition, the Group has installed intelligent devices in its business outlets. These intelligent devices have greatly improved the efficiency of business processing at the outlets and provided customers with convenient and efficient financial services. As of December 31, 2024, the Group had 133 non-cash intelligent devices and 47 cash intelligent devices.

### **(B) Online banking**

The Group provides customers with 24-hour online banking services through its official website. The Group's corporate online banking products and services mainly include transfer and remittance, account inquiry, electronic remittance, order payment, tax withholding and payment, wealth management services, bank reconciliation, and current deposits. The Group's retail online banking services mainly include account management, transfer and remittance, time and current account deposits, wealth management services, loan services, and convenience services. As of December 31, 2024, the Group has nearly 100,000 online banking customers.

### **(C) Mobile banking**

The Group provides mobile banking services to customers, mainly including account inquiry and management, transfer and remittance, conversion between time and current deposits, wealth management services, water bills and gas bills payment services, loan services, and other professional services. As of December 31, 2024, the Group had 211,900 mobile banking customers.

### **(D) WeChat banking**

The Group's customers can obtain information about the Group's products, services, and promotions through the WeChat official account. They can also manage their accounts, inquire about the locations of the Group's business outlets, and make appointments for counter services through the WeChat official account. As of December 31, 2024, the Group had 446,829 subscribers to the WeChat official account.

# Management Discussion and Analysis

## (e) Information about subsidiaries

### (i) *Rural banks*

As of December 31, 2024, the Group had established two rural banks, namely Yibin Xingyi Rural Bank and Neijiang Xinglong Rural Bank.

As of December 31, 2024, these rural banks had total assets of RMB8,147.5 million, total deposits of RMB7,253.8 million and total loans of RMB5,100.0 million. In 2024 and 2023, the operating income of these rural banks was RMB219.0 million and RMB222.3 million, accounting for 10.0% and 10.2% of the Group's operating income, respectively.

The Group's rural banks provide a variety of financial products and services to local corporate and retail customers. These include commercial and consumer loans, bill discounting, customer deposits, as well as fee-based and commission-based products and services such as settlement services, remittance services, and bank card services.

## (f) Information technology system operation and security

In 2024, the Bank continued to advance its vision of becoming a digital, intelligent, and distinctive financial institution, by enhancing the IT governance framework, strengthening the foundation for business continuity management, and accelerating the development of digital information systems, to provide effective technological support for the Bank's transformation and development. This, in turn, will stimulate the Bank's innovative, stable, and high-quality development.

### (i) *Improving the information technology governance system*

In 2024, the Bank continued to strengthen information technology governance and improve the technology-related institutional system. We revised and issued the Administrative Measures for the Operation of Production Systems of Yibin City Commercial Bank, the Administrative Measures for Data Standards of Yibin City Commercial Bank, and the Administrative Measures for Network Security of Yibin City Commercial Bank, to promote the institutionalization, systematization, and standardization of information technology work. At the same time, we strengthened full life-cycle management of technology production incidents. We organized publicity campaigns such as the Network Security Week, the SciTech Activity Week, and the promotion of financial standards for the benefit of the people and enterprises. Through various means like special lectures, off-line promotions, and media dissemination, we publicized network security knowledge to customers and the general public, fulfilling our social responsibilities. Moreover, by inviting professional security institutions to conduct security assessments, classified protection evaluations, penetration tests, and simulated red-team attacks, we continuously enhanced the network security protection capabilities of the Bank's systems, ensuring the safe and stable operation of the entire Bank's systems.

## Management Discussion and Analysis

### **(ii) *Enhancing the development of digital information systems***

The Bank has always been committed to integrating technologies like artificial intelligence, big data, and cloud computing into information technology to strengthen decision-making support and risk management. We actively use fin-tech to innovate business scenarios and keep building systems such as the Super Online Banking System, the Online Union-Pay Platform, the WeChat Banking System, the Direct Banking System, and the Mobile Banking System. This has continuously improved our omni-channel access, offering customers financial services that are “available in due time” and even “always accessible”. In 2024, the Bank remains committed to seeing through its blueprint to the end, fully advancing the implementation of its digital transformation strategy and plan for information technology. We launched a variety of digital financial product platforms, including the domestic electronic letter of credit system and the digital RMB system, continuously strengthening the Bank’s digital operation capabilities. We also launched digital financial management platforms such as the related-party transaction management system, the integrated financial anti-fraud platform, the paperless teller counter system, and the electronic file management system. Additionally, we completed and launched the migration and transformation project for the data warehouse application on the big data platform, establishing a new data warehouse based on a big data architecture. We comprehensively promoted the digitalization of business, risk monitoring, and business management, continuously strengthened the construction of system service capabilities, and steadily enhanced the Bank’s digital management capabilities.

### **(iii) *Strengthening the foundation for business continuity management***

The Bank has completed and put into operation an urban-area application-level disaster recovery system and an off-site data-level disaster recovery system. In 2024, the Bank’s data center ran smoothly. We increased continuous investment in key infrastructure. We successfully passed the acceptance of the disaster recovery computer room for payment system by the PBOC. We completed the migration of core and peripheral storage data and the localization of storage systems. These efforts ensured the security of our data storage and the continuity of our business operations. We improved the trinity monitoring system of the data center, realizing centralized monitoring of business transactions, physical environment, basic resources, and system software. We built an integrated IT operation and maintenance management platform, standardizing, digitizing, and automating IT operation and maintenance services. Meanwhile, we stepped up efforts in business continuity drills. We conducted key business continuity drills throughout the year. These included site-level disaster-recovery switchover drills for important information systems to fully take over business during the day, as well as special site-level disaster-recovery switchover drills for the e-Banking system. This consistently enhanced the Bank’s emergency response capabilities.



# Management Discussion and Analysis

## RISK MANAGEMENT

### (a) Risk management of the Bank

The Bank is committed to building a comprehensive risk management system to eliminate the impacts of various uncertainties on the Bank's achievement of strategic and operational goals. The Bank's comprehensive risk management work is implemented through a hierarchical management approach. The Board of Directors, as the highest decision-making body for risk management, is responsible for establishing and maintaining a fully effective comprehensive risk management system. By establishing a sound risk management system, implementing the risk management process in each management link, and cultivating a good risk management culture, the Bank aims to achieve the overall goal of risk management. The main components of the Bank's comprehensive risk management include credit risk, market risk, operational risk, liquidity risk, reputational risk, legal and compliance risk, information technology risk, anti-money laundering and counter-terrorist financing management.

#### (i) Credit risk management

The Bank has established and continuously improved a comprehensive credit risk management system to identify, measure, monitor, mitigate, and control risks arising in the credit business process. The Bank improves its overall credit risk management capabilities via multiple measures, such as optimizing the credit investment structure, upgrading the credit management system, improving the credit system framework, strengthening the credit review and supervision, training credit staff, and recovering and resolving non-performing loans. During the Reporting Period, the Bank focused on strengthening credit risk management in the following aspects:

1. Adhering to policy guidance and optimizing the credit investment structure. Based on local, domestic and international economic conditions as well as government policies and regulatory requirements, the Bank formulated annual loan orientation and lending plans, credit policies, and guidelines for key industries.
2. Strictly implementing the pre-loan review and credit approval work system. In line with the business development needs, the Bank implemented a hierarchical authorization review and approval system for credit business. In accordance with the requirement of separating loan approval from loan granting, a risk review center was independently established to carry out and guide the credit business risk review work of the Bank. The credit business risk review focuses on credit risk. Based on relevant information such as customer basic information, project details, collateral information submitted by operating institutions, the Bank strengthens credit risk review in terms of the completeness and effectiveness of credit documentation, the customer's qualification as a subject, creditworthiness, financing purpose, repayment ability, etc.
3. Establishing a risk early-warning mechanism. Using the data and information gathered from daily monitoring and post-loan inspections, the Bank performed quantitative and qualitative analysis to spot early warning signals endangering the safety of credit assets. It identifies the category, degree, cause, and development trend of loan risks and takes targeted actions following the specified procedures and requirements to promptly prevent, control, and resolve loan risks.

## Management Discussion and Analysis

4. Strengthening risk investigations and improving risk classification management. The Bank earnestly promoted the implementation of the Measures for the Risk Classification of Financial Assets of Commercial Banks during the transition period, managed asset quality risk classification and, carried out monitoring and early-warning work effectively, and actively identified and promptly resolved credit risks.
5. Actively promoting the disposal of non-performing loans. Based on the actual circumstances of various non-performing loans, the Bank adopted effective measures such as negotiation for recovery, judicial disposal, and loan for collateral to step up the disposal of non-performing loans and set up a liability determination mechanism for non-performing asset disposal.
6. Strengthening the development of the credit team and enhancing employees' compliance awareness and professional capabilities. The Bank annually formulates training plans for various business lines, with a strong focus on providing training and guidance to credit line personnel. This enhances the professional competence and risk compliance awareness of all credit line employees, fostering a robust corporate risk control culture.

### **(ii) Market risk management**

Market risk refers to the risk of losses to the Bank's on-balance-sheet or off-balance-sheet business due to adverse changes in market prices, namely interest rates, exchange rates, stock prices, and commodity prices. The primary market risk faced by the Bank is interest rate risk. Among these, the trading book interest rate risk refers to the risk of losses due to adverse changes in the interest rates of financial instruments in the trading book. The interest rate risk in the banking book refers to the risk of economic value and overall income losses in the banking book due to adverse changes in interest rate levels, term structure, etc., mainly including gap risk and basis risk. The Bank's market risk management system covers the Board of Directors, Board of Supervisors, senior management, the comprehensive risk management committee under the senior management, and various business departments, including the risk management department, planning and finance department, internal audit department, and other departments responsible for related business risk management.

The Bank has established fundamental systems for market risk and banking book interest rate risk management that align with its operations in accordance with the Market Risk Management Guidelines for Commercial Banks 《商業銀行市場風險管理指引》, the Guidelines for Internal Control of Commercial Banks 《商業銀行內部控制指引》, and the Guidelines for the Management of Interest Rate Risk in the Banking Book of Commercial Banks 《商業銀行銀行賬簿利率風險管理指引》. In 2024, the Bank remained highly attentive to market developments, further enhanced its market risk management framework, implemented stringent market risk limit management, and continuously monitored trading limits, stop-loss limits, and risk limits. The Bank took proactive measures to ensure early warning and effective risk mitigation while categorizing and managing trading and banking book accounts to continuously enhance market risk management efficiency.

# Management Discussion and Analysis

The tables below summarise the Group's exposures to interest rate risks. The tables show the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing date or maturity date.

(Expressed in RMB million, unless otherwise stated)	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non- interest bearing	Total
As at December 31, 2024							
<b>Assets</b>							
Cash and balances with central bank	7,083.5	–	–	–	–	235.0	7,318.5
Financial assets held under resale agreements, due from other banks and other financial institutions	3,449.6	786.9	746.8	–	–	5.2	4,988.5
Loans and advances to customers	7,577.9	5,620.1	22,099.5	17,508.6	5,349.3	288.4	58,443.8
Financial investments – fair value through profit or loss	81.2	50.2	557.8	3,455.9	326.1	1,768.6	6,239.8
Financial investments – fair value through other comprehensive income	818.9	2,043.3	5,216.1	3,813.4	10,410.4	180.4	22,482.5
Financial investments – amortised cost	44.3	–	–	2,148.5	5,474.6	90.7	7,758.1
Other financial assets	–	–	–	–	–	61.4	61.4
<b>Total financial assets</b>	<b>19,055.4</b>	<b>8,500.5</b>	<b>28,620.2</b>	<b>26,926.4</b>	<b>21,560.4</b>	<b>2,629.7</b>	<b>107,292.6</b>
<b>Liabilities</b>							
Borrowings from central bank	253.5	182.7	1,828.8	–	–	1.2	2,266.2
Financial assets sold under repurchase agreements, due to other banks and other financial institutions	6,975.0	–	2,354.0	–	–	11.7	9,340.7
Customer deposits	26,054.8	5,812.6	16,491.7	33,831.8	–	2,327.0	84,517.9
Bonds issued	–	598.0	1,430.1	–	–	–	2,028.1
Lease liabilities	–	–	0.1	14.9	13.8	–	28.8
Other financial liabilities	–	–	–	–	–	247.9	247.9
<b>Total financial liabilities</b>	<b>33,283.3</b>	<b>6,593.3</b>	<b>22,104.7</b>	<b>33,846.7</b>	<b>13.8</b>	<b>2,587.8</b>	<b>98,429.6</b>
<b>Total interest sensitivity gap</b>	<b>(14,227.9)</b>	<b>1,907.2</b>	<b>6,515.5</b>	<b>(6,920.3)</b>	<b>21,546.6</b>	<b>41.9</b>	<b>8,863.0</b>

# Management Discussion and Analysis

(Expressed in RMB million, unless otherwise stated)	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non- interest bearing	Total
As at December 31, 2023							
<b>Assets</b>							
Cash and balances with central bank	6,422.9	–	–	–	–	154.1	6,577.0
Financial assets held under resale agreements, due from							
other banks and other financial institutions	4,814.5	289.5	489.2	–	–	7.4	5,600.6
Loans and advances to customers	6,142.2	4,834.0	19,276.0	15,484.0	3,302.6	336.1	49,374.9
Financial investments – fair value through profit or loss	130.0	50.1	1,377.3	3,345.2	238.4	1,127.8	6,268.8
Financial investments – fair value through other							
comprehensive income	699.4	2,697.9	3,706.3	3,700.3	4,935.8	206.1	15,945.8
Financial investments – amortised cost	1,111.2	–	–	1,074.7	5,445.7	152.0	7,783.6
Other financial assets	–	–	–	–	–	93.6	93.6
<b>Total financial assets</b>	<b>19,320.2</b>	<b>7,871.5</b>	<b>24,848.8</b>	<b>23,604.2</b>	<b>13,922.5</b>	<b>2,077.1</b>	<b>91,644.3</b>
<b>Liabilities</b>							
Borrowings from central bank	187.8	240.0	1,769.0	–	–	1.2	2,198.0
Financial assets sold under repurchase agreements, due to							
other banks and other financial institutions	2,600.3	984.0	2,366.0	300.0	–	12.8	6,263.1
Customer deposits	24,501.9	4,458.9	14,029.7	26,801.2	–	1,647.4	71,439.1
Bonds issued	–	885.3	2,393.7	–	–	–	3,279.0
Lease liabilities	1.6	0.2	0.8	16.5	7.3	–	26.4
Other financial liabilities	–	–	–	–	–	391.1	391.1
<b>Total financial liabilities</b>	<b>27,291.6</b>	<b>6,568.4</b>	<b>20,559.2</b>	<b>27,117.7</b>	<b>7.3</b>	<b>2,052.5</b>	<b>83,596.7</b>
<b>Total interest sensitivity gap</b>	<b>(7,971.4)</b>	<b>1,303.1</b>	<b>4,289.6</b>	<b>(3,513.5)</b>	<b>13,915.2</b>	<b>24.6</b>	<b>8,047.6</b>

# Management Discussion and Analysis

## **(iii) Operational risk management**

Operational risk refers to the risk of loss resulting from deficiencies in internal procedures, employees, information technology systems, or external events. Operational risk events are incidents arising from operational risks that lead to actual or expected losses, including risks related to internal and external fraud, employment practices, workplace safety, damage to physical assets, customers, products and operations, as well as errors or failures in information technology systems.

The Bank integrates operational risk into its comprehensive risk management framework. The Board of Directors assumes ultimate responsibility for operational risk management, is responsible for the approval of the Bank's operational risk management strategy and overall policies. The Board of Supervisors is responsible for supervising operational risk management, supervising and inspecting the fulfillment of duties and responsibilities of the Board of Directors and senior management. Senior management is responsible for implementing operational risk management, ensuring the effective functioning of the operational risk management framework. In 2024, the Bank adopted a multifaceted approach to continuously strengthen operational risk management and enhance risk control capabilities:

1. Adhering to the principle of "internal control first, system-driven approach", the Bank conducted continuous post-evaluation and refinement on a series of standardized policies and operational procedures in areas such as credit, operations, and internal control, constantly reviewed and improved its regulation systems to ensure timely and comprehensive updates. The current effective policies cover all key areas and critical processes.
2. Deepening the compliance culture, the Bank continuously established a comprehensive compliance education and training system, including the head office's compliance lecture hall for line-specific training and internal compliance education for branches. Compliance newsletters and work updates were regularly published to reinforce the compliance culture.
3. Continuously enhancing supervision, inspections, and accountability mechanisms to ensure effective policy implementation, the Bank conducted quarterly inspections covering key areas and important management aspects such as credit extension, cross-industry collaborations, self-service equipment management, wealth management, counter operations and accounting settlements, and interbank business. Simultaneously, routine risk prevention inspections were carried out at branches, with an immediate rectification approach to promptly address identified vulnerabilities.
4. Strengthening personnel management through root-cause governance, the Bank conducted comprehensive screening of employees for abnormal behavior, utilizing multiple channels and perspectives to assess employees' daily performance during the work period. Additionally, rigid job constraints were enforced, including the separation of incompatible roles and control of critical positions, alongside strict adherence to job rotation policies.

# Management Discussion and Analysis

## **(iv) Liquidity risk management**

Liquidity risk refers to the risk of being unable to obtain sufficient funds at a reasonable cost in a timely manner to meet debt obligations. It is primarily influenced by external factors such as macroeconomic policies, changes in financial markets, and the competitive landscape of the banking industry, as well as internal factors such as the maturity structure of assets and liabilities, the stability of deposits, and financing capabilities. In extreme cases, insufficient liquidity may lead to solvency risks for commercial banks. The Bank's liquidity risk management objective is to establish and continuously improve liquidity risk management strategies, policies, and procedures, clarify the organizational structure and departmental responsibilities, fully identify, effectively measure, and continuously monitor the Bank's liquidity risk, effectively prevent and control liquidity risk, and achieve a coordinated balance among operational safety, liquidity, and profitability.

The Bank has established an effective liquidity management framework, decision-making processes, and systems. The Board of the Bank is ultimately responsible for liquidity risk management, reviewing and approving policies, strategies, procedures, and liquidity risk limits related to the Bank's liquidity management based on risk appetite, and regularly receiving liquidity risk reports on significant changes and potential shifts in the Bank's liquidity risk. The Asset and Liability Management Committee under senior management is responsible for implementing liquidity risk management strategies, policies, and procedures. The Planning and Finance Department is responsible for the daily management of liquidity risk, with relevant business departments collaborating to form a well-coordinated and efficiently operating organizational structure for liquidity risk management.

In 2024, the Bank adhered to the liquidity risk management principles of "unified management, safety and stability, forward-looking management, and comprehensive coverage", strengthening proactive and forward-looking liquidity management. By effectively integrating the Bank's various business activities with liquidity management, the Bank maintained liquidity stability through the following measures:

1. Strictly implementing the liquidity risk management policies and preferences set by the Board of Directors, the Bank balanced the relationship among safety, liquidity, and profitability.
2. Strengthening the foundations of daily position management, the Bank's high-frequency monitoring of reserve funds and large capital flows. For critical periods such as holidays, the Bank made accurate position forecasts and arrangements, strictly adhering to the bottom line of avoiding payment risks.
3. Conducting quarterly liquidity risk stress tests, the Bank promptly assessed its ability to withstand liquidity risk pressures and its risk mitigation capabilities.
4. Enhancing liquidity risk monitoring, management, and early warning analysis. While rigorously implementing regulatory requirements, the Bank closely monitored various indicators and limits based on its actual conditions. It conducted identification, assessment, and measurement tasks to promptly identify risks and proactively deploy prevention, control, and risk mitigation measures.

# Management Discussion and Analysis

The table below analyses the Group's assets and liabilities into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date.

(Expressed in RMB million, unless otherwise stated)									
	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Indefinite	Overdue	Total
<b>As at December 31, 2024</b>									
<b>Assets</b>									
Cash and balances with central bank	3,091.6	-	2.6	-	-	-	4,224.3	-	7,318.5
Financial assets held under resale agreements, due from other banks and other financial institutions	1,290.2	1,994.3	788.0	747.7	-	-	-	168.3	4,988.5
Loans and advances to customers	-	2,933.3	5,543.4	22,749.3	19,468.4	7,244.8	-	504.6	58,443.8
Financial investments – fair value through profit or loss	-	84.6	51.4	1,748.4	2,648.8	970.6	736.0	-	6,239.8
Financial investments – fair value through other comprehensive income	-	799.2	2,043.3	5,232.9	3,876.9	10,507.4	-	22.8	22,482.5
Financial investments – amortised cost	-	-	-	-	2,178.1	5,535.7	-	44.3	7,758.1
Other financial assets	57.2	-	-	-	-	-	-	4.2	61.4
<b>Financial assets held for managing liquidity risk (contractual maturity dates)</b>	<b>4,439.0</b>	<b>5,811.4</b>	<b>8,428.70</b>	<b>30,478.3</b>	<b>28,172.2</b>	<b>24,258.5</b>	<b>4,960.3</b>	<b>744.2</b>	<b>107,292.6</b>
(Expressed in RMB million, unless otherwise stated)									
	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Indefinite	Overdue	Total
<b>Liabilities</b>									
Borrowings from central bank	-	253.7	182.7	1,829.8	-	-	-	-	2,266.2
Financial assets sold under repurchase agreements, due to other banks and other financial institutions	56.0	6,922.0	-	2,362.7	-	-	-	-	9,340.7
Customer deposits	23,147.3	3,002.1	6,004.1	17,076.2	35,288.2	-	-	-	84,517.9
Bond issued	-	-	598.0	1,430.1	-	-	-	-	2,028.1
Lease liabilities	-	-	-	0.1	14.9	13.8	-	-	28.8
Other financial liabilities	247.9	-	-	-	-	-	-	-	247.9
<b>Total financial liabilities (contractual maturity dates)</b>	<b>23,451.2</b>	<b>10,177.8</b>	<b>6,784.8</b>	<b>22,698.9</b>	<b>35,303.1</b>	<b>13.8</b>	<b>-</b>	<b>-</b>	<b>98,429.6</b>
<b>Position</b>	<b>(19,012.2)</b>	<b>(4,366.4)</b>	<b>1,643.9</b>	<b>7,779.4</b>	<b>(7,130.9)</b>	<b>24,244.7</b>	<b>4,960.3</b>	<b>744.2</b>	<b>8,863.0</b>

# Management Discussion and Analysis

(Expressed in RMB million, unless otherwise stated)									
	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Indefinite	Overdue	Total
<b>As at December 31, 2023</b>									
<b>Assets</b>									
Cash and balances with central bank	3,053.0	-	2.4	-	-	-	3,521.6	-	6,577.0
Financial assets held under resale agreements, due from other banks and other financial institutions	1,329.0	3,318.6	291.4	661.6	-	-	-	-	5,600.6
Loans and advances to customers	-	2,241.9	5,017.3	19,570.6	16,869.9	4,941.0	-	734.2	49,374.9
Financial investments – fair value through profit or loss	-	145.1	76.7	1,632.6	3,560.0	238.4	616.0	-	6,268.8
Financial investments – fair value through other comprehensive income	-	708.2	2,748.4	3,812.0	3,700.3	4,935.8	-	41.1	15,945.8
Financial investments – amortised cost	-	1,182.6	41.9	38.7	1,074.7	5,445.7	-	-	7,783.6
Other financial assets	70.6	-	-	-	-	-	-	23.0	93.6
<b>Financial assets held for managing liquidity risk (contractual maturity dates)</b>									
	<b>4,452.6</b>	<b>7,596.4</b>	<b>8,178.1</b>	<b>25,715.5</b>	<b>25,204.9</b>	<b>15,560.9</b>	<b>4,137.6</b>	<b>798.3</b>	<b>91,644.3</b>
<b>Liabilities</b>									
Borrowings from central bank	-	188.0	240.0	1,770.1	-	-	-	-	2,198.1
Financial assets sold under repurchase agreements, due to other banks and other financial institutions	73.1	2,527.3	992.8	2,369.6	300.3	-	-	-	6,263.1
Customer deposits	19,641.0	4,966.2	4,629.5	14,440.3	27,762.1	-	-	-	71,439.1
Bond issued	-	-	885.3	2,393.7	-	-	-	-	3,279.0
Lease liabilities	-	1.6	0.2	0.8	16.5	7.3	-	-	26.4
Other financial liabilities	391.1	-	-	-	-	-	-	-	391.1
<b>Total financial liabilities (contractual maturity dates)</b>									
	<b>20,105.2</b>	<b>7,683.1</b>	<b>6,747.8</b>	<b>20,974.5</b>	<b>28,078.9</b>	<b>7.3</b>	<b>-</b>	<b>-</b>	<b>83,596.8</b>
<b>Position</b>									
	<b>(15,652.6)</b>	<b>(86.7)</b>	<b>1,430.3</b>	<b>4,741.0</b>	<b>(2,874.0)</b>	<b>15,553.6</b>	<b>4,137.6</b>	<b>798.3</b>	<b>8,047.5</b>



# Management Discussion and Analysis

## **(v) Reputational risk management**

Reputational risk refers to the risk of negative evaluations by stakeholders due to the Bank's operations, management, other actions, or external events. The primary objective of the Bank's reputational risk management is to establish a proactive, reasonable, and effective reputational risk management mechanism to identify, monitor, control, and mitigate reputational risks, thereby building and maintaining a positive image of the Bank and promoting its sustained, stable, and healthy development.

The Board of the Bank bears ultimate responsibility for reputational risk management. It is responsible for formulating reputational risk management strategies and overall objectives aligned with the Bank's strategic goals, overseeing senior management's fulfillment of reputational risk management responsibilities, regularly listening to reports on reputational risk management. Senior management, in accordance with the reputational risk management strategies set by the Board, establishes and improves reputational risk management systems tailored to the Bank, improving the reputational risk management mechanisms with clear responsibilities, collaborative division of labor, and participation from all relevant parties. In 2024, the Bank continued to refine its reputational risk management systems and mechanisms, consistently enhancing its reputational risk management capabilities.

1. Strengthening group management and mechanism development, the Bank guided its subsidiaries in formulating reputational risk management systems, thereby expanding the coverage of reputational risk management.
2. Implementing measures such as "24/7 monitoring, prevention before issues arise, strengthened guidance and control", the Bank comprehensively strengthened the proactive nature of its reputational risk management.
3. Enhancing public sentiment monitoring, the Bank conducted real-time, comprehensive monitoring of public sentiment across all platforms regarding issues of concern to customers and the media, such as business performance, product reputation, customer complaints, and key events. It ensured compliant information disclosure, continuously improving the comprehensiveness and transparency of such disclosures.
4. Diligently advancing various consumer rights protection initiatives, the Bank continuously improved its consumer protection systems and strengthened complaint management to promptly address reasonable consumer demands.
5. Strengthening employee training on reputational risk awareness, the Bank reinforced compliance as a bottom line and enhanced service quality.

## Management Discussion and Analysis

### **(vi) Legal and compliance risk management**

Legal and compliance risk refers to the risk of facing legal sanctions, regulatory penalties, significant financial losses, or reputational damage due to non-compliance with laws, regulations, regulatory requirements, rules, standards, as well as the Bank's internal policies and normative documents. The objective of the Bank's legal and compliance risk management is to establish and improve a compliance risk management system, enabling effective identification, prevention, and management of compliance risks, promoting the development of a comprehensive risk management framework, and ensuring lawful and compliant operations. The Bank has integrated legal and compliance risk management into its corporate culture development and comprehensive risk management framework, establishing a well-structured compliance risk management system that operates from the top down. In 2024, the Bank adopted a management philosophy of "prevention first, proactive measures, strengthening foundations, and strictly adhering to bottom lines" to drive continuous enhancement of compliance management:

1. Issuing the Opinions on Case Prevention and Compliance Work in 2024 (《2024 年案防合规工作的意见》), the Bank aligned with both internal and external challenges and prioritized annual tasks, deepening the implementation of compliance management measures throughout the year.
2. Launching compliance management special initiative, the Bank focused on key tasks such as improving the organizational, institutional, operational, and support systems for compliance management, and the implementation of modular and checklist-based approach to drive comprehensive compliance enhancement across the Bank.
3. Organizing activities such as "Management Leading Compliance Talks" and "Compliance Management Awareness Month", the Bank continued to advance legal education and assessment initiatives, host compliance lectures, conduct centralized case studies, and online and offline training and fostered a culture of learning and adhering to compliance rules.
4. Conducting ongoing post-evaluation of policies, the Bank promptly identified gaps and vulnerabilities in internal management systems, enhancing their standardization, practicality, and guidance.
5. Focusing on key risks, the Bank conducted quarterly inspections of case-related risks and compliance risks in critical areas, organizing specialized supervision and inspections for key businesses and institutions. Clear measures were implemented to achieve a virtuous cycle of "inspection-summary-rectification-improvement", continuously elevating the quality and effectiveness of internal control and compliance management.

# Management Discussion and Analysis

## **(vii) Information technology risk management**

Information technology (IT) risk refers to potential threats arising from the application of information technology, such as business interruptions, data breaches, or system failures caused by natural factors, system defects, management loopholes, or human errors. These risks may lead to financial losses, reputational damage, or compliance issues. The Bank's objective in IT risk management is to establish an effective management mechanism to identify, assess, measure, monitor, and control IT risks, thereby ensuring the Bank's safe, continuous, and stable operations. By enhancing the level of information technology utilization, the Bank aims to strengthen its core competitiveness and support sustainable development. IT risk management is integrated into the Bank's comprehensive risk management framework.

In 2024, the Bank continued to advance its digital transformation, striving to build a digital and intelligent Bank. It strengthened awareness of IT risk management, improved emergency management mechanisms, and further refined its IT risk management framework:

1. Enhancing the IT risk management policy framework. The Bank further improved its IT management policy system in 2024, revising and refining over 20 IT management policies, including the Measures for the Management of Information Technology Risks of Yibin City Commercial Bank 《宜賓市商業銀行信息科技風險管理辦法》, the Measures for Business Continuity Management of Yibin City Commercial Bank 《宜賓市商業銀行業務連續性管理辦法》, the Measures for the Monitoring and Management of Key Risk Indicators (KRI) for Information Technology Risks of Yibin City Commercial Bank 《宜賓市商業銀行信息科技風險關鍵風險指標(KRI)監測管理辦法》, the Implementation Rules for the Management of Information Technology Outsourcing of Yibin City Commercial Bank 《宜賓市商業銀行信息科技外包管理實施細則》, and the Measures for the Management of Information Technology Service Levels of Yibin City Commercial Bank 《宜賓市商業銀行信息科技服務水平管理辦法》.
2. Strengthening IT risk defenses. The Bank further reinforced IT risk management to ensure the secure and stable operation of its information systems. Regular IT risk assessments were conducted, comprehensively analyzing and evaluating IT risks and their management from dimensions such as IT governance, critical IT infrastructure management, network and data security management, outsourcing risk management, and business continuity management. 12 IT audit projects were carried out, covering areas such as payment sensitive information, network and data security, information system changes, system operation and maintenance, and outsourcing risk management. Specialized training on information security awareness, secure development techniques, and business continuity management was provided to enhance employees' security awareness and IT staff's information security skills.
3. Strengthening financial technology security foundations. The Bank strengthened management of production incidents and issues, enhanced system inspections and problem rectifications, and continuously optimized and fortified internet applications. Efforts were made to improve IT system construction and infrastructure development, enhancing data center support and service capabilities. Development security requirements were established, forming secure coding standards and strengthening security management throughout the software development process. Regular foundational tasks were performed, including software authenticity checks, branch inspections, penetration testing, vulnerability scanning, security assessments, and graded protection evaluations.

## Management Discussion and Analysis

4. Optimizing the business continuity management system. The Bank further increased its investment in the foundational resources for business continuity, engaged a third party to optimize its business continuity management system, and revised relevant management policies. The Bank conducted a live cross-site business continuity drill during daytime operations and completed over 20 emergency drills covering information systems, software and hardware, and outsourced services. These efforts strengthened emergency response capabilities, validated the effectiveness of contingency plans and the adequacy of emergency resources, enhanced the Bank's overall risk awareness and emergency response capacity, and ensured the secure and reliable operation of its data centers and business systems.

### ***(viii) Anti-money laundering and counter-terrorist financing management***

The Bank strictly complies with the PRC Anti-money Laundering Law 《中華人民共和國反洗錢法》, the Notice of the People's Bank of China on Strengthening Identification of Anti-Money Laundering Customers 《中國人民銀行關於加強反洗錢客戶身份識別有關工作的通知》, the Administrative Measures for the Financial Institutions' Report of Large-Sum and Doubtful Transactions 《金融機構大額和可疑交易報告管理辦法》, and other relevant laws and regulations. Based on these regulatory requirements, the Bank has formulated and revised various policies, including the Internal Control Regulations on Anti-Money Laundering of Yibin City Commercial Bank 《宜賓市商業銀行反洗錢內部控制管理規定》, the Measures for the Management of Money Laundering, Terrorist Financing, and Proliferation Financing Risks of Yibin City Commercial Bank 《宜賓市商業銀行洗錢和恐怖融資及擴散融資風險管理辦法》, the Operational Procedures for Customer Identification, Customer Information, and Transaction Record Retention of Yibin City Commercial Bank 《宜賓市商業銀行客戶身份識別和客戶身份資料及交易記錄保存操作規程》, the Measures for the Risk Classification Management of Customer Money Laundering and Terrorist Financing Risks of Yibin City Commercial Bank 《宜賓市商業銀行客戶洗錢和恐怖融資風險等級分類管理辦法》, and the Measures for the Self-Assessment Management of Money Laundering and Terrorist Financing Risks of Yibin City Commercial Bank 《宜賓市商業銀行洗錢和恐怖融資風險自評估管理辦法》, thereby strengthening the Bank's anti-money laundering management framework.

The Board of Directors, the Board of Supervisors, senior management, departments of the head office, and branches of the Bank strictly adhere to the responsibilities defined in the Measures for the Management of Money Laundering, Terrorist Financing, and Proliferation Financing Risks of Yibin City Commercial Bank, ensuring that anti-money laundering duties are implemented at every level with rigorous accountability. Within their scope of authority, the Board of the Bank assumes ultimate responsibility for money laundering risk management, the Board of Supervisors is responsible for overseeing money laundering risk management, and senior management is accountable for the implementation of money laundering risk management measures. The head office has established a Leading Group for Anti-Money Laundering, which serves as the leading and coordinating body for the Bank's anti-money laundering efforts. The Leading Group's office is located within the accounting management department, which handles its daily operations and takes the lead in managing the Bank's anti-money laundering activities. Under the accounting management department, an Anti-money Laundering Monitoring Center has been established, staffed with dedicated personnel responsible for specific anti-money laundering tasks. Branches and first-tier sub-branches have also set up their own leading groups for anti-money laundering, and designated anti-money laundering officers to handle specific anti-money laundering work within their respective institutions.

## Management Discussion and Analysis

In 2024, the Bank diligently fulfilled its responsibilities in anti-money laundering and counter-terrorist financing, continually enhancing its risk management practices in anti-money laundering. Firstly, the Bank focused on improving its systems to enhance monitoring capabilities. In light of the evolving regulatory landscape for anti-money laundering and the changing characteristics of money laundering crimes, and through concentrating on key work modules such as data governance, suspicious transaction analysis, customer due diligence, and institutional money laundering risk assessment, it continued to optimize its money laundering risk self-assessment system and the suspicious transaction analysis system, and established a new dynamic management system for grading customer money laundering risks, providing robust support for its anti-money laundering initiatives. Secondly, the Bank actively organized and implemented anti-money laundering training programs. Utilizing a blend of online and offline learning methods, it regularly conducted targeted training sessions on anti-money laundering aimed at enhancing employees' awareness of anti-money laundering compliance, improving their professional skills, and strengthening their ability to perform effectively in their roles. Thirdly, the Bank enhanced policy enforcement through a combination of on-site and off-site inspections. Utilizing its anti-money laundering monitoring system, it conducted unscheduled checks on customer identity verification, risk grading, and re-due diligence, continually improving its internal control measures and its capacity to mitigate money laundering risks. This helped maintain stability in the economic and financial order. Moreover, it conducted thorough anti-money laundering investigations and data monitoring analysis to ensure effective governance of customer identity information and to effectively prevent and combat money laundering activities. Fourthly, the Bank carried out anti-money laundering awareness campaigns through various channels. It expanded the reach of these campaigns to further boost public awareness and engagement in anti-money laundering efforts, thereby creating a positive social environment that supports anti-money laundering efforts.

### **(ix) Internal audit**

The Bank's internal audit is risk-oriented and includes independent and objective supervision, assessment and consultancy. It reviews, assesses and supervises the improvement of business operations, risk management, internal control and compliance and effectiveness of corporate governance of the Bank through systemized and standardized methods in order to promote the sound development of the Bank and the realization of the strategic targets of the Board.

The objective of the Bank's internal audit is to promote the implementation of government's economic and financial laws and regulations, guidelines and policies, rules of regulatory authorities and various rules and regulations of the Bank, and to raise opinions and make suggestions on risk management, internal control and compliance and effectiveness of corporate governance of the Bank within the Bank's risk management framework so that risks can be controlled at an acceptable level. The internal audit is also aimed at the continuous improvement of the Bank's business operation and management, and the enhancement of values.

## Management Discussion and Analysis

The Group's internal audit mainly consists of an internal audit organizational system and an internal audit policy system at both the Group and subsidiary levels. A relatively independent and vertically managed internal audit organization has been established under the organizational system, with audit supervision covering all businesses and organizations of the Group. The independent and vertical internal audit management system at the group level consists of the Board of Directors of the Bank, the Audit Committee under the Board of Directors, the Internal Audit Department and the audit staff, which are responsible for the corresponding responsibilities at the group level. The Internal Audit Department centrally manages the Group's audit work. The independent and vertical internal audit management system of subsidiary rural banks consists of the board of directors of the rural banks, the committees under the board of directors, the Internal Audit Department and the audit staff. The Internal Audit Department of rural banks is subject to the dual management of the Internal Audit Department of the group companies and the rural banks.

The Bank's internal audit is independent from its business operation, risk management and internal control and compliance, and does not bear the responsibility of designing and operating the business system, fulfilling operational functions, preparing financial statements, or initiating or approving business affairs. It focuses on evaluating the effectiveness of functions such as business operation, risk management, internal control and compliance and overseeing the rectification process in order to ensure the independence and effectiveness of audit.

The Bank's internal audit functions through a variety of methods, including on-site audits, off-site audits, scheduled audits, unscheduled audits, pre-notice audits, ad-hoc audits, comprehensive audits, special audits, and audit investigations, and focuses on audit supervision inspection, risk management review, case risk investigation, audit supervision evaluation, and audit supervision rectification, and other audit tasks. As a result, it achieved its annual work targets of promoting the standardization of operation and management activities, effectively preventing operational risks, facilitating the effective implementation of case prevention and control measures, ensuring the authenticity and effectiveness of internal control evaluation, and correcting violations in a timely manner.

Through auditing projects including routine chronological audits, authenticity of final accounting and economic responsibility audit, the Bank's internal audit conducts audit and evaluation of the Bank's operation management, operation practices and performances, as well as the performance of key positions; the Bank strengthened the audits and supervision of the business practices and daily operations of its employees through various audit practices to prevent operational risks and ethical risks. The Bank also enhanced the implementation of rules and regulations and the audits fulfilled the functions to identify, remedy and prevent errors, deviations, faults and omissions.

# Management Discussion and Analysis

## **(b) Risk management of the subsidiaries**

As a separate legal entity, each subsidiary has established risk management and internal control systems in accordance with the applicable regulatory requirements. The Bank participates in formulating the risk management policies and strategies of each subsidiary through the board of directors and the management team of the subsidiaries. The management personnel shall be recommended by the Bank.

### **(i) Credit risk management**

The subsidiaries of the Bank follow a prudent operation approach and continuously optimize asset quality through a variety of measures. These include enhancing whole-process credit management, standardizing operational procedures, conducting early identification and warning of potential risks, and improving mechanisms for the disposal of non-performing assets.

### **(ii) Market risk management**

The subsidiaries of the Bank effectively manage account interest rate risks by dynamically adjusting interest rates for various products and developing innovative products. At the same time, they continuously monitor and evaluate market risks to ensure that risks are controlled within acceptable limits, guaranteeing stable business operations.

### **(iii) Operational risk management**

The subsidiaries of the Bank have established an operational risk management system, implemented the requirements of regulatory authorities and the Bank, and conducted regular operational risk stress tests.

### **(iv) Liquidity risk management**

The subsidiaries of the Bank managed the liquidity risk by (i) establishing a reporting system for large fund movement and ensuring a reasonable allocation of funds to increase returns on assets; (ii) closely monitoring movements in key liquidity indicators; (iii) adjusting the maturity profile of assets and liabilities; and (iv) conducting periodic liquidity stress tests.

### **(v) Reputational risk management**

Each subsidiary establishes a clear framework with defined responsibilities in accordance with its own policies to ensure that accountability for reputational risk management is assigned to specific individuals. They implement a public opinion reporting mechanism to classify and manage reputation incidents, and apply graded controls based on the extent of public impact. Furthermore, they develop clear and well-defined emergency response plans concerning reputational risk incidents to ensure timely and effective handling of unforeseen events.

### **(vi) Legal and compliance risk management**

Each subsidiary has established a sound whole-process management system for legal and compliance matters, enabling them to effectively identify various legal and compliance risks. They also enhance employees' capacity to fulfill their duties in compliance with laws through providing compliance training and reinforcing guarantee for legal and compliance resources.



# Management Discussion and Analysis

## **(vii) Information technology risk management**

Each subsidiary has established thorough procedures and policies for managing information technology risks and developed business continuity management and emergency response plans to address operational disruptions.

## **(viii) Anti-money laundering and counter-terrorist financing management**

Each subsidiary has created a robust management system and procedures for anti-money laundering and counter-terrorist financing in compliance with the Anti-Money Laundering Law of the People's Republic of China and regulations issued by the PBOC, encompassing customer identification, the retention of identity information and transaction records, anti-money laundering training and awareness initiatives, as well as the management of block trading and suspicious transaction reports. Each subsidiary reports suspicious transactions to the China Anti-Money Laundering Monitoring and Analysis Center as an independent legal entity according to relevant regulatory requirements.

## **(ix) Internal audit**

The internal audit department of each subsidiary is staffed with dedicated auditors who exercise audit supervision independently. By employing systematic and standardized methods, they review and evaluate and supervise the improvement of the Bank's business operations, risk management, internal control and compliance, and effectiveness of corporate governance, promoting its stable operations and value enhancement.

## **CAPITAL ADEQUACY RATIO ANALYSIS**

All commercial banks in China are required to comply with the capital adequacy requirements issued by the former CBIRC. The Group calculated the capital adequacy ratio as at December 31, 2023 based on the Measures for the Administration of Capital of Commercial Banks (Trial) issued by the former CBIRC in June 2012. The Group calculated the capital adequacy ratio as at December 31, 2024 in accordance with the Measures for the Administration of Capital of Commercial Banks issued by the NFRA, which has been effected from January 1, 2024. Commercial banks in China (excluding systematically important banks) are required to maintain: (i) capital adequacy ratios equal to or above 10.5% and 10.5% as at December 31, 2023 and 2024, respectively; (ii) tier-one capital adequacy ratios equal to or above 8.5% and 8.5% as at December 31, 2023 and 2024, respectively; and (iii) core tier-one capital adequacy ratios equal to or above 7.5% and 7.5% as at December 31, 2023 and 2024, respectively.



# Management Discussion and Analysis

The table below presents the relevant information about the Group's capital adequacy ratio as of the dates indicated.

(Unless otherwise stated, amounts are presented in RMB million)		
	December 31, 2024	December 31, 2023
<b>Core Tier-one Capital</b>	<b>9,878.7</b>	9,158.5
Core Tier-one Capital deductions	<b>(286.1)</b>	(232.8)
<b>Net Core Tier-one Capital</b>	<b>9,592.6</b>	8,925.8
Other Tier-one Capital	<b>24.1</b>	24.4
Net Tier-one Capital	<b>9,616.7</b>	8,950.2
Tier-two Capital	<b>927.3</b>	842.2
Net Capital	<b>10,544.0</b>	9,792.4
Total risk-weighted assets	<b>76,058.5</b>	73,023.4
<b>Core Tier-one Capital adequacy ratio</b>	<b>12.61%</b>	12.22%
<b>Tier-one Capital adequacy ratio</b>	<b>12.64%</b>	12.26%
<b>Capital adequacy ratio</b>	<b>13.86%</b>	13.41%

## MATERIAL ACQUISITIONS AND DISPOSALS

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

## PLEDGE OF ASSETS

Please refer to "Note 38 to the Consolidated Financial Statements" in this annual report for details of the pledge of assets of the Bank as at December 31, 2024.

## CONTINGENT LIABILITIES

Please refer to "Note 37 to the Consolidated Financial Statements" in this annual report for details of the contingent liabilities of the Bank as at December 31, 2024.

# Report of the Board of Directors

The Board of Directors is pleased to present the Report of the Board of Directors and the audited financial statements of the Group for the year ended December 31, 2024. The contents of the relevant sections of this annual report mentioned in the Report of the Board of Directors are part of the Report of the Board of Directors. Unless otherwise stated, the data disclosed in this annual report is prepared in accordance with IFRS.

## LIST OF DIRECTORS

The Directors of the Bank during the Reporting Period and up to the Latest Practicable Date are as follows:

Mr. XUE Feng (*Executive Director and Chairman*)  
Mr. YANG Xingwang (*Executive Director and President*) (*Resigned on April 8, 2025*)  
Mr. XU Yong (*Executive Director*)  
Ms. JIANG Lin (*Non-Executive Director*)  
Ms. XIAO Yufeng (*Non-Executive Director*)  
Ms. TIAN Tian (*Non-Executive Director*)  
Mr. ZHAO Gen (*Non-Executive Director*)  
Ms. LIU Rong (*Non-Executive Director*) (*Resigned on October 14, 2024*)  
Mr. YAO Liming (*Independent Non-Executive Director*)  
Ms. YU Xiaoran (*Independent Non-Executive Director*)  
Mr. XING Huayu (*Independent Non-Executive Director*)  
Ms. ZHAO Jingmei (*Independent Non-Executive Director*)  
Mr. WANG Qing (*Independent Non-Executive Director*) (*Resigned on August 1, 2024*)  
Mr. LI Siliang (*Independent Non-Executive Director*) (*Resigned on September 26, 2024*)

Details of the Directors' profiles as of the Latest Practicable Date are included in the section headed "Directors, Supervisors, Senior Management, Employees and Organizations" of the annual report.

Each Director confirms that (i) they have obtained the legal advice described in Rule 3.09D of the Listing Rules on March 25, 2024, and (ii) they understand their responsibilities as Directors of the Bank under the Listing Rules.

## BUSINESS REVIEW

The Bank is a joint-stock city commercial bank headquartered in Yibin, Sichuan Province, the PRC. The Bank's principal businesses include corporate banking, retail banking and financial markets. The business review information of the Bank for the year ended December 31, 2024 are included in the section headed "Management Discussion and Analysis" of the annual report.

# Report of the Board of Directors

## ISSUANCE OF H SHARES AND LISTING ON THE HONG KONG STOCK EXCHANGE

The Bank's H Shares were listed on the main board of the Hong Kong Stock Exchange on January 13, 2025. The Global Offering of the Bank comprised 688,400,000 H Shares, with offer price of HK\$2.59 per H Share (exclusive of brokerage fee of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%). The net proceeds from the Global Offering received by the Bank, after deduction of the underwriting commissions and estimated expenses in connection with the Global Offering, are approximately HK\$1,709.3 million.

The net proceeds from the Global Offering are intended to enhance the Bank's capital base to support the ongoing growth of business. As of the Latest Practicable Date, the proceeds from the Global Offering are still in the process of capital verification, and the Bank will utilize the proceeds from the Global Offering in accordance with the uses as set out in the Prospectus.

## RELATIONSHIP WITH EMPLOYEES, CUSTOMERS, AND SUPPLIERS

The Bank regards suppliers as important stakeholders and has established a fair and reasonable procurement management system to establish good cooperative relationships with suppliers. Due to its business nature, the Bank did not have any major suppliers. The Bank has established long-term and good cooperative relationships with numerous high-quality enterprises, actively innovated financial products and services, and attached importance to and actively safeguarded the rights and interests of customers, aiming to enhance customer satisfaction.

For details of the Bank's employees and employment policies, please refer to the section headed "Directors, Supervisors, Senior Management, Employees and Organizations". For other details regarding the Bank's relationships with employees, customers, and suppliers, please refer to the "2024 Environmental, Social and Governance Report" separately published by the Bank.

## MAJOR DEPOSITORS AND BORROWERS

As of the end of the Reporting Period, the deposits of the top five depositors in the Group accounted for less than 30% of the total customer deposits, and the loans and advances granted by the Group to the top five borrowers accounted for less than 30% of the total loans and advances to customers.

# Report of the Board of Directors

## PROFITS AND DIVIDENDS

The Group's revenue for the year ended December 31, 2024 and financial position as of that date are included in the financial report section of this annual report.

The Board of the Bank proposed to distribute a final cash dividend of RMB0.05 (tax inclusive) per Share (the **"final dividend"**) for the year ended December 31, 2024 to all Shareholders, with the total amount of RMB229.42 million (tax inclusive). The Board will submit such proposal to the 2024 annual general meeting (the **"AGM"**) for approval. The final dividend, if approved at the AGM, is expected to be paid on or before August 26, 2025 by the Bank.

Subject to the approval of the above proposal at the AGM, the final dividend will be paid to the Domestic Shareholders and H Shareholders whose names appear on the register of members of the Bank on Tuesday, July 8, 2025. For the purpose of ascertaining the identity of Shareholders entitled to the final dividend, the registers of members of Domestic Shares and H Shares of the Bank will be closed from Thursday, July 3, 2025 to Tuesday, July 8, 2025 (both days inclusive). In order to be entitled to the final dividend distribution, the H Shareholders of the Bank are required to lodge all share certificates together with the transfer documents with the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, July 2, 2025.

The proposed dividends mentioned above are denominated in RMB and will be distributed to Domestic Shareholders and H Shareholders in RMB and HKD, respectively. For dividends distributed in HKD, the applicable exchange rate will be the average of the central parity rates of RMB against HKD published by the PBOC during the five business days prior to the date on which the dividend is declared at the AGM (including the date of the AGM).

The Bank will make a further announcement should there be any changes to the above arrangements for the distribution of final dividend.

## TAX RELIEF

### (1) Withholding and payment of enterprise income tax for overseas non-resident enterprise Shareholders

Pursuant to 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》 and its implementation rules and the relevant regulations, the Bank has the obligation to withhold and pay enterprise income tax at a tax rate of 10% on behalf of the non-resident enterprise Shareholders whose names appear on the H Share register of members in the distribution of final dividend. As any Shares registered in the name of non-individual Shareholders, including HKSCC Nominees Limited, other nominees, trustees or other organizations and groups, will be treated as being held by non-resident enterprise Shareholders, the dividends received shall be subject to the withholding of enterprise income tax.

Upon receipt of such dividends, a non-resident enterprise Shareholder may apply to the competent tax authorities for relevant treatment under the tax treaties (arrangements) in person or through a proxy or a withholding agent, and provide evidence in support of its status as a beneficial owner as defined in the tax treaties (arrangements). Upon verification by the competent tax authorities, the difference between the tax levied and the amount of tax payable as calculated at the tax rate under the tax treaties (arrangements) will be refunded.

# Report of the Board of Directors

## (2) Withholding and payment of individual income tax for individual overseas resident Shareholders

According to the Individual Income Tax Law of the People's Republic of China 《中華人民共和國個人所得稅法》 and its implementation rules and the Announcement of the State Taxation Administration on Issuing the Administrative Measures for Tax Convention Treatment for Non-resident Taxpayers (STA Announcement 2019 No. 35) 《國家稅務總局關於發佈〈非居民納稅人享受稅收協定待遇管理辦法〉的公告》(國家稅務總局公告2019年第35號)) (the “**Tax Convention Announcement**”), the Bank has the obligation to withhold and pay individual income tax on behalf of the individual Shareholders whose names appear on the H Share register of members (“**Individual H Shareholder(s)**”) in the distribution of final dividend. However, Individual H Shareholders are entitled to the relevant favorable tax treatments pursuant to the provisions in the tax treaties between the countries (regions) in which they are domiciled and the PRC, and the tax arrangements between the mainland and Hong Kong (or Macau). As such, the Bank will withhold and pay individual income tax on behalf of the Individual H Shareholders in accordance with the following arrangements:

- For Individual H Shareholders receiving dividends who are Hong Kong or Macau residents or citizens from countries (regions) that have entered into a tax treaty with the PRC stipulating a tax rate of 10%, the Bank will withhold and pay individual income tax at the rate of 10% in the distribution of final dividend;
- For Individual H Shareholders receiving dividends who are residents from countries (regions) that have entered into a tax treaty with the PRC stipulating a tax rate of less than 10%, the Bank will withhold and pay individual income tax at the rate of 10% in the distribution of final dividend. If relevant Individual H Shareholders would like to apply for a refund of the excess amount of tax withheld and paid, the Bank will handle, on their behalf, the applications for tax preferential treatments under relevant tax treaties according to the Tax Convention Announcement. Qualified Shareholders shall submit in time a letter of entrustment and all application materials as required under the Tax Convention Announcement to the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited. The Bank will then submit the above documents to competent tax authorities and, after their examination and approval, the Bank will assist in refunding the excess amount of tax withheld and paid;
- For Individual H Shareholders receiving dividends who are residents from countries (regions) that have entered into a tax treaty with the PRC stipulating a tax rate of more than 10% but less than 20%, the Bank will withhold and pay individual income tax at the effective tax rate stipulated in the relevant tax treaty in the distribution of final dividend;
- For Individual H Shareholders receiving dividends who are residents from countries (regions) that have entered into a tax treaty with the PRC stipulating a tax rate of 20% or without tax treaties with the PRC or under other circumstances, the Bank will withhold and pay the individual income tax at the rate of 20% in the distribution of final dividend.

Under the current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by the Bank. Shareholders of the Bank pay taxes and/or are entitled to tax relief in accordance with the aforementioned regulations.

# Report of the Board of Directors

## DATE OF 2024 AGM AND CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on Thursday, June 26, 2025. In order to determine the list of Shareholders who are entitled to attend and vote at the AGM, the H Share register of members of the Bank will be closed from Monday, June 23, 2025 to Thursday, June 26, 2025 (both days inclusive). Shareholders whose names appear on the H Share register of members of the Bank on Thursday, June 26, 2025 are entitled to attend the AGM. Shareholders who intend to attend the AGM shall lodge all the transfer documents together with the relevant share certificates with the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited (Address: Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) (for H Shareholders) or the Office of the Board of Directors of the Bank (Address: No. 9 Jinshajiang Avenue, Xuzhou District, Yibin, Sichuan Province, the PRC; Postal code: 644000) (for Domestic Shareholders) no later than 4:30 p.m. on Friday, June 20, 2025.

A Shareholder or his/her/its proxy should present proof of identity when attending the AGM. If a Shareholder is a legal person, its legal representative or other person authorised by the board of directors or other governing body of such Shareholder may attend the AGM by providing a copy of the resolution of the board of directors or other governing body of such Shareholder appointing such person to attend the meeting.

## RESERVE MOVEMENTS

Details of reserve movements and distributable profit reserves for the year ended December 31, 2024 of the Group are included in the "Consolidated Statements of Changes in Equity" of the annual report. The Bank's profit reserve available for distribution to Shareholders as at December 31, 2024 amounted to RMB506.2 million.

## FINANCIAL INFORMATION SUMMARY

A summary of the Group's operating performance and assets and liabilities for the year ended December 31, 2024 is set out in the "Financial Highlights" of the annual report.

## DONATIONS

For the year ended December 31, 2024, the Group made donations totaling RMB1.66 million to rural revitalization, earthquake relief, construction of buildings, education public welfare and others.

## PROPERTY AND EQUIPMENT

Details of changes in property and equipment in the Group for the year ended December 31, 2024 are set out in the "Note 23 to the Consolidated Financial Statements" of the annual report.

# Report of the Board of Directors

## RETIREMENT BENEFITS

Details of retirement benefits provided to employees in the Group are set out in the “Notes 2 and 32 to the Consolidated Financial Statements” of the annual report.

## SUBSTANTIAL SHAREHOLDERS

Details of substantial Shareholders as of the Latest Practicable Date are set out in the annual report, under the section “Changes in Share Capital and Particulars of Shareholders – Particulars of Shareholders – Interests and Short Positions of Substantial Shareholders and Other Persons under Hong Kong Regulations”.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE BANK

The Bank’s H Shares were listed on the main board of the Hong Kong Stock Exchange on January 13, 2025. From the Listing Date to the Latest Practicable Date, the Bank and any of its subsidiaries have not purchased, sold, or redeemed any listed securities of the Bank (including sale of treasury shares).

As at the Latest Practicable Date, the Bank did not hold any treasury shares.

## PRE-EMPTIVE RIGHTS

There are no provisions in the Articles of Association or relevant PRC laws relating to granting Shareholders pre-emptive rights.

## SHARE CAPITAL

For details regarding the Bank’s share capital, please refer to the “Changes in Share Capital and Particulars of Shareholders” section of the annual report.

## CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Bank has received annual confirmation of independence from each independent non-executive Director and considers all of the independent non-executive Directors to be independent individuals as required by the independence guidelines set out in Rule 3.13 of the Listing Rules.

# Report of the Board of Directors

## INTERESTS AND SHORT POSITIONS OF SHARES, UNDERLYING SHARES AND DEBENTURES OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN THE BANK AND ITS ASSOCIATED CORPORATIONS

As at December 31, 2024, as the Bank's Shares have not yet been listed on the Hong Kong Stock Exchange, the disclosure requirements under the relevant Hong Kong law (including Divisions 7 and 8 and Section 352 of Part XV of the SFO) and the Model Code have not been applicable to the Bank and its Directors, Supervisors, and chief executive.

On January 13, 2025, the Bank's H Shares were listed on the main board of the Hong Kong Stock Exchange. As of the Latest Practicable Date, the interests and/or short positions of the Directors, Supervisors and chief executive of the Bank (including those deemed or treated as having interests or short positions under the relevant provisions of the SFO) in the Shares, underlying Shares and debentures of the Bank or any of its associated corporations (as defined in Part XV of the SFO) that were required to be notified to the Bank and the Hong Kong Stock Exchange under Divisions 7 and 8 of Part XV of the SFO or required to be entered in the register referred to therein pursuant to Section 352 of the SFO or required to be notified to the Bank and Hong Kong Stock Exchange under the Model Code (for which purpose the relevant provisions of the SFO shall be construed as if they were applicable to the Supervisors) are set out below:

### Interests in the Bank

Name	Position	Type of Shares Held	Nature of Interests	Number of Shares Held <sup>1</sup>	As of the Latest Practicable Date	
					Approximate Percentage of Shareholding in the Relevant Class of Shares <sup>2</sup>	Approximate Percentage of Shareholding in the Total Issued Share Capital of the Bank <sup>2</sup>
Mr. YANG Xingwang <sup>3</sup>	Executive Director and President	Domestic Shares	Beneficial Owner	66,739	0.001711%	0.001455%

#### Notes:

- The indicated interests are long positions.
- As of the Latest Practicable Date, the number of Domestic Shares of the Bank was 3,900,000,000 Shares, and the number of H Shares was 688,400,000 Shares, and total number of issued Shares was 4,588,400,000 Shares.
- Mr. YANG Xingwang resigned from his positions as Executive Director and President of the Bank on April 8, 2025.



# Report of the Board of Directors

Save as disclosed above, as of the Latest Practicable Date, none of the Directors, Supervisors or chief executive of the Bank had any interests and/or short positions (including those deemed or treated as interests or short positions owned under the relevant provisions of the SFO) in the Shares, underlying Shares or debentures of the Bank or any of its associated corporations (as defined in Part XV of the SFO) that were required to be notified to the Bank and the Hong Kong Stock Exchange under Divisions 7 and 8 of Part XV of the SFO, or required to be recorded in the register referred to therein pursuant to Section 352 of the SFO, or required to be notified to the Bank and the Hong Kong Stock Exchange under the Model Code (for which purpose the relevant provisions of the SFO shall be construed as if they were applicable to the Supervisors).

## **PURCHASE OF SHARES OR DEBENTURES ARRANGEMENTS**

During the Reporting Period and as of the Latest Practicable Date, the Bank or its subsidiaries have not entered into any arrangements that would enable the Bank's Directors and Supervisors (including their spouses and children under the age of eighteen) to benefit from the purchase of Shares or debentures of the Bank or any other legal entities.

## **INTERESTS OF DIRECTORS AND SUPERVISORS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS OR CONTRACTS**

During the Reporting Period, the Bank and its subsidiaries had no transactions, arrangements or significant contracts in which Directors or Supervisors (or entities connected with Directors or Supervisors) had a significant interest, either directly or indirectly.

## **SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS**

The Bank has entered into contracts with each of the Directors and Supervisors, which stipulate, among other things, compliance with relevant laws and regulations, compliance with the Articles of Association, and the provisions of the arbitration with the Bank. During the Reporting Period, none of the Directors and Supervisors of the Bank has entered into any service contract with the Bank which is subject to compensation (other than statutory compensation) in the event of termination by the Bank within one year.

## **MANAGEMENT CONTRACTS**

Save as service contracts with Directors, Supervisors, and senior management of the Bank, there are no other management or administrative contracts with any individuals, companies, or legal entities that cover all or a substantial part of the Bank's businesses.

## **INTERESTS OF DIRECTORS AND SUPERVISORS IN COMPETING BUSINESSES**

Save as disclosed in the section headed "Directors, Supervisors, Senior Management, Employees and Organization" that Ms. JIANG Lin is a director of Sichuan Bank Co., Ltd., none of the Directors and Supervisors has any interest in a business which competes or may compete, either directly or indirectly, with the business of the Bank which is required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules.

## **CORPORATE GOVERNANCE**

The Bank is committed to maintaining a high level of corporate governance. Details of the Group's corporate governance are set out in the "Corporate Governance Report" of the annual report.

# Report of the Board of Directors

## CONNECTED (RELATED PARTY) TRANSACTIONS

In 2024, the Bank continued to regulate related party transactions in accordance with regulations such as the Interim Measures for the Equity Management of Commercial Banks 《商業銀行股權管理暫行辦法》, the Measures for the Administration of Related Party Transactions of Banking and Insurance Institutions 《銀行保險機構關聯交易管理辦法》, ensuring the effective operation of the Bank's related party transaction mechanism and safeguarding the interests of the Bank and its Shareholders.

### Credit Related Party Transactions

In 2024, the Bank had a total of 63 credit related party transactions, with a total amount of transactions of RMB1,658.2 million. Particularly, the amount of related party transactions conducted with substantial Shareholders and controlling Shareholders, the de facto controllers, related parties, persons acting-in-concert and ultimate beneficiaries was RMB1,658.2 million.

The Bank conducts various businesses with related parties in strict accordance with the regulatory rules, and the credit balance of a single related party, the total credit balance to single related legal persons or non-legal person entities within the group of customers, and the proportion of the credit balance of all related parties to the net capital at the end of 2024 are all in line with the regulatory requirements.

### Services Related Party Transactions

In 2024, the Bank had a total of 15 services related party transactions, with a total amount of transactions of RMB365.1 million. Particularly, the amount of related party transactions conducted with substantial Shareholders and controlling Shareholders, the de facto controllers, related parties, persons acting-in-concert and ultimate beneficiaries was RMB365.1 million.

### Connected Transactions under Hong Kong Listing Rules

As the Bank's Shares are not listed on the Hong Kong Stock Exchange during the Reporting Period, the provisions of the Hong Kong Listing Rules regarding connected transactions are not applicable to the Bank.

The Bank, in the ordinary and usual course of business, provides banking services and products to the publics in the PRC, which include Shareholders, certain Directors and Supervisors, the president and/or their respective associates. Based on the Hong Kong Listing Rules, such individuals are connected persons of the Bank from the Listing Date. As these transactions are conducted on normal commercial terms or better in the ordinary and usual course of business, they are exempted from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The definition of connected persons under Chapter 14A of the Hong Kong Listing Rules differs from the definition of related parties in International Accounting Standard No. 24 "Related Party Disclosures" and the interpretation thereof by the International Accounting Standards Board. The related party transactions in the Bank's ordinary and usual course of business are set out in the "Note 40 to the Consolidated Financial Statements" of the annual report. The related party transactions set out in the "Note 40 to the Consolidated Financial Statements" also constitute connected transactions as defined under the Hong Kong Listing Rules, but none of the related party transactions specified in the Note 40 to the financial statements constitutes a discloseable connected transaction under the Hong Kong Listing Rules.

# Report of the Board of Directors

## REMUNERATION POLICY

According to the Bank's remuneration policy, the Nomination and Remuneration Committee takes into account a number of factors such as the salaries paid by comparable companies, as well as the tenure of office, obligations, responsibilities and performance of the Bank's Directors, Supervisors and senior management, as the case may be, in evaluating the remuneration payable to the Directors, Supervisors and senior management of the Bank and the relevant employees.

## PUBLIC FLOAT

Based on publicly available information and to the knowledge of the Directors, as of the Latest Practicable Date, the percentage of the Bank's issued Shares held by the public was 15%, which is in compliance with the requirement of the Listing Rules and the exemption from the public float approved by the Hong Kong Stock Exchange.

## AUDITOR

In accordance with the relevant regulations on the selection and appointment of accounting firms, following the fulfillment of the open selection procedures and based on the results of the evaluation and with reference to the recommendations by the Audit Committee, on February 10, 2025, the Board resolved to propose the appointment of Confucius International CPA Limited as the international auditor of the Bank for the Year 2024 to provide the Bank with financial report audit and other services for the Year 2024, and its term of service will end until the conclusion of the next annual general meeting of the Bank. PricewaterhouseCoopers retired upon the Listing of the Bank.

As approved at the 2025 first extraordinary general meeting of the Bank, the Bank has re-appointed Pan-China Certified Public Accountants LLP as the Bank's domestic auditor for the Year 2024 and appointed Confucius International CPA Limited as the Bank's international auditor for the Year 2024.

Save as disclosed above, there have been no changes in the Bank's auditors in the past three years.

For information on the auditors' remuneration, please refer to the section headed "Corporate Governance Report – External Auditors and Their Remuneration" in the annual report.

## PERMITTED INDEMNITY PROVISIONS

The Bank has made appropriate insurance arrangements to cover the duties of Directors and senior management in respect of their potential exposure to legal liabilities to third parties arising from corporate activities.

## MAJOR RISKS AND UNCERTAINTIES

The major risks and uncertainties faced by the Group include credit risk, market risk, operational risk, liquidity risk, reputational risk, legal and compliance risk, information technology risk and money laundering risk. The Group continuously improves its comprehensive risk management system, forming three lines of defense that are interconnected and balanced among business departments, risk management department, compliance management department, and internal audit department. Please refer to the section headed "Management Discussion and Analysis – Risk Management" of the annual report.

# Report of the Board of Directors

## FUTURE DEVELOPMENT OF THE BUSINESS

Please refer to the sections headed “Management Discussion and Analysis – Environment and Prospect” and “Management Discussion and Analysis – Development Strategies” of the annual report for details.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Bank does not operate any manufacturing or logistics facilities. Therefore, the Bank believes that our business operations have no significant impact on the environment and climate change during the Reporting Period. The Bank is committed to raising environmental awareness and improving energy efficiency. To ensure compliance with applicable laws and regulations, if necessary, the Bank will make adjustments to our human resources policies in consultation with legal advisors of the Bank to comply with significant changes in labor and safety laws and regulations. During the Reporting Period and as of the Latest Practicable Date, the Bank was not incurred any significant fines or penalties for non-compliance with health, occupational safety, social, or environmental regulations.

The Bank has established a dedicated Green Finance sub-branch, and focused on credit in the green industry. In addition, the sub-branch has developed customized or specialized guidelines for product development and business positioning. Considering the regional industrial distribution and resource advantages, the green loans of the Bank mainly focus on green infrastructure upgrades, ecological and environmental protection industries, and energy conservation and environmental protection industries.

In addition, the Bank also has a designated department to handle matters related to Green Finance. Their responsibilities include: (i) formulating Green Finance management measures and establishing related policies; (ii) formulating management and operational procedures for different Green Finance products, continuously innovating products and services, promoting the development of Green Finance, and establishing long-term mechanisms for Green Finance; (iii) conducting compliance reviews of regulations and operational processes related to Green Finance, as well as reviewing legal documents such as Green Finance contracts; and (iv) handling marketing, collecting credit needs, conducting due diligence, processing credit applications, managing loans, post-loan supervision, and Green Finance statistics.

For details regarding our environmental policy and performance, please refer to the “2024 Environmental, Social, and Governance Report” separately published by the Bank.

## COMPLIANCE WITH LAWS AND REGULATIONS

The Bank has adopted internal control measures to ensure ongoing compliance with relevant laws and regulations, such as the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the SFO, the Hong Kong Listing Rules, and other regulations and laws enforced in relevant jurisdictions. During the Reporting Period, to the best knowledge of the Board, the Group has complied in all material respects with the relevant laws and regulations that are significant to the Group’s business and operations.

# Report of the Board of Directors

## LEGAL PROCEEDINGS

From time to time, in the ordinary course of business, the Bank may be involved in various claims and litigations, mainly relating to contractual disputes on financial loans, contractual disputes or bond transactions initiated by the Bank against borrowers, guarantors and bond issuers. As at the Latest Practicable Date, the Bank was not a defendant or co-defendant in any material pending litigation.

## EQUITY-LINKED AGREEMENTS

During the Reporting Period and as of the Latest Practicable Date, the Bank has not entered into any equity-linked agreements.

## SUBSEQUENT EVENTS

Save as disclosed in the annual report, there have been no significant events in the Group from the Listing Date to the Latest Practicable Date.

## OTHER MATTERS

As of the Latest Practicable Date, the Bank is not aware of any arrangements where Shareholders have waived or agreed to waive any dividends.

As of the Latest Practicable Date, the remuneration waived by the Directors and the specific details of the accrued remuneration of the Directors are set out in the “Note 11 to the Consolidated Financial Statements” of the annual report.

During the Reporting Period and as of the Latest Practicable Date, the Bank has not implemented any equity incentive plans or employee stock ownership plans.

By order of the Board  
*Chairman*  
**XUE Feng**

# Report of the Board of Supervisors

During the Reporting Period, the Bank's Board of Supervisors strictly complied with relevant laws and regulations such as the Company Law, Commercial Banking Law 《商業銀行法》, and Corporate Governance Guidelines for Banking and Insurance Institutions 《銀行保險機構公司治理準則》, as well as requirements of the Articles of Association. Focusing on the key works of the Bank, the Bank's Board of Supervisors fulfilled its supervisory responsibilities in accordance with the law, conducted various supervision work in-depth, ensured the normal operation of the Board of Supervisors, faithfully protected the legitimate rights and interests of the Bank and its Shareholders, and effectively promoted the Bank's stable and healthy development.

## BASIC INFORMATION OF THE BOARD OF SUPERVISORS

The Bank's Board of Supervisors consists of 11 Supervisors, including 4 external Supervisors, 3 Shareholder Supervisors, and 4 employee Supervisors. The proportion of employee Supervisors and external Supervisors is not less than one-third. The Board of Supervisors has set up an office of Board of Supervisors, a nomination committee, and a supervision committee. The number and composition of the Board of Supervisors, as well as the heads of its professional committees are in accordance with the regulations, and there is no relationship between the external Supervisors and the Bank and its substantial Shareholders that could affect their independent judgment.

## KEY WORK OF THE BOARD OF SUPERVISORS

### (I) Convening Board of Supervisors Meetings According to Regulations and on Schedule

During the Reporting Period, the Board of Supervisors of the Bank convened a total of 5 meetings, mainly deliberating and approving the Board of Supervisors' work report, the Board of Supervisors' work recommendations for 2024, the evaluation report of the Board of Supervisors on the performance of Directors, Supervisors, and senior executives for 2023, the Capital Management Measures of Yibin City Commercial Bank, the conflict of interest recognition, review, and management mechanisms between Yibin City Commercial Bank and its Shareholders, financial budget report, operation and management reports, profit distribution, and other related proposals, totaling 15 items.

### (II) Legally Attending Shareholders' General Meetings, Attending Board of Directors Meetings and Other Meetings

Board of Supervisors members attended Shareholders' general meetings in accordance with the law and participated in various meetings. During the Reporting Period, they attended Shareholders' general meetings 3 times, employee representative meetings 1 time, and attended Board of Directors meetings and relevant operation and management meetings 43 times, effectively fulfilling the duties of the Board of Supervisors.

### (III) Monitoring the Bank's Financial Operations

During the Reporting Period, the Board of Supervisors of the Bank analyzed and assessed the financial statements and reports to grasp and supervise the business operations and financial conditions in real time, analyze changes in operations, and pay attention to significant matters. Together with relevant departments of the Bank, they conducted supervision and inspections of the Bank's financial conditions, and rectified issues identified according to Supervisory opinions.

# Report of the Board of Supervisors

## **(IV) Supervising the Performance of the Board of Directors, Senior Management, and Its Members**

During the Reporting Period, the Board of Supervisors of the Bank continued to improve the performance evaluation mechanism and performance records, emphasized communication and coordination with all parties, conscientiously supervised the performance of the Board of Directors, senior management, and its members, standardized the performance evaluation work for Directors, Supervisors, and senior management in 2023, fully implemented self-evaluation, peer evaluation and other links, objectively and impartially issued performance evaluation opinions, and formed evaluation reports to report to the Shareholders' general meetings and regulatory authorities, effectively promoting the scientific balance of corporate governance and the effectiveness of the performance of the Directors, Supervisors, and senior management. It effectively ensured the compliance of the Bank's operational and managerial activities.

## **(V) Performance of the Board of Supervisors' Nomination Committee**

During the Reporting Period, the Nomination Committee conscientiously performed its duties in accordance with its job functions. They held 3 meetings, deliberated and approved 6 proposals, such as the "Evaluation Report of the Board of Supervisors on the Performance of Directors, Supervisors, and Senior Executives for 2023" and the annual work plan of the committee, effectively fulfilling the functions of the Nomination Committee.

## **(VI) Performance of the Board of Supervisors's Supervision Committee**

During the Reporting Period, the Supervision Committee conscientiously performed its duties in strict accordance with its job functions. They held 2 meetings, deliberated and approved 3 proposals, such as the "Special Audit Report on Related Party Transactions in 2023", listened to reports from the Board of Directors and management, and provided recommendations and opinions. They carried out supervision according to the plan, effectively fulfilling the functions of the Supervision Committee.

# Changes in Share Capital and Particulars of Shareholders

## SHARE CAPITAL AND ITS CHANGES OF THE BANK DURING THE REPORTING PERIOD

### (I) Share Structure Situation

As of December 31, 2024, the total number of Domestic Shareholders of the Bank was 430, among which there were 5 state-owned Shareholders, 33 legal person Shareholders and 392 individual Shareholders. The share capital of the Bank is as follows:

Type of Share Capital	Opening Balance (Shares)	Percentage of Total Share Capital (%)	Changes	Closing Balance (Shares)	Percentage of Total Share Capital (%)
State-owned Shares	2,239,030,856	57.41	0	2,239,030,856	57.41
Legal Person Shares	1,648,406,947	42.27	0	1,648,406,947	42.27
Including: State-owned Legal Person Shares	1,110,387,322	28.47	0	1,110,387,322	28.47
Individual Shares	12,562,197	0.32	0	12,562,197	0.32
<b>Total Shares</b>	<b>3,900,000,000</b>	<b>100.00</b>	<b>0</b>	<b>3,900,000,000</b>	<b>100.00</b>

### (II) Changes in Share Capital

There were no changes in the Bank's share capital in 2024.

The Bank's H Shares were listed on the Main Board of the Hong Kong Stock Exchange on January 13, 2025. The Bank issued a total of 688,400,000 H Shares in the Global Offering, increasing its total share capital to 4,588,400,000 Shares.



# Changes in Share Capital and Particulars of Shareholders

## PARTICULARS OF SHAREHOLDERS

### (I) Shareholding details of the top ten Domestic Shareholders of the Bank

No.	Shareholder's Name	Number of Shares Held as of December 31, 2024 (Shares)	Percentage of Total Share Capital of the Bank as at December 31, 2024 (%)	Number of Pledged Shares (Shares)
1	Sichuan Yibin Wuliangye Group Co., Ltd. (四川省宜賓五糧液集團有限公司)	779,610,000	19.99	–
2	Yibin Municipal Finance Bureau (宜賓市財政局)	779,481,723	19.987	–
3	Yibin Cuiping District Finance Bureau (宜賓市翠屏區財政局)	779,220,000	19.98	–
4	Yibin Nanxi District Finance Bureau (宜賓市南溪區財政局)	660,699,908	16.94	–
5	Tianfeng Securities Co., Ltd. (天風證券股份有限公司)	194,580,442	4.99	–
6	Jiaxing Jiayuan Information Technology Co., Ltd. (嘉興嘉源信息科技有限公司)	137,969,543	3.54	–
7	Chengdu Xinan Stone Co., Ltd. (成都西南石材城有限公司)	137,214,000	3.52	130,680,000
8	Sichuan Hydropower Investment Operation Group Co., Ltd. (四川省水電投資經營集團有限公司)	128,759,400	3.30	–
9	Wuhan Tianying Investment Group Co., Ltd. (武漢天盈投資集團有限公司)	107,142,857	2.75	–
10	Chaoyu Group Co., Ltd. (超宇集團有限公司)	103,494,294	2.65	98,565,995
<b>Total</b>		<b>3,808,172,167</b>	<b>97.645</b>	

Notes:

- The 130,680,000 Shares pledged by Chengdu Xinan Stone Co., Ltd. were released from the pledge from February 25 to 26, 2025.
- The only substantial Shareholder of the Bank that has pledged its Shares in the Bank is Chaoyu Group Co., Ltd.

## Changes in Share Capital and Particulars of Shareholders

### (II) Interests and Short Positions of Substantial Shareholders and Other Persons Under Hong Kong Regulations

To the Bank's knowledge, as of the Latest Practicable Date, the following persons (excluding the Bank's Directors, Supervisors and chief executive) had or be deemed or taken to have interests and/or short positions in the Shares or underlying Shares as recorded in the register of interests required to be kept by the Bank pursuant to Section 336 of Part XV of the SFO and which would be required to be disclosed to the Bank and the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the SFO; or, directly or indirectly, were interested in 5% or more of the nominal value of any class of the Bank's share capital carrying rights to vote in all circumstances at the Shareholders' general meetings of any other member of the Bank:

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares Directly or Indirectly Held <sup>(1)</sup> (Shares)	Approximate Percentage of the Bank's Issued Shares (%) <sup>(2)</sup>	Approximate Percentage of the Relevant Class of the Bank's Shares (%) <sup>(2)</sup>
Sichuan Yibin Wuliangye Group Co., Ltd.	Beneficial owner	Domestic Shares	779,610,000	19.99	16.99
Yibin Development Holding Group Co., Ltd.	Interest in controlled corporation <sup>(3)</sup>	Domestic Shares	779,610,000	19.99	16.99
State-owned Assets Supervision and Administration Commission of Yibin	Interest in controlled corporation <sup>(3)</sup>	Domestic Shares	779,610,000	19.99	16.99
Yibin Municipal Finance Bureau	Beneficial owner	Domestic Shares	779,481,723	19.987	16.988
Yibin Cuiqing District Finance Bureau	Beneficial owner	Domestic Shares	779,220,000	19.98	16.98
Yibin Nanxi District Finance Bureau	Beneficial owner	Domestic Shares	660,699,908	16.94	14.40
VISION BEST HOLDINGS LIMITED	Beneficial owner <sup>(4)</sup>	H Shares	50,064,000	1.09	7.27
Shenzhen Tinno Mobile Technology Corp.	Interest in controlled corporation <sup>(4)</sup>	H Shares	50,064,000	1.09	7.27
Tinno Technology Group Co., Ltd.	Interest in controlled corporation <sup>(4)</sup>	H Shares	50,064,000	1.09	7.27
Winsang Technologies Limited	Interest in controlled corporation <sup>(4)</sup>	H Shares	50,064,000	1.09	7.27
Mr. Lin Man Hung	Interest in controlled corporation <sup>(4)</sup>	H Shares	50,064,000	1.09	7.27
HONGKONG AO SHENG INTERNATIONAL TRADE LIMITED	Beneficial owner <sup>(5)</sup>	H Shares	81,583,000	1.78	11.85
Hainan Kanglicheng Trading Co., Ltd.	Interest in controlled corporation <sup>(5)</sup>	H Shares	81,583,000	1.78	11.85
Chengdu Chengguangyu Trading Co., Ltd.	Interest in controlled corporation <sup>(5)</sup>	H Shares	81,583,000	1.78	11.85

## Changes in Share Capital and Particulars of Shareholders

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares Directly or Indirectly Held <sup>(1)</sup> (Shares)	Approximate Percentage of the Bank's Issued Shares (%) <sup>(2)</sup>	Approximate Percentage of the Relevant Class of the Bank's Shares (%) <sup>(2)</sup>
Mr. Wang Jie	Interest in controlled corporation <sup>(5)</sup>	H Shares	81,583,000	1.78	11.85
Zhonghai Trust Co., Ltd.	Trustee <sup>(6)</sup>	H Shares	61,585,000	1.34	8.95
Bank of China Investment Management Co., Ltd.	Asset manager <sup>(7)</sup>	H Shares	56,266,000	1.23	8.17
Hangzhou Industrial & Commercial Trust Co., Ltd.	Trustee <sup>(8)</sup>	H Shares	108,547,000	2.37	15.77
Tibet Trust	Trustee <sup>(9)</sup>	H Shares	151,837,000	3.31	22.06
Hongkong Phoemay Investment Co., Limited	Beneficial owner	H Shares	81,627,000	1.78	11.86

(1) All the Shares held are long positions.

(2) As of the Latest Practicable Date, the number of Domestic Shares of the Bank was 3,900,000,000, the number of H Shares was 688,400,000, and the total number of issued Shares was 4,588,400,000.

(3) Sichuan Yibin Wuliangye Group Co., Ltd. is wholly-owned by Yibin Development Holding Group Co., Ltd., therefore, Yibin Development Holding Group Co., Ltd. is deemed to be interested in all the Shares held by Sichuan Yibin Wuliangye Group Co., Ltd. for the purpose of the SFO. Yibin Development Holding Group Co., Ltd. is directly held by the State-owned Assets Supervision and Administration Commission of Yibin and Department of Finance of Sichuan Province as to 90% and 10%, respectively.

(4) VISION BEST HOLDINGS LIMITED is wholly owned by Shenzhen Tinno Mobile Technology Corp., which is in turn wholly owned by Tinno Technology Group Co., Ltd. Tinno Technology Group Co., Ltd. is 45.13% owned by Winsang Technologies Limited, which in turn is 44.51% owned by Mr. Lin Man Hung. Pursuant to the SFO, each of Shenzhen Tinno Mobile Technology Corp., Tinno Technology Group Co., Ltd., Winsang Technologies Limited and Mr. Lin Man Hung is deemed to be interested in all the Shares held by VISION BEST HOLDINGS LIMITED.

(5) HONGKONG AO SHENG INTERNATIONAL TRADE LIMITED is wholly owned by Hainan Kanglicheng Trading Co., Ltd. (海南康利誠貿易有限公司), which is wholly owned by Chengdu Chengguangyu Trading Co., Ltd. (成都成廣宇商貿有限公司), which in turn is wholly owned by Mr. Wang Jie. Pursuant to the SFO, each of Hainan Kanglicheng Trading Co., Ltd., Chengdu Chengguangyu Trading Co., Ltd. and Mr. Wang Jie is deemed to have an interest in all the Shares held by HONGKONG AO SHENG INTERNATIONAL TRADE LIMITED.

## Changes in Share Capital and Particulars of Shareholders

- (6) As the trustee of Zhonghai Trust Co., Ltd. - Overseas Investment Series No. 31 QDII Single Trust Scheme, Zhonghai Trust Co., Ltd. (as a Qualified Domestic Institutional Investor) subscribes for and holds the relevant offered Shares on behalf of the trust investor.
- (7) As the asset manager of Bank of China Investment Management – Zhonggang Investment No. 1 QDII Single Asset Management Plan, Bank of China Investment Management Co., Ltd. holds Shares of the listed corporation through the QDII asset management plan to achieve the investment plans of the fund investors.
- (8) Hangzhou Industrial & Commercial Trust Co., Ltd. is the trustee of Hangzhou Xinqi Hang No. 1 Collective Fund Trust Project.
- (9) Tibet Trust is the trustee of Zhuoao No. 8 Collective Fund Trust Plan.

Save as disclosed above, as of the Latest Practicable Date, the Bank is not aware of any other person, other than the Directors, Supervisors and chief executive of the Bank, who had interests or short positions in the Shares and underlying Shares of the Bank, which were required to be kept in the register of interests recorded by the Bank pursuant to Section 336 of Part XV of the SFO, and which would be required to be disclosed to the Bank and the Hong Kong Stock Exchange under the Divisions 2 and 3 of Part XV of the SFO.

### (III) Substantial Shareholders

According to the PRC regulatory requirements, the Bank has 10 substantial Shareholders:

1. Shareholders holding more than 5% of Shares: Sichuan Yibin Wuliangye Group Co., Ltd., Yibin Municipal Finance Bureau, Yibin Cuiping District Finance Bureau, and Yibin Nanxi District Finance Bureau.

During the Reporting Period, there was no change in the shareholding of more than 5% of Shares by Shareholders.

2. Shareholders holding less than 5% of Shares but having significant influence on the Bank (appointing Directors, Supervisors or senior management to the Bank): Jiaying Jiayuan Information Technology Co., Ltd. (嘉興嘉源信息科技有限公司), Chaoyu Group Co., Ltd. (超宇集團有限公司), Junlian County Finance Bureau of Yibin City (宜賓市筠連縣財政局) and Nie Lei.
3. Shareholders holding less than 5% of Shares but having significant influence on the Bank (influencing the finance and business management decisions of the Bank through agreements or other means): YANG Xingwang (resigned as the executive Director and the president of the Bank on April 8, 2025), LIANG Youtao. See section “Directors, Supervisors, Senior Management, Employees and Organizations” for details.

### (IV) Particulars of Controlling Shareholder and De Facto Controller

The Bank does not have a controlling Shareholder or de facto controller.

# Directors, Supervisors, Senior Management, Employees and Organizations

## INFORMATION ON DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS

As of the Latest Practicable Date, the information of the Directors, Supervisors and senior management members of the Bank is as follows:

### (I) Directors

Name	Age	Position	Time of joining the Bank	Date of appointment as a Director
XUE Feng (薛峰)	48	Executive Director and Chairman	October 2019	December 25, 2020
XU Yong (許勇)	59	Executive Director	March 2018	December 25, 2019
JIANG Lin (蔣琳)	45	Non-executive Director (Shareholder Director)	May 2023	September 27, 2023
XIAO Yufeng (肖玉烽)	39	Non-executive Director (Shareholder Director)	April 2021	April 9, 2021
TIAN Tian (田甜)	36	Non-executive Director (Shareholder Director)	March 2023	March 16, 2023
ZHAO Gen (趙根)	43	Non-executive Director (Shareholder Director)	October 2020	October 16, 2020
YAO Liming (姚黎明)	40	Independent non-executive Director	April 2021	April 9, 2021
YU Xiaoran (于瀟然)	45	Independent non-executive Director	May 2023	September 19, 2023
XING Huayu (邢華鈺)	46	Independent non-executive Director	May 2023	October 16, 2023
ZHAO Jingmei (趙靜梅)	51	Independent non-executive Director	August 2024	August 1, 2024

# Directors, Supervisors, Senior Management, Employees and Organizations

## (II) Supervisors

Name	Age	Position	Time of joining the Bank	Date of appointment as a Supervisor
KANG Yong (康勇)	52	Employee representative Supervisor and chairman of the Board of Supervisors	January 2021	February 6, 2021
LIU Wanli (劉萬里)	60	Employee representative Supervisor	July 2010	June 22, 2018
JIA Yan (賈艷)	52	Employee representative Supervisor	July 2010	February 6, 2021
MAO Fangqiong (毛方瓊)	41	Employee representative Supervisor	April 2010	May 14, 2021
JIA Heng (賈恒)	44	Shareholder Supervisor	August 2019	August 8, 2019
HE Ling (何玲)	45	Shareholder Supervisor	April 2024	April 30, 2024
WANG Shuai (王帥)	49	Shareholder Supervisor	May 2023	May 12, 2023
ZHANG Jufang (張聚方)	53	External Supervisor	August 2019	August 8, 2019
CHEN Qian (陳倩)	51	External Supervisor	December 2020	December 28, 2020
XU Jiagen (徐加根)	55	External Supervisor	April 2014	April 9, 2021
SHAN Chengge (單承戈)	55	External Supervisor	April 2015	April 9, 2021

## (III) Senior Management Members

Name	Age	Position	Time of joining the Bank	Date of appointment as a senior management member
GONG Yuchi (龔玉池)	55	Vice president	October 2016	October 10, 2020
LIANG Youtao (梁幼濤)	52	Vice president	December 2006	July 15, 2021
ZHU Bo (朱博)	39	Vice president	January 2021	July 19, 2021
TANG Xudong (唐旭東)	52	Chief information officer	August 2013	April 21, 2014
TANG Lin (唐艷)	44	Secretary to the Board of Directors	June 2023	September 18, 2023
YU Kui (余奎)	40	Head of the internal audit department	April 2011	July 15, 2021
PU Bin (蒲斌)	52	Head of the planning and finance department	July 2020	November 16, 2022

# Directors, Supervisors, Senior Management, Employees and Organizations

## CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS

### (I) Changes in Directors

In the thirty-fifth meeting of the Shareholders on April 29, 2024, ZHAO Jingmei was elected as the independent non-executive Director, and her qualification as a Director was approved in July 2024. Her term of office commenced on August 1, 2024 and shall end on the expiry date of the fourth session of the Board of Directors.

WANG Qing, the independent non-executive Director, submitted his resignation to the Board of Directors on March 28, 2024, and his resignation took effect from August 1, 2024.

LI Siliang, the independent non-executive Director, submitted his resignation to the Board of Directors on September 26, 2024, and his resignation took effect from that day.

LIU Rong, the non-executive Director, submitted her resignation to the Board of Directors on October 14, 2024, and her resignation took effect from that day.

YANG Xingwang, the executive Director, submitted his resignation to the Board of Directors on April 8, 2025, and his resignation took effect from that day.

### (II) Changes in Supervisors

In the thirty-fifth meeting of the Shareholders in April 2024, HE Ling was elected as the Shareholder Supervisor.

In the thirty-fifth meeting of the Shareholders in April 2024, LI Shuang resigned as the Shareholder Supervisor due to work change.

### (III) Changes in Senior Management Members

YANG Xingwang resigned as the President of the Bank on April 8, 2025.

Save as disclosed in this annual report, there have been no changes to the information of Directors, Supervisors and chief executive required to be disclosed under Rule 13.51B(1) of the Listing Rules since the publication of the Prospectus.

# Directors, Supervisors, Senior Management, Employees and Organizations

## III. BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS

### (I) Biographies of Directors

**Mr. XUE Feng (薛峰), aged 48, is an executive Director and the Chairman of the Board of the Bank.**

Mr. Xue worked as a staff member of Chengdu Minjiang Branch of China Construction Bank Corporation (中國建設銀行股份有限公司) (“**China Construction Bank**”) from July 1999 to April 2000; served as section chief of the international settlement section, credit section and treasury section of international business department of Sichuan Branch of China Construction Bank from April 2000 to July 2011; served as the deputy general manager of the investment banking department of Sichuan Branch of China Construction Bank from July 2011 to April 2013; afterwards, he served as the general manager of the corporate banking department of Chengdu Branch of China Minsheng Banking Co., Ltd. (中國民生銀行股份有限公司) from April 2013 to September 2013; and served as the general manager, director, and chairman of the investment decision committee of Glory Industrial Investment Fund Management Co., Ltd. (國辰產業投資基金管理公司) from September 2013 to October 2019. Mr. Xue served as the Deputy Secretary of the Party Committee of the Bank from October 2019 to October 2022, acted as the president of the Bank from December 2019 to May 2020, and served as the president from May 2020 to October 2020. Mr. Xue has been the Chairman of the Bank since December 2020 and the Secretary of the Party Committee of the Bank since October 2022.

Mr. Xue obtained a bachelor’s degree in economics, a master’s degree in business administration, and a doctorate degree in economics (majoring in industrial economics) from Southwestern University of Finance and Economics (西南財經大學) in Sichuan Province, the PRC in July 1999, January 2005, and July 2010, respectively. Mr. Xue was awarded the honorary title of the third corporate and institutional business “Top 100 Account Managers” of China Construction Bank in August 2006; and was awarded the title of “Tianfu Qingcheng Plan Financial Talent (天府青城計劃金融英才)” by Sichuan Province Talent Work Leading Group Office (四川省人才工作領導小組辦公室) in 2021. Mr. Xue was awarded the title of senior economist by China Construction Bank in December 2008 and the title of senior economist by the Department of Human Resources and Social Security of Sichuan Province in July 2023.



## Directors, Supervisors, Senior Management, Employees and Organizations

**Mr. XU Yong (許勇), aged 59, is an executive Director of the Bank.**

Mr. Xu served as a staff member of the office of Gong County Finance Bureau of Yibin City (宜賓市珙縣財政局) from August 1985 to March 1989; served as the deputy director of the comprehensive section of Gong County Finance Bureau of Yibin City from March 1989 to May 1991; served as a staff member in the comprehensive section and budget section of Yibin District Finance Bureau (宜賓地區財政局) from May 1991 to April 1994; served as a senior staff member of the budget section of Yibin District Finance Bureau from April 1994 to March 1995; served as the deputy section chief and principal staff member of the infrastructure investment section of Yibin District Finance Bureau from March 1995 to July 1998; served as the section chief of the comprehensive and reform section of Yibin Finance Bureau from July 1998 to January 2001; served as a member of the Party Group and deputy director of Yibin Finance Bureau from January 2001 to December 2011; served as a member of the Party Group of the Yibin Municipal Government Office (宜賓市政府辦) and director of the Finance Office of Yibin Municipal Government (宜賓市政府金融辦) from December 2011 to March 2018; served as Secretary of the Party Committee of the Bank from March 2018 to November 2020. Mr. Xu has served as a Director since December 2019.

Mr. Xu graduated from the Correspondence Institute of the Central Party School (中共中央黨校函授學院) in Beijing, the PRC, majoring in political science and law through correspondence studies in December 1999.

## Directors, Supervisors, Senior Management, Employees and Organizations

**Ms. JIANG Lin (蔣琳), aged 45, is a non-executive Director of the Bank.**

Ms. Jiang served as a staff member of the Research Office of Chongqing Municipal Government (重慶市政府研究室) from July 2004 to March 2005; served as a staff member of the Political Research Office of the Chengdu Municipal Party Committee (成都市委政研室) from March 2005 to August 2005; served as a senior staff member of the Political Research Office of the Chengdu Municipal Party Committee from August 2005 to September 2007; served as principal staff member of the Economic Division of the Political Research Office of the Chengdu Municipal Party Committee from September 2007 to September 2011; served as the deputy director of the Economic Division of the Political Research Office of the Chengdu Municipal Party Committee from August 2011 to February 2012; served as the deputy director of the Capital Market Division of the Chengdu Financial Work Office (成都市金融工作辦公室) from February 2012 to March 2014; served as the director of the Capital Market Division of the Chengdu Financial Work Office from March 2014 to September 2016; served as the director and general manager of Tianfu International Fund Town (天府國際基金小鎮), and the deputy general manager of Wanchuang Investment Holdings Chengdu Co., Ltd. (萬創投資控股成都有限公司) from October 2016 to January 2019; served as a member of the Party Committee, deputy general manager and director of Sichuan Yibin Wuliangye Group Co., Ltd. (四川省宜賓五糧液集團有限公司) from January 2019 to February 2022; has served as a director of Wuliangye Yibin Co., Ltd. (宜賓五糧液股份有限公司) (“**Wuliangye**”), a company listed on the Shenzhen Stock Exchange (stock code: 000858), from June 2021 to September 2023; has served as a member of the Party Committee of Wuliangye and a deputy general manager from February 2022 to September 2023; and has served as a secretary to the board of Wuliangye from March 2022 to April 2024; has served as a member of the Party Committee of Sichuan Yibin Wuliangye Group Co., Ltd. (四川省宜賓五糧液集團有限公司) since April 2024; has served as a member and vice president of the Party Committee of the Bank since April 2024; Ms. Jiang was elected as a Director of the Bank by the Shareholder’s general meeting in May 2023.

Ms. Jiang has served as a director of Sichuan Bank Co., Ltd. (四川銀行股份有限公司) (“**Sichuan Bank**”) since November 2020, Ms. Jiang is primarily responsible for participating in the decision-making of Sichuan Bank and advising on corporate governance, compliance and risk management, and does not participate in its daily operation and management. On the other hand, (i) Ms. Jiang Lin also does not participate in the daily operation and management of the Bank; (ii) Ms. Jiang will abstain from voting at the meeting of the Board at which business and/or investment proposals related to Sichuan Bank are considered; and (iii) we have appointed four independent non-executive Directors, representing one-third of our Board members, to balance any potential conflicts of interest to protect the interests of the Bank and the Shareholders as a whole. Accordingly, Ms. Jiang’s directorship in Sichuan Bank as a director does not and is unlikely to give rise to material competition or conflict of interest between Ms. Jiang and the Bank.

Ms. Jiang obtained a bachelor’s degree in economics, a master’s degree in economics, and a doctorate degree in economics (majoring in political economics) from the School of Economics of Sichuan University (四川大學) in Sichuan Province, the PRC in July 2001, June 2004, and June 2010, respectively. Ms. Jiang was named as “Yibin Financial Elite” (宜賓金融菁英) by the Talent Work Leading Group of Yibin Municipal Party Committee of the Communist Party of China (中共宜賓市委人才工作領導小組) and was listed in “2021 Yibin Talents Program (2021 年度宜賓英才計劃)”; served as a council member of the 5th Council and vice president of the List Company Association of Sichuan in 2022; served as a council member of the 2nd Council and vice president of Sichuan Investment Fund Industry Association (四川省投資基金業協會), and the vice president of the Chengdu Modern Financial Industry Ecosystem Alliance (成都現代金融產業生態圈聯盟) in 2023.

## Directors, Supervisors, Senior Management, Employees and Organizations

### **Ms. XIAO Yufeng (肖玉烽), aged 39, is a non-executive Director of the Bank.**

Ms. Xiao served as a clerk of the Financial Affairs Office of the People's Government of Yibin City (宜賓市人民政府金融工作辦公室) from January 2008 to January 2009; served as a staff member and senior staff member of the Financial Affairs Office of the People's Government of Yibin City successively from January 2009 to March 2016; served as the senior staff member and principal staff member of the Government and Social Capital Cooperation Project Office of Yibin Finance Bureau (宜賓市財政局政府和社會資本合作項目工作辦公室) successively from March 2016 to February 2018; served as the principal staff member of the administrative and legal section of Yibin Finance Bureau from February 2018 to November 2020 and was transferred to be a level 2 principal staff member in June 2019; served as level 2 principal staff member of the finance section of Yibin Finance Bureau from November 2020 to December 2020; served as the deputy section chief and level 2 principal staff member of the finance section of Yibin Finance Bureau from December 2020 to February 2024; and served as the section chief of the finance section of Yibin Finance Bureau from February 2024 to July 2024; has served as the section chief of the financial security section (financial enterprise Party building section) of the Yibin Finance Bureau since July 2024. Ms. Xiao has served as a Director of the Bank since April 2021.

Ms. Xiao obtained a bachelor's degree in economics and a master's degree in agricultural promotion from Sichuan Agricultural University (四川農業大學) in Sichuan Province, the PRC in June 2007 and June 2019, respectively. Ms. Xiao was awarded the title of "Exemplary Individual in Compilation Work" (編纂工作先進個人) by Yibin Chronicles 《宜賓市志》 in 2012. In 2015 and 2017, she was awarded the title of "Exemplary Individual in Handling the Proposals" (建議、提案辦理工作先進個人) by the Office of Yibin Municipal Party Committee (宜賓市委辦公室), the Office of Standing Committee of Yibin Municipal People's Congress (宜賓市人大常委會辦公室), the Office of Yibin Municipal People's Government (宜賓市政府辦公室) and the Office of Yibin Municipal Committee of the CPPCC (政協宜賓市委員會辦公室). In 2020, she was awarded the title of "Model Individual of the National Unity and Progress" (民族團結進步模範個人) by Sichuan Provincial Government. In 2021, she was awarded the title of "Outstanding Communist Party Member" (優秀共產黨員) by the Work Committee for Organizations Directly under Yibin City of the CPC (中共宜賓市直機關工委). Ms. Xiao was qualified as an economics professional (intermediate) by the Ministry of Human Resources and Social Security of the PRC in October 2021.

### **Ms. TIAN Tian (田甜), aged 36, is a non-executive Director of the Bank.**

Ms. Tian served as a staff member of the Treasury Centralized Payment Center in Nanxi District, Yibin City (宜賓市南溪區國庫集中支付中心) in accordance with the Civil Service Law from August 2012 to October 2013; served as a staff member of the Treasury Centralized Payment Center in Nanxi District, Yibin City from October 2013 to March 2015; served as the deputy director of the Office of Yibin Nanxi Finance Bureau (宜賓市南溪區財政局) from March 2015 to March 2016; served as the director of the Office of Yibin Nanxi Finance Bureau from March 2016 to February 2017; served as the director of the State-owned Assets Supervision and Administration Office of Yibin Nanxi Finance Bureau from February 2017 to February 2018; served as the section chief of the economic construction section of Yibin Nanxi Finance Bureau from February 2018 to February 2021, during which, she was transferred to be a level 1 staff member in June 2019 and served as the deputy director of the Finance and Investment Approval Center (財政投資評審中心) from November 2019 to June 2020; responsible for work of the debt section from April 2020 to February 2021. She served as the section chief of the debt section of Yibin Nanxi Finance Bureau from February 2021 to February 2022 and has served as a member of the Party Group and the chief accountant of Yibin Nanxi Finance Bureau since February 2022. Ms. Tian has served as a Director of the Bank since March 2023.

## Directors, Supervisors, Senior Management, Employees and Organizations

Ms. Tian obtained a bachelor's degree in management (majoring in financial management) from Sichuan Normal University in Sichuan Province, the PRC in June 2012. Ms. Tian obtained the qualification of a junior accountant from the Sichuan Provincial Department of Human Resources and Social Security (四川省人力資源和社會保障廳) in May 2011.

**Mr. ZHAO Gen (趙根), aged 43, is a non-executive Director of the Bank.**

Mr. Zhao Gen served as an employee of the approval department of the Chengdu Rural Commercial Bank Co., Ltd. (成都農村商業銀行股份有限公司) ("**Chengdu Rural Commercial Bank**") in April 2010; served as the deputy director of the Wuhou Approval Center of Chengdu Rural Commercial Bank from May 2013 to July 2013; served as the director of the approval center of the sales department of the head office of Chengdu Rural Commercial Bank from July 2013 to January 2015; and served as the assistant to the general manager of the credit approval department of Chengdu Rural Commercial Bank from January 2015 to June 2015. Mr. Zhao served as the assistant to the general manager and director of the fixed income committee of JZ Securities Co., Ltd. (九州證券股份有限公司) from November 2015 to March 2018. Mr. Zhao has served as the deputy general manager of Tongchuang Jiuding Investment Group Co., Ltd. (同創九鼎投資集團股份有限公司) and executive director of Jiuan-FT Life International Investment Holdings cl. (九安富通公司) since March 2018. He has served as the chief financial officer of Tongchuang Jiuding Investment Group Co., Ltd. since May 2019; has served as a director of Kunwu Jiuding Investment Holdings Co., Ltd., (昆吾九鼎投資控股股份有限公司) a company listed on the Shanghai Stock Exchange (stock code: 600053), since January 2021; and has served as a director of Tongchuang Jiuding Investment Management Group Co., Ltd. (同創九鼎投資管理集團股份有限公司) since December 2022. Mr. Zhao has served as a Director of the Bank since October 2020.

Mr. Zhao obtained a bachelor's degree in economics (majoring in financial accounting education) from Central China Normal University (華中師範大學) in Hubei Province, the PRC in June 2004 and obtained a doctorate degree in management (majoring in financial management) from Southwestern University of Finance and Economics in Sichuan Province, the PRC in June 2009.

**Mr. YAO Liming (姚黎明), aged 40, is an independent non-executive Director of the Bank.**

Mr. Yao served as a lecturer at the School of Business of Sichuan University from February 2013 to September 2015; served as an associate professor and a doctoral supervisor at the School of Business of Sichuan University from September 2015 to December 2017; served as an associate professor, assistant to the dean and director of the Development Planning and Discipline Construction Office (發展規劃與學科建設辦公室) (Talent Introduction Office (人才引進辦公室) and Postdoctoral Management Office (博士後管理辦公室)) of the School of Business of Sichuan University from December 2017 to September 2018; served as a researcher (professor), assistant to the dean and director of the Development Planning and Discipline Construction Office (發展規劃與學科建設辦公室) (Talent Introduction Office (人才引進辦公室) and Postdoctoral Management Office (博士後管理辦公室)) of the School of Business of Sichuan University from September 2018 to January 2022; and has served as the vice dean and a researcher (professor) at the School of Business of Sichuan University since January 2022. Mr. Yao has served as an independent Director of the Bank since April 2021.

## Directors, Supervisors, Senior Management, Employees and Organizations

Mr. Yao obtained his bachelor's degree in science (majoring in mathematics) and doctorate degree in management (majoring in management science and engineering) from Sichuan University in Sichuan Province, the PRC in July 2006 and December 2012, respectively. Mr. Yao won the first prize of Science and Technology Progress Award in Sichuan Province (四川省科技進步獎一等獎) in 2012; was awarded the title of "2018 Outstanding Member of Jiusan Society Chengdu Municipal Committee" (九三學社成都市委二〇一八年度優秀社員) in 2018; was selected in the "Double Hundred Talent Project" (雙百人才工程) of Sichuan University in 2020; received the title of "Academic and Technology Leader" (學術和技術帶頭人) in Sichuan Province in 2021; received the title of "Top Young Talents in the National Ten Thousand Talents Program" (國家萬人計劃青年拔尖人才) in 2022; and served as a member of the 13th Sichuan Provincial Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議) in 2022.

**Ms. YU Xiaoran (于瀟然), aged 45, is an independent non-executive Director of the Bank.**

Ms. Yu worked at KPMG Huazhen LLP (畢馬威華振會計師事務所) (Special General Partnership) from August 2000 to February 2018, during which she served as an auditor of the audit department from August 2000 to June 2003; served as an assistant manager of the audit department from July 2003 to June 2006; served as a manager of the audit department from July 2006 to June 2008; served as a senior manager of the audit department from July 2008 to September 2012; and served as a partner of the audit department from October 2012 to February 2018, where she was assigned to the Office of the Chief Accountant of the CSRC (中國證監會首席會計師辦公室) as an audit technical advisor from February 2014 to February 2015; served as the chief financial officer of Everbright Anshi (Beijing) Investment Management Co., Ltd. (光控安石(北京)投資管理有限公司) from February 2018 to September 2018; served as the principal financial officer of Everbright Anshi (Beijing) Investment Management Co., Ltd. from September 2018 to March 2023; served concurrently as an investment decision-making committee member of Everbright Anshi (Beijing) Investment Management Co., Ltd. from September 2018 to December 2022; served as a vice president and management decision-making committee member of Everbright Jiabao Co., Ltd. (光大嘉寶股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600622) from January 2019 to April 2023; and served concurrently as an investment decision-making committee member of Everbright Jiabao Co., Ltd. from February 2019 to April 2023. Ms. Yu was elected as an independent Director of the Bank by the Shareholder's general meeting in May 2023.

Ms. Yu obtained a bachelor's degree in economics from Beijing Technology and Business University (北京工商大學) in Beijing, the PRC in June 2000 and completed a postgraduate course of political economics from Peking University (北京大學) in Beijing, the PRC in December 2018. Ms. Yu holds the qualification of a Chinese Certified Public Accountant.



## Directors, Supervisors, Senior Management, Employees and Organizations

**Mr. XING Huayu (邢華鈺), aged 46, is an independent non-executive Director of the Bank.**

Mr. Xing worked at Shanghai Branch of Deutsche Bank (China) Co., Ltd. (德意志銀行(中國)有限公司) from June 2008 to April 2010; served as the director of the fixed income department of Credit Suisse AG, Shanghai Branch from April 2010 to October 2012; served as director of Barclays Bank, Shanghai Branch from June 2013 to July 2017 (also acting as the deputy branch manager in 2013) and director of Barclays Capital Asia Limited (also acting as the deputy branch manager in 2017) from July 2015 to March 2017; served as the vice general manager and director of China Huarong International Holdings Ltd. (中國華融國際控股有限公司) from August 2017 to May 2020 (also acting as the executive director of Huarong Holdings (Shenzhen) Equity Investment Fund Management Limited (華融控股(深圳)股權投資基金管理有限公司) and Shenzhen Huarong Zhicheng Investment Consulting Limited (深圳華融致誠投資諮詢有限公司)); has served as the general manager of China Chengtong (Hong Kong) Asset Management Company Ltd (中國誠通(香港)資產管理有限公司) from June 2020 to January 2025. Mr. Xing was elected as an independent Director of the Bank by the Shareholder's general meeting in May 2023.

Mr. Xing obtained a bachelor's degree in English from Ocean University of China (中國海洋大學) (formerly known as Qingdao Ocean University (青島海洋大學)) in Shandong Province, the PRC in July 2001.

**Ms. ZHAO Jingmei (趙靜梅), aged 51, is an independent non-executive Director of the Bank.**

Ms. Zhao served successively as a lecturer at the School of Finance of Southwestern University of Finance and Economics from October 2003 to December 2004; served as an associate professor at the School of Finance of Southwestern University of Finance and Economics from January 2005 to December 2006; served as an associate professor and the deputy dean at the School of Finance of Southwestern University of Finance and Economics from January 2007 to December 2008; served as a professor, a doctoral supervisor and the deputy dean at the School of Finance of Southwestern University of Finance and Economics from January 2009 to December 2016; served as a professor, a doctoral supervisor and the executive dean at the School of Finance of Southwestern University of Finance and Economics from January 2017 to May 2022; served as an independent director of Chengdu Rural Commercial Bank (成都農商銀行) since March 2022; served as a professor, a doctoral supervisor and the standing deputy dean (常務副院長) of the School of Finance of Southwestern University of Finance and Economics since June 2022; and served as an independent director of Sichuan Jule Food Co., Ltd. (四川菊樂食品股份有限公司) since June 2024. Ms. Zhao was elected as an independent Director of the Bank by the Shareholder's general meeting in April 2024.

Ms. Zhao obtained a bachelor's degree in international finance and a doctorate degree in finance from Southwestern University of Finance and Economics in Sichuan Province, the PRC in July 1996 and June 2003 successively. She also graduated from the post-doctoral program in Finance at the School of Finance of University of Mannheim (曼海姆大學金融學院) in Germany in June 2003.

# Directors, Supervisors, Senior Management, Employees and Organizations

## (II) Biographies of Supervisors

**Mr. KANG Yong (康勇), aged 52, is the chairman of the Board of Supervisors of the Bank.**

Mr. Kang served as the deputy director of the Office of the PBOC, Gong County Branch from January 1999 to April 2000; served as a staff member in the human resources and education section of the PBOC, Gong County Branch from April 2000 to April 2002; served as the vice president of the PBOC, Gong County Branch from April 2002 to December 2003; served as the head of the Gong County Supervision Office of Yibin Branch of the CBRC from December 2003 to June 2004; served as the deputy director of the Gong County Supervision Office of Yibin Branch of the CBRC from June 2004 to October 2004; served as the director of the Gong County Supervision Office of Yibin Branch of the CBRC from October 2004 to August 2006; served as the director of the Gong County Supervision Office and deputy section chief of the First Division (一科副科長) of the supervision section of Yibin Branch of the CBRC from August 2006 to May 2008; served as the section chief of the First Division (一科科长) of the supervision section and director of the Gong County Supervision Office of Yibin Branch of the CBRC from May 2008 to April 2011; served as the section chief of the Third Division (三科科长) of the supervision section of Yibin Branch of the CBRC from April 2011 to May 2012; served as a member of the Party Committee and deputy director of Yibin Branch of the CBRC from May 2012 to December 2018; served as the interim head of Yibin Branch of the CBIRC from December 2018 to April 2019; served as a member of the Party Committee and deputy director of Yibin Branch of the CBIRC from April 2019 to December 2020; served as a level 3 researcher of Yibin Branch of the CBIRC from October 2019 to December 2020. Mr. Kang has been a member of the Party Committee of the Bank since January 2021, a Supervisor and the chairman of the Board of Supervisors of the Bank since February 2021, and the chairman of the union since April 2023.

Mr. Kang graduated from the Correspondence Institute of the Party School of Sichuan Provincial Committee (四川省委黨校函授學院) in Sichuan Province, the PRC, majoring in law through correspondence studies in December 2000.

**Mr. LIU Wanli (劉萬里), aged 60, is an employee representative Supervisor of the Bank.**

Mr. Liu served as a credit officer and the head of the planning and credit department of Agricultural Development Bank of China (中國農業發展銀行), Xingwen County Branch from January 1999 to July 2002; was in charge of the general management of planning and credit department of Agricultural Development Bank of China, Yibin Branch from August 2002 to April 2005; was in charge of the customer marketing of Agricultural Development Bank of China, Yibin Branch from May 2005 to September 2006; was in charge of the marketing of Agricultural Development Bank of China, Xingwen County Branch from October 2006 to November 2009 and served as the business manager in December 2009; served as the deputy director of the Office of the Board of Supervisors of the Bank from July 2010 to January 2015; served as the deputy director of the Supervision Office of the Bank in February 2015. Since January 2018, he has served as the director of the Office of the Board of Supervisors of the Bank. Mr. Liu has served as a Supervisor of the Bank since June 2018.

Mr. Liu graduated from the Correspondence Institute of the Party School of Sichuan Provincial Committee (四川省委黨校函授學院) in Sichuan Province, the PRC, majoring in economic management through correspondence studies in December 1996. Mr. Liu obtained the qualification of intermediate level in finance from the Ministry of Personnel of the PRC in November 2000 and holds the title of senior financial planner.

## Directors, Supervisors, Senior Management, Employees and Organizations

### **Ms. JIA Yan (賈艷), aged 52, is an employee representative Supervisor of the Bank.**

Ms. Jia worked at the PBOC, Junlian County Branch from July 1992 to June 2010, serving as a staff member, deputy director of the office, director, and deputy president. She served as the deputy general manager of the general management department of the Bank from July 2010 to February 2016; served as the general manager of the compliance management department of the Bank from February 2016 to March 2022; and has served as the director of the discipline inspection and supervision office of the Bank since March 2022. Ms. Jia has served as an employee representative Supervisor of the Bank since February 2021.

Ms. Jia graduated from China Central Radio and TV University (now known as The Open University of China) in Beijing, the PRC, majoring in law in November 2002.

### **Ms. MAO Fangqiong (毛方瓊), aged 41, is an employee representative Supervisor of the Bank.**

Ms. Mao worked in the risk management department of the Bank from April 2010 to December 2011; served as the head of comprehensive risk management in the risk management department of the Bank from December 2011 to August 2014. She served as the deputy general manager of the risk management department of the Bank from August 2014 to October 2023, and served as the deputy general manager of the strategic management department of the Bank from January 2022 to October 2023. She has served as the general manager of the strategic management department of the Bank since October 2023. Ms. Mao has served as an employee representative Supervisor of the Bank since May 2021.

Ms. Mao obtained a bachelor's degree in international economics and trade from Chongqing Jiaotong University (重慶交通大學) in Chongqing, the PRC in June 2007, and a master's degree in finance from Southwestern University of Finance and Economics in Sichuan Province, the PRC in March 2010. Ms. Mao obtained the qualification of intermediate level in finance from the Department of Human Resources and Social Security of Sichuan Province in November 2012.

### **Mr. JIA Heng (賈恒), aged 44, is a Shareholder Supervisor of the Bank.**

Mr. Jia served as the regional manager of Shenzhen and director of the food and environmental protection industry of Jiangsu Skyray Instrument Co., Ltd. (江蘇天瑞儀器股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300165) from 2006 to 2014; and served as the general manager of Sichuan Qiutianji Network Technology Co., Ltd. (四川秋田集網絡科技有限公司) since April 2018. Mr. Jia has served as a Shareholder Supervisor of the Bank since August 2019.

Mr. Jia obtained a bachelor's degree in management from Sichuan Normal University in Sichuan Province, the PRC in July 2003.



## Directors, Supervisors, Senior Management, Employees and Organizations

### **Ms. HE Ling (何玲), aged 45, is a Shareholder Supervisor of the Bank.**

Ms. He worked in the agricultural economics station of Wude town, Junlian County (筠連縣武德鄉農經站), serving as a reserve civil servant (預備公務員) from December 2001 to February 2005. She successively served as a staff member, deputy director of office, deputy director of the case examination office, director of the case examination office, director of the Party work style office and the member of the Standing Committee of the Discipline Inspection Commission of Junlian County from February 2005 to February 2014. Ms. He worked as a deputy secretary of the Party Committee, secretary of the Discipline Inspection Commission, and chairman of the National People's Congress of Xunsi Town, Junlian County from February 2014 to March 2017; as a deputy secretary of the Party Committee and the township mayor of Gaokan Town, Junlian County from June 2017 to August 2019; as the chairman of the Women's Federation of Junlian County from November 2019 to January 2022; and successively served as a member of the Party Committee of the Bureau of Economy, Business, Informatization, and Science and Technology of Junlian County and the director of Junlian County Service Industry Development and Promotion Center from January 2022 to January 2024. Ms. He has served as the secretary of the Party Committee and the director of Junlian County Finance Bureau since February 2024. Ms. He was elected as a Shareholder Supervisor of the Bank by the Shareholder's general meeting in April 2024.

Ms. He graduated from Yibin Normal Higher Collegiate School in Sichuan Province, the PRC, majoring in law, in July 2001. She also obtained her bachelor's degree in law from Southwest Minzu College (西南民族學院) (now known as the Southwest Minzu University (西南民族大學)) in Sichuan Province, the PRC, in June 2002 and a master's degree in law from the Party School of Sichuan Provincial Committee of Communist Party of China in Sichuan Province, the PRC, in June 2010.

### **Mr. WANG Shuai (王帥), aged 49, is a Shareholder Supervisor of the Bank.**

Mr. Wang has served as the general manager of Yibin Nielei Jewelry Company (宜賓聶磊珠寶公司) since October 2010. Mr. Wang was elected as a Shareholder Supervisor of the Bank by the Shareholder's general meeting in May 2023.

Mr. Wang was a supervisor of Chengdu Zhenghe Jewelry Co., Ltd. (成都正和珠寶有限公司) ("**Chengdu Zhenghe**"), a limited liability company established in the PRC. The business license of Chengdu Zhenghe was revoked on January 18, 2008 due to failure to undergo annual inspection as required under the relevant PRC regulations. As confirmed by Mr. Wang, Chengdu Zhenghe did not have any business activities and was dormant immediately prior to its business licence being revoked. Mr. Wang was not involved in the business operation of Chengdu Zhenghe at the relevant time and the failure of Chengdu Zhenghe was not due to any fault on the part of Mr. Wang. As at the Latest Practicable Date, Chengdu Zhenghe has not commenced dissolution. Further, as confirmed by Mr. Wang, Chengdu Zhenghe was solvent at the time of revocation of its business license, and Mr. Wang was not aware of any pending claim or outstanding debts of Chengdu Zhenghe; Mr. Wang was not involved in any inspection by regulatory authorities and did not incur any debt and/or liabilities because of such revocation, and that the revocation did not have negative effect on our Group.

Mr. Wang obtained an EMBA degree from Southwestern University of Finance and Economics in Chengdu, Sichuan Province in January 2011.

## Directors, Supervisors, Senior Management, Employees and Organizations

**Ms. ZHANG Jufang (張聚方), aged 53, is an external Supervisor of the Bank.**

Ms. Zhang served successively as the executive deputy director of the finance department, the director of the finance department, the deputy chief accountant, the financial accounting management director and the financial management director of Yibin Tianyuan Group Co., Ltd. (宜賓天原集團股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002386) from 2003 to 2011, and she served concurrently as the director of the office of the board of directors and the manager of the financial management department during this period; and has served as the chief financial officer of Sichuan Nongda Gaoke Agriculture Co., Ltd. (四川農大高科農業有限責任公司) since January 2012. Ms. Zhang has served as an external Supervisor of the Bank since August 2019.

Ms. Zhang graduated from Southwestern University of Finance and Economics in Sichuan Province, the PRC, majoring in accounting in June 1997. Ms. Zhang holds the title of senior accountant.

**Ms. CHEN Qian (陳倩), aged 51, is an external Supervisor of the Bank.**

Ms. Chen has served as a lawyer and senior partner in Beijing Dacheng (Chengdu) Law Firm (北京大成(成都)律師事務所) since September 2009. Ms. Chen has served as an external Supervisor of the Bank since December 2020.

Ms. Chen obtained a bachelor's degree in law from Southwest Minzu University (西南民族大學) in Sichuan, the PRC in July 1997. Ms. Chen has a lawyer's practice license in the PRC.

**Mr. XU Jiagen (徐加根), aged 55, is an external Supervisor of the Bank.**

Mr. Xu joined Southwestern University of Finance and Economics as a teacher in July 1999 and has served as a professor in the School of Finance of Southwestern University of Finance and Economics since December 2012. Mr. Xu served as an independent Director of the Bank from April 2014 to December 2020 and has served as an external Supervisor of the Bank since April 2021.

Mr. Xu obtained a bachelor's degree in engineering (majoring in industrial analysis) from Liaoning Petrochemical University (遼寧石油化工大學) (formerly known as Fushun Petroleum Institute (撫順石油學院)) in Liaoning Province, the PRC in July 1991, a master's degree in economics and a doctorate degree in economics from Southwestern University of Finance and Economics in Sichuan Province, the PRC in June 1999 and June 2008, respectively.

# Directors, Supervisors, Senior Management, Employees and Organizations

**Mr. SHAN Chengge (單承戈), aged 55, is an external Supervisor of the Bank.**

Mr. Shan served as a teaching assistant in the School of Economics and Management of Southwest Jiaotong University from May 1994 to June 1996; served as a lecturer in the School of Economics and Management of Southwest Jiaotong University from July 1996 to June 2001; served as an associate professor in the School of Economics and Management of Southwest Jiaotong University from July 2001 to June 2007; has served as a professor in the School of Economics and Management of Southwest Jiaotong University since July 2007; and has served as an independent director of Hubei Tianqin Biotechnology Co., Ltd. (湖北天勤生物科技股份有限公司) since December 2023. Mr. Shan served as an independent Director of the Bank from April 2015 to December 2020, and has served as an external Supervisor of the Bank since April 2021.

Mr. Shan obtained a bachelor's degree in engineering (majoring in industrial and management engineering), master's degree in science (majoring in management engineering) and doctorate degree in management (majoring in management science and engineering) from Southwest Jiaotong University (西南交通大學) in Sichuan Province, the PRC in July 1991, May 1994 and March 2006 successively.

## (III) Biographies of Senior Management Members

**Mr. GONG Yuchi (龔玉池), aged 55, is a vice president of the Bank.**

Mr. Gong served as a credit examiner in the credit management department of Huaxia Bank Co., Ltd. (華夏銀行股份有限公司) ("Huaxia Bank"), Chengdu Branch from April 2002 to September 2003; served as an assistant to the director of the credit management department of Huaxia Bank, Chengdu Branch from September 2003 to November 2004; served as the deputy general manager of the risk management department of Huaxia Bank, Chengdu Branch from November 2004 to July 2006; served as the general manager of the asset preservation department of Huaxia Bank, Chengdu Branch from July 2006 to July 2007; served as the head of Huaxia Bank, Chengdu Jinniu Branch from July 2007 to January 2009; served as the head and later deputy general manager of the risk management department of Chengdu Rural Credit Cooperative Co., Ltd. (成都市農村信用合作聯社股份有限公司) from January 2009 to April 2010; served as the general manager of the credit approval department of Chengdu Rural Commercial Bank from April 2010 to September 2012; served as the president of Chengdu Rural Commercial Bank, Liangli Branch from September 2012 to November 2014 (also acting Party Branch Secretary in December 2012); served as the leader of the preparatory team of San Nong Bank (Beijing) Co., Ltd. (新農銀行股份有限公司) from September 2015 to October 2016; served as the deputy general manager of the small enterprise business department of the Bank from October 2016 to March 2017; served as the general manager of the small enterprise business department of the Bank from March 2017 to December 2018; served as the general manager of the Bank's important customer department 2 from December 2018 to October 2020. Mr. Gong has been a member of the Party Committee of the Bank since January 2019 and a vice president of the Bank since October 2020.

Mr. Gong obtained a master's degree in economics from Sichuan University in Sichuan, the PRC in June 1999 and a doctorate degree in economics from Sichuan University in Sichuan, the PRC in December 2003.

## Directors, Supervisors, Senior Management, Employees and Organizations

### **Ms. LIANG Youtao (梁幼濤), aged 52, is a vice president of the Bank.**

Ms. Liang worked in the Research Institute of Sichuan Changjiang Paper Mill (四川長江造紙廠研究所) from December 1992 to August 1995; served as a staff member in the office of Daguanlou Urban Credit Cooperative in Yibin City from August 1995 to August 2002; served as a staff member in the internal audit department of Yibin City Urban Credit Cooperative from August 2002 to December 2006; served as a staff member in the internal audit department of the Bank from December 2006 to November 2007; served as the deputy general manager of the internal audit department of the Bank from November 2007 to March 2010; served as the general manager of the internal audit department of the Bank from March 2010 to December 2020; and concurrently served as the general manager of the risk management department of the Bank from December 2020 to June 2021. Ms. Liang has been a member of the Party Committee of the Bank since December 2020 and a vice president of the Bank since July 2021.

Ms. Liang graduated from Sichuan Radio and TV University (四川廣播電視大學) in Sichuan Province, the PRC in July 2002, majoring in Chinese language and literature. Ms. Liang obtained the qualification of intermediate level in finance from the Ministry of Personnel of the PRC in November 2003 and was awarded the qualification of certified internal auditor by the China Institute of Internal Auditors in October 2013. Ms. Liang was awarded the title of “Exemplary Individual of Internal Audit in Sichuan” (四川省內部審計先進工作者) from 2011 to 2013 and 2014 to 2016.

### **Mr. ZHU Bo (朱博), aged 39, is a vice president of the Bank.**

Mr. Zhu served as a probationary cadre in the survey and statistics department of the PBOC, Chengdu Branch from July 2014 to July 2015; served as the principal staff member of the analysis department of the survey and statistics department of the PBOC, Chengdu Branch from July 2015 to January 2017; served as the principal staff member of the financial research department of the PBOC, Chengdu Branch from January 2017 to January 2021. Mr. Zhu has been a member of the Party Committee of the Bank since January 2021 and a vice president of the Bank since July 2021.

Mr. Zhu obtained a bachelor's degree in economics and a doctorate degree in political economy from Southwestern University of Finance and Economics in Sichuan Province, the PRC in June 2009 and June 2014, respectively. Mr. Zhu was awarded the title of economist by the PBOC, Chengdu Branch in August 2015.

## Directors, Supervisors, Senior Management, Employees and Organizations

**Mr. TANG Xudong (唐旭東), aged 52, is the chief information officer of the Bank.**

Mr. Tang worked in the technology department of the PBOC, Yibin City Center Branch from October 1995 to March 1999; served as the deputy director of the technology department of the PBOC, Yibin City Center Branch from March 1999 to April 2002; served as the deputy director and director of the technology department of the PBOC, Yibin City Center Branch from April 2002 to August 2008; served as the president and Party secretary of the PBOC, Gao County Branch from August 2008 to August 2011; served as the director of the technology department of the PBOC, Yibin City Center Branch from August 2011 to August 2013; and was qualified as a senior engineer of the PBOC, Yibin City Center Branch in October 2012. Mr. Tang joined the Bank in August 2013 and has served as the chief information officer of the Bank since April 2014.

Mr. Tang obtained a bachelor's degree in engineering (majoring in computer science) from Chongqing University (重慶大學) in Chongqing, the PRC in June 1995 and obtained a master's degree in business administration from Southwestern University of Finance and Economics in Sichuan Province, the PRC in January 2005.

**Ms. TANG Lin (唐艷), aged 44, is the secretary to the Board of Directors of the Bank.**

Ms. Tang worked at China Construction Bank from July 2003 to July 2015, where her last position was a department deputy manager of Chengdu Tianfu New District Branch; served as a senior investment manager of Chengdu Chengyu Jianxin Equity Investment Fund Management Co., Ltd. (成都成渝建信股權投資基金管理有限公司) from June 2017 to July 2019; served as the chief investment officer of Chengdu Huateng Puyi Equity Investment Fund Management Co., Ltd. (成都華騰普益股權投資基金管理有限公司) from July 2019 to February 2022 and the deputy general manager from February 2022 to June 2023; concurrently served as the legal representative, executive director and general manager of Chengdu Dongguang Tengyue Trading Co., Ltd. (成都東廣騰悅貿易有限公司) from July 2020 to June 2023; concurrently served as a director of Aerospace Science and Industry Communication Technology Research Institute Co., Ltd. (航天科工通信技術研究院有限責任公司) from September 2020 to June 2023; concurrently served as a supervisor of Chengdu Puhui Financing Guarantee Co., Ltd. (成都市普惠融資擔保有限責任公司) from August 2021 to June 2023; concurrently served as a director of Sichuan Yuesheng Energy Group Co., Ltd. (四川越盛實業開發有限公司) from December 2021 to June 2023; concurrently served as a director of Chengdu Dongguang Energy Co., Ltd. (成都東廣能源有限公司) from December 2021 to June 2023; and concurrently served as the representative of the executive officer of Chengdu Chenghua Industrial Revitalization Equity Investment Fund Partnership (Limited Partnership) (成都成華產業振興股權投資基金合夥企業(有限合夥)) from March 2023 to June 2023. Ms. Tang was elected as the Secretary to the Board of Directors of the Bank by the Board in June 2023.

Ms. Tang obtained a bachelor's degree in economics (majoring in finance) from Southwestern University of Finance and Economics in Sichuan, the PRC in June 2003; a master's degree in business administration from Sichuan University (四川大學) in Sichuan, the PRC in June 2010; and a doctorate degree in economics (majoring in industrial economics) from Southwestern University of Finance and Economics in June 2021. Ms. Tang was awarded the title of senior economist by Chengdu Human Resources and Social Security Bureau (成都市人力資源和社會保障局) in June 2022.

## Directors, Supervisors, Senior Management, Employees and Organizations

**Mr. YU Kui (余奎), aged 40, is the head of the internal audit department of the Bank.**

Mr. Yu served as a staff member of Junlian Branch of the Bank from April 2011 to February 2012; served as a staff member and director of the compliance management department and the internal audit department of the Bank from February 2012 to September 2016; served as a vice president of Yibin Xingyi Rural Bank from September 2016 to June 2018; served as the deputy general manager of the internal audit department of the Bank from June 2018 to July 2021, during which he was assigned to Yibin Xingyi Rural Bank as a risk monitor; and has served as a director of Yibin Xingyi Rural Bank since December 2021. Mr. Yu has been the head of the internal audit department of the Bank since July 2021.

Mr. Yu obtained a bachelor's degree in economics (majoring in international economics and trade) from Sichuan Normal University in Sichuan, the PRC in July 2008 and obtained a master's degree in finance from Southwestern University of Finance and Economics in Sichuan, the PRC in June 2011. Mr. Yu was awarded the qualification of a Chinese Certified Public Accountant by the Sichuan Institute of Certified Public Accountants in May 2019.

**Mr. PU Bin (蒲斌), aged 52, is the head of the planning and finance department of the Bank.**

Mr. Pu served as a staff member in Zhiquan Branch of Industrial and Commercial Bank of China Limited ("**Industrial and Commercial Bank of China**") from July 1994 to August 1999; served as the deputy director of Chengdu Dongdajie Branch Yongling Office of Industrial and Commercial Bank of China from September 1999 to March 2001; served as a staff member of capital finance department of Shanghai Pudong Development Bank Co., Ltd. ("**Pudong Development Bank**"), Chengdu Branch from September 2001 to March 2005; served as the assistant to the general manager of the capital finance department of Pudong Development Bank, Chengdu Branch from March 2005 to April 2008; served as the deputy general manager of the capital finance department of Pudong Development Bank, Chengdu Branch from April 2008 to September 2012; served as the deputy director of the business performance management division of the asset and liability management department of Pudong Development Bank from September 2014 to December 2015; served as the general manager of the retail banking business department of Pudong Development Bank, Chengdu Branch from December 2015 to April 2017; served as the general manager of the capital finance department of Pudong Development Bank, Chengdu Branch from April 2017 to October 2017; and served as the president of Pudong Development Bank, Deyang Branch from February 2018 to December 2019. Mr. Pu has worked in the planning and finance department of the Bank since July 2020 and has been the head of the planning and finance department of the Bank since November 2022.

Mr. Pu graduated from Xihua University (西華大學) in Sichuan Province, the PRC with a bachelor's degree in engineering (majoring in packaging engineering) in July 1994. He obtained a bachelor's degree in accounting from Sichuan University in Sichuan Province, the PRC in June 1999 and a master's degree in business administration from the Business School of Sichuan University (四川省工商管理學院) in Sichuan Province, the PRC in July 2004. Mr. Pu was awarded the title of intermediate economist in November 1999.



# Directors, Supervisors, Senior Management, Employees and Organizations

## (IV) Biographies of Company Secretaries

Ms. TANG Lin (唐琳) is a joint company secretary of the Bank. Ms. Tang is also a member of the senior management of the Bank. Please refer to “— Senior Management” of this section for her detailed biography.

Mr. NGAI Wai Fung (魏偉峰) is a joint company secretary of the Bank. Mr. Ngai is currently a director and the chief executive officer of SWCS Corporate Services Group (Hong Kong) Limited. Mr. Ngai possesses extensive company secretarial experience. Mr. Ngai became a fellow member of the Hong Kong Chartered Governance Institute in November 2000, a fellow member of the Chartered Governance Institute in November 2000, a member of the Hong Kong Institute of Certified Public Accountants in July 2007, and a fellow member of the Association of Chartered Certified Accountants in March 2012.

Mr. Ngai obtained a master's degree in business administration from Andrews University in the United States in August 1992, a bachelor's degree in law from the University of Wolverhampton in the United Kingdom in October 1994, a master's degree in corporate finance from the Hong Kong Polytechnic University in November 2002, and a doctoral degree in economics from the Shanghai University of Finance and Economics (上海財經大學) in June 2011.

## REMUNERATION POLICIES FOR DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS AND EMPLOYEES

Under the guidance of the relevant policies of the PRC, the Bank continues to improve the performance-based remuneration system for Directors, Supervisors, senior management members and employees. The Board is responsible for the design of the Bank's remuneration management system and policies. The Nomination and Remuneration Committee under the Board is responsible for the formulation of remuneration policies and systems, and is responsible for evaluating the performance of senior management and overseeing the implementation of the compensation system. The remuneration at each level of the Bank is linked to the operating performance and risk control assessment results, and the Board issues an operating target plan to the management every year. By setting the operating targets, the Board conveys the Board's strategic development guidance and risk appetite to the management to ensure sound development and stable operation. The management decomposes and implements the management targets to the business departments and branches, and links the remuneration to the management targets, and pays the remuneration according to the assessment results after level-by-level assessment. In accordance with the annual business plans, institutional construction and position establishment, remuneration standards, performance appraisal and other methods, the Bank prepares the remuneration budget, determines the annual total remuneration, and submits it to the Board of Directors for consideration and approval before implementation. In 2024, the Bank completed all the indicators issued by the Board of Directors, and the main regulatory indicators met the regulatory requirements.

The remuneration system for the Directors, Supervisors and senior management members of the Bank adheres to the principle of unifying their responsibilities, authorities and interests, combining incentives and restraints and focusing on both short-term and long-term incentives. The Bank insists on conducting remuneration system reform complementary with the relevant reform and promoting the marketization, monetization and standardization of the income allocation of the Group's senior management.

## Directors, Supervisors, Senior Management, Employees and Organizations

The Bank offers its executive Directors, employee Supervisors and senior management members, who are the Bank's employees, compensation in the form of salaries, bonuses, social insurance, housing provident fund plans and other benefits. The independent non-executive Directors and external Supervisors receive remuneration based on their responsibilities. For details of the remuneration of Directors and Supervisors, please refer to "Note 11 to the Consolidated Financial Statements" of this annual report, and for details of the remuneration of senior management, please refer to "Corporate Governance Report – Senior Management" of this annual report.

The Bank strictly adheres to relevant regulatory provisions when making remuneration payments. The Bank implements the management of deferred performance pay for senior management and employees in positions that have significant risk impact. The proportion of deferred payment of remuneration for the Chairman of the Board of Directors, the President, the Chairman of the Board of Supervisors and the Secretary of the Party Committee is 50% of the performance remuneration in the year, and the proportion of deferred payment of performance remuneration for other employees is 40% of the performance remuneration in the year. The period of deferred payment of performance remuneration is generally three years. The deferred performance compensation is paid in 3-year of equal payment from the following year onwards. During the Reporting Period, in accordance with the Administrative Measures for Deferred Payment of Performance in Yibin City Commercial Bank (Revised)《宜賓市商業銀行績效薪酬延期支付管理辦法(修訂)》 and other relevant systems, the Bank implemented deferred payment of performance remuneration of RMB24.5 million for relevant personnel, and withheld a total of RMB20,900 of deferred performance remuneration paid by relevant personnel. During the Reporting Period, non-cash compensation systems such as equity incentives were not implemented. During the Reporting Period, there were no exceptions to the original remuneration program.

### REMUNERATION FOR DIRECTORS, SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS

For details of the remuneration of Directors, Supervisors and the five highest paid individuals, please refer to "Note 11 to the Consolidated Financial Statements" of this annual report.

### EMPLOYEE, EMPLOYEE REMUNERATION POLICY AND EMPLOYEE TRAINING PROGRAM

#### (I) Employee Composition

As of December 31, 2024, the Group had 1,125 employees. The following table sets forth the number of full-time employees by function as of the same date:

Function	Number of employees	% of total
Retail banking	357	31.73
Corporate banking	695	61.78
Treasury operations	52	4.62
Others	21	1.87



## Directors, Supervisors, Senior Management, Employees and Organizations

The following table sets forth the number of full-time employees by age as of December 31, 2024:

Age	Number of employees	% of total
Aged 30 or below	243	21.6%
Aged 31-40	563	50.0%
Aged 41-50	212	18.8%
Aged over 50	107	9.5%

The following table sets forth the number of full-time employees by education level as of December 31, 2024:

Education level	Number of employees	% of total
Master's degree and above	135	12.0%
Bachelor's degree	789	70.1%
Associate degree or below	201	17.9%

The following table sets forth the number of full-time employees by gender as of December 31, 2024:

Gender	Number of employees	% of total
Male	484	43.02%
Female	641	56.98%

The Group respects each person's gender, religion, ethnicity and others. The Group gives each job applicant an equal opportunity, treats people with disabilities equally, and treats employees with different backgrounds equally. The Group considers that the gender ratio of its employees (including senior management) is relatively balanced at present, and expects to continue to maintain a reasonable level of gender diversity at the employees (including senior management) level. The Group provides employees with diversified training in marketing and risk control, counter services, compliance education and policies and regulations to enhance employees' professional ethics and skills, and continually reinforce the awareness of risks, rules and bottom lines among senior management and employees. The Group prioritizes employees' growth and development and provides job rotation programs to cultivate the comprehensive qualities of employees.

## Directors, Supervisors, Senior Management, Employees and Organizations

In accordance with regulatory requirements and the Articles of Association, the salaries of the employees of the Group are composed of four parts: basic salary, performance-based compensation, welfare income and medium- and long-term incentives. The Group has established a performance-based and value contribution-oriented differentiated performance pay assessment management system covering the whole Bank. The Group contributes to social insurance and other employee benefits, such as pension insurance, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, housing provident funds and other miscellaneous benefits for the employees in accordance with applicable PRC laws, regulations and regulatory rules.

### (II) Employee Remuneration

The Group conducts performance evaluations of employees annually to provide feedback on performance. Remuneration for the Group's full-time employees typically consists of a base salary and a discretionary bonus. The Group determines employee discretionary bonuses at the end of each year based on employee performance and its results of operations.

The Group's full-time employees participate in various employee benefit plans, such as pension insurance, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, housing funds and corporate annuity funds. In addition, the Group also provides supplementary medical insurance to its employees.

According to the relevant regulations, the premiums and welfare benefit contributions borne by the Group are calculated regularly on a certain percentage of the remuneration cost and paid to the relevant labor and social welfare authorities. The Group cannot withdraw or utilize its fund contribution made to the defined contribution schemes under any circumstance.

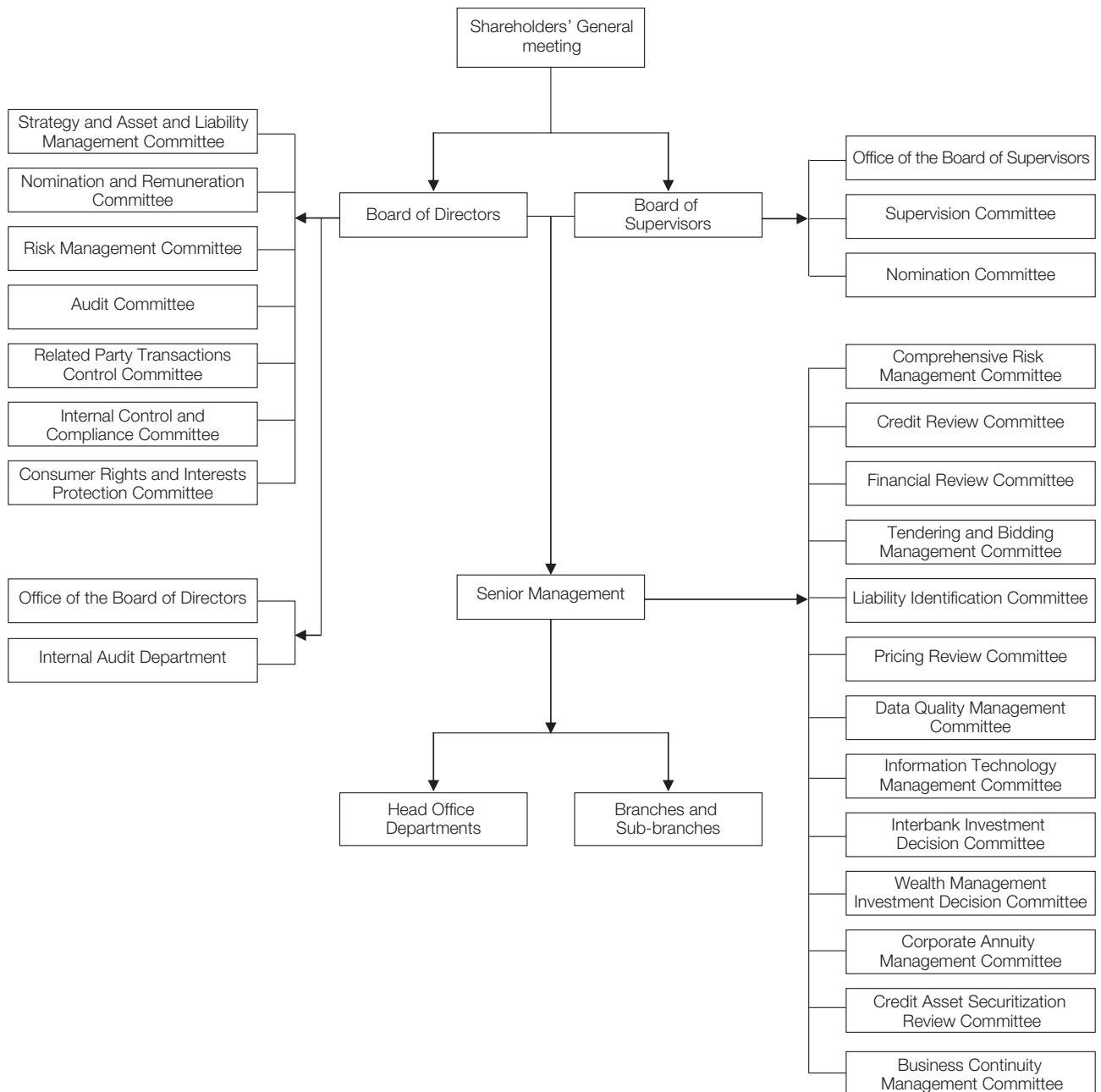
### (III) Employee Training Program

The Bank adheres to the strategic concept of "talent-driven development" and focuses on the future demand for human resources in reform and development, as well as the new requirements for the quality of employees in current business operation. With the goal of enhancing the overall quality of employees, the Bank carries out comprehensive training through both online and offline training, focusing on building a training system that covers employees from all business lines. Firstly, the Bank continuously improves the employee training management mechanism and builds a comprehensive training and development system that covers all employees with different levels and categories, promoting talent development in line with strategic goals. Secondly, by coordinating online training resources, the Bank strengthens basic, routine, and regular training across various business lines such as new employee training, counter business, credit business, retail business, risk management, compliance management, information technology, and comprehensive management. It also enhances the application of training results and post-training evaluation to effectively improve the effectiveness of training. Thirdly, through "inviting experts in" and "sending employees out" and other methods, the Bank implements diversified training programs such as new employee induction training, professional skills training, management cadre training, and outbound study and exchange, and focuses on improving business capabilities and management qualities, strengthens practical guidance and effectiveness evaluation, and strives to enhance employees' performance ability and comprehensive literacy, contributing to the cultivation of high-quality and professional financial talents.

# Corporate Governance Report

## CORPORATE GOVERNANCE STRUCTURE

### (1) Governance Structure Diagram



# Corporate Governance Report

## (II) Department and Branch Establishment

At the end of the Reporting Period, the Bank's head office had 25 departments, including: Office of the Party Committee, Office of the Labor Union, Discipline Inspection and Supervision Office, Office of the Board of Directors, Office of the Board of Supervisors, Strategic Management Department, Human Resources Department, General Administration Department, Planning and Finance Department, Business Development Department, Compliance Management Department, Accounting Management Department, Risk Management Department, Internal Audit Department, Asset Preservation Department, Safety Security Department, Retail Banking Business Management Department, Financial Markets, VIP I, VIP II, Internet Finance Division, Financial Services Department, Small Business Department, Information Technology Department I, Information Technology Department II.

At the end of the Reporting Period, the Bank's branch network included 40 facilities (including 39 branches and sub-branches, and one head office), covering Yibin and Neijiang.

No.	Name of Institution	Addresses	Telephone	Number of Subordinate Outlets (including management institutions)
1	Direct sub-branch	No. 1-9 Nuxue's Street, Yibin, Sichuan Province	0831-8242720	1
2	Cuiping Sub-branch	No. 2, 1st Floor, Building 7, Block B, Zhenghe Binjiang International, No. 7 Zhengyi Street, Cuiping District, Yibin, Sichuan Province	0831-8215724	5
3	Jinshajiang Sub-branch	Building 13, Xinyuewan Phase 2, Nan'an, Cuiping District, Yibin, Sichuan Province	0831-5103531	4
4	Jiusheng Road Sub-branch	No. 145 Jiusheng Road, Jiuzhou Cluster E-02-01 Plot, Cuiping District, Yibin, Sichuan Province	0831-3556343	2
5	Sanjiang Sub-branch	Building 4, Gangteng Jinchuan Linlicheng Community, No. 290 Western Section of Changjiang North Road, Lingang Development Zone, Yibin, Sichuan Province	0831-3579837	2

# Corporate Governance Report

No.	Name of Institution	Addresses	Telephone	Number of Subordinate Outlets (including management institutions)
6	Technology Sub-branch	No. 1, -1F; No.1, -2F; No. 2, -2F; No. 1646 (Partial), -2F, Shengshi Lingang Basement, No. 42, Section 1, Bohou Road, Yibin, Sichuan Province	0831-8222591	1
7	Wuliangye Sub-branch	No. 42-1, Jiuxiangyuan Community, Guta Road, Jiangbei, Cuiping District, Yibin, Sichuan Province	0831-2303003	1
8	Xuzhou Sub-branch	1/F, Unit 1, Huaifu Commercial City, Xuzhou District, Yibin, Sichuan Province	0831-6610439	4
9	Xufu Road Sub-branch	No. 11-3 to 6, West Section of Xufu Road, Cuiping District, Yibin, Sichuan Province	0831-2335064	3
10	Gongxian Sub-branch	No. 217, Wenxin Road, Xunchang Town, Gong County, Yibin, Sichuan Province	0831-4311434	1
11	Nanxi Sub-branch	West Section of Changjiang Avenue, Nanxi District, Yibin, Sichuan Province	0831-3327128	2
12	Junlian Sub-branch	Corner junction of Junzhou Middle Road & Junzhou North Road, Chengguan Town, Junlian County, Yibin, Sichuan Province	0831-7726243	1
13	Jiang'an Sub-branch	Yingbin Building, Jiang'an County People's Armed Forces Department, West Section of Zhudu Avenue, Jiang'an Town, Jiang'an County, Yibin, Sichuan Province	0831-5551005	1

# Corporate Governance Report

No.	Name of Institution	Addresses	Telephone	Number of Subordinate Outlets (including management institutions)
14	Gaoxian Sub-branch	No. 367-369-371, Shuoxun Road, Qingfu Town, Gao County, Yibin, Sichuan Province	0831-5583698	2
15	Xingwen Sub-branch	No. 76, Xiangshan East Road, Gusong Town, Xingwen County, Yibin, Sichuan Province	0831-7058333	2
16	Ping Shan Sub-branch	Ground Floor, Comprehensive Building, Pingshan Branch of Xinhua Winshare Publishing & Media Co., Ltd, Minsheng West Road, New County Town, Pingshan County, Yibin, Sichuan Province	0831-5708086	1
17	Changning Sub-branch	No. 1, Section 1, Zhuhai Road, Changning Town, Changning County, Yibin, Sichuan Province	0831-5568013	1
18	Neijiang Branch	Building 21, "Shiji Binjiang", Binjiang East Road, Neijiang, Sichuan Province	0832-2229792	5
<b>Total</b>				39

# Corporate Governance Report

## CORPORATE GOVERNANCE

### (I) Overview

The Bank is committed to high-level corporate governance and continuously enhances the transparency of corporate governance to safeguard Shareholders' interests and increase corporate value. In 2024, the Bank maintained a sound overall corporate governance.

The Bank has established a relatively comprehensive corporate governance structure in accordance with the PRC laws and regulations, the Listing Rules, and the Articles of Association. The Shareholders' general meeting is the highest organ of authority of the Bank. The Board of Directors is accountable to the Shareholders' general meeting, and bears ultimate responsibility for the operation and management of the Bank. It is responsible for formulating business development strategies and overseeing their implementation, deciding on business plans and investment proposals, formulating profit distribution plans, and deciding matters such as the establishment of internal management bodies. The Board of Directors has established committees to perform specific functions, including the Strategy and Asset and Liability Management Committee, Related Party Transactions Control Committee, Nomination and Remuneration Committee, Risk Management Committee, Internal Control and Compliance Committee, Audit Committee, and Consumer Rights and Interests Protection Committee. The Board of Supervisors is accountable to the Shareholders' general meeting and reports its work to the Shareholders' general meeting. It has the responsibility and authority to supervise the performance of duties by the Board of Directors and senior management and their members, and the establishment and improvement of the internal control governance and comprehensive risk management governance structure, and to inspect the Bank's financial affairs, among other matters. The senior management conducts business management activities in accordance with the Articles of Association and the authorization of the Board of Directors. It is accountable to the Board of Directors, is subject to the supervision of the Board of Supervisors, actively implements the resolutions of the Shareholders' general meeting and the Board of Directors, and reports information on the Bank's business management in a timely, accurate, and complete manner.

The Bank applies Part 2 of the Corporate Governance Code and the Corporate Governance Guidelines for Banking and Insurance Institutions (the "**Guidelines**") issued by the former CBIRC to its governance structure and policies. The Articles of Association, the Rules of Procedure for the Shareholders' General Meeting, the Board of Directors, and its committees all fully reflect the Corporate Governance Code and the Guidelines. The Bank's Shareholders' general meeting, Board of Directors, Board of Supervisors, and senior management perform their respective duties, forming a sound corporate governance structure. The Bank closely monitors business operations to ensure compliance with the relevant provisions of applicable laws, regulations, codes, guidelines, and the Bank's internal policies.

From the Listing Date to the Latest Practicable Date, the Bank has fully complied with all applicable code provisions set out in the Corporate Governance Code. The Directors are not aware of any information indicating that the Bank has not complied with the code provisions set out in the Corporate Governance Code. The Bank has also strictly complied with applicable laws and regulations and the provisions of the Listing Rules regarding the management of inside information.

The Bank will continue to strengthen corporate governance to ensure compliance with the requirements of the Corporate Governance Code and the Guidelines, and to meet the higher expectations of Shareholders and potential investors.

# Corporate Governance Report

## (II) Director Nomination Policy and Board Diversity Policy

The Bank understands and believes that the diversity of the members of the Board of Directors could improve the performance of the Bank. The Bank holds that it is critical to have a diversified Board of Directors to achieve sustainable development and its strategic objectives and maintain good corporate governance. All Board appointments of the Bank are based on the principle of meritocracy. The selection of the members of the Board of Directors shall follow the Board diversity, when determining the composition of the Board, the Bank will consider the diversity of the members in various aspects, including but not limited to gender, age, cultural and educational background, race, professional experience, technical capabilities, business modes and specific needs, knowledge and service term, as well as backgrounds in finance, law, economics, accounting, management, and auditing. The final decision will be based on the merits of the selected candidates and their future contributions to the Board of Directors.

The Nomination and Remuneration Committee of the Board performs such duties as reviewing the staffing and composition of the Board of Directors (including skills, knowledge and experience); making recommendations to the Board of Directors on any proposed changes to the Board to align with the corporate strategies of the Bank; studying and formulating the procedures and criteria for the selection of Directors; and making recommendations to the Board of Directors on the appointment, removal and succession of Directors. The Nomination and Remuneration Committee will, when appropriate, review and assess the implementation of the Board diversity policy to ensure its effectiveness. The Nomination and Remuneration Committee will discuss amendments to the diversity policy when necessary and propose them to the Board of Directors for their consideration and approval.

The Board will set up measurable objectives as regards the Board diversity policy from time to time. To guarantee the effectiveness of the Board diversity policy, the Board has established the following measurable objectives: the Board shall ensure that there is no gender limitation in selecting Directors; at least one-third, and no less than three in total, of the Board members are independent non-executive Directors; Board members should possess knowledge and skills in different areas; at least one Board member is a professional in finance or accounting. As of the Latest Practicable Date, these measurable objectives have been accomplished.

The members of the Bank's fourth session of the Board have extensive experience in legal affairs and compliance, finance and audit, strategic management and risk prevention and control, financial innovation, and other aspects. As of the Latest Practicable Date, the diversified composition of the members of the Bank's fourth session of the Board is as follows:

Gender		Age	
Male	Female	Under 50	50 (inclusive) - 60
5	5	8	2

Executive Directors	Position		Tenure as the Bank's Director	
	Non-executive Directors	Independent Non-executive Directors	Less than one year	1 year to 6 years
2	4	4	1	9



# Corporate Governance Report

The Board believes that the current composition of the Board conforms with the Bank's Board diversity policy and the requirement for gender diversity of the Board, i.e. 50% female representation. The Board values the importance and benefits of gender diversity at the Board level. The Board diversity policy of the Bank can ensure that there are candidates as potential successors to the Directors to sustain the existing gender diversity of the Board.

For details of the diversity of the Bank's employees, please refer to the section headed "Directors, Supervisors, Senior Management, Employees and Organizations – Employee, Employee Remuneration Policy and Employee Training Program" of this annual report.

## SHAREHOLDERS' GENERAL MEETINGS

### (I) Convening of Shareholders' General Meetings

During the Reporting Period, a total of three Shareholders' general meetings were held. All meetings took place in the 3rd floor Conference Room, Kelton Hotel (formerly the Judges Training Center), Rongzhou Road East Section, Xuzhou District, Yibin, Sichuan Province, the PRC. The details are as follows:

1. The Bank convened the 34th (Extraordinary) General Meeting on February 7, 2024 and Shareholders jointly holding 89.48% of the Bank's Shares attended the meeting. The meeting deliberated and approved one resolution: Proposal on the Appointment of the 2023 Domestic Accounting Firm 《關於聘請 2023 年度境內會計師事務所的提案》.
2. The Bank convened the 35th General Meeting on April 29, 2024 and Shareholders jointly holding 92.68% of the Bank's Shares attended the meeting. The meeting deliberated and approved 13 resolutions in total, including: Proposal on Amending the Draft Articles of Association of Yibin City Commercial Bank Co., Ltd (Applicable to H Shares) 《關於修訂〈宜賓市商業銀行股份有限公司章程(草案)〉(H 股適用)的提案》, Proposal on Comrade WANG Qing's Resignation as Independent Director of the Fourth Session of the Board of Directors of Yibin City Commercial Bank 《關於王擎同志申請辭去宜賓市商業銀行第四屆董事會獨立董事職務的提案》, Proposal on Nominating Comrade ZHAO Jingmei as Independent Director Candidate for the Fourth Session of the Board of Directors of Yibin City Commercial Bank 《關於提名趙靜梅同志為宜賓市商業銀行第四屆董事會獨立董事人選的提案》, Proposal on Comrade LI Shuang's Resignation as Shareholder Supervisor of the Fourth Session of the Board of Supervisors of Yibin City Commercial Bank 《關於李霜同志申請辭去宜賓市商業銀行第四屆監事會股東監事職務的提案》, Proposal on Nominating Comrade HE Ling as Shareholder Supervisor Candidate for the Fourth Session of the Board of Supervisors of Yibin City Commercial Bank 《關於提名何玲同志為宜賓市商業銀行第四屆監事會股東監事人選的提案》, 2023 Annual Work Report of the Board 《董事會2023年度工作報告》, 2023 Annual Work Report of the Board of Supervisors 《監事會2023年度工作報告》, 2023 Financial Final Accounts and Budget Execution Report 《2023年度財務決算及預算執行情況報告》, 2023 Annual Report of Yibin City Commercial Bank Co., Ltd 《宜賓市商業銀行股份有限公司2023年年度報告》, Proposal on the 2023 Profit Distribution Plan 《關於2023年度利潤分配方案的提案》, 2024 Work Plan of the Board 《董事會2024年度工作意見》, 2024 Financial Budget Plan of Yibin City Commercial Bank Co., Ltd 《宜賓市商業銀行股份有限公司2024年度財務預算方案》, 2024 Financial Budget Plan of Yibin City Commercial Bank Co., Ltd (Group) 《宜賓市商業銀行股份有限公司(集團)2024年度財務預算方案》.

# Corporate Governance Report

3. The Bank convened the 36th (Extraordinary) General Meeting on December 5, 2024 and Shareholders jointly holding 92.67% of the Bank's Shares attended the meeting. The meeting deliberated and approved five resolutions in total, including: Proposal on Amending the Rules of Procedure for General Meetings of Yibin City Commercial Bank Co., Ltd (《關於修訂〈宜賓市商業銀行股份有限公司股東大會議事規則〉的提案》), Proposal on Amending the Rules of Procedure for the Board of Directors of Yibin City Commercial Bank Co., Ltd (《關於修訂〈宜賓市商業銀行股份有限公司董事會議事規則〉的提案》), Proposal on Amending the Rules of Procedure for the Board of Supervisors of Yibin City Commercial Bank Co., Ltd (《關於修訂〈宜賓市商業銀行股份有限公司監事會議事規則〉的提案》), Proposal on Amending the Nomination and Election Measures for Directors of Yibin City Commercial Bank (《關於修訂〈宜賓市商業銀行董事提名和選舉辦法〉的提案》), Proposal on Formulating the Mechanism for Identifying, Reviewing, and Managing Conflicts of Interest Between Yibin City Commercial Bank and Its Shareholders (《關於制定〈宜賓市商業銀行與股東之間利益衝突識別、審查和管理機制〉的提案》).

## (II) Duties and Responsibilities of Shareholders' General Meetings

The Shareholders' general meeting shall exercise the following functions and powers:

- (1) to decide on the Bank's business policies and investment plans;
- (2) to elect and replace Directors and Supervisors who are not employee representatives; to decide on matters relating to the remuneration of Directors and Supervisors;
- (3) to consider and approve the work reports of the Board of Directors and the Board of Supervisors;
- (4) to consider and approve the Bank's annual financial budget plan, final accounting plan, profit distribution plan and loss recovery plan;
- (5) to resolve on the increase or reduction of the Bank's registered capital;
- (6) to resolve on the issuance of bonds or other securities by the Bank;
- (7) to listen to the report of the Board of Supervisors on the comprehensive evaluation of the performance of duties by the Directors, Supervisors and members of the senior management;
- (8) to resolve on the merger, division, dissolution, liquidation and change of corporate form of the Bank;
- (9) to amend the Articles of Association of the Bank;
- (10) to consider and approve the proposals of Shareholders holding more than 3% of the total number of voting Shares of the Bank;

# Corporate Governance Report

- (11) to consider purchase and sale of major assets with a single transaction amount exceeding 10% of the Bank's most recent audited net assets (with cumulative calculations for multiple transactions involving the same or related assets within a consecutive twelve-month period), write-off of non-performing assets (with cumulative calculations within a consecutive twelve-month period), asset collateralization business, external equity investment business, and related/connected transactions that shall be subject to approval at a general meeting. The aforementioned major asset purchases and sales refer to the investment in or disposal of fixed asset (intangible asset); and the "asset collateralization business" refers to the act of pledging the Bank's fixed assets externally;
- (12) to resolve on the listing of the Bank;
- (13) to consider and approve the rules of procedure for the general meeting, the Board of Directors and the Board of Supervisors;
- (14) to consider and approve the equity incentive plan and the employee shareholding plan;
- (15) to resolve on the acquisition of the Bank's Shares in accordance with the provisions of the law and the securities regulatory rules of the place where the Bank's securities are listed;
- (16) to resolve on the appointment or dismissal of the accounting firm that conducts the periodic statutory audits of the Bank's financial reports, as well as the remuneration of the accounting firm;
- (17) to consider and approve matters relating to guarantees which are subject to the approval of the general meeting;
- (18) to consider and approve matters relating to the change of use of proceeds;
- (19) to consider and approve other matters to be decided by the general meeting as stipulated by the laws and regulations, regulatory requirements, securities regulatory rules of the place where the Bank's securities are listed, the Articles of Association of the Bank or the Bank's internal system.

According to the Company Law and relevant laws and regulations, the powers and functions of the general meeting shall not be exercised by the Board of Directors or other institutions and individuals on behalf of the general meeting through authorization, and the relevant provisions shall be complied with.

## BOARD OF DIRECTORS

### (I) Composition of the Board of Directors

As of the Latest Practicable Date, the fourth session of the Board consists of 10 members, including:

- Mr. XUE Feng (Executive Director, Chairman)
- Mr. XU Yong (Executive Director)
- Ms. JIANG Lin (Non-Executive Director)
- Ms. XIAO Yufeng (Non-Executive Director)
- Ms. TIAN Tian (Non-Executive Director)
- Mr. ZHAO Gen (Non-Executive Director)
- Mr. YAO Liming (Independent Non-Executive Director)
- Ms. YU Xiaoran (Independent Non-Executive Director)
- Mr. XING Huayu (Independent Non-Executive Director)
- Ms. ZHAO Jingmei (Independent Non-Executive Director)

### (II) Appointment, Re-election and Removal of Directors

According to the Articles of Association, Directors are elected or replaced by the Shareholders' general meetings. Directors serve a term of three years and can be re-elected; among which, independent non-executive Directors can serve for a cumulative period of no more than six years. Under the premise of compliance with relevant laws and regulations, Shareholders can remove executive Directors and non-executive Directors whose term of office has not yet expired through ordinary resolution, and independent non-executive Directors through special resolution.

### (III) Relationship Among Directors, Supervisors and Senior Management Members

There are no relationships, including financial, business, family, or other significant/related relationships, among the Bank's Directors, Supervisors and senior management members.

# Corporate Governance Report

## (IV) Changes in Directors

For information on changes in Directors, please refer to the “Directors, Supervisors, Senior Management, Employees and Organizations – Changes in Directors, Supervisors and Senior Management Members” in the annual report.

## (V) Operations of the Board of Directors

According to the Articles of Association, Board of Directors’ meetings are divided into regular meetings and extraordinary meetings. Regular meetings are held at least four times per year, approximately once per quarter. Board of Directors’ meetings are convened by the Chairman of the Board. Notice of regular meetings of the Board of Directors shall be given to the Directors and Supervisors at least 14 days prior to the meeting, and key meeting materials shall be delivered at least 10 days prior to the meeting, while notice of extraordinary meetings of the Board of Directors and key materials shall be given to the Directors and Supervisors 3 days prior to the meeting. Decisions at Board of Directors’ meetings are made by a one-share-one-vote system, and all attending Directors must express their support, opposition, or abstention. Voting at meetings is done by open ballot.

Board of Directors’ resolutions can be made through either on-site meeting voting or written circulation voting. If the written circulation voting is adopted, the information concerning the matter to be voted through circulation and signing of written resolutions and the relevant background materials shall be delivered to all Directors at least three days before voting. When written circulation voting method is adopted, the reasons must be stated. The conditions and procedures for written circulation voting are stipulated in the Articles of Association and rules of procedure of the Board of Directors.

The Board shall form minutes of the decisions on matters discussed at the on-site meeting, the Directors attending the on-site meeting and the person taking the minutes shall sign the minutes, and if the Directors have any different opinions on the minutes, they may provide explanations at the time of signing.

Supervisors may present the Board of Directors’ meetings, and other senior leaders of the Bank may be notified to present the meeting. Other relevant personnel may be temporarily invited to present Board of Directors’ meetings as needed. The Directors have the right to request comprehensive, timely, and accurate information from senior management that reflects the Bank’s operational management situation or to explain relevant issues. Directors who have a significant conflict of interest with regard to proposed resolutions cannot exercise their voting rights. A Board of Directors’ meeting can be held if a majority of Directors without significant conflicts of interest are attended.

The Board of Directors has established a dedicated office, staffed with full-time personnel, responsible for the preparation and information disclosure of Shareholders’ general meetings, Board of Directors’ meetings, and special committee meetings, as well as other day-to-day affairs of the Board and special committees.

# Corporate Governance Report

## (VI) Duties of the Board of Directors

The Board of Directors shall exercise the following duties and powers:

- (1) to be responsible for the convening of Shareholders' general meetings and shall report on the work to the Shareholders' general meetings;
- (2) to implement the resolutions passed at the Shareholders' general meetings;
- (3) to formulate the Bank's business development strategy and oversee its implementation;
- (4) to determine the Bank's business plan and investment program;
- (5) to prepare the Bank's annual financial budget plan and final accounts plan;
- (6) to prepare the Bank's profit distribution plan and loss recovery plan;
- (7) to formulate the Bank's remuneration management system and policy design; and to formulate the senior management remuneration and performance management approach;
- (8) to formulate plans for the increase or reduction of the Bank's registered capital, the issuance of bonds or other securities, and the listing of the Bank;
- (9) to formulate proposals on major matters such as the merger, division, dissolution, liquidation and change of corporate form of the Bank, as well as the acquisition of the Bank's Shares;
- (10) to formulate the Bank's risk tolerance level, risk management and internal control policies, and to assume ultimate responsibility for overall risk management;
- (11) to approve the Bank's basic systems for credit management, capital management, financial management, labor and wage management, and safety and security management;
- (12) to formulate proposals for external equity investments; to decide on proposals for the establishment of the Bank's internal management organization structure, and to affirm the overall proposals for the establishment, merger and dissolution of the Bank's branches;
- (13) to decide on the appointment or dismissal of the president of the Bank, the secretary of the Board of Directors and other senior management members in accordance with the regulatory requirements, and to decide on matters of their remuneration, rewards and disciplinary actions; to decide on the appointment or dismissal of the vice presidents, the chief financial officer and other senior management members of the Bank upon the nomination by the president, and to decide on matters of their remuneration, rewards and disciplinary actions. To elect and replace the chairman and vice chairman of the Board of Directors;
- (14) to formulate proposals for amendments to the Articles of Association of the Bank, to formulate the rules of procedure for the Shareholders' general meetings and the rules of procedure for the Board of Directors, and to consider and approve the rules of procedure for the specialized committees of the Board of Directors;

# Corporate Governance Report

- (15) to receive reports on the work of the president of the Bank and to inspect the work of the president of the Bank;
- (16) to consider any matters exceeding the scope of authorization granted by the Board of Directors to the chairman of the Board of Directors and president of the Bank;
- (17) to formulate capital plans, and take the ultimate responsibility for the management of capital or solvency;
- (18) to be responsible for the Bank's information disclosure matters and is ultimately responsible for the truthfulness, accuracy, completeness and timeliness of the Bank's accounting and financial reports;
- (19) to regularly assess and improve the Bank's corporate governance status;
- (20) to submit to the Shareholders' general meetings the appointment or dismissal of the accounting firm that conducts the periodic statutory audits of the Bank's financial reports;
- (21) to finalize the system for the management of related parties transactions; to make a special report to the Shareholders' general meetings on the implementation of such system and on the status of related parties transactions;
- (22) to perform IT management duties, establish a good IT governance structure and review and approve the Bank's IT strategy;
- (23) to determine the green credit development strategy, to approve the green credit objectives set by senior management and the green credit reports submitted, and to supervise and evaluate the implementation of the institutional green credit development strategy;
- (24) to safeguard the legitimate rights and interests of financial consumers and other stakeholders;
- (25) to establish mechanisms for identifying, reviewing and managing conflicts of interest between the Bank and its Shareholders, especially substantial Shareholders, etc.;
- (26) to receive supervisory comments on the Bank from the banking regulatory authorities and to be informed of the status of the Bank's corrective actions;
- (27) to consider and approve matters within the scope of authorization by the Shareholders' general meetings, such as purchase and sale of major assets, write-off of non-performing assets, asset collateralization business, external equity investment, related party/connected transactions, data governance, etc., in accordance with the laws, regulations, regulatory requirements, rules of securities regulation of the place where the Bank's securities are listed and the Articles of Association of the Bank;
- (28) to assume responsibility for the management of the affairs of the Shareholders;
- (29) other matters authorized by laws, regulations, securities regulatory rules of the place where the Bank's securities are listed, provisions of the Articles of Association of the Bank and the Shareholders' general meetings.

# Corporate Governance Report

The Board of Directors is responsible for the establishment of sound corporate governance practice and procedures for the Bank. During the Reporting Period, the Board of Directors has performed the following corporate governance duties:

- (1) to develop and review the Bank's policies and practices on corporate governance;
- (2) to review and monitor the training and continuous professional development of Directors and senior management;
- (3) to review and monitor the Bank's policies and practices on compliance with laws and regulatory requirements;
- (4) to develop, review and monitor the code of conduct and compliance manual for employees and Directors; and
- (5) to review the Bank's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

Directors thoroughly deliberate the matters of the Board of Directors, provide independent, professional, and objective opinions, and make independent decisions based on careful judgment. When fulfilling their responsibilities, the Board of Directors fully considers the opinions of external audit organizations. Directors may seek information necessary for decision-making from the convener of the meeting, the specialized committees of the Board of Directors, senior management, the Office of the Board of Directors, relevant departments of the Bank, and relevant personnel from intermediaries engaged by the Bank before the Board of Directors' meeting. They may also suggest the chairman of the meeting to invite the above personnel to attend the meeting to explain relevant matters during the meeting.

The participation of independent non-executive Directors ensures that the Board of Directors has strong and sufficient independent elements. The independent non-executive Directors of the Bank do not hold any positions other than Director and do not have any relationships that may affect their independent and objective judgment on the Bank's affairs with the Bank, its Shareholders, or its de facto controllers. Independent non-executive Directors must express objective and impartial independent opinions on matters discussed at Board of Directors' meetings. Independent non-executive Directors should fulfill their duties with integrity, independence, and diligence, effectively safeguarding the legitimate rights and interests of the Bank, minority Shareholders, and financial consumers, and not being influenced by Shareholders, de facto controllers, senior management, or any other units or individuals with significant interests related to the Bank.

The Board of Directors has reviewed the mechanism of obtaining independent viewpoints and opinions and its implementation, and believes that the mechanism is appropriate and effective.



# Corporate Governance Report

## **(VII) Directors' Responsibilities**

During the Reporting Period, all Directors exercised the rights granted by the Bank and domestic and foreign regulatory authorities with caution, diligence, and dedication. They devoted sufficient time and energy to handling the Bank's affairs, ensuring that the Bank's operations comply with laws, regulations and national economic policy requirements, and treating all Shareholders fairly. They timely understood the Bank's business operations and effectively fulfilled other duties of diligence as stipulated by laws, administrative regulations, departmental rules, and the Articles of Association.

Independent non-executive Directors fully utilize their professional advantages to provide professional and independent opinions on the Bank's corporate governance and operational management activities.

The Bank also emphasizes the continuous training of Directors to ensure that they have a proper understanding of the Bank's operations and business and are aware of the relevant laws and regulatory requirements and the responsibilities and obligations conferred by the Articles of Association. The Bank has also purchased Directors' liability insurance for all Directors.

## **(VIII) Directors' Responsibilities for the Preparation of Financial Statements**

The responsibility statement of the Directors for preparing the financial statements below shall be read in conjunction with that of the auditor included in the auditor's report in this annual report, while both statements shall be comprehended separately.

The Directors acknowledge their responsibility for the preparation of the Bank's annual financial statements for the year ended December 31, 2024. The Directors are responsible for reviewing and confirming the financial statements for each accounting reporting period to ensure that the financial statements present a true and fair view of the Bank's financial position, operating performance, and cash flows. In preparing the consolidated financial statements of the Bank for the year ended December 31, 2024, the Directors have selected and applied appropriate accounting policies and made prudent and reasonable judgments. The Directors are not aware of any material uncertain events or circumstances that may significantly affect the Bank's ability to continue as a going concern.

# Corporate Governance Report

## (IX) Board of Directors' Meetings

During the Reporting Period, the Bank held a total of 5 Board of Directors' meetings. Attendance at the Bank's Board of Directors' meetings, Board committee meetings, and Shareholders' general meetings is detailed in the following table:

### *Actual Attendance/Attendance by Proxy/Number of Meetings to Be Attended*

Board Member	Board of Directors	Strategy and Asset and Liability Management Committee	Nomination and Remuneration Committee	Audit Committee	Risk Management Committee	Related Party Transactions Control Committee	Internal Control and Compliance Committee	Consumer Rights and Interests Protection Committee	Shareholders' General Meetings (Number of Actual Attendance/Number of Meetings to Be Attended)
Mr. XUE Feng	4/1/5	3/0/3	5/0/5						2/3
Mr. YANG Xingwang <sup>(1)</sup>	4/1/5	3/0/3			2/0/2	8/0/8			2/3
Mr. XU Yong	5/0/5	3/0/3						2/0/2	1/3
Ms. JIANG Lin	5/0/5	3/0/3	5/0/5						3/3
Ms. XIAO Yufeng	5/0/5	3/0/3	5/0/5		2/0/2				1/3
Ms. TIAN Tian	4/1/5			5/0/5			3/0/3	2/0/2	1/3
Mr. ZHAO Gen	5/0/5	3/0/3						2/0/2	2/3
Ms. LIU Rong <sup>(2)</sup>	2/0/2	2/0/2		2/0/2			2/0/2		2/2
Mr. YAO Liming	5/0/5		5/0/5			8/0/8	3/0/3		3/3
Ms. YU Xiaoran	4/1/5		5/0/5	5/0/5		8/0/8			3/3
Mr. XING Huayu	5/0/5	3/0/3	5/0/5		2/0/2				3/3
Ms. ZHAO Jingmei <sup>(3)</sup>	3/0/3		2/0/2	3/0/3	1/0/1		1/0/1		0/1
Mr. WANG Qing <sup>(4)</sup>	2/0/2		3/0/3		1/0/1				1/2
Mr. LI Siliang <sup>(5)</sup>	2/0/2		3/0/3		1/0/1				2/2

- (1) YANG Xingwang, an executive Director, resigned from the Board on April 8, 2025, and his resignation became effective on that day.
- (2) LIU Rong, a non-executive Director, resigned from the Board on October 14, 2024, and her resignation became effective on that day.
- (3) On April 29, 2024, at the 35th General Meeting, ZHAO Jingmei was elected as an independent non-executive Director. Her qualification was approved in July 2024, and she assumed the position of independent non-executive Director of the Bank on August 1, 2024.
- (4) WANG Qing, an independent non-executive Director, resigned from the Board on March 28, 2024, and his resignation became effective on August 1, 2024.
- (5) LI Siliang, an independent non-executive Director, resigned from the Board on September 26, 2024, and his resignation became effective on that day.

# Corporate Governance Report

## (X) Independent Non-executive Directors

The Board of Directors currently has four independent non-executive Directors. The qualification, number, and proportion of independent non-executive Directors are in compliance with the relevant regulations of the NFRA and the Hong Kong Listing Rules. None of the four independent non-executive Directors are subject to factors as described in Rule 3.13 of the Hong Kong Listing Rules that could bring their independence into question. The Bank has received annual confirmation letters from each independent non-executive Director regarding their independence. Therefore, the Bank confirms that all independent non-executive Directors comply with the independence requirements as set out in the Hong Kong Listing Rules.

In the Audit Committee, Related Party Transactions Control Committee, Internal Control and Compliance Committee, and Nomination and Remuneration Committee, independent non-executive Directors constitute the majority and serve as the chairpersons of the Audit Committee, Related Party Transactions Control Committee, Internal Control and Compliance Committee, and Nomination and Remuneration Committee.

Independent non-executive Directors maintain communication with the Bank's management through various means such as attending meetings, earnestly participating in the meetings of the Board of Directors and its committees, actively providing their opinions and emphasizing on the interests of minority Shareholders of the Bank, thereby playing their role to the fullest extent.

During the Reporting Period, the independent non-executive Directors of the Bank performed their duties conscientiously in strict accordance with relevant laws and regulations and expressed independent opinions on matters under consideration. Independent non-executive Directors were actively concerned about the development of the Bank in daily work, kept abreast of regulatory policies and industry trends, regularly consulted and analyzed various business data of the Bank, and put forward effective suggestions; actively participated in the meetings of the Board of Directors of the Bank, independently and prudently put forward opinions on corporate governance, risk control, incentives and constraints, and expressed independent opinions on the appointment and removal of Directors and senior management, major related-party transactions, profit distribution plans and other matters, which promoted the steady development of the Bank. The chairpersons of the Nomination and Remuneration Committee, the Internal Control and Compliance Committee, the Audit Committee and the Related Party Transactions Control Committee of the Bank were acted by independent non-executive Directors. When serving as the chairpersons of the committees, the independent non-executive Directors earnestly performed their duties as chairpersons, convened committee meetings on time, discussed major issues, and provided basis for scientific decision-making of the Board of Directors.

# Corporate Governance Report

## (XI) Directors' Continuous Professional Development Program

Upon their initial nomination, Directors receive comprehensive relevant materials to ensure they have a proper understanding of the Bank's operations and business and are fully aware of their duties and responsibilities under the Hong Kong Listing Rules and applicable laws and regulations.

The Bank encourages all Directors to participate in continuous professional development programs to develop and update their knowledge and skills. The Bank periodically provides updates on the latest developments in the Hong Kong Listing Rules and other applicable regulatory requirements to Directors, ensuring that they stay informed of the latest regulatory developments.

During the Reporting Period, the main methods by which the Bank's Directors continuously sought professional development were identified as follows:

Directors	Training Types <sup>Notes</sup>
<b>Executive Directors</b>	
Mr. XUE Feng	1 and 2
Mr. YANG Xingwang (Resigned on April 8, 2025)	1 and 2
Mr. XU Yong	1 and 2
<b>Non-Executive Directors</b>	
Ms. JIANG Lin	1 and 2
Ms. XIAO Yufeng	1 and 2
Ms. TIAN Tian	1 and 2
Mr. ZHAO Gen	1 and 2
Ms. LIU Rong (Resigned on October 14, 2024)	1 and 2
<b>Independent Non-Executive Directors</b>	
Mr. YAO Liming	1 and 2
Ms. YU Xiaoran	1 and 2
Mr. XING Huayu	1 and 2
Ms. ZHAO Jingmei	1 and 2
Mr. WANG Qing (Resigned on August 1, 2024)	1 and 2
Mr. LI Siliang (Resigned on September 26, 2024)	1 and 2

Notes:

Training types:

1. Participating in training courses, including but not limited to meetings and training courses
2. Reading materials provided by the external party or the Bank, including but not limited to the latest information on the Bank's business or Directors' responsibilities, corporate governance and supervision, and other applicable regulatory requirements

# Corporate Governance Report

## (XII) SPECIALIZED COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors delegates certain responsibilities to various committees.

The Bank has established seven committees under the Board of Directors in accordance with the relevant laws and regulations of the PRC and the corporate governance practices stipulated in the Listing Rules, namely, the Strategy and Asset and Liability Management Committee, the Nomination and Remuneration Committee, the Internal Control and Compliance Committee, the Audit Committee, the Risk Management Committee, the Related Party Transactions Control Committee and the Consumer Rights and Interests Protection Committee.

### 1. *Strategy and Asset and Liability Management Committee*

The Strategy and Asset and Liability Management Committee of the Bank consists of the following Directors, namely, Mr. XUE Feng (executive Director), Mr. YANG Xingwang (executive Director, resigned on April 8, 2025), Mr. XU Yong (executive Director), Ms. JIANG Lin (non-executive Director), Ms. XIAO Yufeng (non-executive Director), Mr. ZHAO Gen (non-executive Director), Mr. XING Huayu (independent non-executive Director), and Ms. ZHAO Jingmei (independent non-executive Director, was appointed as committee member on April 11, 2025). Mr. XUE Feng currently serves as the chairman of the Strategy and Asset and Liability Management Committee. The primary duties of the Strategy and Asset and Liability Management Committee include but are not limited to:

- (1) to study and formulate the Bank's long-term development strategies and medium to long-term development outline, and make recommendations to the Board of Directors;
- (2) to supervise and evaluate the implementation process of the strategies, including supervising and inspecting the implementation of annual business plans, investment plans, and green credit development strategies;
- (3) to propose strategic adjustment suggestions based on changes in the business environment;
- (4) to provide suggestions and proposals for the Bank's major investment decisions, including fixed asset investments and equity investments; and
- (5) other functions stipulated in the relevant laws and regulations and the Articles of Association, and authorized by the Board of Directors.

During the Reporting Period, the Strategy and Asset and Liability Management Committee held 3 meetings in total, during which it considered and approved 17 proposals, including the 2023 Annual Implementation Evaluation Report on the Planning Report of the IT Strategic Planning (Digital Transformation) (2022-2026) of Yibin City Commercial Bank, the Implementation Evaluation Report of the Green Credit Development Strategic Plan (2021-2023) of Yibin City Commercial Bank, and the 2023 Institutional Development Summary and 2024 Institutional Development Intention.

# Corporate Governance Report

## 2. ***Nomination and Remuneration Committee***

The Nomination and Remuneration Committee of the Bank consists of the following Directors, namely, Mr. XING Huayu (independent non-executive Director), Mr. XUE Feng (executive Director), Ms. JIANG Lin (non-executive Director), Ms. XIAO Yufeng (non-executive Director), Mr. YAO Liming (independent non-executive Director), Ms. YU Xiaoran (independent non-executive Director), and Ms. ZHAO Jingmei (independent non-executive Director). Mr. XING Huayu currently serves as the chairman of the Nomination and Remuneration Committee. The primary duties of the Nomination and Remuneration Committee include but are not limited to:

- (1) based on the operational activities, asset size, and equity structure of the Bank, to conduct a review of the personnel and composition of the Board of Directors and senior management (including skills, knowledge, and experience) at least annually, and make recommendations to the Board of Directors on any changes proposed to be made to align with the Bank's corporate strategy;
- (2) to identify individuals with suitable qualifications to serve as Directors, conduct a preliminary review of the qualifications and criteria of the proposed candidates, and make recommendations to the Board of Directors;
- (3) to provide recommendations to the Board of Directors on the appointment or reappointment of Directors and the succession plan of Directors (especially the Chairman of the Board and the president of the head office);
- (4) to develop a compensation management system and structure for Directors and the senior management, formulate compensation policies by establishing formal and transparent procedures, make recommendations to the Board of Directors, and supervise their implementation;
- (5) to review and approve the compensation proposals of the management in response to the Bank's policies and objectives set by the Board of Directors, propose compensation and benefits packages for individual executive Directors and senior management, including non-monetary benefits, pension rights, and compensation amounts (including compensation for loss or termination of office or appointment), and submit the same to the Board of Directors for approval, and make recommendations on the compensation of non-executive Directors to the Board of Directors; and
- (6) other functions stipulated in the relevant laws and regulations and the Articles of Association, and authorized by the Board of Directors.

During the Reporting Period, the Nomination and Remuneration Committee held 5 meetings in total, during which it considered and approved 8 proposals, including the Remuneration Budget Implementation Report for 2023, the Remuneration Budget Plan for 2024, and the Proposal on the Amendments to the Nomination and Election Methods of Directors of Yibin City Commercial Bank.

# Corporate Governance Report

## **3. Internal Control and Compliance Committee**

The Internal Control and Compliance Committee of the Bank comprises the following Directors, namely, Ms. ZHAO Jingmei (independent non-executive Director), Ms. TIAN Tian (non-executive Director) and Mr. YAO Liming (independent non-executive Director). Ms. ZHAO Jingmei currently serves as the chairwoman of the Internal Control and Compliance Committee. The primary duties of the Internal Control and Compliance Committee include but are not limited to:

- (1) according to the authorization of the Board of Directors, to review and approve the compliance policies of the Bank, supervise the implementation of compliance policies, review and approve the compliance related report, and conduct daily supervision on the internal control risk and compliance risk management of the Bank;
- (2) to urge the Bank to operate prudently within the legal and policy framework in accordance with the requirements proposed by the Board of Directors for the Bank to establish and implement a sufficient and effective internal control and compliance risk management system;
- (3) according to the acceptable risk level determined by the Board of Directors, to urge the senior management to develop systematic systems, processes and methods, take corresponding risk control measures, establish and improve the internal organization, and ensure the effective performance of various responsibilities of internal control;
- (4) to organize the monitoring and evaluation of the adequacy and effectiveness of the internal control and compliance risk management system, and supervise the effective implementation of the internal control system and compliance policies; to review the annual internal control evaluation report and submit the same to the Board of Directors for approval; and
- (5) other functions stipulated in the relevant laws and regulations and the Articles of Association, and authorized by the Board of Directors.

During the Reporting Period, the Internal Control and Compliance Committee held three meetings in total, 5 resolutions including the Internal Control Assessment Report for 2023, Compliance Case Prevention Suggestions for 2024 and Case Prevention Self-Assessment Report of Yibin City Commercial Bank for 2023 were considered and approved.

## **4. Audit Committee**

The Audit Committee of the Bank consists of the following Directors, namely, Ms. YU Xiaoran (independent non-executive Director), Ms. TIAN Tian (non-executive Director), and Ms. ZHAO Jingmei (independent non-executive Director). Ms. YU Xiaoran currently serves as the chairwoman of the Audit Committee. The primary duties of the Audit Committee include but are not limited to:

- (1) to be responsible for preparing the plans for conducting examination on the Directors and senior management personnel when they resign, preparing the plans for the inspection and supervision of the Bank's financial activities, reviewing the financial and accounting policies and practices of the Bank and its subsidiaries, and preparing the plans for the examination of the Bank's business decisions, risk management and internal control;

# Corporate Governance Report

- (2) to propose to employ, reappoint, dismiss or replace an external audit organization, approve the remuneration and employment terms of the external audit organization, and handle any issues related to the resignation or dismissal of the audit organization; to serve as the main representative between the Bank and external audit organizations, and be responsible for monitoring the relationship between the two;
- (3) to understand major financial matters and changes in accounting policies of the Bank in a timely manner;
- (4) to review and monitor the independence and objectivity of the external audit organization and the effectiveness of audit procedures in accordance with applicable standards; to discuss the external audit plan for the current year (including audit nature, scope, procedures, methods, and related reporting responsibilities) with the external audit organization before the start of the audit work, and review the opinions and suggestions of the external audit organization at the end of the audit;
- (5) to discuss the risk management and internal control system with the management to ensure that the management has fulfilled its responsibilities and established an effective system. The discussion should include whether the Bank's resources in accounting and financial reporting functions, employee qualifications and experience are sufficient, as well as whether the training courses received by employees and related budgets are sufficient;
- (6) to review the completeness of the Bank's financial statements, annual reports and accounts, and half-yearly reports and review the significant opinions on financial reporting included in the statements and reports; to consider any major or unusual matters reflected or required to be reflected in such reports and accounts, and give due consideration to any matters raised by the Bank's internal accounting and financial reporting personnel, internal audit department head or auditors; and
- (7) other functions stipulated in the relevant laws and regulations and the Articles of Association, and authorized by the Board of Directors.

During the Reporting Period, the Audit Committee held 5 meetings in total, during which it considered and approved 5 proposals, including the 2024 Annual Internal Audit Plan, the Review Opinion of the Audit Committee of the Board on the 2023 Annual Audit Report, and the Proposal on Appointing Domestic Accounting Firm for 2024.

## 5. Risk Management Committee

The Risk Management Committee of the Bank consists of the following Directors: Mr. YANG Xingwang (executive Director, resigned on April 8, 2025), Mr. XING Huayu (independent non-executive Director), Ms. XIAO Yufeng (non-executive Director) and Ms. ZHAO Jingmei (independent non-executive Director). Mr. XING Huayu currently serves as the chairman of the Risk Management Committee. The primary duties of the Risk Management Committee include but are not limited to:

- (1) to review the Bank's risk control strategies (including risk control strategic objectives and control strategies of credit risk, market risk and operational risk faced by business development, and strive to balance and unify the effectiveness, security and liquidity of operation and management) and the Bank's annual risk management objective plan for decision-making by the Board of Directors;



# Corporate Governance Report

- (2) to regularly assess the Bank's risk and management status, risk tolerance and level, and put forward suggestions on improving risk management and internal control;
- (3) according to the requirements of the Board of Directors, to conduct investigations on major investment decisions and major asset disposal within the scope of their responsibilities, and have the right to hire external experts to assist in the work as they deem it appropriate; and
- (4) other functions stipulated in the relevant laws and regulations and the Articles of Association, and authorized by the Board of Directors.

During the Reporting Period, the Risk Management Committee held a total of two meetings and considered and approved four proposals, including the Risk Preference and Risk Policy for 2024 (《2024 年度風險偏好與風險政策》) and Proposal on revising the Yibin City Commercial Bank Transaction Book and Bank Account Book Management Policy (《關於修訂〈宜賓市商業銀行交易賬簿和銀行賬簿管理政策〉的提案》).

## 6. ***Related Party Transactions Control Committee***

The Related Party Transactions Control Committee of the Bank consists of the following Directors: Mr. YAO Liming (independent non-executive Director), Mr. YANG Xingwang (executive Director, resigned on April 8, 2025), Mr. XU Yong (executive Director, appointed as committee member on April 11, 2025) and Ms. YU Xiaoran (independent non-executive Director). Mr. YAO Liming currently serves as the chairman of the Related Party Transactions Control Committee. The primary duties of the Related Party Transactions Control Committee include but are not limited to:

- (1) to confirm the list of related parties and report to the Board of Directors;
- (2) to formulate the management system for related party transactions of the Bank, and to clarify the approval procedures for related party transactions of the Bank, and submit the same to the Board of Directors for consideration and approval before implementation;
- (3) to be responsible for reviewing major related party transactions of the Bank, focusing on the compliance, fairness, and necessity of the related party transactions, proposing review opinions and submitting the same to the Board of Directors for approval;
- (4) to be responsible for reviewing the annual special report on the overall status of related party transactions, submitting the same to the Board of Directors for consideration and approval, and reporting to the Shareholders' general meetings, and submitting the same to banking regulatory authorities; and
- (5) other functions stipulated in the relevant laws and regulations and the Articles of Association, and authorized by the Board of Directors.

# Corporate Governance Report

During the Reporting Period, the Related Party Transactions Control Committee held a total of eight meetings, and considered and approved nine proposals, including the Report on the Implementation of the Related Party Transaction Management System and Related Party Transactions for 2023 (《2023 年度關聯交易管理制度執行情況及關聯交易情況報告》), Proposal on Related Party Transactions between the Bank and its Related Party Yibin Grace Co., Ltd. (《關於本行與關聯方宜賓絲麗雅股份有限公司關聯交易的提案》) and Proposal on Related Party Transactions between the Bank and its Related Party Yibin Wuliangye Organic Agriculture Development Co., Ltd. (《關於本行與關聯方宜賓五糧液有機農業發展有限公司關聯交易的提案》).

## 7. **Consumer Rights and Interests Protection Committee**

The Consumer Rights and Interests Protection Committee of the Bank consists of the following Directors: Mr. XU Yong (executive Director), Ms. TIAN Tian (non-executive Director), and Mr. ZHAO Gen (non-executive Director). Mr. XU Yong currently serves as the chairman of the Consumer Rights and Interests Protection Committee. The primary duties of the Consumer Rights and Interests Protection Committee include but are not limited to:

- (1) to be responsible for formulating strategies, policies, and goals for the protection of consumer rights and interests of the Bank, and implementing the same after approval by the Board of Directors;
- (2) to urge senior management to develop, regularly review, and supervise the implementation of measures, procedures, and specific operating procedures for the protection of consumer rights and interests in the banking industry;
- (3) to understand the implementation status and existing problems of consumer rights and interests protection work, timely provide corresponding opinions and suggestions to the Board of Directors or senior management, and supervise the effective implementation of consumer rights and interests protection work;
- (4) to be responsible for supervising and evaluating the comprehensiveness, timeliness and effectiveness of the Bank's consumer rights and interests protection work, as well as the relevant performance of duties of the senior management; and
- (5) other functions stipulated in the relevant laws and regulations and the Articles of Association, and authorized by the Board of Directors.

During the Reporting Period, the Consumer Rights and Interests Protection Committee held a total of two meetings and listened to three reports, including the Report on Financial Consumer Rights and Interests Protection Work for 2023 (《2023 年度金融消費者權益保護工作情況報告》) and the Report on Consumer Rights and Interests Protection in the First to Third Quarters of 2024 (《2024 年 1-3 季度消費者權益保護工作情況報告》).

# Corporate Governance Report

## THE BOARD OF SUPERVISORS

The Board of Supervisors, the Bank's internal oversight body, shall be accountable to the Shareholders' general meetings and shall report on its work to the Shareholders' general meetings. The Board of Supervisors aims to guarantee the legitimate interests of the Bank, Shareholders, employees, depositors and other stakeholders and has the obligation to oversee the Bank's financial activities, risk management and internal control, discharge of duties by the Board and its members and the senior management, and is accountable to the Shareholders as a whole.

The term of office of the Supervisors shall be three years. Upon expiry of the current term of office, a Supervisor is eligible for re-election and re-appointment. The term of office for an external Supervisor of the Bank shall be no more than six years. Shareholder Supervisors shall be nominated by the Board of Supervisors and Shareholders who individually or collectively hold more than 3% of the Bank's voting Shares; external Supervisors shall be nominated by the Board of Supervisors and Shareholders who individually or collectively hold more than 1% of the Bank's voting Shares; Shareholder Supervisors and external Supervisors shall be elected, removed and replaced by the Shareholders' general meetings. Employee Supervisors shall be nominated by the Board of Supervisors and the Bank's labor union, and be elected, removed and replaced by the Bank's employees' representative meeting and other democratic procedures.

### (I) Composition of the Board of Supervisors

According to the Articles of Association, the Board of Supervisors is composed of Shareholder Supervisors, employee Supervisors, and external Supervisors. The number of employee Supervisors and external Supervisors of the Bank shall not be less than one-third of the total number of Supervisors.

As of the Latest Practicable Date, the 11 members of the Board of Supervisors are as follows:

- Mr. KANG Yong (Chairman of the Board of Supervisors, Employee Supervisor)
- Mr. LIU Wanli (Employee Supervisor)
- Ms. JIA Yan (Employee Supervisor)
- Ms. MAO Fangqiong (Employee Supervisor)
- Ms. CHEN Qian (External Supervisor)
- Ms. ZHANG Jufang (External Supervisor)
- Mr. SHAN Chengge (External Supervisor)
- Mr. XU Jiagen (External Supervisor)
- Ms. HE Ling (Shareholder Supervisor)
- Mr. JIA Heng (Shareholder Supervisor)
- Mr. WANG Shuai (Shareholder Supervisor)

# Corporate Governance Report

## (II) Chairman of the Board of Supervisors

Mr. KANG Yong serves as the Chairman of the Board of Supervisors. The responsibilities and powers of the Chairman of the Board of Supervisors are as follows:

- Convening and presiding over the meetings of the Board of Supervisors in accordance with the rules of procedure of the Board of Supervisors;
- Organizing the fulfillment of the responsibilities of the Board of Supervisors;
- Signing reports of the Board of Supervisors and other important documents;
- Reporting the work to the Shareholders' general meetings on behalf of the Board of Supervisors;
- Other powers stipulated in laws, regulations, and the Articles of Association.

## (III) Changes in the Supervisors

On March 10, 2024, LI Shuang submitted a written resignation to the Bank's Board of Supervisors for the positions of Shareholder Supervisor and related committees due to job changes. The resignation was reviewed and approved at the 17th meeting of the fourth session of the Board of Supervisors on March 28, 2024, and submitted for review and approval at the 35th Shareholders' general meetings on April 29, 2024.

To ensure the composition of the Board of Supervisors complies with relevant laws, regulations, and the Articles of Association, the Bank's Board of Supervisors nominated He Ling as the Shareholder Supervisor of the fourth session of the Board of Supervisors. The nomination was reviewed and approved at the 17th meeting of the fourth session of the Board of Supervisors on March 28, 2024, and submitted for review and approval at the 35th Shareholders' general meetings on April 29, 2024.

## (IV) Responsibilities of the Board of Supervisors

The Board of Supervisors is the supervisory body of the Bank and is responsible for the overall supervision of the Shareholders. The Board of Supervisors exercises the following powers:

- (1) Supervising the performance of duties by the Board of Directors and senior management and its members;
- (2) Conducting comprehensive evaluations of the performance of Directors, Supervisors, and senior management members;
- (3) Monitoring the important financial decisions and their execution by the Board of Directors and senior management;
- (4) Monitoring the establishment, improvement, and performance of the internal control governance framework;
- (5) Monitoring the establishment, improvement, and performance of the comprehensive risk management governance framework;

# Corporate Governance Report

- (6) Ensuring comprehensive, timely, objective, and detailed disclosure of relevant information by the Board of Supervisors;
- (7) Reviewing and providing written audit opinions on the regular reports prepared by the Board;
- (8) Examining the Bank's finances;
- (9) Supervising the conduct of duties by Directors and senior management members, and recommending the removal of Directors and senior management members who violate laws, administrative regulations, the Articles of Association, or resolutions of the Shareholders' general meetings;
- (10) Requesting correction from Directors and senior management members when their actions harm the Bank's interests;
- (11) Proposing the convening and presiding over extraordinary Shareholders' general meetings when the Board of Directors fails to fulfill its obligation to convene and preside over the Shareholders' general meetings as stipulated in the Company Law;
- (12) Proposing resolutions at the Shareholders' general meetings;
- (13) Filing lawsuits against Directors and senior management members in accordance with relevant provisions of the Company Law;
- (14) Conducting investigations if abnormal business operations are discovered in the Bank; if necessary, hiring professional institutions such as accounting firms and law firms to assist in their work, with the costs borne by the Bank;
- (15) Exercising other powers of the Board of Supervisors prescribed by laws, regulations, regulatory requirements, and the Articles of Association, or delegated by the Shareholders' general meetings.

The Board of Supervisors fulfills its supervisory responsibilities primarily through the following means:

- Regularly convening meetings of the Board of Supervisors;
- Attending Shareholders' general meetings and meetings of the Board of Directors;
- Attending relevant meetings of senior management;
- Reviewing various documents and data provided by senior management and listening to their work reports;
- Conducting performance evaluations of Directors, Supervisors, and senior management members;
- Conducting inspections of the Bank's branches and subsidiaries.

Through these activities, the Board of Supervisors evaluates the Bank's operations and management, risk management, internal controls, and the performance of the Board of Directors and senior management.

# Corporate Governance Report

## (V) Meetings of the Board of Supervisors

During the Reporting Period, the Board of Supervisors held 5 meetings, and there were no objections to its supervisory matters. The table below shows the attendance of Supervisors at the meetings during the Reporting Period:

Name	In-Person Attendance	Attendance by Proxy	Number of Meetings to Be Attended
KANG Yong	5	0	5
LIU Wanli	5	0	5
JIA Yan	5	0	5
MAO Fangqiong	5	0	5
JIA Heng	5	0	5
HE Ling <sup>(1)</sup>	3	0	3
LI Shuang <sup>(2)</sup>	1	1	2
WANG Shuai	5	0	5
ZHANG Jufang	5	0	5
Chen QIAN	5	0	5
XU Jiagen	5	0	5
SHAN Chengge	5	0	5

Notes:

- (1) In the thirty-fifth meeting of the Shareholders in April 2024, HE Ling was elected as a Shareholder Supervisor.
- (2) In the thirty-fifth meeting of the Shareholders in April 2024, LI Shuang resigned as a Shareholder Supervisor due to work change.

## (VI) Attendance at Shareholders' General Meetings

During the Reporting Period, representatives appointed by the Board of Supervisors attended the Bank's annual general meeting. During the meeting, the Board of Supervisors presented the Performance Evaluation Report of the Board of Supervisors on the Directors, Supervisors, and Senior Management for the Year 2023 (《監事會對董事、監事及高級管理人員 2023 年度履職評價報告》), Proposals for Revising the Rules of Procedure for the Board of Supervisors of Yibin City Commercial Bank Co., Ltd (《關於修訂〈宜賓市商業銀行股份有限公司監事會議事規則〉的提案》), Opinions of the Board of Supervisors on the Profit Distribution Plan for 2023 (《監事會對2023年度利潤分配方案的意見》), and the Work Report of the Board of Supervisors of Yibin Commercial Bank in 2023 (《宜賓市商業銀行監事會 2023 年工作情況報告》). These proposals were approved by the meeting. In addition, representatives appointed by the Board of Supervisors attended 3 Shareholders' general meetings in 2024, overseeing the convening and voting procedures of the meetings.

## (VII) Attendance at the Meetings of the Board of Directors and Senior Management

During the Reporting Period, representatives appointed by the Board of Supervisors attended a total of 36 Board of Directors' meetings, important management meetings, and Party Committee meetings, ensuring that the meetings were conducted in accordance with legal provisions. The Board of Supervisors focused on supervising the implementation of resolutions of the Shareholders' general meetings, strategic development formulation, operational decision-making, important personnel appointments, and other matters of significance.

# Corporate Governance Report

## (VIII) Committees under the Board of Supervisors

The Board of Supervisors has established a Nomination Committee and a Supervision Committee, which operate within the scope of authority set forth in the “Working Rules of the Nomination Committee of the Board of Supervisors of Yibin City Commercial Bank Co., Ltd” 《宜賓市商業銀行監事會提名委員會工作細則》 and the “Working Rules of the Supervision Committee of the Board of Supervisors of Yibin City Commercial Bank Co., Ltd” 《宜賓市商業銀行監事會監督委員會工作細則》.

### 1. *Nomination Committee*

The Nomination Committee consists of 5 Supervisors (Ms. CHEN Qian, Mr. LIU Wanli, Mr. XU Jiagen, Ms. HE Ling, Mr. WANG Shuai), with Ms. CHEN Qian serving as the chairwoman of the Nomination Committee.

The main responsibilities of the Nomination Committee include:

- (1) Making recommendations to the Board of Supervisors on the size and composition of the Board;
- (2) Studying the selection criteria and procedures for Supervisors and making recommendations to the Board of Supervisors;
- (3) Conducting initial reviews of the qualifications of Supervisor candidates other than employee Supervisors and making recommendations to the Board of Supervisors;
- (4) Supervising the selection process for Directors;
- (5) Conducting comprehensive evaluations of the performance of Directors, Supervisors, and senior management members and reporting to the Board of Supervisors;
- (6) Overseeing the scientific and reasonable nature of the Bank’s overall remuneration management system, policies, and senior management remuneration plans;
- (7) Responsible for the daily work of the Nomination Committee and coordinating with committee members as instructed by the Chairman of the Nomination Committee;
- (8) Responsible for preparing for the election of the Board of Supervisors;
- (9) Other matters authorized by the Board of Supervisors.

During the Reporting Period, the Nomination Committee held 3 meetings, reviewed and approved 3 proposals, including the “Performance Evaluation Report of the Board of Supervisors and Supervisors for the Year 2023” 《監事會及監事 2023 年度履職評價報告》.

### 2. *Supervision Committee*

The Supervision Committee consists of 5 Supervisors (Ms. ZHANG Jufang, Ms. JIA Yan, Ms. MAO Fangqiong, Mr. SHAN Chengge, Mr. JIA Heng), with Ms. ZHANG Jufang serving as the chairwoman of the Supervision Committee.

# Corporate Governance Report

The main responsibilities of the Supervision Committee include:

- (1) Being responsible for formulating oversight plans for the Bank's financial activities and conducting related inspections;
- (2) Overseeing the establishment of sound business philosophies, value principles, and the development strategies that are in line with the Bank's actual situation by the Board of Directors;
- (3) Supervising the compliance of the Board and senior management with relevant laws, regulations, financial policies, and the Articles of Association in carrying out their duties;
- (4) Monitoring and inspecting the Bank's business decisions, risk management, and internal controls;
- (5) Exercising supervisory and auditing functions under the authorization of the Board of Supervisors.

During the Reporting Period, the Supervision Committee held 2 meetings, reviewed and approved 4 proposals, including the "Special Audit Report on Related Party Transactions for the Year 2023" (《2023 年關聯交易的專項審計報告》). The Supervision Committee listened to reports from the Board of Directors and Senior Management and provided advisory opinions. It conducted supervisory activities as planned and effectively fulfilled the functions of the Supervision Committee.

## (IX) Work of External Supervisors

The chairpersons of the Nomination Committee and Supervision Committee are held by external Supervisors. This enhances the role of external Supervisors in evaluating, internal controls and performing other independent supervisory functions, which contribute to improving the Bank's management level and governance structure.

During the Reporting Period, the Bank's external Supervisors were able to fully supervise the performance of duties by the Board of Directors and senior management, financial decision-making and execution, internal control, risk management, incentives and constraints in accordance with relevant laws and regulations. External Supervisors took the lead in carrying out the performance evaluation of the Board of Directors, the Board of Supervisors and the senior management members, and formulated the performance evaluation report. They paid close attention to major matters that may affect the operation and management of the Bank as well as the overall financial position of the Bank, attached importance to the senior management in the implementation of the resolutions of the Board of Directors and the Shareholders' general meeting and the rectification of problems in the operation, and promoted the orderly operation of the operation and management. In performing duties, they were not influenced by the Bank's Shareholders, management or other units or individuals who had significant interests in the Bank, and expressed independent opinions on issues or matters to be concerned.



# Corporate Governance Report

## SENIOR MANAGEMENT

The Bank has a system in place where the President is held accountable under the leadership of the Board of Directors. According to the Articles of Association, the Bank appoints one President and a certain number of Vice Presidents. The President can be nominated by the Chairman of the Board, the Nomination and Remuneration Committee of the Board, or more than one-third of the Directors. The Vice Presidents are nominated by the President, after preliminary review by the Nomination and Remuneration Committee of the Board and consideration and approval by the Board of Directors, their qualifications are examined and approved by the banking supervision and regulatory authorities. They are appointed by the Board of Directors and their terms of office are the same as that of the Board of Directors.

The senior management carries out operational and management activities in accordance with the Articles of Association and the authorization of the Board of Directors, be responsible to the Board of Directors, and subject to the supervision of the Board of Supervisors. The senior management shall, in accordance with the requirements of the Board of Directors and the Board of Supervisors, accurately and completely report the Company's business performance, material contracts, financial condition, risk exposure, and business prospects in a timely manner and provide relevant information. The senior management shall not be subject to interference as to the operation and management activities within the scope of authority according to law.

During the Reporting Period and as of the Latest Practicable Date, the Bank's senior management members are as follows:

- Mr. YANG Xingwang (Executive Director, President) (resigned on April 8, 2025)
- Mr. GONG Yuchi (Vice President)
- Ms. LIANG Youtao (Vice President)
- Mr. ZHU Bo (Vice President)
- Mr. TANG Xudong (Chief Information Officer)
- Ms. TANG Lin (Secretary to the Board of Directors and Joint Company Secretary)
- Mr. YU Kui (Head of the Internal Audit Department)
- Mr. PU Bin (Head of the Planning and Finance Department)

# Corporate Governance Report

For the year ended December 31, 2024, the remuneration (including the statutory or supplementary benefits paid by the Bank, such as social insurance, provident funds and corporate annuity) paid to senior management members (excluding those who also serve as Directors) by the Bank is as follows:

Remuneration Range	Number
More than RMB1.0 million	3
RMB0 million to RMB1.0 million	4

Note: In accordance with the regulations of relevant national authorities, the total remuneration for the senior management members (excluding those concurrently serve as Directors) for 2024 has not yet been finalized, and the remuneration currently disclosed solely represents the estimated amount paid during the period.

## CHAIRMAN OF THE BOARD AND PRESIDENT

During the Reporting Period, the positions of the Chairman of the Board and the President of the Bank are held by different individuals, with clear delineation of responsibilities in accordance with the requirements of the Hong Kong Listing Rules. The Chairman of the Board and the President shall perform their duties within the scope authorized by the Board of Directors in accordance with the Articles of Association.

During the Reporting Period and as of the Latest Practicable Date, Mr. XUE Feng serves as the Chairman of the Board, responsible for presiding over the Shareholders' general meetings, convening and presiding over the meetings of the Board, and supervising and inspecting the implementation of the resolutions of the Board, among other duties. During the Reporting Period and as of April 7, 2025, Mr. YANG Xingwang serves as the President of the Bank, responsible for overseeing the Bank's operational management, implementing Board of Directors resolutions, and reporting work to the Board, among other responsibilities. Mr. YANG Xingwang resigned from his positions as the President of the Bank on April 8, 2025.

## SECURITIES TRANSACTIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Bank has adopted the Model Code as the code for regulating securities transactions by its Directors, Supervisors and senior management members.

The Bank has conducted specific inquiries of all Directors, Supervisors and senior management members and confirmed that they have complied with the Model Code from the Listing Date to the Latest Practicable Date.

## EXTERNAL AUDITORS AND THEIR REMUNERATION

As considered and approved by the 2025 first extraordinary general meeting of the Bank, the Bank re-appointed Pan-China Certified Public Accountants LLP as the auditor of the Bank's 2024 financial statements prepared in accordance with Chinese Accounting Standards for Business Enterprises and appointed Confucius International CPA Limited as the auditor of the Bank's 2024 financial statements prepared in accordance with IFRS.

The Group agrees to pay Pan-China Certified Public Accountants LLP and Confucius International CPA Limited an audit fee for the financial statement of RMB1.68 million for the year ended December 31, 2024.

# Corporate Governance Report

The Audit Committee of the Board of Directors believes that Pan-China Certified Public Accountants LLP and Confucius International CPA Limited are able to properly perform the types of work of the Bank, comply with principles of independence, objectivity, and fairness, and adhere to relevant accounting principles and professional ethics while conducting their auditing work prudently and flexibly. The responsibility statement of Confucius International CPA Limited regarding the financial statements is included in the Independent Auditor's Report of this annual report. During the Reporting Period, there were no instances in which the Board of Directors disagreed with the Audit Committee's opinions on the selection and appointment of external audit firms.

## JOINT COMPANY SECRETARIES

The Bank has appointed Ms. TANG Lin as a Joint Company Secretary. Ms. TANG Lin has extensive experience in handling corporate, legal, regulatory compliance, and administrative matters for PRC financial institutions. Ms. TANG Lin was elected by the Board of Directors to serve as the Bank's Secretary to the Board of Directors, assisting the Chairman of the Board in managing the Office of the Board of Directors, and drafting documents for meetings of the Board of Directors and the Shareholders' general meetings and relevant regulations and rules. Considering Ms. TANG Lin's past experience in handling administrative and corporate affairs, the Bank believes that she is capable of fulfilling the duties as a Joint Company Secretary and is suitable for the role. Furthermore, as the Bank's main business is located in China, the Bank believes that having Ms. TANG Lin, who has relevant background and experience in China, as the Joint Company Secretary is in the best interest of the Bank and meets corporate governance requirements.

At the same time, the Bank has appointed Mr. Ngai Wai Fung as another Joint Company Secretary. Mr. Ngai Wai Fung's primary contact person in the Bank is Ms. TANG Lin. Considering that the Bank's H Shares were listed on the Main Board of the Hong Kong Stock Exchange on January 13, 2025, Ms. TANG Lin will comply with Rule 3.29 of the Hong Kong Listing Rules for the year ended December 31, 2025. Mr. Ngai Wai Fung has participated in relevant professional training in accordance with the requirements of Rule 3.29 of the Hong Kong Listing Rules. Mr. Ngai Wai Fung will provide assistance to Ms. TANG Lin during the first three years from the Listing Date of the Bank.

For further details regarding the qualifications and experience of Ms. TANG Lin and Mr. Ngai Wai Fung, please refer to the "Directors, Supervisors, Senior Management, Employees and Organizations – Biographies of Directors, Supervisors and Senior Management Members" in this annual report.

## COMMUNICATION WITH SHAREHOLDERS

The Bank highly values the opinions and suggestions of Shareholders and enhances mutual understanding and communication through various channels, including Shareholders' general meetings, visitor receptions, on-site visits, and telephone inquiries. The primary channels for disseminating information to Shareholders and investors are HKEXnews website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)), and the website of the Bank ([www.ybccb.com](http://www.ybccb.com)), where financial reports (interim and annual reports), announcements, circulars, and other public materials are available for reference. Shareholders with inquiries regarding their shareholdings should contact the Office of the Board of Directors of the Bank or H Share Registrar. Following the implementation of these measures, the Bank considers that the Shareholders' communication policy is sufficient and effective as of the Latest Practicable Date.

# Corporate Governance Report

## General Inquiries

For enquiries made to the Board of Directors by the Shareholders and potential investors, please contact:

Office of the Board of Directors of Yibin City Commercial Bank Co., Ltd  
No. 9, Jinshajiang Avenue, Xuzhou District, Yibin, Sichuan, PRC  
Tel: +86 (0831) 5103546

Principal Place of Business in Hong Kong: 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong

Investors may access this annual report via HKEXnews website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Bank ([www.ybccb.com](http://www.ybccb.com)).

## Enquiries on Matters Relating to the H Shares

Shareholders with inquiries regarding H Shares, including Share transfers, address changes, lost share certificates, or dividend vouchers, should contact:

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong  
Tel: (852) 2862 8555  
Fax: (852) 2862 8555

## Enquiries on Matters Relating to the Domestic Shares

Shareholders with inquiries regarding Domestic Shares, including Share transfers, address changes and dividend distribution, should contact:

Office of the Board of Directors of Yibin City Commercial Bank Co., Ltd  
No. 9, Jinshajiang Avenue, Xuzhou District, Yibin City, Sichuan Province, China  
Tel: +86 (0831) 5103546

## INFORMATION DISCLOSURE

The Board of Directors and senior management of the Bank place high importance on information disclosure, ensuring that investors receive timely, accurate, and equal access to information through robust corporate governance and internal controls.

The Bank continuously improves the timeliness, accuracy, and completeness of information disclosures in compliance with laws and regulations, including the Measures for the Information Disclosure of Commercial Banks (《商業銀行信息披露辦法》).

The Bank has established the Measures for the Management of Information Disclosure of Yibin City Commercial Bank (《宜賓市商業銀行信息披露管理辦法》), which defines disclosure principles, contents of periodic and interim reports, disclosure methods, review and release procedures. The Board of Directors is responsible for information disclosure matters and bears ultimate responsibility for the truthfulness, accuracy, completeness, timeliness, and legality of accounting and financial reports. The Secretary to the Board of Directors is responsible for organizing and coordinating the information disclosure matters, and the Office of the Board of Directors handles specific information disclosure matters.

# Corporate Governance Report

## INSIDER INFORMATION HANDLING PROCEDURES AND REGULATORY MEASURES

The Bank attaches great importance to insider information management. In order to promote the lawful and regulated operation, maintain information security and protect the legitimate rights and interests of investors, standardize the disclosure of information, and ensure that the information disclosure is true, accurate, complete, timely, and lawful, the Bank has formulated the Measures for the Management of Information Disclosure of Yibin City Commercial Bank 《宜賓市商業銀行信息披露管理辦法》, Work System for Confidentiality and Records Management of Overseas Securities Issuance and Listing of Yibin City Commercial Bank 《宜賓市商業銀行境外發行證券與上市相關保密和檔案管理工作制度》, the Measures for the Management of Confidentiality of Yibin City Commercial Bank 《宜賓市商業銀行保密管理辦法》 in accordance with relevant laws and regulations, the Hong Kong Listing Rules and other regulatory requirements.

The Measures for the Management of Information Disclosure of Yibin City Commercial Bank 《宜賓市商業銀行信息披露管理辦法》, Work System for Confidentiality and Records Management of Overseas Securities Issuance and Listing of Yibin City Commercial Bank 《宜賓市商業銀行境外發行證券與上市相關保密和檔案管理工作制度》, the Measures for the Management of Confidentiality of Yibin City Commercial Bank 《宜賓市商業銀行保密管理辦法》 of the Bank define the scope of insider information, the procedure for determining insider information, the management regulations for insider information and insiders, the confidentiality of such information, and measures to sanction the leakage of information.

## AMENDMENT OF ARTICLES OF ASSOCIATION

During the Reporting Period, the Bank amended certain provisions of the Articles of Association to comply with relevant laws and regulations, regulatory requirements, and the Hong Kong Listing Rules in response to the Listing of H Shares on the Hong Kong Stock Exchange. The amended Articles of Association took effect from the Listing Date. The amended Articles of Association are available to investors on the HKEXnews website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Bank's website ([www.ybccb.com](http://www.ybccb.com)).

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors is responsible for formulating risk management and internal control policies and assumes ultimate responsibility for comprehensive risk management. Considering that the purpose of risk management and internal control policies is to manage rather than eliminate risks that may prevent achieving business objectives, the Board of Directors can reasonably, but not absolutely, ensure that the above systems can prevent any material losses. The Board of Directors ensures that a review of the risk management and internal control policies of the Bank and its subsidiaries is conducted at least once a year. The review covers all major risks.

During the Reporting Period, the Board of Directors reviewed the risk management and internal control policies of the Bank and the implementation and effectiveness of such policies and deemed them effective and sufficient.

# Corporate Governance Report

## Risk Management

The Bank established a comprehensive and robust risk management framework to eliminate the impact of various uncertainties on the achievement of the Bank's strategic and operational objectives. Our comprehensive risk management work is managed in a hierarchical manner, with the Board of Directors as the highest decision-making body responsible for establishing and maintaining a full and effective comprehensive risk management system. The Bank implements the risk management process in various management stages, nurtures a good risk management culture, and strives to achieve the overall objectives of risk management by establishing a sound risk management system. Credit risk, market risk, operational risk, liquidity risk, reputation risk, legal and compliance risk, information technology risk, and anti-money laundering and counter-terrorism financing management are major components of our comprehensive risk management. For various types of risks, the Bank established clear and specific procedures for reporting and communication to ensure efficient and effective coordination among various departments.

Currently, the Bank has established risk management support systems such as the core business system, credit management system, impairment valuation system, credit risk early warning system, financial management system, comstar funds business system, liquidity risk management system, anti-money laundering system. These systems operated smoothly throughout the year, and effectively supported the Bank's management of major risks such as credit risk, market risk, operational risk and liquidity risk, to ensure the effective extraction of relevant risk information and data, monitoring of risk indicators, and systematic control of limit indicators.

## Internal Control

The Bank has established an internal control governance and organizational structure comprising the Board of Directors and its committees, the Board of Supervisors and its committees, senior management, internal control management functional departments, Party Committee Office, discipline inspection and supervision department, internal audit department, management departments and business departments of various business lines at the head office, as well as the branches, with clear division of responsibilities, well-defined duties, and relatively clear reporting relationships, forming a mechanism for coordination and balances among the decision-making, supervisory and executive bodies.

The Bank's internal control has penetrated into all business and management processes, covering all institutions, departments and personnel, and has formed an internal control mechanism of risk prevention before occurrence, control during the process, and supervision and correction afterward.

During the Reporting Period, the Bank continued to strengthen the effectiveness of the performance of duties by the "Three Boards and One Management (三會一層)", with each governance body performing its respective duties and strictly implementing its functional responsibilities. The Bank continued to enhance its internal control management level by optimizing its management structure, improving its internal control and compliance culture, and the long-term mechanism for internal control management.

# Corporate Governance Report

## Internal Audit

Please refer to the “Management Discussion and Analysis – Risk Management” in this annual report for details of the internal audit of the Bank.

## DIVIDEND POLICY

The Bank has established the Dividend Distribution Management Measures 《股利分派管理辦法》 that stipulates the Bank’s dividend policy. The Bank does not have a fixed dividend payout ratio. The Board of Directors is responsible for submitting proposals in respect of dividend payments, if any, to the Shareholders’ general meeting for approval. The determination of whether to pay dividends and the amount of such dividends is based on the Bank’s results of operations, cash flows, financial condition, capital adequacy ratios, future business prospects, statutory and regulatory restrictions on the payment of dividends by the Bank and other factors that the Board of Directors considers relevant.

Under PRC laws and the Articles of Association, the Bank may only pay dividends out of its distributable profits. Under relevant MOF regulations, the Bank is required to maintain a general reserve no less than 1.5% of the balance of its risk-bearing assets from the net profits after tax. Any distributable profit that is not distributed in a given year is retained and available for distribution in subsequent years. However, generally the Bank does not pay any dividends in a year in which the Bank does not have any distributable profit in respect of that year.

The Bank is prohibited from making any profit distributions to the Shareholders before recovering accumulated losses and making appropriations to the statutory surplus reserve, the general reserve, and any discretionary surplus reserve as approved by the Shareholders’ general meeting. In addition, the NFRA has the authority to prohibit any Bank that fails to meet the relevant capital adequacy ratio requirements, or has violated other relevant PRC banking regulations, from paying dividends or making other forms of distributions.

## SHAREHOLDERS' RIGHTS

### (I) Convening of Extraordinary General Meeting at the Request of Shareholders

Shareholders who individually or collectively hold more than 10% of the Shares of the Bank have the right to request the Board of Directors to convene an extraordinary general meeting, and such request should be submitted to the Board of Directors in writing. The Board of Directors shall, within 10 days after receiving the request, provide a written response indicating their agreement or disagreement with convening the extraordinary general meeting, in accordance with applicable laws, administrative regulations, and the Articles of Association.

If the Board of Directors agrees to convene the extraordinary general meeting, the notice for convening the general meeting shall be issued within 5 days after the Board of Directors resolution is made. Any changes to the original request in the notice should be agreed by the relevant Shareholders. If the Board of Directors disagrees to convene the extraordinary general meeting or fails to provide a response within 10 days after receiving the request, Shareholders who individually or collectively hold more than 10% of the Shares of the Bank have the right to propose the convening of the extraordinary general meeting to the Board of Supervisors, and such request should be submitted to the Board of Supervisors in writing.

If the Board of Supervisors agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within 5 days after receiving the request. Any change to the original proposal in the notice shall be agreed by relevant Shareholders.

If the Board of Supervisors fails to issue the notice for the general meeting within the specified period, it will be deemed that the Board of Supervisors did not convene and preside over the general meeting. Shareholders who individually or collectively hold more than 10% of the Shares of the Bank for more than 90 consecutive days may convene and preside over the general meeting themselves.

The expenses necessary for the general meeting convened by the Board of Supervisors or Shareholders themselves shall be borne by the Bank.

A general meeting convened by the Shareholders on their own shall be presided over by a representative nominated by the convener.

When the general meeting is convened, if the chairman of the meeting violates the rules of procedure which makes the general meeting impossible to proceed, with the consent of more than half of the Shareholders with voting rights present at the general meeting, the general meeting may elect one person to act as the chairman of the meeting and continue the meeting.

Shareholders who hold Shares of the Bank have the right to attend or appoint proxies to attend the general meeting. Shareholders have various Shareholders' rights, such as the right to be informed, the right to speak, the right to question, and the right to vote, in accordance with laws, regulations, rules, normative documents, the Articles of Association of the Bank, and these rules. Shareholders may attend the general meeting in person or appoint a proxy to attend and vote on their behalf, and the proxy does not have to be a Shareholder of the Bank.



# Corporate Governance Report

## (II) Proposal to the General Meeting

Shareholders who individually or collectively hold more than 1% of the Bank's Shares have the right to submit proposals to the Bank. Shareholders who individually or collectively hold more than 1% of the Bank's Shares may submit ad hoc proposals in writing to the convener ten days prior to the general meeting; the content of the ad hoc proposal shall fall within the authority of the general meeting and have specific agenda items and resolutions. The convener shall issue a supplementary notice for the general meeting within two days after receiving the proposal. The content of the ad hoc proposal shall be announced, and the proposal shall be submitted to the general meeting for deliberation.

Shareholders who individually or collectively hold more than 1% of the total voting Shares issued by the Bank may nominate Director candidates to the Board of Directors and nominate Shareholder Supervisor candidates to the Board of Supervisors. Shareholders who individually or collectively hold more than 1% of the total voting Shares issued by the Bank may nominate independent Director candidates to the Board of Directors. Shareholders who individually or collectively hold more than 1% of the total voting Shares issued by the Bank may nominate external Supervisor candidates to the Board of Supervisors. The nomination of Directors and Supervisors by Shareholders must comply with the provisions of the Articles of Association of the Bank and the "Yibin Commercial Bank Director Nomination and Election Measures" and "Yibin Commercial Bank Supervisor Nomination and Election Measures".

## (III) Inquiry to the Board of Directors

Shareholders of the Bank have the right to supervise its operations and make suggestions or inquiries. Shareholders have the right to access the Articles of Association, Shareholders' registry, corporate bonds, minutes of general meetings, resolutions of the Board of Directors, resolutions of the Board of Supervisors, and financial accounting reports.

When Shareholders request to access or obtain information related to the Bank in this article, they should submit a written request to the Bank, stating the purpose and providing written documentation proving the type of Shares they hold and the number of Shares held. After verifying the Shareholder's identity, the Bank shall provide the requested information in accordance with legal regulations.

# Independent Auditor's Report



天健國際會計師事務所有限公司

Confucius International CPA Limited Certified Public Accountants

香港莊士敦道 181 號大有大廈 15 樓 1501-1508 室  
Rooms 1501-8, 15/F., Tai Yau Building,  
181 Johnston Road, Wanchai, Hong Kong  
電話 Tel: (852) 3103 6980  
傳真 Fax: (852) 3104 0170  
電郵 Email: info@pccpa.hk

## TO THE SHAREHOLDERS OF YIBIN CITY COMMERCIAL BANK CO., LTD

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

### OPINION

We have audited the consolidated financial statements of Yibin City Commercial Bank Co., Ltd (the "Bank") and its subsidiaries (collectively referred to as the "Group") set out on pages 164 to 284, which comprise the consolidated statement of financial position as at December 31, 2024, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the "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 Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). 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 HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the 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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarized as follows:

- Measurement of expected credit losses for loans and advances to customers and the debt instruments measured at amortized cost
- Consolidation of structured entities

# Independent Auditor's Report

## KEY AUDIT MATTERS *(Continued)*

### Key Audit Matters

#### **Measurement of expected credit losses for loans and advances to customers and the debt instruments measured at amortized cost**

#### **Refer to notes 2. 3.4, 3. 1, 4(a), 12, 18, 21 to the consolidated financial statements**

As at December 31, 2024, gross loans and advances to customers as presented in the Group's consolidated statement of financial position, amounted to RMB61,070 million, for which management recognized loss allowances of RMB2,629 million; total debt instruments measured at amortized cost amounted to RMB7,767 million, for which management recognized loss allowances of RMB9 million.

Loss allowance of RMB777 million in aggregate for the purpose of expected credit losses ("ECL") for loans and advances to customers and debt instruments measured at amortized cost was recognized in the consolidated statement of comprehensive income for the year 2024.

The balances of loss allowances for loans and advances to customers and debt instruments measured at amortized cost represent the management's best estimates of ECL under International Financial Reporting Standard 9: Financial Instruments at the statement date.

Management assesses whether the credit risk of loans and advances to customers and debt instruments measured at amortized cost have increased significantly since their initial recognition, or whether the credit has already been impaired, and applies an impairment model to calculate their ECL. Management assesses impairment loss allowances by using ECL model that incorporates key parameters and assumptions, including probability of default, loss given default, exposure at default and discount rates.

### How our audit addressed the Key Audit Matters

We obtained an understanding of the management's internal control and assessment process of ECL for loans and advances to customers and debt instruments measured at amortized cost, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors.

We evaluated and tested the design and operating effectiveness of the internal controls relating to ECL for loans and advances to customers and debt instruments measured at amortized cost, primarily including:

- (1) governance over ECL models, including the selection, approval and application of modelling methodology; and the internal controls relating to the on-going monitoring and optimization of the models;
- (2) internal controls relating to significant management judgments and assumptions, including the assessment and approval of portfolio segmentation, model selections, parameters estimation, identification of significant increase in credit risk, defaults or determination of incurred credit impairment, forward-looking adjustment;
- (3) internal controls over the accuracy and completeness of key inputs used by the model measurement;
- (4) evaluation and approval of the measurement result of ECL for loans and advances to customers and debt instruments measured at amortized cost.

# Independent Auditor's Report

## Key Audit Matters

The measurement of ECL involves significant management judgments and assumptions, primarily including:

- (1) segmentation of business operations sharing similar credit risk characteristics, selection of appropriate models and determination of relevant key measurement parameters;
- (2) criteria for determining whether credit risk has increased significantly, defaulted, or credit has been impaired;
- (3) economic indicators for forward-looking measurement, and the application of economic scenarios and weightings.

The amount of loss allowances of loans and advances to customers and debt instruments measured at amortized cost is significant, and the measurement has a high degree of estimation uncertainty. For measuring ECL, the management adopted complex models, employed numerous parameters and data, and applied significant management judgments and assumptions, and involved significant inherent risks. In view of these reasons, we identified this as a key audit matter.

## How our audit addressed the Key Audit Matters

The substantive procedures we performed primarily included:

- (1) According to the risk characteristics of assets, we evaluated the appropriateness of segmentation of business operations, and assessed the modelling methodologies adopted for ECL measurement for business operations;
- (2) We selected samples, in consideration of the financial information and non-financial information of the borrowers, other external evidence and factors, to assess the appropriateness of the management's identification of significant increase in credit risk, defaults and credit-impaired loans;
- (3) For forward-looking measurements, we understood and confirmed with the management the establishment of economic scenarios and weightings of impairment model, and assessed the reasonableness of the economic projections for the macro factors used in the forward-looking adjustments;
- (4) We assessed the reasonableness of the key parameters of the ECL model and verified the operation for the impairment model to test whether or not the measurement models reflect the modelling methodologies documented by the management;
- (5) We assessed whether relevant disclosures comply with the disclosure requirements of the International Financial Reporting Standards and properly reflect the modelling methodologies, parameters, and assumptions adopted under the ECL approach.

# Independent Auditor's Report

## Key Audit Matters

### Consolidation of structured entities

#### Refer to Notes 2.3.1, 4(d) and 36 of the consolidated financial statements

Structured entities primarily included asset management plans, wealth management products and funds managed or invested by the Group. As at December 31, 2024, the carrying amount of the unconsolidated structured entities which were initiated by third-party institutions invested by the Group amounted to RMB1,738 million. In addition, as at December 31, 2024, the balance of unconsolidated wealth management products issued and managed by the Group was RMB3,074 million.

Management had determined whether the Group had control of certain structured entities based on the assessment of the Group's power over, its exposure to variable returns from its involvement with, and its ability to use its power to affect the amount of its variable returns from these structured entities.

The significant judgment exercised by management in assessing whether the Group had control of structured entities and the amount of such structured entities resulted in this matter being identified as a key area of audit focus.

## How our audit addressed the Key Audit Matters

We understood and evaluated the Group's relevant business process and internal controls over consolidation assessment of structured entities. We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the degree of other inherent risk factors, and further tested consolidation of structured entities, including the following procedures:

- (1) we evaluated the design and implementation of key financial reporting internal controls related to the consolidation of structured entities;
- (2) we reviewed relevant contracts, internal documentation, and information disclosed to investors to understand the purpose of establishing structured entities and the Group's involvement, and evaluated management's judgment on whether the Group possess power over structured entities;
- (3) we examined the structural design of risk and reward allocation within structured entities, including any capital interests held, guarantees on returns, liquidity support arrangements, commission payments, and profit distributions, to assess management's judgment on the Group's risk exposure, power, and influence over variable returns arising from participation in structured entities' activities;
- (4) we reviewed management's analysis of structured entities, including qualitative assessments, and calculations of the Group's proportion of economic interests and variability of returns, evaluated management's judgment on the Group's ability to influence variable returns from structured entities;

# Independent Auditor's Report

## Key Audit Matters

## How our audit addressed the Key Audit Matters

- (5) based on the analysis of the Group's power to direct structured entities' activities, exposure to variable returns, and ability to affect those returns, we determined whether the Group acts as a principal or agent in exercising decision-making authority, and compared the assessment results with management's conclusions;
- (6) we assessed management's judgment on whether to consolidate structured entities;
- (7) we assessed whether relevant disclosures comply with the disclosure requirements of the International Financial Reporting Standards for structured entities.

## OTHER INFORMATION

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

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

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

# Independent Auditor's Report

## RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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 HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

# Independent Auditor's Report

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

- 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 consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

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

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

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

## OTHER MATTER

The consolidated financial statements of the Group for the year ended December 31, 2023, were audited by another auditor who expressed an unmodified opinion on those statements on December 30, 2024.

### **Confucius International CPA Limited**

*Certified Public Accountants*

#### **Chan Lap Chi**

Practising Certificate Number: P04084

Hong Kong

March 28, 2025



# Financial Report

## Consolidated Statement of Comprehensive Income

For the year ended December 31, 2024 (In RMB thousands, unless otherwise stated)

	Note	2024	2023
Interest income		<b>3,691,314</b>	3,563,354
Interest expense		<b>(2,113,627)</b>	(1,777,843)
<b>Net interest income</b>	5	<b>1,577,687</b>	1,785,511
Fee and commission income		<b>101,075</b>	75,300
Fee and commission expense		<b>(35,973)</b>	(31,381)
<b>Net fee and commission income</b>	6	<b>65,102</b>	43,919
Net gains on trading activities	7	<b>200,965</b>	291,821
Net gains on financial investments	8	<b>315,138</b>	10,637
Other operating income	9	<b>21,503</b>	37,871
<b>Operating income</b>		<b>2,180,395</b>	2,169,759
Operating expenses	10	<b>(725,165)</b>	(698,203)
Expected credit losses	12	<b>(888,737)</b>	(928,578)
Impairment losses	13	<b>–</b>	(411)
<b>Profit before income tax</b>		<b>566,493</b>	542,567
Income tax expense	14	<b>(88,681)</b>	(65,151)
<b>Net profit</b>		<b>477,812</b>	477,416
<b>Net profit attribute to:</b>			
Equity attributable to shareholders of the Bank		<b>513,430</b>	468,472
Non-controlling interests		<b>(35,618)</b>	8,944
Basic and diluted earnings per Share (expressed in RMB per Share)	15	<b>0.13</b>	0.12

# Financial Report

## Consolidated Statement of Comprehensive Income

For the year ended December 31, 2024 (In RMB thousands, unless otherwise stated)

	Note	2024	2023
<b>Other comprehensive income</b>			
Items that will be reclassified to profit or loss:			
Changes in fair value of financial assets at fair value through other comprehensive income		298,724	141,353
Credit impairment losses for financial assets at fair value through other comprehensive income		17,422	58,678
Impact on income tax on changes in fair value and credit impairment provision of financial assets at fair value through other comprehensive income		(79,037)	(50,009)
Items that will not be reclassified to profit or loss:			
Changes in remeasurement of defined benefit plans		(1,510)	(520)
Impact on income tax on changes in remeasurement of defined benefit plans		378	130
Other comprehensive income for the year, net of tax		235,977	149,632
<b>Total comprehensive income</b>		713,789	627,048
<b>Total comprehensive income attributable to:</b>			
Equity attributable to shareholders of the Bank		749,368	618,104
Non-controlling interests		(35,579)	8,944

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

# Financial Report

## Consolidated Statement of Financial Position

December 31, 2024 (In RMB thousands, unless otherwise stated)

	Note	December 31, 2024	December 31, 2023
<b>Assets</b>			
Cash and balances with central Bank	16	<b>7,318,521</b>	6,576,969
Financial assets held under resale agreements, due from other banks and other financial institutions	17	<b>4,988,492</b>	5,600,613
Loans and advances to customers	18	<b>58,443,810</b>	49,374,880
Financial investments			
– Fair value through profit or loss	19	<b>6,239,805</b>	6,268,789
– Fair value through other comprehensive income	20	<b>22,482,542</b>	15,945,890
– Amortised cost	21	<b>7,758,074</b>	7,783,629
Property, plant and equipment	23	<b>284,911</b>	335,232
Right-of-use assets	24	<b>31,397</b>	32,174
Deferred tax assets	25	<b>1,237,353</b>	1,114,600
Other assets	26	<b>420,488</b>	411,268
<b>Total assets</b>		<b>109,205,393</b>	93,444,044
<b>LIABILITIES</b>			
Borrowings from central Bank	27	<b>2,266,246</b>	2,198,040
Financial assets sold under repurchase agreements, due to other banks and financial institutions	28	<b>9,340,672</b>	6,263,086
Customer deposits	29	<b>84,517,911</b>	71,439,054
Debt securities issued	30	<b>2,028,101</b>	3,279,022
Taxes payable	31	<b>257,144</b>	237,648
Lease liabilities	24	<b>28,766</b>	26,496
Other liabilities	32	<b>794,264</b>	714,198
<b>Total liabilities</b>		<b>99,233,104</b>	84,157,544

# Financial Report

## Consolidated Statement of Financial Position

December 31, 2024 (In RMB thousands, unless otherwise stated)

	Note	December 31, 2024	December 31, 2023
<b>EQUITY</b>			
Share capital	33	<b>3,900,000</b>	3,900,000
Capital reserve	33	<b>3,512,784</b>	3,462,784
Other comprehensive income	34	<b>397,415</b>	161,477
Surplus reserve	34	<b>180,105</b>	125,912
General reserve	34	<b>1,239,400</b>	1,010,653
Retained earnings		<b>467,893</b>	315,403
		<hr/>	<hr/>
Equity attributable to shareholders of the Bank		<b>9,697,597</b>	8,976,229
Non-controlling interests		<b>274,692</b>	310,271
		<hr/>	<hr/>
<b>Total equity</b>		<b>9,972,289</b>	9,286,500
		<hr/>	<hr/>
<b>Total liabilities and equity</b>		<b>109,205,393</b>	93,444,044
		<hr/>	<hr/>

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

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

\_\_\_\_\_  
EXECUTIVE DIRECTOR

\_\_\_\_\_  
EXECUTIVE DIRECTOR

# Financial Report

## Consolidated Statement of Changes in Equity

For the year ended December 31, 2024 (In RMB thousands, unless otherwise stated)

	Equity attributable to shareholders of the Bank							
			Other reserves					
	Share capital (Note 33)	Capital reserve (Note 33)	Surplus reserve (Note 34)	General reserve (Note 34)	Other comprehensive income (Note 34)	Retained earnings	Non-controlling interests	Total
Balance at January 1, 2024	3,900,000	3,462,784	125,912	1,010,653	161,477	315,403	310,271	9,286,500
Profit for the period	-	-	-	-	-	513,430	(35,618)	477,812
Other comprehensive income	-	-	-	-	235,938	-	39	235,977
Total comprehensive income for the period	-	-	-	-	235,938	513,430	(35,579)	713,789
Shareholders' deemed contribution (Note 33)	-	50,000	-	-	-	-	-	50,000
Transfer to surplus reserve (Note 34)	-	-	54,193	-	-	(54,193)	-	-
Transfer to general reserve (Note 34)	-	-	-	228,747	-	(228,747)	-	-
Cash dividends (Note 35)	-	-	-	-	-	(78,000)	-	(78,000)
Balance at December 31, 2024	3,900,000	3,512,784	180,105	1,239,400	397,415	467,893	274,692	9,972,289

	Equity attributable to shareholders of the Bank							
			Other reserves					
	Share capital (Note 33)	Capital reserve (Note 33)	Surplus reserve (Note 34)	General reserve (Note 34)	Other comprehensive income (Note 34)	Retained earnings	Non-controlling interests	Total
Balance at January 1, 2023	3,900,000	3,412,784	80,322	851,515	11,845	110,159	301,327	8,667,952
Profit for the year	–	–	–	–	–	468,472	8,944	477,416
Other comprehensive income	–	–	–	–	149,632	–	–	149,632
Total comprehensive income for the year	–	–	–	–	149,632	468,472	8,944	627,048
Shareholders' deemed contribution (Note 33)	–	50,000	–	–	–	–	–	50,000
Transfer to surplus reserve (Note 34)	–	–	45,590	–	–	(45,590)	–	–
Transfer to general reserve (Note 34)	–	–	–	159,138	–	(159,138)	–	–
Cash dividends (Note 35)	–	–	–	–	–	(58,500)	–	(58,500)
Balance at December 31, 2023	3,900,000	3,462,784	125,912	1,010,653	161,477	315,403	310,271	9,286,500

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

# Financial Report

## Consolidated Statement of Cash Flows

For the year ended December 31, 2024 (In RMB thousands, unless otherwise stated)

	2024	2023
<b>Cash flows from operating activities:</b>		
<b>Profit before income tax</b>	<b>566,493</b>	542,567
Profit before income tax adjustments for:		
Depreciation and amortisation	<b>61,276</b>	70,332
Impairment losses	<b>–</b>	411
Expected credit losses	<b>888,737</b>	928,578
Net gains on disposal of property, plant and equipment and foreclosed assets	<b>(979)</b>	(12,573)
Net gains arising from financial investments	<b>(315,138)</b>	(10,637)
Changes in fair value of financial assets at fair value through profit or loss	<b>3,133</b>	(105,353)
Interest income from financial instruments	<b>(746,963)</b>	(679,911)
Interest expenses on debt securities	<b>41,542</b>	112,701
Subtotal	<b>498,101</b>	846,115
<b>Net change in operating assets:</b>		
Net increase in balances with central Bank	<b>(702,975)</b>	(561,424)
Net increase in loans and advances to customers	<b>(9,822,714)</b>	(7,964,462)
Net increase/(decrease) in other operating assets	<b>(635,860)</b>	122,418
Subtotal	<b>(11,161,549)</b>	(8,403,468)
<b>Net change in operating liabilities:</b>		
Net increase in borrowings from central Bank	<b>68,339</b>	317,956
Net increase in due to banks and other financial institutions	<b>3,077,586</b>	1,112,994
Net increase in customer deposits	<b>13,078,857</b>	12,045,238
Net increase in other liabilities	<b>34,359</b>	137,969
Subtotal	<b>16,259,141</b>	13,614,157
Income tax paid	<b>(88,681)</b>	(65,151)
<b>Net cash generated from operating activities</b>	<b>5,507,012</b>	5,991,653

# Financial Report

## Consolidated Statement of Cash Flows

For the year ended December 31, 2024 (In RMB thousands, unless otherwise stated)

	2024	2023
<b>Cash flows from investing activities:</b>		
Proceeds from disposal of property, equipment and other long-term assets	170,263	38,282
Purchase of property, equipment and other long-term assets	(44,824)	(68,741)
Interest income from financial investments	746,963	679,911
Purchase of investment securities	(40,409,572)	(29,692,718)
Proceeds from sale and redemption of investments	34,438,059	24,050,589
<b>Net cash used in investing activities</b>	<b>(5,099,111)</b>	<b>(4,992,677)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of Shares	—	—
Proceeds from issuance of debt securities	2,017,537	3,459,505
Repayment for debt securities issued	(3,310,000)	(4,760,000)
Increase/(decrease) in other cash flow related to financing activities	35,293	(18,048)
Dividends paid to Shareholders	(74,299)	(53,013)
<b>Net cash used in financing activities</b>	<b>(1,331,469)</b>	<b>(1,371,556)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(923,568)</b>	<b>(372,580)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>7,849,200</b>	<b>8,221,780</b>
<b>Cash and cash equivalents at the end of the year (Note 39)</b>	<b>6,925,632</b>	<b>7,849,200</b>

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

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 1 GENERAL INFORMATION

Yibin City Commercial Bank Co., Ltd (宜賓市商業銀行股份有限公司) is a joint-stock city commercial Bank headquartered in Yibin City, Sichuan Province, the PRC, and was incorporated on December 27, 2006. The Bank's predecessor was Yibin City Credit Cooperatives, which was established in 2000. As approved by the former China Banking and Insurance Regulatory Commission ("CBIRC") Sichuan Office, the Bank was jointly initiated and established by the Shareholders of Yibin City Credit Cooperatives (including 44 non-individual Shareholders and 386 individual Shareholders). At the time of establishment, the registered capital of the Bank was RMB106,879,775, divided into 106,879,775 Domestic Unlisted Shares with a nominal value of RMB1.00 each. As of December 31, 2024, the registered capital of the Bank was RMB3,900,000,000.

The approved business scope of the Bank and its subsidiaries, Yibin Xingyi Rural Bank Co., Ltd. (宜賓興宜村鎮銀行有限責任公司, "Xingyi Bank") and Neijiang Xinglong Rural Bank Co., Ltd. (內江興隆村鎮銀行股份有限公司, "Xinglong Bank") (collectively referred to as the "Group") consists of deposit taking; granting of short-term, medium-term and long-term loans; handling domestic and overseas settlement; handling bill acceptance and discounting; issuing financial bonds; acting as agent to issue, settle and underwrite government bonds; trading of government bonds; engaging in inter-bank placement; Bank cards business; providing letter of credit services and guarantee; acting as agent on inward and outward payments, acting as insurance agent; providing safe-box service, and other businesses as approved by the banking regulatory authorities and other regulatory authorities (certain projects are subject to additional approval of authorities). Information relating to the Bank's subsidiaries is set out in Note 22.

### 2 SUMMARY OF ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at their fair values in the consolidated financial statements. Other accounting items are measured at their historical costs. Impairment allowance is recognised and measured in accordance with the relevant policy.

The preparation of the financial information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to financial information are presented in Note 4.

#### 2.2 Application of new and amendments to IFRS Accounting Standards

The principal accounting policies adopted in the preparation of the financial information are set out below. These policies have been consistently applied to relevant periods presented unless otherwise stated. The initial adoption of new and revised IFRS Accounting Standards throughout the Track Record Period does not result in any material impact on the financial information.



# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

#### 2.2 Application of new and amendments to IFRS Accounting Standards *(Continued)*

##### ***New and amendments standards issued but not yet effective***

At the date of this report, the Group has not adopted the following new and amendments to IFRS Accounting Standards which have been issued and are not yet effective:

		Valid date
IAS 21 Amendments	Lack of Exchangeability	January 1, 2025
IFRS 9 and IFRS 7 Amendments	Classification and Measurement of Financial Instruments	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Disclosure of Subsidiaries without Public Accountability	January 1, 2027
IFRS 10 and IAS 28 Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date has been deferred indefinitely

##### *IAS 21 Amendments*

IAS 21 Amendments clarify the entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency. The entity shall estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. And the entity shall disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

##### *IFRS 9 and IFRS 7 Amendments*

IFRS 9 and IFRS 7 Amendments clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

##### *IFRS 18*

IFRS 18 is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to: the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

## 2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

### 2.2 Application of new and amendments to IFRS Accounting Standards *(Continued)*

#### ***New and amendments standards issued but not yet effective*** *(Continued)*

##### *IFRS 19*

IFRS 19 specifies the disclosure requirements an entity is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in this Standard. If a subsidiary does not have public accountability and has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards, it may elect to apply this Standard in its consolidated, separate or individual financial statements at the end of the Reporting Period.

##### *IFRS 10 and IAS 28 Amendments*

IFRS 10 and IAS 28 Amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. The amendments require a full recognition of a gain or loss when the sale or contribution between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture.

The Directors of the Bank anticipate that the application of these new and amendments to the IFRS Accounting Standards will have no material impact on the Group's operating results, financial position and comprehensive income in the foreseeable future.

### 2.3 Material accounting policies

#### ***2.3.1 Consolidated financial statements***

##### *(a) Business combinations*

The consideration transferred by the acquirer for the acquisition and the identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Where the cost of a business combination exceeds the Group's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill; where the cost of a business combination is less than the Group's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss.

Acquisition date mentioned above is the date that the Group effectively obtains control of the acquiree.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

#### 2.3 Material accounting policies *(Continued)*

##### 2.3.1 Consolidated financial statements *(Continued)*

###### *(b) Subsidiaries and non-controlling interests*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has the power over the entity, and is exposed to, or has the rights to the variable returns from its involvement with the entity, and has the ability to affect those returns through its power over the entity. subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. For the structured entities, the Group makes significant judgement on whether the Group controls and should consolidate these structured entities. The Group considers their contractual rights and obligations, the variable returns from the structured entities, the liquidity and other support and the roles acts as a principal or an agent. The judgement is further detailed in Note 4(d).

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, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

For the separate financial statements of the Group, investments in subsidiaries are accounted for at cost. At initial recognition, investment in subsidiaries is measured at the cost of acquisition determined at the acquisition date when the subsidiaries are acquired through business combination or the capital injected into the subsidiaries set up by the Group. Impairment losses on investments in subsidiaries are accounted for in accordance with the accounting policies as set out in Note 2.3.9.

The financial results and performance of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. When preparing the consolidated financial statements, the Group makes necessary adjustments on the accounting period and accounting policies of subsidiaries to comply with those of the Group.

Significant intra-group balances and transactions, and any significant profits or losses arising from intra-group transactions are eliminated in full when preparing the consolidated financial statements.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

## 2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

### 2.3 Material accounting policies *(Continued)*

#### 2.3.2 Interest income and expenses

Interest income and expenses of financial instruments are calculated using the effective interest method and included in the current profit or loss.

The Group uses the effective interest method to calculate the interest income and expenses of financial assets and liabilities measured at amortised cost and at FVOCI as well as financial liabilities at amortised cost, presented as “interest income” and interest expenses” respectively. For specific accounting policies, please refer to the Note 2.3.4 (d) Subsequent measurement of financial instruments for related accounting policies.

#### 2.3.3 Fee and commission income

Fee and commission income is recognised when the Group fulfills its performance obligation, either over time or at a point in time when a customer obtains control of the service. For the performance obligations satisfied at a point in time, the Group recognises revenue when control is passed to the customer at a certain point in time. For the performance obligations satisfied over time, the Group recognises revenue according to the progress toward satisfaction of the obligation over the time, including wealth management agency service commission income, settlement and agency services commission income, etc.

#### 2.3.4 Financial instruments

##### (a) Initial recognition, classification and measurement of financial instruments

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

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability.

Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

## 2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

### 2.3 Material accounting policies *(Continued)*

#### 2.3.4 Financial instruments *(Continued)*

##### (a) Initial recognition, classification and measurement of financial instruments *(Continued)*

###### (1) Financial assets

Financial assets are classified in the following measurement categories based on the Group's business model for managing the asset and the cash flow characteristics of the assets:

- (i) Amortised cost ("AC");
- (ii) Fair value through other comprehensive income ("FVOCI"); or
- (iii) Fair value through profit or loss ("FVTPL").

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model and measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest ("SPPI"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

## 2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

### 2.3 Material accounting policies *(Continued)*

#### 2.3.4 Financial instruments *(Continued)*

##### *(a) Initial recognition, classification and measurement of financial instruments (Continued)*

##### *(1) Financial assets (Continued)*

The classification requirements for debt instruments and equity instruments are described as below:

##### Debt Instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds. Classification and measurement of debt instruments depend on the Group's business models for managing the asset and the cash flow characteristics of asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- (i) AC: Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at amortised cost.
- (ii) FVOCI: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVTPL, are measured at FVOCI.
- (iii) FVTPL: Assets that do not meet the criteria for AC or FVOCI are measured at FVTPL.

The Group may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

#### 2.3 Material accounting policies *(Continued)*

##### 2.3.4 Financial instruments *(Continued)*

###### *(a) Initial recognition, classification and measurement of financial instruments (Continued)*

###### *(1) Financial assets (Continued)*

###### Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group subsequently measures all equity instruments at FVTPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity instrument at FVOCI.

###### *(2) Financial liabilities*

The Group's financial liabilities are classified into financial liabilities at FVTPL and other financial liabilities carried at amortised cost on initial recognition. Financial liabilities at FVTPL are applied to derivatives and financial liabilities held for trading.

Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expenses incurred on the financial liability.

###### *(b) Reclassification of financial assets*

When the Group changes the business model for managing its financial assets, it shall reclassify all affected financial assets, and apply the reclassification prospectively from the reclassification date. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Reclassification date is the first day of the first Reporting Period following the change in business model that results in the Group reclassifying financial assets.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

## 2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

### 2.3 Material accounting policies *(Continued)*

#### 2.3.4 Financial instruments *(Continued)*

##### *(c) Determination of fair value*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices. This includes listed equity securities and quoted debt instruments on major exchanges.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For financial instruments not traded in active markets, fair value is determined using appropriate valuation techniques. Valuation techniques include the use of recent transaction prices, discounted cash flow analysis, option pricing models and others commonly used by market participants. These valuation techniques include the use of observable and/or unobservable inputs.

##### *(d) Subsequent measurement of financial instruments*

Subsequent measurement of financial instruments depends on their classification:

##### *(1) Amortised cost*

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition: (i) minus the principal repayments; (ii) plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount; (iii) for financial assets, adjusted for any loss allowance.

Interest income and interest expenses from these financial assets are included in "Interest income" and "Interest expenses" using the effective interest rate method.



# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

#### 2.3 Material accounting policies *(Continued)*

##### 2.3.4 Financial instruments *(Continued)*

###### (d) Subsequent measurement of financial instruments *(Continued)*

###### (1) Amortised cost *(Continued)*

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider ECL and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate. For purchased or originated credit-impaired ("POCI") financial assets, the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets and is included in "Interest income", except for:

- i. POCI financial assets, whose interest income is calculated, since initial recognition, by applying the credit-adjusted effective interest rate to their amortised cost; and
- ii. financial assets that are not POCI but have subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision). If, in a subsequent period, the financial assets improve their qualities so that they are no longer credit-impaired and the improvement in credit quality is related objectively to a certain event occurring after the application of the above-mentioned rules, then the interest income is calculated by applying the effective interest rate to their gross carrying amount.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

## 2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

### 2.3 Material accounting policies *(Continued)*

#### 2.3.4 Financial instruments *(Continued)*

##### *(d) Subsequent measurement of financial instruments (Continued)*

##### (2) Fair value through other comprehensive income

###### Debt instruments

The Group subsequent measures the assets at fair value, and the gains or losses from such financial assets, in addition to interest income using the effective interest rate method, impairment losses or gains and foreign exchange gains and losses, will be accounted for in “other comprehensive income”. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in “interest income” using the effective interest rate method.

###### Equity instruments

The equity instrument investments that are not held for trading are designated as FVOCI. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as investment income when the Group’s right to receive payments is established.

##### (3) Financial assets at fair value through profit or loss

A gain or loss on a debt investment or an equity investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and, other than in the circumstance that such financial asset forms an integral part of a hedging relationship, presented in the current consolidated statement of comprehensive income.

##### (4) Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL are measured at fair value with all gains or losses recognised in the profit or loss.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

## 2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

### 2.3 Material accounting policies *(Continued)*

#### 2.3.4 Financial instruments *(Continued)*

##### *(e) Impairment of financial instruments*

The Group assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost and FVOCI and exposures arising from some off-balance sheet financial arrangements such as Bank acceptances and letters of guarantee.

ECL refer to the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss refers to the difference between all contractual cash flows discounted by the original effective interest rate that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, i.e., the present value of all cash shortfalls (among them, for the purchased or originated credit-impaired financial assets, discount shall be based on the credit-adjusted effective interest rate of the financial assets).

The Group measures ECL of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money;
- reasonable and supportable information that is available without undue cost or effort at the balance sheet date about past events, current conditions and forecasts of future economic conditions.

The description of inputs, assumptions and estimation techniques used in measuring the ECL is presented in Note 3.1.4.

The Group applies the impairment requirements for the recognition and measurement of a loss allowance for debt instruments that are measured at FVOCI. The loss allowance is recognised in other comprehensive income and the impairment loss is recognised in profit or loss, and it should not reduce the carrying amount of the financial asset in the statement of financial position.

If the Group has measured the loss allowance for a financial instrument other than POCI at an amount equal to lifetime expected credit losses in the previous Reporting Period, but determines at the current reporting date that the credit risk on the financial instruments has increased significantly since initial recognition is no longer met, the Group measures the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date and the amount of expected credit losses reversal is recognised in profit or loss. For POCI financial assets, at the reporting date, the Group only recognises the cumulative changes in lifetime expected credit losses since initial recognition.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

## 2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

### 2.3 Material accounting policies *(Continued)*

#### 2.3.4 Financial instruments *(Continued)*

##### *(f) Modification of loans*

The Group will renegotiate or modify customer loan contracts due to certain special circumstances at times, which will in turn lead to changes in contract cash flows. In such cases, the Group will assess if there is a substantial change in the modified contractual terms. In making the assessment, factors need to be considered include:

- Where a modification of contract occurs when the borrower is suffering from financial difficulties, whether the modification only reduces the contract cash flows to the amount that is expected to be repaid by the borrower;
- If there's any newly added substantial term, for example, a term in regard to right to profits/equity returns is newly added, resulting in a substantial change in the risk characteristics of the contract;
- The loan term is significantly extended in the absence of financial difficulties for the borrower;
- Material change happens to the loan interest rate;
- New collateral and other credit enhancements dramatically change the level of loan credit risk.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a "new" asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets).

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

## 2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

### 2.3 Material accounting policies *(Continued)*

#### 2.3.4 Financial instruments *(Continued)*

##### *(g) Derecognition*

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and, where applicable, the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit and loss, except for those investments in equity instruments designated as FVOCI.

Financial liabilities are derecognised when the related obligation is discharged, canceled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit and loss.

##### *(h) Offsetting of financial assets and liabilities*

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when both of the following conditions are satisfied: (i) the Group has the legal right to offset the recognised amount, and the legal right is enforceable; (ii) the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously. The right of offset shall not depend on future events. In ordinary course of business between the Group and all the counterparties, or when breach of contract, insolvency or bankruptcy occurs, the Group has the right to execute such legal right.

##### *(i) Redemption agreements and resale agreement*

Financial assets transferred as collateral in connection with repurchase agreements, involving fixed repurchase dates and prices, are not derecognised. They continue to be recorded as investments classified as financial investments at amortised cost or financial investments at fair value through other comprehensive income as appropriate. The corresponding liability is included in financial assets sold under repurchase agreements. The items which are not derecognised are presented in Note 38 – Collaterals.

Consideration paid for financial assets held under agreements to resell are recorded as Financial assets held under resale agreements, the related collateral accepted is not recognised in the consolidated financial statements (Note 38 – Collaterals).

The spreads between the sale and repurchase of assets, as well as assets held under resale agreements and sold under repurchase agreements are recognised as “interest expense” or “interest income” by using the effective interest method in the contract effective period.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

## 2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

### 2.3 Material accounting policies *(Continued)*

#### 2.3.4 Financial instruments *(Continued)*

##### *(j) Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, in accordance with the terms of a debt instrument.

Financial guarantees are initially recognized at fair value on the date the guarantee was given. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial amount, less amortization of guarantee fees, and the expected credit loss provision required to settle the guarantee. Any increase in the liability relating to guarantees is taken to profit or loss.

#### 2.3.5 Property, plant and equipment

The Group's property, plant and equipment mainly comprise buildings, motor vehicles, electronic equipment, office equipment and construction in progress.

All properties, plants and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in an asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives. The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date.

Property, plant and equipment are reviewed for impairment at each balance sheet date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and present value of expected future cash flows.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

## 2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

### 2.3 Material accounting policies *(Continued)*

#### 2.3.5 Property, plant and equipment *(Continued)*

Buildings comprise primarily branch office premises and office premises. The estimated useful lives, depreciation rate and estimated residual value rate of buildings, motor vehicles, electronic equipment and office equipment are as follows:

Type of assets	Estimated useful lives	Estimated residual value rate	Depreciation rate
Buildings	30 years	0.00%	3.33%
Motor vehicles	5 years	0.00%	20.00%
Electronic equipment	5 years	0.00%	20.00%
Office equipment	5 years	0.00%	20.00%

Construction in progress consists of assets under construction or being installed and is stated at cost. Cost includes equipment cost, cost of construction, installation and other direct costs. Items classified as construction in progress are transferred to property, plant and equipment when such assets are ready for their intended use and begin to account for depreciation.

When a fixed asset is disposed or cannot generate economic benefits, it should be derecognised. Gains or losses caused by derecognition of the asset (disposal income minus its book value) are accounted for profit or loss of the current period in which it is derecognised.

#### 2.3.6 Investment properties

Investment property is property held to earn rental income or for capital appreciation, or both.

Investment properties are initially measured at cost, including costs that are directly attributable to the properties at the time of acquisition. The Group adopts the cost model for subsequent measurement of investment properties. The type of assets, estimated useful lives and depreciation rate (amortisation rate) are as follows:

Type of assets	Estimated useful lives	Depreciation rate
Buildings	30 years	3.33%

As at the balance sheet date, the Group reviews investment properties item by item. If the carrying amount of an asset is higher than the estimated recoverable amount, the carrying amount is reduced to its recoverable amount.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

## 2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

### 2.3 Material accounting policies *(Continued)*

#### 2.3.7 Leases

Lease refers to the contract in which the lessor transfers the right to use the assets to the lessee in a certain period of time.

##### *As a lessee*

At the commencement date, the Group shall recognise the right-of-use asset and the lease liability at the present value of the lease payments that are not paid at that date. Lease payments include fixed payments and proceeds paid when the lessee is reasonably certain to exercise the option to purchase or termination options. Variable rent calculated at a certain proportion of the sales amount is not included in the lease payments and is recognised in profit or loss for the current period when it is incurred.

The Group's right-of-use assets include buildings and equipment held under lease. Right-of-use assets are initially measured at cost, which include the initial measurement amount of lease liabilities, lease payments paid at or before the commencement date, initial direct cost, etc., less any lease incentives received. When the Group can reasonably determine that the ownership of a leased asset will be transferred at the end of the lease term, it is depreciated over its estimated useful life; otherwise, the leased asset is depreciated over the shorter of the lease term and its estimated useful life. The carrying amounts of property and equipment are reduced to the recoverable amounts when the recoverable amounts are below the carrying amounts of the right-of-use asset.

For a short-term lease or low-value asset lease that has a lease term of 12 months or less or for leases of low-value assets, the Group selects not to recognise right-of-use assets and lease liabilities and the relevant rental expenses are recognised in profit or loss for the current period on a straight-line basis over each period of the lease.

##### *As a lessor*

The Group leases out self-owned buildings, machinery and equipment and motor vehicles, the rental income from an operating lease is recognised on a straight-line basis over the period of the lease. Variable rent calculated at a certain proportion of the sales amount is recognised in rental income when it is incurred.



# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

## 2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

### 2.3 Material accounting policies *(Continued)*

#### 2.3.8 Foreclosed assets

The Group initially recognises the foreclosed financial assets at fair value. Non-financial foreclosed assets are initially recognised at the fair value of the rights given up by the Group and other costs such as taxes directly attributable to the asset.

When a debtor pays off the debts with multiple assets or in form of restructuring arrangement, the Group firstly recognises and measures the foreclosed financial assets and restructured rights according to provision illustrated in Note 2.3.4 (a) Initial recognition, classification and measurement of financial instruments. The net amount, of the fair value of the rights given up by the Group deducting the initial amount recognised for the transferred financial assets and restructured rights, should be distributed in accordance with the proportion of the fair value of each non-financial asset. The distributed amount should be recognised as the initial book value of each non-financial foreclosed asset.

The difference between the fair value and book value of the rights given up by the Group is recorded in profit or loss.

#### 2.3.9 Impairment of assets

Asset impairment losses other than deferred tax assets and financial assets within the scope of IFRS 9 are determined as follows:

At the end of the Reporting Period or whenever there is an indication that the assets are impaired, the Group reviews the carrying amounts of its tangible assets with finite useful lives and investment in subsidiaries to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately. The recoverable amount is the higher between the fair value minus the disposal cost and the present value of the expected future cash flow of the asset. Asset impairment loss is calculated and recognised on the basis of a single asset. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group is determined according to the asset group to which the asset belongs. Asset group is the smallest asset portfolio that can generate cash inflow independently.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

## 2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

### 2.3 Material accounting policies *(Continued)*

#### 2.3.10 *Estimated liabilities*

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the risks specific to the obligation, the uncertainties and the time value of money.

#### 2.3.11 *Current and deferred income taxes*

The tax expense for the period comprises current and deferred income tax. The Group recognises income taxes as income tax expense or profit in the consolidated statement of comprehensive income for the current period, except for income taxes associated with transactions or events recorded in Shareholders' equity, which are recognised in Shareholders' equity.

##### *(a) Current tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Current income tax liabilities for the current and prior periods are measured at the amount expected to be paid to the taxation authorities.

##### *(b) Deferred income tax*

Deferred income tax is recognised, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. As at the consolidated financial statements date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the related deferred tax asset is realised or the deferred tax liability is settled pursuant to tax laws.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised. Deferred tax liabilities are the amounts of income tax payable in respect of taxable temporary differences, which are measured at the amount expected to be paid to the tax authorities in the future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

## 2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

### 2.3 Material accounting policies *(Continued)*

#### 2.3.12 Employee benefits

Employee benefits are all forms of consideration given and other relevant expenditures incurred by the Group in exchange for services rendered by employees or for termination of the employment contracts. These benefits include short-term employee benefits, retirement benefits and early retirement benefits.

##### *(a) Short-term employee benefits*

In the Reporting Period in which an employee has rendered services, the Group recognises the short-term employee benefits payable for those services as a liability with a corresponding increase in the operating expenses.

##### *(b) Retirement benefits*

The Group's retirement benefits include defined contribution plans and defined benefit plans. Under defined contribution plans, the Group makes fixed contributions into a separate fund and will have no legal or constructive obligation to make further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods. All other retirement plans are classified as defined benefit plans.

The Group's retirement benefits are primarily the payments for basic pensions and unemployment insurance related to government mandated social welfare programs, annuity scheme and supplementary retirement benefits, among which, social welfare program and annuity scheme are defined contribution plans, while supplementary retirement benefits and early retirement benefits are defined benefit plans.

##### Basic pensions

Basic pensions refer to payments related to government mandated social welfare programs, including social insurance, medical insurance, housing funds and other social welfare contributions. Contributions are recognised in operating expenses for the period in which the related payment obligation is incurred.

##### Annuity Scheme

In addition to the statutory pension schemes, the Group's employees also participate in the annuity scheme set up by the Group under Annuity Scheme of Yibin City Commercial Bank Co., Ltd (the "Annuity Scheme") in accordance with the state's corporate annuity regulations. The annuity contributions are paid by the Group in proportion to its employees' gross salaries, and are expensed in the consolidated statement of comprehensive income of the current period. The Group has no further obligation if the Annuity Scheme does not have sufficient assets for the payment of any retirement benefits to employees funded by the Annuity Scheme. During the Reporting Period, the Group had no refunded contributions available to deduct its contributions payable in future years.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

## 2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

### 2.3 Material accounting policies *(Continued)*

#### 2.3.12 Employee benefits *(Continued)*

##### *(c) Supplementary retirement benefit*

The supplementary retirement benefits include supplementary pensions and supplementary medical benefits. The retirement benefits plan attributed to defined benefit plan, and is usually determined by one or several factors such as age, length of service and compensation.

The liabilities recognised in relation to the above defined benefit pension plan in the consolidated statement of financial position are the present values of defined benefit liabilities at the end of Reporting Period. The present value of defined benefit liability is based on the expected future cash outflow which is discounted by the government debt interest rate similar to employee benefit liability. The estimate of future cash outflows is affected by various assumed conditions, including discount rate, annual growth rate of supplemental pension, annual growth rates of early-retiree benefits and other factors. Gains and losses adjusted in accordance with historical experience and assumed movements are included in other comprehensive income when incurred.

##### *(d) Early retirement benefits*

Early retirement benefits have been paid to those employees who accept voluntary retirement before the normal retirement date, as approved by management. The related benefit payments are made from the date of early retirement to the normal retirement date.

The accounting treatment of the Group's early retirement benefits is in accordance with termination benefits in IAS 19 Employee Benefits. The liability is recognised for the early retirement benefit payments from the date of early retirement to the normal retirement date when the criteria for recognition as termination benefit is met with a corresponding charge in the consolidated statement of comprehensive income. Differences arising from changes in assumptions and estimates of the present value of the liabilities are recognised in the consolidated income statement when incurred.

#### 2.3.13 Contingent liability

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable and the amount can be reliably measured, it will then be recognised as a provision.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

## 2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

### 2.3 Material accounting policies *(Continued)*

#### 2.3.14 *Fiduciary activities*

Assets and income arising thereon together with related undertakings to return such assets to customers are excluded from the financial statements where the Group acts in a fiduciary capacity such as nominee, trustee, custodian or agent.

The Group grants entrusted loans on behalf of third-party lenders. The Group grants loans to borrowers, as agent, at the direction of the third-party lenders, who fund these loans. The Group has been contracted by these third-party lenders to manage the administration and collection of these loans on their behalf. The third-party lenders determine both the underwriting criteria for and all terms of the entrusted loans including their purposes, amounts, interest rates, and repayment schedule. The Group charges a commission related to its activities in connection with the entrusted loans which are recognised ratably over the period the service is provided. The risk of loss is borne by the third-party lenders, thus the principal amounts of the entrusted loans are not recorded on the balance sheet.

#### 2.3.15 *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the senior management team represented by the president as its chief operating decision maker.

An operating segment is a component of the Group with all of the following conditions satisfied: (1) that component can earn revenues and incur expenses from ordinary activities; (2) the component's operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (3) discrete financial statements for the component is available to the Group. If two or more operating segments have similar economic characteristics, and certain conditions are satisfied, they may be aggregated into a single operating segment.

Intra-segment revenue and costs are eliminated. Income and expenses directly associated with each segment are included in determining segment performance.

The classification of reporting segments is based on the operating segments, and the assets and expenses shared by all the segments are allocated according to their scales. The Group has the following segments: corporate banking, retail banking, financial markets and unallocated.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

## 2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

### 2.4 Other accounting policies

#### 2.4.1 Dividend income

Dividends are recognised when the right to receive payment is established.

#### 2.4.2 Government grants

Government grants are recognised when there is reasonable assurance that the grants will be received and that the Group will comply with the conditions attaching to the grants. Government grants are measured at the amount received or will be received when recognised as monetary assets. Government grants are measured at fair value when recognised as non-monetary assets.

#### 2.4.3 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition and unrestricted balances including: cash, balances with central Bank and amounts due from banks and other financial institutions.

#### 2.4.4 Share capital

Share capital comprises ordinary Shares issued.

#### 2.4.5 Dividend

Dividends on ordinary Shares are recognised in the period in which they are declared and approved by the Bank's Shareholders.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT

#### Overview

The Group's business activities are exposed to a variety of financial risks and those activities involve analysis, evaluation, acceptance and management of some degree of risks or combination of risks. Managing risks are core to the financial business, and operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors of the Group is the highest authority for the Bank's risk management. It examines and approves strategy and measures of risk management and monitors risk management and internal control system. It assesses overall risk based on monitoring information and the risk report of senior management. The senior management of the Group is responsible for overall risk management and internal control, formulating and implementing risk management procedures. The Risk Management Department leads the formulation of the Group's transaction books interest rate risk management policies, while the Planning & Finance Department is responsible for the implementation of banking book interest rate risk management. In addition, the Internal Audit Department is responsible for independent review of risk management and control environment.

The Group is subject to a number of financial risks, primarily including credit risk, market risk and liquidity risk.

This section describes the Group's position with respect to the above risk exposures, and the Group's objectives, policies and procedures in managing those risk exposures, as well as the Group's capital management.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.1 Credit risk

The Group is exposed to credit risk, which is the risk that a customer or counterparty will be unable to or unwilling to meet its obligations under a contract. Changes in the economy or those in credit quality of a particular industry segment or concentration in the Group's portfolio, could result in losses that are different from those provided for at the balance sheet date. Credit risk increases when the counterparties are in the similar geographical or industry segments. Credit exposures arise principally from loans and advances to customers, debt securities and due from banks and other financial institutions. There are also credit risk exposures in off-balance sheet financial arrangements such as Bank acceptances and letters of guarantee.

Exposure to credit risk is managed through regular analysis of the ability of borrowers to meet interest and principal repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

The Group implements the Measures for Management of Bad Debt Verification of Financial Enterprises issued by Ministry of Finance. When the Group determines that a loan has no reasonable prospect of recovery after the Group has taken all necessary actions and necessary proceedings, the loan is written off. If in a subsequent period the loan written off is recovered, the amount recovered will be recognised in expected credit losses.

##### **3.1.1 Credit risk measurement**

###### *(a) Credit business*

In accordance with the Rules on Risk Classification of Financial Assets of Commercial Banks issued by the former CBIRC, the Group establishes a management system regarding to the classification of loan risks, and implements five-level classification management. Loans are classified into five categories based on their risk levels, namely pass, special-mention, sub-standard, doubtful and loss, the latter three of which are regarded as impaired loans and advances. The primary factors considered in impairment assessment for loans include probability of loan repayment and recoverability of principal and interest, which reflect borrowers' repayment ability, repayment record and intention, profitability, guarantees or collateral and legal responsibility of repayment.



# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.1 Credit risk *(Continued)*

##### 3.1.1 Credit risk measurement *(Continued)*

###### *(a) Credit business (Continued)*

The five categories into which the Group classifies its loans and advances to customers are set out below:

Pass: The borrower can fulfil the contracts, and there is insufficient reason to suspect that the principal and interest of loans cannot be repaid in full on time.

Special mention: The borrower has the ability to make current payments, but there may be some potential issues that could have adverse impact on the future payments.

Sub-standard: The borrower's repayment ability has been impaired and their normal income cannot repay the loan principal plus interest in full. Even with execution of guarantee, there may be certain level of loss.

Doubtful: The borrower cannot repay the principal plus the interest in full. Even with the execution of guarantee, there will be a significant loss.

Loss: After exhausting all possible means of recovery or necessary legal procedures, there is still no recovery of principal and interests, or the recovery is negligible.

Risk Management Department coordinates the classification of loans. The classification of loans is performed monthly and adjusted timely. The classification of loans is monitored through credit management system.

###### *(b) Financial market business*

The Group manages the asset quality of financial assets held under resale agreements, due from banks and other financial institutions considering the size, financial position and the external credit rating of banks and financial institutions. The head office monitors and reviews the credit risk of financial assets held under resale agreements, due from banks and other financial institutions by reviewing counterparties periodically. Limits are placed on different counterparties. For debt securities and other financial market business, the Group manages the credit risk exposures by setting limits to the external ratings of its investments.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.1 Credit risk *(Continued)*

##### 3.1.2 Risk limit control and mitigation policies

###### *(a) Credit business*

The Group takes the same credit risk management control procedure for on and off-balance sheet risk exposures. The risk control procedure of the Group's credit risk includes the following: credit policy stipulating, lending investigation, risk assessment, collateral assessment, examination and approval of credit loans, draw-down, post-loan management, management on non-performing loans, due diligence on non-performing loans.

The Group has established a mechanism of risk warning for credit business, mainly including single customer credit authorisation risk and systematic risk. Unified credit authorisation management is implemented for key customers. Once the maximum exposure of a single customer is determined, the customer's exposure limit should not exceed its credit limit in the Group at any time before it achieved new credit limit.

The Group takes action to strengthen controls over credit risk in relation to related party customer. The committee of related party transactions is set up under the Board of Directors to manage controls on related party transaction.

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is taking collateral, which is common industry practice.

Except for few customers with excellent credit quality, the Group requires the borrowers to provide collateral for loans. The type of collateral mainly includes collateral, pledge and guarantee. The Group sets up internal valuation team or employs qualified property appraisal companies to evaluate the collateral. The required collateral type and amount is determined by credit risk of counterparty or customers.

###### *(b) Financial market business*

Financial market department centralises control over financial market business with hierarchical authorisation from department heads to the president for different business types.

The Group invests financial products with hierarchical authorisation under the guidelines of Board of Directors. The Group sets stop-loss point based on analysis of trend of macroeconomic situation and monetary policy.

The traders regularly review and monitor the changes of market interest and report the market value of financial products to Risk Management Department and Risk Management Committee. If there is any violation of interest rate in the market or any significant credit risk encountered to debtors, the relevant business department responsible for security investment will report to Risk Management Committee. Risk Management Committee convenes a meeting to propose a written processing decision. The debt trader will react according to the decision.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.1 Credit risk *(Continued)*

##### 3.1.3 Collateral and guarantee

The Group has a range of policies and practices intended to mitigate credit risk. The most common practice is to accept collaterals and pledges. The Group formulates Management Measures for Collateral and Pledges on the specific classes of collaterals and pledges, which specified the maximum loan-to-value ratio. The collateralized and pledged loan shall be handled by business department in accordance with the rules, and the follow-up management of the collaterals and pledges is carried out by the relevant business department. The principal types of collateral for corporate loans and personal loans are as follows:

Type of Collateral	Maximum loan-to-value ratio
<b>Collaterals</b>	
Real estate – residential	70.00%
Real estate – commercial	50.00%
Machineries	50.00%
Mining rights	50.00%
Means of transportation	30.00%-50.00%
Type of Pledge	Maximum loan-to-value ratio
<b>Pledges</b>	
Bank acceptance bills	100.00%
Certificates of deposit	90.00%-100.00%
Treasury bonds	90.00%
Inventories	50.00%-90.00%

Mortgage loans to retail customers are generally collateralised by residential properties. Other loans are collateralised according to the nature of the loans. For loans guaranteed by a third party guarantor, the Group will assess the guarantor's credit rating, financial condition, credit history and ability to meet obligations.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.1 Credit risk *(Continued)*

##### 3.1.4 Policies for ECL allowance

The Group divides financial instruments into three stages according to IFRS 9. The key definitions of the three stages are summarised below:

Stage 1: If the credit risk on a financial instrument has not increased significantly since initial recognition, the loss stage is classified as Stage 1.

Stage 2: If the credit risk has increased significantly since initial recognition but it is not considered that the credit has been impaired on the financial instrument, the loss stage is classified as Stage 2.

Stage 3: If the credit has been impaired on the financial instrument, the loss stage is classified as Stage 3.

The loss allowance for the financial instruments at Stage 1 is determined at the amount of the ECL on the financial instrument within the next 12 months. The loss allowance for the financial instruments at Stage 2 and Stage 3 is determined at the amount of the ECL on the financial instrument within the entire remaining lifetime period.

Various factors, such as five-category classification, number of overdue days, will be taken into account when the credit risk increases significantly during assessment. These three stages are transferable, except those stage 3 loans are not allowed to be transferred back to Stage 1 directly and need a six-month observation period to be allowed to back to Stage 2 for corporate portfolios. Financial instruments in Stage 1 should be downgraded into Stage 2 in case of significant increases in credit risk.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.1 Credit risk *(Continued)*

##### 3.1.4 Policies for ECL allowance *(Continued)*

###### *(a) Financial assets with significant increase in credit risk*

When triggering one or more of the following quantitative, qualitative, or upper bound indicators, the Group considers that the credit risk of financial instruments has increased significantly:

- The debtor breaches the contract and the principal or interest of the contract was overdue, with corporate customers being overdue for more than 11 days but less than 90 days, and retail customers being overdue for more than 16 days but less than 90 days.
- The principal or interest of bills, financial investments and financial assets with banks and other financial institutions was overdue for not more than 30 days.
- There are significant changes in the economic, technical or legal environment in which the debtor is located in the current period or in the near future, and the Group will be affected adversely.
- The debtor's external credit rating (bond rating or issuer rating) migrates to a rating lower than AA, but higher than CCC, comparing with its initial recognition date.
- The five-category classification of the financial asset migrates to mention.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.1 Credit risk *(Continued)*

##### 3.1.4 Policies for ECL allowance *(Continued)*

###### *(b) Definition of default and loss incurred*

When a financial instrument meets one or more of the following conditions, the Group considers the financial asset as having defaulted, and the criteria are consistent with the definition of the loss incurred:

- The debtor breached the contract and the principal or interest of the contract was overdue for more than 90 days.
- The principal or interest of bills, financial investments and financial assets with banks and other financial institutions was overdue for more than 30 days.
- The five-category classification of the financial asset is sub-standard, doubtful or loss.
- The debtor's external credit rating (issuer rating) is lower than the CCC (inclusive) investment grade, or a default has occurred, comparing with its initial recognition date.
- The debtor is likely to go bankrupt or carry out other financial restructuring.
- The issuer of financial instruments held by the Group has serious financial difficulties.
- The Group has made concessions to the debtor in financial difficulty for economic or legal reasons.
- The market of related financial instruments is deserted due to the debtor's financial difficulty.

The above standards apply to all financial instruments of the Group; the definition of default is consistently applied to the calculation of expected credit losses of the Group, including default probability (PD), exposure at default (EAD) and loss given default (LGD) modeling.

When a financial instrument does not meet any definition of default for six consecutive months, the Group no longer regards it as an asset in default (reversal). According to the relevant analysis, the Group has considered the possibility that the financial instruments will be in default again from the reversal under various circumstances and decided to adopt the six-month observation period.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.1 Credit risk *(Continued)*

##### 3.1.4 Policies for ECL allowance *(Continued)*

(c) *Expected credit loss: explanation of parameters, assumptions and estimation techniques*

Depending on whether there is a significant increase in credit risk and whether the assets have been impaired, the Group will measure the loss provision for different assets by expected credit losses for 12 months or entire life of the asset. Expected credit loss is the product of probability of default (PD), exposure at default (EAD) and loss given default (LGD) after term adjustment and discount. Related definitions are as follows:

Probability of default (PD) refers to the possibility that the borrower will not be able to fulfil his obligations in the next 12 months or throughout the remaining period of existence. The Group builds the migration matrix based on historical data to calculate the 12-month probability of default, and derives the default probability of the entire duration from the 12-month probability of default through the Markov chain model.

Loss given default (LGD) is the percentage of risk exposure loss at the time of default. The default loss rate varies depending on the type of counterparty and the availability of collateral or other credit support.

Exposure at default (EAD) refers to the amount that the Group should pay when the default occurs in the next 12 months or throughout the remaining life.

The Group determines the expected credit losses by forecasting the probability of default, loss given default and exposure at default of single debt. The Group multiplies the three items and adjusts their duration (by assuming there is no early repayment or breach of contract). This approach can effectively calculate the expected credit losses for future periods, and then discount the results of each period to the reporting date and add up. The discount rate used in the calculation of expected credit loss is the real interest rate or its approximate value.

(d) *Establishment of impairment model*

The Group conducts forecasts regularly to establish three economic scenarios, optimistic, basic, and pessimistic. Basic scenario is defined as the most expected situation, which will become benchmark for other scenarios. Optimistic and pessimistic scenarios are possible scenarios which are better and worse than basic scenario respectively.

The impairment model is established through a top-down approach. The Group has developed several corporate entity and retail impairment models, including regression models for different macro-economic indicators and uses the outcome of Wilson model and historical default information to make 'forward-looking' adjustments to probability of default to achieve "forward-looking" calculation of provision.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.1 Credit risk *(Continued)*

##### 3.1.4 Policies for ECL allowance *(Continued)*

###### (d) Establishment of impairment model *(Continued)*

###### (i) Forward-looking information included in ECL model

ECL calculation involves forward-looking information. The Group identifies the key economic indicators affecting the credit risk and ECL of each asset portfolio, through historical data analysis.

These economic indicators and their impact on PD differ for different financial instruments, which involve expert judgments. The Group annually makes forecasts on these economic indicators ("basic economic scenarios") and provides the best economic forecasts for the next year. The Group believes that the economic indicators from one year later to the end of the maturity of financial instruments tend to remain consistent and stable, and thus keep using the one year forecast till the end of the maturity. The impact of these economic variables on the PD has been determined by performing Wilson model analysis to understand the impact of historical changes on PD, EAD and LGD.

The Group reviews the key parameters and assumptions used in the ECL calculation annually, taking into account external economic developments, industry changes and regional risks, and makes necessary updates and adjustments.

The Group sets other possible scenarios and scenario weightings according to external data. Based on the analysis for each major portfolio and the number of scenarios, the Group keeps their non-linear characteristics. The Group reassesses the number and characteristics of scenarios semi-annually. On December 31, 2024 and 2023, the Group's three scenarios (basic, optimistic and pessimistic) can properly reflect the non-linear characteristics of each portfolio. The Group determines scenario weightings through statistical analysis and expert judgment, and also considers the possible range of outcomes represented by scenarios. The Group recognises the 12-month or lifetime ECL for financial instruments in stage 1, 2, and 3. The Group measures the weighted-average ECL allowance for 12-month (stage 1) and weighted-average ECL for life time (stage 2 and stage 3), which is calculated by multiplying the ECL under each scenario by their weightings respectively, rather than by weighting the parameters. On December 31, 2024 and 2023, the weightings allocated to each economic scenario were 50% basic, 30% optimism and 20% pessimism.

###### (ii) Assumptions relating to economic indicators

Similar to other economic predictions, there is high inherent uncertainty in the prediction and estimation of probability. Therefore, the actual results may turn out to be significantly different from the prediction. The Group believes that these predictions reflect the best estimation of possible outcomes, and the chosen scenarios can represent possible scenarios appropriately.



# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.1 Credit risk *(Continued)*

##### 3.1.4 Policies for ECL allowance *(Continued)*

###### (d) Establishment of impairment model *(Continued)*

###### (ii) Assumptions relating to economic indicators *(Continued)*

As at December 31, 2024, the Group optimized the key macro-economic indicators of the Expected Credit Loss model. The Group has assessed and forecasted the more key macro-economic indicators for the following year, which are as follows:

Indicator	Applicable range for respective future periods
Consumption Expenditure per Capita of Urban Residents: accumulated year-on-year	0.3%-12.2%
Financial Institutions: balance of all deposits: year-on-year	7.9%-12.7%
Stock of Social Financing: year-on-year	7.5%-10.3%
Money multiplier	7.72%-8.22%
Growth Rate of Money Supply, M1	- 7.4%-6.4%
Total Retail Sales of Consumer Goods: accumulated month-on-month	- 1.8%-7.4%

###### (iii) Sensitivity Analysis

ECLs are sensitive to the parameters used in the model, the forward-looking macroeconomic variables, the weighted probabilities of three scenarios, and other factors considered in the application of expert judgment. Changes in these input parameters, assumptions, models, and judgments will have an impact on the determination of significant increase in credit risk and the measurement of ECL. The Group conducts sensitivity analysis on the core economic indicators used in forward-looking measurement. As at December 31, 2024, when the predicted value of the core economic indicators in the main scenarios increases or decreases by 10%, the respective decrease or increase in loan loss allowance will not exceed 10%.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.1 Credit risk *(Continued)*

##### 3.1.5 Maximum exposure to credit risk before collateral held or other credit enhancements

	December 31, 2024	December 31, 2023
Assets		
Balances with central Bank	7,200,771	6,426,439
Financial assets held under resale agreements, due from other banks and other financial institutions	4,988,492	5,600,613
Loans and advances to customers	58,443,810	49,374,880
– Stage 1	56,876,284	47,952,531
– Stage 2	1,198,872	999,710
– Stage 3	368,654	422,639
Financial assets at fair value through profit or loss	4,663,178	5,452,677
Financial investments at fair value through other comprehensive income	22,482,542	15,945,890
Financial investments at amortised cost	7,758,074	7,783,629
Other financial assets	61,380	93,573
<b>Subtotal</b>	<b>105,598,247</b>	<b>90,677,701</b>
Credit risk exposures relating to off-balance sheet items are as follows:		
Bank acceptance	9,315,841	6,510,671
Letters of guarantee	67,827	50,293
<b>Subtotal</b>	<b>9,383,668</b>	<b>6,560,964</b>
<b>Total</b>	<b>114,981,915</b>	<b>97,238,665</b>

The above table represents a base case scenario of the maximum credit risk exposure to the Group as at December 31, 2024 and 2023, without taking account of any related collateral or other credit enhancements. For on-balance sheet assets, the exposures above are based on net carrying amounts as reported in the statement of financial position. As shown above, as at December 31, 2024 and 2023, the total on-balance sheet exposure derived from loans and advances to customers were 55.35% and 54.47%, respectively.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.1 Credit risk *(Continued)*

##### 3.1.6 Loans and advances to customers

Loans and advances to customers are summarised as follows:

	As at December 31, 2024			Total
	Corporate loans	Personal loans	Discounted and rediscounted bills	
Stage 1	46,402,319	4,602,206	7,321,024	58,325,549
Stage 2	1,467,764	98,942	4,996	1,571,702
Stage 3	983,775	188,966	–	1,172,741
Total	48,853,858	4,890,114	7,326,020	61,069,992
Less: ECL allowance (i)	(2,494,439)	(131,743)	(3,223)	(2,626,182)
<b>Net amount</b>	<b>46,359,419</b>	<b>4,758,371</b>	<b>7,326,020</b>	<b>58,443,810</b>
	As at December 31, 2023			Total
	Corporate loans	Personal loans	Discounted and rediscounted bills	
Stage 1	37,187,363	4,615,483	7,312,177	49,115,023
Stage 2	1,208,922	90,888	–	1,299,810
Stage 3	1,098,294	230,070	–	1,328,364
Total	39,494,579	4,936,441	7,312,177	51,743,197
Less: ECL allowance (i)	(2,186,842)	(181,475)	(6,055)	(2,368,317)
<b>Net amount</b>	<b>37,307,737</b>	<b>4,754,966</b>	<b>7,312,177</b>	<b>49,374,880</b>

The discounted and rediscounted bills were measured at fair value through other comprehensive income. The ECL allowance of discounted and rediscounted bills were credited to other comprehensive income.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.1 Credit risk *(Continued)*

##### 3.1.6 Loans and advances to customers *(Continued)*

###### (a) Restructured loans and advances to customers

Restructuring activities include approving debtor repayment plans, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria which, in the judgment of local management, indicate that payment will most likely continue to be made. These policies are under regular review.

	As at December 31,	
	2024	2023
Restructured loans and advances to customers	75,970	32,389

###### (b) Overdue loans and advances to customers by security and overdue date

	As at December 31, 2024				
	Overdue up to 90 days	Overdue 90 days– 1 year	Overdue 1-3 years	Overdue over 3 years	Total
Collateralised loans	195,824	233,472	248,638	51,236	729,170
Pledged loans	37,148	210	2,700	–	40,058
Guaranteed loans	173,438	391,564	53,905	2,998	621,905
Unsecured loans	9,697	4,440	9,563	572	24,272
<b>Total</b>	<b>416,107</b>	<b>629,686</b>	<b>314,806</b>	<b>54,806</b>	<b>1,415,405</b>

	As at December 31, 2023				
	Overdue up to 90 days	Overdue 90 days– 1 year	Overdue 1-3 years	Overdue over 3 years	Total
Collateralised loans	102,007	219,097	138,056	166,926	626,086
Pledged loans	17,850	9,000	–	–	26,850
Guaranteed loans	90,515	29,107	37,762	39,097	196,481
Unsecured loans	12,056	6,338	15,602	762	34,758
<b>Total</b>	<b>222,428</b>	<b>263,542</b>	<b>191,420</b>	<b>206,785</b>	<b>884,175</b>

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.1 Credit risk *(Continued)*

##### 3.1.6 Loans and advances to customers *(Continued)*

###### (c) Analysis of loans and advances to customers by industry

Concentration risks analysis for loans and advances to customers (gross) by economic sectors:

	As at December 31,			
	2024		2023	
	Amount	%	Amount	%
<b>Corporate loans</b>				
Wholesale and retail trade	12,881,491	26.53%	9,328,705	23.81%
Construction	8,435,743	17.37%	8,564,624	21.87%
Manufacturing	5,049,989	10.40%	4,203,054	10.73%
Renting and business activities	5,951,220	12.26%	3,456,413	8.83%
Agriculture, forestry, animal husbandry and fishery	3,086,084	6.36%	2,698,431	6.89%
Water, environment and public facilities management	2,630,390	5.42%	2,625,314	6.70%
Education	2,894,896	5.96%	2,574,623	6.57%
Real estate	2,375,420	4.89%	2,008,170	5.13%
Electricity, heat, gas and water production and supply	1,982,130	4.08%	824,529	2.11%
Culture, sport and entertainment	349,157	0.72%	231,720	0.59%
Accommodation and catering	450,206	0.93%	563,125	1.44%
Transportation, warehousing and express service	947,267	1.95%	657,918	1.68%
Information transmission, software and information technology services	423,288	0.87%	297,149	0.76%
Scientific research and technology services	223,262	0.46%	205,657	0.53%
Health, social security and social welfare	285,789	0.59%	355,164	0.91%
Mining	279,776	0.58%	290,352	0.74%
Financing	221,600	0.46%	211,600	0.54%
Residential services, repairs and other services	90,665	0.17%	65,670	0.17%
<b>Total corporate loans</b>	<b>48,558,373</b>	<b>100.00%</b>	<b>39,162,218</b>	<b>100.00%</b>

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.1 Credit risk *(Continued)*

##### 3.1.6 Loans and advances to customers *(Continued)*

(c) *Analysis of loans and advances to customers by industry (Continued)*

Concentration risks analysis for loans and advances to customers (gross) by economic sectors (continued):

	As at December 31,			
	2024		2023	
	Amount	%	Amount	%
<b>Personal loans</b>				
Personal business loans	1,966,659	40.28%	2,121,470	43.14%
Residential mortgage loans	1,763,865	36.13%	1,944,069	39.54%
Personal consumption loans	1,151,500	23.59%	851,601	17.32%
<b>Total personal loans</b>	<b>4,882,024</b>	<b>100.00%</b>	<b>4,917,140</b>	<b>100.00%</b>
Discounted bills	948,831	12.95%	482,197	6.59%
Rediscounted bills	6,377,189	87.05%	6,829,980	93.41%
<b>Total loans and advances to customers</b>	<b>60,766,417</b>	<b>100.00%</b>	<b>51,391,535</b>	<b>100.00%</b>

The concentration risks analysis of loans and advances to customers is analysed based on industry classification of the borrowers.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.1 Credit risk *(Continued)*

##### 3.1.6 Loans and advances to customers *(Continued)*

(d) *Analysis of loans and advances to customers by geographical areas (excluding discounted and rediscounted)*

	As at December 31,			
	2024		2023	
	Amount	%	Amount	%
Loans and advances to customers at amortized cost				
Sichuan	50,977,956	95.39%	41,355,525	93.82%
Others	2,462,441	4.61%	2,723,833	6.18%
<b>Total loans and advances to customers</b>	<b>53,440,397</b>	<b>100.00%</b>	<b>44,079,358</b>	<b>100.00%</b>

(e) *Type of collateral analysis*

Analysis for loans and advances to customers (excluding discounted and rediscounted) by type of collateral:

	As at December 31,	
	2024	2023
Collateralised loans	19,989,511	18,338,622
Pledged loans	10,723,640	8,217,950
Guaranteed loans	21,166,240	16,300,364
Unsecured loans	1,561,006	1,222,422
<b>Total</b>	<b>53,440,397</b>	<b>44,079,358</b>

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Credit risk (Continued)

##### 3.1.7 Investment securities

The table below presents an analysis of RMB investment securities rated by Dagong Global Credit Rating Co., Ltd. as at December 31, 2024 and 2023.

The rating results of investment securities as following:

As at December 31, 2024

	Financial investments at amortised cost	Financial investments at fair value through other comprehensive income	Financial investments at fair value through profit or loss	Total
<b>RMB securities (a)</b>				
AA to AAA	-	453,281	43,726	497,007
A to AA-	-	-	-	-
A – and below	-	56,342	-	56,342
Unrated	7,694,693	21,972,919	4,486,316	34,153,928
<b>Total</b>	<b>7,694,693</b>	<b>22,482,542</b>	<b>4,530,042</b>	<b>34,707,277</b>

As at December 31, 2023

	Financial investments at amortised cost	Financial investments at fair value through other comprehensive income	Financial investments at fair value through profit or loss	Total
<b>RMB securities (a)</b>				
AA to AAA	-	-	76,808	76,808
A to AA-	-	-	-	-
A – and below	-	72,535	-	72,535
Unrated	7,783,629	15,873,355	5,154,795	28,811,779
<b>Total</b>	<b>7,783,629</b>	<b>15,945,890</b>	<b>5,231,603</b>	<b>28,961,122</b>

- (a) The Group's unrated debt instrument investments comprise mainly of national debts and local government debts, financial debts issued by China Development Bank and policy banks, commercial Bank debts, interbank certificates of deposit, non-bank financial institutions bonds and corporate bonds.



# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.1 Credit risk *(Continued)*

##### 3.1.7 Investment securities *(Continued)*

Financial investments at amortised cost are summarised as follows:

	As at December 31,	
	2024	2023
Stage 1	7,697,300	7,783,669
Issued by:		
Government – National	542,479	491,220
Government – Provincial	4,280,745	4,281,098
Financial institutions – China Development Bank and policy banks	2,063,187	3,011,351
Corporates	810,889	–
Less: ECL allowance	(2,607)	(40)
<b>Total</b>	<b>7,694,693</b>	<b>7,783,629</b>

Financial investments at fair value through other comprehensive income are summarised as follows:

	As at December 31,	
	2024	2023
Stage 1	21,930,228	15,192,869
Issued by:		
Government – National	764,743	431,427
Government – Provincial	6,865,656	3,394,585
Financial institutions – China Development Bank and Policy banks	4,177,647	3,659,619
Financial institutions – Others	9,700,312	7,317,667
Corporates	421,870	389,571
Stage 2	42,691	680,486
Issued by:		
Corporates	42,691	680,486
<b>Net amount</b>	<b>21,972,919</b>	<b>15,873,355</b>

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.1 Credit risk *(Continued)*

##### **3.1.8 Foreclosed assets**

Details of the Group's foreclosed assets acquired as a result of the debtor's default are set out in note 26(b).

##### **3.1.9 Concentration risk analysis for financial assets with credit risk exposure**

The Group's geographical risk is primarily concentrated in Sichuan Province, Mainland China.

#### 3.2 Market risk

##### **3.2.1 Overview**

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates and prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads and equity prices. The Group separates exposures to market risk into either trading or non-trading portfolios.

The market risks arising from trading and non-trading activities are monitored by Risk Management Department and Financial Planning and Finance Department. Regular reports are submitted to the Board of Directors and senior management.

In accordance with the requirements of the National Financial Regulatory Administration ("NFRA", which was officially established on the basis of the former CBIRC), the Group categorises its business into either the trading book or the banking book. The trading book consists of positions in financial instruments held either with trading intent or in order to economically hedge other elements of the trading book or the banking book. The banking book consists of the financial instruments purchased with excess funds and other financial instruments that are not captured in trading book.

##### **3.2.2 Interest rate risk**

The Group's interest rate risk mainly includes cash flow interest rate risk and fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Fair value interest rate risk is the risk that the market value of a financial instrument will fluctuate due to changes in market interest rates.

The interest rate risk of the Group mainly comes from impact of interest rate changes on net interest income, which was caused by the mismatch of the interest-rate-sensitive assets and liabilities' maturity date or the re-pricing date. The Chinese government has gradually liberalized interest rates in recent years. From July 20, 2013, commercial banks can independently determine the interest rate of RMB loans (except individual mortgage loans). From October 24, 2015, commercial banks can independently determine the interest rate of deposits. From August 17, 2019, the LPR system was officially announced. With the liberalization of interest rates, the interest rate volatility has gradually shifted from policy oriented to market oriented, and therefore faces more uncertainties.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.2 Market risk *(Continued)*

##### 3.2.2 Interest rate risk *(Continued)*

The Group has implemented a unified interest rate management policy to manage interest rate risk. The Group complies with relevant laws and regulations to determine price for deposits and loan products. The Group uses the PBOC's benchmark interest rate, capital cost, asset risk status and other indicators as the pricing benchmark, and takes into account customer needs and business operations, the prices of similar products in the industry and competitors, and the business relationship with the customers to determine the product price.

The Group regularly conducts sensitivity analysis on interest rates. The Group regularly analyses the interest rate gap between interest bearing assets and interest bearing liabilities in Bank accounts and transaction accounts, thereby guiding the development of business.

The Group pays close attention to the latest development of the government's economic policies, especially those that have a significant impact on market interest rates. The Group continuously monitors and conducts research on financial market conditions and macroeconomic conditions, thereby improving the ability to predict interest rate fluctuations. Based on the ever-changing trend of market interest rates, the Group dynamically adjusts the size and structure of assets to cope with changes in the market environment so as to match the maturity of assets and liabilities. For example, when predicting a downward trend in the bond market, the Group will keep bond assets at a low level to minimize the associated risks. The Group has formulated risk management policies for financial market operations.

The Group uses internal management system to monitor and manage the overall interest rate risk of the assets and liabilities under the non-trading book. At the current stage, the Group manages the interest rate risk mainly through raising suggestion about the re-pricing date of assets and liabilities, setting market risk limit and other methods. The Group analyses the interest rate gap and assesses the difference between the interest-bearing assets and liabilities which would mature or re-price within certain time period, to provide instruction for the adjustment of interest-bearing assets and liabilities' re-pricing date. Meanwhile, the Group controls and manages interest risk by establishing the instruction and authorisation limit of investment portfolio. The Group's financial market management conducts real-time market value assessment to monitor the investment risk more accurately. In addition, the Group embranchments' interest rate risk for managing using the internal funding transfer-pricing system.

The tables below summarise the Group's exposures to interest rate risks. The tables show the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.2 Market risk *(Continued)*

##### 3.2.2 Interest rate risk *(Continued)*

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
As at December 31, 2024							
<b>Assets</b>							
Cash and balances with central Bank	7,083,541	-	-	-	-	234,980	7,318,521
Financial assets held under resale agreements, due from other banks and other financial institutions	3,449,562	786,981	746,768	-	-	5,181	4,988,492
Loans and advances to customers	7,577,923	5,620,098	22,099,536	17,508,566	5,349,296	288,391	58,443,810
Financial investments – fair value through profit or loss	81,204	50,212	557,790	3,455,886	326,101	1,768,612	6,239,805
Financial investments – fair value through other comprehensive income	818,846	2,043,340	5,216,086	3,813,392	10,410,442	180,436	22,482,542
Financial investments – amortised cost	44,300	-	-	2,148,514	5,474,570	90,690	7,758,074
Other financial assets	-	-	-	-	-	61,380	61,380
<b>Total financial assets</b>	<b>19,055,376</b>	<b>8,500,631</b>	<b>28,620,180</b>	<b>26,926,358</b>	<b>21,560,409</b>	<b>2,629,670</b>	<b>107,292,624</b>
<b>Liabilities</b>							
Borrowings from central Bank	253,578	182,687	1,828,789	-	-	1,192	2,266,246
Financial assets sold under repurchase agreements, due to other banks and other financial institutions	6,974,963	-	2,354,000	-	-	11,709	9,340,672
Customer deposits	26,054,765	5,812,608	16,491,678	33,831,839	1	2,327,020	84,517,911
Bonds issued	-	597,986	1,430,115	-	-	-	2,028,101
Lease liabilities	-	-	95	14,846	13,825	-	28,766
Other financial liabilities	-	-	-	-	-	247,953	247,953
<b>Total financial liabilities</b>	<b>33,283,306</b>	<b>6,593,281</b>	<b>22,104,677</b>	<b>33,846,685</b>	<b>13,826</b>	<b>2,587,874</b>	<b>98,429,649</b>
<b>Total interest sensitivity gap</b>	<b>(14,227,930)</b>	<b>1,907,350</b>	<b>6,515,503</b>	<b>(6,920,327)</b>	<b>21,546,583</b>	<b>41,796</b>	<b>8,862,975</b>

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.2 Market risk *(Continued)*

##### 3.2.2 Interest rate risk *(Continued)*

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
As at December 31, 2023							
<b>Assets</b>							
Cash and balances with central Bank	6,422,868	-	-	-	-	154,101	6,576,969
Financial assets held under resale agreements, due from other banks and other financial institutions	4,814,454	289,451	489,277	-	-	7,431	5,600,613
Loans and advances to customers	6,142,197	4,833,973	19,275,990	15,484,061	3,302,562	336,097	49,374,880
Financial investments – fair value through profit or loss	130,042	50,095	1,377,265	3,345,203	238,360	1,127,824	6,268,789
Financial investments – fair value through other comprehensive income	699,426	2,697,949	3,706,277	3,700,274	4,935,829	206,135	15,945,890
Financial investments – amortised cost	1,111,213	-	-	1,074,683	5,445,764	151,969	7,783,629
Other financial assets	-	-	-	-	-	93,573	93,573
<b>Total financial assets</b>	<b>19,320,200</b>	<b>7,871,468</b>	<b>24,848,809</b>	<b>23,604,221</b>	<b>13,922,515</b>	<b>2,077,130</b>	<b>91,644,343</b>
<b>Liabilities</b>							
Borrowings from central Bank	187,756	239,965	1,768,995	-	-	1,324	2,198,040
Financial assets sold under repurchase agreements, due to other banks and other financial institutions	2,600,278	984,000	2,366,000	300,000	-	12,808	6,263,086
Customer deposits	24,501,915	4,458,876	14,029,733	26,801,168	7	1,647,355	71,439,054
Bonds issued	-	885,341	2,393,681	-	-	-	3,279,022
Lease liabilities	1,615	214	790	16,540	7,337	-	26,496
Other financial liabilities	-	-	-	-	-	391,059	391,059
<b>Total financial liabilities</b>	<b>27,291,564</b>	<b>6,568,396</b>	<b>20,559,199</b>	<b>27,117,708</b>	<b>7,344</b>	<b>2,052,546</b>	<b>83,596,757</b>
<b>Total interest sensitivity gap</b>	<b>(7,971,364)</b>	<b>1,303,072</b>	<b>4,289,610</b>	<b>(3,513,487)</b>	<b>13,915,171</b>	<b>24,584</b>	<b>8,047,586</b>

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.2 Market risk *(Continued)*

##### 3.2.3 Sensitivity tests

###### *Interest rate sensitivity test*

The result of the interest rate sensitivity tests set out in the table below is based on the following assumptions. The projections assume that yield curves move parallel to the change of interest rate; the assets and liabilities portfolio has a static structure of interest rate; all positions are held and renewed after maturity. But the Group has not considered the following: changes after the balance sheet date; the impact of interest rate fluctuations on the customers' behaviors; the complicated relationship between complex structured products and interest rate fluctuations; the impact of interest rate fluctuations on market prices; the impact of interest rate fluctuations on off-balance sheet products; and impact of risk management.

On the basis of the above gap analysis on the interest rate, the Group implemented sensitivity test to analyses the sensitivity of bank's net interest income against change in interest rate. The table below illustrates the analysis of potential impact on the Group's net interest income at December 31, 2024 and 2023 on the assumption of a 100 basis point parallel move of the yield curves on each balance sheet date.

	<b>Expected changes of net interest income</b>	
	<b>As at December 31,</b>	
	<b>2024</b>	<b>2023</b>
+ 100 basis point parallel move in all yield curves	<b>(96,023)</b>	(32,275)
– 100 basis point parallel move in all yield curves	<b>96,023</b>	32,275

#### 3.3 Foreign exchange risk

The Group does not have foreign currency transactions and balance or exposure to risk of changes in exchange rate.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.4 Liquidity Risk

##### 3.4.1 Overview

Liquidity risk is the risk that the Group will be unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend. The Group's objective in liquidity management is to ensure the availability of adequate funding to meet its needs to fund deposit withdrawals and other liabilities as they fall due and to ensure that it is able to meet its obligations to fund loan originations and commitments and to take advantage of new investment opportunities.

The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, matured deposits, loan draw downs, guarantees and cash deposit held as collateral. The Board of Directors sets the minimum proportion of funds to be made available to meet such calls and the minimum level of interbank and other borrowing facilities that should be in place to cover different levels of unexpected withdrawals. As at December 31, 2024 and 2023, 5% and 5% of the Bank's total RMB-denominated deposits must be deposited with the PBOC (Note 16), respectively. As at December 31, 2024 and 2023, 5%, 5%, 5% and 5% of Xinglong Bank and Xingyi Bank's total RMB-denominated deposits must be deposited with the PBOC, respectively.

##### 3.4.2 Liquidity risk management process

The Board of Directors formulates the risk preference and the planning and finance department formulates the policies, strategies, procedures, limits and contingency plans related to the overall management of liquidity risk according to risk preference.

The Group applies information technology to enhance the capacity of liquidity risk management. The application of information technology monitors the liquidity index and exposure, which completes automatically liquidity risk assessment in a timely manner, and forms the follow-up fund utilization plan according to liquidity exposure. The Group modifies the assets and liabilities maturity structure by applying internal fund transfer pricing, while taking control of the limit of the liquidity risk by carrying out performance assessment. The Group pays constant attention to its liquidity risk management process, enhances and improves liquidity risk related policy timely, to achieve its goal in liquidity risk management.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.4 Liquidity Risk (Continued)

##### 3.4.3 Non-derivative financial liabilities and assets held for managing liquidity risk

The table below presents the undiscounted cash flows of the Group under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the balance sheet date.

	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Indefinite	Overdue	Total
<b>As at December 31, 2024</b>									
<b>Assets</b>									
Cash and balances with central Bank	3,091,576	-	2,645	-	-	-	4,224,300	-	7,318,521
Financial assets held under resale agreements, due from other banks and other financial institutions	1,290,155	1,994,600	791,001	756,631	-	-	-	168,277	5,000,664
Loans and advances to customers	-	3,134,818	6,019,383	24,381,887	23,026,467	8,459,208	-	526,394	65,548,157
Financial investments – fair value through profit or loss	-	84,839	55,299	1,789,519	2,786,969	993,047	736,013	-	6,445,686
Financial investments – fair value through other comprehensive income	-	801,044	2,055,966	5,440,223	5,165,561	11,967,577	-	22,786	25,453,157
Financial investments – amortised cost	-	1,016	15,816	119,882	3,046,430	7,839,679	-	44,300	11,067,123
Other financial assets	57,171	-	-	-	-	-	-	4,209	61,380
<b>Financial assets held for managing liquidity risk (contractual maturity dates)</b>	<b>4,438,902</b>	<b>6,016,317</b>	<b>8,940,110</b>	<b>32,488,142</b>	<b>34,025,427</b>	<b>29,259,511</b>	<b>4,960,313</b>	<b>765,966</b>	<b>120,894,688</b>
<b>Liabilities</b>									
Borrowings from central Bank	-	257,050	188,478	1,843,730	-	-	-	-	2,289,258
Financial assets sold under repurchase agreements, due to other banks and other financial institutions	55,983	6,924,228	-	2,391,226	-	-	-	-	9,371,437
Customer deposits	23,237,980	3,073,096	6,211,295	17,958,828	39,211,778	2	-	-	89,692,979
Bonds issued	-	-	600,000	1,450,000	-	-	-	-	2,050,000
Lease liabilities	-	-	-	109	15,221	15,374	-	-	30,704
Other financial liabilities	247,953	-	-	-	-	-	-	-	247,953
<b>Total financial liabilities (contractual maturity dates)</b>	<b>23,541,916</b>	<b>10,254,374</b>	<b>6,999,773</b>	<b>23,643,893</b>	<b>39,226,999</b>	<b>15,376</b>	<b>-</b>	<b>-</b>	<b>103,682,331</b>
<b>Position</b>	<b>(19,103,014)</b>	<b>(4,238,057)</b>	<b>1,940,337</b>	<b>8,844,249</b>	<b>(5,201,572)</b>	<b>29,244,135</b>	<b>4,960,313</b>	<b>765,966</b>	<b>17,212,357</b>



# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.4 Liquidity Risk *(Continued)*

##### 3.4.3 Non-derivative financial liabilities and assets held for managing liquidity risk *(Continued)*

	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Indefinite	Overdue	Total
<b>As at December 31, 2023</b>									
<b>Assets</b>									
Cash and balances with central Bank	3,052,999	-	2,329	-	-	-	3,521,641	-	6,576,969
Financial assets held under resale agreements, due from other banks and other financial institutions	1,328,984	3,321,378	294,815	669,080	-	-	-	-	5,614,257
Loans and advances to customers	-	2,296,447	5,418,741	21,178,048	19,922,489	5,849,522	-	757,999	55,423,246
Financial investments – fair value through profit or loss	-	160,279	106,126	1,747,949	3,808,006	264,172	616,014	-	6,702,546
Financial investments – fair value through other comprehensive income	-	734,198	2,799,488	4,035,487	4,626,734	5,592,350	-	41,085	17,829,342
Financial investments – amortised cost	-	1,205,563	79,677	207,953	1,950,697	7,880,040	-	-	11,323,930
Other financial assets	70,548	-	-	-	-	-	-	23,025	93,573
<b>Financial assets held for managing liquidity risk (contractual maturity dates)</b>	<b>4,452,531</b>	<b>7,717,865</b>	<b>8,701,176</b>	<b>27,838,517</b>	<b>30,307,926</b>	<b>19,586,084</b>	<b>4,137,655</b>	<b>822,109</b>	<b>103,563,863</b>
<b>Liabilities</b>									
Borrowings from central Bank	-	191,588	245,840	1,784,365	-	-	-	-	2,221,793
Financial assets sold under repurchase agreements, due to other banks and other financial institutions	73,136	2,535,826	1,007,808	2,396,388	300,358	-	-	-	6,313,516
Customer deposits	19,640,965	5,106,302	4,722,374	14,738,184	30,405,565	9	-	-	74,613,399
Bonds issued	-	-	890,000	2,420,000	-	-	-	-	3,310,000
Lease liabilities	-	1,835	243	897	18,791	8,336	-	-	30,102
Other financial liabilities	391,059	-	-	-	-	-	-	-	391,059
<b>Total financial liabilities (contractual maturity dates)</b>	<b>20,105,160</b>	<b>7,835,551</b>	<b>6,866,265</b>	<b>21,339,834</b>	<b>30,724,714</b>	<b>8,345</b>	<b>-</b>	<b>-</b>	<b>86,879,869</b>
<b>Position</b>	<b>(15,652,629)</b>	<b>(117,686)</b>	<b>1,834,911</b>	<b>6,498,683</b>	<b>(416,788)</b>	<b>19,577,739</b>	<b>4,137,655</b>	<b>822,109</b>	<b>16,683,994</b>

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.4 Liquidity Risk *(Continued)*

##### 3.4.4 Maturity analysis

The table below analyses the Group's assets and liabilities into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date.

	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Indefinite	Overdue	Total
<b>As at December 31, 2024</b>									
<b>Assets</b>									
Cash and balances with central Bank	3,091,576	-	2,645	-	-	-	4,224,300	-	7,318,521
Financial assets held under resale agreements, due from other banks and other financial institutions	1,290,155	1,994,361	788,017	747,682	-	-	-	168,277	4,988,492
Loans and advances to customers	-	2,933,256	5,543,399	22,749,317	19,468,456	7,244,807	-	504,575	58,443,810
Financial investments – fair value through profit or loss	-	84,607	51,441	1,748,366	2,648,742	970,636	736,013	-	6,239,805
Financial investments – fair value through other comprehensive income	-	799,168	2,043,340	5,232,916	3,876,910	10,507,422	-	22,786	22,482,542
Financial investments – amortised cost	-	-	-	-	2,178,119	5,535,655	-	44,300	7,758,074
Other financial assets	57,171	-	-	-	-	-	-	4,209	61,380
<b>Financial assets held for managing liquidity risk (contractual maturity dates)</b>	<b>4,438,902</b>	<b>5,811,392</b>	<b>8,428,842</b>	<b>30,478,281</b>	<b>28,172,227</b>	<b>24,258,520</b>	<b>4,960,313</b>	<b>744,147</b>	<b>107,292,624</b>
<b>Liabilities</b>									
Borrowings from central Bank	-	253,713	182,782	1,829,751	-	-	-	-	2,266,246
Financial assets sold under repurchase agreements, due to other banks and other financial institutions	55,983	6,922,006	-	2,362,683	-	-	-	-	9,340,672
Customer deposits	23,147,319	3,002,078	6,004,078	17,076,193	35,288,242	1	-	-	84,517,911
Bonds issued	-	-	597,986	1,430,115	-	-	-	-	2,028,101
Lease liabilities	-	-	-	95	14,845	13,826	-	-	28,766
Other financial liabilities	247,953	-	-	-	-	-	-	-	247,953
<b>Total financial liabilities (contractual maturity dates)</b>	<b>23,451,255</b>	<b>10,177,797</b>	<b>6,784,846</b>	<b>22,698,837</b>	<b>35,303,087</b>	<b>13,827</b>	<b>-</b>	<b>-</b>	<b>98,429,649</b>
<b>Position</b>	<b>(19,012,353)</b>	<b>(4,366,405)</b>	<b>1,643,996</b>	<b>7,779,444</b>	<b>(7,130,860)</b>	<b>24,244,693</b>	<b>4,960,313</b>	<b>744,147</b>	<b>8,862,975</b>

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.4 Liquidity Risk *(Continued)*

##### 3.4.4 Maturity analysis *(Continued)*

	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Indefinite	Overdue	Total
<b>As at December 31, 2023</b>									
<b>Assets</b>									
Cash and balances with central Bank	3,052,999	-	2,329	-	-	-	3,521,641	-	6,576,969
Financial assets held under resale agreements, due from other banks and other financial institutions	1,328,984	3,318,579	291,416	661,634	-	-	-	-	5,600,613
Loans and advances to customers	-	2,241,862	5,017,337	19,570,613	16,869,889	4,940,963	-	734,216	49,374,880
Financial investments – fair value through profit or loss	-	145,128	76,712	1,632,533	3,560,040	238,362	616,014	-	6,268,789
Financial investments – fair value through other comprehensive income	-	708,244	2,748,427	3,812,031	3,700,274	4,935,829	-	41,085	15,945,890
Financial investments – amortised cost	-	1,182,580	41,867	38,736	1,074,683	5,445,763	-	-	7,783,629
Other financial assets	70,548	-	-	-	-	-	-	23,025	93,573
<b>Financial assets held for managing liquidity risk (contractual maturity dates)</b>	<b>4,452,531</b>	<b>7,596,393</b>	<b>8,178,088</b>	<b>25,715,547</b>	<b>25,204,886</b>	<b>15,560,917</b>	<b>4,137,655</b>	<b>798,326</b>	<b>91,644,343</b>
<b>Liabilities</b>									
Borrowings from central Bank	-	188,003	239,975	1,770,062	-	-	-	-	2,198,040
Financial assets sold under repurchase agreements, due to other banks and other financial institutions	73,136	2,527,341	992,779	2,369,582	300,248	-	-	-	6,263,086
Customer deposits	19,640,958	4,966,179	4,629,482	14,440,342	27,762,086	7	-	-	71,439,054
Bonds issued	-	-	885,341	2,393,681	-	-	-	-	3,279,022
Lease liabilities	-	1,615	214	790	16,540	7,337	-	-	26,496
Other financial liabilities	391,059	-	-	-	-	-	-	-	391,059
<b>Total financial liabilities (contractual maturity dates)</b>	<b>20,105,153</b>	<b>7,683,138</b>	<b>6,747,791</b>	<b>20,974,457</b>	<b>28,078,874</b>	<b>7,344</b>	<b>-</b>	<b>-</b>	<b>83,596,757</b>
<b>Position</b>	<b>(15,652,622)</b>	<b>(86,745)</b>	<b>1,430,297</b>	<b>4,741,090</b>	<b>(2,873,988)</b>	<b>15,553,573</b>	<b>4,137,655</b>	<b>798,326</b>	<b>8,047,586</b>

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.4 Liquidity Risk *(Continued)*

##### 3.4.5 Off-balance-sheet items

The table below lists the off-balance-sheet items of the Group according to the remaining term of contract. The financial commitments are listed by the earliest maturity date in its notional principal.

As at December 31, 2024

	Within 1 year	1-5 years	Over 5 years	Total
Bank acceptances	9,315,841	–	–	9,315,841
Letters of guarantee	67,337	490	–	67,827
<b>Total</b>	<b>9,383,178</b>	<b>490</b>	<b>–</b>	<b>9,383,668</b>

As at December 31, 2023

	Within 1 year	1-5 years	Over 5 years	Total
Bank acceptances	6,510,671	–	–	6,510,671
Letters of guarantee	45,554	4,739	–	50,293
<b>Total</b>	<b>6,556,225</b>	<b>4,739</b>	<b>–</b>	<b>6,560,964</b>

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.5 Fair values of financial assets and liabilities

##### *(a) Financial instruments not measured at fair value*

The Group's financial assets and liabilities not measured at fair value mainly include cash and balances with central Bank, financial assets held under resale agreements, due from other banks and other financial institutions, loans and advances to customers, financial investments – amortised cost, other financial assets, borrowings from central Bank, financial assets sold under repurchase agreements, due to other banks and other financial institutions, customer deposits, lease liabilities, bonds issued and other financial liabilities.

Cash and balances with central Bank, financial assets held under resale agreements, due from other banks and other financial institutions are mainly priced at market interest rates and mature within one year. Accordingly, the carrying values approximate the fair values.

Majority of the loans and advances to customers are repriced at least annually to the market rate. Accordingly, their carrying values approximate the fair values.

The table below summarises the financial assets and liabilities that have difference between carrying amounts (include accrued interest) and fair value as at December 31, 2023 and 2024.

	As at December 31, 2024				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets</b>					
Financial investments – amortised cost	<u>7,758,074</u>	<u>–</u>	<u>7,789,571</u>	<u>63,381</u>	<u>7,852,952</u>
<b>Financial liabilities</b>					
Bonds issued	<u>2,028,101</u>	<u>–</u>	<u>2,029,257</u>	<u>–</u>	<u>2,029,257</u>
As at December 31, 2023					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets</b>					
Financial investments – amortised cost	<u>7,783,629</u>	<u>–</u>	<u>8,143,615</u>	<u>–</u>	<u>8,143,615</u>
<b>Financial liabilities</b>					
Bonds issued	<u>3,279,022</u>	<u>–</u>	<u>3,278,875</u>	<u>–</u>	<u>3,278,875</u>

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.5 Fair values of financial assets and liabilities *(Continued)*

##### **(b) Financial instruments not measured at fair value**

###### *Financial assets – amortised cost*

If traded in active markets, investment securities with standard terms and conditions are determined with reference to quoted market bid prices and ask prices, respectively.

If not traded in active markets, investment securities are determined by using valuation techniques. These valuation techniques include the use of recent transaction prices of the same or similar instruments, discounted cash flow analysis and generally accepted pricing models.

###### *Bonds issued*

The fair value of fixed interest bearing debt securities issued is calculated using a discounted cash flow model which is based on a current observable yield curve appropriate for the remaining term to maturity.

Other than the above, the carrying values of those financial assets and liabilities not presented at their fair value on the statement of financial position are a reasonable approximation of their fair values. Fair value is measured using a discounted future cash flow model.

##### **(c) Fair value hierarchy**

IFRS 7 specifies the levels of valuation techniques are based on the inputs of valuation techniques that are observable or not. The observable inputs reflect the market data obtained from independent sources. These two inputs lead to the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.
- Level 3 – Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs). The Group determines the fair value of the financial instrument by valuation techniques when it is difficult to obtain quotations from the open market.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.5 Fair values of financial assets and liabilities *(Continued)*

##### *(c) Fair value hierarchy (Continued)*

The main parameters of valuation techniques used in financial instruments include the price of the bond, interest rate, stock and equity price, volatility level, prepayment rates, and the credits spreads of counterparty. All of these parameters can be observed and obtained from the open market.

The measurement of the fair value of those equity investments held by the Group adopts unobservable parameters that may have significant impact on the valuations. Thus, the Group would better classify these financial instruments to the third level. Management has assessed the influence of macroeconomic factors, the valuation by external appraiser, loss coverage, and many other parameters, so as to examine the correlation between the fair value of third level financial instruments and the above parameters. The Group has established an internal control system to supervise the exposure of the Group to such financial instruments.

For certain unlisted equity (private equity), asset management plans and defaulted bonds held by the Group, the management obtains valuation quotation from counterparties or uses valuation techniques to determine the fair value, including discounted cash flow analysis, and market comparison approach, etc. The fair value of these financial instruments may be based on unobservable inputs which may have a significant impact on the valuation of these financial instruments, and therefore, these assets and liabilities have been classified by the Group as Level 3. As at December 31, 2024 and 2023, the Group's significant unobservable inputs include liquidity discounts, comparable company price-to-book ratio, recovery rate and book value per Share. Management determines whether to make necessary adjustments to the fair value for the Group's Level 3 financial instruments by assessing the impact of changes in macro-economic factors, and valuations by external valuation agencies. The Group has established internal control procedures to control the Group's exposure to such financial instruments.

As at December 31, 2024 and 2023, a 5% increase or decrease in the liquidity discounts, comparable company price-to-book ratio and book value per Share applied in the valuation technique would result in insignificant changes in profit before income tax and profit before income tax, respectively.

As at December 31, 2024 and 2023, a 5% increase or decrease in the recovery rate applied in the valuation technique would result in insignificant changes in other comprehensive income.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.5 Fair values of financial assets and liabilities *(Continued)*

##### *(c) Fair value hierarchy (Continued)*

Fair values of assets and liabilities are as below:

As at December 31, 2024	Level 1	Level 2	Level 3	Total
Loans and advances to customers				
– fair value through other comprehensive income	–	7,326,020	–	7,326,020
Financial investments – fair value through profit or loss				
– Asset management plans	–	–	133,136	133,136
– Debt securities	–	4,530,042	–	4,530,042
– Wealth management products	–	–	–	–
– Unlisted stocks	–	–	35,375	35,375
– Funds	–	1,541,252	–	1,541,252
Financial investments – fair value through other comprehensive income				
– Debt securities	–	14,642,218	56,342	14,698,560
– Interbank certificates of deposit	–	7,783,982	–	7,783,982
<b>Total</b>	<b>–</b>	<b>35,823,514</b>	<b>224,853</b>	<b>35,048,367</b>
As at December 31, 2023	Level 1	Level 2	Level 3	Total
Loans and advances to customers				
– fair value through other comprehensive income	–	7,312,177	–	7,312,177
Financial investments – fair value through profit or loss				
– Asset management plans	–	–	221,074	221,074
– Debt securities	–	5,231,603	–	5,231,603
– Wealth management products	–	300,090	–	300,090
– Unlisted stocks	–	–	35,375	35,375
– Funds	–	480,647	–	480,647
Financial investments – fair value through other comprehensive income				
– Debt securities	–	9,041,153	72,535	9,113,688
– Interbank certificates of deposit	–	6,832,202	–	6,832,202
<b>Total</b>	<b>–</b>	<b>29,197,872</b>	<b>328,984</b>	<b>29,526,856</b>



# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.5 Fair values of financial assets and liabilities *(Continued)*

##### *(c) Fair value hierarchy (Continued)*

Specific valuation techniques used to value financial instruments include: Quoted market prices or dealer quotes for similar instruments. Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

##### *Movement of Level-3 valuation*

	Financial investments
<b>Balance at January 1, 2024</b>	<b>328,984</b>
Total gains or losses	
– Gains or losses	<b>(80,228)</b>
– Other comprehensive income	<b>(10,794)</b>
Increase of level 3	<b>19,081</b>
Decrease of level 3	<b>(32,190)</b>
<b>Balance at December 31, 2024</b>	<b>224,853</b>
	Financial investments
<b>Balance at January 1, 2023</b>	515,490
Total gains or losses	
– Gains or losses	29,244
– Other comprehensive income	(2,914)
Increase of level 3	2,422
Decrease of level 3	(215,258)
<b>Balance at December 31, 2023</b>	328,984

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.6 Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are to comply with the capital requirements set by the regulators of the banking markets where the entities within the Group operate; to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for Shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the development of its business.

Capital adequacy ratio and the use of regulatory capital are monitored by the Group's management based on the guidelines implemented by the former CBIRC, for supervisory purposes. The required information is filed with the former CBIRC on a quarterly basis.

The Group calculated the capital adequacy ratio based on the Administrative Measures for the Capital of Commercial Banks (Provisional) issued by the former CBIRC in June 2012 as at December 31, 2023. According to the approach, the Group calculated the credit risk-weighted assets measurement by the weighted method, market risk-weighted assets measurement by the standard method, and operation risk-weighted assets measurement by the basic indicator method. The former CBIRC requires commercial banks to meet the requirements of capital adequacy ratios by the end of 2018 in accordance with the Rules for Regulating the Capital Adequacy of Commercial Banks (Trial). For systematically important banks, the former CBIRC requires minimum core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio of 8.50%, 9.50% and 11.50% respectively. For non-systematically important banks, the former CBIRC requires corresponding minimum ratios of 7.50%, 8.50% and 10.50%, respectively. At present, the Group is fully compliant with legal and regulatory requirements.

The Group calculated the capital adequacy ratio as at December 31, 2024 in accordance with the Measures for the Administration of Capital of Commercial Banks issued by the NFRA, which has been applied from January 1, 2024. According to the rules mentioned above, the Group calculated the credit risk-weighted assets measurement by the weighted method, market risk-weighted assets measurement by the simplified standard method, and operation risk-weighted assets measurement by the basic indicator method. As a second-tier commercial Bank, the Group's capital adequacy ratios are required to meet the lowest requirement of the National Financial Regulatory Administration, that is, the core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio should be no less than 7.50%, 8.50% and 10.50%, respectively.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.6 Capital management *(Continued)*

The capital adequacy ratio as at December 31, 2024 and 2023 is as follows:

	As at December 31,	
	2024	2023
Core tier 1 capital	<b>9,878,698</b>	9,158,528
Core tier 1 capital deductions	<b>(286,138)</b>	(232,750)
Net core tier 1 capital	<b>9,592,561</b>	8,925,778
Other tier 1 capital	<b>24,147</b>	24,421
Net tier 1 capital	<b>9,616,708</b>	8,950,199
Tier 2 capital	<b>927,273</b>	842,193
Net capital	<b>10,543,981</b>	9,792,392
Total risk-weighted assets	<b>76,058,456</b>	73,023,435
Core tier 1 capital adequacy ratio	<b>12.61%</b>	12.22%
Tier 1 capital adequacy ratio	<b>12.64%</b>	12.26%
Capital adequacy ratio	<b>13.86%</b>	13.41%

#### 3.7 Fiduciary activities

The capitals are provided by the principal, and the Bank issues loans on behalf of the principal, assists in supervising the use and assists in recovering the loans according to the borrower, purpose and amount determined by the principal.

	As at December 31,	
	2024	2023
Entrusted loans	<b>21,048,321</b>	22,746,312

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

Preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and judgments are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and judgments are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### (a) Measurement of expected credit loss

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI and for exposures arising from some loan commitments and financial guarantee contracts, is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 3.1 Credit risk.

It requires a lot of significant judgments to measure ECL under relevant accounting standards, such as:

- Segmentation of business operations sharing similar credit risk characteristics, selection of appropriate models and determination of relevant key parameters;
- Criteria for determining a significant increase in credit risk, default and credit impairments;
- The use of economic scenario, economic indicator and weight for forward-looking measurement;
- The management's accumulated adjustment for significant uncertainties that are not included in the model;
- Future cash flows forecast on corporate loans and debt investments at stage 3.

Detailed information on the above judgments and estimates is set out in Note 3.1.

#### (b) Fair value of financial instruments

The Group uses valuation techniques to estimate the fair value of financial instruments which are not quoted in an active market. These valuation techniques include the use of recent transaction prices of the same or similar instruments, discounted cash flow analysis and generally accepted pricing models. To the extent practical, market observable inputs and data, such as interest rate yield curves, are used when estimating fair value through a valuation technique. Where market observable inputs are not available, they are estimated using assumptions that are calibrated as closely as possible to market observable data. However, areas such as the credit risk of the Group and the counterparty, liquidity and correlations require management to make estimates. Changes in assumptions about these factors could affect the estimated fair value of financial instruments.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES *(Continued)*

#### (c) Taxes

There are certain transactions and activities in the ordinary course of the Group's business for which the ultimate tax effect is uncertain. The Group made certain estimations and judgements for items of uncertainty in the application of tax legislation, taking into account existing tax legislation and past practice of tax authorities. Where the final tax outcome of these matters is different from the amounts that were initially estimated, based on management's assessment, such differences will affect the current income tax and deferred income tax during the period in which such a determination is made.

#### (d) Consolidation of structured entities

Where the Group acts as asset manager of or investor in structured entities, the Group makes significant judgment on whether the Group controls and should consolidate these structured entities. When performing this assessment, the Group assesses the Group's contractual rights and obligations in light of the transaction structures, and evaluates the Group's power over the structured entities, performs analysis and tests on the variable returns from the structured entities, including but not limited to commission income and asset management fees earned as the asset manager, the retention of residual income, and, if any, the liquidity and other support provided to the structured entities. The Group also assesses whether it acts as a principal or an agent through analysis of the scope of its decision-making authority over the structured entities, the remuneration to which it is entitled for asset management services, the Group's exposure to variability of returns from its other interests in the structured entities, and the rights held by other parties in the structured entities.

#### (e) Actuarial valuation of early retirement benefits and supplementary retirement benefits liabilities

The Group has recognised early retirement benefits and supplementary retirement benefits as liabilities and performed actuarial valuation of the amounts of expenses and liabilities in connection with the early retirement benefits and supplementary retirement benefits using various assumptions. The assumptions include discount rates, growth rates of expenses, and mortality rates, etc. Any differences between the actual results and assumptions are accounted for in the current period in accordance with relevant accounting policies. The assumptions used are reasonable to the best knowledge of the Group's management, but the actual experience or changes in assumptions will affect the amounts of expenses and liabilities in connection with the early retirement benefits and supplementary retirement benefits.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 5 NET INTEREST INCOME

	2024	2023
<b>Interest income</b>		
Deposits with central Bank	68,885	58,155
Financial assets held under resale agreements, due from other banks and other financial institutions	98,184	123,897
Loans and advances to customers	2,777,282	2,701,391
Financial investments	746,963	679,911
<b>Subtotal</b>	<b>3,691,314</b>	<b>3,563,354</b>
<b>Interest expense</b>		
Borrowings from central Bank	(34,760)	(40,141)
Financial assets sold under repurchase agreements, due to other banks and other financial institutions	(148,525)	(152,485)
Customer deposits	(1,888,800)	(1,471,233)
Bonds issued	(41,542)	(112,701)
Lease liabilities	–	(1,283)
<b>Subtotal</b>	<b>(2,113,627)</b>	<b>(1,777,843)</b>
<b>Net interest income</b>	<b>1,577,687</b>	<b>1,785,511</b>

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 6 NET FEE AND COMMISSION INCOME

	2024	2023
<b>Fee and commission income</b>		
Commission income from settlement and agency services	23,060	11,646
Commission income from Bank card services	1,137	1,153
Commission income from wealth management agency service (Note36(a)(i))	47,691	35,098
Other commission income	29,187	27,403
	<u>101,075</u>	<u>75,300</u>
<b>Fee and commission expense</b>		
Commission expense from settlement and agency services	(32,211)	(28,545)
Other commission expense	(3,762)	(2,836)
	<u>(35,973)</u>	<u>(31,381)</u>
<b>Net fee and commission income</b>	<u>65,102</u>	<u>43,919</u>

### 7 NET GAINS/(LOSSES) ON TRADING ACTIVITIES

	2024	2023
Debt securities	209,215	262,444
Funds	540	18,219
Asset management plans	(8,767)	11,305
Unlisted stocks	—	(237)
Wealth management products	(23)	90
<b>Total</b>	<u>200,965</u>	<u>291,821</u>

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 8 NET GAINS ON FINANCIAL INVESTMENTS

	2024	2023
Net gains arising from financial assets at fair value through other comprehensive income	<u>315,138</u>	<u>10,637</u>

### 9 OTHER OPERATING INCOME

	2024	2023
Rental income	6,911	6,363
Net (losses)/gains on disposal of property, plant and equipment	979	12,573
Government grants	17,347	18,989
Net amount of other miscellaneous items	<u>(3,734)</u>	<u>(54)</u>
<b>Total</b>	<u>21,503</u>	<u>37,871</u>

### 10 OPERATING EXPENSES

	2024	2023
Staff costs (i)	404,137	396,294
General and administrative expenses	196,936	181,355
Professional fees	11,635	4,987
Listing expenses	872	1,247
Auditors' remuneration		
– Audit service	858	699
– Non-audit service	91	79
Depreciation and expenses	57,772	70,332
Technical service fees	26,615	21,419
Tax and surcharges	<u>26,249</u>	<u>21,791</u>
<b>Total</b>	<u>725,165</u>	<u>698,203</u>



# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 10 OPERATING EXPENSES *(Continued)*

#### (i) Staff costs

	2024	2023
Wages and salaries, bonus, allowance and subsidies	270,629	278,018
Staff welfare	14,302	14,386
Social security contributions	51,870	49,040
Labour union funds and employee education funds	7,545	6,887
Defined contribution benefits	47,086	45,026
Supplementary retirement benefits (Note 32(a)(iii))	12,705	2,937
<b>Total</b>	<b>404,137</b>	<b>396,294</b>

### 11 DIRECTORS AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

The emoluments payable to the Bank's five highest paid employees for the years ended December 31, 2024 and 2023 are shown as below:

	2024	2023
Salaries	2,233	1,774
Discretionary bonuses	3,471	4,608
Contribution to pension schemes	66	83
	<b>5,770</b>	<b>6,465</b>

The emoluments of such person fell within the following bands:

	2024	2023
HK\$0 – HK\$1,000,000	–	–
HK\$1,000,001 – HK\$1,500,000	5	3
HK\$1,500,001 – HK\$2,000,000	–	2
	<b>5</b>	<b>5</b>

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 11 DIRECTORS AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

Details of the Directors' and Supervisors' emoluments as of December 31, 2024 are as follows:

Name	Salaries	Allowances and benefits	Discretionary bonuses	Contribution to pension schemes	Total
<b>Executive Directors</b>					
Xue Feng	372	121	673	18	1,184
Yang Xingwang	372	121	672	18	1,183
Xu Yong	372	113	604	21	1,110
<b>Non-executive Directors</b>					
Xiao Yufeng	30	15	–	–	45
Zhao Gen	30	15	–	–	45
Tian Tian	30	12	–	–	42
Jiang Lin	30	15	–	–	45
<b>Independent Non-executive Directors</b>					
Wang Qing	70	6	–	–	76
Yao Liming	120	15	–	–	135
Xing Huayu	120	15	–	–	135
Yu Xiaoran	120	12	–	–	132
Zhao Jingmei <sup>(1)</sup>	50	9	–	–	59
<b>Supervisors</b>					
Kang Yong	335	145	605	20	1,105
He Ling <sup>(2)</sup>	–	–	–	–	–
Jia Heng	45	–	–	–	45
Wang Shuai	45	–	–	–	45
Jia Yan	193	135	418	18	764
Mao Fangqiong	193	131	488	15	827
Liu Wanli	193	72	424	9	698
Chen Qian	105	–	–	–	105
Zhang Jufang	105	–	–	–	105
Xu Jiagen	105	–	–	–	105
Shan Chengge	105	–	–	–	105
<b>Non-executive Directors who resigned</b>					
Liu Rong <sup>(3)</sup>	23	6	–	–	29
Li Siliang <sup>(4)</sup>	88	6	–	–	94
	<b>3,251</b>	<b>964</b>	<b>3,884</b>	<b>119</b>	<b>8,218</b>

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 11 DIRECTORS AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

Details of the Directors' and Supervisors' emoluments for the year ended December 31, 2023 are as follows:

Name	Salaries	Allowances and benefits	Discretionary bonuses	Contribution to pension schemes	Total
<b>Executive Directors</b>					
Xue Feng	351	115	672	18	1,156
Yang Xingwang	351	115	672	17	1,155
Xu Yong	335	107	571	20	1,033
<b>Non-executive Directors</b>					
Xiao Yufeng	30	18	—	—	48
Zhao Gen	30	18	—	—	48
Liu Rong <sup>(5)</sup>	24	15	—	—	39
Tian Tian <sup>(5)</sup>	24	15	—	—	39
Jiang Lin <sup>(6)</sup>	8	9	—	—	17
<b>Independent Non-executive Directors</b>					
Wang Qing	120	15	—	—	135
Yao Liming	120	18	—	—	138
Li Siliang	120	18	—	—	138
Xing Huayu <sup>(7)</sup>	25	9	—	—	34
Yu Xiaoran <sup>(6)</sup>	34	9	—	—	43
<b>Supervisors</b>					
Kang Yong	316	139	603	19	1,077
Li Shuang <sup>(8)</sup>	—	—	—	—	—
Jia Heng	30	—	—	—	30
Wang Shuai <sup>(9)</sup>	23	—	—	—	23
Jia Yan	183	129	447	18	777
Mao Fangqiong	153	119	403	13	688
Liu Wanli	183	129	465	18	795
Chen Qian	90	—	—	—	90
Zhang Jufang	90	—	—	—	90
Xu Jiagen	90	—	—	—	90
Shan Chengge	90	—	—	—	90
<b>Non-executive Directors who resigned</b>					
Luo Wei <sup>(10)</sup>	13	—	—	—	13
Liu Xiuming <sup>(11)</sup>	102	—	—	—	102
	<u>2,935</u>	<u>997</u>	<u>3,833</u>	<u>123</u>	<u>7,888</u>

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 11 DIRECTORS AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

- (1) In the thirty-fifth meeting of the Shareholders in April 2024, ZHAO Jingmei was elected as independent non-executive Director, and the qualification was approved in July 2024.
- (2) In the thirty-fifth meeting of the Shareholders in April 2024, He Ling was elected as Shareholder Supervisor, and the qualification was approved in April 2024.
- (3) Liu Rong submitted her resignation to the Board of Directors on October 14, 2024, and her resignation took effect from that day.
- (4) Li Siliang submitted his resignation to the Board of Directors on September 26, 2024, and his resignation took effect from that day.
- (5) In the thirtieth interim meeting of the Shareholders in December 2022, Liu Rong and Tian Tian were elected as non-executive Directors, and the qualification was approved in March 2023.
- (6) In the thirty-first interim meeting of the Shareholders in May 2023, Jiang Lin and Yu Xiaoran were elected as non-executive Director and independent non-executive Director respectively, and the qualification was approved in September 2023.
- (7) In the thirty-first interim meeting of the Shareholders in May 2023, Xing Huayu were elected as independent non-executive Director, and the qualification was approved in October 2023.
- (8) In the thirty-fifth Shareholders' Meeting in April 2024, Li Shuang resigned as Shareholder Supervisor due to work change.
- (9) In the thirty-first interim meeting of the Shareholders in May 2023, Wang Shuai was elected as Shareholder Supervisor, and the qualification was approved by the Board of Supervisors and Shareholders' Meeting in May 2023.
- (10) In the thirty-first interim meeting of the Shareholders in May 2023, Luo Wei resigned as non-executive Director due to work change.
- (11) In the thirty-first interim meeting of the Shareholders in May 2023, Liu Xiuming resigned as independent non-executive Director due to work change.
- (12) The emoluments of the Directors, Supervisors and five highest paid employees included social insurance, provident fund, corporate annuity, and other statutory or supplementary benefits paid by the Bank.

In accordance with the regulations of the relevant state authorities, the total remuneration of the executive Directors and certain Supervisors for the year 2024 has not yet been finally determined, and the management of the Bank expects that the difference in the remuneration finally recognized will not have a significant impact on the Bank's financial statements for the year 2024. The current disclosure of remuneration is only the estimated amount paid for the current period. The bonuses for 2023 have been restated to the finalized amount.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 11 DIRECTORS AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

Emolument waived by Directors for the years ended December 31, 2024 and 2023:

	2024	2023
Xiao Yufeng	45	48
Luo Wei	N/A	13
Jiang Lin	45	17
Liu Rong	29	39
Tian Tian	42	39
Xing Huayu	135	34
<b>Total</b>	<b>296</b>	<b>190</b>

No emoluments were paid by the Bank to the Directors as an inducement to join the Bank, or as compensation for departure for the years ended December 31, 2024 and 2023.

#### (a) Directors' retirement benefits

No retirement benefits were paid to the Directors of the Group by a defined contribution plan operated by the Group for the years ended December 31, 2024 and 2023 in respect of their services as Directors of the Group. Save for the retirement benefits paid to certain Directors in respect of their other services in connection with the management of the affairs of the Group disclosed above, no other retirement benefits were paid to the Directors in respect of their other services of the Group for the years ended December 31, 2024 and 2023.

None of the Directors received or will receive any termination benefits for the years ended December 31, 2024 and 2023.

#### (b) Consideration provided to third parties for making available Directors services

For the years ended December 31, 2024 and 2023, the Group did not pay any consideration to any third parties for making available the services of themselves as Directors of the Group.

#### (c) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements or contracts in relation to the Group's business to which the Group was a party and in which a Director of the Group has a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Track Record Period.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 12 EXPECTED CREDIT LOSSES

	2024	2023
Loans and advances to customers at amortised cost (Note 18(b))	770,802	900,509
Loans and advances to customers – fair value through other comprehensive income (Note 18(a))	(2,832)	2,504
Off-balance-sheet items (Note 32)	61,408	(32,591)
Financial assets held under resale agreements, due from other banks and other financial institutions (Note 17)	(2,759)	101
Financial investments – amortised cost (Note 21(b))	9,173	40
Financial investments – fair value through other comprehensive income (Note 20(a))	20,253	56,174
Other financial assets (Note 26)	32,692	1,841
<b>Total</b>	<b>888,737</b>	<b>928,578</b>

### 13 IMPAIRMENT LOSSES

	2024	2023
Foreclosed assets (Note 26(c))	–	411
<b>Total</b>	<b>–</b>	<b>411</b>

### 14 INCOME TAX EXPENSE

	2024	2023
Current income tax	290,093	168,910
Deferred income tax (Note 25)	(201,412)	(103,759)
<b>Total</b>	<b>88,681</b>	<b>65,151</b>

Current income tax is calculated by the statutory tax rate of 25% based on the taxable income of estimated assessable profit of the Group for the respective year as stipulated in PRC tax laws.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 14 INCOME TAX EXPENSE *(Continued)*

The difference between the actual income tax expense in the profit or loss and the amounts which would result from applying the enacted tax rate of 25% to profit before income tax can be reconciled as follows:

	2024	2023
Profit before income tax	566,493	542,567
Tax calculated at a tax rate of 25%	141,623	135,642
Tax effect arising from non-taxable income (a)	(94,980)	(84,315)
Tax effect of expenses that are not deductible for tax purposes (b)	28,911	5,804
Tax effect of recovery of loans that were deducted in previous years	13,127	8,020
<b>Income tax expense</b>	<b>88,681</b>	65,151

(a) The Group's non-taxable income mainly represents income arising from government bonds and monetary funds which is non-taxable in accordance with the PRC tax laws.

(b) The Group's expenses that are not tax deductible for tax purposes mainly represent asset impairment losses that do not meet the requirements for pre-tax deduction under applicable income tax regulations, non-public welfare donation expenses, staff cost and entertainment expenses, which exceed the tax deductible limits pursuant to the PRC tax laws.

### 15 BASIC AND DILUTED EARNINGS PER SHARE

#### (a) Basic earnings per Share

Basic earnings per Share are calculated by dividing the net profit for the year attributable to Shareholders of the Bank by the weighted average number of ordinary Shares in issue during the year.

	2024	2023
Net profit attributable to Shareholders of the Bank (RMB'000)	513,430	468,472
Weighted average number of ordinary Shares issued (thousand Shares)	3,900,000	3,900,000
Basic earnings per Share (in RMB)	0.13	0.12

#### (b) Diluted earnings per Share

For the years ended December 31, 2024 and 2023, there were no potential diluted ordinary Shares, so the diluted earnings per Share were the same as the basic earnings per Share.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 16 CASH AND BALANCES WITH CENTRAL BANK

	As at December 31,	
	2024	2023
Cash	117,750	150,530
Mandatory reserve deposits with central Bank	4,109,715	3,520,399
Surplus reserve deposits with central Bank	2,973,826	2,902,469
Fiscal deposits with central Bank	114,585	1,242
Accrued interest	2,645	2,329
<b>Total</b>	<b>7,318,521</b>	<b>6,576,969</b>

The Group is required to place mandatory reserve deposits with central Bank. The deposits are calculated based on the amount of deposits placed with the Group by its customers.

	As at December 31,	
	2024	2023
	%	%
Mandatory reserve rate for deposits denominated in RMB		
– The Bank	5.00%	5.00%
– Xinglong Bank and Xingyi Bank	5.00%	5.00%

Mandatory reserve deposits with central Bank are not available for use by the Group in its day-to-day operations.

Surplus reserve deposits are maintained with central Bank mainly for liquidity purpose.



# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 17 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS, DUE FROM OTHER BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at December 31,	
	2024	2023
Deposits with domestic banks and other financial institutions	<b>1,853,710</b>	2,459,762
Placements with domestic banks and other financial institutions	<b>2,276,667</b>	1,526,667
Financial assets held under resale agreements	<b>1,112,921</b>	1,869,499
Accrued interest	<b>5,181</b>	7,431
Less: ECL allowance	<b>(259,987)</b>	(262,746)
<b>Total</b>	<b>4,988,492</b>	5,600,613

As at December 31, 2024 and 2023, the Group's collateral for financial assets held under resale agreements are all bonds.

As at December 31, 2024 and 2023, the Group did not use financial assets held under resale agreements as pledged assets for repurchase agreements with other financial institutions. The collateral received by the Group under resale agreements is presented in Note 38.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 18 LOANS AND ADVANCES TO CUSTOMERS

#### (a) Analysis of loans and advances to customers by measurement category

	As at December 31,	
	2024	2023
Loans and advances to customers at amortised cost		
– Corporate loans	48,558,373	39,162,218
– Personal loans	4,882,024	4,917,140
Accrued interest	303,575	351,662
Total loans and advances to customers at amortised cost	53,743,972	44,431,020
Less: ECL allowance	(2,626,182)	(2,368,317)
Net loans and advances to customers at amortised cost	51,117,790	42,062,703
Loans and advances to customers at fair value through other comprehensive income		
– Discounted bills	948,831	482,197
– Rediscounted bills	6,377,189	6,829,980
Net loans and advances to customers	58,443,810	49,374,880

The ECL allowance of loans and advances to customers at fair value through other comprehensive income of the Group are shown as follows, and were credited to other comprehensive income.

	As at December 31,	
	2024	2023
ECL allowance of loans and advances to customers at fair value through other comprehensive income	3,223	6,055

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 18 LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

#### (b) Movements of ECL allowance

##### *Loans and advances to customers at amortised cost*

Corporate Loans	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance as at January 1, 2024	1,134,209	280,010	772,623	2,186,842
Financial assets transferred out or settled during the year	(395,186)	(50,987)	(103,481)	(549,654)
New financial assets originated or purchased	714,340	–	–	714,340
Remeasurement	60,791	219,790	323,117	603,698
Written-off and transferred	–	–	(604,069)	(604,069)
Recovery of loans and advances written-off	–	–	143,282	143,282
Changes of ECL arising from transfer of stages:				
– Transfer to Stage 1	5,797	(5,797)	–	–
– Transfer to Stage 2	(75,976)	88,854	(12,878)	–
– Transfer to Stage 3	(16,724)	(179,139)	195,863	–
Loss allowance as at December 31, 2024	1,427,251	352,731	714,457	2,494,439
<b>Personal Loans</b>				
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance as at January 1, 2024	28,284	20,088	133,103	181,475
Financial assets transferred out or settled during the year	(13,814)	(6,123)	(24,507)	(44,444)
New financial assets originated or purchased	14,669	–	–	14,669
Remeasurement	(7,571)	15,760	24,004	32,193
Written-off and transferred	–	–	(84,051)	(84,051)
Recovery of loans and advances written-off	–	–	31,901	31,901
Changes of ECL arising from transfer of stages:				
– Transfer to Stage 1	4,964	(4,196)	(768)	–
– Transfer to Stage 2	(1,148)	1,255	(107)	–
– Transfer to Stage 3	(3,370)	(6,685)	10,055	–
Loss allowance as at December 31, 2024	22,014	20,099	89,630	131,743

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 18 LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

#### (b) Movements of ECL allowance *(Continued)*

##### ***Loans and advances to customers at amortised cost*** *(Continued)*

Corporate Loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at January 1, 2023	960,134	225,963	316,219	1,502,316
Financial assets transferred out or settled during the year	(379,731)	(65,628)	(24,753)	(470,112)
New financial assets originated or purchased	504,851	–	–	504,851
Remeasurement	132,740	159,269	526,396	818,405
Written-off and transferred	–	–	(195,665)	(195,665)
Recovery of loans and advances written-off	–	–	27,047	27,047
Changes of ECL arising from transfer of stages:				
– Transfer to Stage 1	6,728	(6,728)	–	–
– Transfer to Stage 2	(21,937)	55,638	(33,701)	–
– Transfer to Stage 3	(68,576)	(88,504)	157,080	–
Loss allowance as at December 31, 2023	1,134,209	280,010	772,623	2,186,842
Personal Loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at January 1, 2023	20,629	11,141	114,494	146,264
Financial assets transferred out or settled during the year	(8,593)	(4,288)	(7,989)	(20,870)
New financial assets originated or purchased	9,401	–	–	9,401
Remeasurement	5,666	16,251	19,695	41,612
Written-off and transferred	–	–	(15,726)	(15,726)
Recovery of loans and advances written-off	–	–	20,794	20,794
Changes of ECL arising from transfer of stages:				
– Transfer to Stage 1	1,927	(1,927)	–	–
– Transfer to Stage 2	(525)	1,207	(682)	–
– Transfer to Stage 3	(221)	(2,296)	2,517	–
Loss allowance as at December 31, 2023	28,284	20,088	133,103	181,475

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 18 LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

#### (c) Movements of carrying amount

The following table further illustrates the changes in the total book value of the corporate and personal loan portfolio to explain the impact of these changes on the portfolio's ECL.

Corporate Loans	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Total carrying amount as at January 1, 2024	37,187,363	1,208,922	1,098,294	39,494,579
Financial assets transferred out or settled during the year	(15,932,376)	(154,408)	(223,300)	(16,310,084)
New financial assets originated or purchased	26,273,432	–	–	26,273,432
Written-off and transferred	–	–	(604,069)	(604,069)
Carrying amount transfer of stages:				
– Transfer to Stage 1	66,181	(66,181)	–	–
– Transfer to Stage 2	(902,457)	923,942	(21,485)	–
– Transfer to Stage 3	(289,824)	(444,511)	734,335	–
Total carrying amount as at December 31, 2024	46,402,319	1,467,764	983,775	48,853,858
Personal Loans	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Total carrying amount as at January 1, 2024	4,615,483	90,888	230,070	4,936,441
Financial assets transferred out or settled during the year	(1,919,002)	(16,772)	(52,658)	(1,988,432)
New financial assets originated or purchased	2,026,156	–	–	2,026,156
Written-off and transferred	–	–	(84,051)	(84,051)
Carrying amount transfer of stages:				
– Transfer to Stage 1	12,001	(10,435)	(1,566)	–
– Transfer to Stage 2	(63,601)	63,828	(227)	–
– Transfer to Stage 3	(68,831)	(28,567)	97,398	–
Total carrying amount as at December 31, 2024	4,602,206	98,942	188,966	4,890,114

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 18 LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

#### (c) Movements of carrying amount *(Continued)*

Corporate Loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Total carrying amount as at January 1, 2023	32,904,712	1,217,919	642,282	34,764,913
Financial assets transferred out or settled during the year	(15,284,641)	(337,709)	(52,410)	(15,674,760)
New financial assets originated or purchased	20,600,091	–	–	20,600,091
Written-off and transferred	–	–	(195,665)	(195,665)
Carrying amount transfer of stages:				
– Transfer to Stage 1	49,646	(49,646)	–	–
– Transfer to Stage 2	(574,555)	642,014	(67,459)	–
– Transfer to Stage 3	(507,890)	(263,656)	771,546	–
Total carrying amount as at December 31, 2023	37,187,363	1,208,922	1,098,294	39,494,579
Personal Loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Total carrying amount as at January 1, 2023	4,703,838	102,945	219,334	5,026,117
Financial assets transferred out or settled during the year	(2,008,496)	(37,899)	(16,045)	(2,062,440)
New financial assets originated or purchased	1,988,490	–	–	1,988,490
Written-off and transferred	–	–	(15,726)	(15,726)
Carrying amount transfer of stages:				
– Transfer to Stage 1	29,736	(29,736)	–	–
– Transfer to Stage 2	(71,420)	72,592	(1,172)	–
– Transfer to Stage 3	(26,665)	(17,014)	43,679	–
Total carrying amount as at December 31, 2023	4,615,483	90,888	230,070	4,936,441

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 18 LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

#### (d) Loans listed by assessment method for allowance

As at December 31, 2024

	ECL allowance			Total
	Stage 1	Stage 2	Stage 3	
Total loans and advances to customers	51,004,525	1,566,706	1,172,741	53,743,972
– Corporate loans	46,402,319	1,467,764	983,775	48,853,858
– Personal loans	4,602,206	98,942	188,966	4,890,114
Less: ECL allowance	(1,449,265)	(372,830)	(804,087)	(2,626,182)
Net Loans and advances to customers	49,555,260	1,193,876	368,654	51,117,790

As at December 31, 2023

	ECL allowance			Total
	Stage 1	Stage 2	Stage 3	
Total loans and advances to customers	41,802,846	1,299,810	1,328,364	44,431,020
– Corporate loans	37,187,363	1,208,922	1,098,294	39,494,579
– Personal loans	4,615,483	90,888	230,070	4,936,441
Less: ECL allowance	(1,162,493)	(300,098)	(905,726)	(2,368,317)
Net Loans and advances to customers	40,640,353	999,712	422,638	42,062,703

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 19 FINANCIAL INVESTMENTS – FAIR VALUE THROUGH PROFIT OR LOSS

	As at December 31,	
	2024	2023
Financial assets – fair value through profit or loss		
– Asset management plans	133,136	221,074
– Debt securities (a)	4,530,042	5,231,603
– Unlisted stocks	35,375	35,375
– Funds	1,541,252	480,647
– Wealth management products	–	300,090
<b>Total</b>	<b>6,239,805</b>	<b>6,268,789</b>

#### (a) Debt securities

	As at December 31,	
	2024	2023
Governments	641,066	1,074,605
Financial institutions	1,848,979	2,603,668
Corporates	2,039,997	1,553,330
<b>Total</b>	<b>4,530,042</b>	<b>5,231,603</b>

### 20 FINANCIAL INVESTMENTS – FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at December 31,	
	2024	2023
Debt securities issued by:		
– Governments	7,943,792	3,776,440
– Financial institutions	6,089,214	4,074,443
– Corporates	484,800	1,087,142
Interbank certificates of deposit	7,783,982	6,832,202
Accrued interest	180,754	175,663
<b>Total</b>	<b>22,482,542</b>	<b>15,945,890</b>



# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 20 FINANCIAL INVESTMENTS – FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(Continued)*

#### (a) Movements of ECL allowance

	12-month ECL for stage 1	Lifetime ECL for stage 2	Lifetime ECL for stage 3	Total
As at January 1, 2024	3,892	12,268	289,939	306,099
Originated or purchased	5,058	–	–	5,058
Repayment and transfer out	(3,353)	(5,971)	–	(9,324)
Remeasurement	(5,163)	(427)	30,109	24,519
Net transfers in:				
– Stage 1	5,717	(5,717)	–	–
– Stage 2	–	–	–	–
– Stage 3	–	–	–	–
As at December 31, 2024	6,151	153	320,048	326,352
As at January 1, 2023	484	–	249,441	249,925
Originated or purchased	3,884	–	–	3,884
Repayment and transfer out	(359)	(12)	–	(371)
Remeasurement	9	12,154	40,498	52,661
Net transfers in:				
– Stage 1	(126)	126	–	–
– Stage 2	–	–	–	–
– Stage 3	–	–	–	–
As at December 31, 2023	3,892	12,268	289,939	306,099

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 20 FINANCIAL INVESTMENTS – FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(Continued)*

#### (b) Movements of carrying amount:

	12-month ECL for stage 1	Lifetime ECL for stage 2	Lifetime ECL for stage 3	Total
As at January 1, 2024	15,192,869	680,486	72,535	15,945,890
Originated or purchased	19,117,421	–	–	19,117,421
Repayment and transfer out and changes in fair value	(12,197,809)	(366,768)	(16,192)	(12,580,769)
Net transfers in:				
– Stage 1	271,027	(271,027)	–	–
– Stage 2	–	–	–	–
– Stage 3	–	–	–	–
As at December 31, 2024	22,383,508	42,691	56,343	22,482,542
As at January 1, 2023	10,060,579	–	75,450	10,136,029
Originated or purchased	11,713,016	–	–	11,713,016
Repayment and transfer out and changes in fair value	(5,862,070)	(38,170)	(2,915)	(5,903,155)
Net transfers in:				
– Stage 1	(718,656)	718,656	–	–
– Stage 2	–	–	–	–
– Stage 3	–	–	–	–
As at December 31, 2023	15,192,869	680,486	72,535	15,945,890

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 21 FINANCIAL INVESTMENTS – AMORTISED COST

	As at December 31,	
	2024	2023
Debt securities (a)		
– Listed outside Hong Kong	7,584,851	7,631,700
Trust plans	69,952	–
Accrued interest	112,484	151,969
Less: ECL allowance (b)	(9,213)	(40)
<b>Total</b>	<b>7,758,074</b>	<b>7,783,629</b>

#### (a) Debt securities

	As at December 31,	
	2024	2023
Issued by:		
– Governments	4,757,964	4,707,754
– Financial institutions	2,034,204	2,923,946
– Corporates	792,683	–
<b>Total</b>	<b>7,584,851</b>	<b>7,631,700</b>

The debt securities that the Group invested were all government bonds, provincial government debts, China Development Bank and policy Bank debts.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 21 FINANCIAL INVESTMENTS – AMORTISED COST *(Continued)*

#### (b) Movements of ECL allowance:

	12-month ECL for stage 1	Lifetime ECL for stage 2	Lifetime ECL for stage 3	Total
As at January 1, 2024	40	–	–	40
Originated or purchased	6,606	–	–	6,606
Repayment and transfer out	–	–	–	–
Remeasurement	2,567	–	–	2,567
Net transfers in:				
– Stage 1	(5,652)	5,652	–	–
– Stage 2	–	–	–	–
– Stage 3	–	–	–	–
As at December 31, 2024	3,561	5,652	–	9,213
As at January 1, 2023	–	–	–	–
Originated or purchased	–	–	–	–
Repayment and transfer out	–	–	–	–
Remeasurement	40	–	–	40
Net transfers in:				
– Stage 1	–	–	–	–
– Stage 2	–	–	–	–
– Stage 3	–	–	–	–
As at December 31, 2023	40	–	–	40

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 21 FINANCIAL INVESTMENTS – AMORTISED COST *(Continued)*

#### (c) Movements of carrying amount:

	12-month ECL for stage 1	Lifetime ECL for stage 2	Lifetime ECL for stage 3	Total
As at January 1, 2024	7,783,669	–	–	7,783,669
Originated or purchased	69,952	–	–	69,952
Repayment and transfer out	(86,334)	–	–	(86,334)
Net transfers in:				
– Stage 1	(49,952)	49,952	–	–
– Stage 2	–	–	–	–
– Stage 3	–	–	–	–
As at December 31, 2024	7,717,335	49,952	–	7,767,287
As at January 1, 2023	7,807,486	–	–	7,807,486
Originated or purchased	–	–	–	–
Repayment and transfer out	(23,817)	–	–	(23,817)
Net transfers in:				
– Stage 1	–	–	–	–
– Stage 2	–	–	–	–
– Stage 3	–	–	–	–
As at December 31, 2023	7,783,669	–	–	7,783,669

### 22 INVESTMENT IN SUBSIDIARIES BY PARENT BANK

	As at December 31,	
	2024	2023
Investment cost	259,956	259,956

On December 24, 2010, the Bank, together with other investors jointly sponsored the establishment of Xingyi Bank, registered in Yibin City Sichuan Province China with a registered capital of RMB62.30 million, and the company type is a limited liability company. Xingyi Bank mainly engages in corporate and individual deposits, loans and advances, payment and settlement, treasury and other banking business approved by the former CBIRC, and its business is entirely within China. On August 5, 2014, the registered capital of Xingyi Bank was increased by RMB62.30 million to RMB124.60 million. On May 31, 2021, the registered capital of Xingyi Bank was increased by RMB175.40 million to RMB300.00 million. As at December 31, 2024 and 2023, the Bank owned 53.15% in the equity interest and the Shareholders meeting voting rights of Xingyi Bank.

On December 24, 2010, the Bank, together with other investors jointly sponsored the establishment of Xinglong Bank, registered in Neijiang City Sichuan Province China with a registered capital of RMB250 million, and the company type is a joint stock limited company. Xinglong Bank mainly engages in corporate and individual deposits, loans and advances, payment and settlement, treasury and other banking business approved by the former CBIRC, and its business is entirely within China. As at December 31, 2024 and 2023, the Bank owned 51.00% in the equity interest and voting rights of Xinglong Bank.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 23 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Motor vehicles	Electronic equipment	Office equipment	Construction in progress	Total
<b>Cost</b>						
As at January 1, 2024	400,356	11,188	157,920	31,756	26,285	627,505
Addition	766	540	18,216	5,509	6,806	31,837
Disposal	(60,194)	(580)	(1,187)	(1,676)	-	(63,637)
As at December 31, 2024	340,928	11,148	174,949	35,589	33,091	595,705
<b>Accumulated depreciation</b>						
As at January 1, 2024	(122,624)	(9,305)	(130,980)	(28,295)	-	(291,204)
Charge for the year	(17,950)	(689)	(10,134)	(4,347)	-	(33,120)
Disposal	10,594	580	1,185	1,439	-	13,798
As at December 31, 2024	(129,980)	(9,414)	(139,929)	(31,203)	-	(310,526)
<b>Impairment losses</b>						
As at January 1, 2024	(1,069)	-	-	-	-	(1,069)
Charge for the year	-	-	-	-	-	-
Disposal	801	-	-	-	-	801
As at December 31, 2024	(268)	-	-	-	-	(268)
<b>Net book value</b>						
As at December 31, 2024	210,680	1,734	35,020	4,386	33,091	284,911

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 23 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Buildings	Motor vehicles	Electronic equipment	Office equipment	Construction in progress	Total
<b>Cost</b>						
As at January 1, 2023	430,919	11,840	148,304	34,278	–	625,341
Addition	4,227	507	10,498	1,339	26,285	42,856
Disposal	(34,790)	(1,159)	(882)	(3,861)	–	(40,692)
As at December 31, 2023	400,356	11,188	157,920	31,756	26,285	627,505
<b>Accumulated depreciation</b>						
As at January 1, 2023	(124,753)	(9,844)	(117,583)	(27,526)	–	(279,706)
Charge for the year	(12,077)	(619)	(14,274)	(2,601)	–	(29,571)
Disposal	14,206	1,158	877	1,832	–	18,073
As at December 31, 2023	(122,624)	(9,305)	(130,980)	(28,295)	–	(291,204)
<b>Impairment losses</b>						
As at January 1, 2023	(1,069)	–	–	–	–	(1,069)
Charge for the year	–	–	–	–	–	–
Disposal	–	–	–	–	–	–
As at December 31, 2023	(1,069)	–	–	–	–	(1,069)
<b>Net book value</b>						
As at December 31, 2023	276,663	1,883	26,940	3,461	26,285	335,232

As at December 31, 2024 and 2023, the net amount of buildings, for which registrations for the property ownership certificates had not been completed, were RMB8,444 thousand and RMB71,616 thousand respectively. However, such registration process does not have material effect on the rights of the Group to these assets. None of the land or property the Group owned is located in Hong Kong.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 24 LEASE

	Property	Equipment	Total
<b>Right-of-use assets</b>			
<b>Cost</b>			
As at January 1, 2024	95,775	129	95,904
Increase	14,048	–	14,048
Decrease	(55,860)	(129)	(55,989)
As at December 31, 2024	53,963	–	53,963
<b>Accumulated depreciation</b>			
As at January 1, 2024	(63,601)	(129)	(63,730)
Increase	(11,043)	–	(11,043)
Decrease	52,078	129	52,207
As at December 31, 2024	(22,566)	–	(22,566)
<b>Net book value</b>			
As at December 31, 2024	31,397	–	31,397
<b>Lease liabilities</b>			
<b>Net book value</b>			
As at December 31, 2024	(28,766)	–	(28,766)



# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 24 LEASE (Continued)

	Property	Equipment	Total
<b>Right-of-use assets</b>			
<b>Cost</b>			
As at January 1, 2023	78,166	129	78,295
Increase	17,609	–	17,609
Decrease	–	–	–
As at December 31, 2023	95,775	129	95,904
<b>Accumulated depreciation</b>			
As at January 1, 2023	(51,761)	(92)	(51,853)
Increase	(11,840)	(37)	(11,877)
Decrease	–	–	–
As at December 31, 2023	(63,601)	(129)	(63,730)
<b>Net book value</b>			
As at December 31, 2023	32,174	–	32,174
<b>Lease liabilities</b>			
<b>Net book value</b>			
As at December 31, 2023	26,496	–	26,496

### 25 DEFERRED TAX ASSETS

Deferred income taxes are calculated on all temporary differences under the balance sheet liability method using an effective tax rate of 25% for the years ended December 31, 2024 and 2023 for transactions in the PRC. Movements in the deferred income tax account are as follows:

	As at December 31,	
	2024	2023
Balance at the beginning of the year	1,114,600	1,060,720
Charge to profit or loss (Note 14)	201,412	103,759
Changes in ECL allowance for debt instrument investments at FVOCI (Note 34(c))	(4,355)	(14,671)
Remeasurement of retirement benefit obligations (Note 34(c))	378	130
Fair value changes of financial investments – FVOCI (Note 34(c))	(74,682)	(35,338)
Balance at the end of the year	1,237,353	1,114,600

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 25 DEFERRED TAX ASSETS *(Continued)*

Deferred tax assets and liabilities are attributable to the following items:

	As at December 31,			
	2024		2023	
	Temporary differences	Deferred income tax assets/ (liabilities)	Temporary differences	Deferred income tax assets/ (liabilities)
<b>Deferred tax assets</b>				
Fair value changes of financial assets measured at fair value through other comprehensive income	–	–	94,768	23,692
ECL allowance of loans and advances to customers and financial investments	4,376,154	1,094,039	3,784,876	946,219
ECL allowance of financial assets held under resale agreements, due from other banks and other financial institutions (Note 17)	259,987	64,997	262,746	65,687
Employee benefits payable	80,502	20,126	46,988	11,747
Fair value changes of financial investments – FVTPL	59,292	14,823	44,220	11,055
Allowance for impairment losses of foreclosed assets (Note 26(b))	14,482	3,620	14,482	3,621
Lease liabilities	29,264	7,316	26,496	6,624
Others	365,583	91,395	216,007	53,999
Subtotal	5,185,264	1,296,316	4,490,583	1,122,644
<b>Deferred tax liabilities</b>				
Fair value changes of financial assets measured at fair value through other comprehensive income	(203,963)	(50,991)	–	–
Right-of-use assets	(31,889)	(7,972)	(32,174)	(8,044)
Subtotal	(235,852)	(58,963)	(32,174)	(8,044)
<b>Total</b>	4,949,412	1,237,353	4,458,409	1,114,600

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 26 OTHER ASSETS

	As at December 31,	
	2024	2023
Interest receivable (a)	4,209	23,025
Intangible assets	33,322	30,911
Other receivables	92,133	94,466
Less: ECL allowance	(34,962)	(23,918)
Listing expenses to be capitalized	26,000	22,100
Foreclosed assets (b)	220,693	84,016
Less: Impairment (c)	(14,482)	(14,482)
Long-term deferred expenses	13,088	14,153
Investment properties (d)	52,158	177,877
Others	28,329	3,120
<b>Total</b>	<b>420,488</b>	<b>411,268</b>

#### (a) Interest receivable

	As at December 31,	
	2024	2023
Loans and advances to customers	24,257	26,664
Less: ECL allowance	(20,048)	(3,639)
<b>Total</b>	<b>4,209</b>	<b>23,025</b>

#### (b) Foreclosed assets

	Properties and plants	Land use rights	Others	Total
As at January 1, 2024	83,681	—	335	84,016
Increase	136,677	—	—	136,677
Disposal	—	—	—	—
As at December 31, 2024	220,358	—	335	220,693
As at January 1, 2023	83,676	—	335	84,011
Increase	5	—	—	5
Disposal	—	—	—	—
As at December 31, 2023	83,681	—	335	84,016

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 26 OTHER ASSETS *(Continued)*

#### (c) Impairment

	Properties and plants	Land use rights	Others	Total
As at January 1, 2024	14,472	–	10	14,482
Addition	–	–	–	–
Reversal	–	–	–	–
Disposal	–	–	–	–
As at December 31, 2024	14,472	–	10	14,482
As at January 1, 2023	14,061	–	10	14,071
Addition	411	–	–	411
Reversal	–	–	–	–
Disposal	–	–	–	–
As at December 31, 2023	14,472	–	10	14,482

As of December 31, 2024 and 2023, the net amount of foreclosed assets for which the property title registration has not been completed was RMB105,487 thousand and RMB0 thousand, respectively. However, the registration process does not significantly affect the Group's rights to these assets. Neither the land nor the properties owned by the Group are located in Hong Kong.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 26 OTHER ASSETS *(Continued)*

#### (d) Investment properties

	As at December 31,	
	2024	2023
<b>Cost</b>		
Opening balance	251,484	255,875
Addition	–	3,193
Disposal	(143,874)	(7,584)
Ending balance	107,610	251,484
<b>Accumulated depreciation</b>		
Opening balance	(69,051)	(60,204)
Depreciation	(3,504)	(9,629)
Disposal	17,183	782
Ending balance	(55,372)	(69,051)
<b>Impairment losses</b>		
Opening balance	(4,556)	(5,075)
Addition	–	–
Disposal	4,476	519
Ending balance	(80)	(4,556)
<b>Net book value</b>		
<b>Ending balance</b>	<b>52,158</b>	<b>177,877</b>

As of December 31, 2024 and 2023, the net amount of investment properties for which the property title registration has not been completed was RMB705 thousand and RMB118,465 thousand, respectively. However, the registration process does not significantly affect the Group's rights to these assets. The remaining lease terms of the land or properties owned by the Group are short-term leases, and none of such land or properties are located in Hong Kong.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 27 BORROWINGS FROM CENTRAL BANK

	As at December 31,	
	2024	2023
Borrowings from central Bank	2,265,054	2,196,716
Accrued interest	1,192	1,324
<b>Total</b>	<b>2,266,246</b>	<b>2,198,040</b>

### 28 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS, DUE TO OTHER BANKS AND FINANCIAL INSTITUTIONS

	As at December 31,	
	2024	2023
Deposits from other banks and financial institutions	1,015,983	883,136
Placements from other banks and financial institutions	2,594,000	2,840,000
Financial assets sold under repurchase agreements	5,718,980	2,527,142
Accrued interest	11,709	12,808
<b>Total</b>	<b>9,340,672</b>	<b>6,263,086</b>

### 29 CUSTOMER DEPOSITS

	As at December 31,	
	2024	2023
Corporate deposits		
– Demand	17,777,390	17,803,227
– Time	22,811,433	19,946,755
Subtotal	40,588,823	37,749,982
Personal deposits		
– Demand	5,430,277	4,929,860
– Time	36,171,850	27,111,857
Subtotal	41,602,127	32,041,717
Accrued interest	2,326,961	1,647,355
<b>Total</b>	<b>84,517,911</b>	<b>71,439,054</b>

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 30 BONDS ISSUED

	As at December 31,	
	2024	2023
Interbank certificates of deposit	<b>2,028,101</b>	3,279,022

Interbank certificates of deposit are as follows:

	As at December 31,	
	2024	2023
Reference annualized rates of return	<b>1.85%-2.15%</b>	2.68%-3.11%
Original maturity	<b>3 to 12 months</b>	3 to 12 months

As at December 31, 2024 and 2023, the Group and the Bank did not have any overdue principal and interest on interbank certificates of deposit or other defaults.

### 31 TAXES PAYABLE

	As at December 31,	
	2024	2023
Income tax	<b>201,433</b>	190,713
VAT and others	<b>55,711</b>	46,935
<b>Total</b>	<b>257,144</b>	237,648

### 32 OTHER LIABILITIES

	As at December 31,	
	2024	2023
Employee benefits payable (a)	<b>197,000</b>	177,277
Dividends payables	<b>15,718</b>	12,017
Settlement and clearance payables	<b>157,092</b>	180,188
Wealth management products payable	–	779
Other payables	<b>90,861</b>	210,092
Listing expenses to be paid	–	4,052
Accrued liabilities	<b>131,564</b>	69,771
Others	<b>202,029</b>	60,022
<b>Total</b>	<b>794,264</b>	714,198

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 32 OTHER LIABILITIES *(Continued)*

#### (a) Employee benefits payable

	As at December 31,	
	2024	2023
Short-term employee benefits (i)	149,167	139,287
Defined contribution benefits (ii)	100	945
Supplementary retirement benefits (iii)	47,733	37,045
<b>Total</b>	<b>197,000</b>	<b>177,277</b>

#### (i) Short-term employee benefits

	December 31, 2024		
	Balance at the beginning of the year	Increase in current year	Decrease in current year
Wages and salaries, bonus, allowance and subsidies	138,111	270,629	(260,816)
Staff welfare	–	14,302	(14,302)
Social security contributions	–	51,870	(51,870)
– Medical insurance	–	27,246	(27,246)
– Work injury insurance	–	370	(370)
– Maternity insurance	–	2	(2)
– Housing funds	–	24,252	(24,252)
Labour union funds and employee education funds	1,176	7,545	(7,478)
<b>Total</b>	<b>139,287</b>	<b>344,346</b>	<b>(334,466)</b>



# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 32 OTHER LIABILITIES *(Continued)*

#### (a) Employee benefits payable *(Continued)*

##### (i) Short-term employee benefits *(Continued)*

	December 31, 2023			Balance at the end of the year
	Balance at the beginning of the year	Increase in current year	Decrease in current year	
Wages and salaries, bonus, allowance and subsidies	111,215	278,018	(251,122)	138,111
Staff welfare	–	14,386	(14,386)	–
Social security contributions	–	49,040	(49,040)	–
– Medical insurance	–	25,349	(25,349)	–
– Work injury insurance	–	716	(716)	–
– Maternity insurance	–	5	(5)	–
– Housing funds	–	22,970	(22,970)	–
Labour union funds and employee education funds	1,264	6,887	(6,975)	1,176
<b>Total</b>	<b>112,479</b>	<b>348,331</b>	<b>(321,523)</b>	<b>139,287</b>

##### (ii) Defined contribution benefits

	December 31, 2024			Balance at the end of the year
	Balance at the beginning of the year	Increase in current year	Decrease in current year	
Basic pensions	200	33,527	(33,627)	100
Unemployment insurance	–	1,289	(1,289)	–
Annuity scheme	745	12,270	(13,015)	–
<b>Total</b>	<b>945</b>	<b>47,086</b>	<b>(47,931)</b>	<b>100</b>

	December 31, 2023			Balance at the end of the year
	Balance at the beginning of the year	Increase in current year	Decrease in current year	
Basic pensions	–	32,363	(32,163)	200
Unemployment insurance	–	1,222	(1,222)	–
Annuity scheme	57	11,441	(10,753)	745
<b>Total</b>	<b>57</b>	<b>45,026</b>	<b>(44,138)</b>	<b>945</b>

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 32 OTHER LIABILITIES *(Continued)*

#### (a) Employee benefits payable *(Continued)*

##### (iii) **Supplementary retirement benefits**

The retirement benefit obligations of the Group refer to supplementary benefits for retirees and early-retirees recognised in the consolidated statement of comprehensive income using the projected unit credit actuarial cost method as follows:

	<b>As at December 31,</b>	
	<b>2024</b>	<b>2023</b>
Balance at the beginning of year	<b>37,045</b>	37,763
Gain or loss from actuarial calculation		
– Charge to profit or losses (Note 10(i))	<b>12,705</b>	2,937
– Charge to other comprehensive income (Note 34(c))	<b>1,510</b>	520
Benefits paid	<b>(3,527)</b>	(4,175)
Balance at the end of year	<b>47,733</b>	37,045

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	<b>As at December 31,</b>	
	<b>2024</b>	<b>2023</b>
	<b>%</b>	<b>%</b>
Discount rate – retirement benefit plan	<b>2.25</b>	2.75
Discount rate – early retirement benefit plan	<b>2.00</b>	2.25
Annual increase rate of medical examination	<b>2.00</b>	2.00
Annual increase rate of basic salary and housing fund contributions for internal retirees	<b>2.00</b>	2.00
Annual increase rate of social security contributions	<b>6.00</b>	6.00
Annual increase rate of employee benefit plan contributions	<b>6.00</b>	6.00
Annual increase rate of supplemental medical insurance contributions	<b>6.00</b>	6.00
Retirement ages		
– Male	<b>60</b>	60
– Female	<b>50/55</b>	50/55

Assumptions for future mortality rates as at December 31, 2024 and 2023 are all based on the China Life Insurance Mortality Table (2010-2013), which is the statistical information published on December 28, 2016 and publicly available in China.

As at December 31, 2024 and 2023, the Group has no default on the staff costs payable above.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 33 SHARE CAPITAL AND CAPITAL RESERVE

All Shares of the Bank issued are fully paid ordinary Shares. The par value per Share is RMB1.00. The Bank's number of Shares is as follows:

	As at December 31,	
	2024	2023
Number of Shares (Thousands of shares)	<b>3,900,000</b>	3,900,000

The movement of Share capital is as follows:

	As at December 31,	
	2024	2023
Balance at the beginning of the year	<b>3,900,000</b>	3,900,000
Contribution of Shareholders	–	–
Share dividends	–	–
Balance at the end of the year	<b>3,900,000</b>	3,900,000

Transactions of the following nature are recorded in the capital reserve:

- (a) Share premium arising from the issue of Shares at prices in excess of their par value;
- (b) Deemed contributions received from the Shareholders;
- (c) Amount in excess of the book value of non-performing assets purchased by the Shareholders;
- (d) Any other items required by the PRC regulations to be so treated.

Capital reserve can be utilised for the issuance of bonus Shares or for increasing paid-in capital as approved by the Shareholders.

As at December 31, 2024 and 2023, the Group's capital reserve is shown as follows:

	As at December 31,	
	2024	2023
Capital reserve	<b>3,512,784</b>	3,462,784

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 33 SHARE CAPITAL AND CAPITAL RESERVE *(Continued)*

According to the resolutions determined in the annual meeting on May 14, 2021, the Group launched the fourth round of capital and Share increase. The total number of ordinary Shares reached 3,900 million after the increase.

As at December 31, 2024 and 2023, the change in capital reserve represents deemed contribution from the Shareholders.

The Bank transferred certain non-performing assets to five Shareholders including Sichuan Yibin Wuliangye Group Co., Ltd., Yibin Municipal Finance Bureau, Yibin Cuiping District Finance Bureau, Yibin Nanxi District Finance Bureau and Wuhan Tianying Investment Group Co., Ltd., ("Five Shareholders") in 2020. Five Shareholders contributed the net proceeds collected from the non-performing assets amounting to RMB50,000 thousand and RMB50,000 thousand in 2023 and 2024 respectively.

### 34 OTHER RESERVES

	Surplus reserve (a)	General reserve (b)	Other comprehensive income (c)	Total
As at January 1, 2024	125,912	1,010,653	161,477	1,298,042
Addition	54,193	228,747	235,938	518,878
As at December 31, 2024	180,105	1,239,400	397,415	1,816,920
As at January 1, 2023	80,322	851,515	11,845	943,682
Addition	45,590	159,138	149,632	354,360
As at December 31, 2023	125,912	1,010,653	161,477	1,298,042

#### (a) Surplus reserve

In accordance with the 'Company Law of the People's Republic of China' and the Articles of Association of the Bank, 10% of the net distributable profit of the Bank is required to be transferred to a non-distributable statutory reserve until such time when this reserve represents 50% of the Share capital of the Bank. With approval, the statutory surplus reserve can be used for making up losses or increasing the Share capital.

#### (b) General reserve

The Group follows the Administrative Measures for the Provisioning for Reserves of Financial Enterprises (Financial [2012]20) issued by the Ministry of Finance. According to the requirements, the general reserve should not be lower than 1.5% of the period end risk assets. Besides, if there is difficulty reaching the 1.5% threshold, they are allowed to gradually meet the requirement over no more than 5 years.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 34 OTHER RESERVES *(Continued)*

#### (c) Other comprehensive income

	Gross amount	Taxation effect	Net carrying amount
As at January 1, 2024	215,302	(53,825)	161,477
Items that may not be reclassified subsequently to profit or loss:			
Changes in remeasurement of defined benefit plans (Note 32(a)(iii))	(1,510)	378	(1,132)
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of debt instrument investments at FVOCI	298,758	(74,690)	224,068
Changes in credit impairment losses for debt instrument investments at FVOCI	17,336	(4,334)	13,002
As at December 31, 2024	529,886	(132,471)	397,415
	Gross amount	Taxation effect	Net carrying amount
As at January 1, 2023	15,791	(3,946)	11,845
Items that may not be reclassified subsequently to profit or loss:			
Changes in remeasurement of defined benefit plans (Note 32(a)(iii))	(520)	130	(390)
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of debt instrument investments at FVOCI	141,353	(35,338)	106,015
Changes in credit impairment losses for debt instrument investments at FVOCI	58,678	(14,671)	44,007
As at December 31, 2023	215,302	(53,825)	161,477

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 35 DIVIDENDS

#### The Group and the Bank

	As at December 31,	
	2024	2023
Dividend declared during the year	<b>78,000</b>	58,500
Dividend per Share (in RMB)	<b>0.0200</b>	0.0150

Under the PRC Company Law and the Articles of Association of the Bank, the net profit after tax as reported in the PRC statutory financial statements can only be distributed as dividends after allowances for the following:

- (1) Making up prior year's cumulative losses, if any;
- (2) Allocations to the non-distributable statutory accumulation reserve of 10% of the net profit of the Group.

The Annual Shareholders Meeting on June 29, 2023 approved the Bank's 2022 profit distribution plan, which will distribute RMB58,500 thousand from retained earnings as cash dividends to Shareholders. By December 31, 2023, the unpaid dividend distribution was recorded as dividend payable. (RMB0.0150 per Share including tax, and the Shares below RMB1 are rounded).

The Annual Shareholders Meeting on April 29, 2024 approved the Bank's 2023 profit distribution plan, which will distribute RMB78,000 thousand from retained earnings as cash dividends to Shareholders. By December 31, 2024, the unpaid dividend distribution was recorded as dividend payable. (RMB0.0200 per Share including tax, and the Shares below RMB1 are rounded).

The Board of Directors of this Bank proposes to distribute a final cash dividend (Final Dividend) of RMB0.05 per share (tax inclusive) to all shareholders for the fiscal year ending December 31, 2024, amounting to RMB229.42 million in total (tax inclusive). The Board will submit the proposal for approval at the 2024 Annual General Meeting (AGM). If approved at the AGM, the Bank anticipates distributing the Final Dividend by August 26, 2025.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 36 STRUCTURED ENTITY

#### (a) Unconsolidated structured entity

##### (i) *Unconsolidated structured entities managed by the Group*

The unconsolidated structure entities managed by the Group are mainly wealth management products issued and managed by the Group acting as an agent. Based on the analysis and research on the potential targeted clients, the Group designs and sells wealth management products to specific targeted clients, and the raised funds are then put into related financial market or invested in related financial products according to the product contracts. Gains would be allocated to investors after the Group gained from investment. The Group receives corresponding fee and commission income as the asset manager. The amount is RMB47,691 thousand for the year ended December 31, 2024, the amount is RMB35,098 thousand for the year ended December 31, 2023 (Note 6). The Group has not provided any liquidity support to the wealth management products for the years ended December 31, 2024 and 2023.

The Group issues and manages unsecured wealth management products to investors. The funds raised from the investors are mainly invested in the open market bonds and money market instruments.

The Group assesses its control on the unsecured wealth management products. The Group takes a fiduciary role on these wealth management products and has no contractual obligation to repay the principal or interest. The risk exposure of the products is mainly from the fluctuation of the expected return of the bonds market and money market performance. The risk of loss is borne by the investors. The Group earns the net fee and commission income from the products.

As at December 31, 2024 and 2023, the balance of unconsolidated wealth management products managed by the Group was RMB3,074,190 thousand and RMB4,305,516 thousand, respectively.

##### (ii) *Unconsolidated structured entities invested by the Group*

To make better use of capital for profit, the Group invested in structured entities, including funds and asset management plans issued and managed by independent third parties. The Group classified the unconsolidated structured entities as financial investments-FVTPL and financial investments – amortized cost.

The table below lists the book value and maximum loss risk exposure of the assets due to the holdings of profits from unconsolidated structured entities.

As at December 31, 2024	Maximum	
	Book value	risk exposure
Financial investments – fair value through profit or loss	1,674,388	1,674,388
Financial investments – amortized cost	63,381	63,381

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 36 STRUCTURED ENTITY *(Continued)*

#### (a) Unconsolidated structured entity *(Continued)*

##### (ii) Unconsolidated structured entities invested by the Group *(Continued)*

As at December 31, 2023	Book value	Maximum risk exposure
Financial investments – fair value through profit or loss	1,001,811	1,001,811

For the years ended December 31, 2024 and 2023, the Group had not provided any financial or other support plan to unconsolidated structured entities.

The income from the above unconsolidated structured entities was:

	As at December 31,	
	2024	2023
Net gains/(losses) on trading activities	(8,250)	29,614
Net gains on financial investments	283	–

#### (b) Consolidated structured entity

The consolidated structured entities are mainly asset management plans controlled by the Group (Note 19).

### 37 FINANCIAL GUARANTEES AND CREDIT RELATED COMMITMENTS, OTHER COMMITMENTS AND CONTINGENT LIABILITIES

#### (a) Financial guarantees and credit related commitments

The following tables indicate the financial guarantee amounts which the Group commits to extend to customers:

	As at December 31,	
	2024	2023
Bank acceptance	9,315,841	6,510,671
Letters of guarantees	67,827	50,293
<b>Total</b>	<b>9,383,668</b>	<b>6,560,964</b>



# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 37 FINANCIAL GUARANTEES AND CREDIT RELATED COMMITMENTS, OTHER COMMITMENTS AND CONTINGENT LIABILITIES *(Continued)*

#### (b) Capital expenditure commitments

	As at December 31,	
	2024	2023
Properties and equipment		
Contracted but not paid	<b>403,368</b>	63,328

#### (c) Legal proceedings

Legal proceedings are initiated by third parties against the Group as a defendant. The Group had no significant outstanding legal claims as at December 31, 2024 and 2023.

### 38 COLLATERALS

#### (a) Assets pledged

As at December 31, 2024 and 2023, the carrying amounts of assets pledged as collateral under repurchase agreements and borrowings from central Bank are as follows:

	As at December 31,	
	2024	2023
Debt securities	<b>8,382,700</b>	5,581,400

#### (b) Collateral accepted

The Group received debt securities as collateral for financial assets held under resale agreements as set out in Note 17. Under the terms of these agreements, the Group could not resell or re-pledge certain parts of such collateral unless in the event of default by the counterparties.

### 39 NOTES TO STATEMENTS OF CASH FLOWS

For the purposes of the statements of cash flow, cash and cash equivalents comprise the following unrestricted balances with original maturities of less than three months used for the purpose of meeting short-term cash commitments:

	As at December 31,	
	2024	2023
Cash and balances with central Bank	<b>3,091,576</b>	3,052,999
Financial assets held under resale agreements, due from other banks and other financial institutions	<b>3,834,056</b>	4,796,201
	<b>6,925,632</b>	7,849,200

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 40 RELATED PARTY TRANSACTIONS

#### (a) Related parties of the Group

##### (i) Major Shareholders

Major Shareholders include Shareholders with 5% or more interest in the Bank.

As at December 31, 2024, the major Shareholders of the Bank are as follows:

Name of Shareholders	Amount (thousand Shares)	Ratio (%)
Sichuan Yibin Wuliangye Group Co., Ltd.	779,610	19.990
Yibin Municipal Finance Bureau	779,482	19.987
Yibin Cuiping District Finance Bureau	779,220	19.980
Yibin Nanxi District Finance Bureau	660,700	16.940
<b>Total</b>	<b>2,999,012</b>	<b>76.897</b>

As at December 31, 2023, the major Shareholders of the Bank are as follows:

Name of Shareholders	Amount (thousand Shares)	Ratio (%)
Sichuan Yibin Wuliangye Group Co., Ltd.	779,610	19.990
Yibin Municipal Finance Bureau	779,482	19.987
Yibin Cuiping District Finance Bureau	779,220	19.980
Yibin Nanxi District Finance Bureau	660,700	16.940
<b>Total</b>	<b>2,999,012</b>	<b>76.897</b>

##### (ii) Other related parties

Other related parties mainly include Directors, Supervisors, senior management of the Bank and their close family members; entities controlled or jointly controlled by Directors, Supervisors, senior management of the Group and their close family members; and entities controlled or jointly controlled by the major Shareholders of the Group as set out in Note 40(a)(i), and the Bank's subsidiaries.

There are various related party transactions that occur between the Bank and its subsidiaries. These transactions are conducted under normal commercial terms and conditions. The material balances and transactions with subsidiaries have been eliminated in full in the consolidated financial statements. In the opinion of management, the transactions between the Bank and its subsidiaries have no significant impact on profit or loss.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 40 RELATED PARTY TRANSACTIONS *(Continued)*

#### (b) Related party transactions and balances

##### (i) Transactions and balances with major Shareholders

	As at December 31,	
	2024	2023
Trade in nature and included in:		
Deposits from customers	5,871,722	4,490,757
Non-trade in nature and included in:		
Other liabilities	–	2,099
	<b>As at December 31,</b>	
	<b>2024</b>	<b>2023</b>
Interest expense	113,866	92,671

##### (ii) Transaction and balances with other related parties

	As at December 31,	
	2024	2023
Trade in nature and included in:		
Loans and advances to customers	770,484	1,062,600
Financial investments – Fair value through profit or loss	20,000	25,325
Other assets	–	200
Deposits from customers	15,539,758	15,014,382
Bank acceptances	313,389	535,786
Entrusted loans	11,248,997	8,534,910
Entrusted deposits	10,668,718	13,814,723
	<b>As at December 31,</b>	
	<b>2024</b>	<b>2023</b>
Non-trade in nature and included in:		
Other assets	–	2

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 40 RELATED PARTY TRANSACTIONS *(Continued)*

#### (b) Related party transactions and balances *(Continued)*

##### (ii) *Transaction and balances with other related parties (Continued)*

The balance of other assets as at December 31, 2023 represents real estate registration fees paid to one of other related parties for properties purchased for one sub-branch of the Bank. The balance will be settled when the registration is completed.

	As at December 31,	
	2024	2023
Interest income	80,429	65,913
Fee and commission income	1,968	1,001
Other operating income	–	143
Interest expense	387,591	202,022
Net gains on financial investments	283	2,614

#### (c) Remuneration of key management personnel

Key management personnel refer to those persons who have the authority and responsibility to plan, conduct and control the Group's activities.

The remuneration of key management personnel in each of the reporting years was as follows:

	As at December 31,	
	2024	2023
Remuneration, salary, allowances and benefits	7,209	6,928
Discretionary bonuses	8,042	8,224
Contribution to pension schemes	252	259
<b>Total</b>	<b>15,503</b>	<b>15,411</b>

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 40 RELATED PARTY TRANSACTIONS *(Continued)*

#### (d) Capital expenditure commitments

	As at December 31,	
	2024	2023
Properties and equipment		
Contracted but not paid for	<b>362,903</b>	–

On June 6, 2024, the Bank entered into an acquisition agreement with a related party, namely Yibin OCT Sanjiang Real Estate Co., Ltd., (the enterprise in which the controlling shareholder of Sichuan Yibin Wuliangye Group Co., Ltd. indirectly holds a 25% stake) to purchase commercial properties at an aggregate consideration of RMB362,903 thousand. The Bank intended to use such commercial properties as offices to accommodate the Bank's business expansion. The Group has not prepaid any consideration as at December 31, 2024. The acquisition is expected to be consummated before June 2025.

#### (e) Government related entities

The transactions between the Group and the government authorities proceed under normal commercial terms and conditions. These transactions mainly include provision of deposits and agency services. The Group considers that transactions with these entities are activities conducted in the ordinary course of business. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are government authorities.

### 41 SEGMENT ANALYSIS

The Group's operating segments are business units which provide different financial products and services and are engaged in different types of financial transactions. As different operating segments face different clients and counterparties supported by specific techniques and market strategies, they operate independently.

The Group has 4 operating segments: corporate banking, retail banking, financial markets, and unallocated classes.

Corporate banking mainly provides corporate customers with financial products including deposits and loans and services including corporate wealth management.

Retail banking mainly provides individual customers with financial products including deposits and loans and services including personal wealth management.

Financial markets mainly perform inter-financial institution lending and borrowing, financial investment businesses.

Unallocated classes of business perform the businesses not included in the above three segments or cannot be allocated with appropriate basis.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 41 SEGMENT ANALYSIS (Continued)

	2024				Total
	Corporate Banking	Retail Banking	Financial Markets	Unallocated	
Net interest income/(expenses) from external customers	1,692,850	(887,464)	772,301	-	1,577,687
Inter-segment net interest (expenses)/income	(146,917)	1,323,092	(1,176,175)	-	-
Net interest income	1,545,933	435,628	(403,874)	-	1,577,687
Net fee and commission income	25,444	46,263	(6,605)	-	65,102
Net gains on trading activities	-	-	200,965	-	200,965
Net gains on financial investments	-	-	315,138	-	315,138
Other operating income	13,284	6,824	994	401	21,503
<b>Operating income</b>	<b>1,584,661</b>	<b>488,715</b>	<b>106,618</b>	<b>401</b>	<b>2,180,395</b>
Operating expenses	(448,242)	(223,631)	(40,246)	(13,046)	(725,165)
– Depreciation and amortisation	(35,691)	(18,333)	(2,670)	(1,078)	(57,772)
– Others	(412,551)	(205,298)	(37,576)	(11,968)	(667,393)
Expected credit losses	(734,460)	(127,610)	(26,667)	-	(888,737)
Impairment losses	-	-	-	-	-
<b>Profit before income tax</b>	<b>401,959</b>	<b>137,474</b>	<b>39,705</b>	<b>(12,645)</b>	<b>566,493</b>
<b>Capital expenditure</b>	<b>(30,466)</b>	<b>(15,650)</b>	<b>(2,279)</b>	<b>(921)</b>	<b>(49,316)</b>
<b>Segment assets</b>	<b>52,242,596</b>	<b>5,470,627</b>	<b>51,475,518</b>	<b>16,652</b>	<b>109,205,393</b>
<b>Segment liabilities</b>	<b>43,531,253</b>	<b>43,125,163</b>	<b>12,563,781</b>	<b>12,907</b>	<b>99,233,104</b>

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 41 SEGMENT ANALYSIS (Continued)

	2023				
	Corporate Banking	Retail Banking	Financial Markets	Unallocated	Total
Net interest income/(expenses) from external customers	1,870,698	(584,026)	498,839	–	1,785,511
Inter-segment net interest (expenses)/income	(310,038)	1,030,085	(720,047)	–	–
Net interest income	1,560,660	446,059	(221,208)	–	1,785,511
Net fee and commission income	20,434	468	23,017	–	43,919
Net gains on trading activities	–	–	291,821	–	291,821
Net gains on financial investments	–	–	10,637	–	10,637
Other operating income	23,377	11,878	1,790	826	37,871
<b>Operating income</b>	<b>1,604,471</b>	<b>458,405</b>	<b>106,057</b>	<b>826</b>	<b>2,169,759</b>
Operating expenses	(431,813)	(213,740)	(37,890)	(14,760)	(698,203)
– Depreciation and amortisation	(43,414)	(22,058)	(3,325)	(1,535)	(70,332)
– Others	(388,399)	(191,682)	(34,565)	(13,225)	(627,871)
Expected credit losses	(793,272)	(91,818)	(43,488)	–	(928,578)
Impairment losses	(254)	(129)	(19)	(9)	(411)
<b>Profit before income tax</b>	<b>379,132</b>	<b>152,718</b>	<b>24,660</b>	<b>(13,943)</b>	<b>542,567</b>
<b>Capital expenditure</b>	<b>(42,431)</b>	<b>(21,560)</b>	<b>(3,250)</b>	<b>(1,500)</b>	<b>(68,741)</b>
<b>Segment assets</b>	<b>48,262,209</b>	<b>5,376,852</b>	<b>38,673,905</b>	<b>16,478</b>	<b>92,329,444</b>
<b>Segment liabilities</b>	<b>40,116,766</b>	<b>34,216,033</b>	<b>9,815,015</b>	<b>9,730</b>	<b>84,157,544</b>

There is no high reliance of the Group on any of the main external customers.

### 42 SUBSEQUENT EVENTS

The H Shares of the Bank were listed on the Main Board of the Hong Kong Stock Exchange on January 13, 2025. The Global Offering of the Bank comprised 688,400,000 H Shares, with offer price of HK\$2.59 per H Share (exclusive of brokerage fee of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%). The net proceeds from the Global Offering received by the Bank, after deduction of the underwriting commissions and estimated expenses in connection with the Global Offering, are approximately HK\$1,709.28 million.

Except for the above matters, after the reporting date, the Bank has no significant subsequent events that need to be disclosed.

# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 43 STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY OF THE BANK

		As at December 31,	
	Note	2024	2023
<b>Assets</b>			
Cash and balances with central Bank		6,329,352	5,911,057
Financial assets held under resale agreements, due from other banks and other financial institutions		3,826,584	3,373,652
Loans and advances to customers		53,343,833	44,690,682
Financial investments			
– Fair value through profit or loss		7,012,429	6,893,736
– Fair value through other comprehensive income		22,482,542	15,945,890
– Amortised cost		6,672,084	7,861,299
Long-term equity investment	22	259,956	259,956
Property, plant and equipment		159,095	157,409
Right-of-use assets		13,176	14,843
Deferred tax assets		1,098,757	991,707
Other assets		335,332	199,927
<b>Total assets</b>		<b>101,533,140</b>	<b>86,300,158</b>
<b>Liabilities</b>			
Borrowings from central Bank		2,210,838	2,140,386
Financial assets sold under repurchase agreements, due to other banks and financial institutions		9,563,471	6,465,211
Customer deposits		77,264,159	64,723,330
Bonds issued		2,028,101	3,279,022
Taxes payable		227,085	216,884
Lease liabilities		11,517	10,227
Other liabilities		566,005	552,962
<b>Total liabilities</b>		<b>91,871,176</b>	<b>77,388,022</b>
<b>Equity</b>			
Share capital		3,900,000	3,900,000
Capital reserve		3,489,101	3,439,101
Other comprehensive income		397,375	161,477
Surplus reserve		180,105	125,912
General reserve		1,189,136	965,263
Retained earnings		506,247	320,383
<b>Total equity</b>		<b>9,661,964</b>	<b>8,912,136</b>
<b>Total liabilities and equity</b>		<b>101,533,140</b>	<b>86,300,158</b>



# Financial Report

## Notes to the Consolidated Financial Statements

For 2024 (In RMB thousands, unless otherwise stated)

### 43 STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY OF THE BANK *(Continued)*

	Equity attributable to shareholders of the Bank						Total
	Share capital	Capital reserve	Other reserves			Retained earnings	
			Surplus reserve	General reserve	Other comprehensive income		
Balance at January 1, 2024	3,900,000	3,439,101	125,912	965,263	161,477	320,383	8,912,136
Profit for the year	-	-	-	-	-	541,930	541,930
Other comprehensive income	-	-	-	-	235,898	-	235,898
Total comprehensive income for the year	-	-	-	-	235,898	541,930	777,828
Shareholders' deemed contribution	-	50,000	-	-	-	-	50,000
Transfer to surplus reserve	-	-	54,193	-	-	(54,193)	-
Transfer to general reserve	-	-	-	223,873	-	(223,873)	-
Cash dividends	-	-	-	-	-	(78,000)	(78,000)
Balance at December 31, 2024	3,900,000	3,489,101	180,105	1,189,136	397,375	506,247	9,661,964

	Equity attributable to shareholders of the Bank						Total
	Share capital	Capital reserve	Other reserves			Retained earnings	
			Surplus reserve	General reserve	Other comprehensive income		
Balance at January 1, 2023	3,900,000	3,389,101	80,322	808,338	11,835	125,506	8,315,102
Profit for the year	-	-	-	-	-	455,890	455,890
Other comprehensive income	-	-	-	-	149,642	-	149,642
Total comprehensive income for the year	-	-	-	-	149,642	455,892	605,534
Shareholders' deemed contribution	-	50,000	-	-	-	-	50,000
Transfer to surplus reserve	-	-	45,590	-	-	(45,590)	-
Transfer to general reserve	-	-	-	156,925	-	(156,925)	-
Cash dividends	-	-	-	-	-	(58,500)	(58,500)
Balance at December 31, 2023	3,900,000	3,439,101	125,912	965,263	161,477	320,383	8,912,136

# Unaudited supplementary financial information

(Expressed in thousands of Renminbi, unless otherwise stated)

In accordance with the Hong Kong Listing Rules and Banking (Disclosure) Rules, the Bank discloses the unaudited supplementary financial information as follows:

## 1 LIQUIDITY RATIOS AND LEVERAGE RATIO

### (1) Liquidity ratios

	As of December 31, 2024	As of December 31, 2023
RMB current assets to RMB current liabilities	80.20%	90.70%
Foreign currency current assets to foreign currency current liabilities	N/A	N/A

### (2) Leverage ratio

	As of December 31, 2024	As of December 31, 2023
Leverage ratio	8.14%	8.93%

The above liquidity ratios and leverage ratio were calculated in accordance with the relevant regulations promulgated by the NFRA.

## 2 CURRENCY CONCENTRATIONS

The Bank is principally engaged in business operations within Yibin City and Neijiang City, the PRC, and all business activities are conducted in RMB. The Bank has no structural position during the Track Record Period.

## 3 INTERNATIONAL CLAIMS

The Bank is principally engaged in business operations within Yibin City and Neijiang City, the PRC, and regards all claims on third parties outside Chinese Mainland as international claims. The Bank has no international claims during the Track Record Period.

# Unaudited supplementary financial information

(Expressed in thousands of Renminbi, unless otherwise stated)

## 4 GROSS AMOUNT OF OVERDUE CUSTOMER LOANS BY SECURITIES

	As at December 31, 2024									
	Overdue up to 90 days		Overdue 90 days – 1 year		Overdue 1 – 3 years		Overdue over 3 years		Total	
	Amount	Proportion	Amount	Proportion	Amount	Proportion	Amount	Proportion	Amount	Proportion
Collateralized loans	37,148	0.07%	210	0.00%	2,700	0.01%	–	–	40,058	0.07%
Pledged loans	195,824	0.37%	233,472	0.44%	248,638	0.46%	51,236	0.09%	729,170	1.36%
Guaranteed loans	173,438	0.32%	391,564	0.73%	53,905	0.10%	2,998	0.01%	621,905	1.17%
Unsecured loans	9,697	0.02%	4,440	0.01%	9,563	0.02%	572	0.00%	24,272	0.05%
Total	416,107	0.78%	629,686	1.18%	314,806	0.59%	54,806	0.10%	1,415,405	2.65%
	As at December 31, 2023									
	Overdue up to 90 days		Overdue 90 days – 1 year		Overdue 1 – 3 years		Overdue over 3 years		Total	
	Amount	Proportion	Amount	Proportion	Amount	Proportion	Amount	Proportion	Amount	Proportion
Pledged loans	17,850	0.04%	9,000	0.02%	–	0.00%	–	0.00%	26,850	0.06%
Collateralized loans	102,007	0.23%	219,097	0.50%	138,056	0.31%	166,926	0.38%	626,086	1.42%
Guaranteed loans	90,515	0.21%	29,107	0.07%	37,762	0.09%	39,097	0.09%	196,481	0.45%
Unsecured loans	12,056	0.03%	6,338	0.01%	15,602	0.04%	762	0.00%	34,758	0.08%
Total	222,428	0.50%	263,542	0.60%	191,420	0.43%	206,785	0.47%	884,175	2.01%

Note: The proportion is calculated by dividing the amount of each type of overdue loan by the total loan (excluding discount and accrued interest).



**宜宾市商业银行**  
Yibin City Commercial Bank